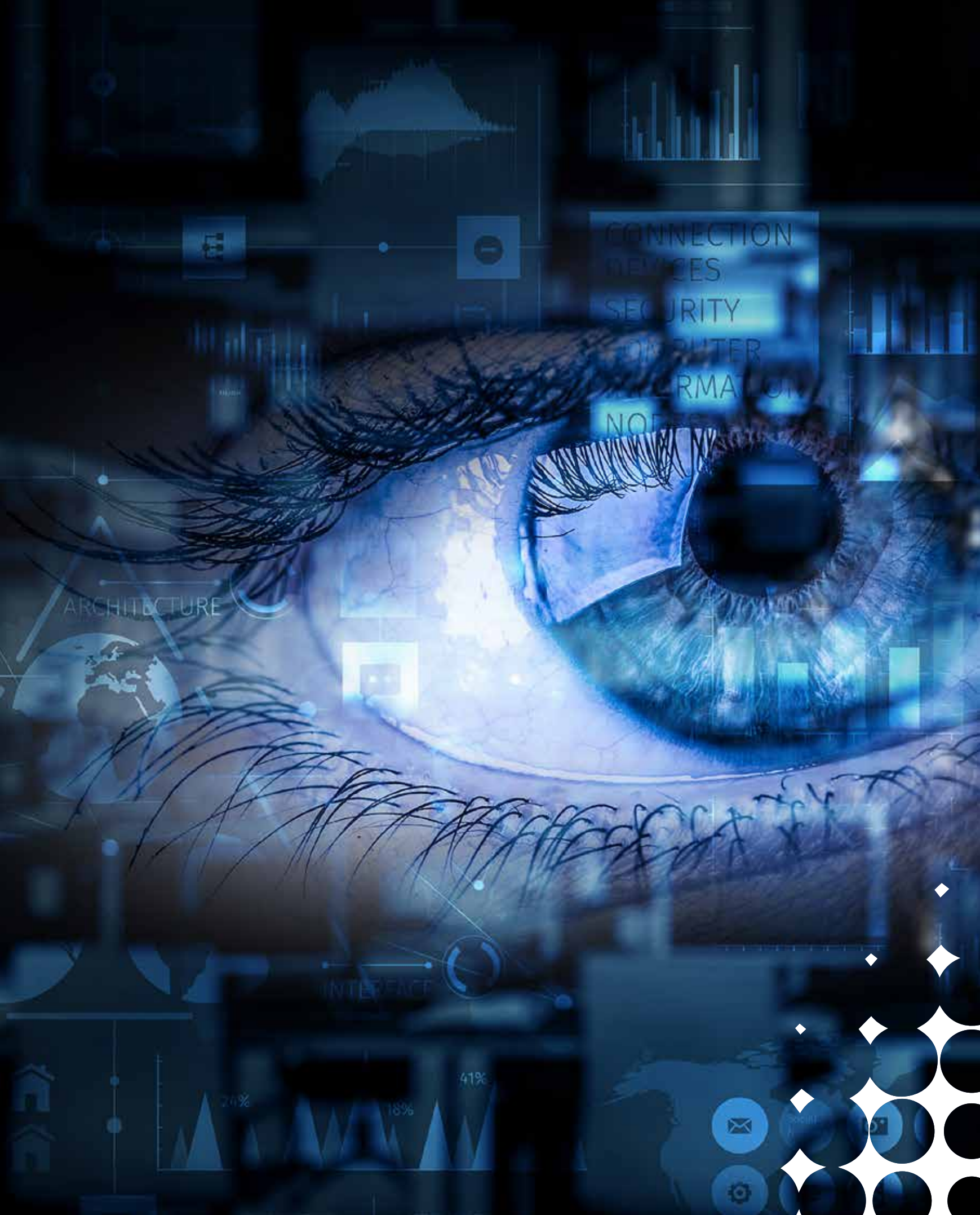


ANNUAL REPORT

2018





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DEVICES
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COMPUTER
INFORMATION
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ARCHITECTURE

INTERFACE

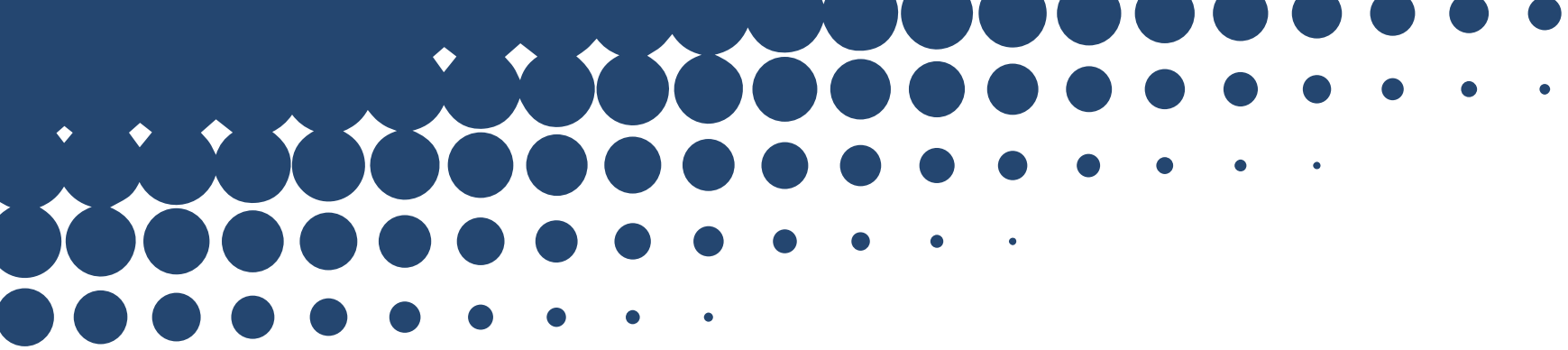
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ABBREVIATIONS

The abbreviations are listed with Slovenian or English names or the meanings for those names that are originally in one language or are often used untranslated.

Abbreviation	Slovenian name or meaning	English name or meaning 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
EECC	Evropski zakonik o elektronskih komunikacijah	European Electronic Communications Code
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 insitute 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
BIVŠI 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 1	Veleprodajno zaključevanje klicev v posameznih javnih telefonskih omrežjih na fiksni lokaciji	
(bivši trg 3)	Call termination on individual public telephone networks provided at a fixed location (wholesale level)	
TRG 2	Veleprodajno zaključevanje govornih klicev v posameznih mobilnih omrežjih (bivši trg 7)	Voice call termination on individual mobile networks (wholesale level)
TRG 4	Veleprodajni visokokakovostni dostop na fiksni lokaciji	
(bivši trg 6)	Wholesale high-quality access provided at a fixed location	
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





BUSINESS REPORT



I INTRODUCTION

The Annual Report is comprised of the business and the financial reports, and shows the Agency's results in its priority and regular tasks, and also explains the Agency's financial expenditures.

The Agency for Communication Networks and Services of RS will remember 2018 as a difficult, but successful year. The Agency and its employees have completed most of the tasks set out for this year in accordance with the set goals, and only a few were carried over into 2019 due to understandable reasons. We also took on some tasks that were not planned beforehand, but the changed market conditions demanded we responded quickly. Our determination, dedication and goal-orientation are the qualities that significantly contributed to the fact that we can now report on our successfully completed tasks.

We have to especially point out a few exceptional achievements among the Agency's regular tasks. One of the Agency's most significant achievements that will benefit all the citizens is the inclusion of a new transfer speed for functional internet access, namely 4 Mbps downlink and 512 Kbps uplink, in the universal service. In early 2018, after completing public consultations, the Agency adopted 3 amended general acts. This made Slovenia one of the leading EU countries in the provision of internet access to all of its citizens through the mechanism of the universal service.

Two newly prepared strategies stand out: the electronic communications market regulation strategy and the radio frequency spectrum management strategy. After the expected approval of the radio frequency spectrum management strategy by the Government of the Republic of Slovenia – a precondition for awarding the frequencies for mobile technologies – the Agency will immediately start the process for awarding them. Most expectations are certainly focused on the public auction for awarding frequencies in the 700 MHz band, which was planned by the Agency already in 2018.

Both strategies were developed with a focus on the parallel changes to the regulative framework of electronic communications in the EU, as the European Electronic Communications Code was adopted at the end of 2018, forming the foundation for effective implementation of the objectives of the single digital market and the 5G action plan. The updated Directive on Audiovisual Services was also adopted in the same year.

An important part of the above strategy is the regulation of relevant markets, with one of the most significant projects in 2018 being the analysis of the relevant market 4 (high-quality access at a fixed location), which is currently in its final phase after several public consultations and notifications procedures with the European Commission. The proposed obligations on this market form a comprehensive regulation of access to the broadband network at the carrier level, and should 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 innovation in product development. At the same time the Agency also prepared the analyses of both relevant carrier markets for call termination.

Establishing a system for monitoring the quality of fixed data services in broadband networks (QoS BB) was one of the Agency's key tasks in 2018. Quality of service is also the subject of a 2-year European project, in which the Agency participated. It was successfully completed at the end of 2018, with the Agency conducting more than 1,000,000 measurements in Slovenia during the course of the project.

After years of trying, the Agency also achieved a breakthrough in public tenders for analog audio broadcasting. In 2018 it held the first public tender for awarding available radio frequencies for analog audio broadcasting for local radio stations in cooperation with the Broadcasting Council and the Ministry of Culture. After the public tender for local radio stations, the Agency also published the tender for awarding 10 radio frequencies for analog audio broadcasting in 4 batches for south-western Slovenia, with the goal of improving the diversity of radio stations available in this part of the country.

The Agency's contributions to the development of digital radio in Slovenia, where one DAB+ network with national coverage is currently operating, is holding the second public tender and awarding 5 more additional rights.

More media attention was focused on how frequencies for testing new technologies, i.e. 5G, were awarded. In 2018 the Agency was acting in good faith when it awarded the first test frequencies, making it possible to use the free and available frequencies for test purposes until they are awarded through a public tender. Even though the frequencies were awarded in accordance with the legislation and all the applicants were granted the frequencies, the Agency faced

severe public criticism, pressures, as well as incorrect and misleading accusations. Consequently, the Agency spent a lot of time and resources on explaining its decisions, positions and the legislation covering test frequencies.

In the regulation of postal services, the Agency issued a decision on naming Pošta Slovenije as the provider of the universal postal services for a 5-year period. Later the Agency analysed the suitability of the existing regulation of the universal postal service, as the switch to digital services is resulting in changed consumer habits and consequently also the conditions in the postal services market.

Changes are also underway in railway traffic. The adoption of the Railway Transport Act in April 2018 opened the internal railway market for passenger transport to foreign carriers. The change in legislation also brought additional responsibilities for the Agency.

In 2018 the Agency published 16 new or amended general acts and one recommendation, all issued based on the legislation that regulates its operations. All the general acts were adopted after preliminary public consultations.

In order to encourage dialogue and ensure public access to and transparency of its work and decision-making, the Agency held numerous consultations and workshops in 2018, presenting its positions at conferences and other events hosted by other parties. It also provided access to public information in accordance with the law. With the objective of increasing access to public data and lowering the cost of constructing high-speed broadband networks, the Agency launched a comprehensive overhaul of its website, which includes launching some new portals. Some portals will be available to the public shortly, for example Geoportal, which will make it possible to review the electronic communications infrastructure and network coverage, and the Portal for Data Display, which will display analyses and visual representations of the data on the state of the electronic communications market. At the start of the year, the portal for monitoring investments went live.

The Agency was also active internationally. Across all the areas of its operations, the Agency was involved in the European associations of regulatory bodies, while its employees are active in expert working groups within individual associations, as well as at the plenary level. The Agency also hosted one of the four plenary meetings of the Body of European Regulators of Electronic Communications (BEREC) in Portorož in October 2018. The success of its activities at the international level is also seen from my successful candidacy for BEREC vice chair, which opens new challenges for the Agency in the coming year, when the focus will be on the implementation of the new regulatory framework in electronic communications.

One of the key factors contributing to the Agency's successful work in 2018 are its employees. Their know-how and experience, along with great collaboration with relevant ministries and other bodies and stakeholders, contributed to the results that this document presents in detail.

Mag. Tanja Muha,
Director

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 2018, 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
Electronic communications market regulation strategy	Electronic communications market regulation strategy	○	■	In August 2018 the Agency published the document The Electronic communications market regulation strategy for promoting regulative predictability. After input from the stakeholders and the public, it published the final document in December.
The analysis of the relevant market for wholesale call termination in individual public telephone networks provided at a fixed location (wholesale market 1)	Preparation of the analysis of relevant market 1	○	■	In 2018 the Agency began the analysis of the relevant market and put it to public consultation in the first quarter of 2019.

The analysis of the relevant market for call termination in individual mobile networks (wholesale market 2)	Preparation of the analysis of relevant market 2	○	■	In 2018 the Agency began the analysis of the relevant market and put it to public consultation in the first quarter of 2019.
Regulation (analysis) of relevant market for fixed broadband network access (relevant market 4)	Holding the public consultation, completing the analysis and preparing the decision.	○	■	The first analysis of relevant market 4 was published in the second half of 2017 and was notified with the European Commission in January 2018. After receiving comments from the European Commission, the Agency first held a public consultation on WACC and then also on the amended analysis in the second half of 2018. The decision is to be published in early 2019, after notification with the EC.
Regulation (analysis) of relevant market 1 (2007)	Preparing the analysis of relevant market 1 based on the test of three measures.	○	■	In the first half of 2018 the Agency put the analysis of relevant market to public consultation, and deregulated the market based on the three criteria test.
The analysis of retail and wholesale prices of broadband connections	The Survey on monthly household spending on electronic communications services in October 2018, 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 2019.
	Periodical surveys on retail prices of broadband access services			The Agency collected from the operators the data on retail prices of broadband access services for December 2017, and published the final analysis in November 2018.
Participation in amending the telecommunications regulatory framework at the EU level.	Active involvement in drafting materials to contribute to a revision of the regulatory framework of the Body of European Regulators of Electronic Communications (BEREC).	○	■	The Agency actively participated in amending the proposal for revamping the legal framework of electronic communications, and thoroughly reviewed the proposed new Directive for establishing the Code of European electronic communications. The new European Code was approved in December 2018.
Collaboration with the relevant ministry in the preparation of the amendments to general acts following the adoption of ZEKom-1C	Adopting appropriate executive acts within the deadline (where required) and holding preliminary public consultations.	○	■	All the planned general acts were adopted or amended.
Resolving disputes between carriers	Regular and up-to-date dispute resolution in the electronic communications and postal markets, and promotion of amicable dispute resolution in an intervention procedure.	○	■	The number of new disputes between carriers was within plans. In 2018 the Agency received 4 proposals for dispute resolution and completed 3.
Support in the implementation of the roaming directive	Support for operators in the implementation of the changes to the regulation on international roaming.	○	■	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.
Expert support to the realization of the Digital Agenda	Active collaboration with Slovenian bodies for the support of the realization of the Digital Agenda.	○	■	The Agency participated in working groups and provided expert support.

Audit of separate accounting records of the operator with significant market power (OPTM)	An audit and the final report of the audit of separate accounting records of the OPTM.	○	■	The contract with the provider was signed in January 2018. Because of an unsuccessful audit, the contract with the provider was terminated. A new public tender was launched for an independent review of the model of separate accounting records. The final report will be prepared in 2019.
Monitoring the performance of obligations of the operator with significant market power (OPTM) in accordance with the regulatory decisions	The Agency monitors the performance of obligations in the event of possible violations begins with appropriate procedures.	○	■	The Agency has monitored the performance of OPTM's obligations and took action when violations were discovered.
Verification of the data entered into GURS's databases	The Agency verifies the correctness of data entry.	○	■	The Agency regularly verified the data and took appropriate measures when errors were found.
Monitoring the quality of service of fixed and mobile broadband networks	Conducting measurements on fixed connections of different operators at the measurement point and in the field.	○	■	At the measurement point, where the infrastructure of all the biggest providers is located, measurements are made using their commercial products. Occasionally measurements are made in the field on customers' fixed connections using EXFO instruments.
Involvement in the European CEF project of measuring broadband connection speeds under the scope of INEA	Establishing a cross-border platform for collecting data related to the quality of broadband services.	○	■	The 2-year European project in which the Agency was a partner, was successfully completed on 31 December 2018. During the project more than 1,000,000 measurements were made in the territory of Slovenia, using both mobile apps and measurement probes.
The upgrade of the AKOS Test Net platform into a comprehensive solution for monitoring and measurement across all broadband connections	The upgrade of the online version, as well as Android and iOS apps. A revamp of the graphics and changes to the programming code.	○	■	The AKOS testNet measurement system was upgraded, and the programming code was optimized, so that it now supports measurements at higher speeds. The network hardware was also upgraded, so that all network connections are now 10 Gb/s.
Preparation of the proposed strategy for the development of radio and television channels for the next 5-year period	The preparation of the electronic media regulation strategy in which the Agency will present its media-related goals, principles and the vision of its work and planned activities, in the scope of its authority and mission.	○	■	As the current strategy covers the 2015-2020 period, and because the amended Directive on AVMS, which will impact the Agency's future regulation and authority in AVMS was adopted at the end of 2018, the preparation of the draft strategy for the next 5-year period will be conducted in 2019.
Ensuring transparency of radio and television channel publishers and AVMS providers	Monitoring the market of providers of non-linear AVMS with the objective of identifying any not yet registered.	○	■	No new non-linear AVMS that have not been registered in the record were discovered, so no inspection procedures were launched.
	Changes to the existing licenses for conducting TV activities and obtaining new ones for the purpose of registering themed television channels.	○	■	The process of issuing licenses for themed television channels is launched following the publisher's application, and the Agency has received one application and approved it.

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.
Assisting the Ministry of Culture in the preparation of the new media legislation (ZMed and ZAvMS)	Cooperation with the Ministry of Culture.	○	■	The Agency kept the Ministry of Culture informed of the specific needs for changes to the media legislation and collaborated with the Ministry in the proposed changes to the ZMed, however, it was never amended.
Updating some executive acts related to electronic media that are under the Agency's authority	Changes to the Methodology for monitoring audiovisual media services and radio programming and the General act on the license for conducting radio or television activities.	○	■	After holding public consultations the Agency prepared the text of the General act on the changes to the Methodology for monitoring audiovisual media services and radio programming and published it on its website. The working group for changes to the General act on the license for conducting radio or television activities started its work. A public consultation was held at which the Agency presented the starting points for the changes to the general act to the publishers, and called on them to give their opinions and proposals.
Workshops with media publishers and AVMS providers if there is interest from stakeholders or the Agency	A workshop on the challenges of advertising on local an regional television channels.	○	■	The Agency successfully held the workshop.
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 and preparing a revised reference scenario for net cost calculation	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 2019.
	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.
Changes to the regulatory framework in cross-border parcel delivery services at the EU level and the implementation of the regulation	Participation in amending and implementing the Regulation of the European Parliament and the Council on cross-border parcel delivery services and in cross-border parcel delivery, and the Implementing regulation of the EC, and the Regulation on the implementation of the Regulation (EU) on cross-border parcel delivery services.	○	■	In 2018 the Regulation of the European Parliament and the Council was adopted. Coordination about the content of the Regulation on implementing the Regulation (EU) on cross-border parcel delivery services was underway. The Agency actively participated in the preparation of the forms for the Implementing regulation of the EC. The Agency also proactively collaborated with the relevant ministry and the provided several comments to the draft text. It held a public consultation for the interested public.

Participation in the reform of the International Postal Union (IPU) and participation at the extraordinary IPU Congress	Preparation of the positions of the Republic of Slovenia for the extraordinary IPU Congress and participation (deputy head of the delegation) at the extraordinary IPU Congress.	○	■	The Agency prepared the proposed positions on the reform of the IPU and the integrated plan of IPU products, and coordinated its positions with the relevant ministry and Pošta Slovenije. It attended the main part of the extraordinary IPU Congress as the deputy head of the delegation.
Analysis of economic incentives for promoting effective competition with regulatory intervention in network access	Holding the public tender for conducting the Analysis of economic incentives for providing effective competition with regulatory intervention in network access.	○	■	The Analysis of economic incentives for providing effective competition with regulatory intervention in network access was successfully completed.
Cost-based infrastructure usage charge for public railway infrastructure	Verification of the cost-based accounting with the administrator JŽI and its compliance with valid regulations.	○	■	The completed calculation is currently under review, along with the cost-based accounting. Consultations with the administrator regarding cost separation are underway.
	Verification of the calculation for the basis for determining the usage fee in the valid methodology with updated costs.	○	■	The Agency has submitted the request to the administrator for making a new calculation based on the updated costs and has reviewed the new calculation.
Monitoring how infrastructure capacities are assigned and usage fees are charged in railway traffic	Regularly monitoring how infrastructure capacities are assigned and realized.	○	■	The Agency has conducted a review of the train schedule and its changes during the year, and the monthly analysis of the realization of the assigned train paths and delays at TPK.
	Monitoring and reviewing how usage fees are charged.	○	■	The Agency has conducted the review of monthly usage fee charges and periodically verified whether the calculations are correct.
Monitoring the effectiveness of providing railway services and reducing interruptions therein	Regular monitoring of the performance of the efficiency regime and analysing the delays on the most burdened infrastructure.	○	■	The Agency has conducted a review of monthly usage fee charges and compliance with the train paths.



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.	○	■	732 disputes in electronic communications and postal services were resolved. Passenger complaints in railway traffic were resolved within the legal deadline.
Informing and increasing end user's awareness	Operation of the call centre, 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 ensured the operation of its call centre also in 2018, preparing responses to the end user queries, organized a consultation with operators, the Consumers' Association and TIRS regarding the issue of end user protection. It prepared a booklet for users on SMS clubs and calls to 090 premium numbers. In 2018 it completed a partial revamp of the komuniciraj.eu portal which will go live in the start of 2019.
Monitoring the provision of services from the universal service range (BB USO)	The preparation of the three amended 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.	○	■	In the first half of 2018 the Agency adopted 3 updated general acts related to the provision of services from the universal service range, also including broadband internet access as part of the universal service.
Protection of viewers from excessive and misleading television advertising	Systemic supervision of advertising per hour on local and foreign TV channels. Preventive supervision of decisions on product placement in the most viewed local television shows.	○ ○	■ ■	Systemic supervision took place in the first half of 2018 and has been completed. Preventive supervision took place in the first half of 2018 and has been completed.
Protection of children from potentially harmful content in audiovisual media services	Operating the Gledoskop system for the classification and labelling of audiovisual content.	○	■	The Gledoskop system for the classification and labelling of content harmful for children and minors has been established. The Agency entered appropriate classifications. In mid-2018 the Agency signed an agreement on collaboration with relevant publishers and service providers.
The development of the Gledoskop.si online portal for providing and monitoring media content to younger audiences in a responsible manner	Selecting and concluding an agreement with an external contractor for setting up the online portal.	○	■	The project has been extended to setting up an online portal for media and information literacy, and will be established on an separate domain, with Gledoskop as a part of the whole project. The portal is in development.

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 Agency concluded a review of the results of quality measurements of delivery for 2017.
	Supervision of contact points and post boxes.	○	■	The Agency inspected contract post offices and post boxes at 3 contact points.
	Following complaints, the Agency conducted inspections related to issues with the delivery of post.	○	■	Two reports were handed over to other relevant institutions, while the others were concluded by issuing decisions on stopping supervisory procedures.
Care for the interest of users in the transformation of the postal network	Ensuring a sufficient number of contact points and sufficiently long business hours.	○	■	The Agency processed the proposals and for those fulfilling the conditions issued approvals (4) to the proposed transformations of contact points and approvals (18) 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.
Analysis of the situation for the purpose of for appointing a universal service provider and a public call, appointment of for the provider of the universal postal service	Conducting the analysis of the situation as part of the process of appointing a universal service provider and publishing a public call to the stakeholders and the public, and issuing the decision.	○	■	In the analysis, the Agency established that Pošta Slovenije is the only postal service provider capable of providing the required quality of universal service. Based on these findings, it launched a procedure and issued a decision on appointing Pošta Slovenije as the universal postal service provider.
Regulation of prices and general terms and conditions of universal postal service provision	Processing applications for changing the prices of universal service in domestic and international traffic.	○	■	The Agency held two declaratory procedures issuing approvals to changes in the prices of universal service in domestic and international traffic.
Surveys on the price and quality of postal services, and an analysis of the postal services market for 2017	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 postal services (general and business users).	○	■	
	A survey on user satisfaction with postal services.	○	■	
	Analyses of the postal services market in the Republic of Slovenia for 2017.	○	■	
		○	■	

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
Management of the numbering space in the Republic of Slovenia and of the official register	Ensuring efficient use of numbering elements, managing the official record of operators and managing the numbering elements.	○	■	The Agency has ensured efficient use of numbering elements and managed the official record of operators of electronic communications networks and services. In relation to the numbering the Agency also updated several general acts in 2018.
Radio frequency spectrum management	Processing applications as they come in and issuing the decisions on the assignment of radio frequencies, managing the database of frequencies and international coordination and optimization of frequencies.	○	■	By issuing the decisions on assigning radio frequencies in a timely manner, the Agency supported the possibility of infrastructure upgrades for radio communication services, while in the field of analog radio broadcasting it resolved applications to abolish interference and to extend decisions. By updating the database of coordinated frequencies in the VHF and UHF bands (HCM), it ensured continued timely coordination of frequency use with neighbouring countries. The Agency concluded negotiations with the Croatian administration regarding the coordination of frequency use dating to the times of the former shared country, both for the VHF and UHF bands. Successful coordination of VHF frequencies with all neighbouring countries ensured appropriate conditions for future uninterrupted use of this system for the new state-wide DMR. The Agency also coordinated radio broadcasting frequencies and was involved in the activities for protecting the spectrum from the interference of Italian radio stations.
	The preparation of the Radio frequency spectrum management strategy for a 3-year period.	○	■	Following the strategic guidelines from the relevant ministries, the Agency began in 2017 and concluded in 2018 the preparation of its three-year Radio frequency spectrum management strategy, which will be the foundation for holding public tenders for awarding radio frequencies. The strategy is in the process of obtaining an approval from the Government of the Republic of Slovenia.
Tenders for radio frequencies for mobile communication services	The public tender for the 700 MHz band.	○	■	The preparation of the Information memorandum. The Agency is waiting for the Radio frequency spectrum management strategy to be approved before it can continue with the procedure.
	The M2M_700MHz public tender for distribution networks and smart measurement systems.	○	■	The preparation of the Information memorandum. The Agency is waiting for the Strategy of radio frequency spectrum management to be approved before it can continue with the procedure.
	The report on monitoring the fulfilment 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 2 years after they were awarded the decisions for 900 MHz. In June 2018 the Agency published the report on fulfilling obligations and coverage with mobile service technologies on its website.
	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, and issued the decisions on assigning radio frequencies for testing.

Tenders for radio frequencies for audio broadcasting	Public tender for FM frequencies – local.	○	■	The Agency held a public tender for assigning FM frequencies for local radio stations in 2018.
	Public tender for FM frequencies – for the territory of NW Slovenia.	○	■	The public tender for assigning FM frequencies for NW Slovenia is in progress. The Agency published the tender conditions, and the deadline is in early 2019.
	Public tender for DAB+	○	■	The Agency held the first public consultation related to the options of holding a tender for new frequencies for the DAB+ network.
Tenders for assigning radio and TV station publishers access rights to the digital terrestrial platform	The public tender for assigning 5 rights to disseminate radio programming in digital broadcasting technology across the whole territory of the Republic of Slovenia.	○	■	The public tender was held with all 5 rights awarded.
Public tenders for assigning radio and TV station publishers access rights to the digital terrestrial platform	The public tender for assigning rights to disseminate pay TV channels.			The public tender which was started in 2017 was concluded in 2018. The Agency awarded the rights for 22 channels.
	The public tender for assigning 5 rights to disseminate radio programming in digital broadcasting technology across the territory between Koper and Sečovelje.	○	■	The Agency held the public tender with all 5 rights awarded.
Activities for the defence of 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 Italian administration, the second under the ITU's sponsorship.
		○	■	The Agency has informed relevant ministries and provided technical and legal support to Slovenian holders of decisions on frequencies who are facing legal proceedings in the courts. It also regularly reported interference by Italian radio stations.
	Collaboration in the inter-departmental working group.			
Supervision of the radio frequency spectrum and ensuring uninterrupted use of radio frequencies to DARF holders	Monitoring radio frequency use and taking measures when needed. Resolving issues of DARF holders when interference in these frequencies occurs.	○	■	The Agency held regular supervision of radio frequency use and took measures when it received reports for inspection supervision.

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, which is ongoing.
	Ensuring network security and integrity, and interrupted service provision.	○	■	The Agency discussed notifications and reports that operators send in instances of limiting services or major malfunctions and security incidents.
	Systematic supervision of the provision of regulatory measures.	○	■	In 2018 the Agency verified the provision of obligations on relevant market 3a and 3b.
	Systematic supervision of operators and action in the event of violations of the obligation to send relevant data.	○	■	In 2018 the Agency completed enforcements of those violating the provisions and applied appropriate sanctions.
	Workshops with operators for finding the best solutions at the operative level.	○	■	The Agency held a workshop with operators on the topic of draft proposal of the General act on internet access services and related user rights, prepared a proposal of the general act and submitted it for public consultation. In relation to charging surcharges the Agency conducted 5 additional (individual) consultations with operators at which it explained the regulation of fair use policy for roaming services in the EU/EEA and the possible legal measures the operators may take.
	Supervising the provision of measures for traffic management with internet service providers.	○	■	The Agency monitored the measures the operators took in traffic management, providing zero rated services and coordinating contracts with customers regarding the actual provided speed. It cooperated with ENISO in the preparation of a recommendation regarding port blocking with the aim of ensuring security.
	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	Upgrade to the GIS database on telecommunications infrastructure.	○	■	The Agency regularly updated the GIS database. At the same it also updated and upgraded the system to optimum performance and ensured information security of the collected data.
Upgrade of the system for mapping with other public infrastructure and providing access	Upgrade of the system for mapping with other public infrastructure.	○	■	The Agency upgraded the system for mapping with other public infrastructure.
	Preparing a public viewer to provide access.			The Agency developed the public viewer of electronic communications infrastructure and network coverage which will be publicly launched in the start of 2019.
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.	○	■	In 2018 a new system for publishing construction went live – an online portal for electronically submitting applications for construction and calls to shared construction and to electronically submit interest for shared construction. Several systemic inspections of suitability of easement agreements were performed.
A technical analysis and the general act on shared construction and shared infrastructure use	Preparing the proposal of the general act on shared construction of public infrastructure and shared infrastructure use.	○	■	Both general acts, i.e. 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 were both adopted within legally set deadlines.
General act on access and distribution point	Preparing the general act on access and distribution point.	○	■	In the first half of the year the Agency published a new general act on access and distribution point.
Informing the stakeholders of new obligations related to shared construction	An ongoing mission of growing stakeholders' awareness of legislation and creating a better climate for shared investments through consultation, workshops and field activities.	○	■	Organizing and holding workshops for local communities and utility companies in the Dolenjska and northern Primorska regions. Individual consultations with local communities and infrastructure operators on the improvement of conditions for shared investments.
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.	○	■	The Smart Grid study was conducted and completed in the first half of 2018.
Dispute Resolution regarding shared use and construction of electronic communications networks	Resolution of disputes related to lower costs of electronic communications networks (Article 220a of ZEKom-1).	○	■	The number of disputes was within plans.

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
Revamp and automation of data collection for obligatory reporting	Modernization of the system for collecting the data from the mandatory reports from operators.	○	■	In 2018 the Agency developed the system for data collection. The project will conclude in 2019 because of the system's complexity.
Creating an online portal for submitting applications through an online app	Creating the Agency's portal for electronic application submission for obtaining various types of permits issued by the Agency. This will make it easier for external users to submit the applications and support automation of data transfer into the Agency's system.	○	■	In 2018 the Agency completed the public tender for creating the portal, and the project should be completed in 2019.
Submitting public information and informing the public in a timely manner	Submitting public information and answering journalists' questions within the legal deadlines.	○	■	In 2018 the Agency resolved a total of 84 requests for access to public information, and responded to 116 questions from journalists. It responded to all of them within the legal deadline. The Agency also held several workshops and consultations to support its proposals.
Redesign and upgrade of the Agency's website	The comprehensive redesign of the Agency's website at www.akos-rs.si and the related portals, including establishing new portals.	○	■	In 2018 a comprehensive redesign of the Agency's online presence begun. The Agency held a public tender for redesigning and setting up a total of 5 portals. By the end of 2018 the visual redesign of 2 portals was complete, and the architecture and visual design of the website at www.akos-rs.si was also completed. The project will be completed in 2019. Separately a redesign of the portals for the Electronic Communications Council and the Broadcasting Council were launched. The redesign of the Electronic Communications Council is completed, while the Broadcasting Council's redesign will be finished in 2019.

Legend:

Status
● Realized
○ Unrealized
○ Stopped
○ Cancelled

Result
■ According to plan
■ Partly according to plan
■ Not to plan

TABLE 6: ADDITIONAL TASKS THAT WERE NOT PLANNED IN THE 2018 ACTION PLAN AND FINANCIAL PLAN

Task/2017	Description (permanent activities or projects)	Status	Result	Comment
General acts of numbering for M2M/IoT	Completing general acts for special numbering for M2M/IoT communication services in the numbering space.			The Agency issued the following updated general acts: <ul style="list-style-type: none"> • General act on the changes and amendments to the General act on the numbering plan, • General act on the changes to the General act on the method of the calculation of the payment for using numbering elements, • General act on the changes to the General act on the content and format of the application for issuing a decision on assigning numbering elements • General act on the changes to the General act on the content and format of the application for issuing a decision on assigning numbering elements • General act on the changes to the General act on the size of numbering blocks.
General act on number porting	Amending the General act on number porting.			The Agency has amended the General act on the numbering plan in order to simplify processes, issuing the General act on changes and amendments to the General act on number porting.
General act on the elements of the reference offer for wholesale local access at a fixed location	Amending the General act on the elements of the reference offer for wholesale local access at a fixed location.			The Agency started preparing the general act and submitted the proposal to public consultation at the end of 2018.
General act on the plan for the use of radio frequencies General act on the plan for the use of radio frequencies NURF-4	Amending the General act on the frequency utilization plan (NURF-4).			Because of the implementation of new radio communication services and changes to the standards and the implementation of the Radio Equipment Directive (2014/53/EU) – RED, the Agency prepared amendments to the General act on how to use radio frequencies (NURF-4a).
Internal analysis of the quality of the universal postal service	Preparing an internal analysis to serve as the foundation for further work and expert decisions of the Agency in collaboration with the Ministry for Economic Development and Technology.			Because of the changed market conditions the Agency started reviewing the suitability of existing regulation of the universal postal service and extended its discoveries into an internal analysis of the (quality of) universal service.
Monitoring the traffic of freight trains at the Koper freight station	Regular monitoring of the number of trains headed for the Port of Koper and their delays.			The task is tied to the Agency's administrative decision from 2017 with the objective of ascertaining delays.

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 2018. As a result of responding to market conditions the Agency also conducted some additional tasks that were not part of the 2018 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 91.9% on the revenue side, and 89.5% 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 2018 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.

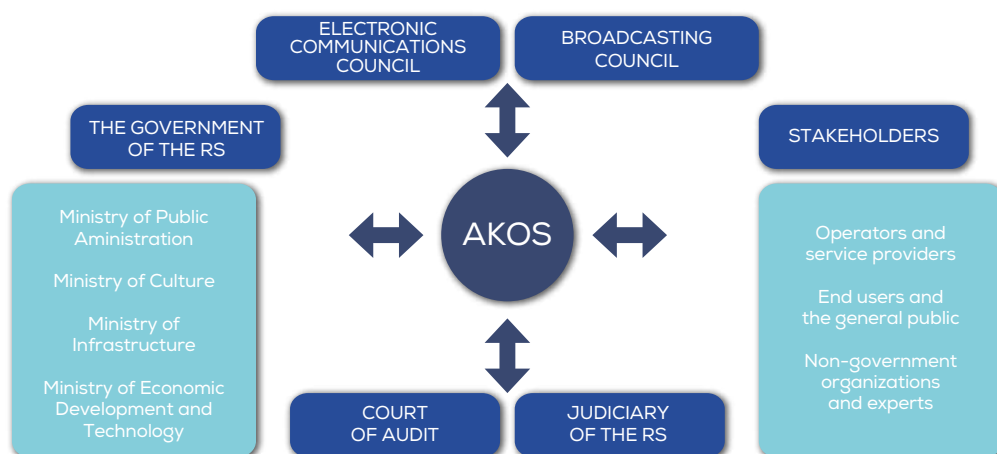
III AKOS AT A GLANCE

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



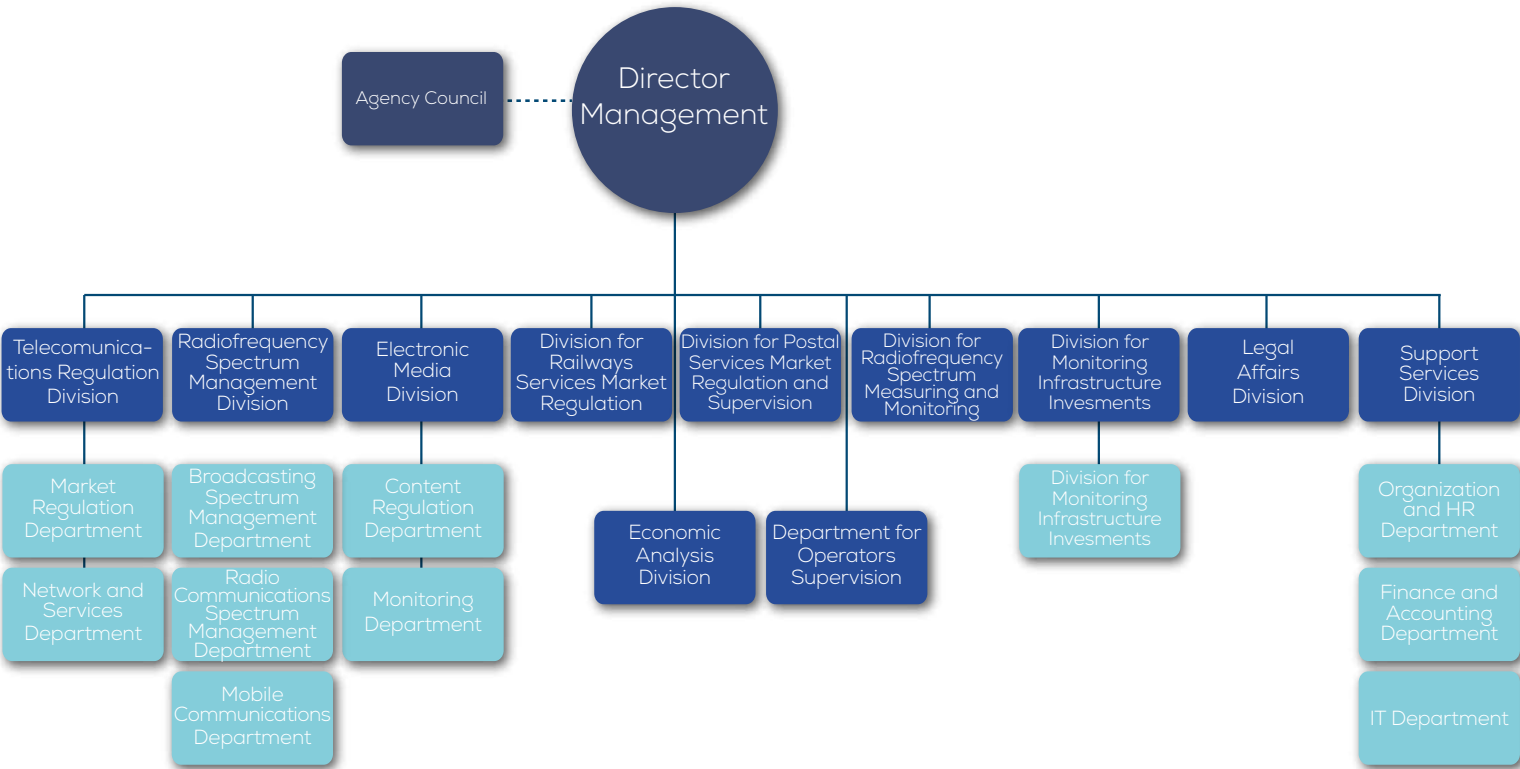
In accordance with its strategic objectives the Agency undertakes to ensure the accessibility and high quality of universal services to all residents of Slovenia at affordable prices and regardless of their geographic location, effective competition in the market, and competitiveness among service providers. 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,

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



IV MARKETS IN NUMBERS

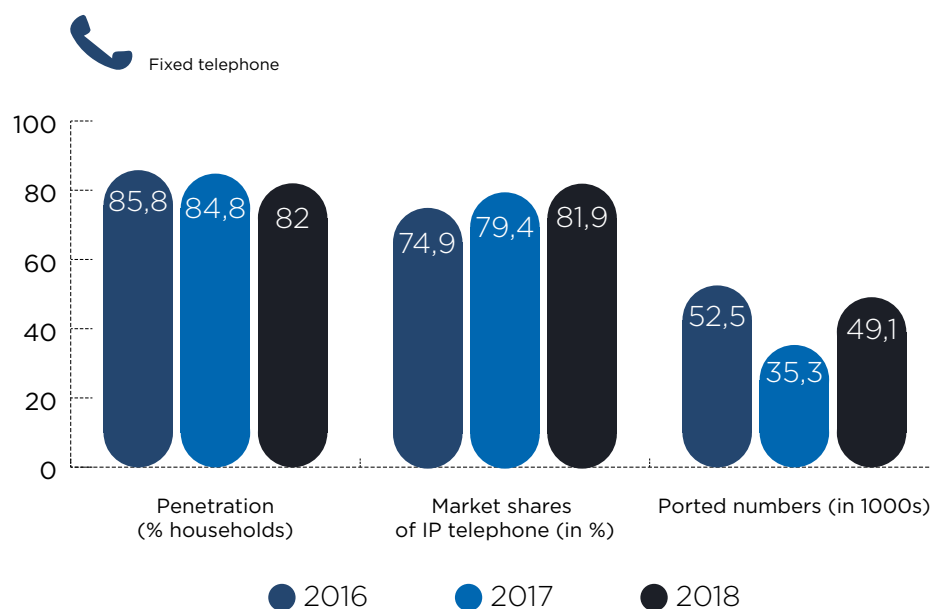
Trends in markets within the Agency's competencies in the period of 2015-2018. It is understood that:

- 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).

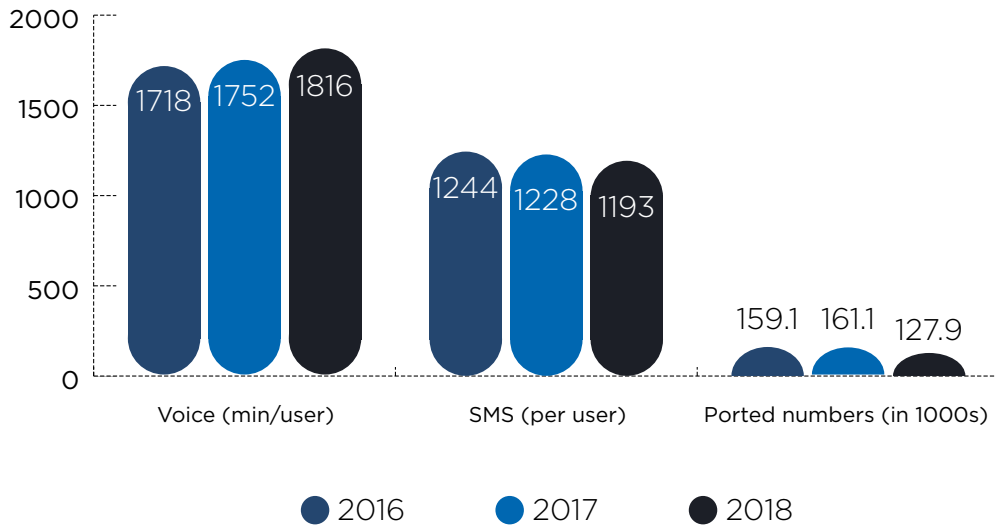
- For the number of television or radio channels data are based on the number of holders of licenses (publishers) for conducting television or radio activities.
- A digital right is a license to perform television and radio activities in a digital format.
- Due to subsequent amendments providers made 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 2015-2018

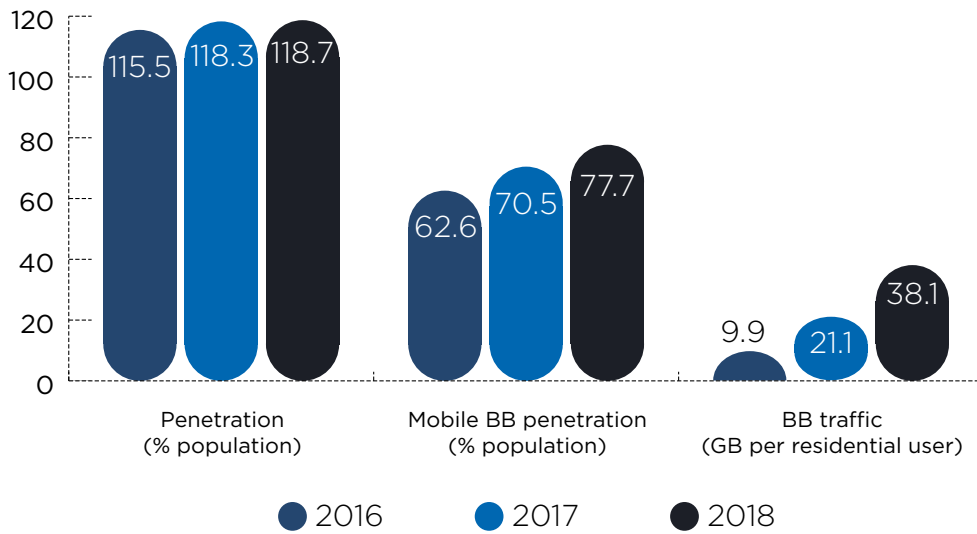




Mobile telephone

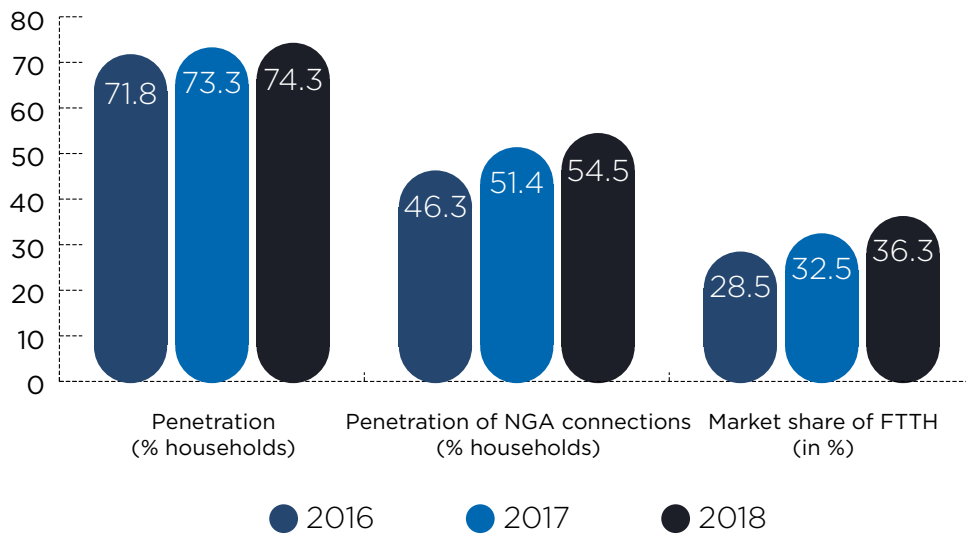


Mobile telephone





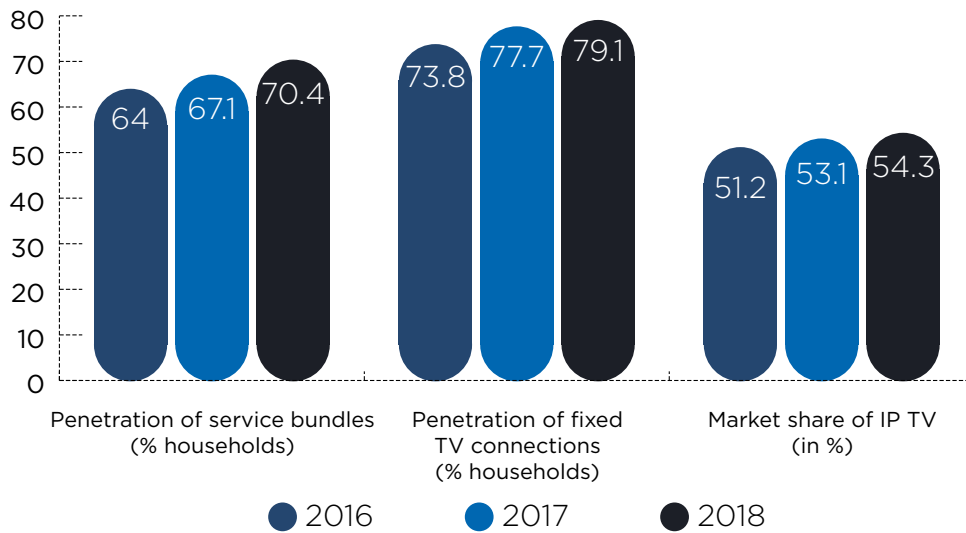
Broadband internet



Convergence of services

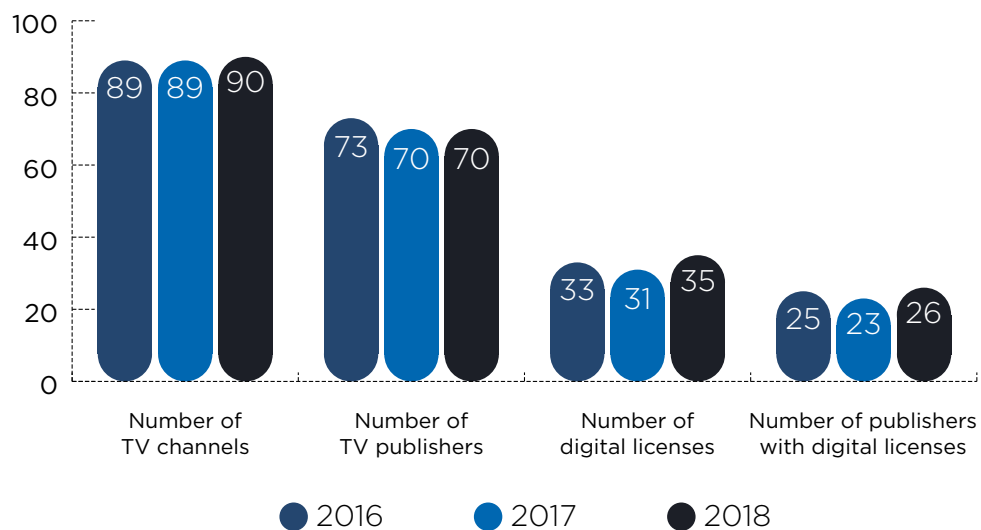


Television

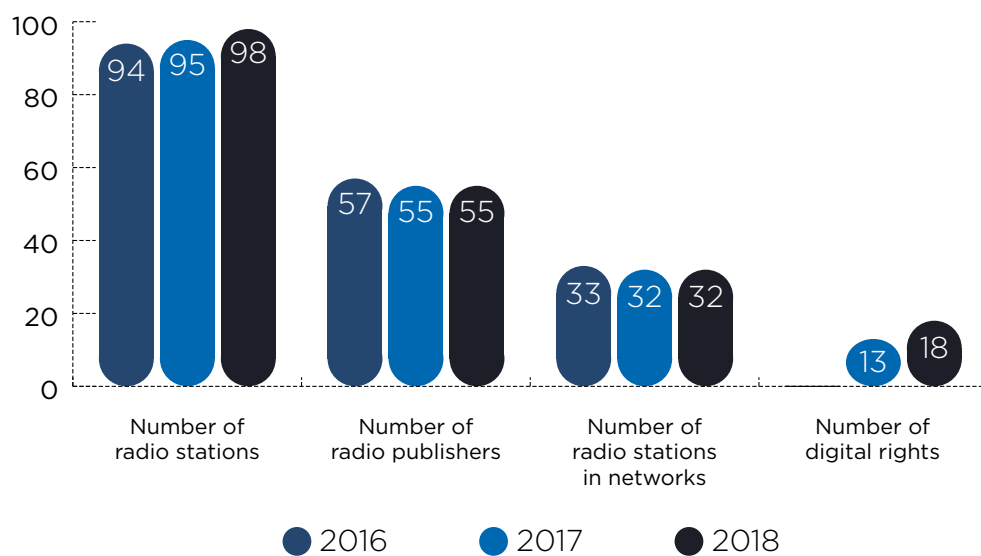




Television

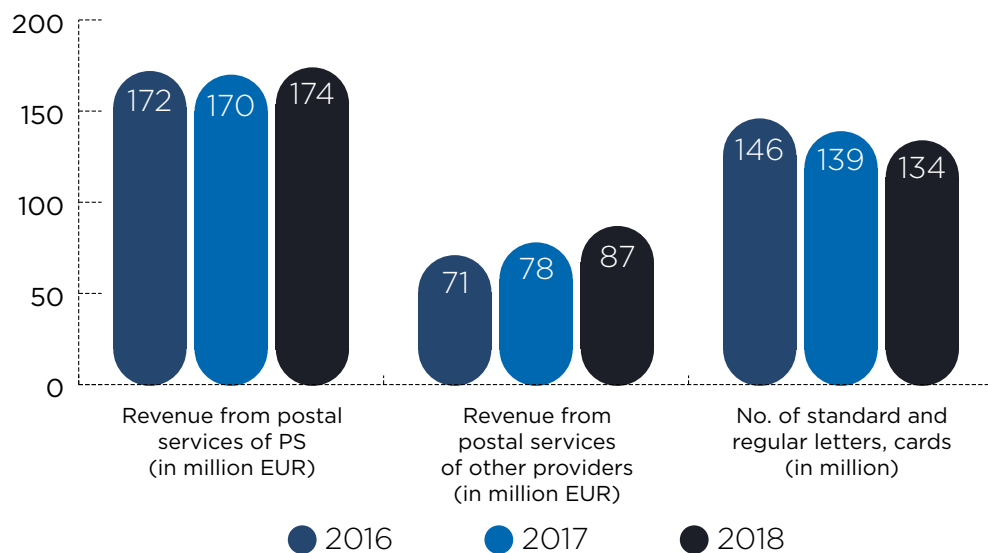


Radio

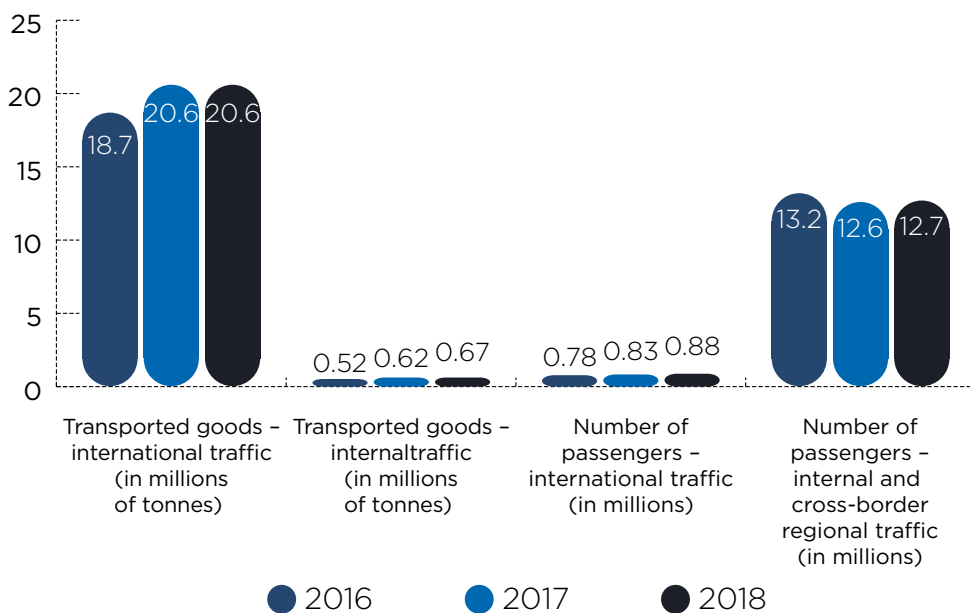




Post



Railways



V BACKGROUND PAPERS

Background papers 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 and 40/17)

Electronic Media:

- Media Act (Official Gazette of the RS, no. 110/06 – official consolidated text, 36/08 – ZPOmK-1, 77/10 –

ZSFCJA, 90/10Media 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);

Postal Services:

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

Railways:

- Railway Transport Act (Official Gazette of the RS, no. 99/15 – official consolidated text, ZZelP-UPB8 and 30/18).

Radio Spectrum:

- 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 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);

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);
- 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 efficient use of radio spectrum the Agency prepared the Radio frequency spectrum management strategy in 2018, and it is now in the process of being approved by the Government. After the amended Decision on the plan for the allocation of radio-frequency bands (hereinafter: URRS) was published, the Agency also appropriately amended the General act on the radio frequency utilization plan (hereinafter: NURF), taking into account the latest decision of the European Commission. NURF was published in early 2018. At the end of 2018 another proposal for amending NURF was already prepared, taking into account the new documents from the European Commission and CEPT. For the first time after 2009 the Agency held a public tender for awarding frequencies for analog radio broadcasting for local radio stations, and started a new tender for the area of north-western Slovenia.

In the scope of its regular tasks the Agency in 2018 headed the administrative procedures for issuing decisions on the assignment of radio frequencies for radio and television

stations, fixed connections, satellite connections, radio navigation and radio location services, 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. In 2018 the Agency signed an agreement for GSM-R, and for public mobile services in the 700/800/900/1500/1800/2100/2600/3400 MHz bands and other possible bands with Italy, and with Croatia for the VHF 140 – 174 band and the agreement for the 29.7 – 87.5 MHz and 410 – 470 MHz bands, and with Austria, Hungary and Croatia also agreements for the 700 MHz, 174 MHz bands, as well as updated agreement for the 800 MHz, 2100 MHz and 2600 MHz bands. It was also actively involved in helping DARF holders who were sued by Italian publishers taking on Slovenian radio stations, and participated in the inter-departmental working group for interference by Italian radio stations. It also organized public consultation with DARF holders when there was interest and need for this.

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 BACKGROUNDS

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) 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;
- Decree on the radio frequency band allocation plan (Official Gazette of the RS, no. 69/13, 1/17);
- Rules on radio equipment (Official Gazette of the Republic of Slovenia, no. 3/16);
- General act on the Radio frequency utilization plan (NURF-4) (Official Gazette of the Republic of Slovenia, no. 10/18) – unofficial consolidated text,
- General act on the conditions for radio frequency utilization for amateur radio and satellite amateur radio services (Official Gazette of the Republic of Slovenia, no. 68/13, 48/18),
- General act on the requirements for interoperability between digital interactive services and digital television equipment used by consumers (Official Gazette of the Republic of Slovenia, no. 44/13),
- General act on limiting signals of analogue audio broadcasting radio stations (Official Gazette of the Republic of Slovenia, no. 44/13),
- General act on the calculation method for payments for the use of radio frequencies (Official Gazette of the Republic of Slovenia, no. 30/13 (33/13 Amended, 40/13 Amended), 81/14, 21/16 in 63/16);
- General act on the use of the RDS system and identification in DAB networks (Official Gazette of the Republic of Slovenia, no. 67/15).

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. In addition it also takes into account the international agreements and recommendations.

1.2 ANNUAL GOALS

The Agency's main 2018 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, put it into public consultation, and published it in early 2018, 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 Slovenia². 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 fulfil 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 fulfilment of coverage obligations related to the frequencies

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.

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. It also supervised whether the BWA obligations in the 3400 MHz bands and the BWA/MMDS obligations in the 10/12 GHz bands are fulfilled. Based on the findings of the measurements and the analysis of the submitted data for the 800, 900, 1800, 2100 and 2600 MHz bands it verified the coverage conditions after 3 years (details in chapter 2.1.3 Monitoring the provision of public communication services). In accordance with the strategic objectives of the Ministry of Public Administration the Agency has in its draft Radio frequency management spectrum strategy, which is in the adoption phase, postponed its activities for awarding radio frequencies in the 700, 1400, 2100, 2300, 3400 – 3800 MHz, and 26 GHz bands and M2M in 700 MHz in the band for dedicated smart networks, to 2019 for the 700 MHz band and M2M, and into the 2019 – 2021 period for other bands.

In the scope of meeting its objectives in radio broadcasting, the Agency held a public tender for awarding frequencies for analog radio broadcasting for local radio stations, and started a new tender for the area of north-western Slovenia. These are the first tenders since 2009, and the Agency has been striving for several years to launch them. 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. The Agency reported interference that Italian radio stations are causing to Slovenian ones to the Italian administration. 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, HCM, and ITU.

The Agency also ensures the efficient utilization of a limited natural resource

in the numbering space, as it manages all the numbering elements in the Republic of Slovenia. The Agency's main objectives are:

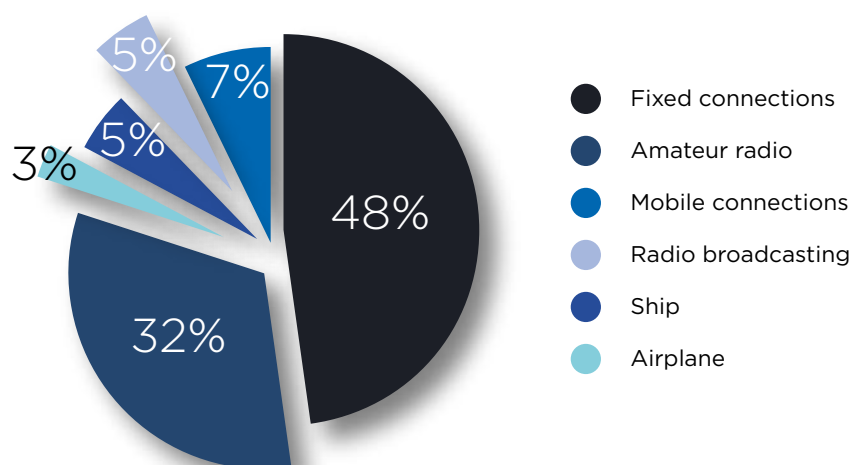
- Ensuring efficient structuring and utilization of numbering elements, and
- meeting the needs of the operators and other natural and legal persons who are entitled to numbering elements in a fair and non-discriminatory fashion.

With regard to the management of the numbering space the Agency focused, along with its regular activities in 2018, on monitoring trends in the scope of international groups that work on the issue of the access of new services to numbering resources and their use outside the borders of individual member states.

1.3 RADIO FREQUENCY SPECTRUM UTILIZATION

At the end of 2018 there were 353 decisions on awarding radio frequencies for audio broadcasting in the FM band, 271 decisions for DVB-T, 10 decisions for T-DAB, 6157 decisions for fixed or satellite connections, 634 ship and 420 airplane, 968 decisions for mobile connections, and 4120 amateur radio licenses in force.

FIGURE 4: SHARE OF VALID DECISIONS ON ASSIGNING RADIO FREQUENCIES AT THE END OF 2018



At the end of 2018 there were 349 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.

Following the public tender for audio radio broadcasting for local radio stations 2 new decisions on awarding radio frequencies were issued to the selected tenderer (Ajdovščina 97.9 MHz and Podbrdo 105.0 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 2018 multiplex A hosted the channels of the RTV Slovenija public institute and the private channel on the Centre coverage area. The population coverage of the multiplex A network is above 98%. At the end of 2018 the multiplex C hosted five channels: The

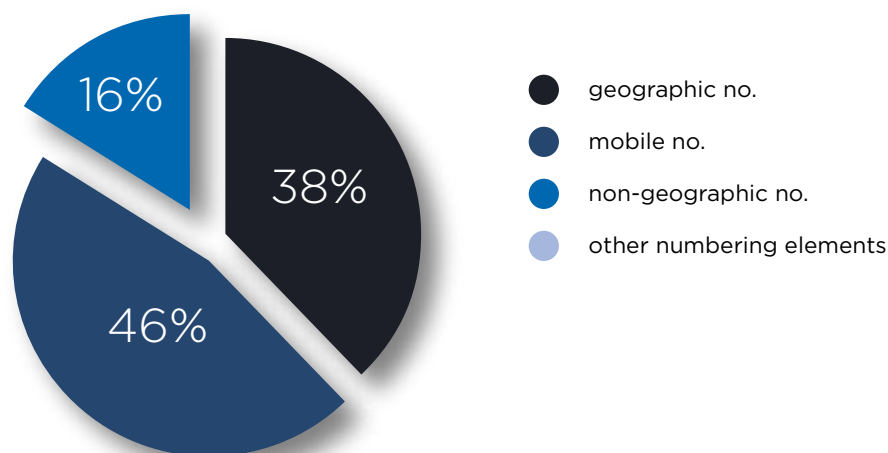
population coverage of the multiplex C network is above 96%.

The following operators were active in the local multiplexes at the end of 2018: 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; PRAK, 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 2018 the Agency's official registry included 24 operators and 10 other providers who were assigned various numbering elements. At the end of 2018 there were a total of 362 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 2018



Compared to the state of the assigned numbering elements at the end of 2017 there were changes in the scope of assigned elements for the following types of numbering: the scope of geographic numbers decreased by 0.12%, the scope of non-geographic numbers for VoIP services increased by 0.43%, the scope of numbers for toll-free services increased by 1.76%, the scope of number for premium services decreased by 5.54%, the scope of assigned codes of the national destination point codes (DPC) shrank by 3.9%, the scope of numbers for access to special networks decreased by 4.35%, the scope of assigned codes of the national destination codes (NDC) increased by 2.13%, and the scope of routing codes by 7.69%.

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 2018. The number of numbers ported in 2018 increased by approximately 10.59%, compared to the previous year. There were a total of 176,928 numbers ported in 2018, of which 127,853 were mobile, and 49,075 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 2018 is 973,916, of which 683,886 were mobile, and 459,643 were fixed. A large number of ported numbers (estimated at more than 26.8% of active mobile and more than 39.5% 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 REGULATION

2.1.1 THE RADIO FREQUENCY SPECTRUM MANAGEMENT STRATEGY

The Agency has prepared a draft of the Radio frequency spectrum management strategy and published it on its website on 6 April 2018³. By the deadline of 22 April 2018 the comments were submitted by: Telekom Slovenije, d.d., the Section of Electronic Communications Operators SOEK with the Chamber of Commerce and Industry, A1 Slovenija, d.d., and Telemach, d.o.o. The Agency submitted the amended version of the Strategy to the Ministry of Public Administration on 10 May 2018. Because paragraph 6 of Article 81 of the Act on the changes and amendments to the Electronic Communications Act (Official Gazette of the RS, no. 40/17) dictates that the Agency should within a year of the Act's implementation publish the Strategy defined in paragraph 3 of Article 24, the Agency published the prepared Strategy on its website on 16 July 2018⁴, even though it was yet to be approved by the Government of the Republic of Slovenia. Because of the reservations from the Ministry of Culture, the Ministry of Public Administration suspended the inter-departmental coordination of the strategy, returning it to the Agency with the recommendation to put it through another round of public consultation. After the inter-departmental coordination was suspended, the Agency again published the Strategy on 30 August 2018⁵, calling on the stakeholders to provide their constructive proposals and comments. The deadline for the comments was on 1 October 2018. The Agency reviewed the received comments and took into

³<https://www.akos-rs.si/-osnutek-strategije-upravljanja-z-radiofrekvencnim-spektrum>

⁴<https://www.akos-rs.si/strategija-upravljanja-z-radiofrekvencnim-spektrum>

⁵<https://www.akos-rs.si/javna-obravnavo-strategije-upravljanja-z-radiofrekvencnim-spektrum-ter-poziv-deleznikom-k-podaji-mnenj>

account the appropriate comments on the content of the Strategy, amending the Strategy by including the recent events and changes on the market since the first draft of the Strategy was made. The Agency resubmitted the Strategy to inter-departmental coordination in early November 2018.

2.1.2 GENERAL ACT ON THE PLAN FOR THE USE OF RADIO FREQUENCIES

In order to ensure efficient use of radio spectrum, the Agency prepared the proposed changes to the General act on the radio frequency utilization plan (NURF-4) already in 2017, 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 and CEPT. NURF-4 (Official Gazette of the Republic of Slovenia, no. 10/18) was published by the Agency on 21 February 2018. Because of the implementation of new radio communication services and changes to the standards and the implementation of the Radio equipment directive (2014/53/EU) – RED, the Agency then in the same year prepared amendments to the General act the radio frequency utilization plan (NURF-4a). In the 700 MHz band the Agency changed BWA to TRA-ECS, rearranged the 410 – 430 MHz, 450 – 470 MHz frequency bands in accordance with the trends for the introduction of broadband for state shared use and users of business critical services, permitting the shared use of public mobile and functional (private) services. It rearranged the priority frequency band for 5G (2d – 27.5 GHz), permitting the introduction of public mobile services in the priority sub-band of 26.5 – 27.5 GHz in accordance with the proposed Decision (EU) and moved the sub-bands for the services of state (shared) use. Radio communication satellite services in 14/10, 11, 12 GHz bands, radio frequency bands for fixed services above 100 GHz, use of 870 – 876/915 – 921 MHz radio frequencies for short-range devices in accordance with the Decision (EU) 2018/1583, use

of radio frequencies for short-range devices in the 450 kHz and 1650 MHz bands, and the coordination agreement for the 700 MHz, 800 MHz, 1500 MHz, 2 GHz and 2.5 GHz frequency bands were added. Other changes pertain to the harmonization of the terminology in accordance with the Decision 2007/344/EC (the terms coordinated through EFIS for applications in the use of radio frequencies in the European Union).

2.2 MOBILE SERVICES

2.2.1 PUBLIC TENDERS FOR RADIO FREQUENCIES FOR MOBILE COMMUNICATION SERVICES

In accordance with the following goals:

- ensuring its efficient radio spectrum utilization
 - promoting spectrum use for broadband services, and ensuring and encouraging the development of the Slovenian economy, and
 - holding tenders for radio frequencies for mobile communication services
- the Agency monitors the development of public mobile communication services, and is preparing other background papers for the strategy for awarding the frequencies.

In accordance with the guidelines of the Ministry of Public Administration which the Agency received at the end of 2017, it must obtain approval of the Government of the Republic of Slovenia to the Radio frequency spectrum management strategy before awarding the frequencies in the 700 MHz radio frequency band. For this reason the Agency put the most attention to the preparation of the Strategy, as described in chapter 2.1.1. Radio frequency spectrum management strategy, and also prepared the draft Information memorandum for the public tender with a public auction of available radio frequencies in the 700 MHz band.

In accordance with its guidelines the Agency held a public tender for consulting, support and audit of awarding radio frequencies in the 700 MHz radio frequency band in 2018. It began preparing the draft information memorandum with the selected consultants, and prepared the basic ideas to the operators at a workshop in early June, then suspended all the activities until it receives the approval to the Radio frequency spectrum management strategy. After the Strategy is approved, the Agency will continue with the procedures for awarding the frequencies in the 700 MHz band in accordance with the adopted strategy.

2.2.2 SPECTRUM FOR VERTICALS – THE 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), the Agency continued to reallocate narrowband systems into the 410 – 430 MHz band, and with activities for concluding preference agreements with neighbouring countries. For critical communications the Agency plans to allocate 2 × 5 MHz in the 700 MHz frequency band and at least 2 × 5 MHz in the 450 MHz band.

In 2018 the Agency held a consultation for smart grids in the 2 × 3 MHz M2M 700 MHz band. It also plans to tender the spectrum for dedicated networks for providing M2M for critical infrastructure in the 700 MHz radio frequency spectrum (733 – 736 MHz/788 – 791 MHz). The Agency has prepared the draft information

memorandum for this tender as well, and it waits for public consultation after the approval of the Radio frequency spectrum management strategy. In this tender the Agency plans to encourage geographic shared use of the spectrum for the same purpose across the whole territory of the country.

In the scope of the spectrum for verticals project the Agency prepared the spectrum for e-GSMR private network and signed the agreement on GSM-R with Italy. It also cooperated with stakeholders in reviewing the option of testing for the PMSC/CCTV over 4G/5G public networks media vertical, and received the initiatives for possible testing of 5G smart villages, smart power grids and prepared the spectrum in the 2300 MHz band for possible 4G/5G tests.

The Agency is also collaborating in international groups for preparing a dedicated spectrum for the PPDR vertical, where plans are to add 2 x 5 MHz in the 450 – 470 MHz band alongside the 2 x 5 MHz in the 700 MHz band, as well as additional spectrum that could be dedicated also for business critical verticals. It is also reviewing the option of allocating parts of the 3400 – 3500 MHz and 2380 – 2400 MHz bands for business critical verticals for local use.

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 2018 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 fulfilment of obligations and deadlines set in the issued decisions on assigning radio frequencies for public mobile services.

In 2018 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 in 900 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 25% of the population of the Republic of Slovenia within 2 years (by 4 January 2018) 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.

In the beginning of 2018 the Agency took the data on the use of radio frequency channels per individual base station cells of radio systems from DARF holders for providing public communication services in the 800 MHz, 900 MHz, 1800 MHz, 2100 MHz and 2600 MHz, namely 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., and calculated coverage by technology for individual networks. All the findings were written in the June 2018 Report on fulfilling obligations for the 900 MHz band and providing coverage with mobile technology services at the start of 2018 which it also published on its website. With this the Agency fulfilled the objectives it set in this field.

It also supervised the obligations of holders of BWA and BWA/MMDS decisions. They are all fulfilling the obligations from the decisions.

2.2.4 5G AND THE SWITCH FROM DTT TO LTE

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 continued in 2018 the initiative for submitting projects for the first trials and future use of 5G technology, in accordance with the European 5G action plan, COM (2016) 588. Since then the Agency has published on its website three calls⁶⁷⁸ for applications for projects for first trials and future use of 5G technology. The Agency offered available frequencies in the 3,400 – 3,800 MHz frequency band and the 700 MHz frequency band for testing new technologies, but only until the planned commercial start of the use of these frequencies, once they would be awarded through a public tender with a public auction. A part of the 3,400 – 3,800 MHz bands is locally occupied with WiMAX until October 2021, which means that in line with the legislation the Agency may award test frequencies in this band for a period of up to three years, but no longer than the expiration of the existing Decisions on awarding radio frequencies (DARF) for the above-mentioned frequencies, i.e. until October 2021. For the frequencies in the 700 MHz band a public tender with a public auction is for commercial use was planned to begin in 2018, with the frequencies awarded in the first half of 2019, so the Agency awarded the test frequencies in this band only until 31 January 2019. So far the Agency has approved all the received applications. This way the Agency made it possible to use the free and available frequencies for test purposes until they are awarded through a public tender.

The Agency awards test frequencies in accordance with the legislation and the calls to limited geographical areas and for a limited duration. While doing so it ensures that in a certain area it may award test frequencies to several interested stakeholders and not just one, and in such a way that the interest does not exceed the availability in the area. When awarding test frequencies

⁶<http://www.akos-rs.si/5g-iniciativa-akos-pozdravlja-pobudo-evropske-komisije-glede-5g-tehnologije>

⁷<http://www.akos-rs.si/5g-pobuda-akos-poziva-investitorje-k-prijavi-projektov-za-testiranje-in-prihodnjo-rabo-5g-tehnologije>

⁸<http://www.akos-rs.si/5g-pobuda-aktivnosti-v-zvezi-s-5g-pobudo-in-dodatni-poziv-k-prijavi-projektov>

the Agency follows the letter of the law and awards them per request. If the application also includes a proof that the project has been approved and funded by the EC, the requesting party may obtain frequencies for a period of up to three years, taking into account the limitations listed above. If this is not a project that has been already approved by the EC, the trial period is 90 days. The law does not call for any fees to be paid for the efficient use of a limited public resource into the budget for test frequencies, however, the holders are obligated to make yearly fees to the Agency for using assigned radio frequencies, which applies to all holders of decisions on awarding radio frequencies.

Besides awarding test frequencies the Agency also provided support in submitting applications for PPDR-vertical related projects, namely: as a partner in the H2020-ICT-17-2018 project ReQuest-5G and the H2020-SU-SEC-2018-2018-2020 project FIRST, supporting the Slovenian 5G initiative for H2020-ICT-19 and signed the agreement with the Hungarian regulator NMHH, and is participating as a supporter in the Slovenian project for encouraging research and development projects (TRL3-6) in the priority area S4: Smart cities and communities, subarea Safety.

In relation to the switch from DTT to LTE the WRC-23 agenda includes a review of the use of radio frequency spectrum in the 470 – 960 MHz band in Region 1, and the implementation of potential new regulatory measures for the 470 – 694 MHz band in Region 1, which would make it possible to implement IMT in this band. According to the Agency's data, EBU is already testing Evolved Multimedia Broadcast Multicast (eMBMS) as well as broadcasting over the 5G vertical in Europe. In the scope of the 5G Initiative, the Agency has allocated radio frequency bands in the UHF band for such tests.

2.2.5 MANAGEMENT OF THE SPECTRUM FOR PRIVATE

MOBILE COMMUNICATIONS

In 2018 the Agency concluded the coordination for establishing a register of frequencies in the VHF and UHF band (29.5 – 87.5 MHz, 146 – 174 MHz, 410 – 430 MHz and 440 – 470 MHz). It concluded with international coordination of the before-mentioned bands with Croatia (including with coordinating the use of frequencies dating back from the former shared country), and signed agreements for the 146 – 174 MHz band and the 440 – 450 MHz and 29.5 – 87.5 MHz bands. It has also sent to into review to all the neighbouring countries the proposals for the 410–430 MHz and 450–470 MHz frequency bands. It collaborated at SE7 and FM54 to prepare appropriate regulations. Once the 3GPP group publishes the applicable technical specifications, ETSI will begin with standardization procedures. The Hungarian and Croatian administrations expressed the initiative to continue with the coordination agreement at that time.

The Agency also withdrew from the existing agreement on preference division of frequencies in the 410 – 430 MHz band which was primarily intended for NMT services, as it was no longer favourable for Slovenia, as it is used for narrowband systems, and will be in the future used for broadband PMR systems.

2.3 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), as well as international treaties and recommendations of the International Telecommunications Union (ITU). In order to achieve the objective of effective use of spectrum for radio broadcasting, the Agency held a public tender for assigning FM frequencies for local radio stations. It also monitored the development of digital terrestrial broadcasting in the Republic of Slovenia, and related a consultation with stakeholders and the public on this topic. It actively participated in the inter-departmental working group on resolving the issue of audio and video reception of Slovenian channels on the border with Italy, and collaborated internationally with other stakeholders, such as the European Commission and its Radio Spectrum Policy Group (RSPG), ITU and the applicable administrations of neighbouring countries. It monitored the state of the radio spectrum alongside the western border of the country, notifying interference to the Italian administration, and continued notifying ITU bodies about violations to international agreements and Italy's inactivity regarding the elimination of interference, and attended meetings of RSPG. It put a lot of resources towards resolving applications for extensions or changes to DARFs for analog audio broadcasting, with 31 procedures in 2018. It also prepared a list of radio frequencies for analog radio broadcasting that are available in the Republic of Slovenia.

2.3.1 PUBLIC TENDERS FOR FM FREQUENCIES

After years of stalling the Agency also achieved a breakthrough in public tenders for analog audio broadcasting. For the first time since 2009 it held in 2018 a public tender for awarding available radio frequencies for analog audio broadcasting for local radio stations in cooperation with the Broadcasting Council and the Ministry of Culture. In the preparation of the public tender it took into consideration the guidelines that were set in its strategic document the Analysis of radio stations in the Republic of Slovenia and the potential for its development (Needs, opportunities and limitations on the FM platform and strategic guidelines for awarding radio frequencies for analog audio broadcasting), published on the Agency's website already in 2014, which divided the available frequencies for analog audio

broadcasting by purpose for which they are awarded, namely to local, general and specialized radio stations. The subject of this public tender were available frequencies for local radio stations, which was also evident from the requirements and the measures in the tender, and for which the Agency obtained a prior positive opinion of the Broadcasting Council and an approval from the Ministry of Culture. Eight frequencies were tendered, combined into six subjects of the public tender. A total of seven bids were submitted to the tender. After receiving a detailed proposal from the Broadcasting Council in November 2018 the Agency awarded one of the bidders the right to use two radio frequencies for analog audio broadcasting, namely at the broadcasting points Podbrdo and Ajdovščina. After the procedure for awarding radio frequencies was completed, several frequencies that were the subject of this tender remained (also because of incorrect bids), so the Agency plans for 2019 to repeat the public tender for the remaining frequencies.

After the public tender for local radio stations, and after obtaining the opinion of the Broadcasting Council and the approval from the Ministry of Culture, the Agency also published the tender for awarding 10 radio frequencies for analog audio broadcasting in 4 batches for north-western Slovenia. This tender is aimed at enriching the poor availability in this area. In the start of December the Agency also prepared a presentation of the public tender for potential bidders in December 2018, so it could assist them in preparing correct and complete application bids. The deadline for the bids is in the start of February 2019, so the public tender is expected to be completed in the first half of 2019.

2.3.2 DIGITAL TERRESTRIAL RADIO

At the end of 2018 there was one DAB+ network with national coverage. Currently there are 9 broadcast points in the DAB+ network, which is operated by RTV Slovenija. The network covers major urban areas and motorways. In 2018 the DAB+ multiplex was not yet fully occupied, so the Agency continued with activities for awarding additional rights for disseminating radio programming in the digital broadcasting technology, with plans to award further 5 rights through a public tender. Since the network is not yet fully utilized, the Agency started with activities to award additional rights.

Following several questions and initiatives from radio station publisher the Agency established that there is interest for new DAB networks, so it prepared a consultation in the second half of the year, where it presented the interested public the options of the tender for the frequencies for a new DAB network.

2.3.3 DIGITAL TERRESTRIAL TELEVISION

Due to the trend of declining demand for terrestrial television broadcasting the Multiplex C network still has available capacities. Already 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. In 2018 the Agency issued the decisions for disseminating pay television channels in digital broadcasting technology, however, in 2018 these channels (or a pay TV bundle) were not yet launched.

2.3.4 RESOLVING ISSUES WITH ITALY

In 2018, the Agency actively strived to find a permanent solution to issues involving the reception of Slovenian channels alongside the border with Italy. Most of activities

were focused on cooperation in the inter-departmental working group which is headed by the Information Society Directorate at the Ministry of Public Administration, and includes besides the Agency's representatives also the representatives of the Ministry of Culture, the Ministry of Justice, the Ministry of Foreign Affairs and the State Attorney's Office. The task of this working group is to coordinate the procedure and measures for resolving the radio frequency spectrum with the neighbouring Italy. The Agency also collaborated at a multilateral and bilateral level with other stakeholders, such as the European Commission and its Radio Spectrum Policy Group (RSPG), ITU and the applicable administrations of neighbouring countries, especially those from the Republic of Italy. It measured and monitored the state of the radio spectrum alongside the western border of the country, notifying interference to the Italian administration, and continued notifying ITU bodies about violations to international agreements and Italy's inactivity regarding the elimination of interference, and attended meetings of RSPG.

In relation to specific reception interference of Slovenian radio and television stations alongside the border with Italy, the Agency continued to provide expert and legal assistance to Slovenian holders of DARFs. Where technically applicable, and following a request from the holder and a guideline from the relevant ministry, it changed the transmission parameters in accordance with the reservations from WRC 2015 and Article 24 of ZEKom-1. The Agency also provided expert support to those DARF holders who were sued by Italian radio stations in ascertaining interference and participated as an expert assistant in legal cases at Italian courts in the process of preparing an expert opinion.

2.4 OVERVIEW OF STANDARD OPERATIONS

In 2018 the Agency issued 13 new

decisions for frequencies for satellite news gathering/occasional use i.e. SNG/OB. The decisions were issued relating to major events and sport matches. In 2018 the Agency processed 1136 decisions for fixed connections (microwave connections), and issued 663 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. In mobile radio systems the Agency handled 340 requests in 2018, of which it issued 311 decisions on awarding radio frequencies (for new mobile radio systems and for extending the validity of existing decisions and testing). The Agency issued 188 CEPT amateur radio licenses for the requirements of amateur radio activities. The Agency issued 129 decisions for radio licenses for aircraft in 2018, and 80 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.

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 2018. 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.

In audio broadcasting the Agency prepared the list of all radio frequencies in the Republic of Slovenia for analog audio broadcasting. This frequency list will be open from early 2019. The Agency also 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. At the same time it also issued decisions related to the changes in program radio networks.

In 2018 the Agency handled 351 cases related to radio broadcasting spectrum administration, of which 220 were started at the party's request, and 131 ex-officio. 5 requests were rejected, 43 were stopped.

Fees for using radio frequencies are a part of the Agency's permanent revenue. In 2018 the Agency issued for the 8641 decisions on assigning radio frequencies a total of 1325 decisions on the assessment of fees to 1125 decision holders. It began preparing the changes to the Rules on payments, which should be published in 2019.

2.5 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 analog broadcasting the Agency received 30 cases, launched 7 and resolved them all. 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 area of radio communications for mobile purposes it reviewed 98 cases. There were 29 new cases for satellite and fixed connections.

In April 2018 the Agency signed the GSM-R agreement between Slovenia and Italy for the 876–880/921–925 MHz frequency band. On 3 October 2018 the Agency signed in Rome the Agreement 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. In June 2018 it signed a bilateral agreement between the administrations of Croatia and Slovenia on the coordination of the bands in 29.7–87.5 MHz and 410–470 MHz.

In February 2018 in Budapest the Agency signed coordination agreements for the 700 MHz, 800 MHz, 1500 MHz, 2100 MHz, 2600 MHz bands with Hungary, Austria, Croatia, Slovakia and some other neighbouring countries of Hungary. The Agency is also coordinating with Hungary, Croatia and Austria 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.

In relation to the preparation of WRC-19 the Agency took part at the RSPG group for WRC-19 and submitted its comments to the draft RSPG opinion on ITU-R WRC-19, however, these were not taken into account. It participated at two CPG meetings of the umbrella group for preparing the common CEPT position for WRC-19 in Budapest (January 2018) and in Turku (June 2018). It also took part in sub-groups at all the ECC PT1 meetings for public mobile technologies. It participated at the CPG-PTA meeting in Copenhagen in March 2018. CGP-PTA is also discussing the agenda for WRC-23 where it will be verified whether the 470–694 MHz UHF band could be

used for IMT systems, similarly to Regions 2 and 3.

In the scope of preparations for awarding the 700 MHz frequency band the Agency successfully presented its positions at the regulators' workshop in Budapest between 10 and 12 December 2018. It took part in the regional meeting of regulators in Sarajevo, which was focused on exchanging experience and best practices in the introduction of digital radio (DAB+) in the region.

2.6 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 ZEKom-1. 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 regular tasks that were carried out in 2018 include: administering general acts related to numbering, reviewing the applications for assigning/returning numbering elements, keeping track with new developments and international cooperation.

In relation to the introduction of special numbering for M2M/IoT communication services in the numbering space of the Republic of Slovenia, the Agency issued the following amended general acts:

- General act on the changes and amendments to the General act on the numbering plan (Official Gazette 41/2018),
- General act on the changes to the General act on the method of the calculation of the payment for using numbering elements (Official Gazette 72/2018),
- General act on the changes to the General act on the content and format of the application for issuing a decision on assigning numbering elements (Official Gazette 72/2018),
- General act on the changes to the General act on the size of numbering blocks that require a project to be included to the application (Official Gazette 72/2018)

With all the new developments that the introduction of special numbering for M2M/IoT communication services, the Agency in 2018 upgraded the applicative information support that provides detailed management of the records and the registry of the numbering space of the Republic of Slovenia. In addition to this the

Agency also reviewed the General act on number porting in 2018 to make the processes simpler. These simplifications came into effect in 2018 with two changes to the General act on number porting, namely:

- General act on the changes and amendments to the General act on number porting (Official Gazette 23/2018),
- General act on the changes to the General act on number porting (Official Gazette 77/2018),

Last year 17 decisions on assigning the numbering elements were issued, and 9 on the annulment, expiration, or partial expiration of decisions. One new operator was entered into the official record to be assigned numbering resources, while one operator returned their assigned resources, and two were deleted because of mergers. In 2018 the Agency issued 51 decisions for payment of numbering elements ex officio. At the end of 2018 there were a total of 362 issued and valid decisions on assigning numbering elements.

The Agency continued in 2018 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 in electronic communications regulation is as follows:

- Electronic Communications Act (Official Gazette of the Republic of Slovenia no. 09/12, 110/13, 40/14 – ZIN-B, 54/14 Constitutional Court decision 81/15 and 40/17)

which in the Republic of Slovenia defines the terms and conditions for providing electronic communications network and the provision of electronic communications services at the primary level, as well as the conditions for ensuring competition, together with the provisions regarding the Agency's authority, organization and operations.

Alongside the ZEKom-1 the following significant executive acts also regulate the electronic communications market:

- General act on detailed invoice (Official Gazette of the Republic of Slovenia, no. 99/13)
- General act on the security of network

and services (Official Gazette of the Republic of Slovenia, no. 75/13 and 64/15)

- General act on data storage protection (Official Gazette of the Republic of Slovenia, no. 75/13)
- 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 format and method of publishing a notification on changes to the terms and conditions from the subscriber agreement (Official Gazette of the Republic of Slovenia, no. 62/13 and 43/17)
- General act on the quality of the universal service (Official Gazette of the Republic of Slovenia, no. 27/2018)
- General act on number porting (Official Gazette of the Republic of Slovenia, no. 62/13 and 23/18)
- General act on transfer speed suitable for functioning internet access (Official Gazette of the Republic of Slovenia, no. 27/2018)
- 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 the method of calculating the net costs of the universal service (Official Gazette of the Republic of Slovenia, no. 27/2018)
- The General act on transparency relating to planned construction work and on shared construction of public service infrastructure (Official Gazette of the Republic of Slovenia, no. 9/18)
- General act on access to existing physical infrastructure (Official Gazette of the

Republic of Slovenia, no. 12/18)

- General act on minimum requirements in planning and construction of access and distribution points (Official Gazette of the Republic of Slovenia, no. 39/18)
- General act on the numbering plan (Official Gazette of the Republic of Slovenia, no. 62/13, 107/13 and 41/18)
- General act on the method of calculation of the payment for using numbering elements (Official Gazette of the Republic of Slovenia, no. 31/13, 21/16 and 15/17)
- 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)
- 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)

Legal frameworks that have a direct legal effect in the territory of the Republic of Slovenia also include the following EU legal acts:

- Regulation (EU) 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, and the Regulation (EU) No 531/2012 on roaming in public mobile communications networks in the EU (OJ L no. 310 of 26 November 2015)
- The 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.
- Regulation (EU) 2017/920 of the European Parliament and Council of 17 May 2017 on the changes to the Regulation (EU) no. 531/2012 regarding the rules for wholesale roaming markets;
- Regulation (EU) 2018/1971 of the European Parliament and Council of 11 December 2018 on the establishment of the Body of European Regulators of Electronic Communications (BEREC) and the Agency to support BEREC (BEREC Office), changes to the Regulation (EU) 2015/2120 and the annulment of the Regulation (EC) no. 1211/2009 (hereinafter: the BEREC Regulation).

The legal resources (i.e. "soft law") also includes the Guidelines and Recommendations of the European Commission.

The European Electronic Communications Code was adopted at the end of 2018, bringing a new regulatory framework in electronic communications, and forming the foundation for effective implementations of the objectives of the single digital market and the 5G action plan. It includes extensive renovation of key regulatory provisions, codifying four directives that are currently in effect (the Framework directive, the Approval directive, the Access directive and the Universal service directive), and in relation to this a revamp of the BEREC regulation was also underway in 2018. EECC significantly complements the existing regulation, and is fully compliant with the Directive on lowering the costs of broadband connections which sets a comprehensive set of rules for easier construction of broadband infrastructures. EECC together with the Regulation (EU) 2015/2120 ensures open internet and eliminates the roaming surcharges, as well as ensures a high level of protection for end users also in other areas that require regulatory rules. The implementation of EECC into the national legislation is expected by 21 December 2020 at the latest, with the adoption of the new Electronic Communications Act, i.e. ZEKom-2.

In 2018 the European Commission also adopted new, revised European Commission

guidelines for market analysis and estimation of significant market power (hereinafter: Guidelines⁹). These are an important legal framework that guides the work of regulatory bodies in ascertaining significant market power on a monitored relevant market. The new Guidelines set more detailed and extensive rules for the work of regulatory bodies, and provide practical examples of use with specific instructions in a separate document¹⁰.

In 2018, after a preliminary public consultation procedure a total of 10 general acts were adopted or amended: General act on the method of calculating the net value of the costs of the universal service, General act on the quality of the universal service, General act on transparency related to planned construction work of public service infrastructure, General act on access to existing physical infrastructure, General act on minimum requirements in planning and construction of access and distribution points, General act on changes and amendments to the General act on the numbering plan, General act on the changes and amendments to the General act on the method of calculating fees for using numbering elements, General act on the changes to the General act on the size on the content and format of the application for issuing a decision on assigning numbering elements, General act on the changes to the General act on the size of numbering blocks that require an application with an accompanying project, and the General act on number porting. It also prepared drafts of two general acts that are planned to be adopted in the beginning of 2019, namely General act on the elements of the reference offer for wholesale local access at a fixed location, and the General act on internet access services.

1.1.2. ANNUAL OBJECTIVES

The Agency described its main strategic goals and activities for achieving these goals in its three-year Strategy of electronic communications market

⁹The European Commission guidelines for market analysis and estimation of significant market power with the regulatory framework of the EU for electronic communications networks and services, Official Journal of the EU no. C 159, of 7 May 2018, pages 1-15

¹⁰Eng. Staff working document - Explanatory note

regulation which it published on its website in December 2018 after receiving comments from the interested public. With the objective of providing increased regulatory predictability the Agency charted in the Strategy the efficient development of competition and ensuring equal operations of operators on the market of electronic communications networks and services. With the objective of protecting the interest of the citizens it also addressed the protection of the rights of users and the provision of the universal service.

The Agency set several objectives in telecommunication regulation for 2018. In the scope of promoting competition and market development the Agency set out to prepare analyses of relevant markets for wholesale call termination in individual public telephone networks at a fixed location (wholesale market 1), for wholesale voice call termination in individual mobile networks (wholesale market 2) and to complete the analysis of the retail relevant market for access to the public fixed telephone network (retail market 1). It also set out to prepare analysis of retail prices and wholesale prices of broadband connections, active participation in changing the regulative framework for telecommunications at the EU level, completing an audit of separate accounting records of the operator with significant market power, providing support in the implementation of the EU Mobile roaming directive, providing expert support in realizing the Digital Agenda goals where needed, active monitoring of adherence to obligations of the operator with significant market power (OSMP) in accordance with regulatory decisions, and monitoring the electronic communications market.

In order to optimize investments in infrastructure the Agency set out to continue upgrade the mapping system, including other public infrastructure, prepare analyses of telecommunications infrastructure in the Republic of Slovenia when required, and regularly update the databases of spatial data on the telecommunications infrastructure,

which is key for making frameworks for efficient investments in NGA networks and for regulating relevant markets.

By pursuing the objective of increased efficiency and the reduction of regulatory burden the Agency planned for 2018 to revamp and automate data capture from parties with a reporting obligation. In the scope of redesigning its website the Agency also decided to set up a new portal for displaying the data. The portal will be available to stakeholders, researchers, journalists and the broader public, and is in the final stages of development with plans to launch in the first half of 2019.

In relation to user protection and ensuring universal service the Agency in the first half 2018 amended the General act on transfer speed, suitable for functional internet access, General act on the quality of universal service, and the General act on calculating net costs of the universal service and non-material benefits, by including in the universal service a new transfer speed for functional internet access of 4 Mbps downlink and 512 Mbps uplink. This made Slovenia one of the leading EU countries in the provision of internet access to all of its citizens through the mechanism of the universal service. The Agency also actively monitored the provision of services from the universal service range.

In the scope of ensuring an optimum utilization of limited resources one of the Agency's still significant tasks is managing the numbering space in the Republic of Slovenia and administering the official record of operators.

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 2018 the Agency in relation to introducing the numbering for M2M/IoT published of 4 amended general acts: General act on changes and amendments to the General act on the numbering plan, General act on the changes and amendments to the General act on the method of calculating fees for using numbering elements, General act on the changes to the General act on the content and format of the application for issuing a decision on assigning numbering elements, and the General act on the changes to the General act on the size of numbering blocks that require an application with an accompanying project. Additionally the Agency also amended the General act on number porting.

1.1.3 MARKET SITUATION

The Registry of operators that the Agency is administering shows that on the last day of 2018 there were 151 operators on the electronic communications market, providing end users with mobile telephone, broadband internet access and fixed telephone services, access infrastructure leasing, radio broadcast transmissions to end users, and other services. In 2018 there were 12 operators or service providers were entered into the Registry of electronic communications operators, while 3 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; the merger by acquisition of Teleing, d.o.o., to Telemach, d.o.o.

1.1.3.1 FIXED TELEPHONE SERVICES MARKET

TABLE 7: THE NUMBER OF OPERATORS/SERVICE PROVIDERS ENTERED INTO THE OFFICIAL REGISTRY BY SERVICE IN 2018

Service	No.
Internet access	
Narrowband access	13
Broadband access	76
Cable access	36
Cable operators	53
Voice services in the public mobile network	
Operators	4
Mobile virtual network operators (VMNOs)	9
Fixed public voice telephone services	
International public voice telephone service operators	26
Local public voice telephone service operators	26
Leased lines operators	45
Value added services providers	27

Fixed voice communications are still an important part of the electronic communications market. Operators offer fixed telephone services either over traditional TDM interface or IP. TDM 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. Access to PSTN and ISDN accounts to about a fifth of all connections. Unlike IP telephone service the TDM telephone service is uncompetitive in terms of pricing, and since it is not a convergent services, operators are not offering it in bundles. In 2018 there was a growth in IP telephone service connections of about 2% to 81.3% at the expense of traditional TDM telephone service. In 2018 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, especially because of the pressure that mobile telephone service has been putting on this relevant market, with mobile network coverage in the Republic of Slovenia surpassing 99%.

None of the operators providing fixed telephone services have a noticeably dominant market share, and number portability successfully contributed to competition again in 2018 by allowing users to switch operators without interruptions. Fixed voice communications are still an important part of the electronic communications market, as 84.8% of households has fixed telephone lines.

Fixed telephone service operators are generally connected to one another with IP interconnection links and SIP signaling protocol. For connecting to the network of the biggest fixed operator, Telekom Slovenije, other operators use IP interconnection links as well as TDM interconnection links. Even though the obligation of IP interconnection on this market was already imposed with the currently valid decisions, operators continue using TDM connections as well, especially for ensuring backup capacities in case of unplanned outages of IP connections.

¹¹The 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.

¹²Regulation (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.

¹³The 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.

1.1.3.2 MOBILE TELEPHONE SERVICES MARKET

In 2018 there were no major changes on the mobile telephone services market. The new mobile service provider Hot mobil, d.o.o., has established 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., with all four offering converged service plans, competing on the retail fixed and mobile markets at the same time.

Infrastructure mobile operators continued with investments in their mobile networks in 2018. 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. In 2018 the number of users of mobile broadband access increased, and along with this the total volume of data traffic in 3G and more advanced networks. The penetration of active mobile communications users in the population¹¹ continued to increase in 2018, reaching 118.7% by the end of the year.

Especially important for end users are the changes to roaming conditions (effective already since 2017), which are the result of changes to the European legislation regarding roaming in the EU, as defined by the change to the Roaming regulation¹² and the Implementing regulation¹³. On 1 January 2018 the average price of wholesale roaming services in the European Union, Liechtenstein, Norway and Iceland declined, as the price the operator of a visited network may charge to the user's home service provider for providing regulated data

roaming services in their network, with the new price totalling €6.00 per GB of transferred data. 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 2018 Digital Economy and Society Index (DESI). This indicator shows that the coverage has increased in Slovenia to 96.1%.

1.1.3.3 BROADBAND INTERNET ACCESS

Today broadband internet access is one of the key modern goods that end users access both at home and at work on a daily basis. The subscription plans that broadband internet access providers offer end users include increasingly higher speeds and a bigger range of additional services. 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 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. Internet access is available almost anywhere a person might be, while modern technologies remove inter-

generational differences of those using them. The development is also reflected in the penetration of fixed broadband internet, which grows every quarter. At the end of the 4th quarter of 2018 fixed broadband internet access penetration by household was at 81.4%, and by population at 32.3%. According to the Digital Agenda for Europe report prepared by the European Commission, Slovenia was at the end of the second quarter 2018 with its 32% fixed broadband internet access by population somewhat below the EU average of 34.7%.

In 2018 the accelerated market share growth of broadband internet access connections on fiber optics networks continued, and at the end of the last quarter of 2018 it stood at 36.3%. Other technologies have marked smaller offsets of their previous market shares. The share of broadband internet access over ADSL technology declined by 2.6 percentage points compared to Q4 of 2017 and stands at 15.3%. Market share of broadband internet access connections over VDSL technology stood at 17.4%, and has grown by 0.2 percentage points compared to the last quarter of 2017. Lower market shares compared to the year before were also noted for broadband internet access connections over DOCSIS 3.0 (by 0.4 percentage point to 19.6%), and broadband internet access connections over cable modem without DOCSIS 3.0 (by 0.5 percentage point to 9.1%). The market shares of broadband internet access connections over other technologies such as Ethernet, fixed wireless access, or access over leased lines declined by 0.1 percentage point to 2.3% compared to the end of 2017.

The development of technologies makes it possible for broadband internet providers to use their infrastructure to provide end users with increasingly higher data transfer speeds at affordable prices for the end user. The highest growth trend among market shares of broadband internet access connections compared to the end of 2017 was in fixed broadband internet access connections with speeds of at least 30 Mbps, which amounted to 47.1% at the end of Q4 2018. Consequently the market share of broadband internet access connections with speeds of 10 Mbps to 30 Mbps are falling, and declined by 7.2 percentage points to 40.5% at the end of 2017, while the market share of connections with speeds between 2 Mbps and 10 Mbps stood at 11.4% at the end of 2018, and the market share of connections with less than 2 Mbps only commanded a 1% market share.

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 in 2017 stood at 83.2%, placing Slovenia 16th 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 achievement.

1.1.3.4 ACCESS TO TV SERVICES

Today it is hard to find a home that doesn't have a television set. It is very popular among users and much like the internet access services it brings a large amount of information to a broad multitude of people across the globe. End users are, however, no longer satisfied with basic channels, but have come to expect diverse channel bundles, a high quality and reliability of services, and advanced extra services. The arrival of digital IP TV made it possible to broadcast HD channels. HDTV sets come with a higher resolution than standard, making it possible to display video in a higher quality and to watch channels in high definition (HD). The development of television services has not slowed down yet, as new innovations and technological improvements in this area continue.

The highest market share at the end of Q4 2018 went to IP TV, with 54.3%. The market share of cable TV has again declined during this period. It now stands at 39.1%. Market share of satellite TV grew to 5.4% compared to the previous quarter, while the share of MMDS technology dropped to 1.2%.

According to the July 2017 data from the report of the Digital Agenda for Europe, prepared by the European Commission, Slovenia ranks 3rd by penetration of IP TV connections by household, and is above the European median (SI: 37.1%, EU: 17.4%). It is also above the European median in penetration of cable TV connections by household (SI: 29.3%, EU: 22.8%).

1.1.3.5 CONVERGED SERVICES

Electronic communications are increasingly moving towards convergence at the level of the network, electronic communication services and equipment. In general it holds that the higher levels of integration allow greater economies of scope and connectedness, which creates significantly higher efficiency in providing several services at the same time. 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.

Convergence of services allows operators to provide their own end users several types of services at a single price (the price of the bundle). The price of a bundle is generally lower than the total of prices of individual converged services if sold by the operator separately. The subscriber concludes a single agreement for all the converged services (telephone service, broadband internet access, TV, mobile telephone service) combined in the bundle with one operator, and receives a single invoice for all of them. In general, convergence allows the growth of competitiveness in telecommunications markets and may consequently bring end users numerous benefits related to choice and prices.

In Q4 2018 the market share of quad-play connections increased to 36.5%. The market share of triple-play connections dropped to 39%, while the share of dual-play connection dropped to 8.9%. The market share of independent broadband access that includes IP telephone services, broadband internet access and IPTV services is at 9.6%.

We should also mention the connected services (bundled offer without permanent benefit) that does not include service plans, and is not classified among bundled services or independent broadband access. The market share of such connections at the end of Q4 2018 stood at 5.9%.

1.1.3.6 CARRIER BROADBAND ACCESS

The carrier market for broadband access continued to exhibit growth again in 2018. Carrier access allows operators to provide broadband services to end users in areas where they do not have their own networks. Later market entrants are largely still dependant on regulated access on the copper and fiber optics networks of Telekom Slovenije, d.d., complemented also with access on open broadband networks that were built with public-private funding in areas with no commercial interest for construction. Unbundled access represents most wholesale connections, even though it is gradually decreasing at the expense of bitstream access, which now accounts for 46.5% of all wholesale connections. Unbundled copper local loop access is still in the first place, but is declining because of users switching to fiber optic access, where available. Connections through the fiber optics network

are growing for unbundled access, as well as for bitstream access, which exhibits faster growth. 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 remaining the predominant choice. The fiber optics network of Telekom Slovenije, d.d., which is constructed using the P2MP (point-to-multi-point) method, provides operators with the option of virtual unbundled local access (VULA), following imposed regulatory obligations on the relevant market 3a (wholesale local access at a fixed location) since the end of 2017.

1.2 ACTIVITIES AIMED AT ACHIEVING GOALS

1.2.1 INCLUSION OF BROADBAND INTERNET ACCESS INTO THE UNIVERSAL SERVICE - CHANGES TO GENERAL ACTS RELATED TO THE UNIVERSAL SERVICE.

In 2017 the Agency decided 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 task was completed in 2018. In February the public discussion on the analysis of the impact of the proposed changes to the general acts was concluded. Resulting from the general discussion a position a position was formed that it makes sense to include broadband internet access in the universal service, and that the transfer speed that is suitable for

a functional internet access is 4 Mbps downlink and 512 Kbps uplink. With this act the Agency helped towards digital inclusion of the population, while Slovenia became one of the leading EU countries in the provision of internet access to all of its citizens through the mechanism of the universal service. Along with the change of the transfer speed for functional internet access the Access also updated the general act regarding the quality parameters of monitoring the universal service, and the general act on the 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.

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 goal fulfilment for 2018 the Agency conducted the analyses of relevant markets 1 (wholesale call termination in individual public telephone networks at a fixed location) and 2 (wholesale call termination of voice calls in individual mobile networks) and submitted them to the Slovenian Competition Protection Agency. In the start of 2019 it plans to submit them to public consultation with the stakeholders. In the 2018 the Agency deregulated relevant market 1 (access to the public telephone network at a fixed location for residential and business users – retail market) and held a repeat public consultation regarding the relevant market 4 (high-quality access at a fixed location). The Agency also monitored the impact of the regulatory decisions issued in the previous year on relevant markets 3a (wholesale local access provided at a fixed location) and 3b (wholesale central access provided at a fixed location for mass-market) on the development of the market.

1.2.2.1 MARKET 4

After completing the public consultation in the beginning of 2018, the Agency submitted the analysis of the relevant market 4 (high-quality access at a fixed location) into the notification procedure with the European Commission. In relation to the submitted first analysis of this market, the Commission expressed serious reservations because of the inclusion of the surcharge for company size in the calculation of the weighted average cost of capital (WACC) and in accordance with Article 7a of Directive 2002/21/ES launched the second phase of its investigation. BEREC also expressed the opinion that including this surcharge is inappropriate. The Agency then re-notified the fixed calculation of the weighted average cost of capital (WACC) with the European Commission, which did not have any comments. Because the Agency made some amendments to the analysis during the notification procedure, it re-submitted it into public consultation with the stakeholders at the end of 2018. In the start of 2019 it plans to start a new notification procedure with the European Commission.

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, such as fixed lines with traditional and modern technology and high-quality bitstream on broadband connections for the mass market for offering high-quality services to demanding 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 business users more choice. The decision is to be published next year. The regulation this market, 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) will represent comprehensive regulation of access to the broadband network on the carrier market.

1.2.2.2 FORMER MARKET 1

This relevant market 1 (access to the public telephone network at a fixed location for residential and business users – retail market) was removed from the list of relevant markets that may be the subject of ex-ante regulation with the Recommendation on relevant markets (2014/710/EU).

In 2018 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). In the analysis it tested the 3 measures that have to be met for market regulation and established that continued regulation of the market is not justified. After it completed a public consultation and notified the European Commission of the analysis results, the Agency deregulated said market in which Telekom Slovenije, d.d., was previously regulated as the operator with significant market power.

1.2.2.3 MARKET 1 AND MARKET 2

In the Recommendation on relevant markets (2014/710/EU) some markets were renamed or new numbers were assigned to them. Consequently, the relevant market 1 became relevant market 1 (wholesale call termination in individual public telephone networks at a fixed location), while relevant market 7 became relevant market 2 (wholesale call termination of voice calls in individual mobile networks).

Both of them are subject to regulatory decisions from 2016 through which the Agency partially changed the measures that were in force before that. 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).

The operators have in the past 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 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, and included all the operators and the Electronic Communications Council in the process of preparing the recommendation. This recommendation would give the operators the chance to limit fraud, while at the same time limit the traffic of smaller operators in Slovenia, even though they could not prove directly that the fraud originates with them, as they are just routing the traffic. The recommendation would address the issue only partially and in a narrow scope, so that it would not achieve its purpose. Since this is an international issue that concerns most operators in the European Union, any resolution of this type of fraud would require a joint cooperation of European regulatory bodies, which is planned for the next year. Based on the above the Agency decided in the first half of the year to withdraw its draft recommendation.

In 2018 the Agency completed the analyses of relevant markets 1 and 2 and plans to submit them into public consultation in early 2019, after receiving the approval from the Slovenian Competition Protection Agency. As this is a case of symmetric regulation of markets on which operators that terminate calls in their own networks are recognized as operators with significant market power, the Agency set new wholesale prices for call termination on both markets in the scope of its planned measures.

The European Commission and its external contractor Axon Partners Group Consulting started working on two projects, namely (1) the project of preparing the methodology of the cost model for calculating wholesale prices of international roaming and the wholesale prices of terminating voice calls in mobile networks, and (2) the project of preparing a uniform model for calculating the price of call termination in the fixed network in EU/EEA countries. The role of national regulatory bodies is key in this whole project; they are the channel for any type of communication between the national operators and the European Commission and their external contractor for collecting information and preparing the cost model. The first draft of the cost model for calculating wholesale prices of international roaming and wholesale prices of voice call termination in mobile networks and the accompanying documentation was sent to operators in November. The first draft of the model for calculating the price of call termination in the fixed network is expected in the start of next year. The project will last until December 2019, and then for the following 9 months the external contractor Axon will provide support to the European Commission in project-related regulatory and legislative matters. The conclusion of the procedure is planned for September 2020.

1.2.3 PREPARING THE ELECTRONIC COMMUNICATIONS MARKET REGULATION STRATEGY

Following the provisions of ZEKom-1 and after consulting with the stakeholders the Agency adopted a 3-year electronic communications market regulation strategy

in 2018. The objective was to introduce its strategic goals, and its planned activities to achieve them, providing greater regulatory predictability on the one side and a strategically clear plan for efficient development of competition, while ensuring equal operations of the operators on the market of electronic communications networks and services, and on the other side presenting the protection of service users' rights and the providing of the universal service. Greater regulatory predictability will allow operator to prepare more efficient investment plans for the construction of NGA infrastructure and the plans of related funds, while potential new competitors will take on less risk when adopting decision regarding their market entry, and will present the expected protections for end users, along with the expected range of certain services. It should be mentioned that perfect predictability is difficult to achieve, as the execution of strategic goals in a set time frame may change due to unpredictable actions in collaboration procedures and consultations with the European Commission, changes to legal order at the EU level, due to changes in competitive conditions on the market or actions of stakeholders on the market, as well as because of the technological development (e.g. changes to the topology of network construction).

1.2.4 ACCESS AND DISTRIBUTION POINT

Based on ZEKom-1 and the activities in the past years related to lowering the costs for the construction of high-speed electronic communications networks, the Agency began preparing a draft of the General act on access and distribution point. In January 2018 the Agency conducted a preliminary public consultation with stakeholders on the market where it introduced all the individual options in regulation and obtained the opinions of individual stakeholders. Stakeholders got the option of providing their opinion

already in the early phases of the procedure of adopting a general act. In June the Agency published the harmonized proposal of the General act in the Official Gazette. In the general act the Agency set minimum requirements in planning and construction of access points that support later shared use for primarily two more operators. This obligation applies when an operator is building a new network or modernizing an existing one.

1.2.5 GENERAL ACT ON THE ELEMENTS OF THE REFERENCE OFFER FOR WHOLESALE LOCAL ACCESS AT A FIXED LOCATION

In the second half of 2018 the Agency started the procedure for updating the General act on the elements of the reference offer for wholesale local access at a fixed location which is to replace the currently applicable General act on the elements of the reference offer for local loop unbundled access. The update to the general act is the result of changes to the definition of the relevant market and its regulation, which raised individual legal uncertainties that the Agency will clear with this new general act. The general act also takes into account virtual unbundling besides the physical, and also includes provisions that increase the transparency of the reference offer. The proposed General act was put into public consultation in autumn 2018. The Agency published the responses and the updated General act on the elements of the reference offer for wholesale local access at a fixed location in January 2019.

1.2.6 AUDIT OF SEPARATE ACCOUNTING RECORDS

Because of an unsuccessful audit of the model of separate accounting records and sales costs of Telekom Slovenije, d.d., the Agency had to stop the procedure and begin with a new public tender with a changed tender subject,

namely the independent audit of the model of separate accounting records and sales costs of Telekom Slovenije, d.d. The objective of the independent audit was to obtain an independent expert opinion that the accounting records are managed in accordance with the set methodology and to give any potential proposals for improvement. 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 of services. The project will continue into 2019, with the conclusion planned for that year.

1.2.7 THE ANALYSIS OF RETAIL PRICES OF BROADBAND CONNECTIONS

The Agency is regularly keeping monitoring and analysing the activities on the market of broadband connections, as they are an important indicator of the development and condition on the relevant markets of broadband access both from the perspective of the state of the competition in the retail market as well as the movement of retail prices on the market. In order to analyse the state of individual geographic market segments the Agency again analysed 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. The data is also important for monitoring the development of the market and verifying the accuracy of the data on infrastructure of electronic communications, and represent an important foundation in the preparation of analyses of relevant markets of broadband access. At the end of November 2018 the Agency published the final report with the results of the analysis.

In the scope of the same project the Agency re-conducted 2 surveys: the Analysis of 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.

1.2.8 WEIGHTED AVERAGE COST OF CAPITAL (WACC)

Based on the Commission Recommendation C (2018) 3644 and in accordance with Article 7a of the Directive of the European Parliament and Council 2002/21/EC of 7 March 2002 the Agency prepared a new methodology of calculating the weighed average cost of capital (WACC) for pricing regulation of electronic communications. This is a continuation of the procedure of calculating WACC which was published on the Agency's website in early January 2018, while also a part of the procedure in relation to the regulation of relevant market 4 (wholesale high-quality access at a fixed location). The methodology shows the method of calculation and the new value of WACC for a hypothetically efficient operator in telecommunications for an older copper network and a hypothetical efficient operator in telecommunications for NGA network infrastructure at a fixed location.

1.2.9 INTERNATIONAL ROAMING

In 2018 the Agency continued to provide support to operators in executing and fulfilling the requirements imposed by the Regulation on changes to the roaming

rules in the EU¹⁴, the Implementing regulation¹⁵, and the Regulation on changes to the rules of wholesale roaming¹⁶, which fully eliminated extra costs for using mobile services while occasionally roaming in EU countries as of 15 June 2017. For this purpose the Agency hosted several meetings with operators, especially regarding blocking the abuse of said regulation and the implementation of a fair use policy. In 2018 the Agency approved an application from Hot mobil, d.o.o., to allow the company to bill a surcharge in order to ensure a sustainability of its local billing model for a 12-month period, in line with applicable EU regulations.

1.2.10 DATA COLLECTION AND REPORTING

The Agency collects the data on the development of the electronic communications market in the Republic of Slovenia based on ZEKom-1 and the General legal act on the collection, use and submission of data on the development of the electronic communications market. It requires the data to exercise its authority according to ZEKom-1, and all operators in the register of public communication networks and services providers must submit the available data to the Agency. As it is in the interest of all the stakeholders that the collected data is accurate and that it reflects the actual situation in electronic communications market in Slovenia, the Agency set a goal of providing a system for efficient and timely data collection and processing, as this ensures further analyses and reports. Consequently the Agency was setting up a new IT system for data collection, processing, analytics, reporting and display for all the data on electronic communications, with the plans for the system to be implemented in 2019. A part of this system will also be a publicly available portal for displaying data that interest public, researchers and even the broader public will be able to use for creating analyses and visualized data of the state of the electronic communications market. Only the data that is not deemed a trade secret by an operator will be displayed. The Agency has used the obtained data for the preparation of quarterly reports it publishes on its website.

The Agency also administrates its own geographical information system that allows collecting, processing, and analysing of data that includes spatial definitions (geolocated). The Agency's geographic information system combines certain publicly accessible databases from the Geodetic Administration of the Republic of Slovenia 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 2018 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. A lot of effort was especially put into obtaining and analysing the data on newly published network connection points on the website of the Geodetic Administration. The latest data on the condition of the infrastructure market, and analyses derived from them, are 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 contact points of Pošta Slovenije, extensive operator data it used in market analyses, data on locations and the coverage of mobile networks, and the data from field measurements of electric field strength. In the second quarter of 2018 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 updated the applications that optimize collection for the Agency, as well as for those obligated to submit reports.

In 2018 the Agency also continued with the public portal that will provide an overview of electronic communications infrastructure and network coverage. The first tests were conducted in the last quarter. The test results contributed to improvements of the viewer and an even better user experience. With that many new data layers were implemented, along with the new features of fast analyses, various mobile coverage data, announcements of spatial investments, as well as improved usability. The new field of gathering data on user disputes also opened. For this purpose a web app was developed for entering this data with the option of assigning the spatial location of each entry. With this portal the Agency will provide the public with access to several proprietary layers of spatial data, ensuring that the data which could not be accessed before is now open. The aim was to lower the costs of construction of very-high-speed networks (VHCN), encourage shared use and shared construction. The goal of such open data policy is connected to a higher level of transparency of operations and a proactive publication of spatial information.

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 geographic information system the Agency was able to conduct numerous geographical analyses for the support of regulatory decisions, in the preparation of the analysis of effects of the change of transfer speed when providing the universal service, and for the needs of regulating and monitoring the postal services market. We also completed an analysis of field data measurements of the electric field strength of mobile signals. Various spatial analyses were also used to provide answers and

¹⁴Regulation (EU) 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, and the Regulation (EU) No 531/2012 on roaming in public mobile communications networks in the EU.

¹⁵The 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.

¹⁶Regulation (EU) 2017/920 of 17 May 2017 on the changes to the Regulation (EU) no. 531/2012 regarding the rules for wholesale roaming markets;

explanations to other bodies and end users. All these tasks point to increased cooperation in the use of spatial data and the analyses made from them at the Agency.

1.2.11 COOPERATION WITH STATE INSTITUTIONS AND OTHER STAKEHOLDERS

Various national institutions turn to the Agency to obtain data on the electronic communications market in Slovenia. Besides quarterly reports the Agency also prepares regular reports for the Statistics Office of the Republic of Slovenia and the Bank of Slovenia in accordance with the law. The Agency also attends the Information society statistics advisory committee meetings every year. In accordance with the law it also works together with the Slovenian Competition Protection Agency and the two bodies exchange data required to perform the tasks in their authority. It also cooperates with the Ministry of Public Administration and the Information Society Directorate.

1.2.12 INTERNATIONAL COOPERATION

In 2018 the Agency maintained a high level of international cooperation, and throughout the year actively cooperated with the European Commission, international organizations with authority in electronic communications (BEREC, CEPT/EEC, OECD, ITU, etc.) and with other European regulatory bodies. The Agency's employees also actively attended the meetings of the European Commission's Communications Committee working groups, making sure that all the required information is submitted in a timely fashion. In the scope of these activities the Agency's employees actively cooperated with the relevant ministry at several levels.

The Agency has recognized international cooperation and inclusion as one of more significant components in establishing Slovenia's

recognition, and has successfully organized the plenary meeting of the Body of European Regulators of Electronic Communications (BEREC) and the Independent Regulators Group (IRG) and an international workshop in October in Portorož. The three-day activity was attended by more than 100 delegates at the highest level, mostly from European countries.

The Agency's employees actively cooperated with BEREC at all levels. At the level of expert working groups they took part in all 31 ongoing projects within the 10 expert working groups. Cooperation included regular participation at meetings or videoconferences, reviewing and commenting on document drafts, submitting information, responding to questionnaires, etc. In the groups that the Agency deems essential and whose results had the most impact on the Slovenian electronic communications market (8 projects) the Agency's employees also participated in preparing the text drafts for documents and other materials. These focused on internet neutrality, comparative research and end users. At the level of contact networking, where the work of expert working groups is reviewed for the last time before approval, the Agency's employees attended all four meetings. Additionally they ensured proper information flow between the Agency, BEREC and other regulatory bodies. The Agency's director actively participated in discussions and approvals of the work results at the highest level (4 plenary meetings), and at the end of 2018 she also successfully ran for and was appointed vice president of this organization for the year 2019. Besides the above the Agency also cooperated in the group for Western Balkans, which is aimed at accelerating the implementation of the European legislation in electronic communications in the countries of Western Balkans. The Agency's employees also attended the yearly BEREC stakeholders' forum in Brussels and participated in the expert working group held by the European Commission relating to the detailed investigation to the changes of the measures taken by the Hungarian regulator. To ensure transparency of operations and to inform the public the Agency regularly published current news related to the activities and the work of this European body on its website.

The Agency has remained an active member of the Independent Regulators Group (IRG) and has continued participating in the organization's activities in 2018. In the beginning of 2019 IRG again presented the statistics of the activities of the system for exchanging knowledge, best practices and experience among European regulators, where the Agency places first among 37 IRG members with 68 responded questionnaires and 3 published. IRG organizes a 3-day expert workshop on a yearly basis. In 2018 its main topic were cost models, and the Agency's employees also participated by presenting our own model.

In the fast-developing field of electronic communications constant trainings, exchanges of best practices and in-depth bilateral cooperation are essential. In 2018 the Agency hosted several bilateral meetings with regulatory bodies of Austria, Macedonia, Poland and Serbia, and attended the bilateral meeting in Croatia. The main topics at these meetings, both at the operative level and higher, were related to electronic communication regulation, internet neutrality, 5G mobile networks and the measurements of the quality of electronic communications services. The Agency also responded to the invitations from other regulatory bodies and also took part in regulatory conferences in Macedonia and Montenegro. It actively participated in various expert meetings in Slovenia, for example at the Telecommunications conference, at the program conference of the Association of Slovenian Cable Operators, and at the conference of the Competition Protection Agency entitled Digital markets – The challenges of executing competition legislation.

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 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)

2.1.2. ANNUAL GOALS

The Agency has for the most part achieved all of the goals it set for itself in 2018. The Agency's activities were focused on holding public tenders for audio broadcasting (more on that in the chapter Managing limited resources/2.3.1 Public tenders for FM frequencies). Besides this the Agency's activities related to radio were also focused on improving the platform for the dissemination of radio programming in digital broadcasting. The Agency monitored the market and the interest of radio publishers for joining this platform. It responded to an exceptionally high interest by preparing a public tender for awarding five rights for disseminating radio programming using digital broadcasting technology,

which was published in mid 2018. Even after the conclusion of the tender the interest for digital dissemination among radio programming publishers remained high. At the end of the year the Agency launched activities for a new public tender, but it cannot provide a high number of rights, as the existing network's capacities are fairly occupied. In the scope of its activities for expanding the range and popularizing the platform the Agency also plans to hold a public tender for the construction of a new network, which will make new public tenders for awarding a larger number of rights for digital dissemination possible.

Unlike the lively activities and high interest for digital broadcasting among radio publishers, the demand for terrestrial digital television dissemination has been low due to the characteristics of the Slovenian television market, marked by an exceptionally high penetration of cable and IP television connections. Already in 2017 the Agency began with activities for introducing pay TV, and in November 2017 published a public tender for awarding relevant rights, which was concluded in July 2018. In spite of the exceptional number of offers, and consequently also a high number of awarded rights, the Agency did not notice any activities by the end of 2018 that would lead towards establishing pay TV on this platform. At the initiative of the operator of the local multiplex in the area between Koper and Sečovelje, the Agency also held a public tender for awarding 5 rights to disseminate in this area, and also awarded all 5 of them at the end of the year.

The Agency also intensively focused on encouraging the publishers who voluntarily joined in using the Gledoskop tool to actively and consistently use it. A coder committee was founded to maintain regular contact between coders and facilitate in exchanging their experience. Gledoskop was from the outset designed as a starting activity in the

Agency's long-term endeavour in the field of protecting the audience and improving young people's media literacy, and will be upgraded with a portal for promoting media and information literacy. In the second half of 2018 it selected a contractor with whom it began setting a concept for the portal aimed at informing and educating all age groups of media users for an informed, deliberated and responsible selection of media content. Due to the topicality of media and information literacy which is also emphasized in the amended and updated directive on audiovisual media services, adopted and published at the end of the year, the Agency attended several international events focused on this topic. Hate speech and its sanctions was a very prominent topic also in Slovenia, and so the Agency – which has the authority to conduct inspection supervision according to the Act on Audiovisual Media Services – carefully monitored this topic in the scope of its endeavour to help create suitable conditions for protecting the audience and responding to all the significant phenomena in the society.

The Agency also responded to the dissatisfaction from the viewers caused by blackouts (suspended retransmission) of foreign television channels during World Cup football matches. In order to ensure that viewers are appropriately informed and to mitigate their dissatisfaction it conducted a consultation with operators and television channel publishers calling on them to try and inform viewers and service users in a timely manner and with the correct information about the reasons for the blackouts of foreign television channels, as this practice cannot be stopped due to the nature of rights purchasing.

The Agency noticed that there were different interpretations of Article 30 of the Act on Audiovisual Media Services, and in order to ensure appropriate conditions for the operation of the audiovisual media services market, it turned to the Ministry of Culture of the

Republic of Slovenia, which has the authority to prepare such legal frameworks, and received the opinion regarding what is the revenue obtained from providing television activities, and what is revenue obtained from providing on demand audiovisual media services. With the publication of this opinion the Agency wanted to ensure a uniform practice regarding the reports on annual revenues and consequently also equal treatment of all parties.

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. Even though the Ministry of Culture did not make the initiative for a comprehensive revamp of media legislation in 2018, the Agency actively collaborated in resolving individual issues, attended consultation meetings and have comments and opinions to the wording of the revamped directive on audiovisual media services. In 2018 the procedure of amending this directive concluded, and the next two years will be marked by transposing the directive into the Slovenian legal order. In 2018 the Agency also focused on updating executive acts under its authority, namely the Methodology for monitoring audiovisual media services and radio programming and the General act on the license for conducting radio or television activities. The changes to the first started already in 2017, and mostly relate to the supervision of meeting the shares of Slovenian music, and its final wording was published on the Agency's website at the end of 2018, after the completion of the public consultation. The wording of the changes to the General act on the licenses for performing a radio or television activity is still a work in progress, and the Agency decided to revamp it after it observed that the existing licenses for performing radio and television activities are outdated and no longer reflect the modern media trends. In October 2018 it organized a public consultation at which it presented its positions for changing the general act. These are for the most part based on the Analysis of economic potential of the Slovenian radio market which was conducted on behalf of the Agency by GFK, d.o.o., as the revamp of licenses is required especially in radio. Because the Agency wants to revamp the licenses to fit the new media reality as much as possible and to reflect the actual condition of the radio and television market, cooperation with publishers and obtaining their proposals is of key importance. Key areas that need to be updated were identified at the consultation. On the basis of the received proposals the Agency began with the preparation of the draft proposal of the general act.

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. It was also active as a member of the Central European Regulatory Forum (CERF) and the European Platform of Regulatory Authorities (EPRA). 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 September 2018 also signed a memorandum on cooperation with the Serbian Regulatory Authority on Electronic Media (REM).

It also continued the practice of compiling and publishing half-year reports on its work and the situation in the media market. As part of the activities of monitoring the development of Slovenian electronic media the Agency purchased a survey on the habits of Slovenian radio listeners and also sought to ensure transparency on the market through fast responses and updates to the licenses for performing radio and television activities and monitoring the development of the market for on demand audiovisual services.

2.1.3 MARKET SITUATION

The register of television broadcasting holders reveals that 70 legal and natural persons held 90 valid television broadcasting licenses at the end of 2018. Ten of those hold more than one license and a total of 30 licenses, which represents one third of valid licenses. Furthermore, 35 have active rights to disseminate television programming in digital broadcasting technology.

4 new television broadcasting licenses were issued for television activities. At the request of license holders 3 licenses for conducting television activities were altered. At the end of 2018 there were a total of 4 licenses for themed television programming. In 2018 three declaratory decisions on expiration of television broadcasting licenses were issued, while one license was transferred to a new publisher.

The register of on-demand audiovisual service providers in the Republic of Slovenia included 22 services at the end of 2018, of which one was notified during the year.

At the end of 2018 there were 55 legal and natural persons who held 98 valid radio broadcasting licenses. More than 1 license was held by twelve of them, and together these twelve hold 56 licenses, a bit more than a half of the total. In a total of 30 licenses one of the four radio programming networks were included, while shared regional programming was included in 2. 18 radio channels have the right to disseminate television programming through digital broadcasting across the Republic of Slovenia.

In 2018 the Agency processed 17 administrative issues regarding television broadcasting licenses based on ZMed. Seven administrative proceedings were initiated by request, and 10 ex officio. The growing trend of new television channels slightly subsided in 2018 compared to 2017, while the trend of TV channels ceasing to broadcast even more so. In this period the Agency processed 50 administrative issues regarding radio broadcasting licenses, 46 of which were initiated by request and 4 ex officio. When analysing the data on issued radio broadcasting licenses from 2018, the Agency noted a significant increase in the number of applications for license changes – from 11 in 2017 to 43 in 2018 – in which the license holders wanted to change the basic programming requirements on the licenses. In 2018 the Agency did not process any applications for transferring a license.

2.2 ACTIVITIES AIMED AT ACHIEVING GOALS

2.2.1 THE DEVELOPMENT OF THE GLEDOSKOP PLATFORM FOR THE PROTECTION OF CHILDREN AND MEDIA LITERACY

In the first quarter of 2018 the Agency, along with other parties who signed the agreement on voluntary use of the Gledoskop tool (besides the Agency these include: RTV Slovenija, POP TV d.o.o. Ljubljana, Kanal A d.o.o., Antenna TV SL d.o.o. in TV 3 d.o.o.), established a coder committee that promotes tighter collaboration of all the parties and exchanging opinions regarding the classification of programming content. The coder committee has one member from each of the signatories, and the goal is to ensure more uniform classification of programming content on television channels from different publishers. The coder committee met 6 times in 2018, and individual coders also turned to the Agency to consult on the more difficult cases and issues they had in the classification of content. The committee discussed the cases where the coders were in doubt, and identified the questions in the questionnaire that is the basis for classification of content, which would in the future need amendments or updates.

In the last quarter the Agency also started with the activities for setting up a website for promoting media and information literacy and begun charting the

website architecture and design with the selected contractor. The Agency will provide information for effective and secure use of media an audiovisual media service and alert to current issues related to this topic on this website.

2.2.2 AWARDING LICENSES FOR DIGITAL TERRESTRIAL RADIO DISSEMINATION (DAB+)

In May 2017 the Agency published on its website a public call to radio programming publishers to inform it about any interest for obtaining the right to disseminate radio programming using digital broadcasting technology. Seven publishers expressed an interest for a total of 9 radio channels. Based on this information the Agency established that awarding new rights would contribute to media diversity and plurality, as well as popularity and thereby availability of the digital radio platform, making the public tender sensible and warranted. After the approval to the conditions and the measures that the Broadcasting Council gave in December 2017, the Agency published on 19 January 2018 in the Official Gazette RS the Decision on launching the public tender for awarding five rights to disseminate radio programming using digital broadcasting technology across the whole territory of the Republic of Slovenia. The deadline for submitting applications was on 26 February 2018, and the Agency received 16. The commission appointed to lead the public tender sent its report and the list of complete applications to the Broadcasting Council, which discussed them at its 11th regular meeting in March, and sent to the Agency its proposal for the selection, along with explanations, proposing that the 5 tendered rights be awarded to 5 providers that received the best scores in accordance with the tender rules. After receiving the detailed selection proposal, the Agency awarded the rights to disseminate radio programming in digital broadcasting

technology across the whole territory of the Republic of Slovenia to the selected providers in June 2018. After the completion of the procedure of the public tender for assigning 5 rights to disseminate radio programming in digital broadcasting technology across the whole territory of the Republic of Slovenia in the first half of 2018, the Agency continued with the activities for expanding the range of radio channels and the popularization of the radio platform.

Currently the publishers have a right to digitally disseminate radio programming on the territory of the Republic of Slovenia for a total of 18 radio channels. During the verification in December 2018 the Agency established that 17 channels for which it awarded the right to disseminate were broadcast using digital technology. Since the network is not yet fully utilized, the Agency started with activities to award additional rights.

2.2.3 AWARDING LICENSES FOR DIGITAL TERRESTRIAL TELEVISION DISSEMINATION (DAB+)

In November 2017 the Agency published in the Official Gazette of RS 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 was the continuation of the Agency's activities in the development of pay television on the terrestrial digital broadcasting platform with the aim of increasing the options of accessing more television channels to users who depend on terrestrial broadcasting only. After the withdrawal of some of the more popular commercial television channels from the freely accessible digital terrestrial television platform (multiplex C) in 2017, the public could in the future opt for a bundle of pay local and foreign television channels over the terrestrial digital network. The

Agency received 41 bids. Due to the large number of received bids the commission appointed to managing the public tender completed its work in May 2018, when it also submitted its report on the review of the content and the grades of the bids to the Broadcasting Council. The council then reviewed the received bids and the report and submitted a detailed proposal for selection to the Agency. In mid-2018 the Agency awarded the right to disseminate television programming using digital broadcasting technology in the territory of the Republic of Slovenia over the terrestrial broadcast network (or its part) that is not reserved for free channels to 8 publishers for a total of 22 television channels. If the service will actually become available to the viewers and which channels will be included depends on the operator or the service providers, and after awarding the rights and until the end of 2018 the Agency did not note any further activities for establishing such a service on the market.

At the initiative from the operator of the local terrestrial digital broadcasting network Domates, d.o.o., Portorož and in coordination with the Broadcasting Council the Agency in July 2018 prepared the conditions and measures, and in August 2018 published in the Official Gazette of RS the decision on holding a public tender to award five licenses for television digital broadcasting in the territory between Koper and Sečovelje. By the tender deadline The Agency received 5 bids. After the tender commission completed its work the Broadcasting Council discussed the commission's report and the bids at its regular meeting in October 2018, and submitted a detailed proposal for selecting the providers, and in December 2018 the Agency awarded the rights to 3 providers for a total of 5 channels.

2.2.4 COLLABORATION IN THE IMPLEMENTATION OF THE DIRECTIVE ON AUDIOVISUAL MEDIA SERVICES AND THE REVAMP OF THE MEDIA LEGISLATION

At the end of 2018 the Directive on the changes to the Directive on audiovisual media services was adopted and published in the Official Journal of the EU in November 2018. Member states have until September 2020 to transpose the directive into their national legislation. Through the Ministry of Culture, which was the body responsible for preparing the framework of the Republic of Slovenia, and as a member of the European Regulators Group for Audiovisual Media Services (ERGA) with the European Commission, the Agency was throughout informed of the progress in the negotiations, and provided its opinions on various proposals relevant to its activities, and plans to cooperate with the ministry during the upcoming phases of the implementation of the Directive. An overview of the directive's text shows that one of its key objectives is to create a more equal environment for all audiovisual media service providers, which firstly means easing the requirement for the publishers of linear audiovisual media services (television), i.e. especially relating to advertising, and on the other side introducing higher requirements for providers of on-demand audiovisual media services (ODAMS), as they will now have to ensure a 30% SHARE OF European audiovisual works in their library, and the directive also calls for stricter requirement in their promotion. The directive maintains the principle of the country of origin, while introducing the mechanisms for more efficient protection of children and minors from harmful content (limiting access, the tag and report mechanism, unified parental control system, etc.) and other vulnerable social groups from hate speech, xenophobia and terrorist content in all audiovisual content. A special chapter focuses on establishing a system for media and information literacy (boosting critical thinking of the users of media content, both for children and adults), with member states obligated to regularly report to the European Commission on the scope of activities in this area. With the new directive, regulation of linear (television)

and non-linear (ODAMS) media services is also moving into the area of services (including the online platform) that provide video sharing services (VSS), where key areas of focus will be the protection of children, advertising, hate speech and other content that is prohibited at the EU level (such as, e.g. terrorism, child pornography, racism and xenophobia). The Directive also introduces some new provisions that aim to establish and ensure the conditions for the operation of state and industry independent regulators of audiovisual media services, as well as a legally better defined role of the European Regulators Group for Audiovisual Media Services (ERGA).

The Agency also collaborated with the Ministry of Culture in the proposal to the changes to the Media Act in relation to the provisions that are under its authority.

2.2.5 ANALYSIS OF LISTENING HABITS OF RADIO PROGRAMMING IN SLOVENIA

In 2018 the Agency continued to monitor the trend and consumption of radio programming in Slovenia. It purchased the survey from GfK Slovenija, d.o.o., on the habits of radio listeners on the Slovenian market. The analysis also provides an insight into the habits when listening to the radio, namely how often and where listeners most often listen to the radio, which devices they use and at which opportunities, what stations they most often listen to, which are their favourite, and which they like the most. The analysis of listener habits also provides the Agency with an insight into the success of radio programming with regard to the specifics of the given environment and an overview of the conditions and trends and changes on the Slovenian market. The Agency also uses this data in its market analyses and when planning any new public tenders for radio, as well as for the foundation for estimates of various options and opportunities with regard to the future market development.

2.2.6 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). Agency's employees actively participated in meeting and workshops that took place under these four working groups. In the working group that focused on media pluralism they prepared draft documents. The Agency also actively participated in ERGA's operation at the highest level, i.e. two plenary sessions and the preparations for them. In 2018 ERGA intensively focused on the provisions of the directive on audiovisual media services and the changes that it will bring into the work of regulators. A lot of attention was also focused on cooperation between regulators in the supervision of online video sharing platforms, the protection of children and consumers in the new environment, disinformation, encouraging the mechanisms for self-regulation and shared regulation and media plurality.

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. Two meetings took place in 2018 in the scope of EPRA, with a focus on the role of public media, advertising, and the role of regulators in this area, achieving greater diversity in the media, cooperation of regulators from the European Union with regulators from other countries in the light of the revamped directive, political communication and the challenges posed by social media. A special working group for media literacy was also established.

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 aimed at exchanging experience and perspectives on the currently topical and relevant issues: territorial jurisdiction in the light of the new directive, regulation of online video sharing platforms, content accessibility for people with hearing and sight disabilities and gender equality in media content.

The Agency concluded a memorandum of cooperation with the Serbian Regulatory Authority on Electronic Media (REM), undertaking to regularly exchange publicly accessible data on their activities and national electronic media markets, and information on their national regulations, the development of policies and strategies in regulation of electronic media in their respective countries.

Agency's employees attended numerous international events from the broader spectrum of electronic media regulation and related current topics.

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).

The following regulations also apply:

- Regulation (EU) 2018/644 of the European Parliament and Council of 18 April 2018 on cross-border parcel delivery services
- Implementing regulation (EU) 2018/1263 of the European Commission of 20 September 2018 on preparing forms for submitting the information by parcel delivery service providers in accordance with Regulation (EU) 2018/644 of the European Parliament and Council
- Regulation on implementing the Regulation (EU) on cross-border parcel delivery services (Official Gazette of the Republic of Slovenia, no. 3/2019)

3.1.2. ANNUAL GOALS

Considering the main goals and priorities defined in the 2018 Operating and Financial Plan, the Agency completed all the planned activities in regulation and supervision of postal services. The Agency's priority tasks in the scope of regulating separate accounting and the universal postal service included especially the start of the review of the calculation of the net cost borne by the provider of the universal postal service, and the Analysis of the post office sampling and the questionnaires in the process of assigning costs to activities in the separate accounting of the universal service provider.

Another important development in the regulatory framework was the new Regulation (EU) 2018/644 of the European Parliament and Council of 18 April 2018 on cross-border parcel delivery services and the Regulation on implementing the Regulation (EU) of cross-border parcel delivery service. The Agency also proactively monitored the adoption at the European level and collaborated with the relevant ministry and the provided several comments to the draft text, and held a public consultation for all providers.

Based on analysis and the public call related to appointing the universal postal service provider the Agency established that Pošta Slovenije is the only postal service provider capable of ensuring the required quality of universal service provision. Consequently the Agency named Pošta Slovenije as the universal postal service provider for a period of 5 years, namely from 1 June 2018 to 31 May 2023.

The Analysis of economic incentives for providing effective competition with regulatory intervention in network access was successfully completed, establishing that the state of the market does not require any additional regulatory intervention in relation to the access to the parcel network elements.

The supervision over the methodology and the of delivery times for letter mail and parcels confirmed the accuracy of the results from the 2017 measurement, which showed that in 2017 the universal services provider did not meet the prescribed quality of letter mail, and has surpassed the prescribed quality of parcel delivery.

The Agency also conducted 4 surveys on the price and quality of postal services and user satisfaction, namely a comparative analysis of the prices and delivery times of parcels in cross-border traffic, a new survey on consumer satisfaction with post services after the closure of post offices, and an annual survey on user satisfaction with postal services (general and business users). The Agency also conducted the annual analysis of the postal services market in the Republic of Slovenia for the previous year.

The Agency has prepared the proposed positions on the reform of the International Postal Union (IPU) and the integrated plan of IPU products and has coordinated its positions with the relevant ministry and Pošta Slovenije. It attended the main part of the extraordinary IPU Congress as the deputy head of the delegation of the Republic of Slovenia, which it completed in accordance with the positions and the interests of the Republic of Slovenia.

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. At the invitation of the relevant Ministry, the Agency joined the work of the redaction committee for ratifying the

individual acts of the Universal Postal Union (UPU).

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 49,000 stickers prohibiting delivery to mailboxes. It reported on its work and issues related to its work to the Ministry for Economic Development and Technology and the Inspection Board, and was in contact with a range of Slovenian bodies and institutions.

3.1.3 SITUATION IN THE MARKET

In 2018 the Agency as part of the 2017 market analysis project collected the data for 2017 and compared them with the previous years. The market shows a stable trend regarding the number of postal service providers and an increase in the number of employees (as a result of different reporting methods of two providers). In 2017 the Agency noted a growth in the number of contact points for direct work with users with all postal service providers, with simultaneous shrinking of the network of the universal postal service provider. In 2017 the postal service providers' total net revenue grew by 0,5% (to EUR 333 million). Revenue of the postal market from postal services grew by 5% (to EUR 260 million). The amounts on the letter mail market again decreased compared to 2016, namely by 2.3% with a 3.7% decline within the universal service. Compared to 2016 the growth was marked in the document services for domestic traffic by 10%, parcels for the domestic market by 14% and parcels for the cross-border traffic by 45% (partially a result of moving amounts from the fast parcel delivery bracket, as all parcel deliveries are becoming increasingly more "express").

Over the course of 2018 there were 22 providers active in the postal market services. The Agency entered 4 new providers in the register of postal service providers in 2018, and removed 2.

The 2018 survey on user satisfaction with postal services after the closure of contact points (post offices and contractual post offices) showed that nearly all users were informed of the closing of the post office in their town, and that most of them are not satisfied with that, with the main reason being the distance of the new contact point. Users are generally aware of the postal services provided by postmen as a new form of providing universal service in areas where a contact point was closed, but use it only rarely, with the main reason being that the postman's delivery time is not suitable for them. Those who use the service, are generally happy with the postal services provided by the postman.

TABLE 8: NUMBER OF POSTAL SERVICE PROVIDERS ENTERED INTO THE OFFICIAL REGISTRY AS OF 31 DECEMBER 2018

Service	No.
Provision of postal services	20
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	5
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	5

3.2 ACTIVITIES FOR ACHIEVING THE OBJECTIVES

3.3 REGULATION OF UNIVERSAL POSTAL SERVICE PROVISION

In 2018 the Agency realized its goals in regulating the universal service provision, achieving the expected results, as residents of the Republic 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.

Because the decision on the provision of the universal postal service expired, the Agency issued a new decision, appointing Pošta Slovenije as the universal postal service provider for a period of 5 years, namely from 1 June 2018 to 31 May 2023. The Agency conducted a preliminary analysis of the state of the market and issued a public call to obtain opinions of all the stakeholders, establishing that of all the postal service providers Pošta Slovenije is the only one capable of ensuring the required quality of universal service provision in accordance with ZPSto-2 and executive acts.

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 2017. The assessment confirmed that the results for 2017 are accurate and do not meet the prescribed quality requirements. The deviations were so small that the Agency did not launch a minor offence procedure. 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 2018

the Agency processed 2 requests from Pošta Slovenije for changing the price of a service from the range of universal services for both the domestic and cross-border traffic. The Agency approved the proposed price changes for standard and regular letters (of different weight levels), postal cards, printed materials (of different weight levels), registered and insured letters (of different weight levels) both in domestic and cross-border traffic.

Major changes also occurred in the network of the universal service provider. The Agency issued 4 decisions for transforming contact points and 18 decisions closing down contact points. All the decisions were issued following the applications from Pošta Slovenije and taking into account the requirements from the General act on the quality of the universal postal service, which defines the threshold for the lower density of contact points, i.e. the lowest permissible number and distribution of contact points on the territory of the Republic of Slovenia.

Considering the changed market conditions that among other things include a declining amount of letters, a growing amount of parcels and a reshaping of Pošta Slovenije's network, the Agency prepared the analysis in which it established whether the existing regulation of the universal postal service is appropriate. The internal analysis will serve as the foundation for further work and expert decisions of the Agency in collaboration with the Ministry for Economic Development and Technology.

3.2.2 ENCOURAGING COMPETITION IN THE POSTAL SERVICES MARKET

The Agency encourage competition in the postal services market and fulfilled its goals. In the scope of supervising the conditions and prices for access to the postal network, the Agency already in 2017 conducted an analysis of announced changes to the access to

the network, taking the principled position that the proposed changes to the access were not in line with the requirement for cost-based activities that the universal service provider was set to implement on 1 January 2018, but instead removed in December 2017 from publication and did not continue with this activity in 2018. The competition law analysis of the planned changes of access to Pošta Slovenije's network will continue if and when Pošta Slovenije prepares new general terms and prices for access to the network.

In accordance with plans the Agency also conducted the Analysis of economic incentives for providing effective competition with regulatory intervention in network access, whose objective was to identify those economic incentives in the field of access to the network and the elements of the postal infrastructure of the appointed universal postal service provider that can be achieved through Agency's regulatory intervention and will lead to a higher quality, lower prices and better selection for users of postal services on the postal parcel delivery market. The Analysis established that the state of the market does not require any additional regulatory intervention in relation to the access to the parcel network elements.

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 was formed as the EU's regulatory response to the fact that parcels are the future of the postal sector. The regulation did not replace the Postal Services Directive, but supplemented and upgraded it. In Slovenia the Agency took part in the coordination of the content of the Regulation on implementing the Regulation (EU) on cross-border parcel delivery services, which defines the regulatory body with authority over the matter, the body for supervision and the offence provisions related to the implementation of the EU regulation. The Agency proactively collaborated with the relevant ministry. It held a public consultation for the interested public.

3.2.3 ESTABLISHING THE SITUATION IN THE POSTAL SERVICES MARKET

The Agency accomplished all of its goals related to assessing the situation in the postal services market. It created a statistical database, obtained the relevant data, and conducted the annual analysis of the postal services market for 2017. It also conducted other analyses and surveys with the help of an external contractor, namely: a comparative analysis of the prices and delivery times of parcels in cross-border traffic, a survey on consumer satisfaction with post services after the closure of post offices, and an annual survey on user satisfaction with postal services (general and business users).

In the market analysis for 2017, which the Agency conducted in 2018, the Agency completed the questionnaires for obtaining the data in accordance with the requirements of the regulation on cross-border parcel delivery. The analysis takes into account the basic segmentation by type of postal service provider and two basic markets by type of shipment, i.e. the letter mail market and the parcel market.

The objective of the analysis of the providers of parcel transfer (goods) in 2018 the comparison of prices and quality of postal service providers in parcel transfer (goods) in cross-border parcel traffic was to review the competition and obtain useful information for users.

3.2.4 REGULATION OF SEPARATE ACCOUNTING

In 2018 the Agency completed the two tasks in the regulation of separate accounting and fulfilled most 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 for additional explanations, and administrative procedure will continue into 2019.

The Analysis of sampling post offices and questionnaires in distributing costs to activities in separate accounting of the universal service provider was conducted according to plans. The main finding of this analysis was that distributing business elements to activities is not counter to Pošta Slovenije's methodology. The discovered inconsistencies do not have any material impact on the final distribution of costs. Based on the analysis the Agency plans to recommend some improvements regarding the distribution of post offices into groups to Pošta Slovenije.

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). In ERGP the Agency participated in 5 working groups, and in 2 of them it also prepared draft documents. The Agency attended a ERGP CN session and two ERGP plenary sessions, and a workshop. It attended CERP's plenary meeting and 2 plenary sessions of CA SPZ. In the scope of the European Commission the Agency attended the meeting of the Postal Directive Committee (PDC).

In the scope of preparations for the Exceptional Congress of the International Postal Union (IPU) the Agency prepared the proposed positions on the reform of the IPU and the integrated plan of IPU products and has coordinated its positions with the relevant ministry and Pošta Slovenije, and has attended one meeting of the working group which operates in a CERP committee. It attended the main part of the extraordinary IPU Congress as the deputy head of the delegation of the Republic of Slovenia, which it completed in accordance with the positions and the interests of the Republic of Slovenia.

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. At the Postal and Delivery Economics international expert conference it also presented its own study.

4 RAILWAY TRANSPORT

4.1 FRAMEWORK, GOALS, SITUATION IN THE MARKET

4.1.1 LEGAL FRAMEWORK

The national 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 and 30/18).
- and

- 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 Regulations of the European Parliament and Council and the European Commission.

In 2018 the Agency also collaborated in the working group with the Ministry for Infrastructure in drawing up the changes and amendments to the Railway Act and for the preparation of the Railway Traffic Safety Act, which implemented the directives from the fourth railway pack into the legal order of the Republic of Slovenia. With the amended Railway Act the Agency received new authority, with the most important ones being the supervision of financial transparency of the operation of the manager of public railway infrastructure, especially in dealings with related companies.

In July 2018 the Agency prepared and published in the Official Gazette of the RS the General act on setting the deadline for responding to requests for additional services in railway traffic. In December 2018 it prepared and published on its website the Guidelines for assessing the exception of facilities for the provision of railway services and ensuring the services in these facilities.

4.1.2. ANNUAL GOALS

The Agency's core goal in regulating the railway services market is to ensure equal access to the public railway infrastructure for all carriers, fair usage fees, and that all carriers have equal access to the facilities for conducting railway services and the services in them, as well as that they are fairly charged for them. Consequently the Agency:

- Monitored train path allocations for the timetable period and for the specific purpose (ad hoc), and checked whether all the carriers or applicants are ensured equal

treatment when they are assigned. Using the analysis of allocated train paths it monitored their actual use, while also establishing the actual utilization of the infrastructure capacities;

- Monitored and verified how usage fees are charged to ensure they are charged fairly and in accordance with the regulations;
- Monitored how additional services are provided to ensure that carriers have equal access to these services and that they are charged fairly.

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 year before.

Transportation of goods on the railway was conducted by 3 carriers in 2018: SŽ-Tovorni promet, d.o.o., Rail Cargo Carrier, d.o.o and Adria Transport, d.o.o. Their market shares did changed somewhat in 2018, compared to the year before. Market shares of SŽ-Tovorni promet, d.o.o., and Rail Cargo Carrier, d.o.o., decreased somewhat, while the market share of Adria Transport, d.o.o., grew slightly. Passenger railway transport services were in 2018 only conducted by one carrier, SŽ-Potniški 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. The adoption of the Railway Transport Act in April 2018 opened the internal railway market for passenger transport to foreign carriers, along with the previously opened market for the international railway passenger transportation.

In 2018 the Agency prepared and published on its website the Report on the development of the market of railway services and the Agency's activities for 2017. The report shows that the scope of the work conducted in the freight traffic grew significantly faster than the average median for EU

member states. The trend for the volume of work conducted in passenger railway transport is exactly the opposite. The scope of the provided work is declining, while most EU member states show growth. The report also shows that for all railway freight carriers a relatively high share of assigned train paths remains unrealized. The Agency estimates that this is the result of the fact that carriers order more train paths than they actually need, and that they can cancel them without financial consequences even up to a fairly short time before the planned ride.

4.2 ACTIVITIES FOR ACHIEVING GOALS

4.2.1 ANALYSIS OF THE COST-BASE FOR USAGE FEES

In 2018 the Agency continued with the project of establishing the cost base of setting the basis for calculating usage fee for the use of public railway in 2008 and access to facilities for providing railway service from the minimum bundle of services. The infrastructure manager JŽI started establishing cost-based separate accounting, in order to bring it in line with the regulations. At the Agency's request it conducted a new calculation of the cost base for calculating the usage fee, which is based on existing methodology and updated cost data. At the Agency's initiative the manager also started preparing a new methodology for calculating the usage fee for the use of public railway infrastructure and for access to the facilities for providing railway service from the minimum bundle of services, which will be based on eligible costs, in accordance with the provisions of the Commission Implementing Regulation (EU) 2015/909 of 12 June 2015 on the modalities for the calculation of the cost that is directly incurred as a result of operating the train service. The Agency is actively cooperating with JŽI in the execution of this project. The project is expected to be completed in 2019.

4.2.2 REALIZATION OF ALLOCATED TRAIN PATHS TO CARRIERS IN RAILWAY TRAFFIC

The Agency continued to conduct regular monthly analyses of the realization of allocated train paths by individual carriers in 2018. The purpose of these analyses was to determine the utilization of infrastructural capacities in the railway network. For a long time the Agency has been discovering in these analyses that a fairly high share of train paths in freight traffic were cancelled by carriers. The carriers order more paths than they actually need, which distorts the actual state of the utilization of infrastructure capacities. In 2018 the Agency especially focused on monitoring the realization of assigned train paths towards the Port of Koper.

The analysis of allocated train path realization in railway passenger transport continues to show a near 100-percent realization of allocated train paths in 2018 once again. The reason for the exceptionally small number of cancellations can be found in the fact that Slovenske železnice – potniški promet is the only carrier in railway passenger traffic that conducts nearly all train rides as part of its public service obligation.

4.2.3 ANALYSIS OF FREIGHT TRAIN DELAYS

In the scope of monitoring the state of the market of railway freight traffic services, the Agency has for a number of years noted a large increase in the delays of freight trains heading towards the Port of Koper. In the administrative decision issued in 2017 the Agency established that the main reason for these delays were overtaxed rails in the area of the Koper tovorna freight station. The reason for overcrowded rails is the fact that the administrator did not charge the carriers for occupying rail capacities for shelved railway cars, which is a common practice

in other EU states. The Agency issued a decision to the manager to improve this condition, imposing on it to bill usage fee for access and use to the rails at the Koper tovarna freight station. The analysis of delays for 2018 shows that the number of delayed trains to this station has declined for all carriers after the usage fee was introduced on 1 June 2018.

4.2.4 REGULATION OF ACCESS TO FACILITIES AND DEVICES FOR PROVIDING ADDITIONAL RAILWAY SERVICES

At the end of 2017 the Commission Implementing Regulation (EU) 2017/2177 of 22 November 2017 on access to service facilities and rail-related services was adopted, setting the procedures and measures that have to be taken into account when accessing the facilities for providing railway service and using the services conducted in these facilities. One of the things the regulation defines is that the managers of these facilities may submit a request to the regulatory body to be exempt from using the provisions of this Regulation, where applicable.

Based on this Regulation the EU's regulatory bodies that are also members of the IRG-Rail association prepared and adopted the common Guidelines for assessing exemption of the administrators of facilities for railway services or for providing the services in these facilities. Based on these the Agency prepared in 2018 the Guidelines for assessing exemption of the administrators of facilities for railway services or for providing the services in these facilities, and published them on its website.

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

In 2018 the Agency carefully monitored how carriers are charged usage fee for access to the public railway infrastructure for the minimal bundle of services. 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 regulations. It did not note any irregularities in this.

4.2.6 INTERNATIONAL COOPERATION: EC DG MOVE AND IRG-RAIL

At three meetings of the European Network of Rail Regulatory Bodies (ENRRB) the Agency took part in the coordination of the positions of regulatory bodies to the proposals of the EC's executive acts to the Directive 2012/34/EU and the Directive (EU) 2016/2370, and in the discussions on the current topics of regulating the railway services market. ENRRB's meetings also continued the cooperation with the working group of railway infrastructure administrators PRIME, RNE, and CER and the representatives of the European Union's Railway Agency (ERA). The Agency's employees also took part in meetings of the working group EK DG MOVE for monitoring the market (RMMS).

The Agency's international activities continued in the four working groups of the Independent Regulators' Group – IRG-Rail, namely working groups for monitoring the preparation of legislation, for charging usage fees, for access to infrastructure, and for monitoring the market. In these working groups the regulators formed their positions on the proposals for the legal acts of EU bodies, collected information on national railroad market regulation in member countries and statistical data on the development of these markets, and developed best practices at workshops. In September the Agency hosted the meeting of the working group for charging

the usage fee and its sub-group for charging usage fee for additional services. The Agency's representatives also took part in two plenary meetings of the association.

In 2018 the Agency held bilateral meeting with the regulatory bodies of Croatia and Macedonia. It also attended the TAC Summit international conference which presented best practices for charging usage fees.

The Agency also actively cooperated with the Ministry of Infrastructure in the preparation of the annual report on the development of the railway traffic in the RS for the European Commission and in the meetings of the RMMS working group.

VIII SUPERVISION

1 TELECOMMUNICATIONS SUPERVISION

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 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. These include the two regulations that were most often discussed by the Agency, the regulation on roaming and the one on internet neutrality. In 2018 the Agency conducted 308 supervisory and 36 small offence procedures

ex officio. Including the cases that started in 2017 and concluded in 2018, the Agency conducted 334 supervisory and 47 small offence procedures. In 2018 it concluded 251 supervisory procedures and issued administrative decisions to correct the issues.

FIGURE 6: SUPERVISORY PROCEDURES IN TELECOMMUNICATIONS IN 2018:

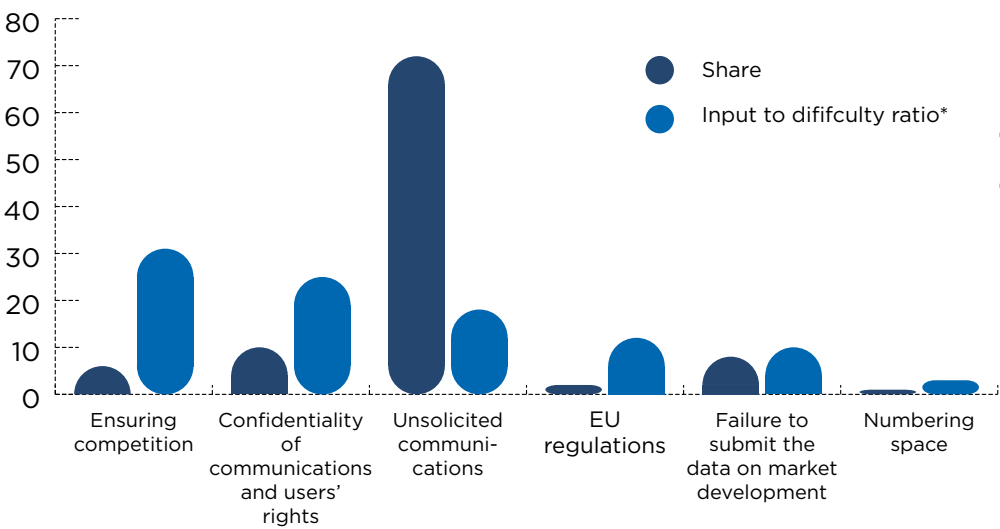
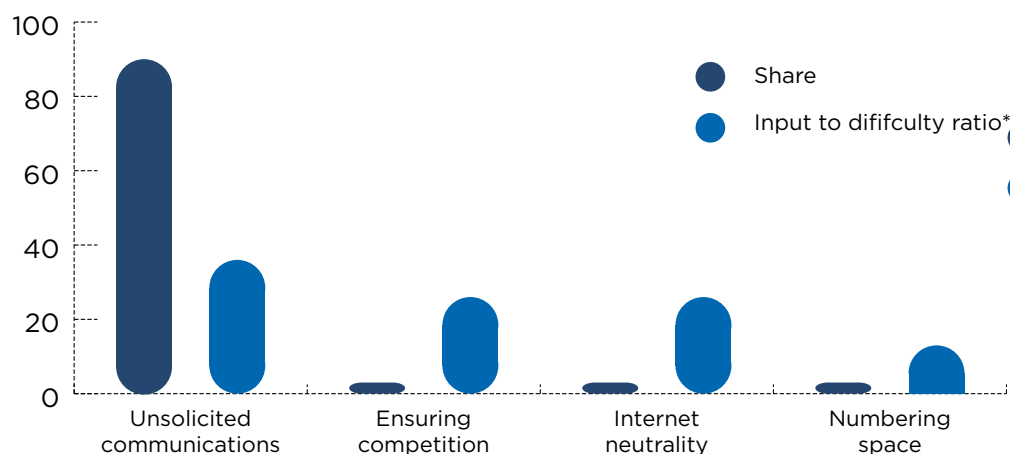


FIGURE 7: MINOR OFFENSE PROCEDURES IN TELECOMMUNICATIONS IN 2018:



* "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 COMPETITION PROTECTION

On 5 December 2017 the decisions for relevant markets 3a and 3b came into effect. Immediately following the implementation of the regulation, the Agency ex officio launched supervisory procedures against the operator with significant market power, in which it verified whether it adheres to the imposed obligation of price supervision. In order to verify obligation fulfilment, the Agency required a lot of data from the operator, and had difficulties obtaining it. In the supervisory procedures for the period from 4 February 2018 to 21 March 2018, conducted at the end of 2018, the Agency established that the operator breached the price obligation from the regulatory decision in both markets 3a and 3b, as its reference offer included wholesale prices for carrier access services that were too high or it sold the same products on the retail market at a too low price, which is not economically replicable. The Agency then issued a partial decision to the operator for both markets to eliminate the irregularity, and is continuing with the supervisory procedure which started on 21 March 2018 into 2019.

The Agency also launched the supervisory procedure related to the offer for long-term capacity leasing to the end users of the obligated party on relevant market 3b. In the procedure it is verifying the adherence to the general obligation of equal treatment and ensuring transparency. The procedure is planned to conclude in 2019.

In the scope of fulfilling obligations of equal treatment in relevant markets 3a and 3b the Agency ex officio verified the deadlines for concluding systemic and manual queries, the deadlines for fulfilling orders on the fiber optics network, and the deadlines for removing minor and major errors. Regarding the execution of the obligation related to the deadlines for fulfilling the orders on the copper and the deadlines for fulfilling orders on the fiber optics network the Agency issued 2 decisions imposing on the operator to resolve the established irregularities, namely by implementing appropriate organizational and/or technical measures, such as adjusting the information system that makes it possible to monitor the deadlines for completing individual connections by classes, monitoring the deadlines and times that are not included in the realization, as well as the changes to the

internal processes of activities (new way of resource planning, educating technicians, mailing modems) and notifications (the Immediate visit campaign, extensive contacting users when there is a stalling) that will force the obligated operator to complete the connections within the deadlines set with the decisions on relevant markets 3a and 3b.

1.2 INTERNET NEUTRALITY

In 2018 the Agency approached creating the General act on internet access services and related end user rights, taking the 2017 Recommendation on the implementation of the provisions of the Regulation (EU) 2015/2120 regarding ensuring internet access service, with the legal framework also provided by Article 123 of ZEKom-1. The objective of the General act is to unify the implementation of Regulation (EU) 2015/2120 at the national level for all obligated parties – internet service providers. The proposal of the general act defined the methodology for measuring internet access speed, and the procedure in the event of a measured discrepancy between the actual and contract speed, the rules that ensure equal and non-discriminatory handling of internet traffic, transparency of providers and the rules regarding traffic management and limiting. The draft regulation was published in September 2018, and the public was called on to submit comments. The Agency then in October 2018 prepared a consultation with all the interested stakeholders, where it received a few useful comments and recommendations, which it will take into account when preparing the new proposal, as it aims to make an executive act of a high standard that will be useful for the market and the end users, while also obligatory for all internet service providers.

In accordance with paragraph 1 of Article 4 of the Regulation (EU) 2015/2120 the Agency in 2018 again prepared a national report on internet neutrality, which was published on its

website and sent to BEREC and the European Commission.

The Agency also conducted 4 individual consultations with individual internet service providers who wanted to preliminary verify the compliance of their offers with the requirements of the provisions related to internet neutrality.

As an active member of the internet neutrality working group at BEREC (NN EWG) the Agency took part in the preparation of important BEREC documents¹⁷.

1.3 INTERNATIONAL ROAMING SERVICES

After receiving a large number of complaints from end users the Agency launched a supervisory procedure, and established that one of the major operators has violated the roaming regulation, as it did not notify its users who were roaming in a timely manner by text messages when they reached 80% of the agreed data or financial allowance, and when they reached the limit did not stop providing and billing the regulated data roaming service, so it issued a decision imposing to correct the irregularities and in the minor offence procedure issued a single fine for all the violations. The Agency launched a special supervisory procedure regarding the violation of the roaming regulation for one more operator. The procedure will be completed in early 2019.

Further on, the Agency launched a supervisory procedure for one of the major operators regarding the provision of the fair use policy for data services while roaming in the EU for plans that include zero rating services. It verified the amounts available to users in the scope of available data allowances for mobile services at home and the additional data options that are used after the amounts in the allowance are used up, and are used also when roaming in the EU/EEA, if the basic plan supports roaming in the EU/EEA. The Agency found violations and imposed

on the operator to implement measures to ensure the correct amount and method of using the roaming services. On its website the operator also had to explain to the users of such plans what amounts of which services they can use at home and abroad and in which cases the operator begins charging for the services used by adding surcharges.

In relation to charging for surcharges the Agency conducted 5 additional (individual) consultations with operators at which it explained the regulation of fair use policy for roaming services in the EU/EEA and the possible legal measures the operators may take.

The roaming regulation has significantly lowered the revenue from roaming, which has resulted in many operators, especially foreign ones, are looking for other ways to supplement the loss in revenue. Consequently numerous new abuses have cropped up in Europe, as well as in Slovenia. Among others things the Agency has noticed: manipulation (hiding or changing) telephone numbers, short malicious calls or text messages from international calls with the goal of encouraging users to call expensive foreign destinations (wangiri), hacks into telephone exchanges and user accounts, generating robot calls to the national network using foreign SIM cards, call capture in transit and similar. The Agency is aware of the importance and dimensions of this issue. Since this is a pan-European issue which crops up in Slovenia even more often, the Agency has recommended a working group is established at the BEREC level to deal with this issue.

1.4 COOPERATION WITH OTHER BODIES IN SLOVENIA

In the scope of its activities the Agency also supervises the provision of the emergency call services from operators, especially calls to the numbers 112 and 113. It actively cooperates with the Administration of the Republic of Slovenia for Civil Protection and Disaster Relief (Notification Centres), as well as with the police (Operations and Communication Centres). Every emergency call requires operator's cooperation in voice services, as well as the ACPDR and the police, as every call must be routed from the user and the originating operator to the appropriate Operations and Communications Centre that has jurisdiction for the region of Slovenia the user is in. Every year by 1 April operators report quality parameters for emergency call services for the previous year. Analysis of the data the operators submitted, showed that in 2017 a total of 81,889 calls was made to the number 112 from the fixed network and 357,259 from the mobile network for a total of 439,148 calls to all Slovenian regional emergency centres 112. Operators on the fixed network noted 696 failed calls and 9,893 unanswered ones. On the mobile network they noted 2,609 failed calls and 53,532 unanswered ones. On 31 March 2018 the new Rules¹⁸ on the quality of service for the uniform telephone number for emergency calls came into effect, imposing on the operators the obligation treat the calls to the police number 113 equally as the ones to 112, including measuring quality parameters and failures.

With the latest changes and amendments to ZEKom-1, the legislator added to Article 134 that deals with the emergency call the obligation of for the operators to ensure the service of the public mobile notifications and alerts system for the event of major natural and other disasters in the scope of their technical capabilities and at the request of the body with the authority for protection and rescue (ACPDR). At the European level this obligation was also included in the European Electronic Communications Code (EECC). The implementation of the system requires

¹⁷https://berec.europa.eu/eng/document_register/subject_matter/berec/reports/8256-report-on-the-implementation-of-regulation-eu-20152120-and-berec-net-neutrality-guidelines;
https://berec.europa.eu/eng/document_register/subject_matter/berec/opinions/8317-berec-opinion-for-the-evaluation-of-the-application-of-regulation-eu-20152120-and-the-berec-net-neutrality-guidelines;
https://berec.europa.eu/eng/document_register/subject_matter/berec/reports/8318-berec-report-on-the-outcome-of-the-consultation-on-the-evaluation-of-the-application-of-regulation-eu-20152120-and-the-berec-net-neutrality-guidelines
¹⁸Official Gazette of the RS, no. 17/2018 The Rules on the quality of service for the single European emergency call number 112, and the police number 113

significant investments, as well as coordination, both for the Notification Centres and the operators. The Agency is included in the working group and attends the stakeholders' meetings, where the possible methods for implementing the most optimum system for the whole country are discussed.

The Agency also collaborated in the working group at the Ministry of Public Administration, where national positions and proposals were prepared regarding the compromise proposal Regulation on the respect of private life and personal data protection in electronic communications and the annulment of the Directive 2002/58/EC. According to the current arrangement the Agency is the body with the authority for supervising most of the part of the content that the regulation would cover after its adoption.

The Agency was a member of the working group for the preparation of the Information Security Act (Official Gazette of the RS, no. 30/18) which came into effect on 11 May 2018. The Agency started discussions with the Government Office for the Protection of Classified Information, which will take over the task of the national body with the authority, to establish cooperation in information security, as the adopted act expressly excludes the operators of electronic communications, since this topic is already covered by ZEKom-1. In the discussions we will take into account the new regulation as defined by the EECC.

In the scope of the Inspection Council of the RS, the Agency responded to the call from the Ministry of Public Administration to provide proposals to the changes to the Inspection Supervision Act. It is the Agency's opinion that the effectiveness of the inspectors' work strongly depends on their authorities and the tools at their disposal for sanctioning the offenders.

The Agency also participated through contributions at expert conferences and at the panel discussion Cyber Security in the RS in light of increasing hacking attacks, which took place in the State Assembly.

1.5 COLLECTING AND PROVIDING DATA AND INFORMATION

Exact data on the development of the market and their timely submission is of key importance for appropriately regulating the electronic communications market. Operators are obligated to submit to the Agency the data for individual quarters and years. The Agency has headed 25 supervisory procedures related to the correctness of these reports. It has found that the supervisions are already showing positive effects, as fewer operators are missing the deadlines or submitting incomplete data.

1.6 USERS' RIGHTS

The Agency ex officio launched the supervisory procedure over the fulfilment of obligations of providing the universal service in relation to the deadlines for making connections. In this concrete case it did not find any violation of the deadline and has stopped the procedure by issuing a decision. However, the authorised person handling this procedure did find that the universal service provider does not have a clear and transparent enough offer for the universal service, and will conclude the supervisory procedure started ex officio relating to these legal requirements.

The Agency detected some inconsistencies in the legal provisions regarding the storage of traffic data for prepaid users in the light of the provision of Article 151 of ZEKom-1 and the Regulation EU no. 531/2012. It turned to the Directorate for the Information Society with the Ministry of Public Administration for the opinion on the right interpretation. It received the feedback which confirmed its position that users, both prepaid and postpaid, have to be protected in the same way, both regarding the option of issuing a complaint regarding the services, as regarding the deadlines

for storing traffic data.

1.7 SECURITY AND RELIABILITY OF NETWORKS AND SERVICES

In 2018 the Agency launched the public tender for modernizing the data collection system, which will also include the module for reports from operators on breaches in security or completeness, on caps/interruptions and on personal data security breaches. Already in the phase of application development the security incident case is based on the EECC criteria, namely on the number of affected users of an individual service; the duration of the incident, the geographic extent of the incident; in what scope does the incident affect the operation of networks and services; how the incident affects the economic and social activities in the country.

The new application will make the operators' work easier, as they will be able to enter network events (caps, security incidents, privacy violations) directly through an online form. On the other hand it will also make the Agency's work easier, as it will support statistics reports, allowing it more time to focus on analysing the data and when required request the operators implement the necessary measures that prevent a repeat event.

In 2018 the Agency received 335 reports of disruptions due to network interruptions, constructions of extensions, upgrades or maintenance. Compared to last year this means a good 36% fewer reports or outages. There were reports for 105 faults, 126 upgrades, 120 maintenances, and 17 constructions of extensions. Most of the service outages were the result of power outages, broken network elements, or cut cables. In 2018 the Agency received 6 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. Based on certain criteria only one event, caused by a human error, was reported to ENISI and the European Commission in the annual report.

When personal data security is breached operators have to notify the Agency. In 2018 the Agency received 3 notifications about such security incidents. The Agency established that the measures operators took to stop a repeat of the same type of security incident were appropriate and proportionate.

As a minor offence body the Agency also handles offences relating to the abuse of emergency number 112. In 2018 it received 16 such reports, resolving 7 of them, and completed 1 procedure launched in relation to such breaches in 2017.

1.8 ELECTRONIC COMMUNICATION PRIVACY

In 2018 the Agency processed 234 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, also against those who systematically violated the above Article or were responsible for many (several dozen) violations. In supervisory procedures it issued 10 decisions with corrective measures and 14 written warnings, while in 27 launched minor offence procedures it issued 1 warnings and 7 fines. No appeals for legal protection were issued against any of the decisions. The most frequent breaches are still sending unsolicited email without the recipient's prior 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. The Agency has also discovered that some obligated parties are attempting to avoid responsibility for sending such prohibited messages by concluding a contract for sending commercial messages for their products with companies based abroad. The Agency also received 5 reports of the violation of Article 147 of ZEKom-1 (confidentiality of communications), and in one case issued an administrative decision, imposing on the obligated party to stop recording calls, as they have no legal basis for this, and to adjust the duration of storage to the legal requirements.

1.9 REGISTRY INTO ENTRIES AND NETWORK CONSTRUCTION

With the changes to ZEKom-1, the Agency's authority in inspection supervision changed and partially expanded. This saw the introduction of five new systemic supervisions of following the correctness of notifying the data on location, route, type and current use of the communications network and accompanying infrastructure, along with the number of accompanying lines. Twenty preventive supervisions of compliance of easement agreements were conducted ex officio, as with the amended act these also cover infrastructure operators. Of the above, 17 procedures were also concluded. The Agency also started performing systemic supervisions of reports to the constructions of public utility infrastructure (PUI) with local communities, where a high number of investments is generally characteristic.

2 SUPERVISION OF THE RADIO FREQUENCY SPECTRUM

One of the Agency's regular tasks is ensuring uninterrupted use of the radio frequency spectrum for all 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. 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 2018 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 2018 the Agency investigated 92 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+).

The Agency investigates radio interference in the reception of signals of Slovenian radio broadcasting stations and reports them in the following cases:

- when holders of decisions on the assignment of radio frequencies report the interference of their radio stations to the Agency
- when the Agency in its regular or extraordinary measurements detects that the reception of any of the signals of a Slovenian radio station is interrupted by signal from abroad
- occasionally the Agency conducts measurements campaigns when it verifies reception interruption of the signal of Slovenian radio stations in a certain area (last conducted in 2017)

With regard to the established interference the Agency sent 6 of reports to the Italian authorities in 2018. 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 114 inspections to investigate radio interference and based on reports. In the past year the Agency put more focus on checking the modulation signal of FM audio broadcast stations. It also made 20 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 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 2018 to upgrade the software for monitoring the public mobile networks. It also purchased a few minor pieces of controllers, antennae and supporting devices so it can perform its tasks better.

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 2018. In accordance with the 2018 Operational Plan the Agency had already equipped itself with new prototypes of devices from EX-1 EXFO (probes) for taking measurements on fixed networks, and has already completed the test measurements with the objective of monitoring the conditions at broadband service providers. The Agency also upgraded its instruments for conducting measurements on fixed broadband access with the option of performing measurements for speeds of up to 10 Gbps. 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.

Both the European Commission and BEREC also encourage monitoring QoS BB, and the 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 define obligations of national regulators in this area. 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, and updating the equipment for conducting professional measurements on fixed and mobile networks, the Agency set out to upgrade AKOS Test Net, which was completed in mid-2018. Since then the public can access the redesigned and improved version of the popular tool that the Agency presented at a consultation to the interested public.

The online version and the apps for Android and iOS were all upgraded. The network hardware was also upgraded. All the tasks were completed within the set deadlines. The Agency also planned on holding 100,000 automatic measurements per year, 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 2018 the Agency continued to actively participate 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 was 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. It was completed successfully at the end of 2018, with the Agency conducting more than 1,000,000 measurements in Slovenia during the course of the project. The measurements were done using mobile apps and measurement probes on different access technologies and with different operators. The Agency also attended two the regular meetings of this project partnership, in June and December 2018. In this area it was also active in one of BEREC's working groups, collaborating in the preparation of technical specifications, which were part of the tender documentation for a new open source measuring tool.

3 SUPERVISION OF ELECTRONIC MEDIA

In electronic media the Agency fulfilled the majority of its set goals for 2018, and proactively worked towards ensuring the rights and protection of viewers, listeners and other users of audiovisual services, ensuring legal operations of all the players on the market, and ensuring the achievement of the public cultural

goals in electronic media. In 2018 the Agency completed 21 supervisory procedures, of which 6 were minor offence procedures, 12 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. 17 procedures were concluded against publishers of television programs, and 4 against publishers of radio programs. In the scope of minor offence procedures 3 decisions were issued with a fine, 2 were concluded with a warning, while one procedure was stopped without a measure being issued.

The Agency also monitored the market of on-demand audiovisual media service providers throughout the year without noting any new services that would require an inspection procedure to call on any potential new providers to register their service in the Agency's records. By monitoring the electronic media market the Agency also established that there was no need to introduce a new inspection supervision in relation to the rules of action in connection with unsuitable audiovisual commercial messages alongside programming content aimed at children, or in relation with licenses for conducting a television or radio activity. In relation to the licenses for conducting a radio activity the Agency handled one supervisory procedure on a radio program publisher carried over from 2017, however, at the end of the year it was still not fully completed, even though a decision with imposed measures had already been issued.

Twelve open procedures were carried over into 2019, and besides the above one, which was related to the supervision of a license for conducting a radio activity, there were 3 minor offence procedures, one because required data was not submitted, another because of product placement and the third because of advertising a healthcare activity, while 6 inspection supervisions were about fulfilling the conditions for special significance channels, one inspection supervision because of product placement and the last one was related to obtaining the status of a station of special importance.

3.1 STATIONS OF SPECIAL IMPORTANCE

Based on the collected findings in its supervisory work, monitoring the market and the initiative from the Ministry of Culture, the Agency set a priority task for 2018 to conclude a systematic supervision of all license holders of station of special importance. In 2018 a total of 12 television stations had the status of special importance (of which 6 were television stations of RTV Slovenija), as well as 29 radio stations (of which 8 were radio stations of RTV Slovenija).

During the first half of the year the Agency intensively focused all of its available resources into systematically conducting extensive inspection supervisions regarding the fulfilment of legal conditions in television stations of special importance. The Agency verified whether the conditions are fulfilled in 4 television stations with local status, of which two met all the legal requirements the Agency verified in its inspection supervision. Two publishers were issued with administrative decisions. In mid-2018 the Agency conducted an inspection supervision of a publisher of two regional television stations of special importance with the objective of verifying whether they fulfilled the conditions for a regional status. Because of failure to meet certain conditions the Agency imposed administrative decisions on both of them with a deadline for compliance. After the conclusion of the procedures of television stations, the Agency continued in the second half of 2018 with a systematic supervision of the fulfilment of conditions in stations of special importance by conducting inspection supervisions of radio stations, which required a significantly bigger use of resources than television stations of special importance, due to the specificity of the radio medium. In 2018 the Agency launched inspection

supervisions of 8 regional radio stations of special importance. By the end of the year 2 of these were completed.

Besides the above inspection supervisions, the Agency also reviewed 3 applications from radio publishers for obtaining the status of a station of special importance. The Agency issued a decision for awarding the status of a local station of special importance to two publishers of radio programming, as it was discovered in both cases that all the legal conditions that a holder and a program must fulfil were met. The third procedure is related to an application for awarding the status of a regional station of special importance, and was not completed by the end of the year.

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 it received the required data for all 13 television channels who are obligated to submit reports. The reports show that in 2017 all the programs fulfilled the required shares of audiovisual works, and consequently the Agency did not launch any ex officio supervisory procedures. On the other hand, the Agency suspected in 2 cases that the shares of European audiovisual works in 2016 were not met, and because of the preliminary opinion of the Ministry of Culture that the objective reasons for not achieving the shares are unfounded, and launched two minor offence procedures. The minor offence procedure against one legal person was stopped, while in the second procedure a notice was issued to the legal person and its responsible person. Besides this, the Agency also concluded in 2018 an extensive inspection procedure which was launched in 2017, establishing that the publisher reached the legally required share of played Slovenian audiovisual works in its yearly broadcast period.

3.3 PROTECTION OF CHILDREN AND MINORS FROM POTENTIALLY HARMFUL CONTENT

In early 2018 the Agency continued with preventive activities for the prevention of children and minors from potentially harmful content by monitoring the labelling on television programming and the publishers' use of the Gledoskop tool for rating and classification of audiovisual media content. The coder committee which promotes closer collaboration of the signatories to the agreement and exchanging opinions on classifying media content met four times in 2018, discussing current borderline cases, while individual coders turned to the Agency throughout the year to discuss the dilemmas they faced when classifying the content. Consequently the Agency also received a fewer complaints in 2018 regarding the content that was broadcast on television channels and could have been harmful for children or minors, and this meant it did not need to implement any inspection supervision procedure. This way the Agency achieved the objective of preventive inspection activities in this area.

3.4 SHARES OF SLOVENIAN MUSIC

In order to develop a better solution for the methodology of supervising the fulfilment of the shares of Slovenian music the Agency started with activities already in 2017, holding a public consultation, preparing simulation calculations, and coordinating the positions with the Ministry of Culture on the open methodological issues and the interpretations of legal terms. In early 2018 the Agency then held another public consultation on the fulfilment of obligations on the shares of Slovenian music. It presented the proposed changes to the supervision methodology for following the shares of Slovenian music, where it also received additional opinions and proposals from the public, reviewing them, and where it made sense, also including them in the proposal of the General act on the changes

and amendments to the Methodology of supervising audiovisual media services and radio programming. The final wording of this General act was published on its website at the end of the year. The wording of the General act makes it easier for the publishers to plan the music they play while also adhering to the legislation, while providing the Agency with a more effective supervision of this area.

3.5 TELEVISION ADVERTISING

In the first half of 2018 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 in accordance with the Directive on audiovisual media services and ZAVMS do not belong under the jurisdiction of the Republic of Slovenia, as they are licensed in another EU member state. Based on the findings of the regular monitoring and adherence to the limitations of the scope of the broadcast advertising in television programming, the Agency established that both Slovenian and foreign publisher for the most part adhere to the legally required limitations in this area. In one minor offence procedure in 2018 it issued a fine to sanction one legal person and its responsible person for excessive advertising within a single hour on one television station, recommending the relevant court recover the illegally obtained proceeds. The Agency did not note any violations in the aforementioned foreign channels in 2018, nor did it receive a response from the relevant national regulator it turned to take action in the case of the established irregularities for two foreign channels.

3.6 AUDIOVISUAL COMMERCIAL MESSAGES FOR HEALTHCARE SERVICES

In its observations the Agency noted in 2018 a decline in broadcasting of

audiovisual commercial messages for healthcare activities, healthcare services and their providers which is prohibited by the Audiovisual Media Services Act (ZAvMS). This decline of detected violations is in the Agency's opinion also the result of its activities in the previous year, when it conducted several inspection supervisions in this area. Even though the Agency did note a few violations of this prohibition in 2018 and launched two minor offence procedures. In one of the procedures the legal person and its responsible person were issued a monetary fine, while the second procedure is not yet complete. The Agency estimates that the above procedures and the preventive workshop on advertising and sponsorships on the market gave a clear warning that such advertising is prohibited by law.

3.7. PRODUCT PLACEMENT AND SPONSORSHIP

In 2018 the Agency continued with preventive activities to resolve the state in product placement and sponsorship. For this purpose the Agency organized a workshop before the summer. A focus was especially on the issues and questions related to advertising that are especially faced by local and regional media and their external partners, such as independent producers and advertising space sellers. The Agency presented the legal aspect of different advertising forms and presented in practical examples the options of obtaining additional financial resources through legal forms of advertising, such

as product placement, sponsorships, TV sales and similar.

Besides the preventive activities described above the Agency in 2018 conducted two inspection supervisions based on received reports related to less characteristic examples of product placement in programming. The first procedure was stopped by a decision, as the publisher eliminated the established irregularity, and began correctly labelling product and service placement as television sales. In the second procedure the Agency reviewed product placement of a healthcare activity in an entertainment programming content, issuing the publisher with an administrative decision because of prohibited product placement of a healthcare activity, healthcare service or provider of a healthcare service. The Agency assesses that this is currently well resolved, but that it should be regularly monitored, especially the most watched television shows of local production, as frequent violations can quickly occur in practice.

3.8. PRODUCT PLACEMENT

In 2018 the Agency received two reports and launched two inspection supervisions, where it investigated whether the pre-election debates on two television channels were audiovisual commercial messages and whether these were also clearly recognized as such. It established that the publishers of these two channels did not violate the law, as they did not broadcast pre-election debates before the parliamentary elections in 2018. Both procedures were stopped by a decision.

4 SUPERVISION OF POSTAL SERVICES

The Agency fully achieved the supervising goals it set for 2018. 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 2018 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 3 contact points. The Agency also conducted preventive supervision procedures at 11 contract post offices.

Following 10 reports the Agency has concluded supervisions related to issues with delivery of post. Two reports were handed over to other relevant institutions, while the others were concluded by issuing decisions on stopping supervisory procedures.

IX MONITORING INFRASTRUCTURE INVESTMENTS

The main purpose of monitoring infrastructure investments is to ease the path to the execution of investment projects to investors in electronic communications networks. The Agency's activities in this area are therefore focused on creating appropriate conditions for improving broadband connections, which according to research directly impacts the rise of GDP in the country, and for citizens this especially means improved internet access. The Agency's main tasks in 2018 were improving the system of 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. All of the above has a positive effect on the construction of more high-capacity

networks and consequently also on achieving the goals of the Digital Agenda and the national plan of the development of next generation broadband networks.

Based on the provisions of ZEKom-1 the Agency also has the authority of inspection supervision over the fulfilment of provisions of the articles of this Act that are related to shared construction and shared use of public utility infrastructure. The Agency is also a minor offence authority.

1 BACKGROUND, OBJECTIVES, MARKETS

1.1 LEGAL BACKGROUNDS

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). In 2018 the Agency also adopted executive and implementation acts in this area, namely:

- The General act on transparency relating to planned construction work and on shared construction of public service infrastructure (Official Gazette of the Republic of Slovenia, no. 9/18) and
- General act on access to existing physical infrastructure (Official Gazette of the Republic of Slovenia, no. 12/18)

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, entries of communication infrastructure into the complete public utility infrastructure land register, and the compliance of easement agreements.

1.3 CURRENT STATE OF THE MARKET

The ZEKom-1C amended was adopted, implementing 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, introducing into the Slovenian legal order additional instruments for optimizing investments into infrastructure to make them useful for electronic communications networks. With regard to the Digital Slovenia 2020 development strategy adopted by the Government of the Republic of Slovenia and the market interest for the construction of broadband networks in the territory of the Republic of Slovenia in accordance with the Plan of the development of next-generation-networks until 2020, both in 2018 and in the future years, and expects continued growth of investment projects into the electronic communications networks, while also cooperation with the sectors of public utility infrastructure.

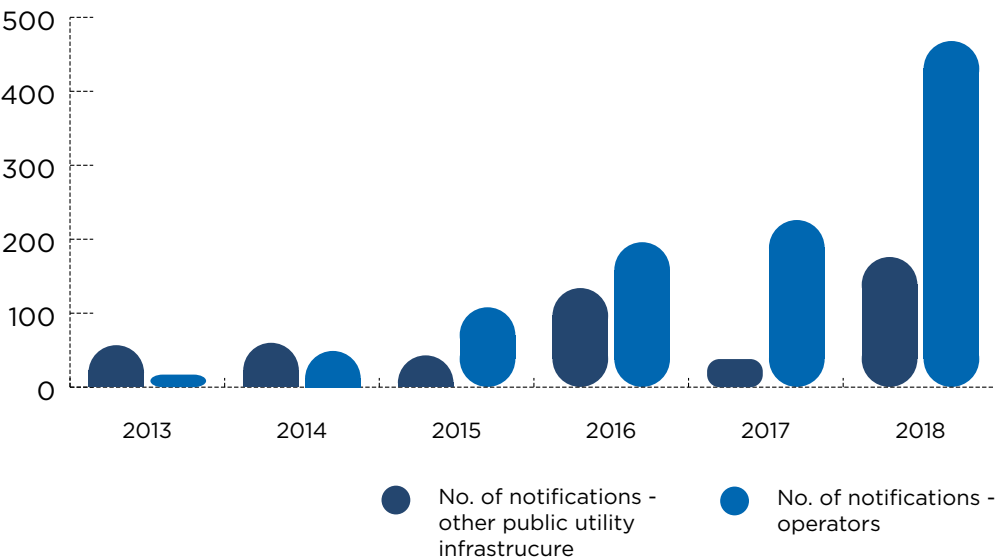
2 ACTIVITIES FOR ACHIEVING THE OBJECTIVES

When monitoring infrastructure projects, the Agency aimed to more efficiently administer notifications of construction and applications for interest in shared construction, so it established a new system for publishing notifications of construction. A new online portal went live (<http://investicije.akos-rs.si/>) that makes it possible to electronically submit applications for construction and calls to shared construction and to electronically

submit interest for shared construction. It also includes useful information and announcements from this area of the Agency’s jurisdiction. For investors this portal presents a single point for submitting the intentions and interest for shared construction, which both increases transparency and provides automation and better usability of the database.

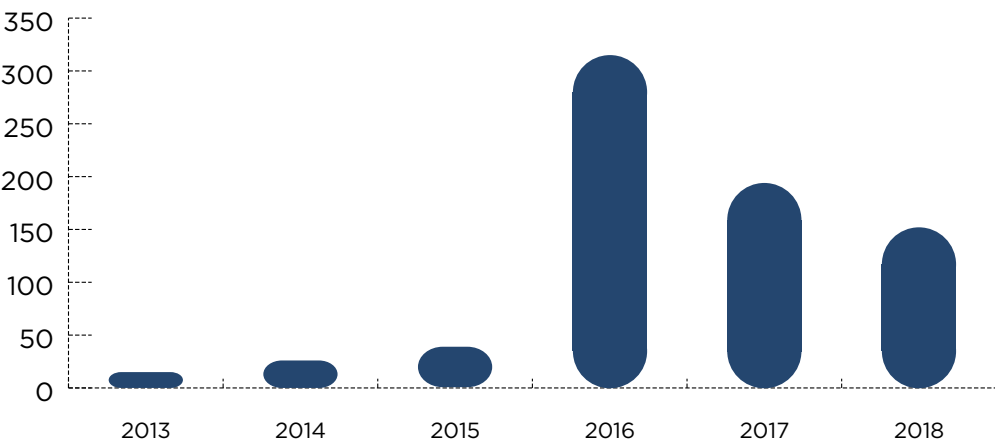
Consequently the Agency has noted continued growth in the number of notifications of constructions. In 2018 it posted 644 notifications of construction projects on its website, of which 468 were construction notifications for other type of public utility infrastructure.

FIGURE 8: NUMBER OF CONSTRUCTION PROJECT NOTIFICATIONS ON AKOS’ WEBSITE



The significant increase in the number of construction notifications for telecommunication infrastructure or notifications from operators themselves should also be noted. In 2017 there were 38 such notifications, while in 2018 there were 176. This shows that network operators have already increased the scope of independent construction projects in 2018.

FIGURE 9: INTEREST IN SHARED CONSTRUCTION EXPRESSED



In order to inform the interested public and to coordinate between stakeholders of investment in such projects the Agency prepared and held 9 working meetings and 2 workshops for network operators. In the field it organized and held workshops for local communities and utility companies in the Dolenjska and northern Primorska regions, where it mainly informed the stakeholders of the changes that the amendments to ZEKom-1C and the adopted executive acts are bringing. The focus was on the changes to the obligation of individual types of stakeholders that the new legislation brings. During 2018 the Agency provided its expertise and counselling in drafting spatial planning acts or undertaking joint construction products with specific investments whenever local communities expressed interest in such individual help.

In the scope of analysing and promoting shared use of other types of public utility infrastructure, the Agency analysed 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. In the first quarter of 2018 the shorter Smart Grid study was completed.

The Agency presented its experience in monitoring infrastructure investments at three bilateral meetings with regulators from Croatia, Serbia and Poland, and at the conference of the Association of Slovenian Cable Operators.



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)

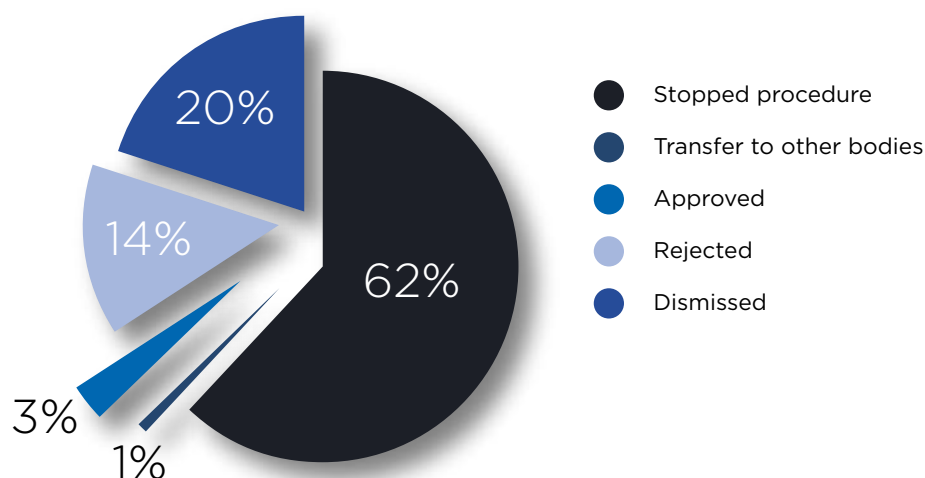
1370/2007 on the rights and obligations of passengers in the railway traffic.

1 USER DISPUTES RELATED TO ELECTRONIC COMMUNICATIONS

In 2018 the Agency received a total of 704 requests from end users for dispute resolution with a provider, which is less than the 800 anticipated in its 2018 Operational and Financial Plan, but still within the same scope. The Agency believes that this is a positive trend that can be attributed to better informed users who more frequently turn to the Agency for advice at its toll-free telephone number. On the other side the Agency is also active in notifying end users. In addition to the 704 newly received disputes the Agency continued with its resolution of 182 disputes that were lodged in 2017 and carried over to 2018. The total number of user disputes that the Agency handled in 2018 was therefore 886. Of these, 709 were resolved by the end of 2018, and the Agency will continue with the remaining 177 disputes in 2019.

In resolving user disputes the Agency has been very successful as a mediator (much like in the past few years), resolving 61,50% 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 (436 cases). This reached the objective set for 2018 of using a mediation procedure to successfully resolve 60% of all disputes in an amicable manner. 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 (21 cases) or rejecting it (102 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 7 cases to other bodies because they had authority over the matter.

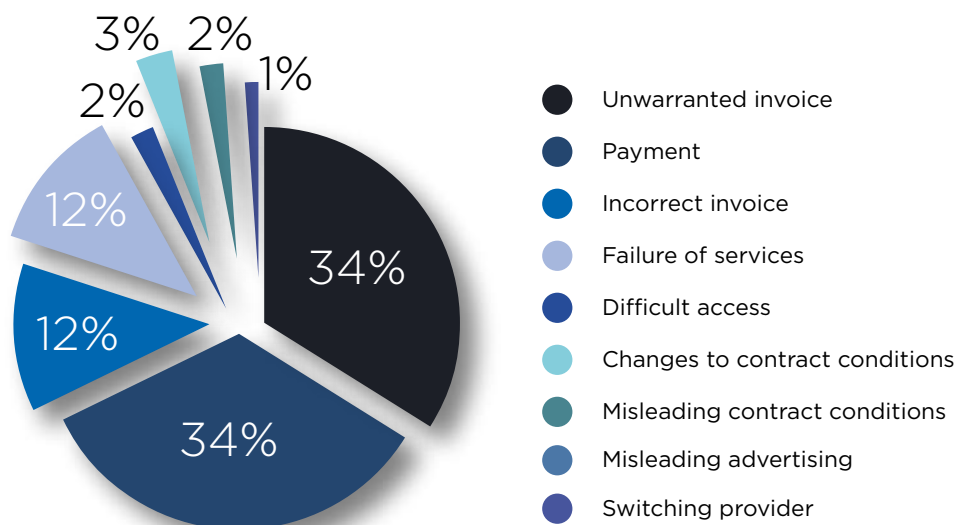
FIGURE 10: DISPUTES IN TERMS OF HOW THEY WERE RESOLVED



In terms of the subject of the dispute, 2018 was dominated by disputes related to mobile services (51%). These were followed by disputes related to broadband services (44%), followed by disputed with television services (3%). The share of other disputes (fixed telephone services and communication services) did not exceed 1% each.

With regard to the content, i.e. the reason for the dispute, the Agency finds that users in 2018 most often turned to the Agency because of false charges on their invoices, as 34% 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, and in relation to payments for services, as 34% of disputes in which the users opposed the payment of a contractual penalty or costs related to terminating the subscriber agreement. These were followed by disputes related to incorrect invoices (12%) where the data on the invoice (most often the amounts charged) were incorrect, and the disputes relate to service outages or poor services (also 12%).

FIGURE 11: DISPUTES BY REASON FOR DISPUTE



84.90% of disputes in 2018 were resolved within the recommended deadline for resolving them. The Agency did not fully manage to achieve the goal it set out in relation to the disputes from electronic communications. The reason for this is also in the absence of employees and their fluctuation.

2 OPERATOR DISPUTES IN ELECTRONIC COMMUNICATIONS

In electronic communications the Agency received 6 proposals for resolving an operator dispute in 2018, and also continued to resolve one operator dispute that started in 2017. There were more new cases than in the past years, but this was still within the expected range, as for 2018 the Agency planned to receive up to 5 operator disputes related to technical and commercial issues of carrier access and network interconnection, and up to 5 operator disputes related to shared use and network construction.

The disputes related to network interconnection or access to regulated services prevailed, while there were only two disputes related to lower costs of electronic communications networks.

In 2018 three disputes were completed. The dispute started in 2017 and relating to the access to the fiber optics network of the operator with significant market power, constructed in the point-multi-point method) was resolved with a partial rejection of the claim, while in the part where it pertained to the future construction of such a network and constructing access points, the Agency refuted the claim.

In two disputes the Agency issued a decision on stopping the procedure because the claims were withdrawn (the subject of these disputes was access to the multiplex according to the Digital Broadcasting Act, and access to physical infrastructure in a multi-tenant building according to the Electronic Communications Act).

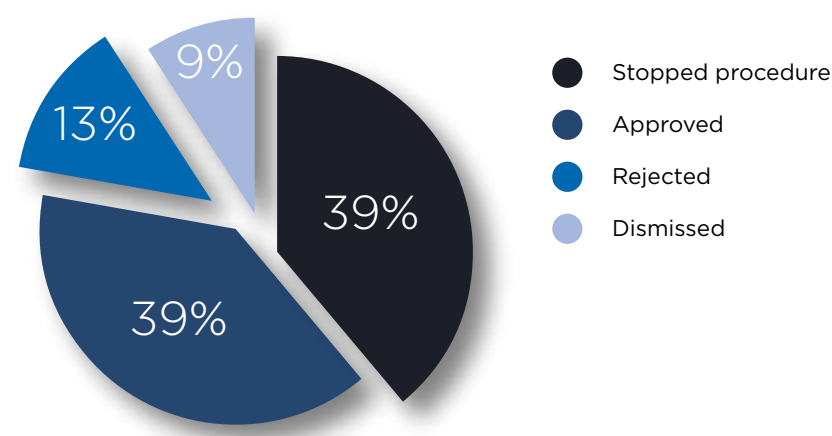
3 USER CONFLICTS RELATED TO POSTAL SERVICES

In 2018 the Agency received 16

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 10 disputes that were begun at the end of 2017. The total number of user disputes regarding providers of postal services that the Agency resolved in 2018 was therefore 26. Of these, 23 were resolved by the end of 2015 and the Agency will continue resolving 3 disputes in 2019.

In 9 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 (39%). 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 (9 cases), rejecting it (3 cases), or deeming it outside of the Agency's competencies (2 cases).

FIGURE 12: DISPUTES WITH POSTAL SERVICE PROVIDERS IN TERMS OF HOW THEY WERE RESOLVED



Users of postal services most commonly contacted the Agency with claims for compensation due to damaged or destroyed shipments (15 cases) or because of undelivered shipments (1 case). In 2018 the Agency resolved 23 disputes.

4 DISPUTES BETWEEN PROVIDERS OF POSTAL SERVICES

In 2018 the Agency did not receive any petitions for dispute resolution from postal service providers.

5 PASSENGER COMPLAINTS IN RAILWAY TRAFFIC

In 2018 the Agency, as the appeal body for the protection of passengers' rights in railway traffic, received 2 passenger complaints in railway traffic, and both were rejected.

XI CARE FOR END USERS

In 2018 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 centre on a daily basis. Agency publishes quarterly report on user dispute resolution in electronic communications and postal services.

1 CONSULTATIONS WITH OPERATORS AND CONSUMER ORGANIZATIONS

For 2018 the Agency planned 2 consultations, however, it managed to hold only the one on the topic of amendments to the Recommendation to the operators on stopping bill-shock for end users, and in relation to the questions on the frequency of changes to the subscription plans. The consultation was held in December

2018, and was attended by operators as well as representatives of consumer protection organizations. At the consultation the Agency informed the operators that in 2019 the Recommendation will be amended with the provisions that will nudge the operators towards the obligation to clearly and transparently inform their subscribers who are terminating a subscription of all their obligations arising from this termination. Considering the practically established practice of the operators to introduce changes to contractual terms and conditions increasingly more frequently, both the Agency and the consumer protection organizations have called on the operators to make the changes during the lock-in period exclusively the result of technological or other changes on the market. Another focus of the consultation were the cases of billing data transfer costs abroad resulting from connections of the users' terminal equipment into the LTE network of the foreign operator. In relation to this the Agency will hold a new consultation in 2019, and attempt to find a solution that is acceptable for both the users and the operators.

2 PORTAL FOR ACCESSING OPERATORS' PLANS

In 2018 the Agency continued to operate the komuniciraj.eu portal, which provides users of electronic communications services with information on all the plans that operators offer (both fixed and mobile). The activities for the upgrade of the system planned for 2018 are ongoing with plans to conclude them in the first quarter of 2019.

3 CALL CENTRE

The Agency has a call centre at the toll-free number 080 27 35, which operates every day between 9 AM and 1 PM. The call centre'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

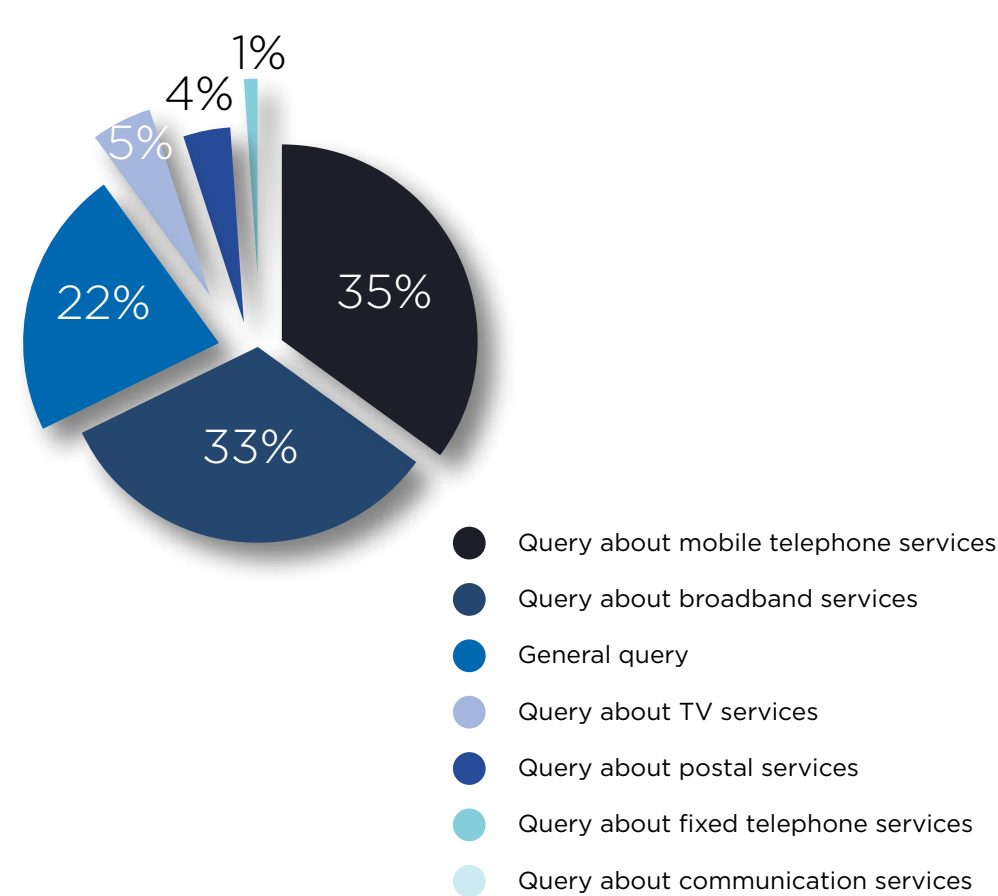
Agency's authority. In this respect the call centre also has a preventive role, as by clarifying a problem that has arisen it reduces the need for end users to file complaints with their provider or a request for resolution before the Agency. In 2018 the Agency received a total of 1.129 calls from end users, which is more than planned in the scope of its 2018 Operational and Financial Plan (1000 calls were planned).

4 CLARIFICATIONS TO END USERS

In 2018 the Agency received 257 requests from users for the clarification of a given situation, or for advice about a given problem. The Agency also wrote 257 written clarifications (including those questions that the Agency received at the end of 2017 and to which it responded in 2018).

In terms of the type of service that the user wanted an explanation about, 2018 was dominated by questions related to mobile services (35%) and questions related to broadband services (33%). These were followed by questions about the Agency's authority (22%), and by questions on television services (5%) and postal services (4%).

FIGURE 13: 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 2018 the Agency updated and printed the brochure on text messaging clubs and calls to 090 premium numbers. The brochure is among those available on the Agency's website and in hard copy also in the Agency's lobby.

Because of the lack of human resources the Agency did not manage to complete the planned system for electronically submit proposals for dispute resolution in 2018. The Agency hopes that it can begin with this activity in 2019.

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*.

From the Administrative Court of RS the Agency received responses on 25 cases and 4 proposals for issuing a temporary suspension in 2018. The increase of cases was in accordance with the Agency's expectations with regard to past experience. One lawsuit against the decision of the Information Commissioner was lodged by the Agency in 2018. In 2018 the Administrative Court of the Republic of

Slovenia ruled on 12 administrative disputes filed against the Agency in 2018 or in years past. Of these, it approved 4 lawsuits, voiding 3 decisions and stopping the administrative procedures, while in one case it returned the issue to the Agency for a repeated procedure. In 4 disputes it rejected the lawsuits as unfounded, and rejected two because they were lodged too late. In two cases the court stopped the administrative dispute procedure because the lawsuit was withdrawn.

It is possible to lodge an appeal or request an audit of a decision of the Administrative Court of the Republic of Slovenia in accordance with the Administrative Dispute Act (Official Gazette of the Republic of Slovenia, no. 105/06, hereinafter: ZUS-1), and the Supreme Court of the Republic of Slovenia rules on them. The Agency did not receive any appeals or reviews for clarification in relation to the decisions of the Administrative Court of the RS that it received in 2018, nor did it receive any decisions of the Supreme Court of the RS regarding an audit or an appeal against a ruling or a decision of the Administrative Court that were issued in the past years. Because a lawsuit in an administrative dispute does not have a suspensive effect according to ZUS-1, the plaintiff may suspend the implementation of a decision only if it proposes the court issue a temporary decision when lodging a lawsuit. In the scope of the administrative disputes the Agency received from the Administrative Court of RS 4 proposals for issuing a temporary suspension in 2018. The Administrative Court of the RS ruled on all 4 of them, dismissing 3 and approving one. Appeals were lodged against 2 decisions of the Administrative Court of the RS and one decision on approving the proposal for issuing a temporary decision, however, the Supreme Court of the RS dismissed them all.

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 12 administrative disputes concluded in 2018, 8 of the Agency's decisions passed judicial oversight before the Administrative Court (i.e.

4 rejected, 1 dismissed, and 2 halted), which is 66.67% of all administrative disputes resolved in this year.

In 2018 the Agency also received one damages suit.

2 NORMATIVE ACTIVITY

In 2018 the Agency actively monitored the legislative proposals and the proposals for adopting or amending European regulations. In the procedure of adopting or amending regulation pertaining to the areas of its operations the Agency actively participated and provided its opinions and proposals. In this scope the Agency monitored and cooperated with the relevant ministries in the preparation of proposals to the changes of the European regulatory framework and various EU regulations, as listed below.

Because of the changes to adoption of the amended Electronic Communications Act (ZEKom-1C; Official Gazette of the RS, no. 44/17 of 21 July 2017) the Agency published a new Articles of Association of the Agency for Communication Networks and Services of the Republic of Slovenia (hereinafter: Articles of Association) in June 2018, so that its wording is now coordinated with the provisions of ZEKom-1, as well as the Decision on the changes and amendments to the Articles of Association of the Agency for Communication Networks and Services of the Republic of Slovenia (Official Gazette of the RS, no. 66/17 of 24 November 2017). In accordance with the changes to the legislation, the changes to the Articles of Association mostly pertain to the definition of the authority of both bodies of the Agency – the Director and the Council. The Articles of Association came into effect on 23 June 2018.

In 2018 the Agency concluded with public consultation on the proposals of 8 general acts that were already prepared in 2017, and published them in the Official Gazette of the RS. These

are general acts, published based on the provisions of ZEKom-1, namely:

- General act on the plan for the use of radio frequencies (NURF-4)
- General act on the quality of the universal service
- General act on the method of calculating the net costs of the universal service
- General act on transfer speed suitable for functioning internet access
- The General act on transparency relating to planned construction work and on shared construction of public service infrastructure
- General act on access to existing physical infrastructure
- General act on monitoring and controlling the use of data services
- General act on the changes to the General act on number porting

In 2018 the Agency also prepared and published in the Official Gazette 8 more general acts, issued on the basis of legislation that detail its operations, namely:

- General act on minimum requirements in planning and construction of access and distribution points
- General act on the changes and amendments to the General act on the method of the calculation of the payment for using numbering elements
- General act on the changes and amendments to the General act on number porting
- General act on the changes and amendments to the General act on the numbering plan
- General act on the changes and amendments to the General act on the size of numbering blocks that require a project to be included to the application
- General act on the changes and amendments to the General act on conditions for the use of radio frequencies for amateur radio and satellite amateur radio services
- General act on the changes and amendments to the General act on the content and format of the application for issuing a decision on assigning numbering elements
- General act on setting the deadline for responding to requests for additional services in railway traffic

In 2018 the Agency also began preparing 3 general acts that have not yet been published in the Official Gazette in the same year. These are the General act on internet access services and related rights of end users, and the General act on the elements of the reference offer for wholesale local access at a fixed location, which will be published based on ZEKom-1, and the General act on the changes and amendments to the Supervision methodology of audiovisual media services and radio programming which will be published based on ZMed and ZAvMS. These general acts will be published in 2019.

After a consultation with relevant stakeholders the Agency and the Information Commissioner adopted a common position regarding collecting, storing and using traffic data for the purpose of implementing a fair use policy in 2018. It was published on the Agency's website on 15 June 2018. The goal of the common position is merely a clarification of individual open issues, and does not serve as a legal ground for personal data storage.

In the first half of 2018 the Agency cooperated through the relevant ministry in forming the negotiating positions of the Republic of Slovenia regarding the changes to the European regulatory framework, i.e. the proposal of the wording of the Directive of the European Parliament and Council on the European Electronic Communications Code (hereinafter: EECC), which was in the discussion and adoption phase between September 2016 and December 2018¹⁹. The issues that were still topical and subject to discussion in 2018 mainly related to co-investments, geographic surveys and penalties, calls and text messaging in the

¹⁹EECC and the Regulation on the foundation of BEREC (Regulation (EC) No 1211/2009 of the European Parliament and of the Council of 25 November 2009 establishing the Body of European Regulators for Electronic Communications (BEREC) and the Office) were adopted by the European Parliament on 14 November 2018, and approved by the European Council on 4 December 2018, and published in the Official Journal of the European Union on 17 December 2018.

EU, financing the universal service, the definition of the personal communication service and the obligation of symmetric access. The EECC came into effect at the end of 2018.

At the same time the Agency actively collaborated with the relevant ministries in the procedures of preparing the positions of the Republic of Slovenia to the proposals of EU regulations. In 2018 the Agency reviewed the proposal of the Regulation on a framework for the free flow of non-personal data in the European Union whose objective is to establish the conditions for free flow of non-personal data on the single market, namely by removing the undue obstacles of localization of non-personal data for storage or other data processing in EU member states, with the regulation covering only electronic non-personal data. Furthermore the Agency gave comments and opinions to the proposal of the regulation of the European Parliament and Council on the European order for submitting and the European order for remittal and the European order for protecting electronic evidence in criminal cases, and the Proposed directive of the European Parliament and Council on setting harmonized rules on appointing legal representatives for the purpose of collecting evidence in criminal proceedings, which are both from the e-evidence bundle. These two acts define new rules and authority regarding the collection, storage and further processing of personal data, including the processing of metadata, which are also an invasion into human rights and basic liberties, just like an invasion into the content of their communications. In 2018 the Agency also submitted its positions to the proposal of the Regulation (EU) 2017/2394 of the European Parliament and of the Council of 12 December 2017 on cooperation between national authorities responsible for the enforcement of consumer protection laws and repealing Regulation (EC) No 2006/2004, appointed members to the inter-departmental working group and submitted to the relevant ministry the filled-out questionnaire regarding its authority in the implementation of the Regulation (EU) 2017/2394.

In 2018 the Agency collaborated in the preparation of national regulations detailing the implementation of European regulations. In relation to the above it also submitted its opinion on the appointment of the body with authority for implementing the supervision of the provisions of the Regulation (EU) 2017/1128 of the European Parliament and of the Council of 14 June 2017 on cross-border portability of online content services in the internal market in which it did not oppose the proposal to undertake the tasks of the supervisory body. In 2018 it also submitted its comments to and opinion on the national Regulation on determining significant services and a detailed methodology for determining the providers of essential services, which will be issued based on the Information Security Act (Official Gazette of the RS, no. 30/2018), with a focus on railway and digital infrastructure. In postal services the Agency submitted its comments to the Decree on the implementation of the Regulation (EU) on cross-border parcel delivery services, which came into effect on 12 January 2019, where it stated that some of the content of the European regulation and the authority for supervision should be additionally clarified. In media it submitted its comments to the planned changes to ZMed.

The Agency also submitted its opinion regarding the implementation of the Regulation (EU) 2018/302 of the European Parliament and of the Council of 28 February 2018 on addressing unjustified geo-blocking and other forms of discrimination based on customers' nationality, place of residence or place of establishment within the internal market and amending Regulations (EC) No 2006/2004 and (EU) 2017/2394 and Directive 2009/22/EC. Its position was that considering the subject of the regulation the Market Inspector of RS would be a more suitable supervisory body for Article 3 of the Regulation (EU) 2018/302 than the Agency, as this is supervision over sellers in their electronic operations on the market, which is according to the current order already handled by the same body.

In 2018 the European Commission introduced the new legislation pack entitled "New Deal for Consumers", which upgrades the current framework of consumer policy with updated rules because of the developments in the digital sphere, lessens the administrative burdens in some areas and ensures a stronger public and private rule enforcement. As the body for resolving user disputes and which, based on Article 197 of ZEKom-1, ensures a high level of consumer protection in their dealings with providers, the Agency attended the consultation on this topic.



XIII INSTITUTIONAL ADMINISTRATION

The chapter on institutional administration focuses on the Agency's human resource management program, the measures for ensuring the public transparency of the Agency's work, the major projects in information support, the 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 NEW hirings at the Agency

The Agency is not part of the staffing plan for entities governed by public law. The Agency employed 92 public servants for indefinite period on 31 December 2018, 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.

In 2018 there were 6 public servants who left the Agency, with 1 retiring, while the other continued their careers with other employers.

The Agency hired 9 public servants, either to replace leaving employees or to strengthen human resources in areas that were approved in the 2018 operational and financial plans.

The Agency continued the recruitment procedures for posts that it was either unable to fill in the preceding year or which became vacant after the departure of colleagues to other employers or retirement, based on the hiring plan approved with the 2018 Operational and Financial Plan, which anticipated the Agency would have 97 employees. The Agency published 17 job postings, 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.

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 2018, 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.

Since 2016 the Agency has been facing issues trying to find the appropriate staff, and again faced similar difficulties in finding the right staff as other employers in 2018. Because of higher economic growth and the related need for hirings in the private sector, the public sector has issues retaining its current staff, and finds it even more difficult to attract people with appropriate experience. Considering the current state of the market, employment in the public sector is financially not simulative.

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 2018 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 2018 operational and financial plan.

As part of its activities directed at raising awareness about corruption and its consequences among employees the Agency in 2018 repeated the special training, designed to strengthen integrity, which was an upgrade on the course from the previous year. In accordance with the legislation it submitted reports to the Corruption Prevention Commission.

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 2018, and completed all its planned activities.

The Agency completed all the 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), and began using it in May 2018.

2 ENSURING PUBLIC TRANSPARENCY AND INFLUENCE

The Agency held proactive public relations in 2018 and responded to journalist's questions immediately or at least in the legally-proscribed 7-day deadline. In 2018 the Agency received 116 requests for responses, along with 579 questions from journalists, which is a bit more than in the year before. It responded to all of them within the legal deadline. The Agency also held several workshops and consultations to support its proposals.

It regularly updated the content on its website www.akos-rs.si. The total number of posts decreased compared to 2017, topping at 392. The main reason is that in early 2018 the Agency set up a new portal, <http://investicije.akos-rs.si/>, which is designated for publishing notifications on planned constructions, and calls for parties interested in investing in shared construction of electronic communication

networks. The portal makes it possible for investors to publish their own notifications, and consequently these are no longer featured on the website www.akos-rs.si.

In 2018 a comprehensive redesign of the Agency's online presence begun. The Agency completed the public order for 3 segments of the online presence (segment 1: a redesign of www.akos-rs.si, a visual redesign of komuniciraj.eu and a visual design of the geoportal; segment 2: setting up the portal for displaying analytical data; segment 3: setting up the portal for media and information literacy). By the end of 2018 the visual redesign of the komuniciraj.eu was complete – now called primerjajoperaterje.si (compare operators) – and the visual design of the geoportal. The implementation of these visual changes was planned for the first quarter of 2019. The architecture and visual design of www.akos-rs.si was also completed. In early 2019 the work on segment 2, i.e. the portal for displaying analytical data will be completed by plans.

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 2018, 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 2018.

3 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 ruling, 102/15 and 7/18; hereinafter referred to as ZDIJZ) the Agency makes it possible for natural and legal persons to exercise their constitutional right to obtain public information.

In 2018 the number of requests for access to public information increased by about 27% to a total of 83. The number of received requests is slightly above forecasts in the 2018 Operational and Financial Plan, where the Agency estimated it would receive no more than 80 requests in 2018.

In addition to the 83 newly received requests, the Agency continued with its resolution of 1 request that was carried over from 2017. Besides the above the Agency also reviewed 3 cases that were returned into procedure after legal means were used. The total number of requests for access to public information that the Agency handled in 2018 was 87. Of these, 84 were resolved by the end of 2018, and the Agency will continue with the remaining 3 requests in 2019.

In 55 cases the Agency granted the requesting party and submitted the requested data, while in 2 cases it dismissed the cases, and in 27 cases it rejected access to information. The main reasons for rejection were the existence of trade secrets, ongoing proceedings at the Agency or other bodies, or the fact that the request pertained to a piece of information that did not exist.

21 appeals were submitted against the Agency's decisions to the body of second instance (Information

Commissioner of the Republic of Slovenia). After receiving and reviewing the complaints, the Agency approved 15 of them, and forwarded the rest to the Information Commissioner. It rejected one of the cases, the Agency had to re-evaluate 3 cases, and approved 2 of them. Two lawsuits were lodged to the Administrative Court of the RS against the decisions of the Information Commissioner.

In 2018 the Agency still faces extensive requests for access to public information, when for example parties requested access to documentation for several years, and the number of such requests even grew. This was (along with the aforementioned increase in cases) the main reason that the Agency could not resolve all of them within the 20-workday proscribed deadline, and had to extend this deadline in 23 cases.

4 INFORMATION SUPPORT

In 2018 the Agency strove to ensure optimum service for users, and focused some time to diagnoses of issues with the operation of its existing equipment and to searching and implementing solutions to resolve them. It successfully implemented software support for business analyses and cost planning, which it received after selecting the provider in a public tender.

In 2018 the Agency hired a programmer who helped improve internal development and patches to the existing software. This also lowered the costs of external services. It upgraded the business information system and removed some of the errors on its existing websites and other software that supports internal patches.

It began implementing additional security mechanisms for ensuring network security, which is of key importance for the Agency, and will implement a standardized solution for verifying devices and users at the level of the Ethernet gate level. The project will be completed in the start of 2019.

In 2018 the Agency extended all the maintenance agreements in information support for longer periods and for the most part completed the planned public orders for hardware. It also concluded a contract for purchasing a portal for electronic application submission, but the implementation was rolled back into 2019 due to other, more urgent matters.

5 OTHER SUPPORT ACTIVITIES

In 2018 the Agency pursued the goal of increasing the share of original materials in an electronic format. All the materials that the Agency either received or created in paper form was converted into electronic formats, which resulted in faster work processes. In the second half of the year the Agency started with the activities for changing the plan of character classification with the aim of simplifying and shortening storage deadlines. In the last quarter the Agency also began with preparations that were the result of the agreement with the Archive of the Republic of Slovenia to select, remove and hand over the materials created between the years 1977 and 2001.

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.

6 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 2018:

- 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 2018, and conducted several activities resulting from the information technology internal audit completed in 2017. In 2018 the Agency completed the following measures for improving the design and operation of the information system:

- ensuring the employees are informed of information security
- ensuring that the user accounts are monitored diligently
- limited the rights on administrator accounts in accordance with the applicable access rights for individual administrators
- resolved administrator rights for each server
- limited administrator rights on network equipment
- resolved old ACL on firewalls
- introduced weekly VPN login reports of external contractors into the network
- prepared new internal acts regarding information security
- employed more people into the understaffed Informatics Department
- continued to inform employees over email about new internal documents coming into force over email
- ensured the establishment of regular quality control of the operations of external contractor.

In the last quarter of 2018 the Agency also started the required activities for the internal audit for the year 2018, focused on issuing decisions on determining the fees for providing television activities, which will conclude in 2019.

In the start of 2018 the Agency also received the Audit Report from the Court of Audit regarding the compliance of the Agency's operations for 2014 and 2015. In the request for submitting the response to the report the Court of Audit demanded that the Agency implement measures for the following irregularities:

- conclude the required activities for preparing the proposal for fees in accordance with ZEKom-1 and the Decision on establishing the Agency
- call to the relevant ministry to issue clear instructions for verifying the salaries
- start the activities to conclude a special agreement on the management of the premises and the equipment between the Agency and its founder and for the transfer of the ownership to the Republic of Slovenia for the part of the premises for which the Agency is entered into the land register as owner

In accordance with the Court of Audit Act and the Audit Report the Agency submitted the response report by the deadline, detailing the curative measures for

the above irregularities. Following the Agency's response report the Court of Audit issued a Post-Audit Report in mid-2018 with the opinion that the curative measures are satisfactory.

7 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 attended all the meetings of SEK and SRDF and all the meetings of working groups that operate under SRDF.

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 2018 the Agency participated in the organization of SEK's 12 regular meetings and 1 correspondence meeting. SEK also regularly attended the panels and discussions organized by the Agency, as well as other consultations on electronic communications. In the scope of the support a public tender for establishing the redesigned website for SEK was also completed. The Agency spent €48,307.12 on supporting SEK's work in 2018.

In line with the law the Agency also provided the budget and professional, technical, and administrative support to the Broadcasting Council. In its current setup, appointed in April 2017, the SRDF held 12 regular and one irregular meeting in 2018, and the Agency's representatives attended the

meetings as well as preparations for them. The Agency also participated at meetings of SRDF's working groups on radio (9 meetings in 2018) and television (1 meeting in 2018). In 2018 the Agency collaborated with SRDF in all of its procedures where collaboration is required (in 2018 this included the public tenders for awarding radio frequencies for analog audio broadcasting and for awarding the rights to disseminate radio and television programming in digital technology, the procedures of issuing and transferring licenses for audio or television activities, procedures of awarding/revoking the status of a station of special importance), and it also regularly collaborated with SRDF when they required explanations and responses to the questions and initiatives. In the scope of the support a public tender for establishing the redesigned website for SRDF was also held, and the website will be completed in 2019. The Agency spent €33,910.20 on supporting the Broadcasting Council's work in 2018.



XIV IMPLEMENTATION OF THE FINANCIAL PLAN

The Agency drew up its 2018 operational and financial plans in accordance with the relevant legislation, and set the tariffs for 2018 on accrual basis, and detailed notes on the structure of planned expenses for 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 Statement of revenue and expense for specific users compiled on cash basis for the period between 1 January and 31 December 2018, shows that the Agency recorded €4,154,488 in revenue, €5,471,012 in expenses, and a €1,316,524 deficit. Notes regarding the changes in separate revenue and expense items that resulted in the deficit are presented below.

TABLE 9: STATEMENT OF REVENUE AND EXPENSE FOR SPECIFIC USERS ON CASH BASIS FROM 1 JANUARY TO 31 DECEMBER 2018, PART 1

Classification by account	Account title	ADP code	Amount		FN 2018	Current/ preceding year	Current year/2018 FP
1	2	3	Current year	Preceding year	6	7=4/5	8=4/6
	I. TOTAL REVENUE (402+431)	401	4,154,488	5,198,403	5,572,143	79.9	74.6
	1. REVENUE TO PROVIDE PUBLIC SERVICES (403+420)	402	4,154,488	5,198,403	5,572,143	79.9	74.6
	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	4,154,488	5,198,403	5,572,143	79.9	74.6
part of 7130	Revenue from the sale of goods and services as part of providing public services	421	4,032,972	5,085,319	5,437,623	79.3	74.2
part of 7102	Interest received	422	191	4,664	3,000	4.1	6.4
part of 7100	Revenue from profit sharing and dividends, and surplus	423	-	-			
part of 7141	Other current revenue from providing public services	424	83,138	40,251	17,000	206.5	489.0
72	Capital revenue	425	-	185	2,000	-	-
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	38,187	43,893	88,430	87.0	43.2
787	Funds received from other European institutions	430	-	24,091	24,090		-
	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	-	-			

Classification by account	Account title	ADP code	Amount		FN 2018	Current/preceding year	Current year/2018 FP
			Current year	Preceding year			
1	2	3	4	5	6	7=4/5	8=4/6
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	-	-			

The statement of revenue and expense for specific users compiled on a cash basis continues on the next page.

TABLE 10: STATEMENT OF REVENUE AND EXPENSE FOR SPECIFIC USERS COMPILED ON A CASH BASIS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018, CONTINUED

Classification by account	Account title	ADP code	Amount		FN 2018	Current/preceding year	Current year/2018 FP
			Current year	Preceding year			
1	2	3	4	5	6	7=4/5	8=4/6
	II. TOTAL EXPENSES (438+481)	437	5,471,012	5,473,361	6,978,003	100.0	78.4
	1. EXPENSES FOR PROVIDING PUBLIC SERVICES (439+447+453+464+465+466+467+468+469+470)	438	5,471,012	5,473,361	6,978,003	100.0	78.4
	A. Salaries and other employee benefits (440+441+442+443+444+445+446)	439	3,014,123	2,965,270	3,249,335	101.6	92.8
part of 4000	Salaries and bonuses	440	2,760,479	2,718,282	2,996,700	101.6	92.1
part of 4001	Holiday allowance	441	77,371	57,072	62,050	135.6	124.7
part of 4002	Reimbursements and compensations	442	156,816	154,583	189,715	101.4	82.7
part of 4003	Performance bonuses	443	-	-	-		
part of 4004	Funds for overtime	444	4,384	2,560	-	171.3	
part of 4005	Salaries of non-residents with contracts	445	-	-	-		
part of 4009	Other employee-related expenditure	446	15,073	32,773	870	46.0	1,732.5
	B. Social security contributions paid by the employer (448+449+450+451+452)	447	477,965	452,356	496,690	105.7	96.2
part of 4010	Pension and disability insurance contributions	448	245,792	242,159	265,210	101.5	92.7
part of 4011	Health insurance contributions	449	196,911	194,001	212,465	101.5	92.7
part of 4012	Unemployment insurance contributions	450	1,683	1,698	1,800	99.1	93.5
part of 4013	Parental protection insurance contributions	451	2,777	2,736	2,995	101.5	92.7
part of 4015	Premiums for collective supplementary pension insurance based on ZKDPZJU	452	30,802	11,762	14,220	261.9	216.6
	C. Expenses for goods and services associated with the provision of public services (454+455+456+457+458+459+460+461+462+463)	453	1,791,708	1,778,608	2,732,842	100.7	65.6
part of 4020	Office and general supplies and services	454	591,702	640,842	1,281,636	92.3	46.2
part of 4021	Special supplies and services	455	36,847	56,172	47,502	65.6	77.6
part of 4022	Energy, water, utility services, and communications	456	115,306	106,346	105,280	108.4	109.5
part of 4023	Transportation costs and services	457	33,305	22,680	33,100	146.8	100.6

Classification by account	Account title	ADP code	Amount		FN 2018	Current/ preceding year	Current year/2018 FP
			Current year	Preceding year			
1	2	3	4	5	6	7=4/5	8=4/6
part of 4024	Expenses for business trips	458	194,832	230,459	349,585	84.5	55.7
part of 4025	Regular maintenance	459	455,130	327,345	478,520	139.0	95.1
part of 4026	Operating rent and lease fees	460	51,881	24,449	53,200	212.2	97.5
part of 4027	Fines and damages	461	16,137	-	-		
part of 4028	Payroll tax	462	-	-	-		
part of 4029	Other operating expenses	463	296,568	370,315	384,019	80.1	77.2
403	D. Domestic interest payments	464	-	-	-		
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	187,216	277,127	499,136	67.6	37.5
4200	purchase of buildings and premises	471	-	15,027	-	-	
4201	Purchase of vehicles	472	-	-	-		
4202	Purchase of equipment	473	107,304	158,466	95,000	67.7	113.0
4203	Purchase of other operating fixed assets	474	-	-	-		
4204	Construction, reconstruction, and renovation	475	-	-	-		
4205	Major maintenance and renovation	476	-	-	-		
4206	purchase of land and natural resources	477	-	-	-		
4207	Purchase of intangible assets	478	79,912	103,634	404,136	77.1	19.8
4208	Feasibility studies for projects, project documentation, supervision, project engineering	479	-	-	-		

1 REVENUE

Based on cash flow the Agency generated €4,154,488 in revenue in 2018, €4,032,972 (97.1%) 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 €121,516 (2.9%) was other revenue.

The Agency's operating revenue dropped by €1,052,347 or 20.7% in 2018

compared to the year before. Significant changes are primarily the result of:

- a €723,491 or 59.3% decrease in the revenue based on notifications, with the tariff level, primarily due to issued decisions determining fees not yet due, and due to a drop in the number of points based on the amendments to Article 6 of ZEKom-1;
- a €434,727 or 48% decrease in the revenue from the provision of media services, with the tariff remaining the same, due to unissued (and unpaid) decisions determining fees, as a result of the initiated audit to determine the true and fair amount of reported revenue for 2018, and due to the payments based on decisions issued in 2017 for the preceding years to providers of TV and on-demand services;
- a €67,539 or 3.3% increase in the revenue from frequencies, primarily due to the increase in the number of points in the mobile, and fixed and satellite services segment (e.g. a decrease in the number of mobile operators' connections and an increase in their capacities), while the tariff remained the same;
- a €37,922 or 24.8% increase in the revenue from railway traffic due to the tariff value increase.

TABLE 11: REVENUE ON CASH BASIS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

dt	2017	2018	2018 FP	Index 2018/ 2018 FP
Revenue from the provision of postal services	282,183	282,444	282,183	100.1
Revenue from fees for numbering resources	464,994	464,857	478,800	97.1
Revenue based on notifications	1,219,596	496,105	1,216,244	40.8
Revenue from frequencies	2,054,528	2,122,067	2,133,330	99.5
Revenue from railways	153,069	190,991	190,868	100.1
Revenue from media services	905,084	470,357	679,168	69.3
Revenue from the public auction administrative costs	0	0	450,265	0.0
Revenue from sale of stickers banning the delivery of unaddressed mail to the mailbox	5,865	6,151	6,765	90.9
TOTAL OPERATING REVENUE (ADP code = 421)	5,085,319	4,032,972	5,437,623	74.2

Source: AKOS internal accounting records

2 EXPENSES

Agencija je v letu 2018, upoštevajoč Based on cash flow, the Agency's expenses in 2018 totalled €5,471,012, €3,492,088 (63.8%) of which were expenses for salaries and other employee benefits, and associated social contributions paid by the employer, €1,791,708 (32.8%) were expenses for the purchase of materials, goods, and services, and €187,216 (3.4%) were capital expenditure.

The Agency's expenses in 2018 were €1,506,991 or 21.6% below the plan, especially in the following three categories of expenses.

2.1 SALARIES AND OTHER LABOUR COST

The Agency's labour costs were €253,937 or 6.8% lower than planned (ADP codes = 439 and 447), primarily due to:

- the lower amount of salaries, compensations, associated social security contributions and other labour cost (reimbursements, holiday

and other allowances), because the Agency did not replace 6 employees who left (retirement, contract termination) and only partly realized the hiring plan, and unplanned severance pay to a retiring employee;

- continued application of the public sector pay scale with reduced pay brackets.

The Agency would like to point to the failure to fully realize the 2018 hiring plan as the main reason for expenses in this category remaining below the planned amounts. This was the result of the lack of qualified candidates, which is primarily due to the legal framework regulating the Agency's operations, the Agency's inability to compete with salaries in the private sector, and the restrictive remuneration policy.

2.2 EXPENSES FOR GOODS AND SERVICES

The cost of goods and services was €941,134 EUR or 34.4% lower than planned (ADP code = 453), primarily due to the €689,934 or 53.8% lower cost of office and general materials and services (ADP code = 454) resulting from postponing certain activities to 2019 (public call for the 700+ MHz range, audit of separate accounting records of the OSMP, and accounting separation regulation), and savings from obtaining better quotes for certain services than planned (organizing the BEREC plenary event, and lower cost of the internal and external audit) and lower demand for services (fewer participants at the BEREC plenary, absence of payments of costs in cases against Italian radio stations, replacing a contractor by hiring an expert for mapping and a system for providing data on the existing telecommunications and other public infrastructure, maintenance of the operators' register, and invoicing audit expenses incurred as part of regulating TV and ODAVMS to the providers). Business trip expenses were €154,753 or 44.3% lower than planned (ADP code = 458), mostly because some of the events were not held, but also because fewer employees participated in organized events (international collaboration in TC, and postal market regulation and

monitoring), meetings were held using videoconferencing technology, and the visits of foreign regulators were optimized (international collaboration in TC), and savings were made in individual business trips (by holding group training at the agency's offices). Other operating expenses (ADP code = 463) were €87,451 or 22.8% lower, primarily due savings from organizing group training after obtaining better quotes for services, fewer participants in professional training due to the lack of available suitable specialized and professional courses, and savings from 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 (administration and Gledoskop).

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.

2.3 INVESTMENT EXPENSES

In 2018 the Agency's investment expenses were €311,920, i.e. 62.5% below its plan (ADP code = 470), primarily comprising the following major investments:

- modernization of the information system for collection of data on the electronic communications market (task ID 357) in the value of €140,000 was not carried out in 2018 due to the lack of human resources in the department (contract termination, absence, project complexity), and the contractor's delay. The Agency worked on developing data collection system, however the investment will be realized in 2019, when the new information system is implemented;
- the project of RMMS upgrades and updates (task ID 172) with the aim of modernizing the software of the system for measuring public mobile networks, and the procurement of

additional instruments, antennas and tools for field work was completed in 2018, while the payment for the measuring system software is due in January 2019. The total value of the investment will be higher than planned due to the VAT amount.

- The planned value of the project of monitoring broadband access quality (task ID 302) was €40,000, with €29,598 remaining unspent. Part of the funds was spent on the procurement of software in the amount of €10,931 in December 2018, with the payment due at the beginning of 2019. The Agency reallocated €17,340 of the funds, earmarking them for the procurement of small tools and devices;
- investment in the maintenance and upgrade of information communication technology and user support (task ID 497) was €82,187 lower than the planned amount of €150,000. The unspent amount of €9,157 represents the procurement of fixed assets in December 2018, whose payment is due in 2019. The remaining unspent €73,030 was the result of delaying the e-application task due to other priorities, and due to complications in the public procurement of hardware;
- the Agency budgeted €85,136 EUR of investment expenses towards maintaining and overhauling its website (task ID 279) in 2018, however only spent €17,053 on services and regular maintenance (which are recorded as cost and not investment), which means that all the funds allocated for the investment remained unspent. The net effect of these changes is expenditure €68,083 below the plan. Due to the complexity of drawing up technical specifications, the task was postponed to 2019, because the completion of separate activities requires some 6-12 months more.
- investment in the Electronic Communications Council project (task ID 277), representing the overhaul of the ECC's website, in the amount of €8,000 was not realized in 2018. Due to the complexity of drawing up technical specifications in collaboration with the council's representatives, the task was postponed to 2019.
- investment in the Broadcasting Council project (task ID 180), representing the overhaul of the council's website, in the amount of €6,000 was not realized in 2018. Due to the complexity of drawing up technical specifications in collaboration with the council's representatives, the task was postponed to 2019.

XV STATEMENT REGARDING THE RESULT OF THE PUBLIC FINANCE INTERNAL AUDIT

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 zagotovila o doseganju ciljev: tveganja, da splošni in posebni cilji poslovanja ne bodo doseženi, se obvladujejo na še sprejemljivi ravni. Temelji na nepretrganem 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:

IZDAJA ODLOČB O ODMERI PLAČIL ZA IZVAJANJE TELEVIZIJSKE DEJAVNOSTI

* 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, SVETOVALKA ZA ODNOS Z JAVNOSTMI, 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, | <input type="radio"/> |
| b) na pretežnem delu poslovanja, | <input checked="" type="radio"/> |
| c) na posameznih področjih poslovanja, | <input type="radio"/> |
| d) še ni vzpostavljeno, pričeli smo s prvimi aktivnostmi, | <input type="radio"/> |
| e) še ni vzpostavljeno, v naslednjem letu bomo pričeli z ustreznimi aktivnostmi | <input type="radio"/> |

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, | <input type="radio"/> |
| b) na pretežnem delu poslovanja, | <input checked="" type="radio"/> |
| c) na posameznih področjih poslovanja, | <input type="radio"/> |
| d) še niso opredeljeni, pričeli smo s prvimi aktivnostmi, | <input type="radio"/> |
| e) še niso opredeljeni, v naslednjem letu bomo pričeli z ustreznimi aktivnostmi | <input type="radio"/> |

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, | <input type="radio"/> |
| b) na pretežnem delu poslovanja, | <input type="radio"/> |
| c) na posameznih področjih poslovanja, | <input checked="" type="radio"/> |
| d) še niso opredeljeni, pričeli smo s prvimi aktivnostmi, | <input type="radio"/> |
| e) še niso opredeljeni, v naslednjem letu bomo pričeli z ustreznimi aktivnostmi | <input type="radio"/> |

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

(predstojnik izbere eno od naslednjih možnosti):

- | | |
|---|----------------------------------|
| a) na celotnem poslovanju, | <input type="radio"/> |
| b) na pretežnem delu poslovanja, | <input checked="" type="radio"/> |
| c) na posameznih področjih poslovanja, | <input type="radio"/> |
| d) še niso opredeljeni, pričeli smo s prvimi aktivnostmi, | <input type="radio"/> |

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:**

KPMG poslovno svetovanje, d.o.o.

Navedite matično številko **zunanjega izvajalca notranjega revidiranja:**

5648556000

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:

19.02.2019

d) nisem zagotovil notranjega revidiranja.

☐

V letu 2018 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 dopolnjenega in prenovljenega Pravilnika o spremembah in dopolnitvah Pravilnika o notranji organizaciji in sistemizaciji delovnih mest;
- na področju obvladovanja tveganj na segmentu varovanja podatkov priprava in sprejem prenovljenega Pravilnika o zavarovanju osebnih podatkov in ureditev zbirk osebnih podatkov; dodatna 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, izvedeno obvezno izobraževanje za vse zaposlene glede novosti varovanja osebnih podatkov, imenovanje pooblaščenih oseb za varovanje osebnih podatkov znotraj agencije ipd.;
- na področju obvladovanja tveganj v sistemu finančnega poslovanja modernizacija informacijske oziroma programske podpore za proces načrtovanja, spremljanja poslovanja in poročanja na mesečnem, kvartalnem in letnem nivoju;
- na področju obvladovanja tveganj v zvezi z opravljanjem dela, ki ga zaposleni opravljajo na svojem domu sprejem novega Pravilnika o opravljanju dela na domu;
- na področju obvladovanja tveganj na segmentu pravičnega vodenja postopkov in delovanja agencije: izobraževanja zaposlenih glede upravnih in inšpekcijskih postopkov, strokovna izobraževanja, izobraževanje o integriteti v praksi;
- na področju obvladovanja tveganj odsotnosti zaposlenih: spodbujanje zdravega življenja, usposabljanja za varstvo pri delu ter zagotavljanje zaščitne opreme, imenovanje dodatnega pooblaščenca za antimobing.

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 izdaje odločb o odmeri plačil za izvajanje televizijske dejavnosti: pisna opredelitev postopkov, dodatna vzpostavitev dokumentiranih kontrolnih mehanizmov in pisna opredelitev kriterijev za odločanje, vzpostavljane višjih kontrol, ki morebitne napake odkrivajo, spremljanje učinkovitosti in ekonomičnosti postopkov in učinkov agencije, proaktiven pristop z oblikovanjem projektne skupine v okviru agencije s ciljem priprave možnih predlogov za spremembe zakonodaje z utemeljitvami.
- tveganje pomanjkljivega in nezadostnega delovanja notranjih kontrol v sistemu finančnega poslovanja: sprejem novega pravilnika o računovodstvu in finančnem poslovanju, ki je v pripravi; zagotovitev ustrezne informacijske oziroma programske podpore procesu elektronskega potrjevanja prejetih računov, ki je planiran za leto 2019;

-tveganje pomanjkljivega in nezadostnega delovanja notranjih kontrol na segmentu informacijske tehnologije: priprava in sprejem prenovljenega Pravilnika o informacijski varnosti, ki je v pripravi.

Predstojnik oziroma poslovodni organ proračunskega uporabnika:

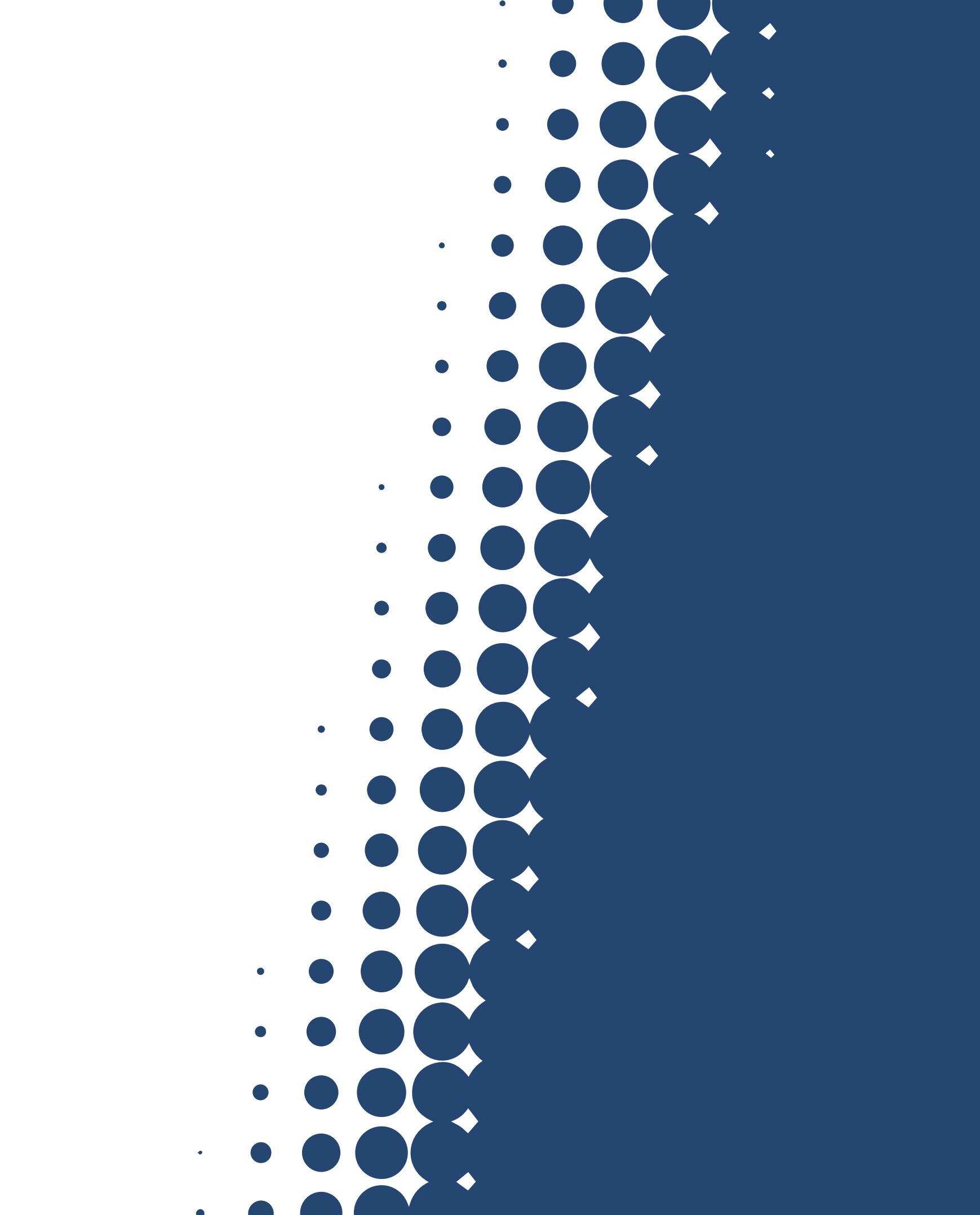
mag. TANJA MUHA, DIREKTORICA

Datum podpisa predstojnika:

22.02.2019

Datum oddaje:

22.02.2019



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 and 66/17);
- Slovenian Accounting Standards (Official Gazette of RS 118/05 and further).

In accordance with Accounting Act 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 statement of revenue and expense) and notes to financial statements;
2. The business report, which discloses the deviations and achievements from the reporting period i.e. the fulfilment 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 statement of revenue and expense 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 financial investments and loans,
- A statement of revenue and expense for specific users, categorized by type of activity,
- A statement of revenue and expense 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 items on the balance sheet, and statement of revenue and expense.

On 14 December 2017, the Ministry of Public Administration as the line ministry approved the 2018 Operating and Financial Plan, while on 21 December 2016 the Government of the Republic of Slovenia approved the Agency's tariffs for 2018.

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 at 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.

The Agency made the plans on the accrual basis in 2018.

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.

The Agency records amortization and depreciation costs as expenses (chargeable to revenue), instead of charging them to liabilities under group of accounts 98 (assets under

management) as in the past.

2.3 RECEIVABLES

The Agency recognizes receivables in amounts based on authentic accounting documents. The value of receivables is adjusted for impairments and 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.

3.1 BALANCE SHEET

TABLE 12: BALANCE ON 31 DECEMBER 2018

Group of accounts	Title of the group of accounts	ADP code	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	4,549,656	4,971,980	91.5
00	INTANGIBLE ASSETS AND LONG-TERM DEFERRED COST AND ACCRUED REVENUE	002	1,311,227	1,368,322	95.8
01	AMORTIZATION OF INTANGIBLE ASSETS	003	1,056,199	1,042,405	101.3
02	PROPERTY	004	5,040,296	5,040,296	100.0
03	DEPRECIATION OF PROPERTY	005	1,953,843	1,783,735	109.5
04	EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	006	5,162,631	5,009,149	103.1
05	DEPRECIATION OF EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	007	3,975,720	3,648,929	109.0
06	LONG-TERM FINANCIAL INVESTMENTS	008	-	-	
07	LONG-TERM LOANS GIVEN AND DEPOSITS	009	-	-	
08	LONG-TERM OPERATING RECEIVABLES	010	21,264	29,282	72.6
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	3,900,260	4,387,082	88.9
10	CASH IN HAND AND LIQUID ASSETS	013	-	-	
11	DEPOSITS IN BANKS AND OTHER FINANCIAL INSTITUTIONS	014	2,937,236	248,407	1,182.4
12	SHORT-TERM TRADE RECEIVABLES	015	620,553	28,726	2,160.2
13	ADVANCES AND SECURITY DEPOSITS GIVEN	016	-	-	
14	SHORT-TERM RECEIVABLES FROM USERS OF THE STANDARD CHART OF ACCOUNTS	017	10,349	4,002,328	0.3
15	SHORT-TERM INVESTMENTS	018	-	-	
16	SHORT-TERM FINANCIAL RECEIVABLES	019	-	-	
17	OTHER SHORT-TERM RECEIVABLES	020	7,195	7,094	101.4
18	OUTSTANDING EXPENDITURE	021	-	-	
19	DEFERRED COST AND ACCRUED REVENUE	022	324,927	100,527	323.2
	C) INVENTORIES (024+025+026+027+028+029+030+031)	023	-	-	
30	ACCOUNT OF PROCURED MATERIALS	024	-	-	
31	INVENTORIES OF MATERIALS	025	-	-	
32	INVENTORIES OF SMALL TOOLS AND PACKAGING MATERIAL	026	-	-	
33	WORK AND SERVICES IN PROGRESS	027	-	-	
34	PRODUCTS	028	-	-	
35	ACCOUNT OF PURCHASES OF GOODS	029	-	-	
36	INVENTORIES OF GOODS	030	-	-	
37	OTHER INVENTORIES	031	-	-	
	I. TOTAL ASSETS (001+012+023)	032	8,449,916	9,359,062	90.3
99	OFF-BALANCE SHEET ASSETS ACCOUNTS	033	16,842	16,842	100.0
	D) SHORT-TERM LIABILITIES AND ACCRUALS AND DEFERRED INCOME (035+036+037+038+039+040+041+042+043)	034	492,474	498,125	98.9
20	SHORT-TERM LIABILITIES FOR ADVANCES AND SECURITY DEPOSITS RECEIVED	035	6,229	7,351	84.7
21	SHORT-TERM LIABILITIES TO EMPLOYEES	036	252,471	247,654	101.9
22	SHORT-TERM LIABILITIES TO SUPPLIERS	037	157,648	168,056	93.8

Group of accounts	Title of the group of accounts	ADP code	Amount		Current year/ preceding year
			Current year	Previous year	
1	2	3	4	5	6=4/5
23	OTHER SHORT-TERM OPERATING LIABILITIES	038	53,894	57,309	94.0
24	SHORT-TERM LIABILITIES TO USERS OF THE STANDARD CHART OF ACCOUNTS	039	3,777	2,294	164.6
25	SHORT-TERM LIABILITIES TO SOURCES OF FINANCING	040	-	-	
26	SHORT-TERM FINANCIAL LIABILITIES	041	-	-	
28	OUTSTANDING REVENUE	042	-	-	
29	ACCRUED COST AND DEFERRED REVENUE	043	18,455	15,461	119.4
	E) OWN FUNDS AND LONG-TERM LIABILITIES (045+046+047+048+049+050+051+052- 053+054+055+056+057+058-059)	044	7,957,442	8,860,937	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	4,920,653	4,927,543	99.9
981	LIABILITIES FOR LONG-TERM FINANCIAL INVESTMENTS	057	-	-	
985	SURPLUS	058	3,036,789	3,933,394	77.2
986	DEFICIT	059	-	-	
	I. TOTAL LIABILITIES (034+044)	060	8,449,916	9,359,062	90.3
99	OFF-BALANCE SHEET LIABILITIES ACCOUNTS	061	16,842	16,842	100.0

The Agency's total assets on 31 December 2018 amounted to €8,449,916, which is €909,146 or 9.7% less than at the end of 2017. 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 2018.

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

- €4,549,656 or 53.8% of long-term assets (of which 93.9% are tangible fixed assets, 5.6% intangible assets

and long-term deferred cost and accrued revenue, and 0.5% long-term operating receivables); and

- €3,900,260 or 46.2% of short-term assets (of which 16.4% are short-term receivables from customers and users of the standard chart of accounts, and other operating receivables, 75.3% are balance in the account, and 8.3% deferred cost and accrued revenue).

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

- €7,957,442 or 94.2% of long-term liabilities, which comprise liabilities for assets under management (of which 61.8% are for intangible assets and tangible fixed assets, and 38.2% are surplus); and
- €492,474 or 5.8% of short-term liabilities (of which 45.0% are short-term trade liabilities and other operating liabilities, 51.3% short-term liabilities to employees, and 3.7% accrued cost 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 on 31 December 2018 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 COST 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 cost 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 2018.

Intangible assets comprise mostly software and different software licenses, as well as long-term deferred cost. The value of intangible assets (ADP code = 002) decreased by a total of €57,095 in 2018 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 detection of abuse and security events. The total value of long-term deferred cost amounted to €7,497;
- an increase in the original cost due to the procurement and installation of planning and reporting software in the total value of €28,038;
- a decrease in the original cost due to write-offs of useless software in the total value of €77,474 based in the decision of the inventory commission.

TABLE 13: MAJOR INVESTMENTS IN INTANGIBLE FIXED ASSETS

classifying group accounts	Action ID	value in EUR	type of investment
003 long-term assets	497 Maintenance and upgrade of the ICT system and user support	28,038	purchase of software for planning and reporting
total		28,038	

The amortization amount for intangible assets (ADP code = 003) increased by a total of €13,794 in 2018 compared to the year before:

- it increased due to amortization at prescribed amortization rates in the total value of €111,444;
- and decreased due to write-offs of licenses for measuring equipment in the total value of €97,650 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 cost of property (ADP code = 004) did not change in 2018 compared to the year before.

The accumulated depreciation of property (ADP code = 005) increased by a total of €170,108 in 2018 compared to the year before due to depreciation at prescribed depreciation rates and reconciliation with the registry.

The original cost of equipment and other tangible fixed assets (ADP code = 006) increased by a total of €153,482 in 2018 compared to the year before. Changes in the historical cost are the result of:

- an increase in the historical cost resulting primarily from the procurement of telecommunication equipment and cables, and computer and measuring equipment in the total amount of €154,082 (measuring antennas, routers, servers, workstations, laptops, a multifunction device, etc.).
- an increase in the original cost or determining original cost of tangible fixed assets bought in the past,

whose value in the Agency's books dropped below €1 (following the Ministry of Finance guidelines) in the total amount of €216,516;

- 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 €217,116;

The accumulated depreciation losses for equipment and other tangible fixed assets (ADP code = 007) increased by a total of €326,791 in 2018 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 amount of €209,034;
- an increase in write-downs of tangible fixed assets bought in the past, whose value dropped below €1 (following the Ministry of Finance guidelines) in the total amount of €216,516;
- an increase in the accumulated depreciation due to depreciation at the prescribed rates in the total amount of €319,309.

TABLE 14: MAJOR INVESTMENTS IN TANGIBLE FIXED ASSETS - EQUIPMENT AND SMALL TOOLS

classifying group accounts	Action ID	value in EUR	type of investment
040 equipment	171 RMMS maintenance	2,371	purchase of a gasholder, purchase and delivery of a traffic mirror
	172 Upgrade and updates to the RMMS	77,669	purchase of measurement instruments for managing the RMMS
	273 Infrastructure costs	1,715	purchase of a document shredder, purchase of a heat link device
	302 Monitoring QoS BB	21,333	purchase of the equipment for updating the AKOS Test Net platform
	497 Maintenance and upgrade of the ICT system and user support	45,653	purchase of computer hardware; computers, computer equipment, printers, cameras
041 small tools	172 Upgrade and updates to the RMMS	1,418	purchase of small tools and equipment
	497 Maintenance and upgrade of the ICT system and user support	644	purchase of small tools and equipment
	273 Infrastructure costs	3,279	purchase of small tools and equipment
skupaj		154,082	

In 2018 the Agency recorded €580,675 of amortization and depreciation cost 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 €182,120 worth of new intangible and tangible fixed assets in 2018. 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 €21,264, based on decisions determining the fees after approved companies' compulsory settlement. The Agency's long-term receivables decreased by €8,018 or 27.4% compared to the year before.

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

The Agency's short-term assets on 31 December 2018 comprise deposits in banks and other financial institutions, short-term trade receivables, and receivables due from users of the standard chart of accounts, advances paid, securities given, and other short-term receivables and deferred cost and accrued revenue.

3.1.2.1 DEPOSITS IN BANKS AND OTHER FINANCIAL INSTITUTIONS

The Agency's cash deposits on the sub-account of the treasury single account at the Public Payments Administration of the Republic of Slovenia, through which the Agency's payment transactions are made, amounted to €2,937,236 on 31 December 2018 (ADP code = 014) The Agency's deposits rose by €2,688,829 or 1082.4% compared to the year before.

3.1.2.2 SHORT-TERM TRADE RECEIVABLES

The Agency's short-term trade receivables recorded under the group of accounts 12 (ADP code = 015) comprise receivables from issued decisions on determining the fees on the basis of notifications, for using numbering resources, for using radio frequencies, for the provision of media services, for the provision of railway services and for the provision of postal services, and bills issued for stickers banning delivery of unaddressed mail to mailboxes in the total amount of €713,059, and allowances for impairments in the total amount of €92,507. Compared to 31 December 2017, the net amount of receivables increased by €591,827 or 2060.2%.

The Agency made allowances in the amount of €7,835 for all overdue, unpaid, unsecured, or unimpaired claims that were overdue for over a year as at 31 December 2018, 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 Statement of Revenue and Expense = 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 €16,088.

In 2018 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 direct and indirect users of state and municipalities budgets based on issued decisions on determining the fees in the amount of €10,349.

Compared to 31 December 2017 the amount of receivables decreased by €3,991,979 or 99.7% due to the absence 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 €7,195.

Compared to 31 December 2017 the amount of receivables rose by €101 or 1.4% due to the increase in recognized unpaid receivables from refunds in the last quarter of 2018.

3.1.2.5 DEFERRED COST AND ACCRUED REVENUE

The Agency's deferred cost and accrued revenue under the group of accounts 19 (ADP code = 022) comprise short-term deferred cost and accrued revenue in the total amount of €324,927.

Short-term deferred cost comprise mostly the cost of fees for IT support and software upgrades for an online application for recording, saving, archiving, and analysing 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 €78,158.

Accrued revenue meanwhile comprises accrued revenue from unissued decisions determining fees in the total value of €246,769, namely from unissued decisions determining fees for individual television broadcasters and on-demand audiovisual media service providers. These providers reported lower 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.

The amount of deferred cost and accrued revenue increased by €224,400 or 223.2% compared to 31 December 2017.

3.1.3 SHORT-TERM LIABILITIES AND ACCRUED COST AND DEFERRED REVENUE

The Agency's short-term liabilities and accrued cost and deferred revenue as of 31 December 2018 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 cost and deferred revenue.

3.1.3.1 SHORT-TERM LIABILITIES FOR ADVANCES AND SECURITY DEPOSITS RECEIVED

The Agency's short-term liabilities for advances and security deposits received under the group of accounts 20 (ADP code = 035) comprise mostly a received advanced payment in the amount of €6,229 for covering the expected cost of international coordination of radio frequencies for the satellite system. Compared to 31 December 2017, the net amount of received advances decreased by €1,122 or 15.3%.

3.1.3.2 SHORT-TERM LIABILITIES TO EMPLOYEES

The Agency's short-term liabilities to employees under the group of accounts 21 (ADP code = 036) comprise mostly liabilities to employees for salaries for December 2018 in the total amount of €252,471.

Compared to 31 December 2017 the net amount of these liabilities increased by €4,817 or 1.9%, 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 €114,418, and liabilities to foreign suppliers in the amount of €43,229.

The Agency usually settles its liabilities to suppliers within 30 days of receiving the e-invoice. Compared to 31 December 2017, the net amount of these liabilities decreased by €10,408 or 6.2%.

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 for VAT for goods and services purchased from EU states according to the December VAT return in the total amount of €53,894. Compared to 31 December 2017 the net amount of these liabilities decreased by €3,415 or 6%.

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

The Agency's short-term liabilities towards users of the standard chart of accounts under group of accounts 24 (ADP code = 039) comprise liabilities towards direct and indirect users of state and municipalities budgets for purchases of goods, materials and services in the amount of €3,777. Compared to 31 December 2017 the net amount of these liabilities rose by €1,483 or 64.6%.

3.1.3.6 ACCRUED COST AND DEFERRED REVENUE

The Agency's accrued cost and deferred revenue under the group of accounts 29 (ADP code = 043) comprise the accrued cost of commissioned audit services and statutory interest on charged yearly fees for using numbering elements in the total amount of €18,455. The amount of accrued cost and deferred revenue increased by €2,994 or 19.4% compared to 31 December 2017.

3.1.3 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 €7,957,442, which comprise:

- liabilities for intangible assets and tangible fixed assets under the group of accounts 980 (ADP code = 056) in the amount of €4,920,653 which decreased in 2018 year-on-year due to the redistribution of assets in the amount of €707, increased due the sale of fixed assets, taken out of use, in the total value of €1,910, and decreased by €8,093 due to write-downs of these assets based on the decision of the inventory commission.
- surplus under the group of accounts 985 (ADP code = 058) in the amount of €3,036,789, which comprises unallocated surplus from the current year in the amount of €896,605 (ADP code for the Revenue and Expenditure Account = 892).

Compared to 31 December 2017 the amount of these liabilities decreased by €903,495 or 10.2%, namely due to the deficit from 2018 in the amount of €0,89 million.

3.2 STATEMENT OF REVENUE AND EXPENSE

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 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 Expense 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 Expense 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.

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 €187,216 (ADP code for the Statement of Revenue and Expense 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 €7,835 (ADP code for the Statement of Revenue and Expense = 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 2018 and 2019, where we would like to highlight:
 - lower revenue from media services recorded in the Statement of Revenue and Expense, primarily arising from accrued revenue from unissued decisions for 2018 in the total amount of €231,776;
 - lower revenue from notifications recorded in the account statement in the total amount of €596,315, primarily as the result of issuing decisions determining fees for the current year at the end of 2018, with payments due in 2019;
 - higher expenditure for goods and services in the account statements due to delays in the settling of more significant non-periodic liabilities incurred in 2019, which were settled in 2018 and amounted to €25,524.

TABLE 15: STATEMENT OF REVENUE AND EXPENSE FOR THE PERIOD FROM 1 JANUARY 2018 TO 31 DECEMBER 2018

Classification by account subgroup	Account subgroup title	ADP code	Amount		index current year/ previous year
			Current year	Previous year	
1	2	3	4	5	6=4/5
	A) OPERATING REVENUE (861+862-863+864)	860	4,846,892	4,697,443	103.2 %
760	REVENUE FROM THE SALE OF PRODUCTS AND SERVICES	861	4,839,424	4,690,564	103.2 %
	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	7,468	6,879	108.6 %
762	B) FINANCIAL INCOME	865	877	4,855	18.1 %
763	C) OTHER REVENUE	866	133,571	108,055	123.6 %
	D) REVALUATION OPERATING REVENUE (868+869)	867	-	-	
part of 764	REVENUE FROM THE SALE OF OPERATING FIXED ASSETS	868	-	-	
part of 764	OTHER REVALUATION OPERATING REVENUE	869	-	-	
	E) TOTAL REVENUE (860+865+866+867)	870	4,981,340	4,810,353	103.6 %
	F) COST OF GOODS, MATERIALS, AND SERVICES (872+873+874)	871	1,766,184	1,755,467	100.6 %
part of 466	ORIGINAL COST OF MATERIALS AND GOODS SOLD	872	-	-	
460	COST OF MATERIALS	873	111,679	97,000	115.1 %
461	COST OF SERVICES	874	1,654,505	1,658,467	99.8 %
	G) LABOR COSTS (876+877+878)	875	3,507,102	3,439,854	102.0 %
part of 464	SALARIES AND WAGE COMPENSATIONS	876	2,771,165	2,732,472	101.4 %
part of 464	SOCIAL SECURITY CONTRIBUTIONS PAID BY THE EMPLOYER	877	481,773	441,775	109.1 %
part of 464	OTHER LABOR COSTS	878	254,164	265,607	95.7 %
462	H) DEPRECIATION AND AMORTIZATION	879	580,675	590,793	98.3 %
463	I) PROVISIONS	880	-	-	
465	J) OTHER COSTS	881	-	-	
467	K) FINANCIAL EXPENSES	882	16,137	133	12133.1 %
468	L) OTHER EXPENSES	883	12	176	6.8 %
	M) REVALUATION OPERATING EXPENSES (885+886)	884	7,835	29,831	26.3 %
part of 469	EXPENSES FROM THE SALE OF OPERATING FIXED ASSETS	885	-	-	
part of 469	OTHER REVALUATION OPERATING EXPENSES	886	7,835	29,831	26.3 %
	N) TOTAL EXPENSES (871+875+879+880+881+882+883+884)	887	5,877,945	5,816,254	101.1 %
	O) SURPLUS (870-887)	888	-	-	

Classification by account subgroup	Account subgroup title	ADP code	Amount		index current year/ previous year
			Current year	Previous year	
1	2	3	4	5	6=4/5
	P) DEFICIT (887-870)	889	896,605	1,005,901	89.1 %
part of 80	Corporate income tax	890	-	-	
part of 80	Surplus for the period after income tax (888-890)	891	-	-	
part of 80	Deficit for the period after income tax (889+890) or (890-888)	892	896,605	1,005,901	89.1 %
	Surplus from preceding years allocated to covering expenses from the accounting period	893	-	5,560	0.0 %
	Average number of employees based on the hours worked in the accounting period (whole number)	894	91	90	101.1 %
	Months of operation	895	12	12	

The account shows that the Agency recorded €4,981,340 in revenue and €5,877,945 in expenses between 1 January 2018 and 31 December 2018, which is a deficit of €896,605. 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 2018 with the surplus from the past years or in compliance with the founder's decision.

3.2.1. REVENUE

The Agency generated €4,981,340 in revenue in 2018, €4,846,892 (97.3%) of which was operating revenue, and €134,448 (2.7%) 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.

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 2018, the Agency applied the 2018 tariffs approved

by the Government of the Republic of Slovenia in December 2017:

- 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 €10.41 and 1.21%, respectively.

The Agency calculated the fees in 2018 by applying the economic premises from the 2018 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.

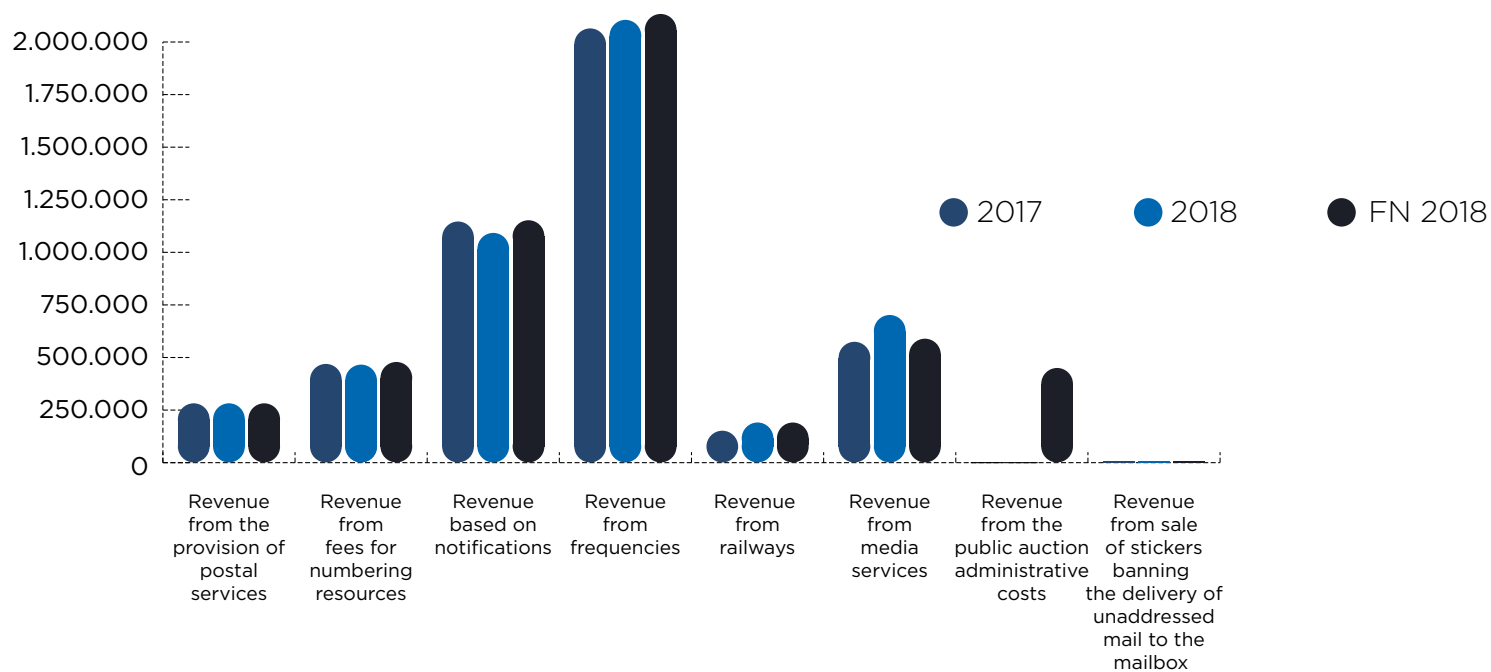
TABLE 16: OPERATING REVENUE

	2017	2018	2018 FP	Index 2018/ 2018 FP
Revenue from the provision of postal services	282,183	282,444	282,183	100.1
Revenue from fees for numbering resources	469,464	466,128	478,800	97.4
Revenue based on notifications	1,146,578	1,092,420	1,152,644	94.8
Revenue from frequencies	2,064,639	2,105,308	2,133,330	98.7
Revenue from railways	153,069	190,991	190,868	100.1
Revenue from media services	574,631	702,133	589,463	119.1
Revenue from the public auction administrative costs	0	0	450,265	0.0
Revenue from sale of stickers banning the delivery of unaddressed mail to the mailbox	6,879	7,468	6,765	110.4
TOTAL OPERATING REVENUE (ADP code = 860)	4,697,443	4,846,892	5,284,318	91.7

Source: AKOS internal accounting records

The presented structure reveals that the Agency generated the largest share of its operating revenue from fees for using radio frequencies (43.5%), and the remaining part from fees based on notifications (22.5%), fees for using the numbering resources (9.6%), media services (14.5%), postal services and stickers banning the delivery of unaddressed mail to mailboxes (6.0%) and railway services (3.9%).

FIGURE 14: COMPARISON OF THE AGENCY'S OPERATING REVENUE IN 2017 AND 2018, AND THE 2018 FP



Source: AKOS internal accounting records

The Agency's operating revenue grew by €149,449 or 3.2% in 2018 compared to the year before. Significant changes are primarily the result of:

- a €40,669 or 2.0% increase in the recorded revenue from frequencies, primarily due to the increase in the number of points in the mobile, and fixed and satellite services segment;
- a €54,158 or 4.7% decrease in the revenue based on notifications, primarily due to the changed method of charging the revenue originating and terminated in Slovenia;
- a €127,502 or 22.2% increase in the revenue from the provision of media services due to higher reported revenue of TV service providers, based on which the Agency calculates the fees, with the tariff remaining the same;
- a €37,922 or 24.8% increase in the revenue from railways, primarily due to the tariff being raised by €2.21 or 26.9%;

The planned revenue from the public auction administrative costs was not generated in 2018.

3.2.1.2 FINANCIAL INCOME

The Agency's financial income in 2018 amounted to €877 (ADP code = 865) and comprised primarily statutory interest on overdue receivables. This is a €3,978 or 70.8% decrease compared to 2017.

3.2.1.3 OTHER REVENUE AND REVALUATION OPERATING REVENUE

The Agency's other revenue in 2018 amounted to €133,571 (ADP code = 866), and comprised mostly revenue from decisions for the year 2017 issued in 2018, collected trade receivables, which had been impaired in the previous years, reimbursements for business trips (in the EU), and the reimbursement of business trip cost (EU), and the cost of conducting a procedure.

The Agency's other revenue increased by €25,516 or 23.6% compared to 2017. The main reason for the increase was the changes in the structure and volume of revenue, recorded under this group:

- an increase in revenue from charged and reimbursed cost of conducting an audit of an operator (in 2017, the Agency recorded no such revenue).

3.2.2 EXPENSES

The Agency's expenses in 2018 amounted to €5,877,945, of which €1,766,184 represented the cost of purchasing goods, materials and services (30.0%), €3,507,102 labour cost (59.7%), €580,675 amortization and depreciation cost (9.9%), and €23,984 (0.4%) revaluation, financial and other expenses. Expenses also include the input VAT, as the Agency is not liable for VAT.

The Agency's expenses rose by €61,691 or 1.1% in 2018 compared to the year before. Changes are primarily the result of:

- a €10,717 or 0.6% increase in the cost of purchasing goods, materials and services, primarily due to higher regular maintenance cost than in 2017;
- a €67,248 or 2.0% increase in labour costs, primarily due to further hiring based on the approved personnel plan for 2018;
- a 73.7% or €21,996 decrease in revaluatory and other expenses, primarily due to a decrease in impairments of unrecoverable trade receivables;
- a €10,118 or 1.7% decrease in amortization and depreciation cost in 2018 (ADP code = 879),

3.2.2.1 LABOUR COST

The Agency's labour 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 92 public servants as on 31 December 2018. 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 Labour Costs in the Public Sector for 2017 - ZUPPJS17 (Official Gazette of RS, no. 88/16).

The Agency's labour costs rose by €67,248 or 2.0% in 2018 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 2018, and of paying severance pay upon the retirement of one employee.

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.

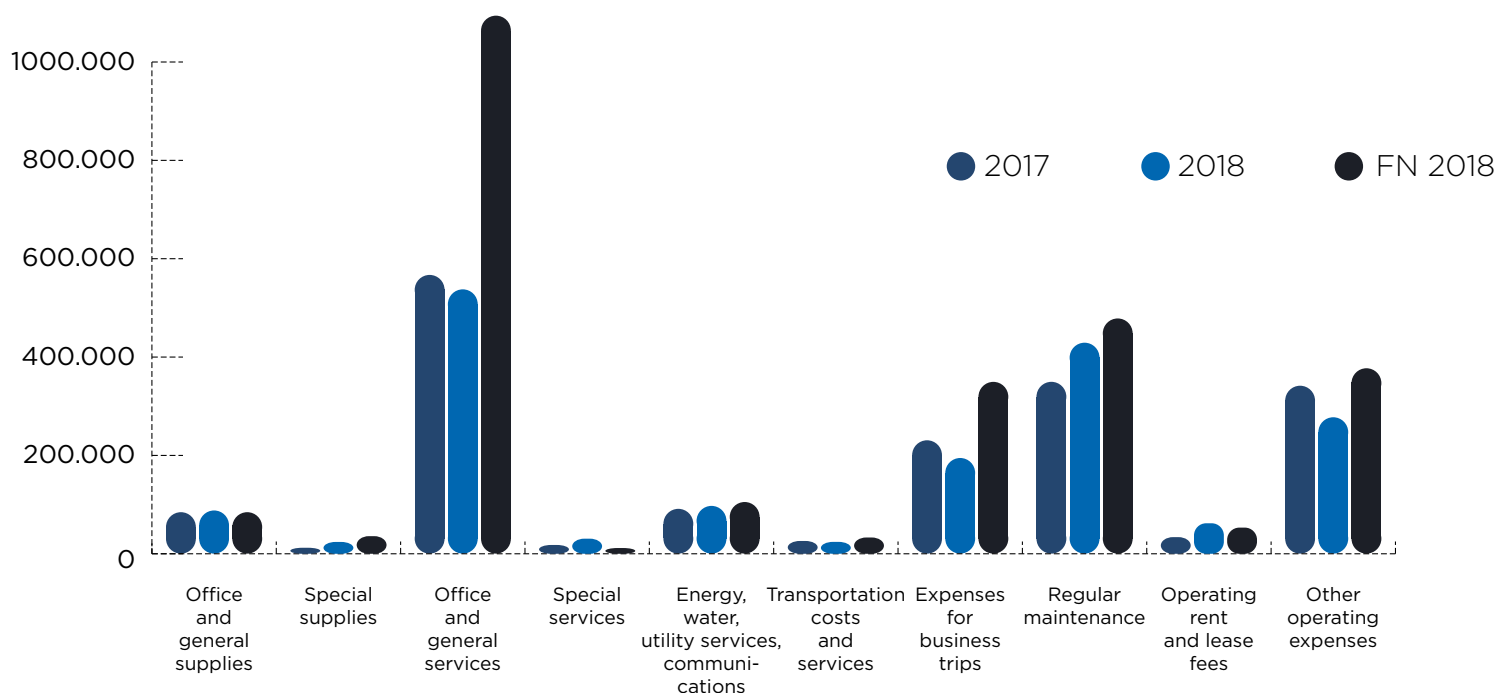
TABLE 17: COST OF GOODS, MATERIALS, AND SERVICES

CLASSIFICATION BY ACCOUNT	Statement of revenue and expense for specific users	ADP code	2017	2018	2018 FP	Index 2018/2018 FP
			1	2	2	3=1/2
	E) COST OF GOODS, MATERIALS, AND SERVICES (872+873+874)	871	1,755,467	1,766,184	2,726,077	64.8
part of 466	ORIGINAL COST OF MATERIALS AND GOODS SOLD	872	-	-	-	
	COST OF MATERIALS	873	97,000	111,679	120,382	92.8
4600	Office and general supplies		84,761	87,606	84,580	103.6
4601	Special supplies		12,239	24,073	35,802	67.2
	COST OF SERVICES	874	1,658,467	1,654,505	2,605,695	63.5
4610	Office and general services		567,048	537,701	1,197,056	44.9
4611	Special services		17,921	30,696	11,700	262.4
4612	Energy, water, utility services, communications		91,420	98,287	105,280	93.4
4613	Transportation costs and services		26,055	24,201	33,100	73.1
4614	Expenses for business trips		230,792	194,774	349,585	55.7
4615	Regular maintenance		349,668	429,212	478,520	89.7
4616	Operating rent and lease fees		33,840	62,028	53,200	116.6
4617	Other Operating Expenses		341,723	277,606	377,254	73.6

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 (35.4%), while the remaining part comprises other operating expenses (15.7%), purchases of materials and services for regular maintenance (24.3%), business trips (11.0%), purchases of energy, water, and utility and communication services (5.6%), operating rents and leases (3.5%), purchases of special materials and services (3.1%), and transportation costs and services (1.4%).

FIGURE 15: COMPARISON OF THE COST OF GOODS, MATERIALS, AND SERVICES IN 2017 AND 2018, AND THE 2018 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, background papers, and cost of accounting, auditing and legal services, etc. for high-budget projects, such as:

- maintenance and upgrades of the economic repeatability model, and support in testing the model based on regulatory decisions;
- mapping (maintaining, upgrading, developing and graphically designing AKOS's geographic viewer in NET environment, consultancy and collaboration in the implementation of solutions for optimizing the viewer, developing an internal GIS environment, and support and maintenance for the Geoserver environment and PostgreSQL and postGIS databases, support in conducting complex geographical analyses, development of in-house solutions for optimizing data processing, testing and configuration);
- strategy of infrastructure development for critical communication of the Republic of Slovenia, which comprises a review of the current situation, calculations of the optimal way of reallocating narrowband channels, and compilation of a report;
- net neutrality, a study on the possibility of using the Agency's available data and consultancy on setting up an intelligent system for detecting net neutrality violations;
- regulation and monitoring of the universal service (assessment of the monitoring methodology and the results of the measurements of the quality of letter mail (letters/parcels) delivery in domestic traffic of the universal service provider);
- the state in the postal services market (a survey on consumer satisfaction with postal services in the general public and among businesses, a comparative analysis of postal services providers' prices and delivery periods in cross-border delivery of parcels, and on customer satisfaction after the closing down of contact points);
- accounting separation regulation (analysis of postal offices sampling and questionnaires in assigning cost to activities in separate accounts of the universal service provider);
- effective supervision of the RF spectrum (regular controls of all radio monitoring and measuring stations and vehicles);
- market regulation and following regulatory activities in other EU members (access to databases about the measures put in place, and European Commission's commentaries);
- a survey among end users of electronic communications with an analysis of Slovenian households' monthly spending on electronic communications, and an analysis of the current demand for higher speeds of internet access and e-content;
- 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);
- audits of revenue of TV broadcasters and providers of on demand audiovisual media services;
- drawing up a plan and compiling specifications for the AKOS website;
- 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 €26,502 or 4.1% compared to 2017, 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, converters, personal safety equipment, filters etc.). The total amount of the group of expenses increased by 81.6% or €24,609 compared to 2017. To guarantee the reliability of the measuring system, the Agency invested in a redundant measuring tool.

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 €6,867 or 7.5% compared to 2017. The increase is the result of higher cost in separate categories of energy, water, utility services and communications cost.

TRANSPORTATION COST 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 €1,854 or 7.1% compared to 2017, 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 €36,018 or 15.6% compared to 2017 due to the fewer business trips, and due to an increase in videoconferencing.

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 €79,544 or 22.7% compared to 2017, mainly due to higher infrastructure cost – replacement of worn flooring.

TABLE 18: REGULAR MAINTENANCE COST

Action ID	value In EUR	type of maintenance
171 RMMS maintenance	13,237	Regular software maintenance and maintenance and upgrades to the radio monitoring and measurement system
267 TV and AVMSOD activity – monitoring	9,294	Regular maintenance of the software for monitoring TV programming content
273 Infrastructure costs	192,705	The major share of the maintenance expenses are costs related to the management, maintenance and insurance of the office building at Stegne 7
481 Administrative procedures with SURS	19,437	ATDI software maintenance
497 Maintenance and upgrade of the ICT system and user support	170,911	The majority share of the expenses are costs of software maintenance, network device maintenance, annual fees, ensuring support and maintenance of the virtual server environment and the archiving systems
total	405,584	94.5 % maintenance costs

OPERATING RENT AND LEASE COST

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 net amount of this cost increased by €28,188 or 83.3% compared to 2017, mainly due to the changes in the method of accounting for the cost of leasing parking spaces.

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 (call centre), 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 €64,117 or 18.8% compared to 2017, primarily due to lower costs of training activities for employee development.

3.2.3. REALIZATION OF THE FINANCIAL PLAN ON THE ACCRUAL BASIS

In contrast to the plans compiled earlier than in 2017, the Agency's Financial Plan for 2018 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, is thus also recorded as a source of investments in new fixed assets, in addition to the surplus from the preceding years.

The Agency strove to realize the planned activities and financial targets from its operating and financial plan for 2018 in the areas it regulates. The Agency generated 91.9% of the planned revenue, with its spending amounting to 89.5% of the plan.

The Agency did not generate as much revenue as planned, as it did not carry out the auction for assigning frequencies for public mobile technology in the 700 MHz+ frequency band. The Agency identified a relatively high risk of failing to report or misreporting revenue among certain 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);
- postponement of certain projects to 2019 after failing to secure approval for the Radio frequency spectrum management strategy for conducting the LTE 700+

project, and due to the complexity of the public procurement procedure and greater diligence in preparing and conducting public procurements (overhaul of the Agency's online portal, audit of OSMP's separate accounting records, Gledoskop);

- 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), and no need for ordering certain services (e.g. legal representation in the lawsuits against Italian radio stations, the resulting smaller extent of required translation services, videoconferencing in international collaboration, hiring an expert to work on the system for providing data about the existing telecommunications infrastructure), etc.

TABLE 19: STATEMENT OF REVENUE AND EXPENSE FOR THE PERIOD FROM 1 JANUARY 31 DECEMBER 2018

Classification by account subgroup	Account subgroup title	ADP code	Amount		2018 FP	Index current year/ 2016 FP
			Current year	Previous year		
1	2	3	4	5	6	7=4/6
	A) OPERATING REVENUE (861+862-863+864)	860	4,846,892	4,697,443	5,284,318	91.7
760	REVENUE FROM THE SALE OF PRODUCTS AND SERVICES	861	4,839,424	4,690,564	5,277,553	91.7
	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	7,468	6,879	6,765	110.4
762	B) FINANCIAL INCOME	865	877	4,855	3,000	29.2
763	C) OTHER REVENUE	866	133,571	108,055	129,520	103.1
	D) REVALUATION OPERATING REVENUE (868+869)	867	-	-	2,000	-
part of 764	REVENUE FROM THE SALE OF OPERATING FIXED ASSETS	868	-	-	2,000	-
part of 764	OTHER REVALUATION OPERATING REVENUE	869	-	-		
	E) TOTAL REVENUE (860+865+866+867)	870	4,981,340	4,810,353	5,418,838	91.9
	F) COST OF GOODS, MATERIALS, AND SERVICES (872+873+874)	871	1,766,184	1,755,467	2,726,077	64.8
part of 466	ORIGINAL COST OF MATERIALS AND GOODS SOLD	872	-	-	-	
460	COST OF MATERIALS	873	111,679	97,000	120,382	92.8
461	COST OF SERVICES	874	1,654,505	1,658,467	2,605,695	63.5
	G) LABOR COSTS (876+877+878)	875	3,507,102	3,439,854	3,752,790	93.5
part of 464	SALARIES AND WAGE COMPENSATIONS	876	2,771,165	2,732,472	2,996,700	92.5
part of 464	SOCIAL SECURITY CONTRIBUTIONS PAID BY THE EMPLOYER	877	481,773	441,775	503,455	95.7
part of 464	OTHER LABOR COSTS	878	254,164	265,607	252,635	100.6
462	H) DEPRECIATION AND AMORTIZATION	879	580,675	590,793	74,875	775.5
463	I) PROVISIONS	880	-	-		
465	J) OTHER COSTS	881	-	-		
467	K) FINANCIAL EXPENSES	882	16,137	133	1,000	1,613.7
468	L) OTHER EXPENSES	883	12	176		
	M) REVALUATION OPERATING EXPENSES (885+886)	884	7,835	29,831	10,000	78.4
part of 469	EXPENSES FROM THE SALE OF OPERATING FIXED ASSETS	885	-	-		
part of 469	OTHER REVALUATION OPERATING EXPENSES	886	7,835	29,831	10,000	78.4
	N) TOTAL EXPENSES (871+875+879+880+881+882+883+884)	887	5,877,945	5,816,254	6,564,742	89.5
	O) SURPLUS (870-887)	888	-	-		
	P) DEFICIT (887-870)	889	896,605	1,005,901	1,145,904	78.2
part of 80	Davek od dohodka pravnih oseb	890	-	-		
part of 80	Presežek prihodkov obračunskega obdobja z upoštevanjem davka od dohodka (888-890)	891	-	-		
part of 80	Corporate income tax	892	896,605	1,005,901	1,145,904	78.2
	Surplus for the period after income tax (888-890)	893	-	5,560	-	
	Deficit for the period after income tax (889+890) or (890-888)	894	91	90	97	93.8
	Surplus from preceding years allocated to covering expenses from the accounting period	895	12	12	12	
	Average number of employees based on the hours worked in the accounting period (whole number)					
	Months of operation					

3.2.3.1. REVENUE

In 2018 the Agency generated a total of €4,981,340 in revenue. The Agency generated €437,498 or 8.1% less in total revenue than originally planned, with the operating revenue amounting to €438,129 or 8.3% below the budget, with the biggest discrepancies in the following categories:

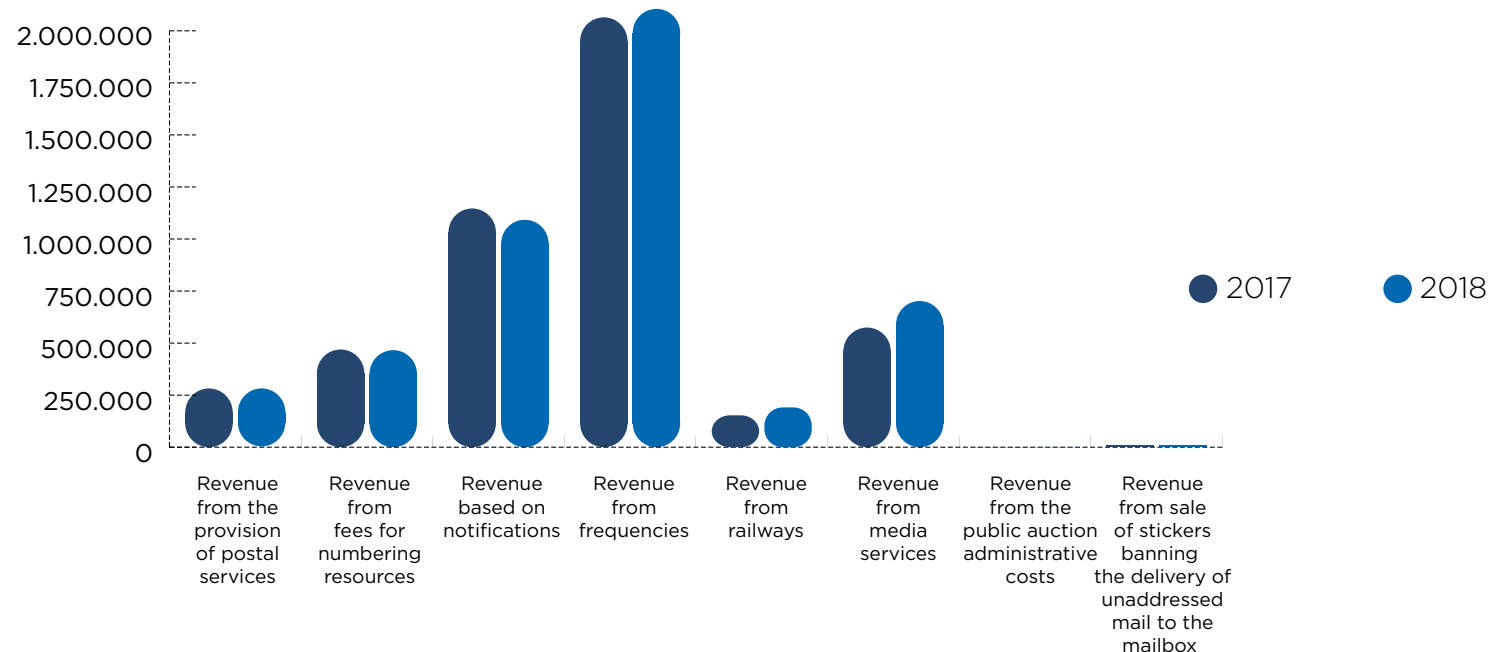
- €450,265 or 8.5% less in total operating revenue, after not conducting a public auction for assigning frequencies in the 700+ MHz band for the purpose of providing public mobile services;
- a €112,670 or 19.1% increase in revenue from the media;
- a €60,224 or 5.2% decrease in revenue from notifications;
- a €12,672 or 2.6% decrease in revenue from fees for numbering resources;
- a €28,022 or 1.3% decrease in revenue from frequencies.

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 20: COMPARISON OF REALIZED AND PLANNED OPERATING REVENUE ON ACCRUAL BASIS

	2018	2018 FP	Index 2018/ 2018 FP
Revenue from the provision of postal services	282,444	282,183	100.1
Revenue from fees for numbering resources	466,128	478,800	97.4
Revenue based on notifications	1,092,420	1,152,644	94.8
Revenue from frequencies	2,105,308	2,133,330	98.7
Revenue from railways	190,991	190,868	100.1
Revenue from media services	702,133	589,463	119.1
Revenue from the public auction administrative costs	0	450,265	0.0
Revenue from sale of stickers banning the delivery of unaddressed mail to the mailbox	7,468	6,765	110.4
TOTAL OPERATING REVENUE (ADP code = 860)	4,846,892	5,284,318	91.7

FIGURE 16: COMPARISON OF REALIZED AND PLANNED OPERATING REVENUE ON ACCRUAL BASIS



3.2.3.2 EXPENSES

The Agency's expenses in 2018 amounted to €5,877,945, which is €686,797 or 10.5% less than planned, especially in the following three categories of expenses:

WAGES AND SALARIES

The Agency's labour costs were €245,688 or 6.5% lower than planned (ADP codes = 876 + 877 + 878), primarily due to the lower amount of salaries, compensations, associated social security contributions and other labour cost (reimbursements, holiday and other allowances), after the Agency did not replace 6 employees who left (retirement, contract termination) and only partly realized the hiring plan.

The Agency would like to point to the failure to fully realize the 2018 hiring plan as the main reason for expenses in this category remaining below the planned amounts. This was the result of the lack of qualified candidates, which is primarily due to the legal framework

regulating the Agency's operations, the Agency's inability to compete with salaries in the private sector, and the restrictive remuneration policy.

COSTS OF GOODS, MATERIALS, AND SERVICES

The cost of goods, materials and services was €959,893 or 35.2% lower than planned (ADP code = 871), primarily due to the €951,190 or 36.5% lower cost of office and general services (ADP code = 874) resulting from postponing certain activities to 2019 (public tender for the 700+ MHz spectrum, audit of separate accounting records of the OSMP, and accounting separation regulation), and savings from obtaining better quotes for certain services than planned (TC international collaboration, and the internal and external audit) and from no need for certain services (TC international collaboration, payments of costs in cases against Italian radio stations, system for providing data on the existing telecommunications and other public infrastructure, maintenance of the operators' register, and regulation of TV and ODAVMS providers), lower business trip expenses, as a result of not holding certain events, but also fewer employees participating in organized events (international collaboration in TC, and postal market regulation and monitoring), using videoconferencing technology, and optimizing visits of foreign regulators (international collaboration in TC), as well as savings from individual business trips (by holding group training at the agency's offices). Other operating expenses were also lower, primarily due to savings from group training after obtaining better quotes for services, fewer participants in professional training due to the lack of available suitable specialized and professional courses, and savings from 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 (administration and Gledoskop).

TABELA 21: PRIMERJAVA DOSEŽENIH IN NAČRTOVANIH STROŠKOV BLAGA, MATERIALA IN STORITEV (OBRAČUNSKO NAČELO)

CLASSIFICATION BY ACCOUNT	STATEMENT OF REVENUE AND EXPENSE FOR SPECIFIC USERS	ADP code	2018	2018 FP	Index 2018/2018 FP
			1	2	3=1/2
	E) COST OF GOODS, MATERIALS, AND SERVICES (872+873+874)	871	1,766,184	2,726,077	64.8
part of 466	ORIGINAL COST OF MATERIALS AND GOODS SOLD	872	-	-	
460	COST OF MATERIALS	873	111,679	120,382	92.8
4600	Office and general supplies		87,606	84,580	103.6
4601	Special supplies		24,073	35,802	67.2
461	COST OF SERVICES	874	1,654,505	2,605,695	63.5
4610	Office and general services		537,701	1,197,056	44.9
4611	Special services		30,696	11,700	262.4
4612	Energy, water, utility services, communications		98,287	105,280	93.4
4613	Transportation costs and services		24,201	33,100	73.1
4614	Expenses for business trips		194,774	349,585	55.7
4615	Regular maintenance		429,212	478,520	89.7
4616	Operating rent and lease fees		62,028	53,200	116.6
4617	Other operating expenses		277,606	377,254	73.6

In relation to unrealized expenses for office and general supplies and services in the total amount of €656,329 or 51.2% 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 €404,485 EUR (the planned cost in this group amounted to €416,930). When planning to prepare and carry out a public tender with an auction for assigning frequencies in the 700 MHz band for the purpose of providing public mobile services in 2018, the Agency took into account the responses of the experts, who deemed the adoption of the EECC in June 2018 a precondition for this. Based on the responses and the relevant ministry's strategic guidelines, the Agency is planning to postpone the public tender and auction to 2019. Funds budgeted for consultancy services were not spent, since, according to the relevant ministry's guidelines, conducting a public tender with an auction requires the Government's approval of the Radio frequency spectrum management strategy, which is currently still being reconciled and to be approved;
- unspent funds earmarked for paying the cost of lawsuits against Italian radio stations (task ID 495) in the amount of €58,228, out of the budgeted total of €70,000, primarily due to the smaller extent of lawsuits, and due to their delayed start at the end of 2018, also resulting in less need for document translation;
- unspent funds earmarked for the audit of OSMP's separate accounting records (task ID 488) in the amount of €51,560, out of the total budgeted amount of €54,000. This was the result of an unsuccessful public procurement procedure, which the Agency repeated several times, and successfully completed at the end of 2018. The task should be completed in the first half of 2019;
- unspent funds earmarked for implementing a system for providing data on the existing telecommunications infrastructure as part of the task Mapping (task ID 387) in the amount of €26,976. The Agency initially budgeted €65,000 for the project, it however created savings by hiring an expert who took over analytical and substantive tasks;
- the unspent funds for TC international collaboration (task ID 242) in the amount of €22,876, as a result of sending fewer participants than planned to the BEREC plenary session, and due to obtaining better quotes for services and the resulting savings;
- unspent funds earmarked for accounting separation regulation (task ID 115) in the amount of €22,480, due to postponing the task to 2019 as the result of the complexity of the procedure, limited human resources, and the Agency's request for the provider to submit additional documentation;
- unspent funds earmarked for keeping the registry of operators (task ID 63) in the entire budgeted amount of €18,100, as there was no need to hire a contractor for auditing operators' revenue;
- unspent funds earmarked for conducting an analysis of retail and wholesale prices of RS broadband connections (task ID 486) in the amount of €17,482, as the result of not conducting a field survey, after receiving quotes exceeding the plan;
- unused budget for regulation, development and general information (task ID 480) in the amount of €15,736. The task was to include two surveys, however none was conducted;
- unspent budget for activities related to the register of frequencies in the VHF and UHF band for PMR and international optimization (task ID 483) in the amount of €14,969. Funds budgeted for this task were transferred to task legal representation before courts – administrative disputes, lawsuits (task ID 128), where spending increased by €8,811 (net effect – €6,158 of unspent funds);
- unspent budget for the task of TV and ODAVMS market transparency and regulation (task ID 271) in the amount of €11,729. Funds were budgeted for the

event the Agency lost in the cases of auditing TV broadcasters, and for publishing in the Official Gazette of the Republic of Slovenia;

- higher expenditure for the maintenance of RMMS (task ID 171) in the amount of €38,206. Resources for this project were first budgeted as regular maintenance costs in the total amount of €55,000, while after the event the major part of the cost was recorded as cost of office and general services, resulting in lower recorded cost of regular maintenance and higher recorded cost of office and general services (to the net effect of €2,728 less in total expenditure).
- higher expenditure for net neutrality (task ID 336) in the amount of €23,949. This task was planned already for 2017, however the Agency only signed the 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 2017, so the task was completed in 2018;
- higher spending for the maintenance of the Agency's website (activity ID 279) in the amount of €14,396. Resources for this project were first budgeted as investments in the amount of €85,136, while after the event the major part of the cost was correctly recorded as cost of contracting external experts, resulting in lower recorded investments and higher recorded cost on this task;
- higher spending for the implementation of the strategy of infrastructure development for critical communication of the Republic of Slovenia (task ID 484) in the amount of €13,616. The public tender closed at the end of 2017, and as a result, the task was postponed and completed in the first quarter of 2018.

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:

- €7,267 or 15.3% higher cost of special materials and services (ADP code = 874 and 874),
- €6,993 or 6.6% lower cost of energy, water, utilities and communications (ADP code = 874), and higher cost of renting and leasing in the amount of €8,828 or 16.6% (ADP code = 874). Operating rent cost was budgeted under the group of accounts 4612 in 2018, due to the complexity of invoices issued by the building manager, and recorded under the group of accounts 4616, with the net effect of €1,835 more in spending as the result of higher rents and energy cost;
- €8,899 or 26.9% lower cost of transport and services (ADP code SERVICE 874), primarily due to savings from the maintenance and repair of the vehicle fleet (fuel and lubricants, repair);
- lower cost of business trips in the amount of €154,811 or 44.3% below the plan (ADP code = 874), mostly because some of the events were not held, but also because fewer employees participated in organized events, meetings were held using videoconferencing technology, and the visits of foreign regulators were optimized, and savings were made in individual business trips. The net cost of business trips was reduced by the amount of reimbursed costs, which the Agency recorded under revenue, and which amounted to €38,187 in 2018;
- €49,308 or 10.3% lower cost of regular maintenance (ADP code = 874), primarily due to obtaining a better quote for the replacement of flooring, unspent funds for upgrading the komunikiraj.eu portal, which was funded as part of the website overhaul, and partly due to funds budgeted as regular maintenance, but recorded as the cost of office and

general services, and higher cost, initially budgeted for investment expenses;

- €99,648 or 26.4% 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 €580,675 or €505,800 more in depreciation and amortization cost than planned in 2018 (ADP code = 879), mostly because it recorded all depreciation and amortization cost in the Statement of Revenue and Expense.

4 OTHER DISCLOSURES

A1 Slovenija telekomunikacijske storitve d.d. (hereinafter A1 Slovenija d.d.) also bid for the frequency spectrum in the 800 MHz band in the public auction for assigning radio frequencies for the purpose of providing public communication services, which was announced in the Official Gazette of RS no 114/13 of 31 December 2013.

A1 Slovenija d.d. believes that the areas (white spots) and subsequently locations where it is obligated to provide a substitute for broadband connections were determined incorrectly, which caused the company damage.

A1 Slovenija d.d. filed a lawsuit against the Agency and the Republic of Slovenia, which the Agency received on 24 August 2018, demanding €3,309,051.21, plus statutory interest accruing from 24 May 2018, and the payment of cost of the proceedings plus the statutory interest.

The proceedings are still at their initial stage, so it is impossible to estimate potential liabilities. It is also impossible to predict which party is more likely to succeed. The Agency and the Republic of Slovenia are being sued jointly, which means that in the event of winning, A1 Slovenija d.d. may claim the awarded damages from either of the parties.

Ljubljana, 17 April 2019
Number: 4505-1/2018/21

Mag. Tanja Muha
Director



XVII AUDIT REPORT



POROČILO NEODVISNEGA REVIZORJA

Svetu

**AGENCIJA ZA KOMUNIKACIJSKA OMREŽJA IN STORITVE
REPUBLIKE SLOVENIJE**

Stegne 7
Ljubljana

Mnenje

Revidirali smo računovodske izkaze Agencije za komunikacijska omrežja in storitve Republike Slovenije, ki vključujejo bilanco stanja na dan 31. decembra 2018, izkaz prihodkov in odhodkov za tedaj končano leto ter povzetek bistvenih računovodskih usmeritev in druge pojasnjevalne informacije.

Po našem mnenju priložena računovodska izkaza v vseh pomembnih pogledih pošteno predstavljata finančni položaj Agencije za komunikacijska omrežja in storitve Republike Slovenije (v nadaljevanju Agencija) na dan 31. decembra 2018 ter razliko med prihodki in odhodki za tedaj končano leto v skladu z Zakonom o računovodstvu in z njim povezanimi podzakonskimi predpisi.

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 od agencije in, da smo izpolnili vse druge etične zahteve v skladu s temi zahtevami in Kodeksom IESBA.

Verjamemo, da so pridobljeni revizijski dokazi zadostni in ustrezni kot osnova za naše revizijsko mnenje.

Druga zadeva

Računovodske izkaze Agencije na dan 31. decembra 2017 je revidiral drug revizor, ki je dne 11. aprila 2018 izdal neprilagojeno mnenje.

Druge informacije

Za druge informacije je odgovorno poslovodstvo. Druge informacije obsegajo poslovno poročilo, ki je sestavni del letnega poročila Agencije, vendar ne vključujejo računovodskih izkazov in našega revizorjevega poročila o njih.

Naše mnenje o računovodskih izkazih se ne nanaša na druge informacije in o njih ne izražamo nobene oblike 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. Če na podlagi opravljenega dela zaključimo, da obstaja pomembno napačna navedba drugih informacij, moramo o takih okoliščinah poročati. V zvezi s tem ni nič takega, o čemer bi morali poročati.

Odgovornost poslovodstva in pristojnih za upravljanje za računovodske izkaze

Poslovodstvo je odgovorno za pripravo in pošteno predstavitev teh računovodskih izkazov v skladu z Zakonom o računovodstvu in z njim povezanimi podzakonskimi predpisi 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.

Poslovodstvo je pri pripravi računovodskih izkazov agencije odgovorno za oceno njene sposobnosti, da nadaljuje kot delujoče podjetje, razkritje zadev, povezanih z delujočim podjetjem in uporabo predpostavke delujočega podjetja kot podlago za računovodenja, razen če namerava poslovodstvo agencijo likvidirati ali zaustaviti poslovanje, ali če nima druge možnosti, kot da napravi eno ali drugo.

Svet Agencije je odgovoren za nadzor nad pripravo računovodskih izkazov in za potrditev revidiranega letnega poročila.

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 smatrajo za pomembne, če je upravičeno pričakovati, da posamič ali skupaj, vplivajo na gospodarske odločitve uporabnikov, sprejete na podlagi teh računovodskih izkazov.

Med izvajanjem revidiranja v skladu s pravili revidiranja uporabljamo strokovno presojo in ohranjamo poklicno 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 pridobivamo zadostne in ustrezne revizijske dokaze, ki zagotavljajo podlago za naše mnenje. Tveganje, da ne bomo odkrili napačne navedbe, ki izvira iz prevare, je višje od tistega, povezanega z napako, saj prevara lahko vključuje skrivne dogovore, ponarejanje, namerno opustitev, napačno razlago ali izogibanje notranjih kontrol;
- opravimo postopke preverjanja in razumevanja notranjih kontrol, pomembnih za revizijo z namenom oblikovanja revizijskih postopkov, ki so okoliščinam primerni, vendar ne z namenom izraziti mnenja o učinkovitosti notranjih kontrol družbe;
- presodimo ustreznost uporabljenih računovodskih usmeritev in sprejemljivost računovodskih ocen ter z njimi povezanih razkritij posloводства;
- na podlagi pridobljenih revizijskih dokazov o obstoju pomembne negotovosti glede dogodkov ali okoliščin, ki zbuja dvom v sposobnost organizacije, da nadaljuje kot delujoče podjetje, sprejmemo sklep o ustreznosti poslovodske uporabe predpostavke delujočega podjetja, kot podlage računovodenja. Če sprejmemo sklep o obstoju pomembne negotovosti, smo dolžni v revizorjevem poročilu opozoriti na ustrezna razkritja v računovodskih izkazih ali, če so taka razkritja neustrezna, prilagoditi mnenje. Revizorjevi sklepi temeljijo na revizijskih dokazih pridobljenih do datuma izdaje revizorjevega poročila. Vendar kasnejši dogodki ali okoliščine lahko povzročijo prenehanje organizacije kot delujočega podjetja;
- ovrednotimo splošno predstavitev, strukturo, vsebino računovodskih izkazov vključno z razkritji, in ali računovodski izkazi predstavljajo zadevne posle in dogodke na način, da je dosežena poštena predstavitev;
- pristojne za upravljanje med drugim obveščamo načrtovanem obsegu in času revidiranja in pomembnih revizijskih ugotovitvah vključno s pomanjkljivostmi notranjih kontrol, ki smo jih zaznali med našo revizijo.

Ljubljana, 12. junij 2019

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AUDITING
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Božidar Jurglič,
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