

ANNUAL REPORT 2016





ANNUAL REPORT **2016**



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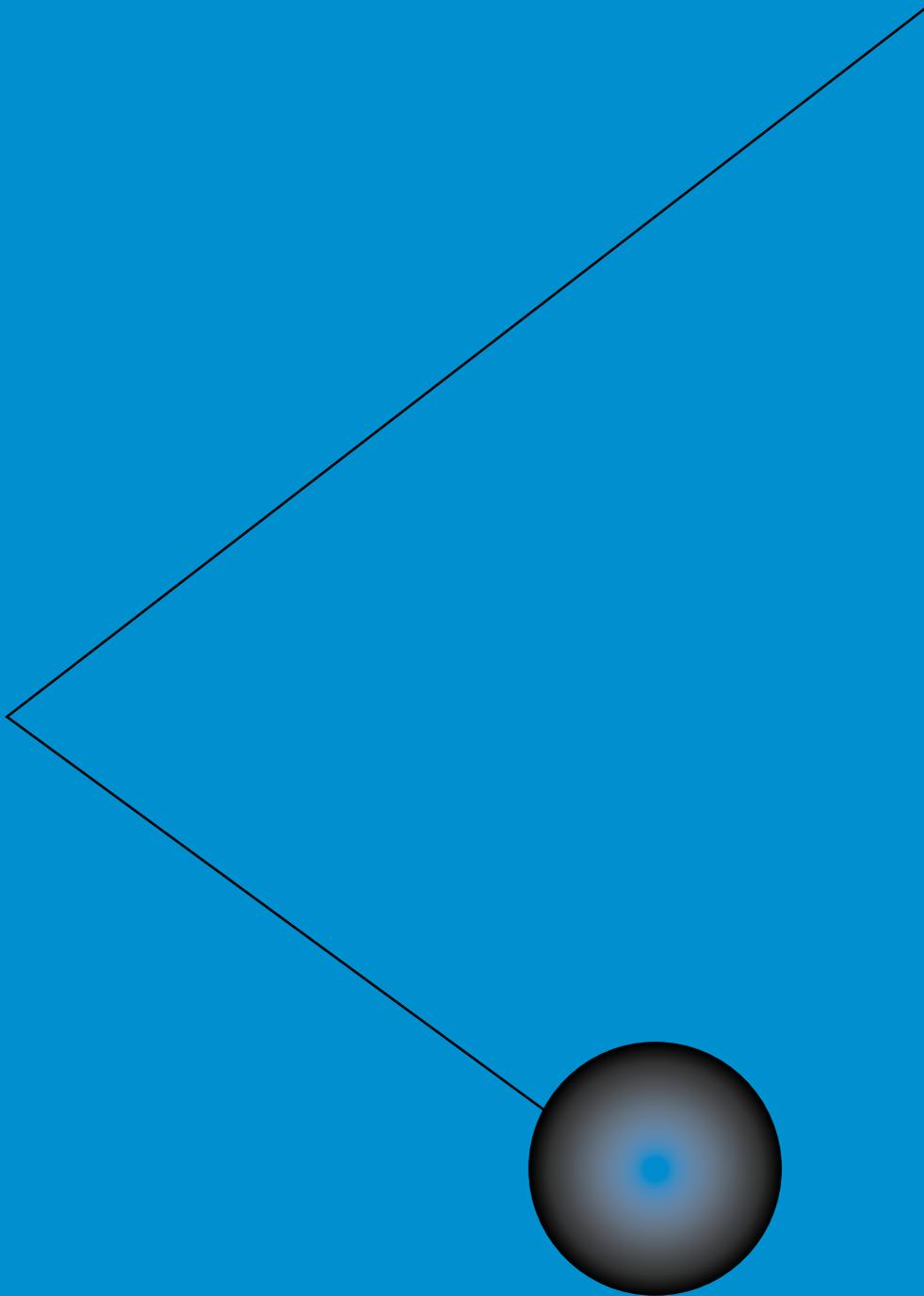


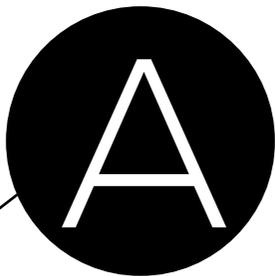
ABBREVIATIONS

The abbreviations used list Slovenian or English names and the meanings for those names that are original in one language and are often used untranslated (such as "AKOS" for the Communications Networks and Services Agency of the Republic of Slovenia).

Abbreviation	Slovenian name or meaning	English name or meaning ¹
AKOS	Communications Networks and Services Agency of the Republic of Slovenia	
AVMS	audiovisual media services	
BB	broadband	broadband
BEREC	The Body of European Regulators for Electronic Communications	The Body of European Regulators for Electronic Communications
BWA	Broadband Wireless Access	Broadband Wireless Access
CDMA-PAMR	Code Division Multiple Access – Public Access Mobile Radio	Division Multiple Access – Public Access Mobile Radio
CEF		Connectig Europe Facility
CEPT	European Conference of Postal and Telecommunications	European Conference of Postal and Telecommunications
EGP	European Economic Area (also: EEA)	European Economic Area (EEA)
EPRA	European Platform of regulatory authorities	European Platform of regulatory authorities
ERGA	European Regulators Group for Audiovisual Media Services	European Regulators Group for Audiovisual Media Services
ERGP	European Regulators Group for Postal Services	European Regulators Group for Postal Services
ETSI	European Telecommunications Standards Institute	European Telecommunications Standards Institute
EU	European Union	
FTTH	Fibre to the home	Fibre to the home
GJI	Economic public infrastructure	
HCM	Harmonised Calculation Method	Harmonised Calculation Method
HFC	Hybrid fiber-coaxial	Hybrid fiber-coaxial
INEA	Innovation and Networks Executive Agency	Innovation and Networks Executive Agency
IoT	Internet of things	Internet of things
ITU	International Telecommunications Union	International Telecommunications Union
JŽI	Public railway infrastructure	
LTE	Long term evolution	Long term evolution
MMS	Multimedia messaging service	Multimedia messaging service

Abbreviation	Slovenian name or meaning	English name or meaning¹
MMDS	Multipoint Multichannel Distribution System	Multipoint Multichannel Distribution System
M2M	Machine to machine communication	Machine to machine
NATO	North Atlantic Treaty Organization	North Atlantic Treaty Organization
NICAM	Netherlands Institute for the Classification of Audiovisual Media	Netherlands Institute for the Classification of Audiovisual Media
NURF	Frequency utilization plan	
ODRF	Decision on assigning radio frequencies	
OPT	Network connection point	
PDC	Post Directive Committee	
PDFN	Operational and Financial Plan	
PMR	Professional Mobile Radio	Professional Mobile Radio
P-P	Point to point	Point to point
PPDR	Public Protection and Disaster Relief	Public Protection and Disaster Relief
RF	Radio frequencies/radio frequency	
RS	The Republic of Slovenia:	
SMS	Short Message Service	Short Message Service
SIST	Slovenian Standardization Institute	
TETRAPOL	Standard for military and police requirements	Digital PMR technology
TRA-ECS	Terrestrial radio system for the provision of electronic communications services	Terrestrial Radio Applications Capable Of Providing Electronic Communications Services
TRG 3a	Wholesale local access at a fixed location (former market 4)	
TRG 3b	Wholesale central access at a fixed location for mass market products (former market 5)	
TRG 3	Call termination in individual public telephone networks provided at a fixed location (carrier market)	
TRG 4	Wholesale high-quality access at a fixed location (former market 6)	
TRG 5	Broadband access (carrier market)	
TRG 7	Call termination in individual public mobile networks (carrier market)	
TRG 18	Transmission of radio broadcast to end users (carrier market)	
VOIP	Voice over internet protocol	Voice over internet protocol
VOD	Video on demand	Video on demand
WRC	World Radio Conference	World Radio Conference





BUSINESS REPORT

I IN PLACE OF AN INTRODUCTION

At the end of the year we must take a look back at what we have achieved and evaluate it. The Annual Report of the Agency for Communication Networks and Services of the Republic of Slovenia for the year of 2016, which is comprised of reports on operations, accounting, and business, shows the Agency's results in priority and regular tasks, and also details the Agency's financial expenditures. It has been drafted in accordance with the Electronic Communications Act, the Decision Establishing the Agency for Communication Networks and Services of the Republic of Slovenia, the Articles of Association of the Agency for Communication Networks and Services of the Republic of Slovenia, and the Public Agencies Act.

The Agency and its employees strove this year to fulfill the set goals. We were more successful with some, and a bit less with others. However, the review of the whole report makes it clear that the majority of tasks were concluded in accordance with the set goals, and that there are really only a handful that the Agency did not manage to complete for various reasons. A part of the tasks already started will be concluded in the beginning of 2017.

One of the Agency's more significant achievements in 2016 was its analysis of relevant markets, which the Agency launched as a response to market conditions, even though they were not planned beforehand. These are not the only extra tasks exceeding the scope of the Agency's annual plan, but they are important for the electronic communications market. The market shows a growth of NGA connections and an expansion of their availability, which is certainly a positive trend, and in order for it to continue, the Agency must as soon as possible conclude its analyses of relevant markets for access to broadband networks

at the carrier level (3a, 3b, and 4), and establish appropriate regulation, adapted to the changed regulatory perspectives, while also carefully considering all the perspectives put forward by players on the market during the numerous consultations and workshops organized by the Agency in the scope of these activities.

In 2016 the Agency established the conditions for launching digital radio DAB+. After it issued decisions on assigning radio frequencies for digital radio (DAB+) based on a public tender, the first radio stations began broadcasting digitally in September 2016, using the national network, which covers major urban areas and the motorways. In 2016 the Agency assigned the rights to 9 radio stations based on a public tender, while 4 radio stations from RTV Slovenija received their rights to digital broadcasting based on legislation.

There was also progress in the struggle to resolve the reception of Slovenian stations along the border with Italy, with the Agency providing technical and legal support and collaborating in an inter-departmental group. In November 2016 Italy shut down television stations that were disrupting the reception of Slovenian television stations along the Italian border.

Another stand-out project was the Agency's activities in the scope of the procedure of changes to the Regulation on Roaming, as it held 3 consultations with operators, and prepared several written responses to the questions posed. The positive results of all the activities the Agency concluded with the goal of informing the public and providing them with support are showing in investments in the construction of telecommunication infrastructure with a noticeable increase in the number of announced construction projects and interest for shared construction, as well as in user conflict resolution, with the number of user complaints beginning to decline.

Throughout the year the Agency was very active in international cooperation. In telecommunications the Agency ranks among the top 7 most active member countries in the exchange of knowledge, best practices, and experience among European regulators. The Agency was the first in Europe to issue decisions related to internet neutrality, and collaborated in drafting BEREC's Guidelines for Internet Neutrality, which serve as a guideline to national regulators for the interpretation and implementation of the Decision, and also held an international workshop on this topic. The Agency actively participated in forming positions related to the proposal of the directives and regulations of the European Commission, which shall have a significant impact on the legislative changes in electronic communications. In electronic media the Agency hosted one of the ERGE working groups, responsible for establishing a digital tool for effective and flexible regulation to assist collaboration among regulators through ERGE, and it also took part in the working group working on revamping the Directive on Audiovisual Media Services. In postal services the Agency hosted and organized the technical scope of the work of the delegation of the Republic of Slovenia at the Universal Postal Union Congress and drafted proposals for positions regarding all the issues the Congress voted on. Before the Congress the Agency held several coordination meetings at the national level.

The Agency also completed the tasks it set out in railway transport service regulation, where significant changes

took place in 2016, as the so-called significant functions were transferred from the Public Agency of the Republic of Slovenia for Railway Transport to the administrator of the public railway infrastructure, the company SŽ-Infrastruktura, d.o.o.

In conclusion, the Agency in 2016 approached its legally defined tasks seriously, with some of them posing a significant challenge, and fulfilled the goals it set out for 2016. All in all the Agency was successful in doing this. There are certainly many open issues that still remain, there is also room for improvement, and the Agency is well aware of that, and soon both will become future tasks to attend to.



Tanja Muha,
Acting Director

II

SUMMARY: ACHIEVING KEY LONG-TERM OBJECTIVES

The achievement the Agency’s 5 strategic objectives- (1) encouraging competition and market development, (2) protecting the users and ensuring the 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 in the Agency Operational Plan for 2016, and which 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 thus lists key tasks and activities the Agency completed 2016, even though they were not planned for the year.

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

Objective A: Encouraging competition and market development				
Tasks/2016	Description (permanent activities or projects)	Status	Result	Comment
Regulation (analyses) of relevant markets for fixed broadband network access (markets 3a, 3b, and 4).	Analysis of relevant market 3a. Analysis of relevant market 3b. Analysis of relevant market 4.	○	■	The analyses of relevant markets are ongoing and will be published in the first half of 2017.
Regulation of relevant market 18.	The analysis of relevant market 18 based on the test of three measures and market deregulation.	○	■	Through a repeat analysis of this relevant market the Agency established based on its test of three measures that ex-ante regulation of this market is not justified, and has deregulated this market.
Preparing price models for the regulation of relevant markets.	The models of Economic Replicability Test (ERT) – the development of the tool for calculating economic replicability for the regulation of relevant markets 3a, 3b, and 4.	○	■	The design of the model is ongoing, and will be completed and published in the first half of 2017 alongside the analysis of relevant markets 3a, 3b, and 4.
Collaboration in amending the regulatory framework for telecommunications at the EU level.	Active collaboration in drafting material for a contribution to a revision of the regulatory framework of the Body of European Regulators of Electronic Communications (BEREC).	○	■	This is a permanent task, and is going according to plans.
Monitoring the quality of services in the context of network neutrality.	Setting up and upgrading the AKOS Test Net.	○	■	Setting up the platform and rolling it out it. Drafting recommendations for upgrades and expansions. A public order was completed for maintenance and upgrades. The selection process has not yet concluded.

Ensuring transparency of electronic media publishers.	Completing the activities for registering unregistered providers of non-linear AVMS.	○ ■	An analysis of over 100 potential on demand audiovisual media services in Slovenia. Inspection procedures of providers who meet the criteria for being entered into the record of AVM services will be launched in 2017.
	Adoption of the General act on thematic television channels (harmonization with the amended ZAvMS).	○ ■	The General act on thematic television channels was adopted on the basis of ZAvMS and within the legal deadline.
Analysis of the condition of the radio and television market and the possibilities for development.	The analysis of the radio market with segmentation and mapping.	○ ■	The analysis of economic potential of the radio market was underway in 2016, but has not been completed yet. In collaboration with an external contractor a questionnaire was designed for the respondents in the study. The analysis will be completed in the 1 st quarter of 2017.
Supervising the conditions and prices for accessing the postal network.	Control over the legality of the model of the division of costs for access to the databases of addresses and the databases of users of post boxes to monitor whether they adhere to the obligation of ensuring a cost-based price of access to each individual database.	○ ■	The supervision procedure has been legally concluded.
Regulation of separate accounting and the universal postal service.	Preparing a WACC calculation.	○ ■	WACC calculation was successfully completed and has come into effect.
	Calculating the net cost of the universal service provider.	○ ■	The calculation of the net cost was dismissed and delayed to 2017.
	Analysis of the efficiency of the universal service provider in connection with the network and the prices of the universal postal service.	○ ■	The analysis of the efficiency of the universal service provider in connection with the network and the prices of the universal postal service was suspended and moved to 2017.
	Preparation for participation at the Universal Postal Union Congress.	○ ■	The Agency hosted and organized the technical scope of the work of the delegation of the Republic of Slovenia at the Universal Postal Union Congress.
Monitoring the allocation of infrastructure capacities and charging usage fees for using public railway infrastructure (PRI).	Regular monitoring of train path assignments. Verifying that usage fee is charged correctly.	○ ■	This is a permanent task, and is going according to plans.
	Verifying cost-based usage fee calculation.	○ ■	The project was not completed in 2016, because the administrator JŽI did not change the methodology when accepting the task of charging the usage fee. The estimated start of his projects is in the second half of 2017.
Monitoring rail traffic effectiveness and quality, and reducing interruptions therein.	Monitoring the effectiveness of the regime.	○ ■	This is a permanent task, and is going according to plans.

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

Objective B: Protecting users and ensuring the provision of the universal service				
Tasks/2016	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.	○	■	This is a permanent task, and is going according to plans.
Informing and increasing end user's awareness	Operation of the call center, explanations to end users, publishing documents and informing users through the Agency's website, preparation of brochures with tips and explanations, and the upgrade of the www.komuniciraj.eu portal.	○	■	This is a permanent task, and is going according to plans.
Encouraging service providers to form a responsible position towards users.	Consultations with operators (publishers) and consumer organizations.	○	■	This is a permanent task, and is going according to plans. Based on the consultations the Agency issued in 2016 a Recommendation regarding greater transparency of the publication of administrative costs.
Analysis and determining the speeds and providers for broadband access as universal service.	Analysis and tender for the universal service of broadband access.	○	■	Based on analyses and comments from the public the Agency published a public tender for determining the service provider. In December the Agency issued its decision and appointed the provider of the universal service.
Protection of viewers and listeners (public interest of users of AV media services and radio programs).	Supervision of the shares of audiovisual works.	○	■	The collected reports from publishers of TV programs on achieved shares of AV works for 2015 and the launch of supervisory procedures for publishers who failed to submit the reports or achieve the required shares.
	Monitoring the protection of minors and adhering to the rules on commercial messages in audiovisual media services.	○	■	Conducted several analyses of the scope of television advertising on TV channels registered abroad that target Slovenian audiences with Slovenian advertisements and subtitles.
	Supervision of programming obligations for conducting radio activities.	○	■	Administrative decisions were issued to publishers of radio channels to remedy the irregularities in conducting radio activities.

Protecting children from potentially harmful audiovisual content (unification of the system of classification and labeling of AV content and a promotion of a responsible approach to young audiences).	The implementation of the Gledoskop system for the classification and labeling audiovisual content and a signature of the agreement on cooperation with TV publishers and VOD providers.	○	■	The implementation of the Gledoskop system for the classification and labeling of content harmful for children and minors has been established, and now the Agency is entering the appropriate classifications. Official agreement on cooperation with publishers has yet to be signed.
	Setting up the website for promoting active and responsible use of the AVMS.	○	■	The Gledoskop.si website for encouraging active and responsible use of AVMS has been established, and the appropriate content is currently being entered.
Monitoring letter mail delivery times.	Monitoring methodology and the results of the measurements of the quality of letter mail (letters/parcels) delivery times.	○	■	The evaluation of the measurement results of the delivery quality for 2015 was completed.
Care for the interest of the users in the transformation of the postal network.	Proposed amendments to the General act on the quality of providing universal postal service.	○	■	Proposed amendments to the General act on the quality of providing universal postal service was published on the Agency's website in December 2016. The deadline for submitting comments, proposals or amendments is in the beginning of 2017.
	Ensuring a sufficient number of contact points and sufficiently long business hours.	○	■	The Agency has issued numerous approvals to proposed transformations of post offices into contract post offices as well as to proposals for closing down post offices.
The price and quality studies on postal services, and an analysis of the postal services market for 2015.	Comparative analyses of prices and delivery times of postal service providers.	○	■	All of the surveys and analyses were successfully completed in full.
	A survey on user satisfaction with contract post offices.	○	■	
	A survey on user satisfaction with postal services.	○	■	
	Analyses of the postal services market in the Republic of Slovenia for 2015.	○	■	

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

Objective C: ensuring the efficient utilization of a limited natural resource				
Tasks/2016	Description (permanent activities or projects)	Status	Result	Comment
Tenders for radio frequencies for mobile communication services.	The completion of the preparation for the public tender for radio frequencies for mobile communication services.	○	■	Drafting background papers for the options of assigning the 700 MHz, 1400 MHz, 2300 MHz, 3500 MHz, and 3700 MHz bands was stopped because of the Ministry's strategic focus.
	Awarding frequencies through a public tender in the 3500 MHz, 3700 MHz, 10 GHz, and 12 GHz bands for local use.	○	■	The draft information memorandums were published, and interest was expressed.
	The final report on monitoring the fulfillment of obligations, as defined in the decisions for awarding radio frequencies for the provision of public communication services in the 800 MHz, 900 MHz, 1800 MHz, 1800 MHz, 2100 MHz, and 2600 MHz frequency bands.	○	■	This is a 3-year task of the Agency, and it is going according to plans. The Agency verified the operator's obligations 2 years after they were awarded the decisions. The final report will be in accordance with the rules of assigning the frequencies, to be written in 2017.
Tenders for radio frequencies for audio broadcasting.	Public tender for FM frequencies – local.	○	■	Because of a competence dispute with the Broadcasting Council the Agency was not able to publish a public tender. The discussions were restarted at the end of 2016.
	Public tender for FM frequencies – specialized.	○	■	This is planned as a second step (after completing the tender for local radio stations), and has not yet started because the first tender is blocked.
	Public tender for FM frequencies – general.	○	■	This is planned as a third step (after completing the tender for specialized radio stations), and has not yet started because the first tender is blocked.
	Monitoring the construction of the T-DAB+ network.	○	■	The network, built according to the specifications from the public tender and the issued decision on assigning radio frequencies.

Assigning the right of radio and television providers' access to a digital platform.	Public tenders for digital rights to transmit television channels.	<ul style="list-style-type: none"> ○ ■ Several public tenders for awarding digital rights for television broadcasting were held, with 1 public tender still ongoing and expected to continue until the end of April 2017.
	Public tenders and awarding digital rights to the public radio and television for radio broadcasting.	<ul style="list-style-type: none"> ○ ■ The public tender for awarding the rights to commercial radio stations was completed, and the rights were also awarded to RTV Slovenija's stations without a tender, according to the RTV Slovenija Act.
Analysis of assigning radio frequencies and a proposal for optimization.	An analysis of the efficient use and shared use of radio frequency spectrum.	<ul style="list-style-type: none"> ○ ■ Monitoring all the changes in the radio frequency spectrum because of increased needs for frequencies for public mobile services.
	Optimization of assigning radio frequencies in the 400 MHz bands.	<ul style="list-style-type: none"> ○ ■ The Agency has prepared an analysis of the utilization of the bands and established records.
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.	<ul style="list-style-type: none"> ○ ■ In November 2016 significant progress was made, as Italy shut down television stations that were disrupting the reception of Slovenian television stations alongside the Italian border. There is still no progress in the FM spectrum.
	Collaboration in the inter-departmental working group.	<ul style="list-style-type: none"> ○ ■ This is a permanent task of the Agency, conducted according to the needs of the country. Informing relevant ministries and providing technical and legal support to Slovenian holders of radio frequency decisions who are in legal proceedings.

Monitoring the provision of public communication services.	A revamp of the system for collecting notifications on network disruptions and outages.	○ ■	Because of process rationalization the project was merged with the project to renovate and automate data collection for obligatory reporting.
	Protecting the rights of end users (general terms and conditions, subscription agreements, transparency, and information publication, the quality of service).	○ ■	This is a permanent task of the Agency, conducted every year, all year long. In 2016 special focus was put on the transparency of the General Terms and Conditions and this remains a priority also in 2017 with the implementation of the new European Regulations on internet neutrality.
	Monitoring illegal recording and storage of communication.	○ ■	Permanent task of the Agency – in 2016 the Agency focused on electronic communications operators.
	Ensuring network security and integrity, and interrupted service provision.	○ ■	Permanent task of the Agency – in 2016 the Agency completed the monitoring of the System for managing information protection and the System for managing uninterrupted operators with 5 operators.
Monitoring the quality of service of fixed and mobile broadband networks.	The construction of a measurement point for fixed networks and equipping it with measurement instruments.	○ ■	The infrastructure from various operators has already been delivered to the measurement point, and various services have also been ordered. In 2017 the Agency will study the quality of service of individual providers. The new measurement instruments will also be used for conducting measurement according to RFC standards.
Unification of regulation and use of numbering resources in the implementation of new services.	Implementation and adjustments of the internationally adopted regulation rules of using numbering resources.	○ ■	This is a permanent task, and is going according to plans.

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

Objective D: optimizing investments in infrastructure				
Tasks/2016	Description (permanent activities or projects)	Status	Result	Comment
Establishing the databases for monitoring the construction of public utility infrastructure for the requirements of the construction of TC infrastructure.	Establishing a single database of spatial data on telecommunication infrastructure is essential for producing background papers for effective investments in the NGA networks, and for regulating the relevant markets of broadband access and BB USO.	○	■	The Agency has established the database for spatial data and is updating it regularly.

<p>Preparing background papers for efficient investments in the NGA network in the Republic of Slovenia.</p>	<p>Preparing background papers for the construction of NGA to assist competent bodies in drafting the plan of development of next generation broadband networks until 2020.</p>	<p>○ ■ The Agency has presented an econometric model, which shows the costs of constructing broadband networks in the RS.</p>
<p>Designing a system for monitoring the construction, renovation, logging and shared use of public communication infrastructure.</p>	<p>Establishing the system and its maintenance.</p>	<p>○ ■ Improvements to the existing system are underway, along with connecting its data on NGA networks.</p>
<p>Establishing coordination and supervision of investment projects.</p>	<p>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.</p>	<p>○ ■ This is a permanent task, and is going according to plans. In comparison to 2015 the Agency is recording double the growth in the number of notifications and a 10-fold increase in the number of applications to joint constructions. It has completed several supervisions of notifications for construction and reviews a large number of easement agreements.</p>
<p>A technical analysis and the general act on technical details of access and distribution points.</p>	<p>Preparing a technical study, a review of international practices, a study of the harmonization between ZEKom-1, and the Directive on measures to reduce the cost of deploying broadband networks. Adopting the General act on technical details of access and distribution points and operative instructions for investors and engineers for unifying and simplifying projecting joint constructions.</p>	<p>○ ■ Because of other priority project the Agency only began work on the modernization at the end of 2016, and will continue working into the next year.</p>
<p>The implementation of the Directive EU/61/2014 into ZEKom-1 for providing savings in the construction of broadband networks.</p>	<p>Collaboration in the process of transposing the Directive EU/61/2014 on lowering the costs of the construction of electronic communication networks.</p>	<p>○ ■ The analysis of the effects was presented to the relevant ministries (MOP, MJU, MZŠ, MI), and later also the stakeholders as part of the public presentation of the models and analyses of the development of NGA networks in Slovenia.</p>
<p>Informing the stakeholders of new obligations.</p>	<p>Informing local communities and infrastructure operators of their obligations in joint constructions and shared use of a public utility infrastructure for the needs of constructing broadband networks.</p>	<p>○ ■ Completing a cycle of workshops and meetings across Slovenia. Compared to 2015 attendance was 50% higher, with a significant growth of notifications of construction and applications for shared construction.</p>

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

Objective E: Increasing efficiency and reducing regulatory burdens				
Tasks/2016	Description (permanent activities or projects)	Status	Result	Comment
Renovation and automation of data collection for obligatory reporting.	Modernization of the system for collecting telecommunications data.	○	■	Because of other priority project the Agency only began work on the modernization at the end of 2016, and will continue working into the next year.
Automation of simple (non-demanding procedures and processes, including the automation of the mail room).	Optimization of the procedure for assigning radio frequencies and issuing decisions on the fee for using radio frequencies by creating an online portal for submitting an application through the eVloge online app.	○	■	The project of making it possible to submit the electronic application through an online app was not completed because of the lack of human resources in the IT department.
Establishing a single record of violations and a system of enforcement.	Establishing a single record of violations and a system of enforcement.	○	■	By establishing a single record of violations the Agency fulfilled its legal duties. This also made it possible for the Agency, as a minor offence body to manage the offence procedure more effectively.
Improving informational support for work processes and customer communication.	Maintenance of ICT and user support, developing business IT solutions.	○	■	This is a permanent task, but due to a lack of human resources its performance is sub-optimum. In the scope of this task the Agency maintains and upgrades the ICT equipment, but cannot provide further development, for example of e-business.
Response and use of methods for swift communication with customers.	Legally permissible communication methods with customers in procedures with the Agency.	○	■	This is a permanent task, and is going according to plans. In the scope of conflict resolution for end users and inter-operator disputes with customers communicates in a swift and economically effective manner in accordance with the provisions of the General act on mediation.

Legend:

Status	Result
○ Realized	■ According to plan
○ Unrealized	■ Partly according to plan
○ Stopped	■ Not to plan
○ Canceled	

TABLE 6: ADDITIONAL TASKS THAT WERE NOT PLANNED IN THE 2016 ACTION PLAN AND FINANCIAL PLAN

Objective E: Increasing efficiency and reducing regulatory burdens				
Tasks/2016	Description (permanent activities or projects)	Status	Result	Comment
Amendment to the measure on relevant market 5	Issuing a regulatory decision to an operator with significant market power based on an analysis with proposals for partially amending the measures.	○	■	After establishing that the market conditions have significantly changed, the Agency had to partially amend the exiting regulatory obligations with the goal of blocking market anomalies.
Amendment to the measure on relevant market 3.	Issuing regulatory decisions to operators with significant market power based on an analysis with proposals for partially amending the measures.	○	■	After establishing that the market conditions have significantly changed, the Agency had to partially amend the exiting regulatory obligations with the goal of blocking market anomalies.
Amendment to the measure on relevant market 7.	Issuing regulatory decisions to operators with significant market power based on an analysis with proposals for partially amending the measures.	○	■	After establishing the market conditions have significantly changed, the Agency had to partially amend the exiting regulatory obligations with the goal of blocking market anomalies.
Adopting the General act on collecting, using and sharing data on the development of the electronic communications market.	Publication of a new draft General act, public discussion of the General act, and preparing the responses to the stakeholders' comments.	○	■	With the aim of additionally resolving the field, the Agency prepared a General act on collecting, using and sharing data on the development of the electronic communications market that has already come into effect.
Tenders for radio frequencies for mobile communication services.	Awarding previously unassigned frequencies in the 1800 MHz and 2100 MHz bands.	○	■	The Agency concluded the public tender in accordance with the Ministry's strategic guidelines.
Preparing the draft for the amended Directive on the allocation of frequency bands.	Based on WRC'15's closing papers the Agency prepared amended directive.	○	■	The Agency prepared the amended Directive to harmonize with the closing papers of WRC'15, and the Directive came into effect in January 2017.
Convergence of public mobile and radio broadcasting services in the UHF band, and a switch from DTT to LTE, 5G.	Preparation of the 5G initiative for testing frequencies for 5G technology.	○	■	The Agency published a call to all interested parties for submitting projects.
Chairing a subgroup in the scope of ERGE.	Chairing the ERGE working group for establishing a digital tool for effective and flexible regulation to assist collaboration among regulators through ERGE. Designing a digital toolkit for effective and flexible regulation.	○	■	The ERGE subgroup was responsible for preparing the repository of regulators categorizing documents for collection, preparing instructions for uploading the documents to the website and administrating the final database. It also prepared a report to which the Agency contributed a detailed list and analysis of available documents and key emphases for improving the digital toolkit.

1 OCCURRENCE OF POTENTIAL UNACCEPTABLE OR UNEXPECTED CONSEQUENCES AND THE ESTIMATE OF 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 2016. As a result of responding to market conditions and the strategic guidelines of the ministries the Agency also conducted some additional tasks that were not part of the 2016 Operational and Financial Plan. Implementation of the Agency's Financial Plan is detailed in chapter XIV Implementation of the Financial Plan. The Plan was completed at 78.4 %. The Agency estimates that there were no unexpected or unacceptable consequences resulting from its operations.

III AKOS IN BRIEF

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

The Agency is competent for implementing public policy, gathering information on relevant markets, supervision, issuing sanctions, and resolving disputes in said areas. The acts it issues are final and may be challenged only before a court. It is financed through fees paid by providers, holders of licenses for frequencies and the numbering space, providers of postal and railway services, and providers of TV and VOD services. Transparency in the Agency's operations is ensured through collaboration with the public (carriers and service providers, end users, the general public, and NGOs), the Electronic Communications Council, the Broadcasting Council, state bodies, and courts. Depending on its field of work, the Agency has 4 line ministries: Ministry of Public Administration, Ministry of Culture, Ministry of Infrastructure, and Ministry of Economic Development and Technology.

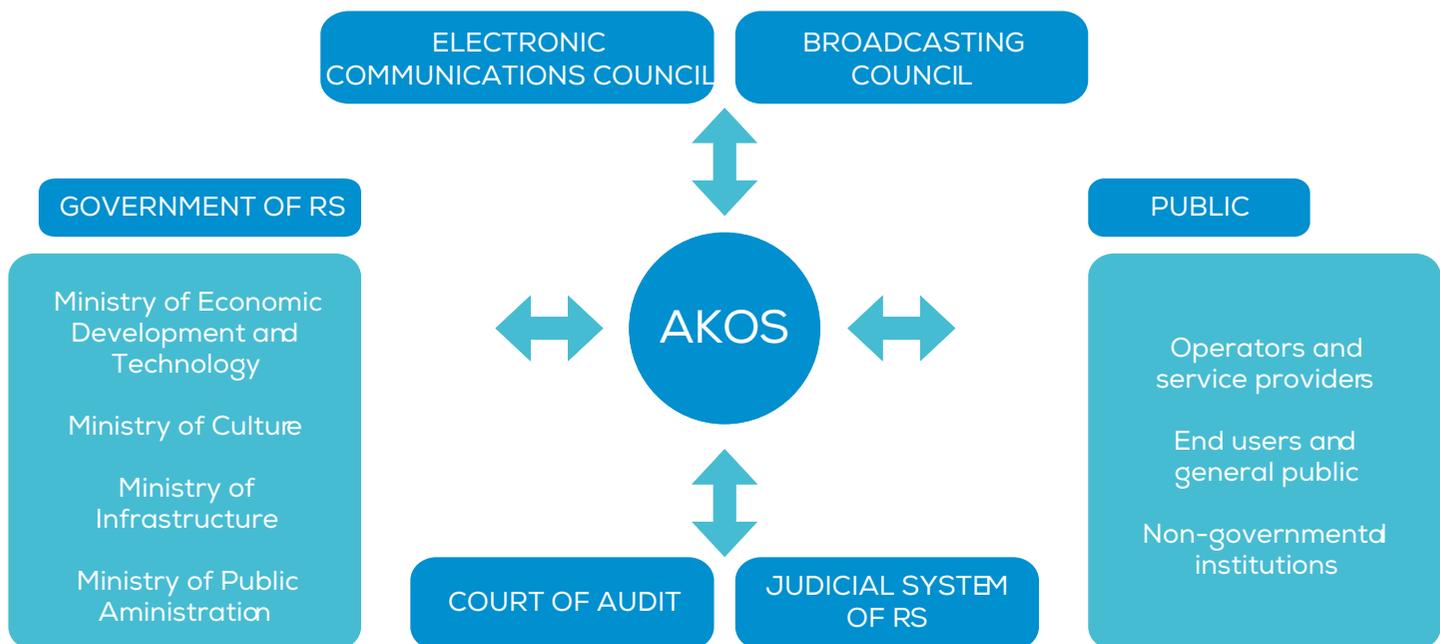


FIGURE 1: THE INSTITUTIONAL ENVIRONMENT OF THE AGENCY FOR COMMUNICATION NETWORKS AND SERVICES OF THE REPUBLIC OF SLOVENIA

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

the radio frequency spectrum and numbering space, as well as the just and equitable access to public railway infrastructure. It is also committed to ensuring equal conditions for all radio and television publishers, as well as providers of other audiovisual content, along with ensuring the operation of electronic communications and the use of the radio frequency spectrum for providing services in times of extraordinary circumstances.

In its work the Agency strives to pursue the objective of protecting national interests and the interests of service users. The Agency's objectives also include encouraging the development and introduction of new services and technologies for a higher quality of living, and the development of the economy by ensuring suitable conditions for new investments, and the development and improvement of radio and television programs, and their availability to the public on any device capable of receiving them. The Agency undertakes to improve the system of administration with the goal of performing its tasks successfully, effectively, and in accordance with valid legislation.

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

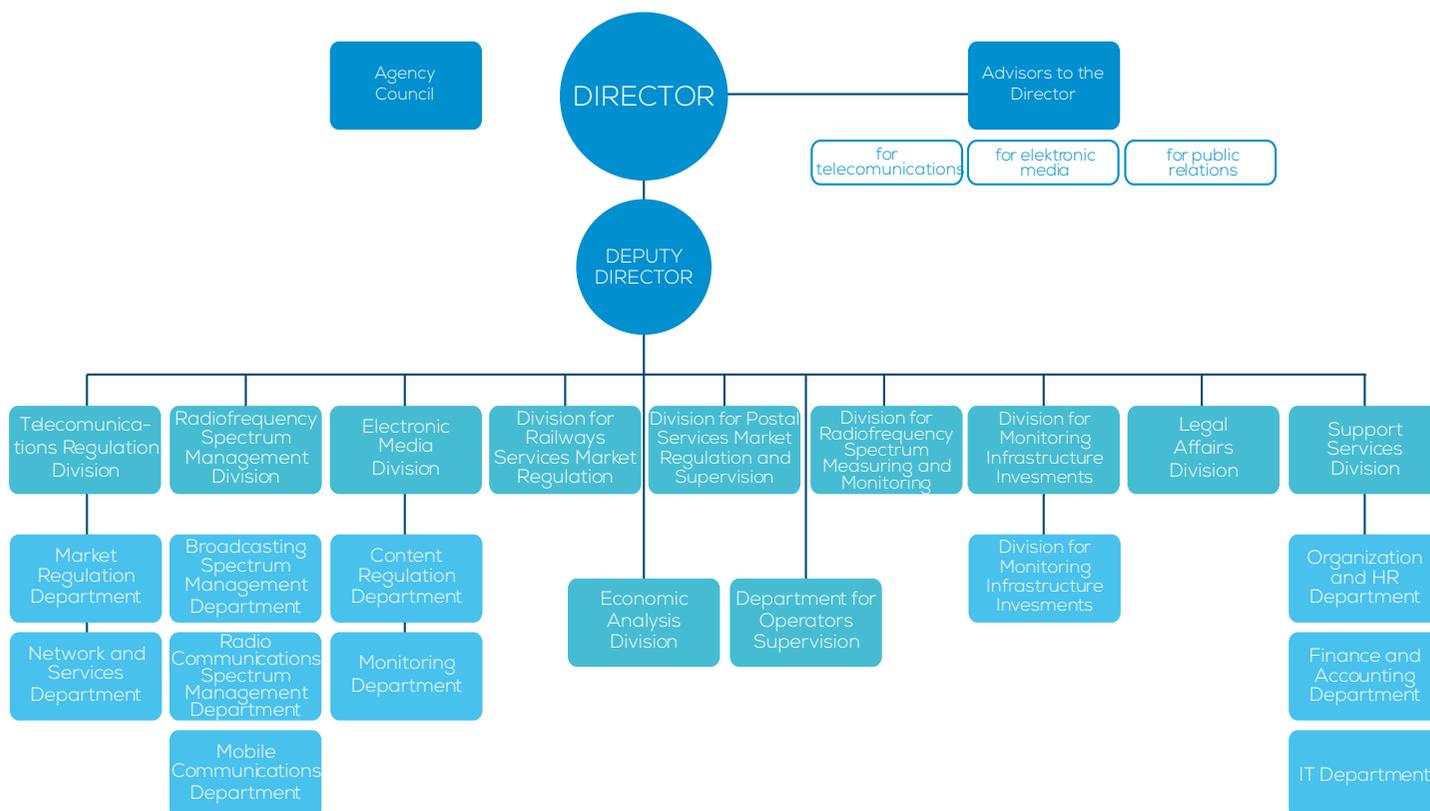


FIGURE 2: THE ORGANIZATION OF THE AGENCY FOR COMMUNICATION NETWORKS AND SERVICES OF THE REPUBLIC OF SLOVENIA

IV MARKETS IN NUMBERS



FIXED TELEPHONE SERVICES

Penetration (% of households):



VoIP market shares (%):



Voice minutes (per user):



Ported numbers (in 1000):



MOBILE TELEPHONE SERVICES

Penetration (% of households):



Voice minutes (per user):



Text messages (per user):



Mobile BB penetration (% of population):



BB traffic (GB per user):



Ported numbers (in 1000):



BROADBAND INTERNET

Penetration (% of households):



Penetration of NGA connectio (% of households):



FTTH market share (%):



SERVICE KONVERGENCE

Penetration of service bundles (% of households):



FIGURE 3: TRENDS IN MARKETS WITHIN THE AGENCY'S COMPETENCIES IN THE PERIOD OF 2013-2016



TELEVISION

Pay TV penetration (% of households):



IP TV market shares (%):



No. of TV channels:



No. of TV broadcasters:



No. of digital licenses:



No. of broadcasters with a digital license:



RADIO

No. of radio stations:



No. of radio broadcasters:



No. of radio stations in networks:



RAILWAYS

Volume of transported cargo – international traffic (in mill)



Volume of transported cargo – domestic traffic (in million)



POST

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



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



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



Explanation:

- Figures are shown on an annual basis:
- In calculating the penetration of individual services we used data from the Statistical Office of the Republic of Slovenia, specifically taking the number of residences from the census and the EU-SILC study (up to Q4 of 2015), and the number of residents from officially published data for individual periods.
- For fixed telephone services the data pertains to the average amount of calls made by residential users in fixed networks.
- For 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 fixed or mobile phone numbers to providers in the observed period, whereby all transactions have been taken into consideration (to different providers and back to the original provider).
- Due to subsequent amendments providers made to the data there is the possibility that there could be some deviation from published figures.
- For the number of television or radio programs data are based on the number of holders of licenses (publishers) for conducting television or radio activities.

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 decisions), ministries (rules), or the Agency itself (general acts, recommendations) adopts. Because Slovenia is part of the European legal order, sectoral Acts are based on EU directives that have been transposed into Slovenian legal order. In its work the Agency takes into consideration 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) unofficial consolidated text of ZEKom-1.

Postal Services:

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

Electronic Media:

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

77/10 – ZSFCJA, 90/10 – Constitutional Court decision, 87/11 – ZAvMS, 47/12 in 47/15 – ZZSDT) – unofficial consolidated text ZMed;

- The Act on Audiovisual Media Services (Official Gazette of the RS, no. 87/11 and 84/15) – unofficial consolidated text ZAvMS.

Railways:

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

Radio Spectrum:

- Digital Broadcasting Act (Official Gazette of the Republic of Slovenia, no. 102/2007, 85/2010, 47/2012 and 109/2012-ZEKom-1) – unofficial consolidated text ZDRad;
- Radiotelevizija Slovenija Act (Official Gazette of the RS, no. 96/05, 109/05 – ZDavP-1B, 105/06 – Constitutional Court decision, 26/09 – ZIPRS0809-B and 9/14) – unofficial consolidated text ZRTVS-1;
- Act Ratifying the European Transfrontier Television Convention and the Protocol amending the European Transfrontier Television Convention (Official Gazette of the Republic of Slovenia, no. 18/1999)
- Act Ratifying the Regional Agreement Relating to the Use of the Band 87.5-108 MHz for FM Sound Broadcasting (Region 1 and Part of Region 3) /MOSUPZR/ (Official Gazette of the Republic of Slovenia, no. 5/1997);
- Regional Agreement for the European Broadcasting Area concerning the use of frequencies by the broadcasting service in the VHF and UHF bands, signed in Stockholm 23 June 1961 (Official Gazette of the RS, no. 64/1993);
- Act Ratifying the Chester 1997 Multilateral Coordination Agreement relating to Technical Criteria, Coordination Principles and Procedures for the introduction of Terrestrial Digital Video Broadcasting (DVB-T) (Official Gazette of the Republic of Slovenia, no. 71/2005), International Treaties (Official Gazette of the Republic of Slovenia, no. 12/2005)

Other important acts:

- General Administrative Procedure Act (Official Gazette of the Republic of Slovenia, no. 24/06, 105/06-ZUS-1, 126/07, 65/08, 47/09 Constitutional Court decision: U-I-54/06-32 (48/09 amended), 8/10 in 82/13) - unofficial consolidated text ZUP;
- Inspection Act (Official Gazette of the RS 43/07-UPB1, 40/14) - unofficial consolidated text ZIN;
- Minor Offences Act (Official Gazette of the Republic of Slovenia, no. 29/11-UPB8, 21/13, 111/13, 74/14 – Constitutional Court decision in 92/14 – Constitutional Court decision) - unofficial consolidated text ZP-1;
- Administrative Dispute Act (Official Gazette of the Republic of Slovenia, no. 105/2006, 26/2007 Constitutional Court decision: OG-69/07-9, 122/2007 Constitutional Court decision: OG-264/05-23, OG-181/07, Up-2126/07-10, 65/2008 Constitutional Court decision: OG-98/07-27, 119/2008 Constitutional Court decision: OG-69/07-36, 54/2009 Constitutional Court decision: Up-1782/08-16, OG-166/08-8, 107/2009 Constitutional Court decision: OG-147/08-16, Up-1547/08-17, 14/2010 Constitutional Court decision: OG-303/08-9, 62/2010, 14/2011 Constitutional Court decision: OG-55/09-8, Up-257/09-10, 93/2011 Constitutional Court decision: OG-16/10-10, Up-103/10-12, 98/2011 Constitutional Court decision: OG-181/09-15, Up-860/09-14, Up-222/10-14, 109/2012) - unofficial consolidated text ZUS-1;
- Public Information Access Act (Official Gazette of the Republic of Slovenia, no. 51/06 – official consolidated text, 117/06 – ZDavP-2, 23/14, 50/14 and 19/15 – Constitutional Court decision) - unofficial consolidated text ZDIJZ;
- Information Commissioner Act (Official Gazette of the Republic of Slovenia, no. 113/2005, 51/2007-ZUstS-A, 14/2010 Constitutional Court decision: U-I-303/08-9) - unofficial consolidated text ZInfP;
- Public Agencies Act (Official Gazette of the Republic of Slovenia, no. 52/2002, 51/2004-EZ-A, 33/2011-ZEKom-C) - unofficial consolidated text ZJA;
- State Administration Act (Official Gazette of the Republic of Slovenia, no. 113/2005-UPB4, 126/2007-ZUP-E, 48/2009,

- 8/2010-ZUP-G, 8/2012-ZVRS-F and 21/2012, 17/2013 Constitutional Court decision: U-I-42/12-15, 21/2013-ZVRS-G, 47/2013) - unofficial consolidated text ZDU-1;
- Civil Servants Act (Official Gazette of the Republic of Slovenia, no. 63/2007-UPB3, 65/2008, 69/2008-ZTFI-A, 69/2008-ZZavar-E, 74/2009 Constitutional Court decision: U-I-136/07-13, 40/2012-ZUJF) - unofficial consolidated text ZJU;
 - Protection of Documents and Archives and Archival Institutions Act (Official Gazette of the Republic of Slovenia, no. 30/06 and 51/14);
 - Public Procurement Act (Official Gazette of the Republic of Slovenia, no. 12/13 – official consolidated text, 19/14 and 90/14 – ZDU-1I) - unofficial consolidated text ZJN-2;
 - Integrity and Prevention of Corruption Act (Official Gazette of the Republic of Slovenia, no. 69/2011-UPB2, 81/2013 Constitutional Court decision: U-I-81/11-12).
 - Public Finance Act (Official Gazette of RS 11/11 – official consolidated text 4, 14/13 – amendments, and 101/13).

VI MANAGING A LIMITED NATURAL RESOURCE

In order to ensure the efficient use of the radio frequency spectrum the Agency prepared in 2016, after attending the World Radio Conference WRC-15, and in accordance with the closing papers, which sum up the changes to the Radio Regulations (ITU RR) draft in accordance to the changes in the allocation table a proposal for amendments to the Decision on the plan of allocating radio frequency bands (hereinafter: URRS), and then appropriately amend the General act on the radio frequency utilization plan (NURF).

In the scope of regular tasks in 2016 the Agency prepared the General act on changes and amendments to the General act on the radio frequency utilization plan. It introduced the option of paying for the decisions for fees for using radio frequencies in two installments and a lower price for P-P connections for state-related use and for the infrastructure of national importance in the 5925–6425 MHz band; it managed the administrative procedures for issuing decisions on the assignment of radio frequencies for radio and television stations, fixed connections, satellite connections, radio stations on airplanes, radio stations on ships, private and public mobile communications; it issued amateur radio licenses (assigning call signs); and it took part in international coordination for the use of radio frequencies, which includes the preparation of multilateral and bilateral agreements. It also actively participated in supporting mobile operators in concluding carrier agreements with Austria and Italy.

The Agency ensured the efficient utilization of numbering elements through keeping official records on the provision of electronic communications networks and services and administering 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
- Digital Broadcasting Act
- Radiotelevizija Slovenija Act
- The Act on the Ratification of the Document on Changes and Amendments to the Constitution of the International Telecommunications Union and the Document on the Changes and Amendments to the Convention of the International Telecommunications Union (MDUMTZ);
- Act Ratifying the European Transfrontier Television Convention and the Protocol amending the European Transfrontier Television Convention
- Act Ratifying the Regional Agreement Relating to the Use of the Band 87.5-108 MHz for FM Sound Broadcasting (Region 1 and Part of Region 3) /MOSUPZR/;
- 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.

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

1.2 ANNUAL OBJECTIVES

The Agency's main objectives for the year 2016 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, in which scope the Agency will hold radio frequency tenders for mobile communication services and radio frequencies tenders for audio radio broadcasting, and it will conduct an analysis of assigning radio frequencies along with proposals for optimization and international co-operation.

With regard to ensuring the efficient use of radio spectrum, which is one of the Agency's permanent objectives, the Agency in 2016 updated and amended the radio frequency utilization plan,² retained the so-called summary decisions for calculating fees on the use of radio frequencies, with which it issued only 1 decision on calculating fees for the same type of services, and made it possible to be paid in 2 installments, issued decisions on assigning radio frequen-

cies 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) for inclusion of the Directive on radio equipment accessibility on the market.³

In order to fulfill the second objective of encouraging the use of spectrum for providing broadband services, and the related third objective of encouraging the development of the Slovenian economy, the Agency continued with supervising the fulfillment of coverage obligations related to the frequencies in the 800, 900, 1800, 2100, and 2600 MHz frequency bands that were awarded in the public auction in 2014. Based on the findings of the measurements and the analysis of the submitted data it verified the coverage conditions after 2 years (details in chapter 2.1.2.2 Monitoring the Provision of Public Communication Services). In accordance with the strategic objectives of the Ministry of Education, Science and Sports the Agency has postponed its activities for awarding radio frequencies in the 700, 1400, 2300, 3500, and 3700 MHz bands to the second half of 2016 or into 2017 (see chapter 2.1.2.4), and completed the public tender with a public auction for assigning the available spectrum in the 1800 MHz and the 2100 MHz bands (see chapter 2.1.2.4). By awarding decisions it completed the tender for radio frequencies for the national network for broadcasting digital radio in the DAB+ technology (see chapter 2.1.1.1).

The Agency also ensures the efficient utilization of a limited natural resource in the numbering space. With regard to the management of the numbering space the Agency focused, along with its regular activities in 2016, 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 2016 there were 357 decisions on awarding radio frequencies for audio broadcasting in the FM band, 271 decisions for DVB-T, 8 decisions for T-DAB, 5833 decisions for fixed or satellite connections, 577 ship and 401 airplane, 683 decisions for mobile connections, and 3831 amateur radio licenses in force. The figure below represents a share of the valid decision on assigning radio frequencies by service: There were no major changes in radio broadcasting, except for issuing the decisions for digital radio. There were also no major changes with other decisions. The highest growth was in the decisions for fixed connections.

At the end of 2016 there were 352 decisions on awarding radio frequencies for audio broadcasting in the FM band and 5 decisions on assigning radio frequencies in the medium wave broadcast band in force. Of these, the RTV Slovenija public institute was the holder of 185 decisions on awarding radio frequencies in the FM band and 4 in the medium wave broadcast band.

²The General act on the changes and amendments of the General act on the frequency utilization plan (NURF-3a) (Official Gazette of the RS no. 31/15 of 4 May 2015) and the Amendments to the General act on the changes and amendments of the General act on the frequency utilization plan (NURF-3a) (Official Gazette of the RS no. 42/15 of 16 June 2015).

³Directive 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 digital terrestrial television broadcasting there were 164 valid decisions on assigning radio frequencies for individual transmission sites for multiplex A and 92 valid decisions on assigning radio frequencies for individual transmission sites for multiplex C, and the operator of both national DVB-T networks is the public institute RTV Slovenija. At the end of 2016 multiplex A hosted the channels of the RTV Slovenija public institute (at the national level: TV SLO 1, TV SLO 2, TV SLO 3; in the coverage area West: TV Koper Capodistria; in the coverage area East: Tele M) and the privately-owned channel Vaš kanal (in the coverage area Center); population coverage of the multiplex A network is above 98 %. Multiplex C hosted at the end of 2016 the following privately-owned channels: POP TV, Kanal A, Planet TV, TV 3 medias, Golica TV, Gold TV, Arena TV, TV Petelin and Nova 24; population coverage of the multiplex C network is 96 %; however, POP TV and Kanal A announced their exit from terrestrial broadcasting.

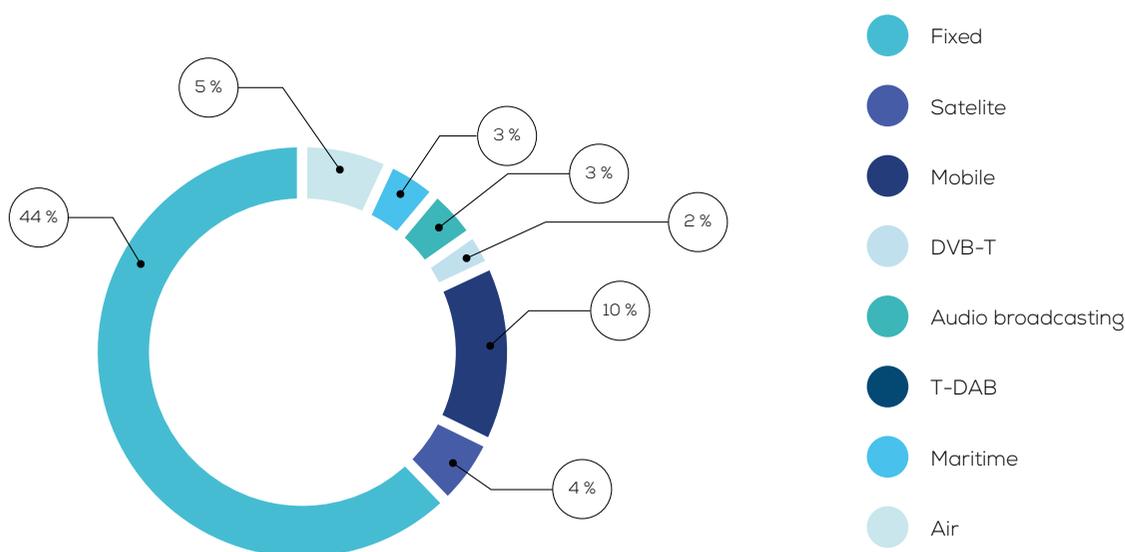


FIGURE 4: SHARE OF VALID DECISIONS ON ASSIGNING RADIO FREQUENCIES AT THE END OF 2016

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

1.4 NUMBERING SPACE UTILIZATION

Compared to the state of the assigned numbering elements at the end of 2015 the scope of the assigned geographic numbers increased by 0.07 %, the scope of assigned numbers for toll-free services decreased by 3.6 %, the scope of assigned number for premium services decreased by 9.8 %, the scope of assigned codes of the national destination point codes (DPC) decreased by 3.6 %, while the scope of assigned codes of the international signaling point codes (ISPC) has increased by 2.4 %.

As at 31 December 2016 the Agency's official registry included 33 operators and other providers who have been assigned various numbering elements. In the past year 8 new decisions on assigning the numbering elements were issued, 13 on the annulment, or expiration, or partial expiration of decisions, while 499 decisions for payment of numbe-

ring elements were issued ex officio. Only one 1 operator was entered into the official record to be assigned numbering resources, while 2 operators returned their assigned resources, and 3 operators were deleted because of mergers. At the end of 2016 there were a total of 339 issued and valid decisions on assigning numbering elements.

2 ACTIVITIES FOR ACHIEVING THE OBJECTIVES

2.1 RADIO SPECTRUM

After assigning radio frequencies in the 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, and 2600 MHz radio bands, which took place in 2014, the Agency continued with supervising the fulfillment of coverage obligations with fourth generation mobile services (4G) in 2016. For the unassigned part of the spectrum the Agency published in the summer, in accordance with item one of the Strategic Objectives of the Ministry of Education, Science and Sport, the public tender with a public auction for assigning radio frequencies in the 1800 MHz and 2100 MHz radio frequency bands, and on the public auction awarded the frequencies to Telemach, d.d. In relation to the renewal of the procedure for the 2100 MHz band the Agency prepared a possible solution, but the procedure was stopped, awaiting for a court ruling.

In 2016 the Agency continued with the expert analysis of assigning radio frequencies and the optimization, and in the scope of this monitored the changes in the spectrum because of increasing spectrum requirements for public mobile services, and also prepared an analysis of frequency use in the 400 MHz bands and set up the registries. The Agency also continued with the preparation of background papers for the option options for awarding frequencies in the 700, 1400, 2300, 3500, and 3700 MHz bands and the P-P and BWA in the 10 GHz and 12 GHz bands, as well as awarding a part of the 3500 and 3700 MHz spectrum for local use, and strove to find long-term solutions for support services. Because of the Strategic Objectives of the Ministry of Education, Science and Sport, in accordance with which the frequencies in the 700 MHz band were not yet to be tendered, the Agency planned the project for 2017.

In the scope of monitoring the fulfillment of obligations as set in the decisions on assigning radio frequencies for providing public communication services in the 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, and 2600 MHz radio frequency bands it prepared a report after the second year in which it established that all the operators are fulfilling their obligations.



Agency continued with the preparation of background papers for the options for awarding frequencies in the 700, 1400, 2300, 3500, and 3700 MHz bands and the P-P and BWA in the 10 GHz and 12 GHz bands.

The Agency prepared the draft information memorandum for the repeated public tender for radio frequencies in the 10 GHz and 12 GHz bands for a multimedia multipoint distribution system (MMDS) and broadband wireless access systems (BWA) and draft information memorandum for holding the public tender for assigning radio frequencies in the 3500 MHz radio frequency band for local use. In both cases the interested stakeholders showed interest for the frequencies on offer.

Following the public tender the Agency issued the decisions on assigning radio frequencies for digital radio (DAB+). The network was constructed according to the specifications from the public tender and the issued decision on assigning radio frequencies. It continued preparing for the public tender of radio frequencies for analogue (FM) radio, which continues into 2017 because of the uncertainties arising from the legal order and the relations between the participating bodies.

In the General act on changes and amendments to the General act on radio frequency utilization plan (NURF-3b), published on 4 March 2016, the Agency proposed that the 700 MHz frequency band (the so-called digital dividend II), which has until now been used for radio broadcasting services be assigned to mobile communications, along with the bands 1452 – 1492 MHz, 2300 – 2400 MHz, which were assigned to TRA-ECS mobile communications, while a new decision EC: 2014/276/EU was implemented for the 3410 – 3800 MHz bands. It included all the conclusion of WRC-15 in the proposal for the Decision for allocating radio frequency bands that it submitted to procedure for publication with the line ministry.

2.1.1 RADIO BROADCASTING SPECTRUM

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

In 2016 the Agency handled 741 cases related to radio broadcasting spectrum administration, of which 719 were resolved, and 14 were carried over into 2017. Of the 719 resolved issues, 189 were launched by request of a party, and 530 ex officio. 5 requests were rejected, 1 was canceled, and 6 were stopped. Of the 22 unresolved cases carried over into 2017, 18 administrative proceedings are still being resolved within the legal deadline.

2.1.1.1 PUBLIC TENDER FOR NATIONAL DIGITAL RADIO NETWORK

Following the public tender the Agency issued the decisions on assigning radio frequencies for digital radio (DAB+) network with national coverage to the RTV Slovenija public institute. Currently there are 7 broadcast points in the DAB+ network: Nanos, Tinjan, Krvavec, Krim, Trdinov Vrh, Plešivec, and Pohorje. The network covers major urban areas and motorways. Once the penetration of DAB+ receivers increases, the selected network operator will – in agreement with the publishers of radio programming, which will be leasing network capacity – add new broadcast points, thereby increasing network coverage. The selected DAB+ system provides for a more efficient sound sampling compared to the older DAB system, using the HE AAC v2 system, as well as broadcasting a larger number of radio stations.

In order to assist with the implementation of the new technology, the Agency has kept informing the public on the

construction and the launch of operations of the DAB+ network, as well as when the first decisions were issued.

2.1.1.2 OPTIMIZATION OF THE UHF AND FM SPECTRUM UTILIZATION

Due to the maximum utilization of the radio spectrum in some frequency bands the Agency set a multi-year objective to optimize its use. In UHF radio frequency spectrum the Agency continued in 2016 with activities at the international level toward the reassignment of frequencies (TV channels) below 700 MHz. The aim of these activities is to take into account the principle of equal access to the radio frequency spectrum and ensure substitute coverage for those that have been or will be lost due to reassigning the 700 MHz band for other (mobile) services (i.e. the second digital dividend).

In the field of FM audio radio broadcasting the Agency continued with optimization of assigned FM frequencies, including additional radio frequencies. It also issued decisions related to the changes in program radio networks. The options of receiving new frequencies for FM audio radio broadcasting are very limited. They are mainly available through the coordination of new frequencies for low-power, limited-reach radio stations. These frequencies are mostly used for supplemental coverage of already operational radio stations or fixing reception interference for already operational stations.

The Agency strove once again in 2016 to carry out a public tender for assigning available radio frequencies for analogue radio broadcasting, which was already identified as one of the key tasks in 2014. The Agency managed to find some common ground with the Broadcasting Council on conditions and measures related to the public tender for FM frequencies for local radio stations, and submitted a proposal of conditions and measures to the Broadcasting Council in February 2016. In spite of that the uncertainties arising from the legal order and the relations between the participating bodies still blocked the public tender in 2016. At the end of the year the dialogue between the Agency and Broadcasting Council was once again established, including the coordination related to the preparation of said tender.

2.1.1.3 HANDLING ISSUES WITH ITALY

In 2016 the Agency continued with the activities for a permanent solution to matters involving the reception of Slovenian channels alongside the border with Italy. It monitored the situation along the countries' border and reported the interference to the Italian administration. It continued notifying ITU bodies about violations to international agreements and Italy's inactivity regarding the elimination of interference, as well as informing the Radio Spectrum Policy Group (RSPG) with the European Commission. In November 2016 significant progress was made in this regard, as Italy shut down television stations that were disrupting the reception of Slovenian television stations alongside the Italian border.

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

2.1.2 RADIO BROADCASTING SPECTRUM

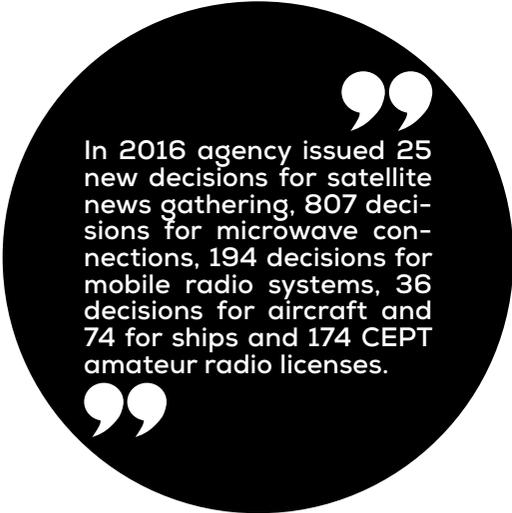
The Agency's main task in this field is to ensure supervision over the coverage obligations arising from the public tender and auction for frequencies for fourth generation mobile networks. After the World Radio Conference WRC-15, and because of the nearing deadline for the 2020 Digital Agenda for Europe,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

Since the beginning of 2015 and in 2016 the Agency has been preparing for the public tender for new radio frequency bands for public mobile systems in the 700/1400/2300/3500/3700 MHz bands, as well as those bands that were not awarded at last year's 4G public tender. In accordance with the Strategic Objectives of the Ministry of Education, Science and Sport it published a draft of the information memorandum for conducting the public tender for assigning radio frequencies in the 1800 MHz and 2100 MHz radio frequency bands, published the public tender with a public auction for assigning radio frequencies in the 1800 MHz and 2100 MHz radio frequency bands, and awarded these frequencies to Telemach, d.d. at a public auction, and focused its preparations for the public tender for new radio frequency bands for public mobile systems in the 700/1400/2300/3500/3700 MHz bands on gathering information, drafting preference agreements, collaboration with the EU countries that will tender these bands, and on work with stakeholders, and it also awarded the frequencies through a public auction.

In 2016 the Agency prepared the draft information memorandum for the public tender for the allocation of radio frequencies for providing public communications services in the 10 GHz and 12 GHz frequency bands by awarding the decisions on assigning the radio frequencies. As a continuation of this tender it prepared a draft information memorandum, so that along the spectrum that was not awarded in the non-paired 10 GHz and 12 GHz bands for BWA and MMDS, it will also award the paired 10 GHz band for P-P fixed connections, all for local use in 2017. It also prepared a draft information memorandum for holding the public tender for assigning radio frequencies in the 3500 MHz radio frequency band for local use.

2.1.2.1 OVERVIEW OF STANDARD OPERATIONS

In 2016 the Agency issued 25 new decisions for satellite news gathering/occasional use i.e. SNG/OB. The decisions were issued relating to major events and sport matches. In 2016 the Agency issued 807 new decisions on assigning



In 2016 agency issued 25 new decisions for satellite news gathering, 807 decisions for microwave connections, 194 decisions for mobile radio systems, 36 decisions for aircraft and 74 for ships and 174 CEPT amateur radio licenses.

radio frequencies for fixed connections (microwave connections). License holders were mainly expanding their existing backbone networks or increasing the capacities of their already existing focused links. The Agency issued 194 decisions on assigning radio frequencies for mobile radio systems, namely for extending the validity of existing decisions and issuing new decisions for new mobile radio systems. In private mobile radio communications in 2016, the Agency continued to coordinate the operation of private mobile radio (PMR) systems in the 29.7-87.5 MHz, 146-174 MHz, and 440-470 MHz bands in line with Recommendation ERC/REC T/R 20-08, which lists the appropriate frequency sub-bands for the operation of base stations and terminal equipment. It began with the reorganization of the 450-470 MHz band for providing at least 2 × 5 MHz bands for broadband mobile services, and has opened up the 410-430 MHz band for narrowband mobile services. It drew up 2 proposed preference agreements for both bands, and sent them to the regulators in Austria, Croatia and Hungary. In relation to these two bands the Agency also supports activities in the scope of CEPT. The adoption of the preference agreements is planned for 2017 when CEPT adopts appropriate decisions and recommendations. For the needs of amateur radio activities the Agency issued 174 CEPT amateur radio licenses. In the scope of radio licenses the Agency issued 36 decisions for aircraft and 74 for ships in 2016.

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 will help in handling information when a PLB holder requests help in the event of an accident.

The Agency received for approval 371 radio and telecommunication terminal equipment notifications in accordance with the R&TTE Directive. Two thirds of all the requests were resolved without limitations on the equipment's performance, a quarter were issued with a limitation in accordance with EU harmonized radio communication standards, while under a tenth of all requests were rejected because of inoperability with the above-mentioned standards and/or because of specific radio frequency use in the Republic of Slovenia. An individual EU member country may allocate a certain part of the frequency spectrum differently than other EU member states with regard to the levels of development and use of the radio spectrum, however this must not distort competition. It should be added that the Agency closely collaborates with the Ministry of Economic Development and Technology (MGRT) and the Market Inspectorate of the Republic of Slovenia (TIRS) on radio and telecommunication terminal equipment use. To make usage supervision easier and because of the potential

banning of individual pieces of equipment that are not standardized according to EU requirements, we exchanged our latest information at meetings with the Ministry and the Inspectorate, as well as in reports of working groups TCAM and ADCO (within the scope of the EU Directive 98/37/EC). In the scope of its activities the Agency monitored the developments in the use of radio frequencies for mobile services in bands that were primarily intended for other radio communication services. Two methods are in review, marked in documents as "ASA" and "LSA". New systems will generally provide additional capabilities to public mobile communication services, thereby contributing to better services for end users.

2.1.2.2 MONITORING THE PROVISION OF PUBLIC COMMUNICATION SERVICES

In 2016 the Agency continued monitoring the performance of the decisions for awarding radio frequencies for the provision of public communication services in the 800 MHz, 900 MHz, 1800 MHz, 1800 MHz, 2100 MHz, and 2600 MHz frequency bands. Non-fulfillment of obligations from the decisions would mean that awarding frequencies did not achieve the main objectives, namely the encouragement of efficient spectrum utilization, bridging the digital divide, contributing to the goals of the Digital Agenda for Europe, ensuring access to modern mobile communications to a broad range of the population, ensuring flexibility in spectrum utilization, maintaining and developing effective competition in the market of mobile electronic communication services, encouraging technology and service neutrality in spectrum utilization in accordance with the European frameworks, and encouraging investments and development. For this purpose the Agency published on its website the methodology it uses to verify obligation fulfillment and the deadlines set in the issued decisions on assigning radio frequencies for public mobile services.

In the terms and conditions of the 4G public tender the Agency defined that the operators Si.mobil, Telekom Slovenije, and Telemach (formerly Tušmobil) who obtained the spectrum below 1 GHz to provide mobile public communication services to 25 % of the population of the Republic of Slovenia within 1 year (by 31 May 2015), 50 % of the population of the Republic of Slovenia within 2 years (by 31 May 2016), and 75 % of the population of the Republic of Slovenia within 3 years (by 31 May 2017) of obtaining said frequencies. Si.mobil, d.d., Telekom Slovenije d.d., and Tušmobil d.o.o., who all also obtained spectrum above 1 GHz, must provide mobile public communication services to 25 % of the population of the Republic of Slovenia within 3 years (by 31 May 2017), and 40 % of the population of the Republic of Slovenia within 5 years (by 31 May 2019) using any frequency above 1 GHz. In 2016 the deadline expired for the obligation of providing coverage to 50 % of the population of the Republic of Slovenia after two years with an outdoor connection of 10 Mbps downlink.

Si.mobil obtained the 800 MHz frequency block with special coverage obligations. The Agency tied to this 2 × 10 MHz frequency block the obligation of providing coverage to at least 95 % of the population of the Republic of Slovenia within 3 years, whereby it demanded an outdoor bandwidth of at least 10 Mbps downlink, which translates to about 1 Mbps indoor bandwidth. S.mobil is free to fulfill this obligation using any frequency bands it has been awarded. At the same time Si.mobil must within three years also provide coverage to specially defined rural areas (225 out of 300 with 75 each year) in which fixed broadband access is very poor or sparse, providing coverage to at least 75 % of the population in each such area. It must also provide mobile services at these locations as a suitable replacement to fixed broadband access. In 2016 the deadline expired for the obligation of providing 75 % population coverage in 150 selected settlements and providing fixed wireless broadband access (FWBA). The Agency monitored the data on network construction based on the information on base stations, obtained from the holders of decisions on assigning

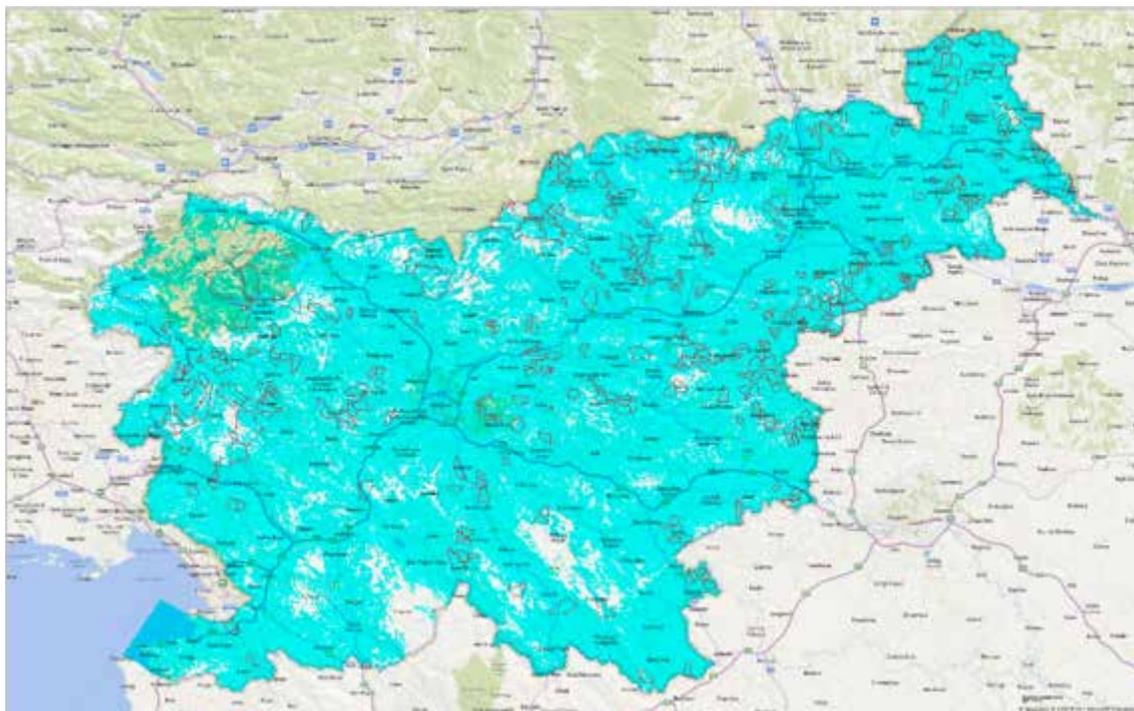


FIGURE 5: SI.MOBIL'S LTE COVERAGE OF THE POPULATION OF THE REPUBLIC OF SLOVENIA:

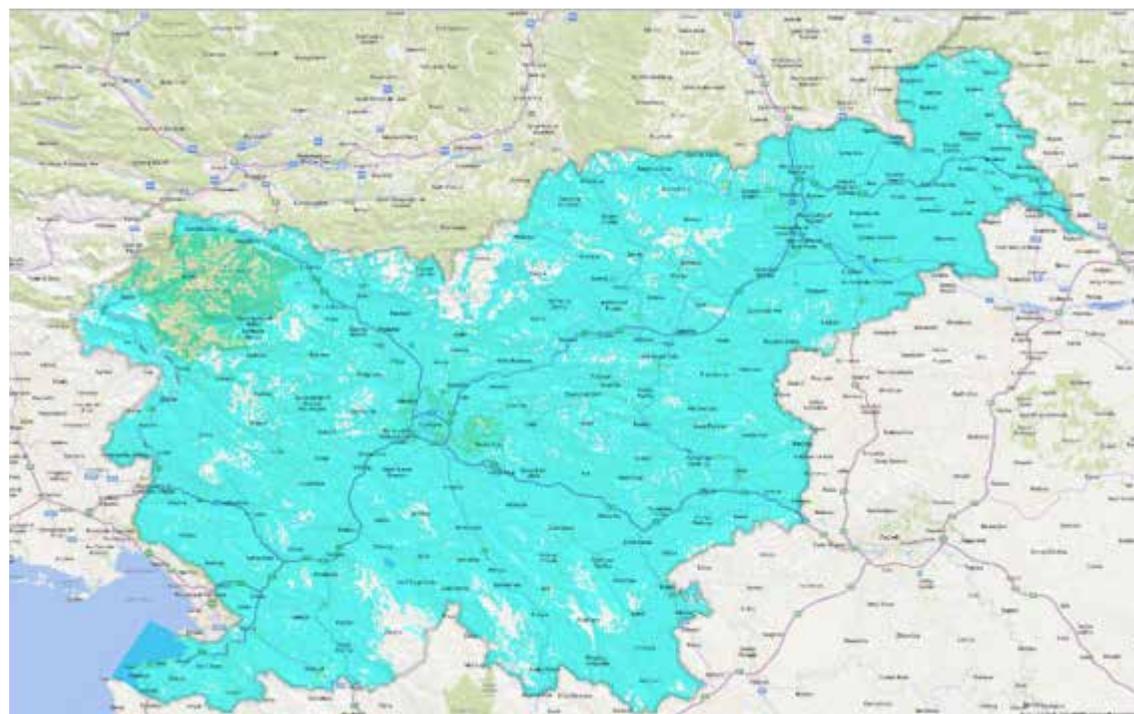


FIGURE 6: TELEKOM SLOVENIJE'S LTE COVERAGE OF THE POPULATION OF THE REPUBLIC OF SLOVENIA:

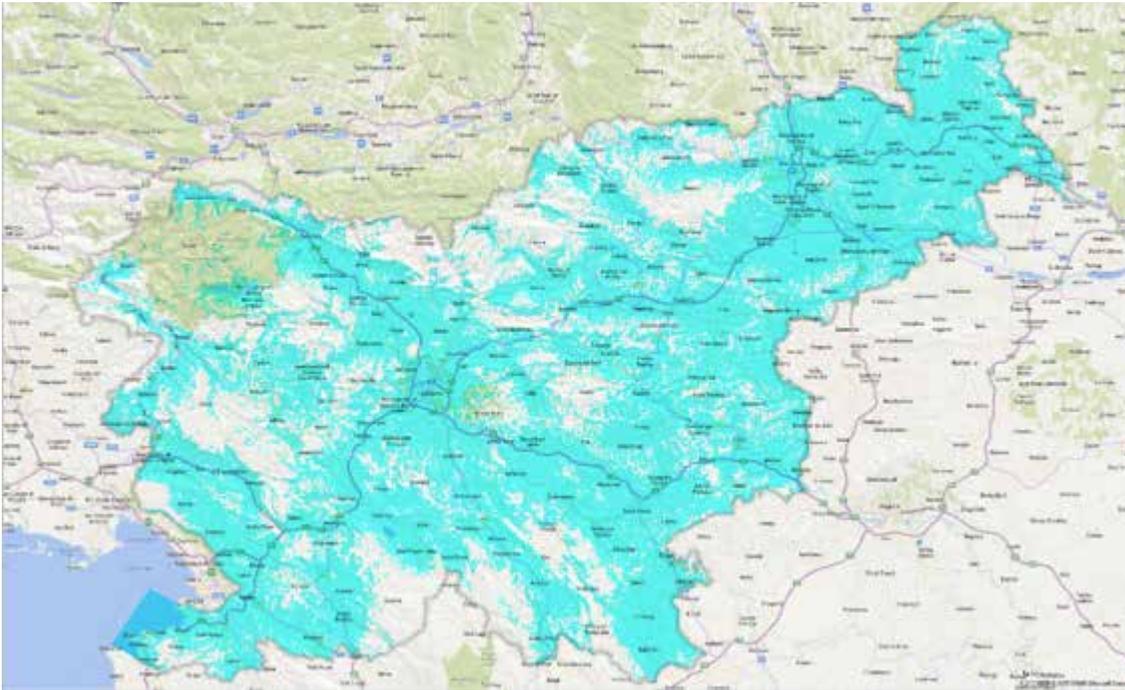


FIGURE 7: TELEMACH'S LTE COVERAGE OF THE POPULATION OF THE REPUBLIC OF SLOVENIA:

radio frequencies in accordance with the Methodology for verifying obligation fulfillment and the deadlines set in the issued decisions on assigning radio frequencies for public mobile services.

Based on the submitted data and the calculations made in accordance with the Methodology (the RSRP value of -108 dBm), the Agency found that all 3 operators fulfilled and exceeded the required coverage obligation of 50 % of the population of the Republic of Slovenia after 2 years, and also that Si.mobil exceeded the obligation on location coverage, as at 30 June 2016 it had, according to the Agency's calculations made in accordance with the methodology from Chapter 8, covered over 190 settlements (while the obligation called for 150). Si.mobil also fulfills the obligation of providing services of fixed wireless broadband access FWBA services.

The Agency publishes the data on LTE coverage as at 31 December 2016, as calculated using the RSRP value of - 108 dBm:

- Si.mobil, d.d.: Its LTE network (in the 800 MHz, 1800 MHz, and 2600 MHz frequency bands) achieves coverage of nearly 97 % of the population of the Republic of Slovenia.
- Telekom Slovenije, d.d.: Its LTE network (in the 800 MHz, 900 MHz, 1800 MHz, and 2600 MHz frequency bands) achieves coverage of nearly 97 % of the population of the Republic of Slovenia.
- Telemach Mobil, d.o.o.: Its LTE network in the 800 MHz frequency band provides coverage to nearly 89 % of the population of the Republic of Slovenia.

2.1.2.3 OPTIMIZATION OF ASSIGNING RADIO FREQUENCIES

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

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

In parallel with the project of developing public mobile communication services the Agency in collaboration with the Ministry of Defence and the Ministry of Internal Affairs also reviewed the switch of PPDR services to broadband, along with the related need for new frequency bands for PMSE and PPDR and the connection of existing and new base stations. In the scope of the project of the development of public mobile communications the Agency began collaborating with power distribution companies and studying the future of support services (e.g. smart grid). For these services it also plans to allocate 2×3 MHz in the 700 MHz frequency band.

The Agency also builds the efficiency of its operation on the automation of simple and repeating procedures and processes. In 2015 the Agency optimized the procedure of issuing decisions on the assessment of fees for the use of radio frequencies, such that single or merged decisions are issued to those who have several decisions on the use of radio frequencies issued to them, resulting in a so-called summary decision, in which all of their fees and obligations resulting from individual decisions are listed together and charged in a single fee, and in 2016 the Agency also made it possible for them to pay the fee in two installments. This way it issued for the 8285 decisions on assigning radio frequencies a total of 1238 decisions on the assessment of fees to 1056 decision holders.

2.1.2.4 THE DEVELOPMENT OF PUBLIC MOBILE COMMUNICATION SERVICES AND AWARDED AND NON-AWARDED 4G FREQUENCIES AND THE 5G INITIATIVE

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

At the end of 2014 the Agency began preparing for the public tender for new radio frequ-

ency bands for public mobile systems in the 700/1400/2300/3500/3700 MHz bands and the bands that were not assigned in the last 4G public tender. At the end of 2016, in accordance with the Strategic Objectives of the Ministry of Education, Science and Sport, it published a draft of the information memorandum for conducting the public tender for assigning radio frequencies in the 1800 MHz and 2100 MHz radio frequency bands, and focused its preparations for the public tender for new radio frequency bands for public mobile services in the 700/1400/2300/3500/3700 MHz bands on gathering information, preparing preference agreements, collaboration with the EU countries that will tender these bands, and work with stakeholders. Actual preparation of the documentation for the public tender with a public auction in the 700+ MHz band will be expedited as soon as the Agency receives the expected new strategic guidelines from the Ministry. The Agency also came up with a solution for the 2100 MHz band, the rights to which are currently in the renewal process. The activities were put on hold until the court issues a decision.

At the end of 2016 the Agency in collaboration with the Ministry of Public Administration introduced the initiative for submitting projects for first trials and future use of 5G technology. It proposed the use of the 3400-3800 MHz band for testing 5G projects in cities across Slovenia. Parts of the spectrum in this band and the frequencies in the UHF channels will become available through temporary decisions on assigning radio frequencies for measurements, certification, and other radio equipment tests. With this initiative the Agency also aims to support the introduction of 5G networks as soon as possible in Slovenia in accordance with the European 5G Action plan COM (2016) 588. Through this Action Plan the European Commission aims to promote and financially support 5G projects for trials that European countries would hold from 2017 onward, as well as for pre-commercial trials of 5G equipment, with a focus on the support of cross-country EU projects for establishing a digital ecosystem based on 5G connectivity and establishing testing environments for the development of 5G in Europe. As certain funds will be allocated especially for cross-country projects, the Agency, at the initiative of stakeholders sent proposals for collaboration on cross-border 5G projects to Austria, Croatia, Italy, Hungary, Denmark, Sweden, Norway, Finland, and Lithuania, Latvia, and Estonia in September 2016. In December 2016 the Agency called on the stakeholders to submit notifications on the development of projects that would include the latest 5G technologies and to list the industry in which their project would primarily focus. The agency will allocate appropriate frequencies for this purpose. As these projects in which stakeholders can collaborate with partners from neighboring or other European countries will have a priority in obtaining European financial funds, the Agency can assist with establishing international contacts with European administrations.

2.1.2.5 PUBLIC TENDER OF RADIO FREQUENCIES FOR LOCAL USE IN THE 10 GHZ AND 12 GHZ BANDS, AND THE 3500 MHZ (50 MHZ) BAND

In January 2015 the Agency completed the public tender for the allocation of radio frequencies for providing public communications services in the 10 GHz and 12 GHz frequency bands by awarding decisions on assigning the radio frequencies. In the scope of these decisions it verified operators' projects and began supervising implementation. The first deadlines for switching 75 % of subscribers from 5 GHz to 10 GHz and from 12 GHz to 10 GHz bands were concluded in January 2016. After the completion of the tender and in order to ensure that the frequencies are awarded optimally it followed the examples of Norway and the United Kingdom in preparing a draft information memorandum for a new public tender for the 10 GHz and 12 GHz bands for local use, in which it planned that along the spectrum bands that were not awarded in the non-paired 10 GHz and 12 GHz bands for BWA and MMDS in 2016, it will also award the paired 10 GHz band for P-P fixed connections with a 28 MHz channel raster, all for local use. There were no comments to this information memorandum. In 2016 stakeholders submitted numerous initiatives to the Agency

for holding a tender for the remainder of the 3500 MHz frequency band for local use. This is why in November 2016 the Agency again published the draft information memorandum for a new public tender for the 10 GHz and 12 GHz bands for local use, in which it planned that along the spectrum bands that were not awarded in the non-paired 10 GHz and 12 GHz bands for BWA and MMDS to also award the paired 10 GHz band for BW (75 MHz blocks). In November 2016 the Agency also again published the draft information memorandum for the new public tender for assigning part of the 3500 MHz band for local use until 21 September 2021. There was interest in both tenders.

2.1.3 INTERNATIONAL COORDINATION AND COLLABORATION

Besides regular monitoring of the working groups in the scope of the European Union, NATO, CEPT ITU, and HCM, the Agency coordinated the use of radio frequencies that affect other countries in accordance with international agreements. In broadcasting the Agency received 30 cases and resolved 30, and launched 7 cases and resolved 7. In digital broadcasting the Agency received 78 cases and resolved 71. It reviewed 25 entries in the register with the International Telecommunications Union (ITU). In the field of radio communications for mobile purposes it reviewed 175 cases. It received 58 cases for resolution, of which 115 were carried over and 157 resolved 16 cases remained open. There were 10 new cases for satellite connections, 6 of which were carried over from 2015, while 15 were resolved. The coordination of the first Slovenian NGSO little satellite NEMO-HD was completed, and the decision on assigning radio frequencies was issued. 15 requests were received for fixed connections, of which 15 were resolved and 1 was carried over from 2015, while 1 remained open in 2017 (proposal for a meeting with the Italian administration, and responses to the Slovenian frequency registry 11). 24 entries into the ITU registries were reviewed, and the Slovenian frequency registries 10 and 11 were submitted, as they included the new Slovenian links in the 1.5 G, 7 G, 8 GHz, 13 G, 15 G, 18 G, 23 G, 25 G, 38 G, and 70/80 GHz frequency bands.

In October and December 2016 the administration of the Republic of Croatia and the Republic of Slovenia held a meeting, as part of the Harmonized Calculation Method, to resolve the open issues from the bilateral technical agreement regarding frequency coordination for the requirements of private mobile communications in the 29.7-470 MHz frequency band, which was signed in April 2015, and also included the frequencies for state use in the agreement. In early 2017 the countries are supposed to finally exchange the frequency registries for the 146-174 MHz band, and later in 2017 for the remaining frequencies.

2.2 ELECTRONIC COMMUNICATIONS

Managing limited resources in electronic communications is within the scope of the Agency's jurisdiction for administrating the numbering space, as defined by section VI of the Electronic Communications Act. The Agency manages the multitude of all the numbering elements in the Republic of Slovenia with the goals of ensuring their efficient structuring and utilization

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

2.2.1 NUMBERING SPACE

Because of the changes to provisions on the General act regulating fees for the use of assigned numbering elements, and the corresponding increase in the number of points already in the past years, the operators are still encouraged to employ a more rational use of numbering resources. That is why they opted mainly to return inactive numbering elements for free and premium services (080 and 090 numbers). As at 31 December 2016 the Agency's official registry included 33 operators and other providers who have been assigned various numbering elements. In the past year 8 new decisions on assigning the numbering elements were issued, 13 on the annulment, expiration, or partial expiration of decisions, while 499 decisions for payment of numbering elements were issued ex officio. Only one operator was entered into the official record to be assigned numbering resources, while 2 operators returned their assigned resources, and 3 operators were deleted because of mergers. At the end of 2016 there were a total of 339 issued and valid decisions on assigning numbering elements.

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 2016. The number of numbers ported in 2016 increased by 69.3 %, compared to the previous year. According to the data from the administrator of the central database of ported numbers there were a total of 272,840 numbers ported in 2016, of which 195,555 were mobile, and 77,285 were fixed. Since the introduction of number porting in 2006 a total of 1,332,020 numbers have been ported. The total number of ported numbers as of 31 December 2016 is 973,916, of which 541,546 were mobile, and 432,370 were fixed. A large number of ported numbers (estimated at more than 23 % of active mobile and more than 34 % 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.

VII REGULATION

1 ELECTRONIC COMMUNICATIONS

1.1 FRAMEWORK, GOALS, MARKETS

1.1.1 LEGAL FRAMEWORK

The legal framework for telecommunications regulation includes:

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

and the following executive acts:

- General act on entering, collecting and access to the data on network connection points from the record of infrastructure networks and facilities (Official Gazette of the Republic of Slovenia no. 107/13)

- 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 method of calculation of the payment for using numbering elements (Official Gazette of the Republic of Slovenia, no. 31/13, 21/16)
 - General act on the quality of the universal service (Official Gazette of the Republic of Slovenia, no. 71/13)
 - General act on number porting (Official Gazette of the Republic of Slovenia, no. 62/13)
 - General act on numbering plan (Official Gazette of the Republic of Slovenia, no. 62/13 and 107/13)
 - General act on transfer speed suitable for functioning internet access (Official Gazette of the Republic of Slovenia, no. 81/04 and 111/06)
 - General act on the content and format of the notice on providing public communication networks or providing public communication services (Official Gazette of the Republic of Slovenia no. 62/13)
 - General act on mapping numbers into ENUM - numbers (Official Gazette of the Republic of Slovenia, no. 62/13)
 - General act on the size of numbering blocks that require a project to be included to the application (Official Gazette of the Republic of Slovenia, no. 62/13)
 - General act on the content and format of the application for issuing a decision on assigning numbering elements (Official Gazette of the Republic of Slovenia, no. 62/13 and 62/13)
 - General act on the method of calculating the net costs of the universal service (Official Gazette of the Republic of Slovenia, no. 81/04)
- and the Recommendations and Regulations of the European Commission.

In 2016 the General act on changes and amendments to the general act on the method of calculation of the payment for using numbering elements was amended, based on Article 74 of ZEKom-1. In December 2016 the new General act on collecting, using and sharing data on the development of the electronic communications market was adopted. In the beginning of 2014 the Agency published on its website the Study of the review of Slovenian legislation and the proposal for optimum implementation of the Directive 2014/61/EU on the measures for lowering costs for the construction of high-speed electronic communications networks. The Study shows the demands of the Directive 2014/61/EU and especially a review of the content of the acts and executive acts that said Directive may affect. In 2016 the Agency actively collaborated by submitting comments and proposals to the proposed ZEKom-1C through which said Directive shall be implemented into the national legal order.

The European Commission published the proposed Directive for establishing the code of Eu-

European electronic communications in which it proposes significant legislative changes in electronic communications that will be the subject of coordination during the adoption process in the European Parliament and the Council of the European Union. Considering the European Commission's plans EU member countries could transpose the changes into their legislation already in 2019. The proposal of the Directive alters the existing European regulatory framework, including the pack of directives from 2002 as well as the pack from 2009. Besides the Directive the European Commission also introduced two separate draft regulations on the jurisdiction and operation of BEREC and the expansion of wireless networks in public spaces and local community areas.

1.1.2 ANNUAL GOALS

The Agency set several goals in telecommunications for 2016.

In the scope of encouraging competition and market development:

- Analyses of relevant markets for fixed broadband network access (markets 3a, 3b, and 4), analysis of the relevant market 18
- Preparing price models for the regulation of relevant markets
- Collaboration in amending the regulatory framework for telecommunications at the EU level.
- Preparing the economic analysis in the scope of the strategy of the development of the regulation of the telecommunication market and networks

In 2016 the Agency also planned to conduct the analysis and determine the speeds and providers for broadband access as universal service.

With the goal of optimizing investments in infrastructure the Agency set out to:

- establish the databases for monitoring the construction of public utility infrastructure for the requirements of the construction of TC infrastructure and its updates
- prepare background papers for efficient investments in the NGA network in the Republic of Slovenia
- prepare a technical analysis and the general act on technical details of access and distribution points

By pursuing the objective of increased efficiency and the reduction of regulatory burden the Agency planned for 2016 to revamp and automate data capture from parties with a reporting obligation.

Alongside the planned objectives the Agency also conducts additional tasks that constant market monitoring shows to be required and necessary for ensuring appropriate market conditions. Should any such additional task prove to be urgent, the priorities of other planned tasks may change with regard to the limited resources available. This way the Agency conducted also other additional tasks in 2016 that were not part of the annual plan:

- Changes to parts of the measures on relevant markets 5, 3, and 7
- Preparing and adopting the amended General act on collecting, using and sharing data on the development of the electronic communications market

In 2016 the Agency launched an active and intense cooperation with operators in the coordination of data, so that the data shows the true condition on the electronic communications market, as this is the basis for the complex regulatory decisions the Agency must make.

The Agency was active in the process of implementing changes to the Regulation on roaming in 2016. In this scope it organized 3 consultations with operators, and prepared several written responses to the questions posed. It also cooperated in the preparation of guidelines prepared by BEREC for this purpose. The Agency was also highly active in international cooperation and was included in the preparation of the documents and regulatory frameworks at the European level.

1.1.3 MARKET SITUATION

During 2016 there were 154 operators in the electronic communications market, and at the end of the year 146 operators, 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 2016 there were 4 operators or service providers entered the registry of electronic communications operators, while 12 operators were removed from it. The decrease in the number of operators is mainly the result of consolidations or acquisitions of smaller operators by bigger ones. Telekom Slovenije d.d. merged by acquisition 2 operators, Debitel, d.d., and Intell, d.o.o., while Si.mobil, d.d. merged by acquisition Amis, d.o.o., and TA mreža, d.o.o. Telemach, d.o.o., merged with Telemach Mobile, d.d., and DARS, d.d. merged with Delkom, d.o.o. In 2016 there were 51 changes submitted to the Agency's official registry by notifications, based on which the Agency issued all the required certificates and extracts from the official registry.

Service	No.
Internet access	
Narrowband access	12
Broadband access	75
Cable access	40
Cable operators	64
Voice services in the public mobile network	
Operators	4
Mobile virtual network operators (MVNOs)	9
Fixed public voice telephone services	
International fixed voice service operators	25
Domestic fixed voice service operators	24
Leased lines operators	36
Value added services providers	23

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

1.1.3.1 FIXED TELEPHONE SERVICES MARKET

Fixed voice communications are still an important part of the electronic communications market. Operators offer fixed voice communications as a traditional fixed telephone service or as IP telephone service. Traditional fixed telephone service 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. Unlike IP telephone service the traditional telephone service is uncompetitive in terms of pricing, and since it is not a convergent service, operators are not offering it in bundles. In 2016 there was a growth in IP telephone service connections, while the share of traditional telephone service is declining. An increasing number of residential and business users are opting to switch to competitive alternative operators, who are successfully building their access infrastructure, as well as those who may not have their own infrastructure but provide IP telephone services over Telekom Slovenije's infrastructure, which is available to them through regulated carrier market services. In 2016, a drop was recorded not only in the number of fixed lines, but also in the volume of fixed voice traffic, a trend that has been observed for a while. Regardless of the declining interest for this service, the competition in this market is rather dynamic and very effective. None of the operators providing fixed telephone services have a noticeably dominant market share, and number portability successfully contributed to competition also in 2016 by allowing users to switch operators effectively.

1.1.3.2 MOBILE TELEPHONE SERVICES MARKET

2016 saw the continuation of the changes in the mobile telephone service market that started through significant consolidations the year before. Consolidation of Si.mobil and Amis, as well as Telemach and Tušmobil from 2015, resulted especially in a more comprehensive range of converged retail services in price plans, meaning that there is an increasing number of providers in the market offering their users fixed voice and broadband services alongside mobile telephone services. Today all network operators – Telekom Slovenije, d.d., T-2, d.o.o., Si.mobil, d.d., and Telemach, d.o.o. – provide converged services, as they all have mobile and fixed markets and services.

In the mobile telephone services market a consolidation of operators is underway, while at the same time 2 new providers of these services entered the market. This also points to an important fact that not only is the retail market for mobile telephone services alive, but also its wholesale segment, in which service providers get access to the networks of infrastructure operators. Competition in the wholesale market is one of the essential conditions for the existence of competition on retail markets, and ensuring benefits to end users.

Infrastructure mobile operators again heavily invested in the development of their mobile networks in 2016. This was especially clear in access to the LTE infrastructure and a significant increase in the amount of transferred data in mobile networks, as well as the increase of speeds available to end users for data transfer. Services in bundled price plans are increasingly accessible to users, as they provide allowances of fixed amounts of voice calls, text and multimedia messages and data transfer. Almost without exception service providers offer high or even unlimited allowances for voice minutes and messaging, as well as sufficient data allowances, which means that users can use the services a lot more worry-free and increasingly more. The penetration of active mobile communications users in the population⁴ grew once more in 2016, reaching 115.5 % by the end of the year.

Another very important impact on end users in 2016 were the changes to the Regulation on roaming⁵ which sets the retail prices and terms and conditions for using mobile communication services while roaming in EU countries. As of 30 April 2016 retail prices while roaming were changed, limiting the costs of outgoing calls to the level of the price of that same service in the home network plus a 5-cent surcharge, the costs of incoming calls to 1.14 cents, the price of text messages at the level of that same service in the home network plus a 2-cent surcharge, and the cost of data transfer to the level of the same service in the home network plus a 5-cent surcharge per MB, whereby the use is charged per KB. The above prices do not include VAT. These measures have certainly resulted in a higher rate of use of services while roaming, whereby it is worth mentioning that domestic operators often offer their users even better deals for roaming, either already in price plans or in complementary options. In the second half of 2017 users can expect even more significant changes in roaming prices, as the price of using services in the mobile networks of EU operators are set to become equal to the prices for using services at home, which in other words means a total elimination of additional costs for using mobile services while roaming in EU countries.

1.1.3.3 BROADBAND INTERNET ACCESS

In 2016 the consolidation procedures of Telemach, d.o.o., and Tušmobil, d.o.o., were concluded, as well as those of Si.mobil, d.d., and Amis, d.o.o. Through these two consolidations of fixed and mobile operators, there emerged on the market 2 new horizontally integrated competitors to Telekom Slovenije, d.d., and T-2, d.o.o., namely Telemach, d.o.o., and Si.mobil, d.d., inciting the development of converged retail offers for end users that include bundles of fixed and mobile services.

Fixed broadband internet access shows a constant increase in access through the fiber optics network (28.1 %), which is mostly through the fiber optics network of T-2, d.o.o., Telekom Slovenije, d.d., Telemach, d.o.o., and operators of open broadband networks. Some operators opted to invest in fiber networks that are constructed using the P2MP (point-to-multi-point) method, as it provides a more cost-efficient way of network construction and maintenance. Otherwise fixed broadband internet access is still mostly provided through Telekom Slovenije's copper network (39.6 %)m even though it is constantly losing its importance, especially because of the fast decline of ADSL connections that are being replaced to an extent by VDSL connections, but in a smaller scope, and the switches to the fiber optic networks. These are followed by access over the coaxial cable network (30.0 %) with the percentage not changing significantly since last year, and with the majority share going to the network of Telemach, d.o.o., and related companies, all upgraded with the DOCSIS 3.0 technology. There

⁴The 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.

⁵Regulation (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 the Regulation (EU) No 531/2012 on roaming in public mobile communications networks in the EU.

is a noticeable growth to NGA connections, with access through other types of network in decline. Currently 81.59 % of households in Slovenia have the option of connecting to an NGA network.

The competitive fight for end users continues in the fixed access market. There are new products and services introduced that significantly increase the speed of internet access at comparable or slightly higher prices than before. During this time the number of broadband connections with data rates below 10 Mbps has declined, while the number of connections supporting data rates of 10 Mbps and upwards more has reached nearly a half of all internet connections, with connections with data rates of 30 Mbps accounting for more than a quarter of all broadband internet connections. In spite of the this more than a half of end users are not using internet access data rates made possible by the constructed access infrastructure.

Developments in mobile internet access are similar, with operators offering price plans that include increasingly higher data allowances, so that sizes of a few GB per month or even unlimited data are already standard in some plans. This is mainly the result of significant investments made by operators into the mobile LTE technology, which is broadly available across the territory of the country, and ensures effective transfer for large amounts of data with speeds of up to 150 Mbps.

High internet access speeds, and high or unlimited data allowances in mobile access make it possible for end users to use OTT services from different providers, independently of the operator that provides their internet access. In the future such services will have an important effect on the available products and services and the development of the electronic communications market.

1.1.3.4 ACCESS TO TV SERVICES

Television has retained its significant role in the consumption of media content, even though internet usage is growing and an increasing number of users watch video online on a daily basis. Today television is in most cases a part of a bundle price plan from telecommunications operators who offer users of television services price plans with a fixed range of television channels, and provide advanced features of managing television content through digital set-top boxes. The user experience is thus based on concurrent use of linear (traditional television), non-linear (video on demand), and internet services over the same platform, i.e. where the viewer not so long ago expected only traditional television.

The highest, 51.1 % share goes to IPTV, followed by cable television with 43.7 %, while satellite television has a 3.7 % market share, with 1.5 % going to MMDS connections. The share of households that still watch terrestrial television using rooftop or small antennae is 15.1 %, according to the results of the Basic survey on the profile of the Slovenian TV population conducted in the spring of 2016.

1.1.3.5 CONVERGED SERVICES

Electronic communication services in bundles are usually lower priced, which is also the reason why end users opt for the operators' bundles. Consequently the shares of bundled service plans are increasing, especially quad play offers. The service plans for end users, both residential as well as businesses (especially small businesses), have thus

become a means of lowering the costs of electronic communication services.

Convergent i.e. bundled, offers were very popular with end users also in 2016, as the share of price plans with benefits reached 85.4 %, and continues to increase on a quarterly basis. The highest market share still falls on triple play (42.2 %), followed by quad play (31.0 %), and dual play (12.1 %).

1.1.3.6 CARRIER BROADBAND ACCESS

The carrier market for broadband access continued to exhibit growth again in 2016. This type of access allows operators to offer broadband services to end users through leased infrastructure, as well as offer other wholesale products including in areas where they are not physically present with their own network. Operators are for the most part still dependent on regulated products accessible on the copper and fiber optics network of Telekom Slovenije, d.d., but they are complementing it through access over open broadband networks that were built with public-private partnership funds in areas where there was no commercial interest for construction. Unbundled access to the copper local loop is still the prevailing type of access; however, its share is decreasing due to transition to, i.e. demand for bitstream access, which is primarily the result of copper local loop shortening, which Telekom Slovenije is conducting to increase the capacity of its broadband network. The share of unbundled local loop access is also declining because of users switching to fiber optic access where available. The growth in the wholesale broadband access market is thus the result of the increasing demand for access to Telekom Slovenije's fiber optics network and open broadband networks, whereby unbundled access to the local fiber is the predominant choice. Operators can get bitstream access on fiber optics networks that were constructed using P2MP (point-to-multi-point) method.



High internet access speeds, and high or unlimited data allowances in mobile access make it possible for end users to use OTT services from different providers.

1.2 ACTIVITIES AIMED AT ACHIEVING GOALS

1.2.1 PREPARING AN ANALYSIS AND APPOINTING THE UNIVERSAL SERVICE PROVIDER

The Agency managed to achieve its objectives related to the protection of end users and universal service provision, as it successfully prepared the analyses and issued a decision appointing the universal service provider. In December 2016 the previous Decision on appointing the universal service provider had expired for the following services: (1) connection to the public communication network and access to the publicly available telephone services at a fixed location upon a user's reasonable request, so that it allows them to conduct voice, data, and fax communication with a transfer rate suitable for a functional internet connection, as defined in the General act from Article 124 of this Act, (2) access to the publicly available telephone services upon a user's reasonable request by connecting to the public communications network from the previous item, so that it is possible to make and receive domestic local and international calls, (3) providing measures for end users who are disabled.

In 2016 the Agency conducted the procedure for appointing the provider of the above services based on Article 118 of ZEKom-1. The Agency published the analysis in which two services from the whole range of universal service are further detailed, namely a connection to the public communication network and access to the publicly available telephone services at a fixed location, and ensuring access to publicly available telephone services. In its analysis of the services of connecting to the public communication network for access to publicly accessible telephone services at a shared location the Agency proposed 2 scenarios: maintaining the status quo or ceasing to provide the service of the connection to the public communication network. Later it submitted its analysis on the impact of the change in speed to functional internet access for public consultation.

Based on said analyses and comments from the stakeholders the Agency published a public tender for determining the service provider in September. Considering the conclusions of the analysis and the public discussion the Agency did not alter the technical requirements for the universal service. It also did not amend the general acts on the transfer speed, the quality of the universal service, or the calculation of net costs. In accordance with paragraph 5 of Article 118 of ZEKom-1 the Agency launched the process for determining the provider of said services ex officio and appointed Telekom Slovenije, d.d., for a period of 3 years, as it is the operator with the biggest market share for said services.

1.2.3 REGULATION OF RELEVANT MARKETS

In encouraging competition and market development the Agency partially realized its planned goals, whereby the market developments also required it to urgently conduct 3 additional analyses of relevant markets with the objective of partially amending the measures, which was not part of the plan. It successfully issued several regulatory decisions that were not planned, and prepared the planned analyses that will be concluded in the first half of 2017. In 2016 the Agency issued the decisions for partially changing the measures to 12 operators with significant market power on the carrier relevant market 3 (Call termination on the public telephone network at a fixed location), issued 4 decisions to operators with significant market power on carrier relevant market 7 (Voice call termination on individual mobile networks), and a decision to an operator with significant market power on the carrier relevant market 5 (Broadband access) with the purpose of changing a part of the regulatory measure currently in place. The Agency also prepared the planned analysis of relevant market 18 (Delivering broadcast content to end users), and deregulated the market based on the three measures. The Agency was also active in preparing the planned analyses of relevant markets 3a

(Wholesale local access provided at a fixed location), 3b (Wholesale central access provided at a fixed location for mass-market), and 4 (Wholesale high-quality access provided at a fixed location), which will be completed next year. In relation to these relevant markets the Agency also held 8 workshops and consultations with operators.

1.2.3.1 MARKETS 3A, 3B IN 4

The Agency partially realized its goals relating to the promotion of competition and market development, as it began the preparation of the planned analyses. They will be completed and published in the first half of 2017. In the scope of the regulation of relevant markets the Agency began preparing the 3 demanding analyses of relevant markets for broadband internet access at the wholesale level, namely market 3a (Wholesale local access provided at a fixed location), market 3b (Wholesale central access provided at a fixed location for mass-market), and market 4 (Wholesale high-quality access provided at a fixed location). In the regulation of wholesale markets for broadband access the Agency followed the European Commission Recommendation on consistent non-discrimination obligations and costing methodologies to promote competition and improve the broadband investment environment, along with the amended European Commission Recommendation on relevant product and service markets within the electronic communications sector susceptible to ex ante regulation. Both of these documents have significantly changed the current regulatory requirements and introduced numerous demanding methodologies. With the objective of including the stakeholders in the process at the earliest stage possible, the Agency prepared the Methodologies related to the future regulation of carrier relevant markets for accessing the broadband network before it started to preparing the analyses, and submitted them into consultation. In the Methodology the Agency explained all the new developments introduced by the European Commission Recommendations, and called on the stakeholders to take a position on them. Last year the Agency organized 8 workshops, consultations, and training sessions related to the future regulation of relevant markets, also by hosting established international experts, and inviting representatives from the operators to attend. Workshops were a good opportunity to exchange opinions of all stakeholders impacted by the regulation of relevant markets. The Agency also had several meetings with the representatives of operators. The Agency's employees obtained insights into best practices also at bilateral meetings with other European regulators and the European Commission.

It also prepared, in partnership with external consultants, the technical and economic study of wholesale products for bitstream access, and began the analytical study of the state of leased lines and accompanying services in Slovenia, and it also began developing the methodology and the model for conducting an ex ante test of economic replicability, and actively included all the market participants while doing so. Because of the sheer difficulty of the above analyses the Agency will complete them with a public consultation and prepare the regulatory decisions in the first half of the next year. In order to analyze the state of individual geographic market segments the Agency also launched the analysis of retail broadband

access services on the whole territory of the Republic of Slovenia from the perspective of end users where it collected data from all the active operators on the market, recognizing the most important retail products provided by operators in individual geographic areas.

1.2.3.1 MARKET 3 AND MARKET 7

For promoting competition and market development the Agency conducted additional (unplanned) tasks in the scope of its analyses and the partial amendments to the measures on the relevant markets 3 and 7. Based on the initiatives received from the operators and the completed analysis the Agency found that on the grounds of current regulation Slovenian regulated operators on relevant market 3 (Wholesale local access provided at a fixed location - carrier market), and relevant market 7 (Voice call termination on individual mobile networks - carrier market) are in a significantly different position compared to other regulated operators on the EU internal market. Foreign operators charge higher and unregulated termination prices for calls originating outside of the EU internal market, while the regulation did not permit Slovenian operators on termination markets to charge in this way. The Agency conducted a partial analysis of said relevant markets and in 2016 issued new regulatory decisions with which it partially changed the existing regulatory measures on these relevant markets in such a way that it made it possible for Slovenian operators to have equal regulation as is used in some other countries of the EU internal market, so they can charge in their own networks - within the scope of non-discrimination obligations - the commercially agreed price for calls originating outside of the European single market (EU/EEA). The calculated regulated wholesale price for on-net call termination in public telephone networks remains the same as it was in the previous regulatory decision. The Agency thus issued 12 decisions to operators with significant market power on the carrier relevant market 3, and 4 decisions to operators with significant market power on the carrier relevant market 7. At the operators' request at the end of the year the Agency also held several meetings regarding the possibilities of drafting a Recommendation on operators' actions in the event of discovered abuses in voice call termination originating outside the EU in an individual mobile and fixed network in the Republic of Slovenia.

1.2.3.2 MARKET 5

For promoting competition and market development the Agency conducted additional (unplanned) tasks in the scope of its analyses and the partial amendments to the measures on the relevant market 5. Based on the findings of the condition on market 5 (Broadband access - carrier market) the Agency established that the market displayed negative effects of the regulatory obligations valid at the time on the competitive conditions on the market and on the market development, resulting from the changes to the conditions since the regulatory decision valid at the time was issued. Based on a partial analysis of the market in 2016 the Agency issued a decision to the operator with significant market power that partially amended the regulatory measure valid at the time on this relevant market, namely the obligation of price supervision and cost accounting. With this action the Agency made it possible for end users in the bitstream access also receive improved conditions, namely that they can receive higher speeds services at prices that are the result of competitive conditions on the market and a better utilization of the NGA network. The expected result of the proposed change to the measure is especially beneficial to end users who will be able to obtain services with higher speeds at the same or lower prices. This could contribute also to achieving the goals of the Digital Agenda for Europe.



Agency partially changed the existing regulatory measures on relevant markets 3 and 7 in such a way that it made it possible for Slovenian operators to have equal regulation as is used in other countries of the EU internal market.

1.2.3.4 MARKET 18

In competition promotion and market development the Agency finished the planned task of analyzing the relevant market 18 and issued a decision based on it. The Agency completed the analysis of relevant market 18 (Wholesale broadcasting transmission services to deliver broadcast content to end users) in early 2016. In the analysis it tested the 3 measures that have to be met for market regulation and established that continued ex ante 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 the RTV Slovenija Public Institute was previously regulated as the operator with significant market power.

1.2.4 CALCULATING THE NET COST OF PROVIDING THE UNIVERSAL SERVICE

The universal service provider, selected with the Agency's decision, did not send to the Agency a request for refunding the net cost of providing the universal service in 2015.

1.2.5 ACCESS AND DISTRIBUTION POINT

In the optimization of investments in infrastructure, in spite of the activities launched in 2016, the Agency did not realize the goal of preparing the General acts on the access and distribution point. The Agency planned a technical analysis and preparation of general documents, as well as regulation of the conditions in the segment of access and distribution points. In 2015 it studied international practices and compared the Directive on measures to reduce the cost of deploying high-speed electronic communications networks with ZEKom-1 in order to draw up first drafts for general legal acts. It concluded that completing this would require transposing said Directive into national legislation and thoroughly analyzing the domestic market, since international practices cannot be applied to the Slovenian situation. Considering that in 2016 it launched the procedure of amending ZEKom-1 (ZEKom-1C) for the very purpose of implementing said Directive into the Slovenian legal order, the Agency will presumably continue with the started procedure in the next year, after ZEKom-1C comes into effect.

1.2.6 INTERNATIONAL ROAMING

In 2016 the Agency was active in implementing changes to the Regulation on roaming,⁶ which introduced the transitory period as of 30 April 2016, during which the operators were allowed to only charge surcharges to home prices in the amount of wholesale rates before they are completely eliminated on 15 June 2017, with the Agency providing support to operators in adhering to the requirements of the Regulation. In the scope of this project the Agency organized 3 consultations with operators and prepared several responses to the questions posed there. It also cooperated in the preparation of guidelines⁷ prepared by BEREC for this purpose.

In the procedure of eliminating roaming costs the European Commission adopted the Implementing regulation⁸ in December 2016, whereby the Agency collaborated at the BEREC level, as well as with the European Commission and the Directorate for Information Society in the procedure of submitting comments to the content of the Regulation. The Agency's representatives also actively attended the meetings of the Communications Committee of the European Commission, where the most emphasis was in international roaming in mobile networks and the content of the implementing acts.

By publishing information on its website the Agency also ensured the end users were appropriately informed, and also prepared a brochure for them with tips about the change to the new method of charging roaming costs.

1.2.7 DATA COLLECTION AND REPORTING

One of the Agency's annual goals for 2016 was to continue working on the multi-year project of modernizing the system for data collection, which is used when designing regulative analyses and decisions, and reporting in accordance with legislation to national bodies and international institutions, the European Commission and its bodies. The Agency had already completed reviewing best practices with some other national regulatory bodies, and launched the procedure, but because of other priority projects only began intensive work on the modernization at the end of 2016, and will continue working into the next year.

Based on ZEKom-1 and the General Act on collection, use, and sharing of the data on the development of the electronic communications market in order to support decision-making based on analyses, conducting analyses of relevant markets, preparing strategies, preparing reports and submitting data to the European Commission and other regulative bodies and national bodies and international organizations for electronic communications and also for conducting its own legislative tasks the Agency is obligated to collect the data on the development of the electronic communications market in the Republic of Slovenia. During the year the Agency again collected data from reports submitted by active operators through the Partner AKOS portal in electronic surveys, and published quarterly reports on the development of the electronic communications market on its website. It monitors the electronic communications market in Slovenia with said reports. For the requirements of the analysis of relevant markets the Agency also collected data in other ad-hoc questionnaires, e.g. on retail broadband access services across the territory of the

⁶U 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.

⁷BEREC Guidelines on Regulation (EU) No. 531/2012 as amended by Regulation (EU) No. 2120/2015 (Excluding Articles 3.4 and 5 on wholesale access and separate sale of services).

⁸The 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.

Republic of Slovenia, where it collected data on the actual use of services by end users from active operators, ensuring retail and wholesale leased line services in the Republic of Slovenia. The Agency also collects the data on the market through research on end users. With the support of an external provider it conducted in 2016 a periodic survey on monthly household expenditures for electronic communications services in October 2016, and an analysis of the current demand for higher speeds of internet access and e-content.⁹

In 2014 the Agency launched the development of the geographic data system for collecting and analyzing data with the objective of obtaining the complete picture of the telecommunications infrastructure in the Republic of Slovenia, and has towards this end already combined some publicly accessible databases with other data obtained from electronic communications operators. The Agency's system provides it support in the analyses of relevant markets, while also supporting cross verifications of the validity of the data reported to the Agency by electronic communications operators and the data the network infrastructure owners enter into the record of infrastructure networks and facilities. When collecting and evaluating the data that the owners of the public communication network must report to the registry of infrastructure networks and facilities, the Agency actively collaborated with the relevant Ministry, the body responsible for geodetic issues, and those obligated to submit reports, all of which significantly contributed to the increase in the number of entries and the quality of the reported data. For this purpose the Agency organized bilateral meetings and notified parties before launching supervisory procedures.

It worked with the relevant Ministry on the procedure of consolidating the collective list of white spots in the geographic segment of heavy and sparse settlement of the Republic of Slovenia in the scope of collecting market interest for the construction of next generation broadband networks by 2020. The Agency updated its internal system with current databases and optimized some internal work processes connected to the system, as well as upgraded the system for more efficient internal use.

In the course of its work the Agency faces challenges when collecting the data from operators who for various reasons do not submit the data or fail to do so in a timely fashion, in an incorrect format or even submit the wrong data. The Agency has consequently opted for active and intense cooperation with operators in the coordination of data, so that the data shows the true condition on the electronic communications market, as this is the basis for the complex regulatory decisions the Agency must make.

1.2.8 COOPERATION WITH STATE INSTITUTIONS (BS, SURS, AVK) AND THE PUBLIC

In accordance with the plan the Agency continued in 2016 with its regular task of cooperating with state institutions. State institutions use the data from the Agency's quarterly and annual

⁹<http://www.akos-rs.si/raziskava-o-mesecnih-izdatkih-gospodinjstev-za-storitve-elektronskih-komunikacij-v-oktobru-2016-in-analiza-stanja-povprasevanja-po-visjih-hitrostih-dostopa-do-interneta-in-e-vsebinah>.

reports, and the Agency also prepared and submitted additional quarterly reports to the Statistics Office of the Republic of Slovenia and Bank of Slovenia in the scope of cooperation based on legislative requirements. The Agency is also a member of the Information Society Statistics Advisory Committee and takes part in its meetings. The Agency also cooperated with the Slovenian Competition Protection Agency in analyzing relevant markets and determining significant market power, and provided it with expert support in procedures under its jurisdiction. Throughout the year the Agency attended the meetings of the Electronic Communications Council, and prepared all the materials it required. Operators also continued turning to the Agency with questions and requests throughout the year, as did other stakeholders, and the Agency responded and helped in the scope of its authority.

1.2.9 INTERNATIONAL COOPERATION (BEREC AND EUROPEAN COMMISSION)

IN the scope of its regular tasks in 2016 the Agency and the Body of the European Regulators of Electronic Communications (BEREC) collaborated at various levels, with the Agency contributing in shaping and adopting the guidelines, common policies, internal reports, and other documents. In 2016, 10 expert working groups were active on 27 tasks. The Agency actively cooperated in all the tasks. Among the most significant is the Agency's collaboration in creating important regulatory practices, especially relating to internet neutrality and the revamp of the European regulatory framework for electronic communications. The Agency also attended regular meetings in the scope of BEREC, and took part in 4 plenary meetings and at 4 contact network meetings.

Last year the European Commission published a proposal of the new Directive on the European Electronic Communications Code (EECC) and the proposal for the new Regulation on establishing BEREC. The proposals are currently being coordinated and adopted in the European Parliament and the Council of the European Union. At the end of 2016 BEREC took a position on both proposals with a publicly published opinion, and the Agency also actively monitored all the responses and worked with the relevant Ministry in preparing comments.

The Agency's representatives also actively attended the meetings of the Communications Committee of the European Commission, where most emphasis was on international roaming in mobile networks and the content of the implementing acts.

The Agency is also an active member of the Independent Regulators Group (IRG), where the Agency collaborated in the working group on designing the system for exchanging know-how, best practices, and experience between European regulators. In the beginning of 2017 IRG presented the statistics on the activity of use of this system in the past year, and, as the Agency was very active in responding to questions and requests, it took 7th place among all IRG members. Last year the Agency also submitted answers to 45 questionnaires. The Agency actively worked in the organization committee for preparing the annual international IRG workshop, which in 2016 focused on wholesale access products. The Agency assisted IRG and consulted on the platform for evaluating organized events, as well as the preparation of some internal statistical data.

In accordance with the legislative requirements the Agency is obligated to report to certain international organizations covering electronic communications on the condition of the Slovenian electronic communications market, and it always ensures that it maintains the required level of confidentiality. The Agency collaborates with international organization such as ITU, OECD, etc.

In 2016 the Agency also signed the memorandum on cooperation with the Regulatory Agency for Communications of Bosnia and Herzegovina (RAK).

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 1, with all subsequent changes and amendments; hereinafter referred to as: ZMed)
- Audiovisual Media Services Act (Official Gazette of the RS, no. 87/2011, with all subsequent changes and amendments; hereinafter referred to as: 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 number porting (Official Gazette of the Republic of Slovenia, no. 67/16)

Its work on developing regulatory approaches comprised participation in developing legal mechanisms in Slovenia and the EU, and by following legislative trends in the broader international environment. In 2016 ZMed was amended with regard to the obligatory daily quotas for Slovenian music, as well as the provisions of Article 109 of ZMed, which bestowed on the Agency the power to implement inspection supervision (instead of an expert supervision from the previous version) over certain provisions of the Media Act, especially over radio programming publishers, and over certain provisions applying to television programming. The Agency prepared the General act on thematic television programs (Official Gazette of the Republic of Slovenia, no. 67/16), and monitored the upcoming changes to the European media regulatory framework.

2.1.2 ANNUAL GOALS

The Agency's main goal in electronic media in 2016 was transparent and proactive enforcement of legislation regulating mass media, audiovisual media services, electronic communications and digital broadcasting, as well as to protect the audience, especially its most vulnerable segments, from excessive advertising and potentially harmful content.

The Agency pursued the goals in helping to create appropriate conditions for the operation of electronic media in Slovenia especially through the successful completion of public tenders for assigning rights in digital television and audio broadcasting. The goals were for the most part also realized, especially by establishing the platform for terrestrial broadcasting of digital radio, which includes assigning licenses for operators of the digital multiplex, and assigning the rights for digital broadcasting of radio programming. In 2016 the Agency actively endeavored to complete the public tenders for analog audio broadcasting planned already for 2014, but the limitations that have blocked their realization for years were still not overcome in 2016. The Agency and the Broadcasting Council have not managed to solve the competence dispute, even though the competition between both bodies was reestablished at the end of the year.

In protection of media consumers the Agency put most of its focus on the implementation of the Gledoskop system, through which it plans to raise awareness and help the public become more equipped for an informed, deliberate, and responsible selection of media content. It monitored the Ministry of Health's preparation of dietary guidelines, based on expert guidelines of the National Institute for Public Health, and which will assist the audiovisual media service providers in forming their own rules on protecting the children from unsuitable commercial messages on foods during content for children. They are supposed to be planned so that children are allowed to develop healthy dietary habits in accordance with the above guidelines, and the deadline for their preparation is in early 2017.

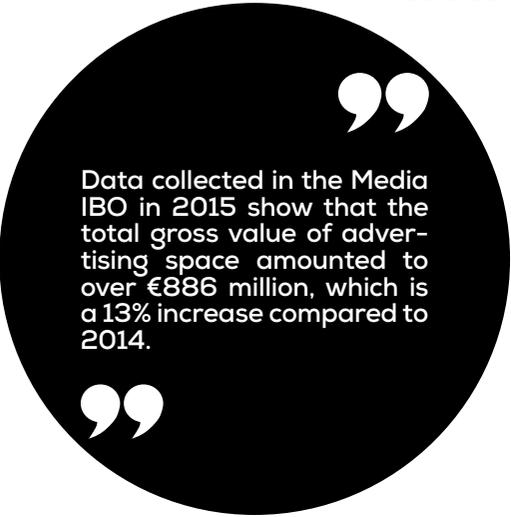
In 2016, the Agency realized most of its objectives aimed at establishing systematic monitoring of electronic media development in the Slovenian market. It continued the practice of compiling and publishing regular quarterly reports on the Agency's work and situation in the media market. For 2016 the Agency included in its plans of monitoring the development of the Slovenian electronic media to conduct an extensive analysis of the Slovenian radio market. This objective was partially realized, as it did complete the public order for the study of economic potential for different

formats of radio programming in 2016, but has not managed to complete the extensive analysis. In the scope of monitoring the radio market the Agency commissioned a comparative study of the legal framework for the regulation of media ownership in European countries and supplemented it with a media workshop on radio regulation and competition concentration to serve as the grounds for measures to eliminate the shortcomings of the Slovenian mechanisms for blocking ownership concentration in the radio market.

2.1.3 MARKET SITUATION

Data about the sale of advertising space in electronic media in 2015 collected in the Media IBO project and published in the first half of 2016 show that the total gross value of advertising space (based on media outlets' price lists, without discounts, free advertising, etc.) on/in television, print media, posters, internet, radio, cinema, mobile marketing, and other, amounted to over €886 million, which is a 13 % increase compared to 2014 (786 million). This is a significant amount of growth compared to the previous year, as the increase from 2013 to 2014 was 4 %. The gross value of advertising amounted to around €683 million on television alone, and to over €26 million on radio.

Television still makes up the biggest share of the advertising space, with a share of 77 %; radio got a 3 % share, while 4 % of the total gross advertising revenue went to internet media. The biggest share (a good half) of the gross television advertising pie went to Pro Plus, d.o.o., which owns the channels POP TV, Kanal A, POP Brio, POP Oto, and POP Kino. Planet TV channel is still significantly behind Pro Plus in gross advertising share, but has managed to increase its advertising revenues by a whole third between 2014 and 2015. It is followed by TV3 Medias and both public television's national channels, with the second national public channel recording a very impressive 75 % growth in advertising revenues compared to 2014, mostly because of important sports events and successes of Slovenian athletes (especially in winter sports). In the scope of the IBO Mediana project 5 radio channels with the top ratings in the Slovenian radio space are also monitored: the regional radio network Radio 1, the regional radio network Radio Antena (which ceased to operate in 2016), the regional radio network Radio Center, and Radio Slovenija channel 1, and Val 202. In the total media advertising pie



Data collected in the Media IBO in 2015 show that the total gross value of advertising space amounted to over €886 million, which is a 13% increase compared to 2014.

the share of these 5 channels is 3 %, with its gross value increasing by 6 % compared to 2014.

According to data from AGB Nielsen TV viewers in Slovenia spend most of their time on news shows, entertainment and TV series, followed by films, which are most watched by the 35 to 54 age group, and sports, which is the same as news, entertainment, and those TV shows that are most popular in the 55 and above age group. Among Slovenian channels the biggest average shares of viewers in 2016 went to POP TV, TV Slovenija 2, Kanal A, and Planet TV, while among foreign channels the most popular were Discovery Channel, Fox Crime, Fox, National Geographic, the Croatian channels Nova TV, HRT1 and HRT2, and the children's channels Nickelodeon and Minimax.

According to AGB Nielsen 9 % of respondents watch TV over the internet, and nearly a half of them watch live programming and reruns, nearly a third watch television live, and almost a quarter mostly watch reruns. Among households with IP TV and digital cable television, a third of them have the time shift or catch up TV service, and almost 3 % of them use the video store. Of those who have the time shift service, 52 % use it on a daily basis, 40 % on a weekly, and 8 % on a monthly. Those who use the time shift feature on a daily basis watch at least 2 hours of TV programming per day.

Further on AGB Nielsen's data shows that 40 % of households watch TV programming through a cable connection, which is 4 % fewer than the year before, with the subscribers switching to IP technology access, which now amounts to 46 %, a 5 % increase year-on-year. The increase is especially the result of the switch of Telemach's subscribers from digital cable television to IP TV, and only in a lesser part the result of the 0.8 % decline of terrestrial and satellite TV share. Only 15 % of households watch television only over terrestrial or satellite technologies.

The survey from the iPROM online media agency and Valicon on media consumption and parallel consumption of TV and the internet shows that viewers are multitasking while watching TV, as 71 % of users go online while watching television, with 54 % of the respondents being encouraged by the television content to use their mobile phones for looking up additional information. Among young people the most popular activity while watching television is using social networks.

According to Mediana RM the most listeners in 2016 tuned to the regional radio network Radio 1, Val 202, Radio Aktual, Radio PRvi, the regional radio network Radio Center, Radio City, and Radio Ognjišče.

2.1.3.1 TELEVISION AND SIMILAR SERVICES

In 2016, the Agency processed 18 administrative issues regarding television broadcasting licenses based on ZMed. 9 administrative proceedings were initiated by request of the party in the proceedings, 9 ex officio, and 17 were concluded in 2016. The growing trend of new television channels picked up again in 2016 compared to 2015, while the trend of TV channels ceasing to broadcast slightly subsided.

4 new television broadcasting licenses were issued for television channels. 2 decisions on expiration of television broadcasting licenses issued to 2 television channels. The Agency changed 6 television broadcasting licenses ex officio, 1 license was updated following a public tender, and 2 were transferred to new publishers.

No. of license holders (companies and persons)	74
Total no. of licenses	92
No. of license holders with more than one license	7
No. of license holders for digital terrestrial broadcasting	25

TABLE 8: TELEVISION BROADCASTING LICENSES

Starting in October 2016, when the Agency published the General act on thematic television channels in the Official Gazette of the Republic of Slovenia, giving TV programming publishers the option to receive a license as a thematic channel (sports, film, etc.), the Agency did not receive any applications for such channels, even though there is a large number of specialized channels already present on the market.

The record of providers of on demand audiovisual services had at the end of 2016 9 services.

2.1.3.2 RADIO

At the end of 2016, 55 legal and natural persons held 94 valid radio broadcasting licenses. More than 1 license was held by 11 of them, and together hold 50 licenses, a bit more than a half of all of them.

No. of license holders (companies and persons)	55
Total no. of licenses	94
No. of license holders with more than one license	11

TABLE 9: RADIO BROADCASTING LICENSES

In 2016, the Agency processed 48 administrative issues regarding radio broadcasting licenses, 20 of which were initiated at a request and 28 ex officio. When analyzing the data on issued radio broadcasting licenses from 2016, the Agency noticed a slight increase in the number of requests for changing a license (19), and a significant increase in applications for license transfer, while the number of requests for issuing licenses for new radio channels declined. In the administrative proceedings launched upon request, the Agency processed 19 requests for changing the radio broadcasting license in which the license holders wanted to change the basic programming requirements from their licenses, 6 requests for transferring the radio broadcasting license, and 1 request for issuing a license for a new radio station. 57 administrative procedures were concluded in 2016.

There are a total of 4 radio programming networks, which connect 28 radio stations of 12 publishers. The majority of these publishers are connected in accordance with Article 83 of

ZMed into 3 radio programming networks (Radio 1, Rock Radio Center), while 2 publishers are united in accordance with paragraph 2 of Article 79 of ZMed into a regional program, i.e. a regional radio network of local radio stations (Primorski val). In the beginning of 2016 the regional radio network Radio Antena was eliminated, and all the stations included in the network continue broadcasting independently.

2.2 ACTIVITIES AIMED AT ACHIEVING GOALS

2.2.1 PUBLIC TENDERS

2.2.1.1 LICENSES FOR DIGITAL RADIO BROADCASTING

Following the public tender for assigning radio frequencies for terrestrial digital radio broadcasting T-DAB+ (Multiplex R1) launched in 2015, the Agency, with the objective of establishing a platform for terrestrial digital radio broadcasting, issued the decision on assigning radio frequencies for DAB+ multiplex R1 to the only provider that submitted the application to the public tender, RTV Slovenija. RTV Slovenia, i.e. its Transmitters and Connections unit will thus also manage the DAB+ digital radio network. Even before the network was established the Agency began conducting the activities for assigning the digital radio broadcasting rights for the territory of the Republic of Slovenia. In agreement with the Broadcasting Council the Agency launched the public tender for assigning 10 licenses in June 2016. The remaining 4 licenses were awarded to the stations of Radiotelevizija Slovenija Public Institute in accordance with Article 13 of the Radiotelevizija Slovenija Act.

In September 2016 publishers began broadcasting their radio programming in the digital terrestrial broadcasting network T-DAB+ (multiplex R1), of which 4 were public and 9 commercial:

- Radiotelevizija Slovenija Public Institute, Ljubljana, for radio channels Radio Slovenija Channel 1 – Prvi; Radio Slovenija Channel 2 – Val 2020; Radio Slovenija, Channel 3 – ARS, and Radio Slovenia International;
- Radio Ognjišče, d.o.o., Koper for the radio station Radio Ognjišče;
- Radio Antena, d.o.o., Ljubljana for the station Radio Antena;
- Radio Center, d.o.o., for stations Radio Center Slovenija and Narodni radio (which was renamed later in 2016 into Glasbeni radio);
- Radio Brezje, d.o.o., for the station Rock Radio Štajerska (which was renamed later in 2016 into Rock Radio Slovenija);
- Radio 2, d.o.o., for the station Radio 2;
- Radio 3, d.o.o., for the station Europa 05 (which was renamed later in 2016 into Radio Bob);
- Radio Association A-radio Žalec for the station A-radio;
- Radio Maksi, d.o.o., for the station Radio (which was renamed later in 2016 into Radio 1 DAB);

The Agency monitors the state on the operational multiplex – both the exercise of rights for digital broadcasting of radio programming, and the responses from users (listeners) of this new platform – and monitors new initiatives or interests from potential candidates for digital radio broadcasting programming.

2.2.1.2 LICENSES FOR DIGITAL TELEVISION BROADCASTING

In early 2016 the Agency assigned 1 right for digital television broadcasting in the territory of the Republic of Slovenia based on the public tender launched in 2015. In March 2016 the Agency launched a public tender for assigning 5



In September 2016, agency awarded the first licenses (a total of 13 licenses) for the digital broadcasting of radio programs in Slovenia.

licenses for digital television broadcasting in the territory of the Republic of Slovenia. There was only one application to the tender, and it was complete and met all the conditions. At the end of 2016 another tender was launched because there was more interest from the publishers, this time for assigning 4 digital licenses for the territory of the Republic of Slovenia. As the deadline for submitting the applications ends in January 2017, the public tender will presumably be completed in 2017.

2.2.1.3 RIGHTS TO USE RADIO FREQUENCIES FOR ANALOGUE RADIO BROADCASTING

The Agency attempted in 2016 to conduct the public tender for assigning available radio frequencies for analogue radio broadcasting, which was already identified as one of the key tasks in 2014. It managed to find some common ground with the Broadcasting Council on conditions and measures related to the public tender for FM frequencies for local radio stations, and submitted a proposal of conditions and measures to the Broadcasting Council in February 2016. Even though the Broadcasting Council once again blocked the public tender with the argument that the Agency did not prepare a strategy for the development of radio and television channels in the Republic of Slovenia, which is a key precondition for further strategic decisions and changes in the field of broadcasting. The Council, however, ignored the fact that the Agency had prepared the analysis that the Council itself used as the framework for preparing its strategy of assigning FM frequencies. In spite of calls to the relevant institutions to resolve the issue, and the mediation from the Government Legislative Office which resulted in an agreement at a meeting attended by the representatives from the Agency, the Council, the Ministry of Culture, and the Information Society Directorate, the Council insisted on its positions. At the end of 2016 the relationship between the Council and the Agency were settled and the Council once again submitted its proposal of conditions and measures related to said public tender to the Agency. The Agency will review it, and if an agreement is reached, also conduct the tender in 2017.

2.2.2 THE ANALYSIS OF THE RADIO MARKET

In 2016 the Agency selected the contractor for the study on the economic potentials of the Slovenian radio market through a public order, and collaborated with the contractor on designing the parameters the study, which is to continue in 2017. The objective of this study is to use publicly available information to obtain the data on the financial operations of radio

channel publishers, and to verify the findings through surveys in the field, and through in-depth-interviews with radio publishers and experts. This will take into account different models and methods of financing radio programming. The end product will be the report on economic indicators on the market, which should give a more thorough perspective on the economic potential of various types of radio channels on continued development under different presumptions on their financing.

The Agency ordered the preparation of a comparative study of the legal framework for the regulation of media ownership in European countries. The comparative study provided cases from the field and the guidelines for the development, thereby setting the foundations for considering a potential revamp of the procedures against media concentration, as it provides an insight into the legal framework for the regulation of media concentration in 28 EU member countries and 4 EFTA member countries, and provides recommendations that take into account the Slovenian current condition to introduce best practices from abroad. Special focus is also put on the condition on the Slovenian radio market, whereby the study gives recommendations the Agency will take into consideration in its future strategic guidelines for managing this field.

2.2.3 STANDARDIZING AUDIOVISUAL CONTENT CLASSIFICATION AND LABELING

The project of the development and implementation of Gledoskop, the IT-supported system for classifying and labeling content that is potentially harmful for children and young adults in linear and non-linear media services is based on the Kijkwijzer system, for which the Agency obtained the license in 2014. Labeling video content is a requirement of ZAvMS, and Gledoskop provides the simplest and most reliable content ranking and labeling using an online questionnaire.

In 2016 there were several intensive activities related to Gledoskop, especially related to adapting the Kijkwijzer questionnaire, as the trials showed that it did not provide a uniform and simple enough system for classifying program content, which required a thorough revamp. The rewrites to the questionnaire were made in cooperation with the Netherlands Institute for the Classification of Audiovisual Media NICAM, and after the revamp the new version of the questionnaire was also sent to industry programmers who will assess the programming content on behalf of their institutions. Because of differences in understanding the questions, the criteria of assessment and the opinions regarding the level of protection, the category of sexuality was especially reworked, simplified and upgraded with new explanations and examples.

In June 2016 the Agency in cooperation with representatives from NICAM organized a workshop for programmers in the scope of the Gledoskop project. 20 attendees passed the training, and obtained the appropriate certificates for independently classifying programming content, as only certified programmers can access the Gledoskop tool and classify the content. The Agency's programmers began systematically filling the database with content classifications at the end of 2016. The website also obtained a redesign in 2016 to help promote Gledoskop and raise its recognition. Because of the links to the audiovisual culture, and also to make it more attractive, visible, and give it more impact, the Agency in cooperation with an external designer, decided to upgrade the basic website layout provided by NICAM with a designed background, banners, and a logo, so that they form a complete and recognizable whole, adapted to the needs of the Agency and the target audiences, as well as Gledoskop's specifics.

2.2.4 OVERVIEW OF PROVIDERS ON THE MARKET AND REGISTERING NON-LINEAR AVMS

The Agency conducted an analysis of potential on demand audiovisual media services in Slovenia in 2016. The objective of the analysis was to check the market conditions, and to especially detect those services providers have not yet registered, even though they should have. Based on this analysis the Agency will in early 2017 continue with activities for registering providers that have not yet registered their services in accordance with ZAvMS.

2.2.5 MEDIA WORKSHOPS

The Agency organized a full day workshop in April 2016 at which the renowned international expert Jean-François Furnémont, the former director of the media regulator for the French-speaking community in Belgium, CSA, and the recent president of the biggest association of media regulators, EPRA, presented the studies he has conducted for the Agency, and took part in the discussion. The objective of the workshop was to encourage a discussion on the challenges of regulation, and especially of the development of radio with key policy makers in this field.

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). The Agency actively participated in both plenary sessions of ERGA, ERGA's contact network, and in the activities of working groups.

The Agency took the most active role in the working group for establishing a digital tool for effective and flexible regulation to assist collaboration among regulators, as it presided in this working group. The working group created the first digital platform for effective and flexible regulation. The Agency also collaborated in the working group for monitoring the Proposed changes to the Directive on audiovisual media services. The report on territorial jurisdictions was published in the first half of 2016 in the scope of this working group, completing the work of one of the working groups from 2015. The topic is of great strategical importance for Slovenia, as it significantly affects individual countries' options for protecting the national media from unfair competition by providers from countries with less strict regulation.

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. The Agency prepared the content for the chapter on the future of free television (DTT) and the options for its survival.

The Agency took part in the Central European Regulatory Forum (CERF), which brings to-

gether regulators from Hungary, Czech Republic, Slovakia, Romania, Poland, Serbia, Croatia, and Slovenia. The meeting was focused on exchanging experience and perspectives on regulation for the protection of children and minors from potentially harmful content in audiovisual content, the discussion of the proposed new European Directive on audiovisual media services, the challenges regulators face on the radio market and the dilemma's related to the so-called geoblocking, i.e. transmission blackouts for individual sporting events and is related to obtaining the rights to transmit individual sporting events in just a single country.

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);
- 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, 58/2013);
- General Act on the Sticker Prohibiting Mail Delivery into the Mailbox (Official Gazette of the Republic of Slovenia, no. 22/2010, 65/14);
- 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);
- 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. 11/15);
- Instruction on Handling Postal Items with Prohibited Content (Official Gazette of the Republic of Slovenia, no. 47/2010).

European Commission regulations.

At the EU level, a proposal for a Regulation on Cross-Border Parcel Delivery Services is in the legislative process.

3.1.2 ANNUAL GOALS

Considering the main goals and priorities defined in the 2016 Operating and Financial Plan, the Agency fully or partially completed all the planned activities in regulation and supervision of postal services.

In the context of supervising the terms and conditions, and the prices of accessing the postal network, the Agency examined the legality of the model for dividing the cost of accessing the databases of addresses and the databases of users of post boxes to monitor whether it complies with the obligation of ensuring a cost-based price of access to each individual database.

The Agency's priorities regarding the regulation of separate accounting and the universal postal service comprised primarily the calculation of WACC, and preparation for and participation in the Universal Postal Union congress, where the Agency organized and guided the work of the Slovenian delegation. The net cost incurred by the universal services provider was not calculated and the task was postponed until 2017, because the provider did not claim reimbursement for providing the universal service and is expected to do so in 2017. The analysis of the efficiency of the universal service provider regarding the network and the prices of the universal postal service was not conducted and was postponed until 2017, since numerous changes were made to the pricing of universal services in 2016, the effects of which will only be observable and available for analysis in 2017.

The oversight of delivery times for letter mail and parcels confirmed the accuracy of the results from the 2015 measurement, which showed that the universal services provider met the prescribed quality of delivery in 2015.

The Agency also conducted 3 surveys on the price and quality of postal services, namely a comparative analysis of the prices and delivery times of postal services providers, a survey on consumer satisfaction with contract post offices, and a survey on consumer satisfaction with postal services. The Agency also conducted an analysis of the postal services market in the Republic of Slovenia for 2015.

It especially took into account users' interests in the process of restructuring the postal network, and protected them by proposing amendments to the General Act on the Quality of the Universal Postal Service Provision.

In addition to the aforementioned activities, the Agency was also actively engaged in the work of the international associations ERGP (European Regulators Group for Postal Services) and CERP (European Committee for Postal Regulation), it closely followed the EU's regulatory activities regarding the postal services market, and it provided written and oral explanations regarding postal services to the general public, businesses, and other European regulators. The Agency conducted several other activities aimed at ensuring sustainable, regular, and uninterrupted provision of postal services at the prescribed quality level and affordable prices, and delivered 41,000 stickers prohibiting the delivery to mailboxes to Pošta Slovenije for sale by consignment. It reported on its work and issues related to its work to the relevant ministry and the Inspection Board, and was in contact with a range of Slovenian bodies and institutions.

3.1.3 SITUATION IN THE MARKET

As part of the market analysis 2015 project, the Agency compared the data for the period from 2011, when the postal services market in the Republic of Slovenia was liberalized, to the end of 2015. The analysis of the market situation reveals that postal service providers' total net revenue dropped in 2015, as 3 companies stopped providing postal services or were closed down. Providers' revenue from postal services increased, primarily on account of companies providing parcel delivery, as well as express and courier services. The total amounts in the letter market decreased, however this market still makes up the core of all postal services.

Over the course of 2016 there were 19 providers active in the postal market services, while the number stood at 17 at the end of the year. The Agency entered 2 new providers in the register of postal service providers in 2016, while also deleting 2, which was the result of consolidation on the postal services market and the closure of their activities.

Service	No.
Provision of postal services	17
Provision of universal postal service throughout the entire territory of the Republic of Slovenia.	1
Provision of interchangeable postal services of delivering mail items of up to 2 kg	4
Provision of interchangeable postal services of delivering parcels of up to 10 kg	4
Provision of interchangeable postal services of delivering registered and insured mail	4

TABLE 10: NUMBER OF POSTAL SERVICE PROVIDERS ENTERED INTO THE OFFICIAL REGISTRY AS OF 31 DECEMBER 2016

Through the survey on user satisfaction with contract post offices the Agency verified whether users of contract post offices that have been in operation for at least one year are appropriately aware of their operations, and especially whether the quality and employee behavior at these contract post offices are appropriate. The results were similar to those from previous years, showing high user satisfaction with an average satisfaction index of 83.2. The two main reasons for lower satisfaction with contract post offices were inadequate offices and poorer quality.

3.2 ACTIVITIES FOR ACHIEVING GOALS

3.2.1 REGULATION OF THE UNIVERSAL SERVICE PROVISION

In 2016 the Agency realized its goals in regulating the universal service provision, achieving the expected results, as residents of the Republic of Slovenia had permanent, regular, and uninterrupted postal services at the defined level of quality across the whole territory of the country, and at prices affordable to all users of postal services.

The Agency monitored the measurement of the letter mail delivery times of Pošta Slovenije, taking into account the requirements of the SIST EN 13850:2013 standard, and together with a contractor conducted an assessment of the quality measurement results for 2015. The assessment confirmed that the results for 2015 are accurate and meet the prescribed quality requirements.

Together with the contractor, the Agency also verified the results of measuring the quality of parcel delivery, based on the technical recommendation SIST-TP CEN – T R 15472:2007.

Major changes also occurred in the network of the universal service provider. The Agency issued 44 decisions transforming post offices into contract post offices and 23 decisions closing down post offices. At the end of the year there were 146 contract post offices, which is 35 more than the year before.

In 2016, the Agency processed two requests from Pošta Slovenije's for increasing the price of universal services. In one case the Agency approved the proposed price changes (for standard and regular letters, and postal cards), and changes to weight categories (regular letter) for cross-border services. In the second case the Agency approved the proposed price changes (for standard and regular letters, postal cards, registered and insured letters, and regular parcels) in domestic traffic, and terminated the procedure in the part relating to proposed new discounts on prices in domestic traffic due to the withdrawal of a part of the request.

Pursuing the purpose of protecting the interests of users in the process of reorganizing the postal network, the Agency drafted a proposal for amending and changing the General Act on the Quality of the Universal Postal Service Provision. The proposed changes to the general act are aimed at ensuring the long-term sustainability of the universal service. The general act is aimed at: allowing the universal service provider to flexibly change and optimize the postal network, treat different access points in a more balanced manner, preserve access points that are less economically viable, and improve the availability of access points for the majority of users, as work and lifestyle prevent members of the active population from using access point in the morning or early afternoon. The draft general act was put to public consultation.

As part of universal postal service regulation the Agency processed two requests for approving amendments to the General Terms for the Provision of Universal Postal Service. In the first case it approved the proposed changes to the General Terms, allowing Pošta Slovenije as the universal service provider to adopt a resolution not to recognize out-of-court settlements of consumer disputes related to complaints about the universal postal service based on the Out-of-Court Resolution of Consumer Disputes Act (Official Gazette of the Republic of Slovenia, no. 81/15), and in connection to the Act Amending the Postal Services Act (Official Gazette of the Republic of Slovenia, no. 81/15). In the second case the Agency granted the request for amending General Term in one part, expanding the General Terms so that they now define items and substances whose mailing is prohibited, and prescribe the handling of such mail, and include the recommendation that the recipient and sender's telephone numbers be taken for domestic and international parcel shipments. Some minor redactions were also made to the document.

In the context of universal service regulation the Agency also examined the possibility of

introducing different categories for letter mail based on delivery quality (introduction of priority mail) and the associated changes, primarily regarding the measuring of delivery times and the price of individual services. The Agency concluded that there are no convincing arguments for changing the prescribed delivery quality levels, neither from the aspect of universal service provision, nor the aspect of promoting competition in the market.

3.2.2 PROMOTING COMPETITION

The Agency realized all its goals related to promoting competition, as it successfully completed the internal analysis of the relevant case law in Slovenia, and significant rulings regarding postal service at the EU level.

In 2016, it also conducted oversight over access to databases, used by interchangeable postal service providers that have concluded an agreement on access to the network with Pošta Slovenije. It issued a decision specifying the method for calculating the cost-based prices of access, determining that the price of creating a database should be equally divided among all providers of interchangeable services that requested the database.

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 represents the EU's regulatory response to the fact, that parcels are the future of the postal sector, while prices in cross-border traffic are neither transparent nor cost-based, and barriers prevent new providers from entering the market (volume, negotiating power, etc.). Comprehensive, targeted, and balanced measures aimed at providing information (for monitoring, statistics, and problem identification), transparency of prices (published price lists), and access to terminal dues in cross-border services. The regulation will not replace the Postal Services Directive, but aims to supplement and upgrade them.

3.2.3 MARKET ANALYSIS AND USER SATISFACTION

The Agency fulfilled all of its objectives regarding market analysis and user satisfaction. It created a statistical database on the postal services market, obtained the relevant data, and conducted annual analysis of the postal services market for 2015 based on them. The Agency also carried out other analyses and surveys working with a contractor, namely: A comparative analysis of prices and delivery times; a survey of user satisfaction with postal services (general public and businesses); and a survey of user satisfaction with contract post offices.

The analysis of the postal services market for 2015, which the Agency conducted in 2016, allowed the comparison of postal service providers' revenues by individual service category and expenses for 2014 and 2015, which means that a qualitative analysis was added to the quantitative one. The analysis reviews and compares the data for market segments, namely letter mail, parcels, express mail, and other postal services and unaddressed mail.

3.2.4 REGULATION OF SEPARATE ACCOUNTING

The Agency calculated the new WACC as on 31 December 2015 for Pošta Slovenije in 2016, as planned. When determining the accurate basis for calculating WACC, the company working with a contractor: (1) determined the WACC rate, (2) determined the cost of all assets and return on them, (3) determined the correct regulated value of assets based on Pošta Slovenije's financial statements, (4) calculated WACC, (5) allocated WACC to end cost units

of universal service products, and (6) determined the difference in prices compared to the previous WACC calculation. The WACC rate was calculated using the CAPM (Capital Asset Pricing Model) and audited data for 2015. After calculating the WACC rate, the Agency also determined the Regulatory Asset Base (RAB) i.e. accurate regulated value of assets used to provide the regulated services based on Pošta Slovenije's financial statements RAB was the basis for calculating WACC.

As part of the separate accounting regulation the Agency was unable to verify the calculation of the universal service provider's net cost and accordingly determine the existence of unfair financial burden in 2016, as planned, as Pošta Slovenije has not yet done the calculation and presented it to the Agency for verification. The analysis of Pošta Slovenije's cost effectiveness also was not conducted and was postponed until 2017, when it will be possible to analyze potential effects of 2016 changes to prices of several universal services in domestic and cross-border traffic.

3.2.5 INTERNATIONAL COOPERATION: UNIVERSAL POSTAL UNION (UPU) CONGRESS AND EUROPEAN REGULATORS GROUP FOR POSTAL SERVICES (ERGP)

The Agency coordinated and organized the work of the delegation of the Republic of Slovenia at the 26th Universal Postal Union Congress, and drafted proposals for positions regarding all the issues the Congress voted on. Before the Congress the Agency held several coordination meetings with Pošta Slovenije, the Ministry of Economic Development and Technology, and the Ministry of Foreign Affairs. At the congress participants discussed the reports of UPU bodies for the 2013–2016 period, voted on policies and strategic plans of UPU and the postal sector in general, and adopted the Union's operating plan, the World Postal Strategy, and changes to UPU documents. In the future the market and market players will mostly be affected by: the Integrated Product Plan¹⁰, and changes to UPU Constitution and General Regulations, as well as other documents. Significant changes are also being introduced in the system of terminal dues, with the Congress preserving the existing two-tier system, whi-



Agency coordinated and organized the work of the delegation of the Republic of Slovenia at the 26th Universal Postal Union Congress.

¹⁰The integrated products plan is based on gradually introducing a new classification of postal items. It introduces the concept of postal items classified by (1) content (either documents i.e. written information, excluding objects of merchandise, or goods i.e. movable objects, including objects of merchandise), delivery speed (priority, non-priority and premium), (3) added value (insured postal item, track & trace, etc.), and (4) other characteristics.

ch distinguishes between transitional and target systems, and upgrading it by introducing differentiation between formats of mail, increasing the tariff per unit and kilogram, and cutting the number of groups into which countries are classified.

The Agency actively participated in the international associations ERGP (European Regulators Group for Postal Services), and CERP (European Committee for Postal Regulation), and maintained contact with European regulators and the European Commission. In ERGP the Agency participated in the management board and working groups. It attended two ERGP plenary sessions. As part of preparations for the UPU Congress, the Agency also actively participated in CERP's UPU working group. It attended three meetings, and organized one in Ljubljana in April 2016. It further attended two plenary sessions of the UPU CA, before and after the Congress.

In the context of Slovenia's international development cooperation, the Agency was involved in bilateral support for Serbia provided through a workshop in Belgrade. For statistical purposes the Agency reported to the European Commission, which since 2014 has had the authority to collect and process the data on the postal services market. It held bilateral meetings with the representatives of the Bosnian regulator.

4 RAILWAY TRANSPORT

4.1 FRAMEWORK, GOALS, SITUATION IN THE MARKET

4.1.1 LEGAL FRAMEWORK

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

- Railway Transport Act – official consolidated text 8 (Official Gazette of the RS, no. 99/15 – official consolidated text).

Also pertinent to this area is:

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

The Agency also follows the European Commission's recommendations.

4.1.2 ANNUAL GOALS

The Agency's main goal regarding railway infrastructure is to guarantee the equal treatment of all carriers and parties seeking access to the public railway infrastructure. The Agency accomplished this long-term goal in 2016:

- By regularly monitoring the allocation of infrastructure capacities. It paid special attention to monitoring the access to additional services associated with the provision of railway transport. It regularly verified whether the infrastructure usage charge was calculated in accordance with the applicable methodology based on monthly reports from the allocation authority and (after the main infrastructure management responsibilities were transferred on 1 August 2016) the public railway infrastructure manager.
- By regularly monitoring the application of the method of ensuring efficiency, the purpose of which is to encourage carriers and the public railway infrastructure manager to improve the quality of transport services and thus reduce

problems on the railway network. Since the Agency did not detect any irregularities when monitoring this area, it can be concluded that all the carriers were treated equally in allocating infrastructure capacities and in granting access to facilities for providing railway services.

The Agency also oversaw the transfer of the responsibility for allocating infrastructure capacities, setting and charging the infrastructure usage charge, scheduling trains, and for implementing the method of ensuring efficiency from the Public Agency for Railway Transport of the Republic of Slovenia to the railway infrastructure manager SŽ-Infrastruktura, d.o.o., which was carried out on 1 August 2016. The new provider carried out these tasks in accordance with applicable regulations.

The Agency also worked with the relevant ministry in drawing up national legislation by participating in the Ministry of Infrastructure's working group for changing and amending the Railway Traffic Safety Act. Changes and amendments are aimed at transposing the Directive (EU) 2016/798 of the European Parliament and of the Council of 11 May 2016 on railway safety (recast) (Official Journal of the EU, no. 138, 26 May 2016) and the Directive (EU) 2016/797 of the European Parliament and of the Council of 11 May 2016 on the interoperability of the rail system within the European Union (recast) (Official Journal of the EU, no. 138, 26 May 2016). The Agency also had a representative in the Ministry of Infrastructure's working group drawing up the Decree on Train Path Allocation, Network Time Table Construction, Infrastructure Charges and Performance Regime on Public Rail Infrastructure, which is the implementing act transferring essential functions from the allocation authority to the public railway infrastructure manager.

The Agency also collaborated with other regulators in monitoring the allocation of capacities in the Mediterranean, and the Baltic-Adriatic freight transport corridors, which go through Slovenia in accordance with Regulation (EU) no. 913/2010 of the European Parliament and of the Council of 22 September 2010 concerning a European rail network for competitive freight traffic. Changes to the Regulation (EU) no. 913/2010 expanded the Mediterranean corridor with the Ljubljana/Rijeka-Zagreb-Budapest route, so the regulators on this corridor signed a new agreement on collaboration in 2016.

4.1.3 SITUATION IN THE MARKET

Significant changes took place in the railway market in 2016, as the so-called essential functions¹¹ were transferred from the Public Agency of the Republic of Slovenia for Railway Transport to the manager of the public railway infrastructure, the company SŽ-Infrastruktura, d.o.o., on 1 August.

¹¹Train scheduling, allocation of train paths, setting, charging, and collection of infrastructure usage charges, implementation of the efficiency regime

Freight transport services on the public railway infrastructure were provided by 3 carriers: SŽ-Tovorni promet, d.o.o., Rail Cargo Carrier, and Adria Transport. Their market shares did not change significantly in 2016. No new licenses or safety certificates were issued to carriers, and no new carriers inquired about infrastructure capacities.

Only one carrier provided passenger transport in 2016, namely the national carrier SŽ-Potniški promet, d.o.o., with which the state had concluded a contract on providing public service obligations in inland and cross-border regional railway passenger transport. While access to the market of inland and cross-border passenger railway transport in Slovenia has not been liberalized yet, no interest was expressed for accessing the international railway passenger market by potential new providers either.

4.2 ACTIVITIES FOR ACHIEVING GOALS

4.2.1 REALIZATION OF ALLOCATED TRAIN PATHS TO CARRIERS IN FREIGHT TRAFFIC

The Agency continued to conduct regular monthly analyses of the realization of allocated train paths by individual carriers in 2016. Compared to 2015, 6 % fewer train paths were allocated to the carrier SŽ-Tovorni promet, d.o.o., while the number of train paths allocated to Rail Cargo Carrier and Adria Transport increased by around 27 %. While many allocated train paths remained unrealized or were canceled in the past (even as much as 50 %), the share of canceled train paths has been dropping over the past few years and represented around one fourth of all allocated train paths in 2016. Nevertheless, this share is still high, which according to the Agency, results in an unrealistic picture of the infrastructure's utilization. The Agency believes that this situation is primarily the result of the rule on canceling train paths, which allow carriers to cancel their paths relatively late (up to 6 hours before the scheduled departure) with no financial implications. The Agency's conclusion is supported by the negligible share of allocated train paths that remain unrealized (less than 1 % on average), for which carriers have to pay compensation amounting to the full cost of the usage charge for the path.

4.2.2 RAILWAY TRAFFIC DENSITY

As part of its regular work the agency worked with other regulators to analyze the railway network's utilization rate based on carriers' data on train kilometers traversed.

Based on 2015 data from 24 countries, it can be concluded that 51 trains on average run on every kilometer of a given railway network every day. Slovenia is somewhat below this average with 44 trains. In the majority of countries, except for Latvia and Slovenia, the traffic density is higher for passenger transport than freight transport. From all 24 analyzed countries Slovenia reported the highest daily number of freight trains per network kilometer. A comparative analysis for the 2010–2015 period shows that the utilization rate is growing. The average daily number of trains per network kilometer increased by 5.7 % in this period.

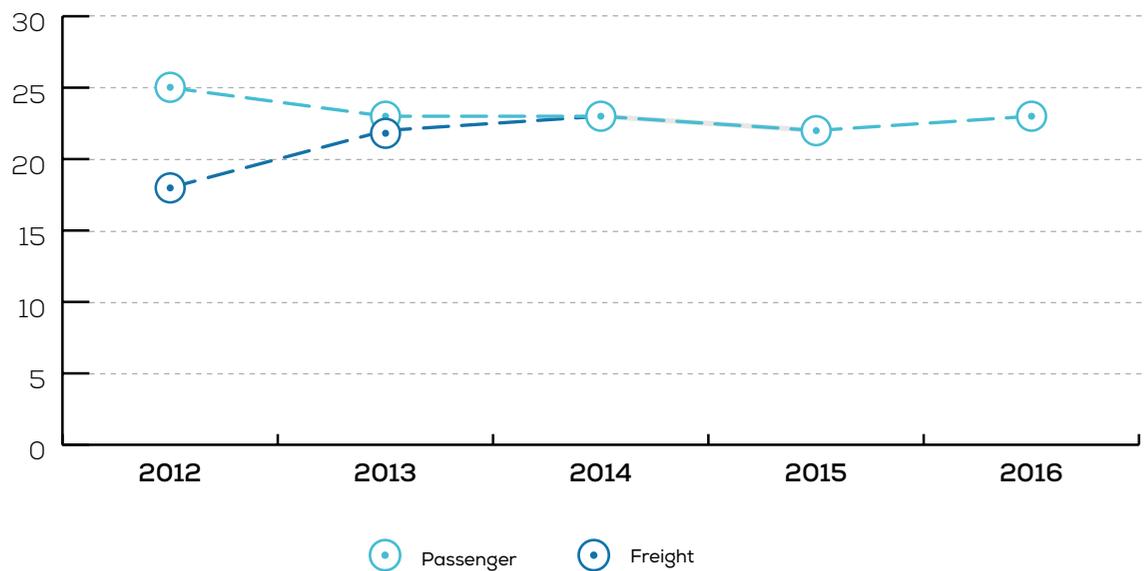


FIGURE 8: DAILY NUMBER OF TRAINS PER NETWORK KILOMETER IN THE REPUBLIC OF SLOVENIA (2012–2016)

4.2.3 INTERNATIONAL COOPERATION: EC DG MOVE AND IRG-RAIL

In 2016, the Agency was actively involved in working groups of EC DG MOVE. The focus of the Agency’s international activities was on the European Network of Railway Regulating Bodies (ENRRB), comprising regular reporting on its work, participation in workshops, exchange of best practices with other regulators, and in preparation of regulators’ positions on legislation of the 4th Railway Package, and positions on European Commission’s proposals for implementing acts for the Directive 2012/34/EU. The Agency also took part in meetings of the RMMS working group.

Most of the Agency’s international activities were related to the working groups of the Independent Regulators’ Group – IRG-Rail, namely working groups on: (1) monitoring legislation drafting, (2) usage charges and subgroup: usage charges for additional services, (3) access to infrastructure and subgroup: access to additional services, and (4) market monitoring. In these working groups the regulators prepared their positions on the proposals for the legislative and implementing acts of EU bodies, collected information on national railroad market regulation in member countries and statistical data on the development of the market in member countries, and developed best practices in workshops.

Significant changes took place in the railway market in 2016, as the so-called essential functions¹² were transferred from the Public Agency of the Republic of Slovenia for Railway Transport to the manager of the public railway infrastructure, the company SŽ-Infrastruktura, d.o.o., on 1 August.

¹²Train scheduling, allocation of train paths, setting, charging and collection of infrastructure usage charges, implementation of the efficiency regime

VIII SUPERVISION

1 TELECOMMUNICATION 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 Articles 153, 155, and 157 of this Act. The Agency also supervises the implementation of all individual acts or measures that it adopts pursuant to this Act and regulations and general acts issued pursuant thereto. In the territory of the Republic of Slovenia it also supervises adherence to those provisions of EU regulations in electronic communications that have a direct impact on the legal order of the Republic of Slovenia, and that are also by definition supervised by national regulating authorities for electronic communications, as well as sanctioned by member states.

In 2016 the Agency conducted 362 supervisory and 31 small offence procedures in telecommunications. Below are detailed some of the most significant ones.

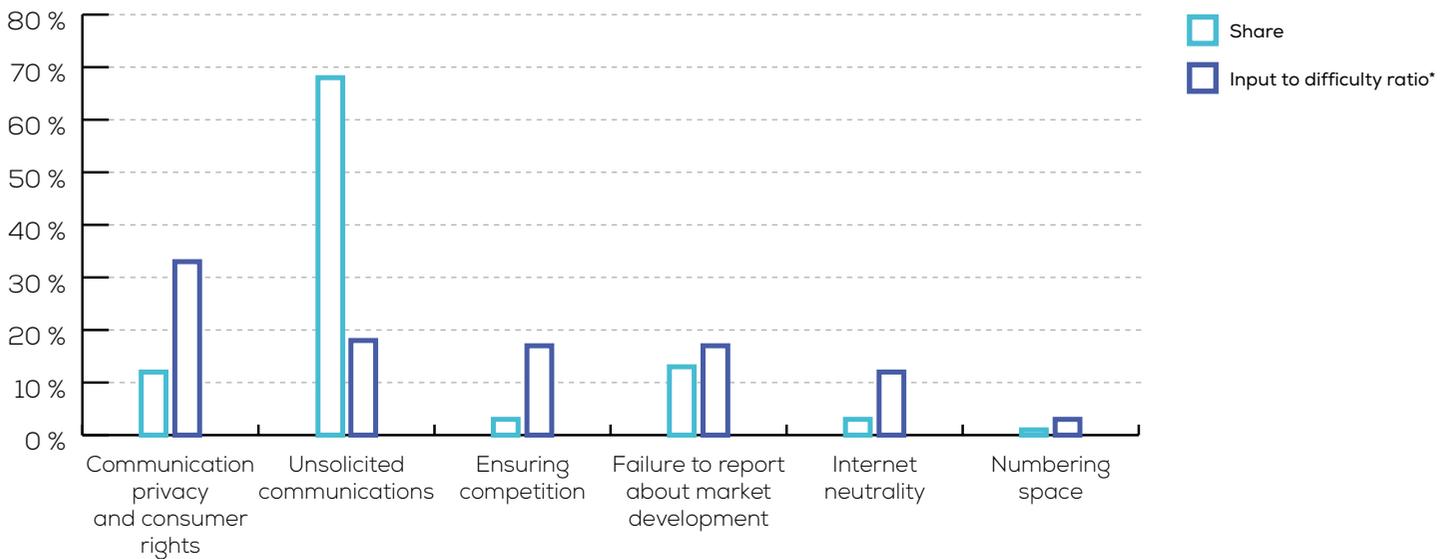


FIGURE 9: SUPERVISORY PROCEDURES IN TELECOMMUNICATIONS IN 2016:

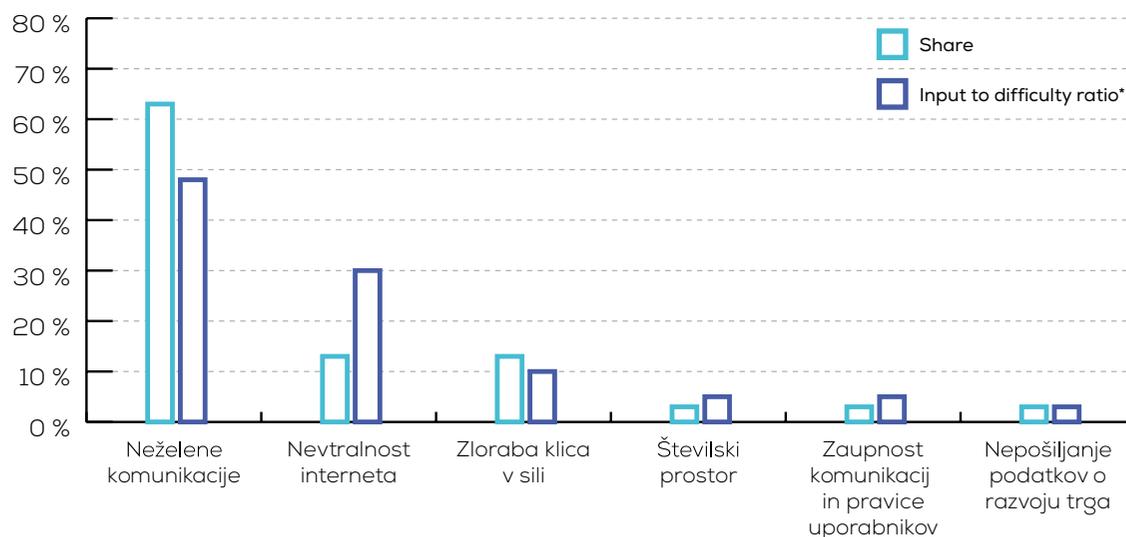


FIGURE 10: MINOR OFFENSE PROCEDURES IN TELECOMMUNICATIONS IN 2016:

1.1 INTERNET NEUTRALITY

In internet neutrality several significant events occurred in 2016. On 30 April the Regulation (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 the Regulation (EU) No 531/2012 on roaming in public mobile communications networks in the EU (Official Journal of the EU no. 310 of 26 November 2015, p. 1, hereinafter: the Regulation). With it the common rules for protecting equal and non-discriminatory traffic in providing internet access services and related end user rights were defined at the EU level.

The directly implementable Regulation required that EU member countries define the rules on fines used for breaching its provisions, adopt all the measures required for ensuring its implementation, and notify the European Commission of such by 30 April 2016. In order to implement the Regulation in the part relating to access to the open internet, the Republic of Slovenia adopted the Regulation on the implementation of the Regulation (EU) on assigning measures related to access to the open internet (hereinafter: Regulation RS) and appointed the Agency as the competent body for executing the Regulation and handling minor offence procedures and inspection supervision procedures. The Regulation RS also defines penal provisions and the method for conflict resolution.

With the implementation of the Regulation, Article 203 of ZEKom-1 ceases to be used, as it regulated internet neutrality; however, considering that its content is not in opposition and basically does not derogate from the Regulation's provisions, this does not have any significant consequences for the market. However, the new provisions of the Regulation

have a significant impact on the market.

In June 2016 the Administrative Court of the Republic of Slovenia ruled in 5 administrative disputes regarding the legality of Agency's provisions in inspection supervision procedures related to the breach of the provisions of Article 203 of ZEKom-1 that the Agency issued in early 2015. The Agency's inspection decisions were annulled because the Administrative Court found that the Agency incorrectly interpreted Article 203 of ZEKom-1 by ruling that price discrimination in treating internet traffic is prohibited. The Administrative Court of the Republic of Slovenia returned the procedures back to the Agency for review. In repeated procedures the Agency took into account the instructions from the Administrative Court of the Republic of Slovenia and in 4 cases issued new inspection decisions through which it replaced the annulment, and in one case stopped the procedure. In accordance with the Administrative Court's decision the minor offence court also removed all of the Agency's disputed minor offence decisions issued in 2015 and relating to the breach of Article 203 of ZEKom-1. The Agency did not come across any new breaches related to internet neutrality in 2016.

In June 2016 the Agency held the international workshop entitled European Views on Net Neutrality to which it invited some international experts in internet neutrality, Slovenian operators, interested stakeholders and European regulators. The workshop took place during the public consultation on Guidelines that BEREC held based on the Regulation. Slovenian operators also contributed to the workshop. The workshop was a good opportunity to exchange opinions among all the stakeholders, including the industry affected by internet neutrality. At the end of August BEREC's Guidelines came into effect. These serve as a guide for national regulators in interpreting and implementing the Regulation. In September the Agency organized the first meeting with the biggest Slovenian internet service providers with the purpose of informing them of new obligations that the Regulation brings into the legal framework. Including December 2 more workshops were held in which key issues were identified, while attempting to discover optimum solutions for implementation of the Regulation's requirements with a focus on Article 4 of the Decision. We also began preparing the materials for raising awareness among end users regarding their rights based on the Regulation.

1.2 COOPERATION WITH OTHER BODIES IN SLOVENIA

Together with the Information Commissioner the Agency prepared a press release on the the acceptability of direct marketing to employees' personal email addresses, and made sure that the message was published on the websites of the Agency, the Information Commissioner, the Slovenian Marketing Association, and the Chamber of Industry and Commerce of Slovenia, with the purpose of informing the broadest possible number of businesses working in direct marketing, and to inform companies about how they can avoid unsolicited communication, as direct marketing through email among businesses is still unregulated.

In 2016 the Agency and the Information Commissioner also began forming a joint position on data processing on digital television use, as the provider of digital services unavoidably receives and consequently also processes the data on the use of these services. Since television viewing data fall under personal data, as well as under the data on traffic based on the provisions of Article 151 of ZEKom-1, the Agency will, after adopting a joint position on processing data in 2017, institute random supervisions of how said data is processed and stored, and whether legislative procedures are adhered to strictly in doing so.



Agency continued to hold workshops for operators in order to find solutions through the constructive dialogue and achieve the objectives and the purpose of regulation.

1.3 NETWORK AND SERVICE SECURITY

In 2016 the Agency concluded 5 supervision procedures, which it launched ex officio in 2015 at 5 major electronic communications operators, with the purpose of establishing compliance of their information security management system and uninterrupted operations management system (ISMS/UOMS) with the provisions of ZEKom-1. All the operators that the Agency supervised have established and maintain their ISMSs, based on the SIST/ISO IEC 27001 standard. When conducting these supervisory procedures the Agency did not just limit its work to verifying compliance with ZEKom-1B, but it also in agreement with the operators reviewed the compliance of their ISMSs with the requirements of said standard, in accordance with ZEKom-1. None of the derogations from the requirements of the standard that were discovered amounted to breaches to ZEKom-1, so the Agency merely recommended that these derogations be fixed. All the operators have taken the recommendations into account and adopted appropriate measures in 2016, which the Agency also verified in the supervision process and concluded all the procedures in 2016.

In 2016 the Agency continued with such system supervisions, and launched 5 additional supervisions ex officio. This time the supervision was focused on the part of the system providing processing and storage of personal and traffic data. These procedures are still ongoing, and are planned to be concluded in 2017.

1.4 COMPETITION PROTECTION

In the process of supervising an operator with significant market power in relevant markets 4 and 5 the Agency established whether it adhered to the provisions of the obligation of equal treatment imposed with two regulatory decisions on said relevant markets. During the supervision procedure the Agency especially sought to establish whether the operator informs alternative operators about major maintenance or investment works in its telecommunications network at the same time and with information of the same quality as it does its retail unit. The Agency did not discover any breaches during this supervision, so it stopped it, but it did establish that, while the regulatory measures are imposed in a transparent manner, there were improvements in outlining new regulatory obligations for the future that could make it easier to supervise adherence to the imposed obligations, as well as its transparency by the operator with significant market power.

The Agency also verified that it fulfilled the obligations from the regulative decision related to the deadlines for executing orders for providing carrier access to certain network facilities at the operator with significant market power. Since the inspection supervision procedure unveiled delays in compliance with the orders for providing carrier access the Agency issued a decision to the operator with significant market power, ordering it to adopt measures that will allow it to fulfill the obligations imposed by the regulatory obligation in a timely fashion. In the second half of 2016 the Agency monitored the effectiveness of the adopted measures at a monthly level for each previous month. It will be clear in early 2017 whether the measures were effective enough or whether a decision on new, more effective measures will need to be taken.

Due to relatively old regulatory decisions and with the expectation of new regulatory measures on completely new relevant markets the Agency did not conduct many supervisory procedures to verify whether those measures still in force are being fulfilled correctly. It also did not receive any such requests from operators.

Considering the positive responses in the past year the Agency continued in 2016 to hold workshops for operators. The objective of these workshops was for operators to agree to solutions through constructive dialogue in order to more effectively pursue the goals and purpose of the regulation especially at the completely operative level. The first scope of 3 workshops focused on solutions related to a more effective and transparent process for fixing errors, such as the option of direct access to planned dates for resolving errors, access to the subscribers' cabinets or resolving errors jointly, improving the catalogue of typical responses for extended deadlines for resolving errors, improving the definitions of a major or a minor error, etc. The result of the workshops is a protocol for fixing errors that has been coordinated between operators, the decision that the catalogue of typical responses does not need to be expanded, and an improved access to planned dates and times for fixing errors on site. The conclusions and findings at such workshops will prove to be good starting points for developing new regulatory measures on relevant markets for access to the broadband network (3a, 3b, and 4).

1.5 COLLECTING AND PROVIDING DATA AND INFORMATION

In 2016 the Agency launched 44 inspection supervision procedures because of non-fulfillment of the legal obligation of submitting the data on market development and the failure to send the data on the quality of distress calls to 112, issuing 7 decisions with corrective measures. 3 operators were fined for failing to comply the obligation in spite of the supervisory decision. The Agency handles such breaches of the operators' legal obligations with the utmost priority due to strategic importance of obtaining correct and timely data for providing its regulative obligations based on ZEKom-1. The higher number of such inspection procedures in 2016 was the result of accelerated activities related to the analyses of relevant markets. It is a positive finding that additional actions taken by the Agency in the minor offence procedure of issuing fines were only required in 3 cases, even though there were 44 cases in which the inspection supervision that required the Agency to call on operators to submit data or correct them. The priority handling of such breaches and fast action taken shows that in 2016 the operators' response to calls significantly improved compared with 2015, when the Agency began noticing the first positive signs of such procedures.

The Agency has been noticing that the participants have become increasingly more disciplined in their actions on the market, which undoubtedly contributes to improved consistency in the realization of the important goal of consistent execution of the most important legislative obligations by all participants on the market.

1.6 CONSUMER RIGHTS

In the supervision procedures with the biggest operators the Agency verified their compliance with subscription contracts (including the general terms and conditions) with the provisions of ZEKom-1. The supervisions did not yield any irregularities and the Agency expanded its supervision to the requirements of Article 4 of the Regulation (EU) 2015/2120. The procedure showed that the Agency began its supervisory procedures too early, as the operators were, much like the Agency, still waiting for detailed instructions because of the lack of clarity of the provisions of the Regulation with implementation of the requirements of Article 4. These came in the form of BEREC's Guidelines that came into effect on 30 August 2016. After the Guidelines were issued the Agency launched a series of consultation meetings i.e. workshops with the biggest operators – internet service providers, and will continue to do so in 2017. Their common goal is to especially find optimum solutions for the implementation of the provisions of the Regulation.

1.7 SECURITY AND RELIABILITY OF NETWORKS AND SERVICES

In the scope of its regular tasks the Agency monitors, records, and analyzes the condition of the networks and the provision of services. In its Operational Program the Agency also planned to upgrade and renew its own IT systems, which includes the system for collecting and processing notifications on disruptions or interference, as well as violations of security and integrity. It was established through a thorough analysis that it would be more economical to conduct the renovation alongside other systems for data collection at the level of the Agency.

In 2016 the Agency received 404 reports of disruptions or interruptions because of constructions of extensions, upgrades or maintenance, which the operators should report in accordance with ZEKom-1. This is a 14 % increase in reports compared to last year when there were 349. There were reports for 130 faults, 80 upgrades, 202 maintenances, and 20 constructions of extensions. Most of the service outages were the result from power outages, broken network elements or cut cables.

Operators must report, in accordance with ZEKom-1, to the Agency all incidents, the so-called unexpected events where there was a breach in security or integrity, or where these breaches have a significant effect on the operation of public communication networks or the provision of public communication services. In accordance with the General act on the security of networks and services the Agency also records the events where the provision of services was interrupted for at least an hour or more, and where 15 % of all users of an individual service with an operator were affected. In 2016 the Agency received 5 such reports, which means that most of incidents still occur on mobile networks, which results in such outages generally affecting a very large number of users. Major outages included an outage in which for nearly one hour more than 300,000 users were affected in 6 Slovenian regions.

The operators of public telephone services in the fixed and mobile networks must in accordance with the rules on the quality of service of calls to 112 submit data on the quality of calls made to the 112 emergency number by 1 April each year. The Agency sent a questionnaire to the operators of publicly available telephone services at a fixed location and operators of voice services in the public mobile network on the measured parameters of the quality of calls to the 112 emergency number once again in 2016. In accordance with the Rules on the quality of calls to the emergency number 112 they have to be recorded using the proscribed standards SIST-V ETSI/EG 201 769 V.1.1.2:2007. The report shows that operators recorded over 93,000 calls from the fixed and more than 348,000 calls from the mobile network. All of them report that the service was provided 24/7, that it is free, that it has priority, and that it is provided in the highest quality, and that it is generally always routed to the regional center closest to the caller. Operators are connected to the regional center through primary and secondary connections, and along with the call they also submit the information on the caller's number, in accordance with the above Rules. The analysis of the data shows that 10 operators do not send the required location of the connection along with the call, but report it later by call or fax when the 112 emergency center requests it. The time of establishing the call is not problematic, but for some fixed operators the share of failed calls surpasses 5 %. In the mobile network the number of failed calls is negligible, and below 5 %.

As a minor offence body the Agency also handles offences relating to the abuse of emergency numbers. In 2016 it received 2 reports and completed all the procedures launched in relation to such breaches in 2015.

1.8 ELECTRONIC COMMUNICATION PRIVACY

In 2016 the Agency processed approximately 240 reports of unsolicited communications (email, text messages and telephone calls). In the cases where it turned out that this is a probable breach of Article 158 of ZEKom-1, it launched a supervisory procedure and in some cases, especially for repeat offenders, big companies working on sending commercial e-mails and unsolicited voice calls, also a minor offence procedure. In the supervisory procedures it issued 6 decisions with corrective measures and 27 written warnings. It launched 19 minor offence procedures, in which it issued warning in 6 cases, and a fine in 5. No appeals for legal protection were issued against any of the decisions. The Agency finds that the number of reports is at about the same level as the year before. The most frequent breaches are still sending unsolicited email without the recipient's approval, having a poor system for unsubscribing from receiving unsolicited email with marketing content, and disregarding the opt out option for using phone numbers for commercial and surveying purposes that subscribers mark in the Phone Directory of Slovenia.

Regarding the obligation of providing universal directory service as one of the obligations of the universal service the Agency launched an inspection supervision procedure because of the price increase for the service of providing information in international traffic to the number 1180 and the first and second minute of the call to the universal directory service 1188 to verify if the provider of this service was fulfilling the obligation of price control over the universal service of directory service and providing information on subscribers. In the supervision process the Agency checked the price calculation of new prices and imposed corrective measures for the established breaches through a decision. The operator had implemented the corrective measures and harmonized its prices with the requirements from the decision on the universal service. By issuing said supervisory decision the Agency stopped the unfounded price increase in the provision of the directory service, because of which first operators and consequently naturally also end users would have to pay for the directory service more than the costs.

1.9 REGISTRY ENTRIES AND NETWORK CONSTRUCTION

The operators are well familiar with the obligation of providing data on the position and type of communication networks. Already in 2015 the Agency also began informally verifying the accuracy of the entering of network connection points by obtaining actual access to the data on network connection points entered into the consolidated cadaster. Based on the analysis of the data collected in 2016 the Agency called on all the operators to coordinate the data on network connection points with the actual conditions, and also conducted a series of individual informative visits with operators with the biggest derogations. The Agency also significantly simplified registry entries at a series of meetings with the Surveying and Mapping Authority of the Republic of Slovenia, while the latter managed to resolve some of their issues that made entering regional connection points more difficult. The result of all the work is a significant increase in the amount of data on the condition and capabilities of network connection points in the cadaster, as well as their accuracy, creating one of the more significant conditions for an effective and factual analysis of new relevant markets that started in 2016, as well as for establishing the market interest and consequently determining white spots where state assistance in infrastructure construction would be required and permitted.

At the end of 2015 the Agency also launched an inspection supervision procedure regarding the fulfillment of an obligation of constructing a broadband network as a result of a demonstrated market interest, in which no irregularities were found with the operation of the party who demonstrated market interest in a certain area. In 2016 the Agency also launched an inspection supervision procedure regarding the openness of a broadband network in a certain area, where it verified whether the electronic communications services were being provided to end users, namely whether all the interested new subscribers were able to connect to the network. It was established that the carrier permitted and provided network openness so that operators and electronic communications service providers had access to its open network, and could therefore connect their end users to its network and provide them their services.

2 SUPERVISION OF 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 (DARF), through taking regular measurements throughout the whole territory of the Republic of Slovenia and through inspection measures in cases where irregularities are discovered. In 2016 it investigated and established the causes for all the reports it received from DARF holders. The Agency supervises the radio frequency spectrum systematically on the basis of its annual plans, based on internal orders for special spectrum measurements, for example for the requirements related to radio frequency spectrum management, and within the scope of investigating reported radio interference. When conducting radio frequency spectrum supervision, the Agency's authorized personnel use the provisions of the

Inspection Act 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.

2.1 MEASUREMENTS OF THE SPECTRUM AND ELIMINATING INTERFERENCE

In 2016 the Agency in the scope of its radio supervision and measurements department (SMD) investigated 82 reports of harmful radio interference. Approximately one third of the cases pertained to interference of mobile operators' transmissions (GSM and UMTS) by natural or legal persons using GSM repeaters that were not properly installed or configured, faulty DECT devices and other devices which were not operating correctly. The Agency also focused a lot of its time on resolving interference impacting the weather radar due to RLAN connections. Through regular measurements it monitored the activities alongside the border with Italy, where the Italian radio stations continue to disregard international agreements and cause interference for our stations, including those on digital terrestrial radio broadcasting (DVB-T and DAB+). With regard to the established irregularities the Agency sent several dozens of reports to the Italian authorities. A lot of focus was also on the supervision of adhering to the requirements from the DARFs for analog broadcasting radio stations.

In the scope of systematic radio frequency spectrum supervision, the Agency conducted 29 inspections to investigate radio interference and based on reports. It processed infractions of the law (transmitting without a decision on the allocation of radio frequencies, breaching said decisions, and other), and in 4 cases conducted minor offence proceedings. It conducted 21 recordings of the radio frequency (FM) and television frequency spectrum at various locations around Slovenia. The results were the basis for international coordination between radio broadcasting stations, for new technologies on these bands, as well as for issuing DARFs. It conducted several measurements because of reports of interference from DARF holders, as well as for the requirements of supervision and support for radio services in the management of the radio frequency spectrum. It continued with systematic daily measurements of the radio broadcasting spectrum, where the data from all the radio monitoring stations (RMS) are archived in numerical format. 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 (RSMS), as provided in ZEKom-1. The Radio Frequency Spectrum Measurements and Supervision Sector requires special measuring equipment and access to fixed remote or mobile radio supervision stations (RSS). In Slovenia there are currently 12 operating RSSs, of which two are populated radio supervision measurement stations (RSMS), and 3 are specialized measurement vehicles operated as mobile RSSs. All this fixed and mobile equipment is connected to the RSMS network that the employees use for remotely supervising the radio spectrum. The Agency upgrades key components of the RSMS in the scope of the resources it has available.

In 2016 the Agency upgraded the RNMS in the Ljubljana basin by setting up a time difference of arrival (TDOA) system for determining the source of a signal. For this purpose it activated 2 additional locations with a receiving antenna.

The measurement vehicle for monitoring the coverage with public mobile services became fully operational. The Agency may only conduct measurements and supervision using special professional-grade equipment of an appropriate quality, which it must regularly maintain and upgrade as needed, and it must also use highly-qualified staff; however, considering to the scope of the work there are not enough such staff members available.

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

Establishing a system for monitoring the quality of service for fixed data services in broadband networks (QoS BB) was one of the Agency's key tasks for again 2016. In accordance with the 2016 Operational Plan the Agency had already partially equipped itself with devices for taking measurements on fixed networks, and has already completed the test measurements with the objective of monitoring the conditions at broadband service providers. A suitable level of service quality, in this case represented by ensuring broadband speeds, is a precondition for good operation of NGA networks and establishing the suitability of an operator's performance in regard to network neutrality. European Commission and BEREC also encourage monitoring QoS BB. The Agency has authority over monitoring the quality of service of mobile and fixed data services in broadband access based on the provisions of ZEKom-1, which allows it to impose upon operators a minimum level of service provision for broadband access, and it can take measurements in the event of derogations from the defined levels.

In 2015 the Agency accepted and activated the system for measuring the quality of service of broadband connections, AKOS Test Net, which makes it possible for end users to get an informative verification of key parameters of fixed and mobile broadband connections. The system is operating very reliably and has fully met the expectations. The Agency received quite a few requests from other European regulators to share its experience in setting up the AKOS Test Net. Based on the experience obtained the Agency moved to upgrade and expand of the system, and published a public tender for such purposes at the end of 2016. A measurement facility was established with the fiber optic and copper infrastructure from

In cooperation with foreign partners, the agency successfully applied the EU project, within which a system for conducting measurements of the quality of broadband services will be set up.

major operators connected to it. The Agency will review the quality of service the operators provide to their end users. The facility will also be used for testing different regulatory tools (software and hardware) before they go into use. Instruments were also acquired for conducting measurements on fixed networks with support for ethernet (copper and fiber optics) networks according to valid RFC standards, as was the instrument for conducting measurements on cable broadband networks (DVB-C, DOCSIS 3.0), which can take measurements of the parameters of the RF and data part.

2.4 INTERNATIONAL COOPERATION

In 2016 INEA, under the scope of CEF, published the tender "Open crowdsourcing data related to the quality of service of high-speed Internet" for which the Agency successfully applied together with the Czech and Slovak regulators CZ.NIC and Specure. The goal of this 2-year project is to develop a system for conducting measurements of the quality of broadband services and to evaluate the obtained results from several hundreds of thousands of measurements. Since measurement sondes are also a part of the project, the Agency will obtain the know-how, experience and the ideas for developing and implementing its own sondes, to be able to later use them for inspection purposes. Half of the funds that the Agency will use for the activities on this subject will be reimbursed by INEA.

3 SUPERVISION OF ELECTRONIC MEDIA

In supervisory procedures in 2016 the Agency followed the main objectives it set out in electronic media, namely protecting rights and viewers, listeners, and other users of audiovisual services, ensuring equal conditions for operation for all the players on the market, and ensuring the implementation of the public cultural objectives in electronic media. The supervisory procedures that fall under the Agency's authority were handled in accordance with ZMed and ZAvMS, and the minor offence procedures in accordance with ZAvMS.

In 2016 the Agency conducted 2 systemic supervisions of radio broadcasting licenses and the required shares of Slovenian music in radio programming. It conducted the yearly processing of reports on achieved shares of audiovisual works in the annual broadcast time of television programming. The Agency submitted the data on fulfillment of achieved shares of audiovisual works in 2013 and 2014 that the Ministry of Culture is required to report to the European Commission. It completed system supervisions of the limits of the scope of advertising per hour in television programming (also for those licensed abroad) and continued preventively monitoring product, service, and brand placement in television programming and performing the provisions of paragraph 5, Article 7 of ZAvMS. It also continued with the activities aimed at protecting children and minors from potentially harmful content. Along with the monitoring work the Agency also designed an analysis of existing on demand audiovisual services that should be potentially registered in the official registry, which will serve as the basis for launching any potential inspection procedures and encourage providers to register their services in 2017.

In 2016 the Agency completed 29 supervisory procedures, of which 2 were inspection minor offence procedures, 14 inspection administrative procedures, 11 expert supervisions, and 2 program analyses for the status of a non-profit television channel and the status of a student radio channel. 6 procedures were concluded against publishers of television programs, and 23 against publishers of radio programs. In the scope of minor offence procedures one decision was issued with a fine, and one with a warning. 16 administrative decision were issued to radio channels, one

application for publishing local television channel was rejected, while no irregularities were found in the other procedures. The Agency also conducted 30 analyses of the scope of television advertising on the most watched channels in Slovenia that are registered abroad, but broadcast over the system of Slovenian operators, and with Slovenian advertisements and for the most part also with Slovenian subtitles that target Slovenian audiences, and 2 control analyses regarding the fulfillment of the required shares of Slovenian music. 7 open procedures were carried over to 2017, namely one inspection supervision of a license for operating a radio activity, and 6 minor offence procedures because of excessive advertising per hour of television programming.

An overview of the number of completed supervisory procedures by areas of work shows that the majority of the procedures were conducted for reviewing radio programming compliance with the licenses for conducting radio programming (16 procedures) and for reviewing the of shares of Slovenian music in radio programming (6 procedures, 2 control analyses). The Agency also conducted regular control supervision of adherence to the limitation of advertising in television programming, where it concluded one minor offence procedure carried over from 2015, and 30 analyses of advertising in foreign television channels. At the end of 2016 it also launched 6 minor offence procedures against different publishers. Compared to the previous period there were fewer procedures related to reporting shares of audiovisual works (2 inspections and 1 minor offence procedure).

3.1 TELEVISION ADVERTISING

In 2016 the Agency concluded 1 minor offence procedure because of exceeding the limitations to the scope of advertising in a full hour of programming, and issued a fine. The Agency continued with systemic analyses of the limitations of the scope of advertising per hour in the most watched television channels that are registered abroad, namely in two intervals. In the spring interval the Agency did not come across any breaches in the analyzed sample, while in the autumn interval it recorded several breaches on the Travel Channel and TLC. The Agency notified the appropriate national regulator of its findings and asked it to take measures. At the end of the year the regulator responded that they had launched an investigation related to the alleged breaches of advertising in the two channels, but the procedure is not yet over. At the end of the year the supervisory procedure of the scope of advertising in a full hour included 11 Slovenian television channels. Minor offense procedures were launched against the offenders, but were not complete by the end of the year.

The Agency continued with preventive monitoring of product placement in television shows of local production in the most popular Slovenian television channels. There were no major derogations from the rules, so the Agency did not launch any procedures against the publishers.

3.2 SHARES OF AUDIOVISUAL WORKS

In the scope of regular reviews of annual reports on achieved shares of audiovisual works in the past year the Agency established that of the 15 television channels who are obligated to submit reports, 13 showed that the channels fulfill the required shares. It conducted 2 inspection procedures, one against the publisher of the TV Veseljak channel because it did not submit the report on the shares of audiovisual works (with a minor offence procedure following suit), and one against the publisher of the channel because objective reasons were established that it did not meet the share of European audiovisual works. In this case objective reasons were taken into account for this failure to comply, as the publisher was in 2015 still in compulsory settlement. After receiving the report for the TV Veseljak channel it was established that this channel, much like all the others, meets the required shares, and in the minor offence procedure one of the publishers was issued a warning because the report was late. The achieved annual average shares of European audiovisual works among Slovenian televisions exhibited a growth trend until 2013, but for the past 2 years this trend has been in decline. A similar trend is with independent European production.

In the past few months the Agency found during supervisions of the shares of Slovenian audiovisual works that with some television channels they did not meet the required shares on an annual level, and issued them decisions with corrective measures to be implemented by the end of 2016 at the latest, which means that the Agency will be verifying in 2017 whether the publishers are broadcasting enough Slovenian audiovisual works on their channels.

3.3 PROTECTION OF CHILDREN AND MINORS FROM POTENTIALLY HARMFUL CONTENT

The Agency did not conduct any supervisory procedures relating to the protection of children and minors from potentially harmful content in 2016, but this does not reflect the actual activities the Agency has been conducting relating to this issue. The Agency focused its control supervisions on monitoring adherence to the provisions related to the protection of children and minors from potentially harmful content, and it also actively collaborated in the implementation of the system for classification and rating content that is harmful for children and minors (Gledoskop) with the objective of clearing up any uncertainties and doubt surrounding its use, as well as to consolidate the interpretation of the legislative framework based on a shared dialog with all the stakeholders before the systemic supervision is implemented.

3.4 RADIO BROADCASTING LICENSES

In the first half of 2016 the Agency completed its systemic supervision of the programming licenses held by the most listened radio stations in Slovenia, which it began in 2015. The supervision brought to light that most of the supervised radio stations derogate from the obligations in their licenses for radio activities. The Agency issued decisions to all the channels that do not adhere to the programming obligations with a deadline for fixing these derogations. A repeated supervision after the deadline showed that the majority of the publishers of these radio stations managed to bring the programming on their stations in line with the valid licenses or managed to do so after being issued a new decision with a new deadline for resolving the issues. The decision with a deadline for resolving the issues was issued to 2 more radio channel publishers at the end of 2016; however, the Agency has not yet verified whether they have adhered to the decisions on resolving the issues.

3.5 SHARES OF SLOVENIAN MUSIC IN RADIO PROGRAMS

At the end of 2016 the Agency mostly concluded with the inspection supervision procedures of the shares of Slovenian music in radio programming. After the Agency received numerous complaints against radio station publishers it first verified individual time intervals of all major radio stations and where it established a breach, it launched inspection procedures against the publishers. The control analysis showed in the first stages that 2 radio stations broadcast their programming in accordance with legislative requirements. Inspection procedures were launched against other alleged infringers, and decisions with a deadline for resolving the issues were issued to 5 stations. The Agency received notifications that the issues were resolved and that the programming is now broadcast in accordance with the legislative requirements from all except for two publishers, as one is failing to comply, and in the second case the deadline was set in 2017. In the inspection supervision for verifying whether the issues at one radio were resolved, it turned out that the publisher had resolved the issues and now broadcasts the required shares of Slovenian music.

When concluding supervision over the shares of Slovenian music the Agency discovered that the publishers had quite a few problems adapting to the new requirements for ensuring the shares of Slovenian music ushered by amendments to ZMed, but for most of the established breaches the derogations were small. For the first time publishers' adherence to the quotas that define playing music during the day were being verified, as in the past only daily quotas were defined, and that made it possible to achieve the required quota of Slovenian music during the night time.

4 SUPERVISION OF POSTAL SERVICES

The Agency has fully achieved the supervising goals it set for 2016. It established that all the users across the whole of the territory of the Republic of Slovenia have access to the universal postal service, which is provided permanently, regularly, without interruptions and with the required level of quality. In order to achieve these objectives the Agency conducts preventive measures according to predetermined priorities, and based on findings in regulative procedures or reports.

In 2016 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. Because of the intensive levels of the transformations in the networks of the universal service provider the Agency also conducted preventive supervision procedures at 16 contract post offices:

Based on reports or because of findings in regulative procedures the Agency conducted su-

pervision procedures over General terms and conditions for providing the universal service in relation to complaint procedures and a repeated supervision of the pricing of database access, where it defined the method for calculation. It handed over several cases to other bodies and institutions.

IX MONITORING INFRASTRUCTURE INVESTMENTS

The Division for Monitoring Infrastructure Investments performs tasks related to shared construction and shared use of public utility infrastructure, and expropriation and restrictions to ownership rights for the requirements of constructing public telecommunications networks for high-speed broadband services with the goal of lowering the costs of their construction and fulfilling the digital agenda.

In addition to logging such construction the Division is focused on the active search for new, effective means of shared use of various public-private infrastructure with electronic communications networks. It also conducts inspection supervisions to ensure compliance with the provisions of ZEKom-1 in this field, ensuring compliance of easement contracts with the letter of the law, and as such is also a minor offence authority.

The amendment to ZEKom-1 should also lead to new competencies and ex officio duties for the Division, which is understaffed, employing at the moment just 3 experts.

1 **BACKGROUNDS, OBJECTIVES, MARKETS** **1.1** **LEGAL BACKGROUNDS**

The Electronic Communications Act (Official Gazette of the Republic of Slovenia no. 09/12, 110/2013, 54/2014 – ZIN-B, 54/14 – Constitutional Court decision and 81/15) serves as the legal foundations for the Division's competencies. Constitutional Court decision: U-I-65/13-19 and 81/2015).

1.2 **ANNUAL OBJECTIVES**

The Division's main objectives for 2016 are to link to the greatest possible extent the segment of telecommunications operators with relevant stakeholders in Slovenia, who are active investors in construction and networks. The objectives for this Division in 2016 are presented in more detail:

1. establish collaboration and inform local communities (like investors in public/private infrastructure) with their legal obligations relating to the electronic communications market, especially in terms of drafting spatial planning legislation;
2. provide support to operators in acquiring information on the possible construction of new infrastructure and shared use of existing infrastructure, thus increasing interest among operators of electronic communication networks in shared construction by increasing the number of notifications on construction on the Agency's website
- 4 ensuring consistent adherence to legal provisions related to the documenting construction and the compliance of easement agreements

5. drafting appropriate foundations for facilitating investment in the construction of broadband networks, as well as making such investment more affordable

1.3 CURRENT STATE OF THE MARKET

Europe as a whole is trying to catch up with East Asian countries, who are world leaders in both construction and use of electronic communications infrastructure. Since these countries are also those with the fastest-growing economies, the results of independent studies are no surprise that improvements in broadband connections (both in terms of speed and coverage) in a given country have a direct effect on increasing GDP. Realizing the importance of establishing high-speed broadband networks, EU member states adopted the Digital Agenda 2020, a goal of which is for all Europeans to have access to significantly faster internet connections, with rates above 30 Mbps, and for least 50 % of European households to have internet connections faster than 100 Mbps. The operative act that follows the purposes of the Digital Agenda is Directive 2014/61/EU of the European Parliament and of the Council, adopted 15 May 2014, on measures to reduce the cost of deploying high-speed electronic communications networks. According to analysis from the European Commission, the largest cost of building a broadband network (more than 70 % of it) is the construction itself.

In terms of the level of access to broadband internet and the speed of these connections, Slovenia is currently in the lower half of European countries on average. The vision is to get Slovenia about the EU average in comparison to comparable member states in terms of level of development of the electronic communications market and coverage with an NGA network. A special challenge in this regard is posed by the topography and the way settlements develop in Slovenia, as the proportion of rural settlements is almost 3/4, well around 1/4 of all residents live in this settlements, making Slovenia a rural country.

Taking into account new European practice, Slovenian legislature began regulating and optimizing, investments in infrastructure that can also use electronic communications networks. The objectives for Slovenia are currently regulated by the Plan of Development of Next Generation Broadband Networks until 2020, which is part of Digital Slovenia 2020 (DSI 2020).

2 ACTIVITIES FOR ACHIEVING THE OBJECTIVES

For establishing a partnership and informing local communities, especially in drafting spatial planning acts, the Agency continued in 2016 its planning and holding of work meetings and workshops with local communities, where it primarily informed municipalities about the obligations imposed upon them by ZEKom-1. In 2015 there were 36 municipalities that participated in such workshops, with another 53 2016. Here the Agency provided its expertise and counseling in drafting spatial planning acts or undertaking joint construction products with specific investments whenever local communities expressed interest in such individual help.

As a result of the activities aimed at increasing the interest of operators of electronic communication networks in shared construction, the Agency recorded 330 announced construction projects on its website, of which 196 were announcements of other private infrastructure. This is twice the number reported in 2015, and as a result the amount of announced interest in entering shared construction increased 10-fold (from 39 to 315).

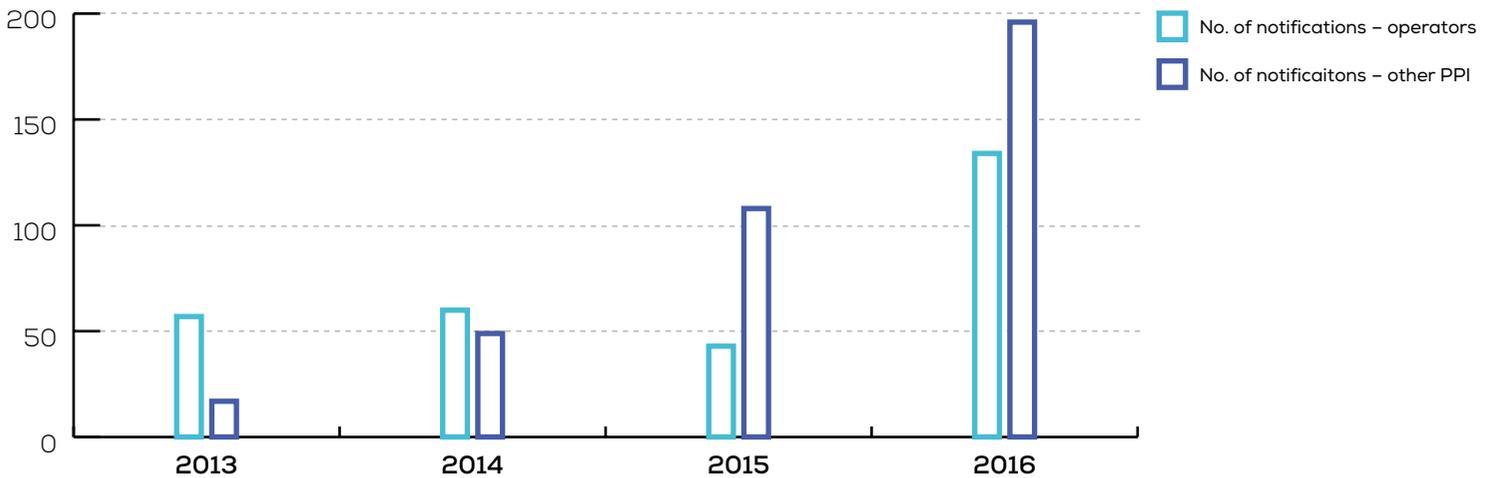


FIGURE 11: NUMBER OF CONSTRUCTION PROJECTS PUBLISHED ON AKOS' WEBSITE

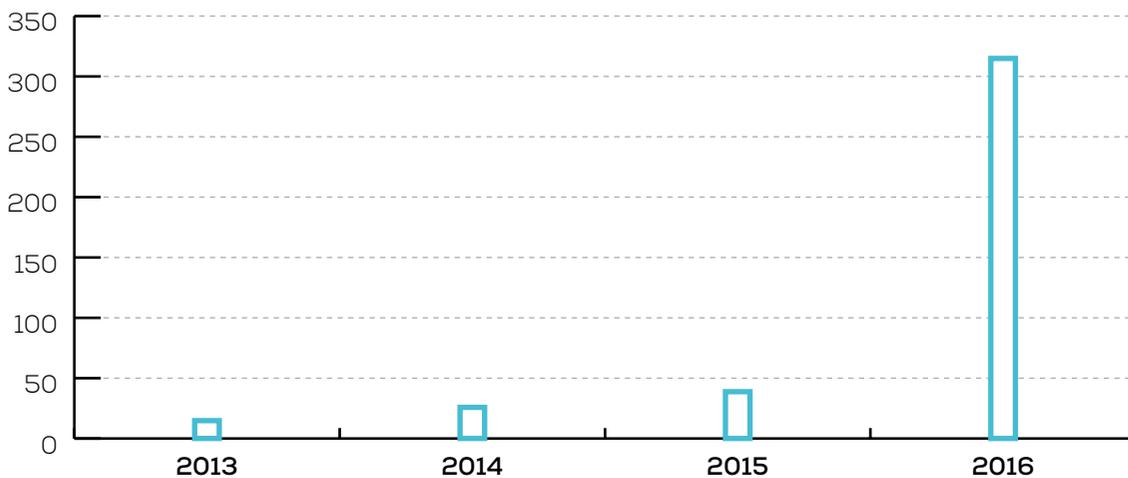


FIGURE 12: INTEREST IN SHARED CONSTRUCTION EXPRESSED

To ensure compliance with legislative provisions related to keeping records of construction and the compliance of easement agreements the Agency conducted two supervision procedures on announced construction of public-private infrastructure where no notice was sent to the Agency about such intent; in addition it also conducted 27 procedures to oversee the announcement of construction. In supervision procedures the Agency reviewed 2,482 easement agreements, which is 60 % more than in 2015, when 1,580 were reviewed.

In order to achieve the objective of preparing appropriate frameworks to make investing in broadband networks more affordable the Agency prepared a draft Analysis of the effects of the Directive on measures to reduce the cost of deploying high-speed electronic communications networks (Directive 2014/61/EU) – implementation and effects. The analysis of the effects was presented to the relevant ministries (MOP, MJU, MZŠ, MI), and later also the stakeholders as part of the public presentation of the models and analyses of the development of NGA networks in Slovenia. Given the results of the above analysis, the Agency began at the end of the year studying the possibility of joint use of smart networks to distribute electricity, also with the purpose of making the construction of high-speed broadband networks more affordable and more optimized. This analysis is still in the preparatory phase, and work will continue in 2017. As part of this analysis and with the purpose of obtaining high-quality data on infrastructure, the Agency held joint work meetings with all electrical energy distributors in Slovenia, and individual meetings are still in progress.

DISPUTE RESOLUTION

The Agency is authorized to settle disputes in the fields of 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 and 81/2015)
- Postal Services Act (Official Gazette of the Republic of Slovenia no. 51/2009, 77/2010, 40/2014 – ZIN-B and 81/2015)

This includes two types of disputes:

- disputes that arise between end users of electronic communications and/or postal services, and providers of such services (user disputes)
- disputes that arise between providers or entities that provide services or who benefit from the obligation of providing access or network interconnection (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 2016 the Agency received a total of 796 requests from end users for dispute resolution with a provider, which is within the scope of the 2016 Operational and Financial Plan, The Agency forecast it would receive up to 850 requests for dispute resolution from end users in 2016.

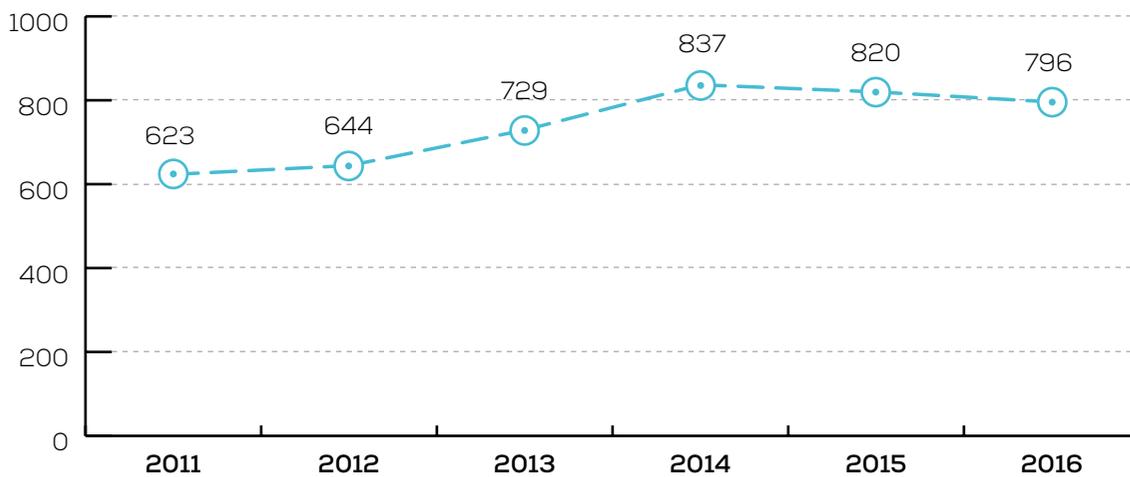


FIGURE 13: THE NUMBER OF REQUESTS FOR DISPUTE RESOLUTION WITH A PROVIDER RECEIVED OVER THE YEARS

The graph shows a slight decrease in the number of cases from 2015 and 2014, which is partly due to the positive results that the Agency achieved in the scope of informing and protecting end users. The Agency strives for a high level of user protection in their relations with service providers, which indirectly contributes to fewer user disputes. In addition to the 796 newly received disputes, the Agency continued with its resolution of 179 disputes that were lodged in 2015 and carried over to 2016. The total number of user disputes that the Agency handled in 2016 was therefore 975. Of these, 778 were resolved by the end of 2016, and the Agency will continue with the remaining 197 disputes in 2017.

In 2016 the Agency mostly resolved disputes between end users and the following electronic communications providers:

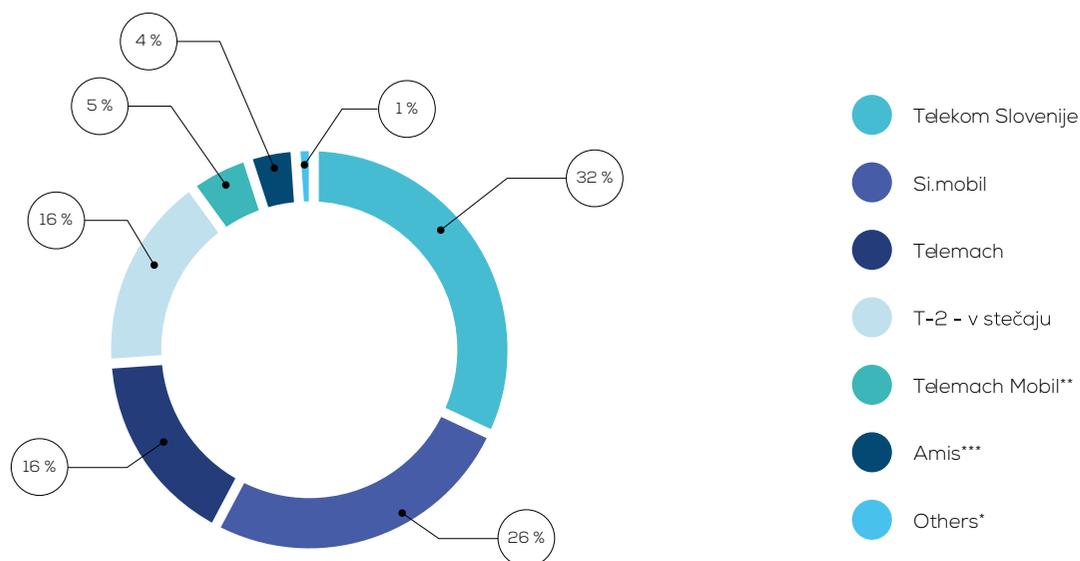


FIGURE 14: SHARES OF USER DISPUTES IN 2016 BY INDIVIDUAL PROVIDER

* Operators with share of disputes below 1%.

** On 3 February 2016 Telemach Mobil, d.o.o., was merged with Telemach, d.o.o. Telemach Mobil, d.o.o., then changed its name to Telemach, d.o.o.

*** Amis, d.o.o., was merged with Si.mobil, d.d. on 1 April 2016.

The figure below shows the share of disputes an individual provider had in terms of its total number of end users (mobile services) or in terms of their number of connections (fixed services). The data are shown separately for the fixed services and mobile services markets and based on the data available to the Agency as at 31 December 2016. The number at the top of a particular column represents the per mille of the provider's users who had requests for resolution filed against them before the Agency.

In resolving user disputes the Agency has been very successful as a mediator (much like in the past few years), resolving 63 % of disputes in such a way that the provider and end user reached an amicable agreement about the dispute resolution, which was followed by a decision to stop the procedure (490 cases). Thus the objective set in 2016 of using a mediation procedure to successfully resolve half of all disputes in an amicable manner was achieved. In other cases the Agency, - in accordance with paragraph 3 of Article 218 of ZEKom-1, - issued a decision either recognizing the end user's claim (35 cases) or rejecting it (117 cases). In the event the claim was submitted too late or could not be handled, the Agency dismissed the proposal for conflict resolution with a decision. The Agency handed over 4 cases to other bodies because they had the authority on the matter.

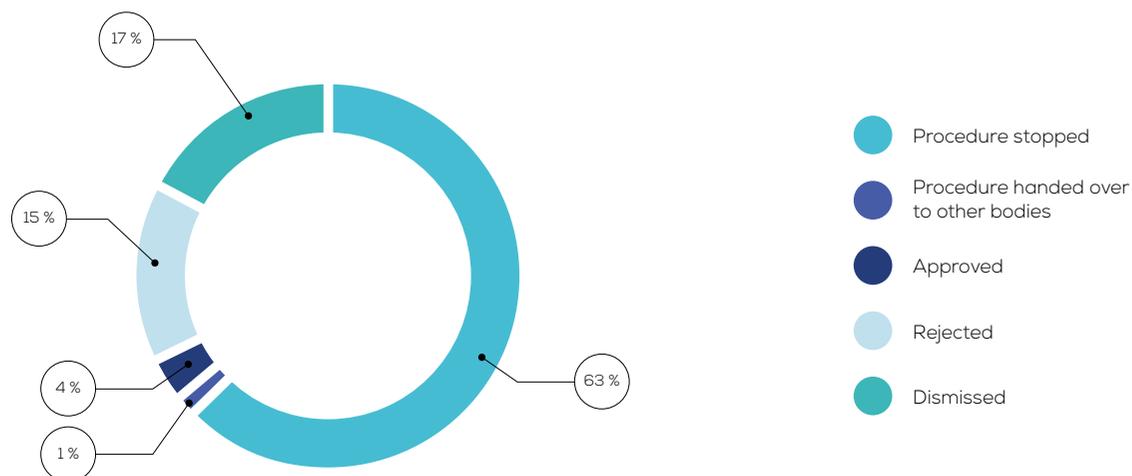


FIGURE 15: DISPUTES IN TERMS OF HOW THEY WERE RESOLVED

In terms of the subject of the dispute, 2016 was dominated by disputes related to mobile services (69 %). These were followed by disputes related to broadband services (27 %), while the share of other disputes (fixed telephone services, television services, communication services) did not exceed 3 % each.

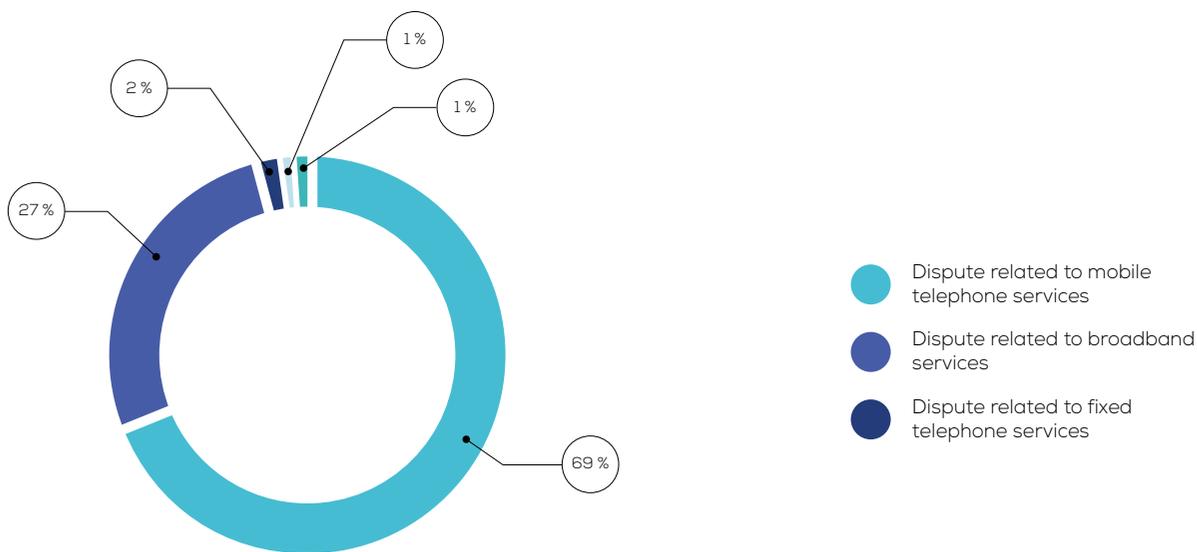


FIGURE 16: DISPUTES BY TYPE OF SERVICE

With regard to the content i.e. the reason for the dispute the Agency finds that users in 2016 most often turned to the Agency because of false charges on their invoices, as 45 % of the requests for dispute resolution claim that they did not use the services or did not order them, but the operator still charged them for it. A large share of the disputes pertained to payments of services (31 %) with users disputing incorrect charges or opposing the payment of contract penalties i.e. costs related to terminating subscription agreements. These were followed by disputes related to incorrect invoices (10 %) where the data on the invoice (most often the amounts charged) were incorrect, and the disputes relate to service outages or poor services (7 %).

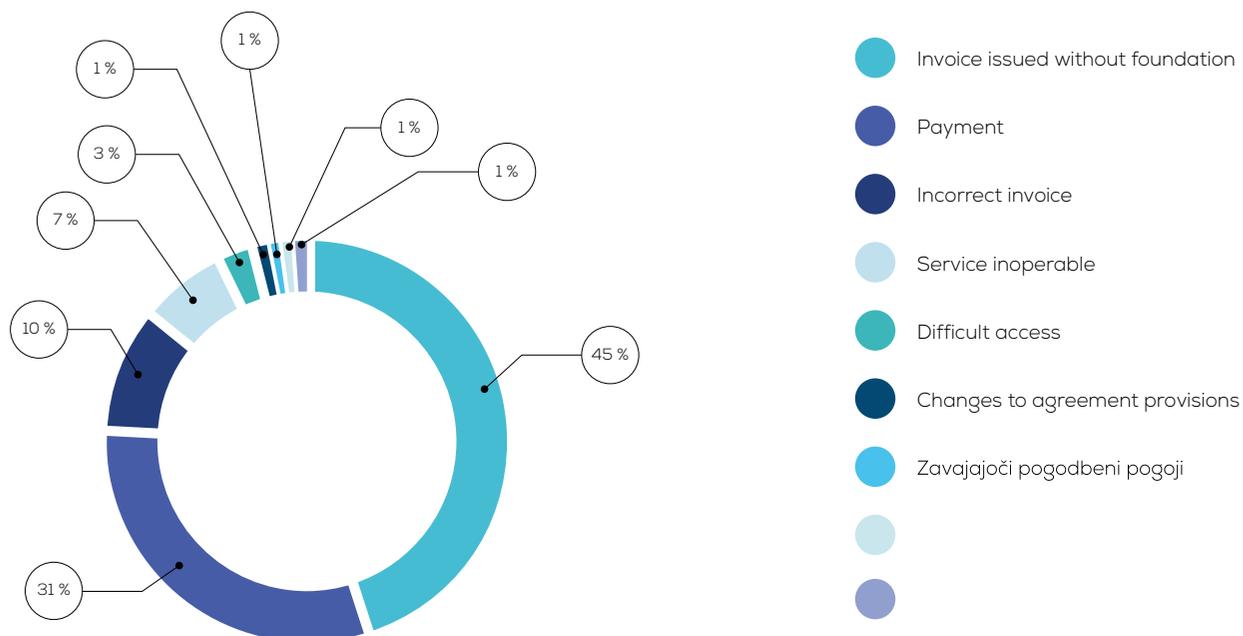


FIGURE 17: DISPUTES BY REASON FOR DISPUTE

In 2016, 83.16 % of disputes were resolved within the recommended deadline for resolving them, while 16.84 % of cases exceeded it. The Agency did not fully manage to achieve the goal it set out (i.e. resolve at least 90 % of the disputes in the recommended time), but the results were better than in 2015 when the Agency managed to resolve 76 % of all received disputed within the recommended period.

2 OPERATOR DISPUTES

One operator dispute was carried over from 2015, and the Agency received one request in 2016 to resolve a dispute relating to shared network construction in line with Article 10 of ZEKom-1. The Agency decided in February 2016 on the operator dispute related to providing broadband access to end users over an open broadband network, which was launched in 2015, and rejected the request, because the applicant failed to amend the request. The operator dispute related to shared construction, which was launched in 2016, was not completed yet by the end of the year, as the parties attempted to resolve it through negotiations. The Agency strove to help reach an amicable solution, and organized 2 mediation meetings where the opposing parties failed to get any closer on their positions. The Agency will continue resolving this dispute in 2017, and presumably conclude the case in the first quarter.

3 USER CONFLICTS RELATED TO POSTAL SERVICES

In 2016 the Agency received 26 requests for dispute resolution with a provider of postal services from users of postal services.

In addition to the newly received disputes, the Agency continued with its resolution of 2 disputes that were launched at the end of 2015. The total number of user disputes regarding providers of postal services that the Agency resolved in 2016 was therefore 28. Of these, 26 were resolved by the end of 2015 and the Agency will continue 2 disputes in 2017.

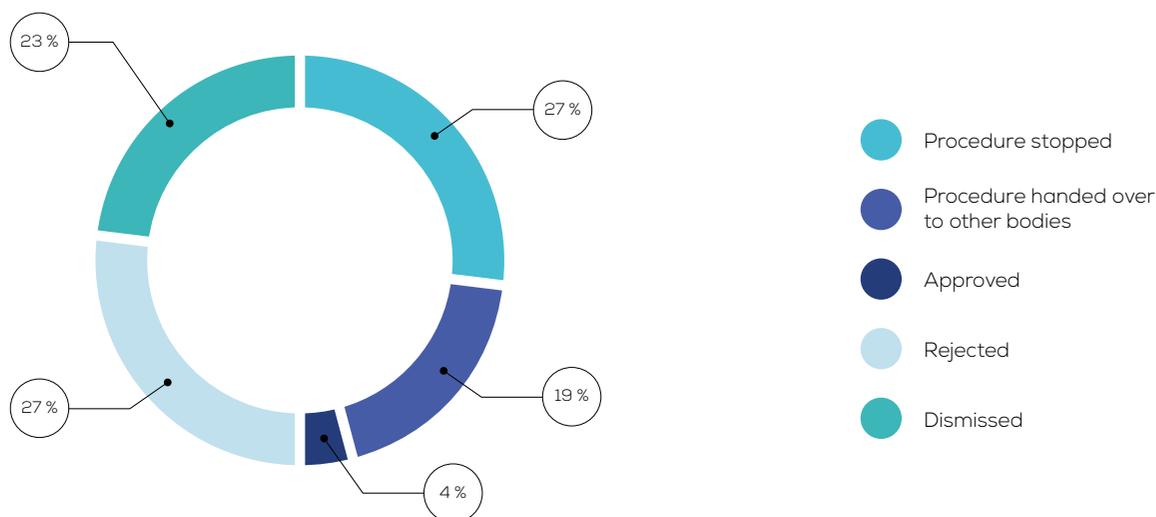


FIGURE 18: DISPUTES WITH POSTAL SERVICE PROVIDERS IN TERMS OF HOW THEY WERE RESOLVED

As the chart above shows, the Agency reached the conclusion in 7 cases received that the Agency helped the user and provider of postal services reach an agreement, which was followed by a decision halting the procedure (27 %). 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 (1 case), rejecting it (6 cases), or deemed it outside of the Agency's competencies (7 cases). The Agency handed over 5 cases to other bodies because they had competency over the matter.

Users of postal services most commonly contacted the Agency due to undelivered shipments (18 cases), as well as with claims for compensation due to damaged or destroyed shipments (8 cases).

Of the 26 disputes the Agency resolved in 2016, 92.31 % of them were resolved within a 4-month deadline, while 7.69 % exceeded the deadline.

4 DISPUTES BETWEEN PROVIDERS OF POSTAL SERVICESV

In 2016 the Agency did not receive any request for dispute resolution.

5 ENSURING THE RIGHTS OF RAILWAY PASSENGERS

In 2016 the Agency, as the appeal body for the protection of passengers' rights in railway traffic, received 1 complaint, related to the carrier's obligation to provide travel information. The complaint was rejected, as it was established during the procedure that the carrier provided the passenger with appropriate travel information.

XI CARE FOR END USERS

1 INFORMING AND PROTECTING END USERS

In 2016 the Agency continued with raising awareness among end users of electronic communications and other services under its authority. It published notifications and warnings of potential threats on its website, along with information on how to resolve such issues, it updated its FAQ database, organized consultations with stakeholders, and ran a call center on a daily basis.

1.1 MEETINGS WITH OPERATORS AND CONSUMER ORGANIZATIONS

In October 2016 the Agency held a meeting with operators on informing end users of general and special terms and conditions in subscription contracts and their access to end users. At the meeting the Agency and the Slovenian Consumer Protection Organization ZPS pointed out the fact that an average end user is still under-informed of their rights and obligations according to the subscription agreement, which is among other things also the result of operators not informing them well enough of general and special terms and conditions when they conclude a subscription agreement.

Based on the meetings conducted with operators, consumer organizations, and state bodies relevant to consumer protection at end of 2015, the Agency issued in November 2016 the Recommendation on greater transparency of publishing administrative costs with the goal of encouraging operators to unify their terminology regarding administrative costs and publish such costs in a more transparent manner, so it is more easily accessible to end users.

1.2 PORTAL FOR ACCESSING OPERATORS' PLANS

The portal komuniciraj.eu, which was redesigned in 2015, provides end users of electronic communications services with information on all the plans that operators offer (both fixed and mobile). In early 2016 the Agency upgraded the portal so that end users have the option of verifying the amount of the 6 most common administrative costs that the operators charge, namely connection fees, switching plans, SIM card replacement, changing subscribers, terminating the subscription, and number porting to another operator.

1.3 CALL CENTER

The Agency also set up a call center at the toll-free number 080 27 35, which operates every day between 9 AM and 1 PM. The call center's main purpose is to provide basic information on dispute resolution procedures before the Agency, and end users can also get general clarifications and explanations regarding all the Agency's areas of expertise, as well as answers to general questions within the Agency's competencies. In this respect the call center also has a preventive role, as by clarifying a problem that has arisen it reduces the need for end users to file complaints with their provider or a request for resolution before the Agency. In 2016 the Agency responded to 934 calls.

1.4 CLARIFICATIONS TO END USERS

In 2016 the Agency received 193 requests from users for the clarification of a given situation, or for advice about a given problem.

The Agency wrote 179 written explanations and answers; of these 62,63 % were drafted within the recommended deadline of 15 days. The reason for most of the delays was the complexity of the topic to which the question pertained. In terms of the type of service that the user wanted an explanation about, 2016 was dominated by questions related to mobile services (53 %). These were followed by questions about broadband services (37 %) and postal services (4 %).

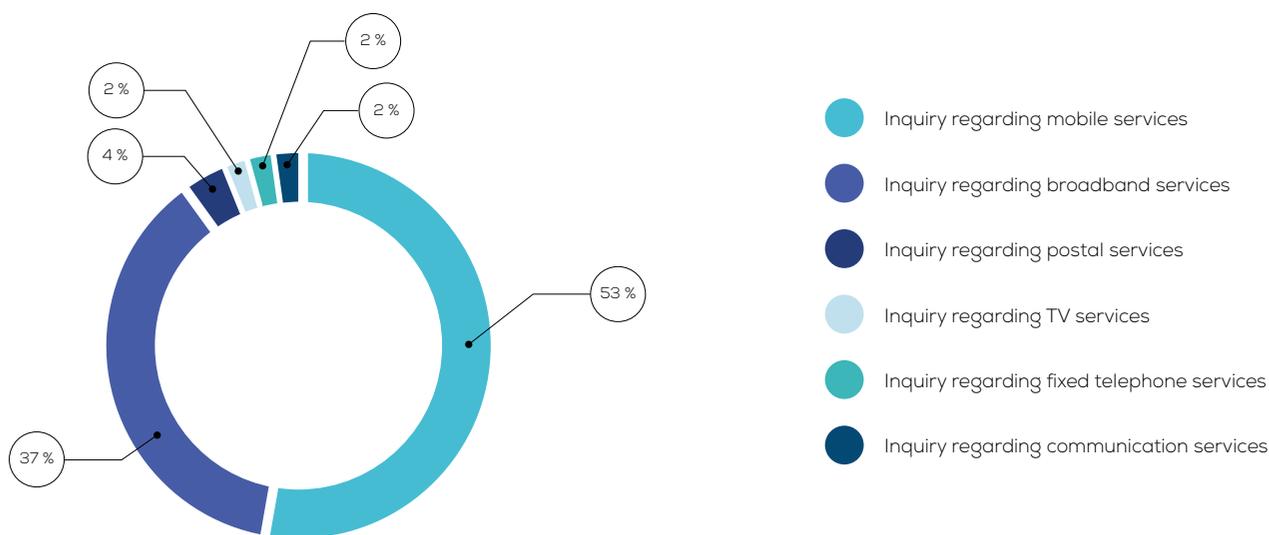


FIGURE 19: RECEIVED INQUIRIES BY CONTENT

The average time the Agency needed to draft a response was 12.05 days, which is within the recommended 15-day deadline.

1.5 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 2016 the Agency received 7 new frequently asked questions and published answers to them.

In 2016 the Agency continued to publish select explanations that are interesting and relevant to a broad range of users. 5 new explanations were published in individual sections (e.g. conflict resolution, unavailability of services, access to services, charging for services, subscription agreements and postal services).

The Agency also continued in 2016 publishing practical tips for using services securely and correctly. In early May 2016 the Agency issued a brochure on mobile roaming, informing end users of the information that is the most relevant for them with regard to the transitory period before the elimination of charging mobile roaming services in the EU and the EEA.

In the scope of this activity 6 notifications were published on the Agency's website, relating to the warnings from fake tech support calls, new cases of the abuse of mobile electronic communications during roaming, and the rights of end users amid the changes to prices for some old plans or to the general terms and conditions of some operators.

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*.

Statistics of the received administrative disputes includes all the lawsuits the Agency received from the Administrative Court of the Republic of Slovenia in 2016 (i.e. between 1 January and 31 December 2016), regardless of when they were submitted to the court. The report does not include the lawsuits that the Agency submitted to the Administrative Court of the Republic of Slovenia, nor the lawsuits in which the Agency is only a third-party participant, as these are not lawsuits challenging its decisions. Resolved administrative disputes includes those cases in which the Agency received a decision of the Administrative Court of the Republic of Slovenia in 2016, regardless of whether the said case started in this calendar year or in one of the previous reporting periods. The data related to the submitted and resolved administrative disputes from this Annual Report are consequently different from the data from other bodies or courts.

In 2016 23 lawsuits against the Agency's final decisions and 2 proposals for the issue of a temporary injunction were filed before the Administrative Court of the Republic of Slovenia, which was within the Agency's expectations.

In 2016 the Administrative Court of the Republic of Slovenia issued 16 decisions (i.e. rulings and resolutions) regarding administrative disputes filed against the Agency in 2016 or in previous years. It upheld 8 lawsuits, returning the matter back to the Agency for a renewed procedure, rejected 5 as unfounded, dismissed 2, and stopped 1 administrative dispute procedure.

The Supreme Court of the Republic of Slovenia which has jurisdiction according to the Administrative Dispute Act (Official Gazette of the Republic of Slovenia, no. 105/2006, hereinafter: ZUS-1) to rule on appeals and reviews against the decisions of the Administrative Court of the Republic of Slovenia, submitted responses to 2 reviews to the Agency in 2016. In 2016 the Agency received a total of 7 decisions from the Administrative Court of the Republic of Slovenia for cases submitted during this year or in the past. The court upheld 1 review, rejected 2, and dismissed 3 as not permissible. It also ruled on 1 appeal lodged against a decision on dismissing a lawsuit, and dismissed it.

Because a lawsuit in an administrative dispute does not have a suspensive effect, the plaintiff may along with lodging a lawsuit also propose that the court issue a temporary decision for suspending the execution of the Agency's decision. In the scope of the administrative disputes the Agency received from the Administrative Court of the Republic of Slovenia 2 proposals for issuing a temporary suspension in 2016. The court ruled on both of them, upholding 1 and dismissing the other. Appeals to the Supreme Court of the Republic of Slovenia were lodged against both decisions of the Administrative Court of the Republic of Slovenia on proposals for issuing a temporary decision in 2016, and the Supreme Court dismissed both

On the basis of the data reported the Agency concludes that the objective set in the work plan, namely that at least 85 % of the Agency's contested decisions would successfully pass through judicial oversight, was set somewhat too high. Of the total 16 administrative disputes completed in 2016, 8 passed judicial examination before the Administrative Court of the Republic of Slovenia (with 5 lawsuits rejected, 2 dismissed, and 1 procedure stopped), which is 50 % of all the administrative disputes resolved in the year.

2 INTERFERENCE IN THE SPECTRUM AND LAWSUITS IN FOREIGN COURTS

In 2016 the Agency also monitored court procedures lodged against Slovenian radio and television publishers in Italian courts. These disputes have been ongoing for several years, and are mostly related to the interference in the radio frequency spectrum of the Republic of Slovenia on the border with Italy. As these are judicial disputes between private subjects, the Agency is generally not directly involved in them, but as the administrator of the Slovenian radio frequency spectrum it has an interest that they are resolved for the benefit of Slovenian publishers. With regard to this issue the Agency continued with active collaboration with the State Attorney's Office of the Republic of Slovenia and the relevant ministries, and with the objective of protecting the interest of publishers in the Republic of Slovenia provided them with required support in technical and legal expertise (measurements and establishing interference, submitting technical data, explaining the legal and technical aspects of radio spectrum management at the international level, etc.) and legal support (cooperation in preparation of positions in court procedures and the procedures of adopting transitional provisions of the EU Court).

3 NORMATIVE ACTIVITY

In 2016 the Agency actively monitored the changes to the valid national legislation and the European provisions, and took part in the process of adopting national relations in the field of the Agency's operations. In the scope of this work the Agency monitored and collaborated with the relevant ministries, especially in drafting proposed amendments to ZEKom-1, construction legislation, ZJF and ZMed.

In 2016 collaboration continued in the preparation of proposed changes to ZEKom-1 with the new draft (ZEKom-1C) submitted for public discussion in July 2016, and the Agency also actively collaborated in the discussion by submitting comments. During the public discussion the Agency submitted 2 general comments to the proposed changes, and comments on individual articles, and during further proposals it proposed yet additional changes.

In the scope of inter-ministerial coordination in 2016 the Agency also submitted comments and opinions to the proposed Construction Act and the Spatial Planning Act prepared by the Ministry of Environment and Spatial Planning.

In 2016 the Agency also collaborated in the preparation of the act for resolving health-care activities, where it was asked to submit an explanation relating to the limitation of advertising of health-care services with regard to the provisions of the Audiovisual Media Services Act and the Media Act, as their supervision falls under its authority.

In 2016 the Agency also submitted comments to the new proposal of the Public Finance Act, according to which it would fall under the same system of financial obligations as other indirect budget users. In its comments the Agency explained to the relevant ministry that in accordance with the European directives the Agency is an independent body for which financial independence is just as crucial as organizational and functional independence. And this is ensured mainly through separate annual budgets and financing directly from the payments of the parties with obligations.

In 2016 2 amendments to ZMed were adopted, ZMed-C and ZMed-D. The Ministry of Culture did not invite the Agency to assist in its preparation, even though the proposed changes to ZMed also pertained to the provisions relating to the Agency's authority in supervisory procedures and its authority in designing the strategy of the development of radio and television programming in the Republic of Slovenia. Consequently the Agency at the end of 2015 addressed a proposal to the Committee for Culture of the National Assembly of the Republic of Slovenia to submit an amendment to the proposed changes. The changes were in 2016 transposed into law through the amended ZMed-C which followed the Agency's proposal for the most part, but not in full. The Agency did not participate in the preparation of the remaining provisions of ZMed-C and ZMed-D, which define the required shares of Slovenian music.

By the end of 2016 the proposals of the acts or changes to them had not yet been adopted, except for the act on health-care activities.

XIII INSTITUTIONAL ADMINISTRATION

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

The Agency's mission is to ensure the effective development of communications networks and services that benefit Slovenian residents and businesses, to encourage competition, provide conditions for the equitable operation of the operators of electronic communications network and services, postal service providers, and transport services providers in the ra-

ilway system, to manage the radio spectrum and numbering space, to regulate audiovisual media services and radio programming, and to protect user rights. The Agency's strategic objectives include creating conditions for a range of services tailored to user needs, for an efficient single European market, for equal rights for all citizens of the European Union, and for encouraging diversity in the culture, language, and content provided by electronic media. The Agency strives to achieve these objectives with its ongoing activities, permanent and regular tasks, and special projects. The Agency's long-term commitment is to pursue the objectives of the Digital Agenda for Europe, one of the 7 leading initiatives of the Europe 2020 strategy. The effective and sustainable development of an information society is connected to advances in education, health, security, supply, the rational use of energy, environmental protection, establishing an e-state, and ensuring the long-term competitiveness of the Republic of Slovenia and its citizens.

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

1 THE AGENCY'S ORGANIZATION AND NUMBER OF EMPLOYEES

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

The Agency's Director is responsible for the Agency's management. The Director represents the Agency, leads its operations and organizes work, and operates independently in performing regulatory and professional activities in accordance with pertinent valid legislation. Until 23 October 2016 Franc Dolenc held the position of the Director, and from that date mag. Tanja Muha took over heading the Agency, as she was appointed the Acting Director by the Government of the Republic of Slovenia on 19 October 2016.

The Council of the Agency, which is the other body in addition to the Director in accordance with Article 173 of ZEKom-1, is made up of members appointed by the Government of the Republic of Slovenia, namely mag. Aleš Ivković, dr. Andrej Kos, dr. Aleš Pavlin, dr. Slavko Žitnik, and mag. Marko Mišmaš. It is presided by mag. Aleš Ivković.

The Council of the Agency's competencies are laid out in Article 177 of ZEKom-1. The Council is to adopt its own rules, comment on the work and financial plans, comment on the annual report, give consent to the Articles of Association, which is adopted by the Agency's Director, propose the appointment or dismissal of the Agency's Director, recommend a temporary prohibition on the Director performing tasks, and propose the early dismissal of members of the Council of the Agency. In the scope of its authority the Council may review books of account, as defined by Slovenian Accounting Standards, and the Agency's bookkeeping documents; it can demand a report on the Agency's business results and other operations it requires for performing its authority, and recommend that the Director improve the Agency's operations or alert them to any potential irregularities in the Agency's operations.

In 2016 the Council of the Agency met at 2 regular and 3 extraordinary meetings, and conducted 3 correspondence



As of 31 December 2016
the agency employed 87
public servants for an in-
definite period.

meetings. In accordance with its legal authority it discussed the Agency's 2015 Annual Report at several meetings, and issued a positive opinion. The Council issued a positive opinion about the Agency's 2017 Operational and Financial Plan based on previously submitted written and oral explanations from the Agency's representatives. In 2016 the Council was informed about the audit of the Agency's operations by the Court of Audit of the Republic of Slovenia and with the Agency's internal audit for 2017. In 2016 the Council also published a public call for applications for the position of the Director, as the current Director's term expired at the end of October.

The Agency is not part of the staffing plan for entities governed by public law. As of 31 December 2016 the Agency employed 87 public servants for an indefinite period, with one public servant entitled to half-time employment by decision of the Pension and Disability Insurance Institute of Slovenia, and 1 employee with 70 % disability and the status of a civilian war-disabled, but who works full-time.

Two employees took advantage of the right to work shorter hours because of parenting in 2016, with one working a 10-hour week, and the second one an 8-hour week.

Along with the above listed public employees the Agency also had 3 employees with employment agreements for a definite period, because of the increased scope of work for an internship, and with 1 employee the Agency concluded an agreement on continuing an employment status for a definite period based on Article 11 of ZUPPJS16.

In 2016 there were 7 public employees who left the Agency, whereby 1 employee retired, the Agency's Director's term expired, and 5 employees continued their careers with other employers.

In 2016 the Agency hired 12 public employees to replace those who left the Agency, and to boost the ranks of experts in accordance with the approved 2015 Operational and Financial Plan.

In spite of the Agency's high level of education among employees (nearly three quarters have at least a university degree) the Agency strives towards the constant education and develo-

ment 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 2016 through individual and group training modules, prepared in cooperation with renowned external experts and organizations. It held several trainings which were often also open to the public.

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

In the scope of expert trainings the Agency placed special focus on courses in administrative procedure management. In 2016 there were 8 public employees who completed expert exams in the Act on General Administrative Procedure and 1 employee passed the expert exam to become inspector.

The full scope of the training courses, both expert and general ones, was realized in a somewhat smaller scope than that which was set in the 2016 Operational and Financial Plan, especially because the employees' time was already burdened too much with priority tasks. Nonetheless the Agency estimates that in order to keep up with the fast developing and changing industry it is essential to maintain the employee training and development program at an appropriate level, so it will strive to complete in 2017 those course that were already planned courses but have not been completed.

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 health and safety work legislation also specifies that the employer has to plan and conduct a promotion of health at the workplace, ensure the required funds, and conduct activities and measures to maintain and improve the employees' physical and mental health. For that purpose the Agency systematically approached the project of promoting health at the workplace, as it is aware that only a healthy employee can be effective and proactive in their work.

2 NEW HIRINGS AT THE AGENCY

In the scope of new employments that planned and approved in the 2016 AKOS Operational and Financial Plan the Agency continues with new job openings for positions it failed to fill in 2015.

In 2016 it completed employment procedures in accordance with the "Methodology of the selection procedure", which it partially amended at the end of 2016. With the aim to make sure that it employs 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.

In its employment procedures in 2016 the Agency published 16 job vacancies. It strove to attract the appropriate potential workers through publications at the Employment Office of the Republic of Slovenia, on the Moje delo employment portal, and also through publishing all the job vacancies on its website. When looking for appropriate human resources the Agency was successful in 6 cases, while for 3 positions the employment procedure was not completed by the end of the year. With other open positions the Agency was unable to attract candidates with enough expertise or suitable enough, and will have to repeat procedures for the vacant positions. The Agency was especially unsuccessful in finding candidates with practical know-how in radio frequency technology, electronics, and IT, which only confirms the assessment that the financial conditions the Agency can offer on the labor market make it difficult to compete against financially much stronger players, who thus have a major advantage over the Agency in hiring experts from the Agency's operational fields. In 2017 the Agency will once again strive to attract experts from these fields in order to have a total of 94 employees, as the Government of the Republic of Slovenia and the AKOS 2015 Operational and Financial Plan have approved.

3 ENSURING PUBLIC TRANSPARENCY AND INFLUENCE

In 2016 the Agency ensured that it regularly updated the content on its website www.akos-rs.si. The number of posts increased somewhat compared to last year, from 469 to 500. 44 posts were news items, 17 press releases, and 6 messages from the Council of the Agency. The Agency has a steady growth rate in the past few years. The number of published news is also increasing, as since 2013 the Agency has also been publishing numerous documents (research, analyses, reports) that are in the public interest, besides the information on important events and decisions. Using this communication tool the Agency submitted 44 notifications to the stakeholders and the public in 2016, which is 10 more than the previous year.

It held proactive public relations and responded to journalist's questions immediately or at least in the legally-proscribed 7-day deadline. In 2016 the Agency received 117 requests from journalists, a bit fewer than in the year before. It responded to all of them within the legal deadline. It organized several formal and informal events to support its proposals (public discussions, press conferences, etc.). It also held workshops aimed at educating experts and educating the public.

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

Through the mechanism the Agency has for receiving opinions from users on its work it did not receive any recommendation in 2016.

4 ACCESS TO PUBLIC INFORMATION

In accordance with the Public Information Access Act (Official Gazette of the Republic of Slovenia, no. 51/06 - official consolidated text, 117/06 - ZDavP-2, 23/14, 50/14 and 19/15 - Constitutional Court decision and 102/15; hereinafter: ZDIJZ) the Agency makes it possible for natural and legal persons to exercise their constitutional right to obtain public information.

In 2016 the Agency received a total of 86 requests for access to public information, which is 13.13 % fewer than in 2015. The number of received requests is in line with forecasts in the 2016 AKOS Operational and Financial Plan, as the Agency expected to receive 100 requests in 2016.

In addition to the 86 requests received in 2016, the Agency continued with its resolution of the 4 requests that were carried over from 2015. The total number of requests for access to public information that the Agency handled in 2016 was therefore 90. Of these, 88 were resolved by the end of 2016, and the Agency will continue with the remaining 2 requests in 2017.

In 71 cases the Agency approved the request and submitted the desired data, while in 14 cases it rejected it. The main reasons for rejection were the existence of trade secrets (item 2 of paragraph 1 of Article 6 of ZDIJZ), ongoing procedures (items 7 and 9 of paragraph 1 of Article 6 of ZDIJZ), or the fact that the request pertained to a piece of information that did not exist. In 2 cases the Agency handed them over to other bodies, because they were related to their documents, and in one case the applicant removed its request.

4 appeals were submitted against the Agency's decisions to the body of second instance (Information Commissioner of the Republic of Slovenia). It approved 2 of the appeals and decided the Agency should provide access to the required documents, in 1 case it rejected the applicant's appeal, and in 1 case partially approved it.

The Agency and the applicant submitted a lawsuit to the Administrative Court of the Republic of Slovenia against 1 of the Information Commissioner's decision. The Agency's lawsuit was rejected for being submitted too late, while the applicant's lawsuit is still ongoing.

The requests in which the requesting party sets a very broad request (these are requests that included the complete documentation for several years) have continued to increase in 2016, so the Agency found it difficult to adhere to the recommended time of 20 business days for resolving a request. Consequently the Agency had to extend the recommended time of 20 business days in accordance with Article 24 of ZDIJZ in 5 cases, while in 2 cases the recommended deadline was missed by 2 days. In all the other cases it managed to resolve the requests in the scope of the recommended deadline.

5 INFORMATION SUPPORT

In 2016 the Agency continued improving its IT infrastructure by upgrading and replacing the equipment for ensuring modern information and communication technology (ICT), and successfully completed the renovation project. The existing outdated equipment has been fully renovated, so that the Agency will be able to continue its mission for the

next few years without any issues.

In 2016 the Agency continued with the project of renovating the technology for secure backups. It re-established its own backup system and also successfully completed the public procurement for secure backup to a remote location. Secure backups at the Agency as well as the remote location are now ongoing, and so the Agency's data is now secure.

In 2015 the Agency successfully completed the public procurement and a framework agreement for computers and computer equipment, on the basis of which it replaced the outdated workstations in 2016.

In 2016 the Agency renovated its IP telephone system by setting up a new virtual server and upgrading the software. It also established a new system for the requirements of the call center which is now more stable and simpler to use. Besides the revamp of the IT system the IT department also worked on software development. Alongside the smaller upgrades and patches the Agency introduced the option of paying in installments for the decisions on the amount of payment.

Because of a shortage in human resources (one employee resigning and another going on maternity leave) the Agency was not able to complete some of the projects set for 2016, e.g. automation of simple procedures. Long-term projects, including the maintenance of existing software and hardware, were for the same reason completed through external contractors. This was necessary for ensuring the Agency's uninterrupted operations.

6 ADMINISTRATIVE OPERATIONS

In the scope of managing administrative operations and documentary materials the Agency launched the digitization and management of archive materials in accordance with the relevant regulations. The Agency is also coordinating with the Archives of the Republic of Slovenia to hand over archive materials, establishing a managed current collection of documentary materials and updating some internal rules for more effective organization in the Agency's document management system.

7 INTERNAL AUDIT

Internal audits at the Agency are commissioned to a contractor in accordance with Articles 10 and 12 of the Rules Laying Down the Policies for the Coordinated Function of the Public Internal Financial Control System and the public procurement regulations. The Agency set the following objectives in 2016:

- 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 followed its objectives for internal auditing in 2016 and conducted several activities as part of its internal audit of the investment activities, and it also monitored progress following the audit of the Agency's financial management audit from 2015.

The internal audit of investment activities identified certain flaws in the operation of internal controls and procedures, which specify the key elements of managing an investment activity (planning, monitoring its implementation, accounting and reporting). The final report on the internal audit was issued in February 2017. Activities related to planning and implementing the measures aimed at remedying the situation are scheduled to start in the first half of 2017.

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

- providing a more exact definition of tasks and an appropriate delimitation of the responsibilities of participants in the process of planning, executing, monitoring the realization of, and reporting on investments
- improved content in frameworks and grounds for planned investments
- introduction of long-term investment planning
- improving the management of reports on completed investments (improved content of reports, improved traceability of report preparation)

The activities related to the execution of the measures for remedying the established issues in the existence and operation of internal controls in the financial management from the 2015 internal audit are already underway (revamp of internal rules for planning and reporting, amendment of suitable frameworks for planning and reporting, inquiries on the option of revamping the information or software support for the process of planning, monitoring operations and reporting), and will continue in 2017.

During 2016 the Agency took part in individual supervisory procedures that were planned during the preparation of the 2016 Operational and Financial Plan, but in individual cases it was not yet in possession of the facts or data for their inclusion into the plan. The supervisory procedures pertained to various segments of the Agency's operations and were conducted by various external institutions, namely:

- the planned audit procedures that were conducted by the same auditors who conducted the internal and external audit were completed in early 2017
- unplanned inspection supervisions, conducted by the work and administrative inspection, were completed in 2016
- the unplanned audit procedure by the Court of Audit of the Republic of Slovenia, which is still ongoing

Expert and especially general services of the Agency provided timely and professional support to all these institutions,

and especially in the case of the Court of Audit of the Republic of Slovenia also significant human resource support for successful execution of supervisory procedures.

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

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

The Agency provides financial resources and administrative support to the Slovenian Committee for Electronic Communications which has the function of a consulting body. SEK provides opinions, recommendations, and proposals regarding electronic communications issues, including the protection of consumers, persons with disabilities and users with special social needs in this area. In 2016 the Agency participated in the organization of SEK's 12 regular meetings and 1 correspondence meeting. The Agency allocated EUR 45,048.72 for supporting SEK's operations.

The Agency provides technical, expert, financial and administrative support to the Broadcasting Council the independent, expert body for the field of broadcasting. In the scope of technical support it provides the Council with meeting rooms for its meetings, preparatory meetings, and assistance in holding public events, as well as the complete infrastructure: mail room, access to the register, a phone for the Council's Secretary, a notebook computer, office space for working, internet access. In the scope of financial support it pays Council members fees for their work and travel expenses, in accordance with the Decision on the establishment of the SRDF. The Agency appointed an employee from the Electronic Media Sector for administrative and expert support. Additional expert support is provided through existing data and/or analyses, and studies the Agency conducts when the Council requests them. The Agency's representatives have attended all of Broadcasting Council's 12 regular and 1 extraordinary meetings. The Agency allocated EUR 33,785.48 for supporting Broadcasting Council's operations.



Agency provides technical, financial and administrative support to the Committee for Electronic Communications and to the Broadcasting Council.

XIV IMPLEMENTATION OF THE FINANCIAL PLAN

The Agency strove to realize the planned activities and financial targets from its operating and financial plan for 2016 in the areas it regulates. Its financial operations were affected by certain extraordinary events related to revenue and expenditure, which are detailed in the following chapters and summarized here.

The Agency generated 101.3 % of its planned revenue (only one decision on determining fees for the provision of audiovisual media services was not issued), while the discrepancy between the plan and realization was higher when it comes to expenditure, with spending amounting to 78.4 % of the plan.

The Agency identified a relatively high risk of failing to report or misreporting revenue among certain telecommunications operators and audiovisual media service providers, whose estimated revenue comprises a significant share of total industry revenue. In order to manage this risk, the Agency exercised its powers and continued conducting audits and administrative proceedings aimed at determining the true and fair value of revenue.

Discrepancies in expenses were the result of:

- new facts and circumstances affecting certain planned activities (e.g. new statutory instruments, different governmental strategic policies, originally unplanned necessary tasks, etc.);
- the complexity of public procurement procedures and greater diligence in preparing and conducting them (an overhauled, centralized public procurement management system);
- failure to meet the hiring plan due to the complexity of selection procedures, as well as poor interest among potential employees arising from lower compensation compared to jobs in the industry.

TABLE 11: REVENUE AND EXPENDITURE ACCOUNT FOR SPECIFIC USERS COMPILED ON A CASH BASIS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016, PART ONE

CLASSIFICATION OF ACCOUNTS	ACCOUNT TITLE	AOP code	AMOUNT			
			Current year	Previous year	2016 FP	Current year/2016 FP
1	2	3	4	5	6	7 = 4/6
	I. TOTAL REVENUE (402+431)	401	4.545.654	7.047.126	4.487.249	101,3
	1. REVENUE FOR PROVIDING PUBLIC SERVICES (403+420)	402	4.545.654	7.047.126	4.487.249	101,3
	A. Revenue from public funds (404+407+410+413+418+419)	403	0	0	0	0
	a. Funds received from the government budget	404	0	0	0	0
del 7400	Funds received from the government budget for current expenditure	405	0	0	0	0
del 7400	Funds received from the government budget for investments	406	0	0	0	0
	b. Funds received from the municipal budgets (408+409)	407	0	0	0	0
	c. Funds received from social insurance funds (411+412)	410	0	0	0	0
	d. Funds received from public funds and agencies (414+415+416+417)	413	0	0	0	0
del 740	e. Funds received from budgets associated with foreign donations	418	0	0	0	0
741	f. Funds received from the government budget financed from EU budget	419	0	0	0	0
	B) Other revenue for providing public services (421+422+423+424+425+426+427+428+429+430)	420	4.545.654	7.047.126	4.487.249	101,3
del 7130	Revenue from the sale of goods and services from public service provision	421	4.470.578	6.994.030	4.414.749	101,3
del 7102	Interest received	422	3.684	3.086	6.500	56,7
del 7100	Revenue from profit sharing and dividends, and surplus	423	0	0	0	
del 7141	Other current revenue from public service provision	424	27.870	10.675	17.000	163,9
72	Capital revenue	425	1.850	3.255	1.000	185,0
730	Donations received from domestic sources	426	0	0	0	
731	Foreign donations	427	0	0	0	
732	Donations for natural disaster relief	428	0	0	0	
786	Other funds received from the EU budget	429	41.672	36.080	48.000	86,8
787	Funds received from other European institutions	430	0	0	0	
	2. REVENUE FROM THE SALE OF GOODS AND SERVICES IN THE MARKET (432+433+434+435+436)	431	0	0	0	
del 7130	Revenue from the sale of goods and services in the market	432	0	0	0	
del 7102	Interest received	433	0	0	0	
del 7103	Revenue from rents and leases, and other property income	434	0	0	0	
del 7100	Revenue from profit sharing and dividends, and surplus	435	0	0	0	
del 7141	Other current revenue, not from the provision of public service	436	0	0	0	

TABLE 12: REVENUE AND EXPENDITURE ACCOUNT FOR SPECIFIC USERS COMPILED ON A CASH BASIS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016, CONTINUED

CLASSIFICATION OF ACCOUNTS	ACCOUNT TITLE	AOP code	AMOUNT			
			Current year	Previous year	2016 FP	Current year/2016 FP
1	2	3	4	5	6	7 = 4/6
	II. TOTAL EXPENSES (438+481)	437	5.867.917	5.524.879	7.480.460	78,4
	1. EXPENSES FOR PROVIDING PUBLIC SERVICES (439+447+453+464+465+466+467+468+469+470)	438	5.867.917	5.524.879	7.480.460	78,4
	A. Salaries and salary-related costs (440+441+442+443+444+445+446)	439	2.992.489	2.548.067	3.094.474	96,7
del 4000	Salaries and premiums	440	2.765.986	2.363.500	2.897.626	95,5
del 4001	Holiday allowance	441	43.840	11.001	12.525	350,0
del 4002	Reimbursements and compensations	442	165.304	141.248	182.013	90,8
del 4003	Performance bonuses	443	0	0	0	
del 4004	Funds for overtime	444	3.964	0	0	
del 4005	Salaries of non-residents with contracts	445	0	0	0	
del 4009	Other employee-related expenditures	446	13.395	32.318	2.310	579,9
	B. Social security contributions paid by the employer (448+449+450+451+452)	447	454.198	382.286	470.066	96,6
del 4010	Pension and disability insurance contributions	448	246.096	205.919	256.424	96,0
del 4011	Health insurance contributions	449	197.552	169.149	205.415	96,2
del 4012	Unemployment insurance contributions	450	1.713	1.404	1.736	98,7
del 4013	Parental protection insurance contributions	451	2.784	2.385	2.891	96,3
del 4015	Premiums for collective supplementary pension insurance based on ZKDPZJU	452	6.053	3.429	3.600	168,1
	C. Expenses for goods and services associated with the provision of public services (454+455+456+457+458+459+460+461+462+463)	453	2.135.209	1.915.554	3.084.420	69,2
del 4020	Office and general supplies and services	454	791.644	642.231	1.682.400	47,1
del 4021	Special supplies and services	455	112.989	36.808	26.500	426,4
del 4022	Energy, water, utility services, and communications	456	105.093	105.342	112.200	93,7
del 4023	Transportation costs and services	457	34.254	32.510	29.500	116,1
del 4024	Expenses for business trips	458	230.071	205.433	205.730	111,8
del 4025	Regular maintenance	459	383.927	374.318	325.550	117,9
del 4026	Operating rent and lease fees	460	24.805	24.048	45.900	54,0
del 4027	Fines and damages	461	250	0	0	
del 4028	Payroll tax	462	0	0	0	
del 4029	Other operating expenses	463	452.176	494.864	656.640	68,9
403	D. Domestic interest payments	464	3	0	0	
404	E. Foreign interest payments	465	0	0	0	
410	F. Subsidies	466	0	0	0	
411	G. Transfers to individuals and households	467	0	0	0	
412	H. Transfers to non-profit organizations and institutions	468	0	0	0	
413	I. Other current domestic transfers	469	0	0	0	

CLASSIFICATION OF ACCOUNTS	ACCOUNT TITLE	AOP code	AMOUNT			
			Current year	Previous year	2016 FP	Current year/2016 FP
1	2	3	4	5	6	7 = 4/6
	J. Capital expenditure (471+472+473+474+475+476+477+ 478+479+480)	470	286.018	678.972	831.500	34,4
4200	Purchase of equipment	471	16.809	915	0	
4201	Nakup prevoznih sredstev	472	0	80.788	0	
4202	Purchase of equipment	473	235.408	399.446	365.500	64,4
4203	Purchase of other operating fixed assets	474	0	0	0	0
4204	Construction, reconstruction, and renovation	475	1.845	17.376	90.000	2,1
4205	Major maintenance and renovation	476	0	0	0	
4206	Purchase of land and natural resources	477	0	0	0	
4207	Purchase of intangible assets	478	31.956	180.447	376.000	8,5
4208	Feasibility studies for projects, project documentation, supervision, project engineering	479	0	0	0	
4209	Purchase of reserves of goods and intervention stocks	480	0	0	0	
	2. EXPENDITURE FROM THE SALE OF GOODS AND SERVICES IN THE MARKET (482+483+484)	481	0	0	0	
del 400	A. Salaries and other employee-related expenditure from the sale of goods and services in the market	482	0	0	0	
del 401	B. Social security contributions paid by the employer from the sale of goods and services in the market	483	0	0	0	
del 402	C. Expenditure for goods and services from the sale of goods and services in the market	484	0	0	0	
	III/1 SURPLUS (401-437)	485	0	1.522.247	0	
	III/2 DEFICIT (437-401)	486	1.322.263	0	2.993.211	

1 REVENUE

Based on cash flow the Agency generated €4,545,654 in revenue in 2016, €4,470,578 (98.3 %) 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 €75,076 (1.7 %) was other revenue. The Agency generated €55,830 or 1.3 % more operating revenue than originally planned in its financial plan, and the following reasons should be highlighted:

- €166,059 or 27.3 % lower revenue, i.e. paid receivables from media services arising due to the illiquidity of debtors;
- €127,286 or 11.3 % more revenue i.e. paid receivables from notifications, primarily due to collecting all accrued revenue from telecommunications from 2015;
- €109,672 or 6.1 % more revenue from fees for using radio frequencies, primarily due to more issued decisions on assigning radio frequencies that were not included in the financial plan, and, subsequently, more payments based on issued decisions for 2016.

The Agency generated €2,576 more than originally planned in other revenue (ADP codes = 422–430). As the Agency already pointed out in Section 3.2, the differences between accrued (€4,471,994) and recorded (€4,545,654) operating revenue in 2016 is primarily the result of accrued revenue from unissued decisions that determine fees for the provision of media services.

To facilitate a realistic and transparent comparison between changes in revenue, and to determine the reasons for actual discrepancies between the planned and realized revenue in 2016 by category, the Agency will exclude the effects of cash flow by also providing a comparison based on accrued revenue below.

	2016	FN 2016	Indeks
Prihodki iz naslova izvajanja poštних storitev	264.725	264.725	100,0
Prihodki iz naslova odmere plačila številok	441.805	447.300	98,8
Prihodki iz obvestil	1.102.848	1.130.523	97,6
Prihodki iz naslova frekvenc	1.920.463	1.806.665	106,3
Prihodki iz naslova železnic	150.011	150.011	100,0
Prihodki iz naslova medijskih storitev	585.820	609.025	96,2
Prihodki iz naslova prodaje nalepk za prepoved dostavljanja v predalčnik	6.322	6.500	97,3
SKUPAJ PRIHODKI OD POSLOVANJA (Oznaka za AOP = 860)	4.471.994	4.414.749	101,3

TABLE 13: COMPARISON OF REALIZED AND PLANNED OPERATING REVENUE ON ACCRUAL BASIS

This table shows that the Agency generated €57,245 or 1.3 % more operating revenue than planned, primarily due to issuing more decisions on assigning radio frequencies that were not included in the financial plan, and, subsequently, more payments, while fewer decisions were issued based on notifications and for media services, which resulted in lower revenue. When planning revenue for 2016, the Agency used the analysis of the situation in the telecommunications market, and, when estimating the number of points used for calculating the fees, the revenue of telecommunications providers that it deemed a true and fair value and that providers should report to the Agency. Individual significant pro-

viders reported revenue below their originally planned amounts already in 2015, which was reflected in the smaller number of points used for calculating the fees. Under Article 6 of ZEKom-1 the Agency concluded audits on some providers that were intended to verify the accuracy of reported revenues. If the audit fails to show any discrepancies or the Agency loses a potential lawsuit, the Agency will calculate and charge the fees for these providers based on the reported revenue.

2 EXPENSES

Based on cash flow, the Agency's expenses in 2016 totaled €5,867,917, €3,446,687 (58.7 %) of which were expenses for salaries and other employee benefits, and associated social contributions paid by the employer, €2,135,209 (36.4 %) were expenses for the purchase of materials, goods, and services, and €286,018 (4.9 %) were capital expenditure.

The Agency's expenses in 2016 were €1,612,543 or 21.6 % below the plan, especially in the following three categories of expenses.

2.1 SALARIES AND OTHER LABOR COSTS

The Agency's labor costs were €117,853 or 3.3 % lower than planned (ADP codes = 439 and 447), primarily due to:

- lower amount of salaries and other benefits paid to employees, because the Agency did not replace 4 employees who left (retirement, contract termination) and only partly realized the planned hiring of 14 new employees;
- not ceasing to apply the public sector pay scale with reduced pay brackets – the legislator decided to lift this measure only in September 2016.

The Agency would like to point to the failure to fully realize the 2016 hiring plan as the main reason for expenses remaining below plans. This was partly the result of the complexity of the recruitment process and the lack of qualified candidates, which is primarily due to the legal framework regulating the Agency's operations, as well as the Agency's inability to compete with salaries in the private sector.

2.2 EXPENSES FOR GOODS AND SERVICES

The Agency's expenses for goods and services were €949,211 or 30.8 % below the plan (ADP code = 453), primarily due to €890,756 or 52.9 % lower cost of office and general supplies and services in this category (ADP code = 454), primarily due to the fact that projects such as the 700+ MHz public tender, NGA BU model Digital Agenda, economic replicability model, analysis of the radio market and its development potential, oversight of investments, cost-based usage charge in regulation of the railway market, regulation of separate accounting, and representation before courts were not realized or were realized only partially.

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

- The planned value of the project 700+ MHz public tender(task ID 361) is €380,000, with some €356,000 remaining unspent. Due to changes in the strategic priorities of the Government of the Republic of Slovenia regarding frequency assignment, the project will be carried out in 2017 or 2018, according to the relevant ministry's guidelines;
- The planned value of the project NGA BU model Digital Agenda (task ID 330) is €166,100, with some €143,000 remaining unspent. The savings are the result of the lower value of the performed services, and the decision to complete the task with more in-house resources than originally planned. The task should be completed in 2017;
- The planned value of the project economic replicability model(task ID 408) is €90,000, with some €65,000 remaining unspent. The savings are the result of the lower value of services performed by the contractor than originally planned. The task should be completed in 2017;
- The planned value of the analysis of the radio market and its development potential project (task ID 349) is €68,000, with some €55,200 remaining unspent. The Agency ended the already started public procurement procedure due to the termination of the employment contract of the person in charge of the project, and further lack of staff in the pertinent division. The task will not be completed;
- The planned value of the oversight of investments project (task ID 358) is €61,000, with some €30,000 remaining unspent. The savings are the result of the lower value of services provided by the contractor than originally planned.
- The planned value of the regulation of separate accounting project (task ID 115) is €40,000, with some €23,000 remaining unspent. The savings are the result of the lower than originally planned value of services provided by the contractor, the unrealized verification of net cost calculation, as the liable entity failed to present the calculation to the Agency. Completion of this task depends on whether the liable entity will present the net cost calculations to the Agency;
- The planned value of the representation before courts (+ Italy) project (task ID 128) is €27,000, with some €24,000 remaining unspent, as the Agency did not commission the originally planned legal opinion, and no cost was incurred from legal representation services in Italy;
- The planned value of the cost-based usage charge in railway market regulation (task ID 377) is €15,000. None of the funds were spent, as the public railway infrastructure manager did not set a new usage charge – did not change the method of calculating the charge.

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:

- €86,489 or 326.4 % higher cost of special supplies and services (ADP code = 455), primarily due to the cost of establishing the archive, which the Agency initially planned to record under office and general supplies and services, but later recorded as special supplies and services;
- €24,341 or 11.8 % higher expenses for business trips, (ADP code = 458), primarily due to a higher number of realized business trips, and somewhat more intense international collaboration in the division for operator supervision (participation in the working parties drafting guidelines on net neutrality), division for telecommunications regulation (participation in several working parties and meetings due to changes in the European legal framework, roaming, cocom), and the division for the regulation and supervision of postal services. Some of the costs of business trips are reimbursed by the EU body, and are recorded under other revenue (ADP code = 429). Such reimbursed costs amounted to €41,672 in 2016. In accordance with this, the net cost of business trips was lower by this amount;

- €7,107 or 6.3 % lower total cost of energy, water, utilities and communications (ADP code = 456), primarily due to lower other operating costs;
- €21,095 or 46.0 % lower cost of operating rent and lease fees (ADP code = 460), primarily due to the unrealized plan to lease additional offices for conducting a public auction, and professional meetings for the purpose of providing public service in electronic media;
- €58,377 or 17.9 % higher cost of maintenance (ADP code = 459) due to emergency maintenance – repair of condensation outflows on heating-cooling convectors that was not planned initially. Following an inspection, the fire system had to be repaired, energy and water systems at Agency's headquarters had to be separated, and other minor maintenance was required;
- €204,464 or 31.1 % lower other operating expenses (ADP code = 463), primarily due to unrealized training that had been originally planned. Said planned training was not conducted partly because no suitable providers bid in the Agency's two public procurement procedures, and partly because the support services division provided substantial HR support to the Republic of Slovenia Court of Audit in an audit through the most part of 2016. The unspent funds under this item amounted to €160,000.

2.3 INVESTMENT EXPENSES

In 2016 the Agency realized €286,018, i.e. 34.4 % of its planned investment expenses (ADP code = 470), primarily as the result of the following major investments:

- purchase of hardware and software for the project of upgrading ICT (task ID 434) for the centralized administration of the information system – purchase of licenses for centralized administration, and installation, configuration, and implementation of the monitoring system in the amount of €113,418, and installation of fiber optics and copper wiring at the Agency's offices in the amount of €21,971. The task was realized to a smaller extent than initially planned, and €95,611 less was spent due to the smaller number of employees at the department; one part of the unspent funds was carried over to ICT maintenance and user support (task ID 433), as the work was outsourced;
- office renovation (task ID 429) in the amount of €21,052, comprising the procurement of office equipment (desks, chests of drawers, work board with delivery and installation, and chairs). Some €30,000 less than planned were spent on this task due to a better price given by the provider. The unspent funds were transferred to cover the increased infrastructure cost;
- upgrades/updates of RNMS (task ID 172) , which includes the procurement of equipment for monitoring and measuring the radiofrequency spectrum in the amount of €49,068. Some €50,000 less than planned were spent on this task;
- monitoring BB QoS (task ID 382) in the amount of €43,589 for the procurement of instruments for conducting measurements on fixed networks, and creating work environment.

the Agency spent a total of €545,482 i.e. 65.6 % less on investments than planned (ADP code = 470), mainly because some planned investments were not completed or were only

partially completed, and because of savings on the following projects:

- unrealized project e-filing and e-documents (task ID 403) in the amount of €130,000;
- unrealized project of modernizing the system for data collection (task ID 357) in the amount of €60,000;
- unrealized project of establishing a platform for capturing radio data (task ID 456) in the amount of €50,000;
- unrealized project CRS + (task ID 437) in the amount of €25,000.

These investments were not realized primarily due to:

- lack of human resources in the IT department (employment contract termination, termination of contract with freelancers, parental leave; part of the unspent funds for investments was carried over to ICT maintenance and user support – task ID 433);
- reallocation of initially planned funds, with some of the work being outsourced to contractors who provided services at a lower price than was planned, and some of the work having been done in-house;
- lack of human resources in the electronic media division;
- realization of other, unplanned priorities (e.g. regulation of relevant markets 3, 5 and 7, and analysis of retail prices of broadband connections).

XV STATEMENT REGARDING THE RESULT OF THE PUBLIC FINANCE INTERNAL AUDIT

IZJAVA O OCENI NOTRANJEGA NADZORA JAVNIH FINANC

v/na **AGENCIJI ZA KOMUNIKACIJSKA OMREŽJA REPUBLIKE SLOVENIJE** (naziv proračunskega uporabnika)

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 **Agenciji za komunikacijska omrežja Republike Slovenije** (naziv proračunskega uporabnika).

Oceno podajam na podlagi:

- ocene notranje revizijske službe za področja: **INVESTICIJSKA DEJAVNOST**
- 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, ODDELEK ZA FINANCE IN RAČUNOVODSTVO, ODDELEK ZA INFORMATIKO, ODDELEK ZA DOKUMENTACIJSKO DEJAVNOST, ODDELEK ZA ORGANIZACIJO IN KADRE**

V/Na *Agenciji za komunikacijska omrežja in storitve Republike Slovenije*

je vzpostavljen(o):

1. Primerno kontrolno okolje (predstojnik izbere eno od naslednjih možnosti):

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

2. Upravljanje s tveganji

2.1. Cilji so realni in merljivi, to pomeni, da so določeni indikatorji za merjenje doseganja ciljev (predstojnik izbere eno od naslednjih možnosti):

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

2.2. Tveganja, da se cilji ne bodo uresničili, so opredeljena in ovrednotena, določen je način ravnanja z njimi (predstojnik izbere eno od naslednjih možnosti):

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

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,
- b) na pretežnem delu poslovanja,
- c) na posameznih področjih poslovanja,
- d) še ni vzpostavljen, pričeli smo s prvimi aktivnostmi,
- e) še ni vzpostavljen, 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 ni vzpostavljen, pričeli smo s prvimi aktivnostmi,
- e) še ni vzpostavljen, 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 ni vzpostavljen, pričeli smo s prvimi aktivnostmi,
- e) še ni vzpostavljen, 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,
- d) nisem zagotovil notranjega revidiranja.

ad b) Navedite naziv skupne notranjerevizijske službe:

.....

Navedite sedež in matično številko skupne notranjerevizijske službe:

.....

Matična številka:

ad c) Navedite naziv zunanjega izvajalca notranjega revidiranja:

BDO REVIZIJA d.o.o.

Navedite sedež in matično številko zunanjega izvajalca notranjega revidiranja:

Cesta v Mestni log 1, 1000 Ljubljana

Matična številka: **5913691000**

Ali (sprejeti) finančni načrt (proračun), za leto na katerega se Izjava nanaša, presega 2,086 mio EUR



Datum zadnjega revizijskega poročila zunanjega izvajalca notranjega revidiranja je:

(dan XY, mesec XY in leto 20XY)

15.2.2017

ad d) **Notranjega revidiranja nisem zagotovil ker:**

V letu 2016 (leto, na katerega se Izjava nanaša) sem na področju notranjega nadzora izvedel naslednje pomembne izboljšave (navedite 1, 2 oziroma 3 pomembne izboljšave):

- na področju obvladovanja tveganj v sistemu finančnega poslovanja: priprava in sprejem splošnega dela pravilnika za načrtovanje in poročanje, dopolnitev oz. oblikovanje ustreznih podlag za načrtovanje in poročanje ipd..
- na področju obvladovanja tveganj v procesu ravnanja oz. upravljanja z dokumentarnim in arhivskim gradivom (evidentiranje, pretvorba v digitalno obliko, pregledovanje, odprema in hramba) sprejem Pravilnika o upravljanju dokumentarnega gradiva ter Navodila za predajo dokumentarnega gradiva v arhiv, izločanje dokumentacije ter ureditev prostorov;
- na področju obvladovanja tveganj na segmentu službenih potovanj (odobravanje, izvrševanje, obračunavanje, poročanje ipd.) sprejem novega Pravilnika o službenih potovanjih;
- na področju obvladovanja tveganj na segmentu določanja ustrezne višine plač ter obračunavanja plač in drugih osebnih prejemkov sprejem Metodologije o načinu določanja števila plačnih razredov napredovanj uslužbencev ob njihovi zaposlitvi oz. premestitvi na drugo delovno mesto ter sprejem novega Pravilnika o plačah in drugih prejemkih.

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

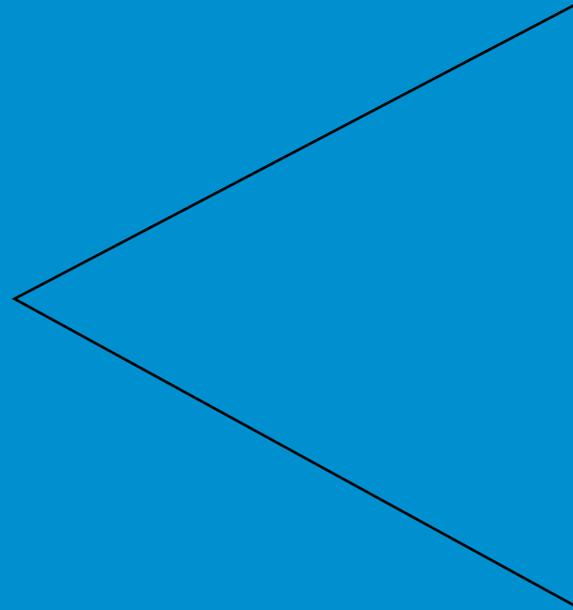
- tveganje pomanjkljivega in nezadostnega delovanja notranjih kontrol v sistemu finančnega poslovanja: sprejem celovitega posodobljenega pravilnika za načrtovanje in poročanje; zagotovitev ustrezne informacijske oz. programske podpore procesu načrtovanja, spremljanja poslovanja in poročanja; jasna razmejitev odgovornosti med udeleženci v procesu načrtovanja, spremljanja poslovanja in poročanja; celovita opredelitev vsebine dolgoročnih (strateških), splošnih in izvedbenih ciljev, skupaj s kazalniki za njihovo merjenje ter določitev njihovih prioritet; vzpostavitev ustrezne koordinacije in nadzora procesa načrtovanja, spremljanja poslovanja in poročanja ipd.;
- tveganje pomanjkljivega in nezadostnega delovanja notranjih kontrol na segmentu notranjega nadziranja: priprava in sprejem Pravilnika o notranjem revidiranju ipd.;
- tveganje pomanjkljivega in nezadostnega delovanja notranjih kontrol v procesu upravljanja s človeškimi dejavniki: priprava nove sistemizacije delovnih mest in nalog zaposlenih, oblik dela ipd. sprejem novega Pravilnika o notranji organizaciji in sistemizaciji delovnih mest ipd..

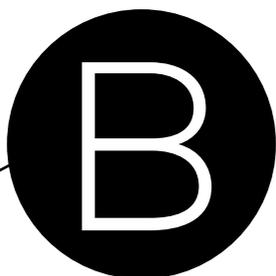
Predstojnik oziroma poslovodni organ proračunskega uporabnika: mag. TANJA MUHA, v. d. direktorja

Podpis:.....

Datum podpisa predstojnika:

28.2.2017.....





FINANCIAL REPORT

XVI FINANCIAL REPORT

1 PRAVNE PODLAGE, OBLIKA IN VSEBINA POROČILA

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);

“
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.
”

- Instructions on Preparing the Annual Financial Statement of State and Municipalities Budgets and on Methodology for Preparing a Report on the Achieved Goals and Results of Direct and Indirect Budget Users (Official Gazette of RS 12/01 and further);
- Ruling of the Establishment of the Communications Networks and Services Agency of the Republic of Slovenia (Official Gazette of RS 41/13);
- Slovenian Accounting Standards (Official Gazette of RS 118/05 and further).

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

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

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

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

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

On 22 December 2015, the Ministry of Education, Science and Sport as the line ministry approved the 2016 Operating and Financial Plan, while on 23 December 2015 the Government of the Republic of Slovenia approved the Agency's tariffs for 2016.

The Ministry of Public Administration approved the 2017 Operating and Financial Plan with the amended method for calculating tariffs (amended accounting policies) on 13 December 2016, while on 22 December 2016 the Government of the Republic of Slovenia approved the Agency's tariffs for 2017.

2 ACCOUNTING POLICIES

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

- relevant, which means that the presented items have the desired, necessary and useful characteristics, allowing users to make timely and appropriate business decisions based on them;

- reliable, which means that the events are properly represented and that the items of the financial statements are free of material error and bias;
- understandable, which means that informed users have no problems understanding them or the contained accounts and entries;
- comparable, which means that they are compiled in a way that allows their comparison with those of other legal entities that are obligated to apply the same methods and regulations.

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

Accounting policies remained unchanged in 2016 compared to the preceding year.

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. Amortization and depreciation costs are not recorded as expenses (are not chargeable to revenue), but are fully charged to liabilities under group of accounts 98 (assets under management).

2.3 RECEIVABLES

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

rability. 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 statements presented below are based on original cost. They are denominated in euros (€) and rounded to the nearest integer.

3.1 BALANCE SHEET

TABLE 14: BALANCE ON 31 DECEMBER 2016

BREAKDOWN OF THE GROUP OF ACCOUNTS	ACCOUNT GROUP NAME	AOP code	AMOUNT	
			For the current year	Previous year
1	2	3	4	5
ASSETS				
A) NON-CURRENT ASSETS AND MANAGED ASSETS (002-003+004-005+006-007+008+009+010+011)		001	5.188.042	5.630.444
00	INTANGIBLE ASSETS AND LONG-TERM DEFERRED COSTS AND ACCRUED REVENUES	002	1.218.365	1.212.543
01	VALUE ADJUSTMENT ON INTANGIBLE ASSETS	003	969.430	853.089
02	REAL ESTATE	004	5.025.269	5.009.127
03	VALUE ADJUSTMENT OF REAL PROPERTY	005	1.634.114	1.484.965
04	EQUIPMENT AND OTHER TANGIBLE ASSETS	006	5.002.231	4.850.491
05	VALUE ADJUSTMENT OF EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	007	3.480.422	3.129.405
06	LONG-TERM FINANCIAL INVESTMENTS	008	0	0
07	NON-CURRENT LOANS GRANTED AND DEPOSITS	009	0	0
08	LONG TERM OPERATING RECEIVABLES	010	26.143	25.742
09	RECEIVABLES FOR ASSETS ENTRUSTED FOR ASSET MANAGEMENT	011	0	0
B) CURRENT ASSETS, EXCL. INVENTORIES AND DEFERRED EXPENSES AND ACCRUED REVENUES (013+014+015+016+017+018+019+020+021+022)		012	5.060.454	5.918.750
10	CASH IN HAND AND READILY CASHABLE SECURITIES	013	0	0
11	CASH IN BANKS AND OTHER FINANCIAL INSTITUTIONS	014	1.402.792	315.096
12	SHORT-TERM ACCOUNTS RECEIVABLE	015	339.753	168.717
13	ADVANCES AND SECURITY DEPOSITS PAID	016	0	0
14	CURRENT RECEIVABLES DUE BY SPECIFIC USERS OF THE UNIFIED CHART OF ACCOUNTS	017	3.102.097	5.235.609
15	SHORT-TERM INVESTMENTS	018	0	0
16	CURRENT RECEIVABLES FROM FINANCING OPERATIONS	019	0	0
17	OTHER SHORT TERM RECEIVABLES	020	3.262	4.712
18	UNPAID EXPENSES	021	0	0
19	DEFERRED COSTS (EXPENSES) AND ACCRUED REVENUES	022	212.550	194.616
C) INVENTORIES (024+025+026+027+028+029+030+031)		023	0	0
30	PURCHASE OF MATERIAL CALCULATION	024	0	0
31	INVENTORIES OF MATERIAL	025	0	0
32	INVENTORIES OF STATIONERY, SMALL TOOLS AND PACKAGING MATERIAL	026	0	0
33	WORK-IN-PROGRESS AND SERVICES	027	0	0
34	PRODUCTS	028	0	0
35	CALCULATION OF PURCHASE OF GOODS	029	0	0
36	INVENTORIES OF GOODS	030	0	0
37	OTHER INVENTORIES	031	0	0
I. TOTAL ASSETS (001+012+023)		032	10.248.496	11.549.194

BREAKDOWN OF THE GROUP OF ACCOUNTS	ACCOUNT GROUP NAME	AOP code	AMOUNT	
			Tekoče leto	Predhodno leto
1	2	3	4	5
99	OFF-BALANCE SHEET LIABILITIES ACCOUNTS	033	11.842	0
	D) CURRENT LIABILITIES AND ACCRUED COSTS (EXPENSES) AND DEFERRED REVENUES (035+036+037+038+039+040+041+042+043)	034	379.432	378.164
20	CURRENT LIABILITIES FOR ADVANCES AND SECURITY DEPOSITS RECEIVED	035	185	6.717
21	CURRENT PAYABLES TO EMPLOYEES	036	236.160	223.127
22	ACCOUNTS PAYABLE	037	69.891	64.858
23	OTHER CURRENT OPERATING LIABILITIES	038	52.617	69.371
24	CURRENT LIABILITIES OWED TO SPECIFIC USERS OF THE UNIFIED CHART OF ACCOUNTS	039	3.100	3.495
25	CURRENT LIABILITIES TO SOURCES OF FINANCING	040	0	0
26	CURRENT LIABILITIES FROM FINANCING OPERATIONS	041	0	0
28	UNPAID REVENUES	042	0	0
29	ACCRUED COSTS (EXPENSES) AND DEFERRED REVENUES	043	17.479	10.596
	E) OWN ASSETS AND NON-CURRENT LIABILITIES (045+046+047+048+049+050+051+052-053+054+055+056+057+058-059)	044	9.869.064	11.171.030
90	GENERAL FUND	045	0	0
91	RESERVE FUND	046	0	0
92	LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES	047	0	0
93	LONG-TERM PROVISIONS	048	0	0
940	FUND OF EARMARKED ASSETS HELD IN PUBLIC FUNDS	049	0	0
9410	FUND CONSISTING OF ASSETS HELD IN OTHER LEGAL ENTITIES GOVERNED BY PUBLIC LAW, WHICH IS OWNED BY THEM, FOR INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS	050	0	0
9411	FUND CONSISTING OF ASSETS HELD IN OTHER LEGAL ENTITIES GOVERNED BY PUBLIC LAW, WHICH IS OWNED BY THEM, FOR INVESTMENTS	051	0	0
9412	SURPLUS OF REVENUES OVER EXPENSES	052	0	0
9413	SURPLUS OF EXPENSES OVER REVENUES	053	0	0
96	LONG-TERM FINANCIAL LIABILITIES	054	0	0
97	OTHER NON-CURRENT LIABILITIES	055	0	0
980	LIABILITIES FOR INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS	056	5.161.899	5.604.702
981	LIABILITIES FOR NON-CURRENT INVESTMENTS	057	0	0
985	SURPLUS OF REVENUES OVER EXPENSES	058	4.707.165	5.566.328
986	SURPLUS OF EXPENSES OVER REVENUES	059	0	0
	I. TOTAL LIABILITIES (034+044)	060	10.248.496	11.549.194
99	OFF-BALANCE SHEET LIABILITIES ACCOUNTS	061	11.842	0

The Agency's total assets as at 31 December 2016 amounted to €10,248,496, which is €1,300,698 or 11.26 % less than at the end of 2015. 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 2016.

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

- €5,188,042 or 50.6 % of long-term assets (of which 94.7 % are tangible fixed assets, 4.8 % intangible assets, and 0.5 % long-term operating receivables); and
- €5,060,454 or 49.4 % of short-term assets (of which 68.1 % are short-term receivables from customers and users of the single chart of accounts, and other operating receivables, 27.7 % are balance in the account, and 4.2 % deferred costs and accrued revenue).

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

- €9,869,064 or 96.3 % of long-term liabilities, which comprise liabilities for assets under management (of which 52.3 % are for intangible assets and tangible fixed assets, and 47.7 % are surplus); and
- €379,432 or 3.7 % of short-term liabilities (of which 33.2 % are short-term trade liabilities and other operating liabilities, 62.2 % short-term liabilities to employees, and 4.6 % accrued costs and deferred revenue).

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

- a bill of exchange received as insurance for contractual obligations arising from the contract on collecting, and safely transporting and storing the Agency's documentation in the amount of €8,365;
- a contingent claim toward employees in the event of the failure to meet obligations under the contract on education in the total amount of €3,477.

3.1.1 LONG-TERM ASSETS AND ASSETS UNDER MANAGEMENT

The balance of the Agency's long-term assets and assets under its management as on 31 December 2016 comprises the balance of intangible assets and tangible fixed assets recorded at their book value, and the balance of long-term operating receivables.

3.1.1.1 INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS

The class of accounts 0 (group of accounts from 00 to 05) comprises intangible assets and tangible fixed assets received from the relevant ministry when the Agency was established as an independent legal entity, and additional assets purchased in the following years and until 31 December 2016.

Intangible assets comprise mostly software and different software licenses. The historical cost of intangible assets (ADP code = 002) increased by a total of €5,822 in 2016 compared

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

- increased historical cost resulting from the purchase of the license for the purpose of controlling access and recording working hours, and of the license for the purpose of monitoring and measuring the radio-frequency spectrum in the amount of €26,006;
- a decrease in the historical cost primarily due to write-offs of software licenses in the total value of €20,184 based on the decision of the inventory commission.

The amortization amount for intangible assets (ADP code = 003) increased by a total of €116,341 in 2016 compared to the year before. Tangible fixed assets comprise:

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

The historical costs of property (ADP code = 004) increased by a total of €16,142 in 2016 compared to the year before, primarily due to the construction of the vestibule, heating system, electrical wiring, and piping and plumbing in one of the offices.

The accumulated depreciation of property (ADP code = 005) increased by a total of €149,149 in 2016 compared to the year before due to depreciation at prescribed depreciation rates.

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

The original costs of equipment and other tangible fixed assets (ADP code = 006) increased by a total of €151,740 in 2016 compared to the year before. Changes in the historical cost are the result of:

- a decrease in the historical cost due to write-offs of old, broken, and useless equipment based in the decision of the inventory commission, and sale of equipment no longer in use in the total value of €64,553;
- an increase in the historical cost resulting primarily from the purchase of telecommunication equipment and wiring, and computer equipment in the total amount of €216,293.

The accumulated depreciation and impairment losses for equipment and other tangible fixed assets (ADP code = 007) increased by a total of €351,017 in 2016 compared to the year before. Changes in the accumulated depreciation are the result of:

- a decrease in the accumulated depreciation due to write-offs of old, broken, and useless equipment based on the decision of the inventory commission, and sale of equipment no longer in use in the total value of €63,802;
- an increase in the accumulated depreciation due to depreciation at the prescribed rates in the total value of €414,819.

In 2016, the Agency recorded €700,491 of amortization and depreciation losses at the rates prescribed by the Rules on the Method and Rates of Depreciation of Intangible Fixed Assets and Tangible Fixed Assets. These losses are not included in the calculations of prices of services or tariffs for different types of fees, so these amortization and depre-

ciation costs are not recorded in the Revenue and Expenditure Account (ADP code = 879), but are charged to liabilities for assets under management (ADP code = 056).

The Agency purchased €258,440 worth of new intangible and tangible fixed assets in 2016. 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 €26,142, based on decisions determining the fees after approved companies' compulsory settlement. The Agency's long-term receivables rose by €400.08 or 1.6 % compared to the year before.

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

The Agency's short-term assets as of 31 December 2016 comprise deposits in banks and other financial institutions, short-term trade receivables, and receivables due from users of the single chart of accounts, advances paid, securities given, and other short-term receivables and deferred costs and accrued revenue.

3.1.2.1 DEPOSITS IN BANKS AND OTHER FINANCIAL INSTITUTIONS

The Agency's cash deposits 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 €1,402,792 as of 31 December 2016 (ADP code = 014). The Agency's deposits rose by €1,087,696 or 345.2 % compared to the year before.

3.1.2.2 SHORT-TERM TRADE RECEIVABLES

The Agency's short-term trade receivables recorded under the group of accounts 12 (ADP code = 015) comprise receivables from issued decisions on determining the fees on the basis of notifications, for using numbering resources, for using radio frequencies, for the provision of media services, for the provision of railway services and for the provision of postal services, bills issued for stickers banning delivery of unaddressed mail to mailboxes in the total amount of €445,489, and allowances for impairments in the total amount of €105,736 (net receivables amount to €339,753). Compared to 31 December 2015, the net amount of receivables increased by €171,036 or 101.37 %, mostly due to the illiquidity of debtors.

The Agency made allowances in the amount of €37,200 for all overdue, unpaid, unsecured, or unimpaired claims that were overdue for over a year as at 31 December 2016, or for receivables from debtors against which bankruptcy or compulsory settlement proceedings were

initiated, and recorded them as revaluatory operating expenses (ADP code for the Revenue and Expenditure Account = 886).

The Agency wrote off receivables from debtors against which bankruptcy proceedings were concluded or which were deleted from the court register, and receivables that fell under statute of limitations, in the total amount of €2,755.

In 2016 the Agency regularly issued overdue reminders and reminders about pending debt collection to debtors, and carried out e-collection proceedings based on authentic documents.

Based on the amended General Act on the Method of Calculating the Charges for the Use of Numbering Elements, and the General Legal Act on the Method for Calculating Fees for Radio Frequency Usage, the Agency granted the possibility of paying in two installments to individual recipients of decisions on the assessment of fees for using radio frequencies and numbering elements.

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

The Agency's short-term receivables from users of the standard chart of accounts under group of accounts 14 (ADP code = 017) comprise receivables from time deposits in the treasury single account in the amount of €3,100,000, and receivables from direct and indirect users of state and municipalities budgets based on issued decisions on determining the fees in the amount of €2,097.

Compared to 31 December 2015 the amount of receivables decreased by €2,133,512 or 40.75 % due to the lower amount of time deposits in the treasury single account.

3.1.2.4 OTHER SHORT-TERM RECEIVABLES

The Agency's other short-term receivables under the group of accounts 17 (ADP code = 020) comprise mostly receivables from the Health Insurance Institute of Slovenia for refunding the sick leave pay for sick leaves exceeding 30 days and for child care allowance in the total amount of €3,262.

Compared to 31 December 2015 the amount of receivables decreased by €1,450 or 30.8 % due to the drop in recognized unpaid receivables from refunds in the last quarter of 2016.

3.1.2.5 DEFERRED COSTS AND ACCRUED REVENUE

The Agency's deferred costs and accrued revenue under the group of accounts 19 (ADP code = 022) comprise mostly the cost of fees for IT support and software upgrades, the license for an online application for recording, saving, archiving, and analyzing television channels and audiovisual services on demand, fees for accessing databases, membership fees, insurance premiums, subscription fees, etc. paid in advance for the period after the reporting date in the total amount of €60,299, recognized under short-term deferred cost.

Accrued revenue meanwhile comprises accrued revenue from unissued decisions determining fees in the total va-

lue of €152,250, namely from unissued decisions determining fees for individual television broadcasters and on-demand audiovisual media service providers that must report revenue from television services. These providers reported lower than actual revenue from their operations – television services – which would effectively mean that the charged fees were lower. In order to verify the accuracy of revenue reports and determine the true and fair value of obligations the Agency initiated proceedings involving these providers in 2015, namely proceedings for verifying the amount of reported revenue under the General Administrative Procedure Act for television services providers. These proceedings were not made final by the end of 2016, so the Agency had no basis for issuing decisions determining fees, which means it was unable to charge the fees.

The amount of deferred costs and accrued revenue increased by €17,934 or 9.2 % compared to 31 December 2015.

3.1.3 SHORT-TERM LIABILITIES AND ACCRUED COSTS AND DEFERRED REVENUE

The Agency's short-term liabilities and accrued costs and deferred revenue as of 31 December 2016 comprise short-term liabilities for received advances and securities, liabilities to employees, suppliers and users of the standard chart of accounts, other short-term liabilities and accrued costs and deferred revenue.

3.1.3.1 SHORT-TERM LIABILITIES FOR ADVANCES AND SECURITIES RECEIVED

The Agency's short-term liabilities for advances and securities received under the group of accounts 20 (ADP code = 035) comprise mostly overpaid trade receivables carried over from previous years in the total amount of €185.

3.1.3.2 SHORT-TERM LIABILITIES TO EMPLOYEES

The Agency's short-term liabilities to employees under the group of accounts 21 (ADP code = 036) comprise mostly liabilities to employees for salaries for December 2015 in the total amount of €236,160.

Compared to 31 December 2015 the net amount of these liabilities increased by €13,033 or 5.8 %, 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 €69,891, while the agency had no unpaid liabilities to foreign suppliers.

The Agency usually settles its liabilities to suppliers within 30 days of receiving the invoice. Compared to 31 December 2015 the net amount of these liabilities increased by €5,033 or 7.7 %.

3.1.3.4 OTHER SHORT-TERM OPERATING LIABILITIES

The Agency's other short-term operating liabilities under the group of accounts 23 (ADP code = 038) comprise mostly liabilities for social contributions paid by the employer and deductions from salaries for December salaries and pay for contract employees, for remuneration of contract employees, and for VAT for goods and services purchased from EU states according to the December VAT return in the total amount of €52,617. Compared to 31 December 2015 the net amount of these liabilities decreased by €16,754 or 24.3 %.

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 €3,100.

3.1.3.6 ACCRUED COSTS AND DEFERRED REVENUE

The Agency's accrued costs and deferred revenue under the group of accounts 29 (ADP code = 043) comprise the accrued cost of commissioned audit services and statutory interest on charged yearly fees for using numbering elements in the total amount of €17,479. The amount of accrued costs and deferred revenue increased by €6,883 or 64.9 % compared to 31 December 2015.

3.1.4 OWN RESOURCES AND LONG-TERM LIABILITIES

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

- liabilities for intangible assets and tangible fixed assets under the group of accounts 980 (ADP code = 056) in the amount of €5,161,899, which increased in 2016 due to the redistribution of the surplus in the amount of €255,850 (historical cost of investments), and the sale of fixed assets, taken out of use, in the total value of €2,590, and decreased due to amortization, depreciation and write-downs of these assets in the amount of €701,242. The balance of liabilities at the end of the reporting period is reconciled with the balance of assets under management recorded under the group of accounts 0 (ADP codes = 002–007);
- surplus under the group of accounts 985 (ADP code = 058) in the amount of €4,707,165, which comprises allocated surplus from previous years in the amount of €5,310,477, and unallocated surplus from the current year in the amount of €603,312 (ADP code for the Revenue and Expenditure Account = 891).

Compared to 31 December 2015 the net amount of these liabilities decreased by €1,301,966 or 11.65 %, namely due to the deficit from 2016 in the amount of €0.6 million, and investing the surplus from previous years in intangible and tangible fixed assets.

3.2 REVENUE AND EXPENDITURE ACCOUNT

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

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

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

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

When recognizing revenue and expenses, the Agency complied with the rules 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 €286,018 (ADP code for the Revenue and Expenditure Account compiled on cash basis = 470), which are not recorded in the account statement of revenue and expenditure, and the revaluatory operating expenses from the impairment of receivables in the amount of €37,200 (ADP code for the Revenue and Expenditure Account = 886), which are only an account category.
2. Temporary discrepancies are associated primarily with the dynamics of cash inflows and outflows, i.e. delays in the payment of more significant revenue and expense items between 2015 and 2016, where we would like to highlight:

- lower revenue from media services in the account statement in the total amount of €142,854, primarily arising from accrued revenue from unissued decisions that determine fees in the amount of €152,250;
- higher revenue from notifications recorded in the account statement in the total amount of €154,941, primarily resulting from the payments based on decisions determining fees issued in 2016 for 2015 (accrued revenue from 2015);
- higher expenditure for goods and services in the account statements due to delays in the settling of more significant non-periodic liabilities incurred in 2015, which were settled in 2016 and amounted to €11,674.

TABLE 15: REVENUE AND EXPENDITURE ACCOUNT FOR THE PERIOD FROM 1 JANUARY 2016 TO 31 DECEMBER 2016

ČLENITEV SKUPINE KONTOV	NAZIV SKUPINE KONTOV	Oznaka za AOP	ZNESEK		
			Tekoče leto	Predhodno leto	Indeks Tekoče leto/ Predhodno leto
1	2	3	4	5	6 = 4/5
	A) PRIHODKI OD POSLOVANJA (861+862-863+864)	860	4.471.994	7.233.664	61,8
760	PRIHODKI OD PRODAJE PROIZVODOV IN STORITEV	861	4.465.672	7.227.711	61,8
	POVEČANJE VREDNOSTI ZALOG PROIZVODOV IN NEDOKONČANE PROIZVODNJE	862	0	0	
	ZMANJŠANJE VREDNOSTI ZALOG PROIZVODOV IN NEDOKONČANE PROIZVODNJE	863	0	0	
761	PRIHODKI OD PRODAJE BLAGA IN MATERIALA	864	6.322	5.953	106,2
762	B) FINANČNI PRIHODKI	865	3.177	4.855	65,4
763	C) DRUGI PRIHODKI	866	300.861	52.234	576,0
	Č) PREVREDNOTOVALNI POSLOVNI PRIHODKI (868+869)	867	0	0	
del 764	PRIHODKI OD PRODAJE OSNOVNIH SREDSTEV	868	0	0	
del 764	DRUGI PREVREDNOTOVALNI POSLOVNI PRIHODKI	869	0	0	
	D) CELOTNI PRIHODKI (860+865+866+867)	870	4.776.032	7.290.753	65,5
	E) STROŠKI BLAGA, MATERIALA IN STORITEV (872+873+874)	871	2.123.535	1.867.759	113,7
del 466	NABAVNA VREDNOST PRODANEGA MATERIALA IN BLAGA	872	0	0	
460	STROŠKI MATERIALA	873	117.788	106.810	110,3
461	STROŠKI STORITEV	874	2.005.747	1.760.949	113,9
	F) STROŠKI DELA (876+877+878)	875	3.195.630	2.960.983	107,9
del 464	PLAČE IN NADOMESTILA PLAČ	876	2.560.626	2.375.726	107,8
del 464	PRISPEVKI ZA SOCIALNO VARNOST DELODAJALCEV	877	414.665	399.740	103,7
del 464	DRUGI STROŠKI DELA	878	220.339	185.517	118,8
462	G) AMORTIZACIJA	879	0	0	
463	H) REZERVACIJE	880	0	0	
465,00	J) DRUGI STROŠKI	881	0	0	
467	K) FINANČNI ODHODKI	882	3	30	10,0
468	L) DRUGI ODHODKI	883	22.976	781	2.941,9

	M) PREVREDNOTOVALNI POSLOVNI ODHODKI (885+886)	884	37.200	24.045	154,7
del 469	ODHODKI OD PRODAJE OSNOVNIH SREDSTEV	885	0	0	
del 469	OSTALI PREVREDNOTOVALNI POSLOVNI ODHODKI	886	37.200	24.045	154,7
	N) CELOTNI ODHODKI (871+875+879+880+881+882+883+884)	887	5.379.344	4.853.598	110,8
	O) PRESEŽEK PRIHODKOV (870-887)	888	0	2.437.155	0,0
	P) PRESEŽEK ODHODKOV (887-870)	889	603.312	0	
del 80	Davek od dohodka pravnih oseb	890	0	0	
del 80	Presežek prihodkov obračunskega obdobja z upoštevanjem davka od dohodka (888-890)	891	0	2.437.155	0,0
del 80	Presežek odhodkov obračunskega obdobja z upoštevanjem davka od dohodka (889+890) oz. (890-888)	892	603.312	0	
	Presežek prihodkov iz prejšnjih let, nam enjen pokritju odhodkov obračunskega obdobja	893	0	0	
	Povprečno število zaposlenih na podlagi delovnih ur v obračunskem obdobju (celo število)	894	86	78	
	Število mesecev poslovanja	895	12	12	

The account shows that the Agency recorded €4,776,032 in revenue and €5,379,344 in expenses between 1 January 2016 and 31 December 2016, which is a deficit of €603,312. Explanations 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 2016 with the surplus from 2014 or in compliance with the founder's decision.

3.2.1 REVENUE

The Agency generated €4,776,032 in revenue in 2016, €4,471,994 (93.6 %) of which was regular operating revenue, and €304,038 (6.4 %) other revenue.

3.2.1.1 OPERATING REVENUE

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

- revenue from fees arising from notifications, charged based on ZEKom-1, with surcharge for obligations linked to construction, maintenance, recording and shared use of public infrastructure;
- revenue from fees for using radio frequencies, charged based on ZEKom-1 and the General Legal Act on the Method for Calculating Fees for Radio Frequency Usage;

- revenue from fees for using numbering resources, charged based on ZEKom-1 and the General Act on the Method of Calculating the Charges for the Use of Numbering Elements;
- revenue from postal service providers and 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 fee and the value of that point i.e. tariff, which is determined in the annual financial plan based on the planned structure and extent of expenses for that specific type of fees. When calculating the fees for 2016, the Agency applied the 2016 tariffs approved by the Government of the Republic of Slovenia in December 2015:

- tariff for annual fees charged based on notifications, with the value of one point set at €0.96;
- tariff for annual fees for using numbering resources, with the value of one point set at €0.71;
- tariff for annual fees for using radio frequencies, with the value of one point set at €0.49;
- 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 €5.24;
- tariff setting the value of the point, and specifying the share of the charged usage charge for public railway infrastructure to be paid for the operations of the railway regulator at €8.2 and 1.07 %, respectively.

Compared to 2015 the Agency calculated the fees in 2016 by applying the economic premises from the 2016 financial plan, designed based on the cost of the Agency's operations, while also planning how to spend the approved surplus from 2014 in the total amount of €2,398,136.

	2016	2015	Indeks
Revenue from the provision of postal services	264.725	486.281	54,4
Revenue from fees for numbering resources	441.805	739.438	59,7
Revenue based on notifications	1.102.848	1.805.079	61,1
Revenue from frequencies	1.920.463	3.352.726	57,3
Revenue from railways	150.011	166.065	90,3
Revenue from media services	585.820	678.122	86,4
Revenue from sale of stickers banning the delivery of unaddressed mail to the mail	6.322	5.953	106,2
TOTAL OPERATING REVENUE (ADP code = 860)	4.471.994	7.233.664	61,8

TABLE 16: OPERATING REVENUE

The presented structure reveals that the Agency generated the largest share of its operating revenue from fees for using radio frequencies (42.9 %), and the remaining part from fees based on notifications (24.7 %), fees for using the numbering resources (9.9 %), media services (13.1 %), postal services and stickers banning the delivery of unaddressed mail to mailboxes (6 %), and railway services (3.4 %).

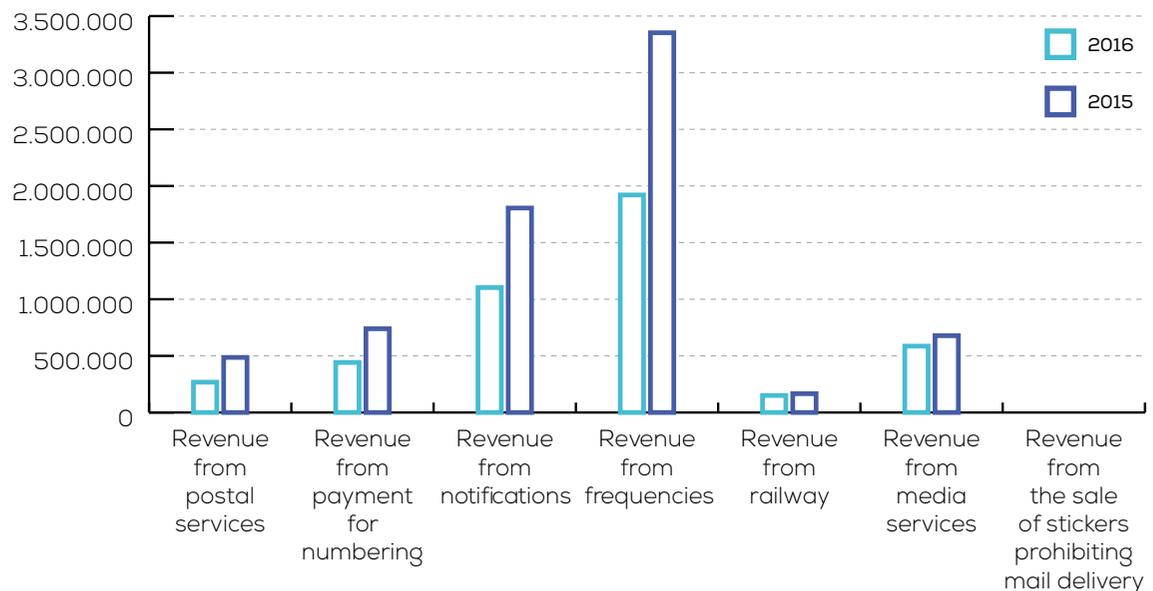


FIGURE 20: CHANGES IN THE AGENCY'S OPERATING REVENUE IN 2015 AND 2016

The Agency's operating revenue dropped by €2,761,671 or 38.2 % in 2016 compared to the year before. Significant changes are primarily the result of:

- a €1,432,263 or 42.7 % decrease in the revenue from radio frequencies due to the tariff being cut by €0.39 or 44.3 %;
- a €221,556 or 45.6 % decrease in the revenue from the provision of postal services due to the tariff being cut by €4.34 or 45.3 %;
- a €702,231 or 38.9 % decrease in the revenue based notifications, primarily due to the tariff being cut by €0.62 or 39.2 %;
- a €92,302 or 13.6 % decrease in the revenue from the provision of media services due to the tariff being cut by €0.1 or 6.7 %;
- a €297,633 or 40.3 % decrease in the revenue from fees for using numbering space, mainly due to the tariff being cut by €0.47 or 39.8 %.

3.2.1.2 FINANCIAL INCOME

The Agency's financial income in 2016 amounted to €3,177 (ADP code = 865) and comprised primarily interest on time deposits with the treasury single account. This is a €1,678 or 34.6 % decrease compared to 2015.

3.2.1.3 OTHER REVENUE AND REVALUATION OPERATING REVENUE

The Agency's other revenue in 2016 amounted to €300,861 (ADP code = 866), and comprised mostly revenue from issued decisions determining fees for the preceding year, and charged and refunded the cost of conducting an audit at an operator, and collected trade receivables, which had been impaired in the previous years.

Other revenue increased by €248,627 or 476.0 % compared to 2015, primarily due to issuing decisions pertaining to 2015 in 2016.

3.2.2 EXPENSES

The Agency's expenses in 2016 amounted to €5,379,344, of which €2,123,535 represented the cost of purchasing goods, materials and services (39.5 %), €3,195,630 labor cost (59.4 %), and €60,176 (1.1 %) revaluation and other costs. Expenses also include the input VAT, as the Agency is not liable for VAT.

The Agency's expenses rose by €525,746 or 10.8 % in 2016 compared to the year before. Changes are primarily the result of:

- a €255,776 or 13.7 % increase in the cost of purchasing goods, materials and services, primarily due to the larger extent of tasks performed by contracting external experts than in 2015;
- a €234,647 or 7.9 % increase in labor costs, primarily due to further hiring in 2016;
- a 142.4 % or €35,350 increase in revaluatory and other expenses, primarily due to higher impairments in unrecoverable trade receivables, which are reflected in higher revaluatory operating expenses, and a refund of overcharged fee following the ruling of the Supreme Court of the Republic of Slovenia that reversed a decision determining fees, which is recorded under other expenses.

3.2.2.1 LABOR COSTS

The Agency's labor costs comprise the cost of salaries and compensations, and the associated social contributions paid by the employer, including expenses for the collective voluntary pension insurance for public servants, contributions for the disabled and accrued pension and disability insurance for older workers, meal, commuting, and holiday allowances, and other employee benefits, such as jubilee benefits, severance pay, etc., for 90 public servants as on 31 December 2016 (87 with indefinite-term contracts and 3 with fixed-term contracts). The Agency calculated the salaries and other income from employment relationships in accordance with the relevant laws and regulations, which determine the basis for salaries and performance bonuses, and in compliance with the Act Regulating Measures Relating to Salaries and Other Labor Costs in the Public Sector for 2016 – ZUPPJS15 (Official Gazette of RS, no. 90/15).

The Agency's labor costs rose by €234,647 or 7.9 % in 2016 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 higher number of employees in 2016.

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.

	2016	2015	Indeks
Office and general supplies and services costs (costs of external contractors)	904.247	615.587	146,9
Special supplies and services	27.426	34.664	79,1
Costs of energy, water, utility services and communications	116.681	116.553	79,1
Transportation costs and services	34.562	26.839	128,8
Costs of business trips	233.638	207.818	112,4
Regular maintenance costs	371.217	358.731	103,5
Operating rent and lease costs	24.988	41.365	60,4
Other operating expenses	410.776	466.202	88,1
TOTAL COST OF GOODS, MATERIALS, AND SERVICES (ADP code = 871)	2.123.535	1.867.759	113,7

TABLE 17: COST OF GOODS, MATERIALS, AND SERVICES

The structure of these costs shows that the major part of these expenses was spent on office and general supplies and services (42.6 %), while the remaining part comprises other operating expenses (19.3 %), purchases of materials and services for regular maintenance (17.5 %), business trips (11 %), purchases of energy, water, and utility and communication services (5.5 %), operating rents and leases (1.2 %), purchases of special materials and services (1.3 %), and transportation costs and services (1.6 %).

COST OF OFFICE AND GENERAL SUPPLIES AND SERVICES

The major share of these costs comprises 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:

- Analysis of the radio market and its development potentials (purchase of a comparative study on the legal framework for regulating media ownership and its concentration with the focus on radio regulation in 28 EU states and 4 EFTA members);
- Mapping (e.g. conducting a study on the adequacy of the public infrastructure of planned newly constructed water supply and sewerage networks, and extensive reconstructions of the existing infrastructure, with the assessment of their potential for constructing broadband connections to settlements, analyzing the regulations, assessing the division of cost in the event of constructing TC infrastructure together with water supply and sewerage systems);
- A survey on the cost of terminating subscriber contracts among end users of electronic communications;
- Situation in the postal services market (survey on user satisfaction with postal services-general public, businesses, and a survey on user satisfaction with contract post offices regarding the quality of universal service provision);
- Regulation of separate accounting for the post (calculation of WACC);
- Regulation of the market 3b (conducting a technical and economic study of wholesale bitstream access products and consultancy on implementing the study results into regulation);

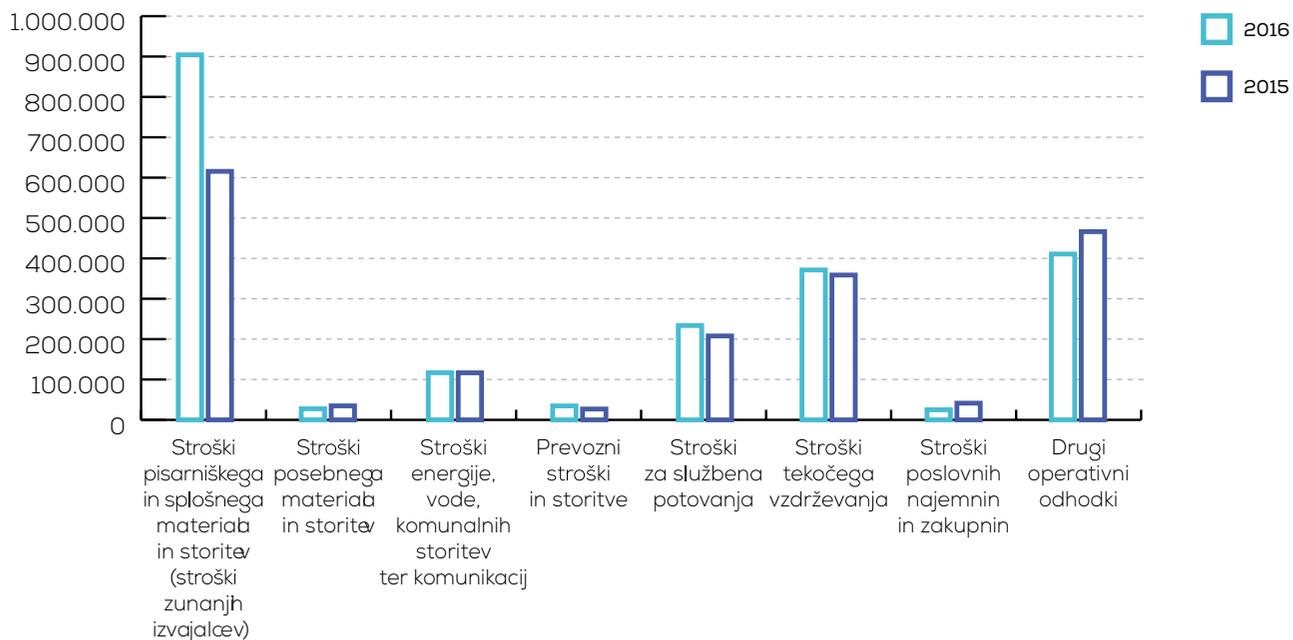


FIGURE 21: CHANGES IN THE COST OF GOODS, MATERIALS, AND SERVICES IN 2016 AND 2015

- Regular inspections and inspections in case of reported offenses in the television services market (e.g. providing telemetric data on ratings; survey on the use of electronic media in Slovenia, together with the information system for analyzing such data, etc.);
- Group professional training (e.g. HR consultancy, training during recruitment and hiring procedures, and specialized psychological testing in individual areas during the hiring procedure; consultancy on establishing the system for monitoring the quality of broadband connections, etc.);
- Regulation of radio broadcasting (e.g. survey on the economic potentials of the radio market in Slovenia; data about ratings of radio stations in Slovenia);
- Following up on decisions on assigning radio frequencies for public mobile services (e.g. providing data on coverage, terrain information, etc., with the purpose of meeting obligations specified in the decision issued based on the public auction);
- 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); rearrangement of the 400 MHz PMR bands (optimizing channels for the project of digitalizing the DMR network in the 146–174 MHz);
- A study and installation of digital systems for the national digital mobile radio in the VHF band.

This is a €288,660 or 46.9 % increase compared to 2015, which can be primarily attributed to the larger 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 ser-

vice, cost of installing containers for safe collection, transportation and destruction, cost of purchasing professional literature, and the cost of small items, tools, and devices for maintenance (accumulators, cables, batteries, headphones etc.). This is a 20.9 % or €7,238 decrease compared to 2015.

COSTS OF ENERGY, WATER, UTILITY SERVICES AND COMMUNICATIONS

The major part of these costs were utility costs (power, heating fuels and heating, water, utility services, etc.) for the offices and radio supervision and measurement stations, while other costs comprised cost of fixed and mobile communication services, postal services and insurance premiums for buildings, equipment and vehicles. These costs were the same as in 2015, amounting to €116,681.

TRANSPORTATION COSTS AND SERVICES

These costs comprise cost of fuel and lubricants for company vehicles (measurement and other vehicles), cost of their maintenance, registration fees, and other transportation costs. This is a €7,723 or 28.8 % increase compared to 2015, resulting primarily from the higher 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. Compared to 2015, these costs increased by €25,820 or 12.4 %, due to a higher number of business trips and somewhat more intense international collaboration in the division for operator supervision (participation in the working parties drafting guidelines on net neutrality), division for telecommunications regulation (participation in several working parties and meetings due to changes in the European legal framework, roaming, cocom), and the division for the regulation and supervision of the postal services market.

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 €12,486 or 3.5 % compared to 2015, mainly due to higher infrastructure costs of unplanned emergency maintenance, the repair of condensation outflows on heating-cooling convectors, and the higher cost of ma-

maintaining and overhauling the business information system.

OPERATING RENT AND LEASE COSTS

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

OTHER OPERATING EXPENSES

These expenses primarily comprise the cost of remuneration to students and contractors hired for programming e-APEK, making the Agency's information booklets, writing press releases, administering the website, collecting data on the development of the telecommunications market, reception service, organizing the archive, issuing decisions on determining fees, user support (call center), providing administrative support to the Broadcasting Council, and costs of general and specialized training. Costs in this group comprise the cost of attendance fees and bonuses for three 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 €55,426 or 11.9 % compared to 2015, primarily due to lower cost of contractors, and lower cost of training activities for employee development.

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mag. Tanja Muha,
Acting Director



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Poročilo neodvisnega revizorja

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

Mnenje

Revidirali smo priložene računovodske izkaze Agencije za komunikacijska omrežja in storitve Republike Slovenije, Ljubljana (»Agencije«), ki vključujejo bilanco stanja na dan 31. decembra 2016, izkaz prihodkov in odhodkov za tedaj končano leto ter priloge k računovodskim izkazom in druge pojasnjevalne informacije.

Po našem mnenju so priloženi računovodski izkazi Agencije za leto, končano 31. decembra 2016, v vseh pomembnih pogledih pripravljene 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. Potrjujemo tudi, da smo izpolnili vse druge etične zahteve v skladu s temi zahtevami in Kodeksom IESBA.

Verjamemo, da so pridobljeni revizijski dokazi zadostna in ustrezna podlaga za naše revizijsko mnenje.

Druge informacije

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

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.

Poleg tega smo v luči poznavanja in razumevanja Agencije in okolja, v katerem ta posluje, ki smo ga pridobili pri opravljanju revizije, dolžni poročati, če bi zaznali pomembno napako v poslovnem poročilu. V zvezi s tem nimamo o čem poročati.

Odgovornost posloводства in pristojnih za upravljanje za računovodske izkaze

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

Posloводство je pri pripravi računovodskih izkazov Agencije odgovorno za oceno njene sposobnosti, da nadaljuje kot delujoča organizacija, razkritje zadev, povezanih z delujočo organizacijo in uporabo predpostavke delujoče organizacije kot osnovo za računovodenje, razen če namerava ustanovitelj Agencijo likvidirati ali zaustaviti poslovanje, ali če nima druge možnosti, kot da napravi eno ali drugo.

Pristojni za upravljanje so odgovorni za nadzor nad pripravo računovodskih izkazov Agencije.



Revizorjeva odgovornost za revizijo računovodskih izkazov

Naši cilji so pridobiti sprejemljivo zagotovilo o tem ali so računovodski izkazi kot celota brez pomembno napačne navedbe zaradi prevare ali napake, in izdati revizorjevo poročilo, ki vključuje naše mnenje. Sprejemljivo zagotovilo je visoka stopnja zagotovila, vendar ni jamstvo, da bo revizija, opravljena v skladu z MSR, vedno odkrila pomembno napačno navedbo, če ta obstaja. Napačne navedbe lahko izhajajo iz prevare ali napake ter se štejejo za pomembne, če je upravičeno pričakovati, da posamično ali skupaj vplivajo na gospodarske odločitve uporabnikov, sprejete na podlagi teh računovodskih izkazov.

Med izvajanjem revidiranja v skladu z MSR uporabljamo strokovno presojo in ohranjamo 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 pridobimo 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 notranjim kontrolam;
- se seznanimo z notranjimi kontrolami, pomembnimi za revizijo z namenom oblikovanja revizijskih postopkov, ki so okoliščinam primerni, vendar ne z namenom izraziti mnenje o učinkovitosti notranjih kontrol Agencije;
- presodimo ustreznost uporabljenih računovodskih usmeritev in razumnost računovodskih ocen ter z njimi povezanih razkritij posloводства;
- na podlagi pridobljenih revizijskih dokazov o obstoju pomembne negotovosti glede dogodkov ali okoliščin, ki zbuja dvom v sposobnost Agencije, da nadaljuje kot delujoča organizacija, sprejmemo sklep o primernosti poslovodske uporabe predpostavke delujoče organizacije, kot podlage računovodenja. Če sklenemo, da obstaja pomembna negotovost, smo dolžni v revizorjevem poročilu opozoriti na ustrezna razkritja v računovodskih izkazih ali, če so taka razkritja neustrezna, prilagoditi mnenje. Naši sklepi temeljijo na revizijskih dokazih, pridobljenih do datuma izdaje revizorjevega poročila. Kasnejši dogodki ali okoliščine lahko povzročijo prenehanje Agencije kot delujoče organizacije.

Pristojne za upravljanje med drugim obveščamo o načrtovanem obsegu in času revidiranja in pomembnih revizijskih ugotovitvah vključno z morebitnimi pomanjkljivostmi notranjih kontrol, ki jih zaznamo med našo revizijo.

V imenu revizijske družbe

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

Slavica Pečovnik
pooblaščenka revizorka

Katarina Sitar Šuštar, MBA
pooblaščenka revizorka
partner

Ljubljana, 31. marec 2017

KPMG Slovenija, d.o.o.
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