



ANNUAL REPORT **2019**





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ABBREVIATIONS

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

KRATICA	SLOVENSKO IME ALI POMEN	ANGLEŠKO IME ALI POMEN¹
AKOS	Agencija za komunikacijska omrežja in storitve Republike Slovenije	Agency for communication networks and services of the Republic of Slovenia
AVMS	Avdiovizualne medijske storitve	Audiovisual media services
BB	Širokopasovni	Broadband
BEREC	Organ evropskih regulatorjev za elektronske komunikacije	The Body of European Regulators for Electronic Communications
BSA	Prenos z bitnim tokom	Bitstream access
BWA	Širokopasovni brezžični dostop	Broadband wireless access
CDMA-PAMR	Kodno porazdeljeni sodostop – mobilni radio z zasebnim dostopom Code	Division Multiple Access - Public Access Mobile Radio
CEF		Connectig Europe Facility
CEPT	Evropska konferenca za pošto in telekomunikacije	European Conference of Postal and Telecommunications
COCOM	Odbor za komunikacije	Communications Committee
CRM	Program za upravljanje odnosov s strankami	Customer relationship management
CRS	Centralni register subjektov	
DAB	Digitalna avdio radiodifuzija	Digital audio broadcasting

¹Where it pertains.

ČM	Človek mesec	
DG MOVE	Generalni direktorat za mobilnost in promet	Directorate-General for Mobility and Transport
DTT	Digitalna prizemna televizija	Digital terrestrial television
DVB-T	Prizemna digitalna video radiodifuzija	Digital Video Broadcasting Terrestrial
DVB-T2	Prizemna digitalna video radiodifuzija – druga generacija	Digital Video Broadcasting – Second Generation Terrestrial
ECC	Odbor za elektronske komunikacije	Electronic Communications Committee
EECC	Evropski zakonik o elektronskih komunikacijah	European Electronic Communications Code
EGP	Evropski gospodarski prostor	European Economic Area (EEA)
EKO	Elektronska komunikacijska omrežja	
EMC	Elektromagnetna združljivost	Electromagnetic compatibility
ENISA	Agencija Evropske unije za kibernetiko varnost	European Union Agency for Cybersecurity
ENRRB	Evropska mreža železniških regulativnih organov	European Network of Rail Regulatory Bodies
EPRA	Evropska platforma regulativnih organov	European Platform of regulatory authorities
ERGA	Skupina evropskih regulatorjev za avdiovizualne medijske storitve	European Regulators Group for Audiovisual Media Services
ERGP	Evropsko združenje poštne regulatorjev	European Regulators Group for Postal Services
ETSI	Evropski inštitut za telekomunikacijske standarde	European Telecommunications Standards Institute
EU	Evropska unija	European Union
EZR	Enotni zakladniški račun	
FM	Frekvenčna modulacija	Frequency modulation
FTTH	Optika do doma	Fibre to the home
FUP	Politika poštene uporabe storitev	Fair usage policy
FWBA	Nadomestek fiksnega širokopasovnega interneta	Fixed Wireless Broadband Access
GJI	Gospodarska javna infrastruktura	Public infrastructure
GURS	Geodetska uprava Republike Slovenije	The surveying and mapping authority of the Republic of Slovenia
HCM	Usklajena metoda za preračun	Harmonised calculation method
HFC	Hibridno koaksialen	Hybrid fiber-coaxial
IKT	Informacijsko – komunikacijska tehnologija	Information and communications technology
INEA	Izvajalska agencija za inovacije in omrežja	Innovation and Networks Executive Agency
INV	Investicije	Investments
IoT	Internet stvari	Internet of things
IP	Internetni protokol	Internet protocol
IPTV	Televizija preko internetnega protokola	Internet protocol television
IRG	Skupina neodvisnih regulatorjev	Independent Regulators Group
IRG - Rail	Združenje neodvisnih regulatorjev s področja železniškega prometa	Independent Regulators' Group - Rail

ITU	Mednarodna telekomunikacijska zveza	International Telecommunications Union
JAŽP	Javna agencija za železniški promet	
JŽI	Javna železniška infrastruktura	
LMR	Kopenski mobilni radio	
LSA	Licencirani sodostop	
LTE	Dolgoročna evolucija	Long term evolution
MBit/s	Megabit na sekundo	
MHz	Megahertz	
MIMO	Antenska raznolikost	Multiple input, multiple output
MMS	Sistem večpredstavnostnih sporočil	Multimedia messaging service
MMDS	Multimedijški večkanalni distribucijski sistem	Multipoint multichannel distribution system
M2M	komunikacija med napravami	Machine to machine
NATO	Severnoatlantska vojaška zveza	North Atlantic Treaty Organization
NDZ	Nadzor	
NGA BU	Omrežje naslednje generacije od spodaj navzgor	Next generation access bottom up
NICAM	Nizozemski inštitut za klasifikacijo avdiovizualnih medijev	Netherlands Institute for the Classification of Audiovisual Media
NURF	Načrt uporabe radijskih frekvenc	
ODRF	Odločba o dodelitvi radijskih frekvenc	
OPT	Omrežna priključna točka	
OPTM	Operater s pomembno tržno močjo	
OTT	Prenos video in avdio signala preko internetnih storitev	Over the top
PDC	Odbor za poštno direktivo	Postal Directive Committee
PDFN	Program dela in finančni načrt	
PLB	Osebni javljalnik lokacije	
PMR	Profesionalni mobilni radio	Professional mobile radio
P-P	Točka—točka	Point to point
PPDR	Javna zaščita in pomoč v nesrečah	Public protection and disaster relief
QoS	Kakovost storitve	Quality of service
QoSBB	Kakovost širokopasovnega dostopa	Broadband Quality of Service
RF	Radijske frekvence/ radiofrekvenčni	
RLAH	Gostovanje kot doma	Roam like at home
RMMS	Program spremljanja trga storitev v železniškem prometu	Rail Market Monitoring Scheme
RS	Republika Slovenija	
SEK	Svet za elektronske komunikacije	

SERAC	Odbor za enotno železniško območje EU	Single European Railway Area Committee
SIST	Slovenski inštitut za standardizacijo	Slovenian institute for standardization
SMS	Sistem kratkih sporočil	Short Message Service
SPIS	Pisarniški informacijski sistem	
SRDF	Svet za radiodifuzijo	
TETRA	Prizemni snopovni radio	Terrestrial Trunked Radio
TETRAPOL	Standard za potrebe policije in vojske	Digital PMR technology
TK	Telekomunikacije	Telecommunications
TRA-ECS	Prizemni radijski sistemi, ki lahko zagotavljajo elektronske komunikacijske storitve	Terrestrial Radio Applications Capable Of Providing Electronic Communications Services
BIVŠI TRG 1	Dostop do javnega telefonskega omrežja na fiksni lokaciji za rezidenčne in poslovne uporabnike (maloprodajni trg)	Access to the public telephone network at fixed location for residential and non-residential customers
TRG 1	Veleprodajno zaključevanje klicev v posameznih javnih telefonskih omrežjih na fiksni lokaciji (bivši trg 3)	Call termination on individual public telephone networks provided at a fixed location (wholesale level)
TRG 2	Veleprodajno zaključevanje govornih klicev v posameznih mobilnih omrežjih (bivši trg 7)	Voice call termination on individual mobile networks (wholesale level)
TRG 4	Veleprodajni visokokakovostni dostop na fiksni lokaciji (bivši trg 6)	Wholesale high-quality access provided at a fixed location
TSM	Uredba (EU) 2015/2120 Evropskega parlamenta in Sveta z dne 25. novembra 2015 o določitvi ukrepov v zvezi z dostopom do odprtega interneta in spremembi Direktive 2002/22/ES o univerzalni storitvi in pravicah uporabnikov v zvezi z elektronskimi komunikacijskimi omrežji in storitvami ter Uredbe (EU) št. 531/2012 o gostovanju v javnih mobilnih komunikacijskih omrežjih v Uniji	Regulation (EU) 2015/2120 of the European Parliament and of the Council of 25 November 2015 laying down measures concerning open internet access and amending Directive 2002/22/EC on universal service and users' rights relating to electronic communications networks and services and Regulation (EU) No 531/2012 on roaming on public mobile communications networks within the Union
UHF	Ultra visoke frekvence	Ultra high frequency
UPU	Svetovna poštna zveza	Universal Postal Union
VHF	Zelo visoke frekvence	Very high frequency
VOD	Video na zahtevo	Video on demand
VOIP	telefonija prek internetnega protokola	Voice over internet protocol
WACC	Izračun povprečnega tehtanega stroška kapitala	Weighted average cost of capital
WRC	Svetovna radijska konferenca	World Radio Conference
WSD	Naprave v belem spektru	White space device
5G	Mobilna omrežja pete generacije	5th generation mobile networks



BUSINESS REPORT







I INTRODUCTION

The Annual Report for the year 2019 is comprised of the business and the financial reports, and shows the Agency's results in its priority and regular tasks, and also explains the Agency's financial expenditures.

In 2019 the employees at the Agency for Communication Networks and Services completed most of the tasks set out, however, some were carried over to 2020 for excusable reasons. We also took on some tasks that were not planned beforehand, but the changed market conditions, and unforeseeable situations demanded we responded quickly. Our determination, sheer dedication and goal-orientation are the qualities that significantly contributed to the fact that we can now report on a successful year.

The most significant accomplishments include the two analyses and the regulation of both relevant markets for call termination, in mobile and fixed networks, and the implementation of regulatory measures in the relevant market for wholesale high-quality access at a fixed location. On the relevant market of call termination in fixed networks the Agency issued decisions to all the operators who terminate calls in their own networks at a fixed location, while the procedure at the relevant market for call termination in mobile networks will be concluded in early 2020. By issuing a regulatory decision to Telekom Slovenije, d.d., as an operator with significant market power in this relevant market, the Agency lowered the bar for entry to the relevant high-quality market that together with the regulation of relevant markets for wholesale local access at a fixed location and wholesale central access at a fixed location for mass-market products represents a comprehensive regulation of access to the broadband network on the carrier market. The Agency placed a lot of attention also on the supervision of the fulfilment of obligations imposed through regulatory decisions and legislation.

In 2019 the Agency reappointed the providers of individual services from

the range of the universal service on the electronic communications market, and it completed the verification of the net cost of the provider of the universal postal service and potential unfair financial burden for the year 2017, and issued a decision related to this. After completing the analyses and public consultations the Agency appointed TSmedia, d.o.o., as the service provider of access to the universal directory and the information on subscribers (telephone directory), and Telekom Slovenije, d.d., as the service of connection to the public communications network and access to publicly available telephone services at a fixed location (access). TSmedia, d.o.o., was selected as the provider of the telephone directory service. Both decisions were awarded for a five-year period. The analysis showed that the service of providing public telephone booths no longer needs to be included in the scope of the universal service.

In 2019 the Agency worked towards the development of digital radio by

awarding frequencies for two new DAB+ digital radio networks and awarding the rights for broadcasting radio programming on DAB+ networks. After the conclusion of the public tender, the two digital licenses were awarded to two radio stations in September 2019, and when both stations were included in the first radio digital network R1, all the capacities of this network were full, so the Agency launched activities to set up new networks even before that. By the end of 2019 it had successfully completed the public tender for awarding radio frequencies for two more DAB+ terrestrial broadcasting networks, namely for the R2 network for the whole territory of the Republic of Slovenia, and for the R3 network for the area of Ljubljana. Both networks will be managed by RTV Slovenija. The Agency also launched the activities for preparing public tenders for awarding rights for the dissemination of radio programming on these two networks.

2019 was also an important year for the development of competition in the market for railway freight transport, as four new entrants entered the market in the second half of the year. In the past year there was a notable decline in reports to the Agency regarding content from television programming that could harm children or minors, which is most likely also the result of the successful efforts put forward by the Agency and the whole committee of coders working in this area.

The Agency also collaborated with the relevant ministries in preparing the legislation related to the areas for which the Agency has the authority. During the whole year the Agency actively participated in the inter-departmental working group that is preparing the new Electronic Communications Act (ZEKom-2). The Agency also participated in the working group that is preparing the amendments to the Media

Act (ZMed), providing proposals and positions in the part that is under the Agency's authority. At the invitation of the Ministry of Public Administration the Agency provided extensive support and expert guidance in the preparation of the draft ZEKom-2, the preparation of the documents of the Republic of Slovenia on cyber and information security, and it participated in the inter-departmental working group for resolving cross-border issues in radio broadcasting, in the preparation of the draft Strategy of Radio Communications in national security, and the preparation of the instructions for registering public utility infrastructure in the consolidated cadastre. This does not include all the additional work that the Agency had with preparing the letters, calls and explanations to the Ministry of Public Administration because of the latter's lack of activity throughout the year.

For greater transparency of operations and the availability of the data at its disposal, the Agency redesigned its website, and besides the Agency's main website (www.akos-rs.si) and the website comparing the operator's subscription plans (www.primerjajoperaterje.si, formerly komuniciraj.eu) also launched three new websites. In 2019 it launched the new AKOS Geoportal (<https://gis.akos-rs.si>), the central website for access to spatial data, including the most important data about the infrastructure of electronic communications, network connection points, coverage with fixed and mobile networks, and their descriptive data, and the data on the intended and planned constructions. All this spatial data is collected and available from a single point, allowing users to check the subscription plans and options for communication connections for any location in Slovenia. The eAnalitik (eAnalyst) portal (<https://eanalitik.akos-rs.si/>) allows users to perform analyses and view graphic representations of the data on the current state of the electronic communications market. The Agency's goal for the media and information literacy portal MiPi (www.mipi.si) is to gradually develop it into the central entry point in media and information literacy, and is aimed at raising the awareness of the importance of critical and deliberate use of media content and information technologies.

Across all the areas of its operations at the international level, the Agency was involved in the European associations of regulatory bodies, while its employees are active in expert working groups within individual associations, as well as at the plenary level. As the Agency's director I was the vice-president of BEREC and the Independent Regulators' Group (IRG) in 2019, supervising the work of three expert working groups (end users, obligations, and market and economic analyses), which are important to the Agency. Subsequently the Agency also took over the ad-hoc working group focusing on the issues related to cyber security in 5G networks.

All of this is just a fragment of the tasks that the Agency completed in 2019, however, the most publicly resonating activity was the preparation for the implementation of 5G technology. It is the Agency's task to award the frequencies for mobile technologies, including those for 5G. In 2018 the Agency already prepared the proposal of the Radio frequency spectrum management strategy, which is according to the guidelines from the Ministry of Public Administration the condition for the start of the public tender with a public auction for awarding the frequencies for mobile technologies. In spite of several changes required because the new strategic guidelines of the Ministry of Public Administration and the public consultations, and in spite of the fact that the Strategy had already passed the inter-departmental coordination, it was withdrawn from the agenda of the Government of the Republic of Slovenia in December 2019 without an approval. The Agency

was therefore not able to begin the procedure for awarding the frequencies, even though it had planned it and had preparations underway. The Ministry of Public Administration, which has the authority over the development of the information society, has announced that it will prepare yet another set of strategic guidelines. By the completion of this Annual Report the Agency has yet to receive the new strategic guidelines. The Agency has moved the project of awarding frequencies for mobile technologies to a later period.

Even though the tender for frequencies for mobile services is one of the Agency's most important projects, demanding a lot of time and resources, I decided to include it at the end. Another activity related to this project, besides the above-mentioned Radio frequency spectrum management strategy, was also awarding frequencies for testing new mobile technologies, for which the Agency suffered public criticism, pressuring, false and misleading accusations in 2018, and in 2019 faced a comprehensive supervision over the legality of its operations. The supervision was conducted by six ministries: the Ministry of Public Administration, the Ministry of Culture, the Ministry of Infrastructure, the Ministry of Public Development and Technology, the Ministry of Family, Labour, Social Affairs and Equal Opportunities and the Ministry of Finance. None of the ministries established that any illegal activities occurred at the Agency. By the time this Annual Report was completed the Agency had not yet received the collective report on the performed supervision (in spite of several calls to the Ministry of Public Administration).

The Agency's work was occasionally severely complicated by other developments as well, as the Agency had to wait for some documents that are essential for its operations, for example the rebalanced 2019 financial plan, practically until the end of 2019. The slow response of the Ministry of Public Administration was also the reason for the Agency's failure to complete its human resources plan, as the Agency was unable to hire all the workers who had already been confirmed without a rebalanced financial plan, even though the reasons for preparing the rebalanced operating and financial plan for 2019 did not originate with the Agency, nor could they have been foreseen when the 2019 plan was prepared. Undoubtedly the poor cooperation with the Ministry of Public Administration was the result of the unwillingness for cooperation by the Minister Rudi Medved, who publicly expressed his dissatisfaction with the Agency's management, claiming that he received a number of complaints, while never disclosing the content of these complaints. In spite of my calls and the manifested willingness and efforts to begin cooperation the Minister has not met with me since the start of his term and throughout 2019. Numerous questions and dilemmas could have been resolved much faster through conversation and dialogue, however, the Agency was forced to spend a lot of time and its otherwise limited resources for calls and pleadings to the Ministry of Public Administration and to explain its positions and responses. Poor relations with the Ministry of Public Administration also contributed to the fact that the Agency was unable to complete the planned tender for frequencies for mobile technologies, which undoubtedly had a negative impact on the market, as the operators had expressed an interest for frequencies. The developments of 2019 show that proper cooperation between the Agency and the Ministry of Public Administration is essential for performing key tasks and for the benefit of the stakeholders on the markets regulated by the Agency.

In spite of the fact that because of the above-mentioned hindrance to employing enough people, the Agency operated understaffed while providing the Ministry of Public Administration with comprehensive support and

expert cooperation, with the Agency's management and its employees striving to fulfil the tasks and goals set in the Operational and financial plan as well as possible. It is evident from the analysis that besides our regular work the Agency's employees also performed a major scope of work through overtime in the seven understaffed sectors. It should also be taken into account that with regard to the required resources the biggest planned project, namely the public tender with a public auction for awarding the frequencies for public mobile services was not completed in this year.

At the same time the Agency had exemplary relations with the three remaining relevant ministries, the Electronic Communications Council, the Broadcasting Council, and all other bodies and institutions related to the Agency's authorities.

Throughout the year the Agency actively cooperated with stakeholders and the public. It organized consultations and lectures in order to engage the stakeholders to arrive to the best possible regulatory solutions. The Agency's employees also attended professional consultations and events hosted by others, and cooperated with national institutions and other stakeholders.

In 2019 the Agency completed numerous other tasks across all of its fields of operations, as detailed in this document. The analysis of completed tasks – while taking into account that because of the above-mentioned reasons the Agency was severely understaffed – manifests exceptional results, which could certainly not be achieved without the expertise and sincere dedication of the Agency's employees.

Mag. Tanja Muha,
Director

II SUMMARY: ACHIEVING LONG-TERM OBJECTIVES



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

of investments — is presented with the results of the activities the Agency pursued in achieving said objectives. Tables 1 through 5 outline key tasks and activities that were planned and are conducted as permanent tasks throughout the whole year (they are repeatable and often depend on outside submissions or reports) or as projects. Because the Agency follows market trends in its activities for fulfilling the set objectives, said activities or priorities of planned activities may change. Table 6 therefore lists key tasks and activities the Agency completed 2019, even though they were not planned for the year.

RESULT

▲ According to plan

▶ Partly according to plan

▼ Not to plan

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









TASK/2019	DESCRIPTION (PERMANENT ACTIVITIES OR PROJECTS)	RESULT	COMMENT
Regulation (analysis) of relevant market 1 (wholesale call termination in individual public telephone networks at a fixed location)	Completion of the public consultation, notification with the European Commission, and decisions issued.	▲	In the first half of the year the Agency submitted the analysis into public consultation, continued with the procedure of notifying the European Commission, and at the end of the year issued decisions to the operators with significant market power with new wholesale prices valid as of February 2020.
Regulation (analysis) of relevant market 2 (wholesale call termination in individual mobile networks)	The Agency conducted the first public consultation in the first half of 2019, and following changes to prices for call termination, conducted another public consultation in the second half of the year.	▲	At the end of the year the Agency completed the public consultation, and in the beginning of 2020 continued with the procedure of notifying the European Commission. New decisions to operators with significant market power will be issued in the first half of 2020.
Regulation (analysis) of relevant market 4 (wholesale high-quality access at a fixed location)	Completion of the notification with the European Commission, and decision issued.	▲	In the second half of 2019 the Agency issued the decision issued the decision, thereby establishing new obligations for the operator with significant market power regarding wholesale high-quality access at a fixed location.
Analysis of retail and wholesale prices of broadband connections in the Republic of Slovenia	<p>Periodic data collection on retail and wholesale prices of broadband access services was completed.</p> <p>The Survey on monthly household spending on electronic communications services in October 2019, and the analysis of the current demand for higher speeds of internet access and e-content.</p>	▲	<p>The Agency collected the data on retail prices of broadband access services for December 2018 from the operators, and published the final analysis on its website.</p> <p>The Agency published the results of both surveys on its website.</p>
Support in the implementation of the regulation on international roaming	Support for operators in the implementation of the changes to the regulation on international roaming and the discussion of the application for approving adding surcharges in the event of unfeasibility of the domestic billing model.	▲	The Agency responded to the operators' questions regarding the implementation of the regulation on international roaming and discussed the application for approving surcharges in the event of unfeasibility of the domestic billing model.
Calculation of the weighted average cost of capital (WACC)	The European Commission issued a Notification on the method of calculating WACC at the end of 2019. The project will be performed the next year.	▼	The Agency will calculate the value of WACC on a yearly basis, in accordance with the Notification from the European Commission issued in November 2019. The first calculation is planned for 2020.
Creating the cost model for the relevant market 4	The Agency repeated the public tender (no received offers), and by the end of the year selected the provider for creating the cost model.	▶	The contract with the provider will be signed in the beginning of 2020, and the cost model will be built by the end of 2020.

Independent supervision of separate accounting records of the operator with significant market power (OPTM)	The Agency conducted a supervision of separate accounting records of the OPTM with the support of an external contractor.	▲	The contractor performed an independent supervision of separate accounting records and prepared the final report.
Monitoring the performance of obligations of the operators with significant market power (OPTM) in accordance with the regulatory decisions on relevant markets	The Agency monitors the performance of imposed obligations of operators with significant market power, and in the event of possible violations launches with appropriate procedures.	▲	The Agency has monitored the performance of OPTM's obligations (emphasis on markets 3a and 3b), and took action when violations were discovered. These procedures will be continued in the next year.
Participation in amending the telecommunications regulatory framework at the national and the EU level	Active participation and preparing the materials for transposing the European Electronic Communications Code into the national legislation.	▲	The new European Code was approved in December 2018. In 2019 the Agency collaborated with the Ministry of Public Administration on transposing the European Code into national legislation.
	Collaboration with the Ministry of Public Administration on establishing the Information Security Administration and its operations.	▲	Collaboration with the Ministry of Public Administration on establishing the Information Security Administration and its operations.
	Shared presidency of BEREC and heading a working group.	▲	In 2019 the Agency's director was the vice-president of BEREC, and the Agency actively collaborated with the Body across all levels. The Agency also headed BEREC's working group for cyber security in 5G networks.
Expert support to the realization of the Digital Agenda	Active collaboration with Slovenian bodies for the support of the realization of the Digital Agenda.	▲	The Agency provided the support of its experts.
The Strategy of the development of radio and TV programming in the scope of AKOS's authority for the next five-year period (2021-2025)	Preparing draft positions of the Strategy for public consultation with market stakeholders.	▶	The Agency started with the activities for preparing the draft Strategy, with the final version of the document planned for 2020, when the current Strategy expires.
Assisting the Ministry of Culture in the preparation of the new media legislation and implementing the Directive	Participation v working group Ministry of Culture in the revamp of the Media Act.	▲	A working group with the representatives of the Ministry of Culture and the Agency was founded to prepare the proposed changes to the Media Act that are under the Agency's authority.
	Participation v working group Ministry of Culture in the revamp of the Audiovisual Media Services Act.	▲	The Agency was informed that it shall participate in the working group for preparing the changes to the Audiovisual Media Services Act, required because of the implementation of the Directive, however, the working group has yet to begin meeting.
Updating some executive acts related to electronic media that are under the Agency's authority, and participation in those that are under the authority of other bodies	Preparing the changes to the General act on the license for conducting radio or television activities.	▶	The Agency prepared a draft of the changes to the General act on the license for conducting radio or television activities, and must still coordinate it with the Broadcasting Council and the Ministry of Culture. The project will continue into 2020.
Collaboration in shaping the frameworks for sorting the audiovisual media services at the EU level	Participation in the ERGA platform, the consulting body of the European Commission for European audiovisual policies.	▲	The Agency regularly participated ERGA meetings across all levels.

Supervision of fulfilment of conditions for stations with special significance	Continued systemic supervision of radio stations with the status of special significance which started in 2018 at the initiative of the Ministry of Culture.		The system supervision was completed in 2019.
Ensuring transparency of radio and television station publishers and on demand audiovisual media service providers	Issuing licenses for providing radio and television activities and registering on demand audiovisual media service providers, and administering public data records.		This is one of the Agency's regular tasks, and there were no peculiarities related to it in 2019.
Workshops with stakeholders (publishers and providers)	Organizing workshops for publishers and providers of audiovisual media service, if there is any interest from the stakeholders or the Agency.		Together with the ombudsperson of the rights of viewers and listeners of RTV Slovenija the Agency organized a consultation on the topic of advertising in television programs of RTV Slovenija, with an emphasis on the practices of product, service and brand placement, and held a workshop related to publishing public tenders for the frequencies for analog audio broadcasting.
Supervising the conditions and prices for accessing the postal network	The supervision of the performance of adherence to the general terms and conditions for access to the postal network.		Pošta Slovenije announced changes to the general terms and conditions and prices for access to the postal network, so the Agency planned a supervision of performance of the general terms and conditions once they change. Since Pošta Slovenije did not alter the general terms and conditions, the Agency did not perform a supervision.
Regulation of separate accounting for the universal postal service – audit of the procedure of calculating the net cost	Verifying the calculation of the net cost of the universal postal service provider.		The verification of the calculation of the net cost of the universal postal service provider for 2017 was completed and the decision was issued on 13 December 2019.
Cooperation in the implementation and exercising the authority from the Regulation on cross-border parcel delivery services	Participation in implementing the Regulation on cross-border parcel delivery services in cross-border parcel delivery, and the Implementing regulation of the EC, and the Regulation on the implementation of the Regulation (EU) on cross-border parcel delivery services, and the exercise of authority arising from these regulations.		Data reporting according to the regulation was performed on time.
Making the analysis and potential changes to the general acts related to postal services	Preparing an internal analysis to serve as the foundation for further work and expert decisions of the Agency in collaboration with the Ministry for Economic Development and Technology.		The analysis was completed and is gradually updated with new data and new potential proposals for the changes to the general acts.
Calculation of WACC for the universal postal service provider	Calculation of the new value of WACC of Pošta Slovenije as at 31 December 2018.		The calculation was performed with the assistance of an independent external financial adviser. The Agency also conducted a public consultation.
An analysis of the changes regarding access to the network from the perspective of competition law (after the change)	An analysis of access to the network from the perspective of the dangers of margin squeeze and market closure.		Pošta Slovenije announced changes to the general terms and conditions and prices for access to the postal network, so the Agency planned a supervision of access to the network from the perspective of market closure under changed terms and conditions. Since Pošta Slovenije did not alter the general terms and conditions, the Agency did not perform the analysis.

Analysis of the postal services market in 2018	The analysis of supply and demand on the of the postal services market in 2018.		The data is collected and the analysis will be completed in 2020.
Establishing the cost-basis for setting the usage fee	Reviewing the new methodology and its compliance with the valid regulations.		Verifying the cost basis for calculating the usage fee.
Analysis of the realization of allocated train paths	Regular monitoring how infrastructure capacities are assigned and realized.		A review of the train schedule and its changes during the year. Monthly analysis of the realization of allocated train paths and delays at TPK.
Monitoring how usage fees are charged	Monitoring and reviewing how usage fees are charged for individual carriers.		Review of monthly usage fee charges and periodic verifications of the calculations.
Monitoring access to additional services	Monitoring access to facilities for additional services and charging the services therein.		A review of concluded contracts and verifying whether the prices are compliant with the valid regulations.
Resolving disputes between operators	A permanent task which includes dispute resolution in the electronic communications and postal markets. Pursuant to Article 220 operators in dispute are encouraged through a mediation procedure to come to an amicable dispute resolution.		The number of new disputes between carriers was within plans.
Dispute resolution regarding shared use and construction of electronic communications networks	A permanent task which includes resolution of disputes related to lower costs of electronic communications networks (Article 220a of ZEKom-1).		The number of new disputes was within plans.
Participation in court supervision procedures against the Agency's decisions in concrete and individual procedures.	This is a permanent task with the objective to achieve that at least 80 % of disputed decisions in administrative disputes is not overruled by the courts.		The objective was achieved only partially, as of 19 disputes, 6 were related to the same issue, where the administrative dispute was ruled for the plaintiffs based on a decision of the Constitutional Court.
Systematic supervision of the provision of regulatory measures	Conducting supervisory procedures in which the Agency verifies the performance of imposed regulatory measures.		The Agency has launched 10 supervisory procedures in which it is still verifying whether the regulatory obligations are fulfilled. The difficulty is obtaining the data required to reach the decision.
Systematic operator supervision regarding the obligation of data reporting	Performing supervisory procedures related to data reporting.		The operators' discipline in reporting the data is improving, hence the number of supervisory procedures was within plans.
Supervision of fulfilment of legal requirements regarding ensuring confidentiality and privacy.	Supervisory procedures related to ensuring confidentiality and privacy.		10 supervisory procedures related to ensuring confidentiality and privacy were launched. The Agency continued with systematic verifications with all major operators. The Agency issued 3 supervisory decisions with corrective measures.
Supervision of fulfilling the legislation related to internet neutrality	Systematic supervision of requirement from the General act on internet access services and related end user rights with all the major operators.		The Agency did not find any significant derogations of the operators' actions on the market from what is regulated by law.

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

TASK/2019	DESCRIPTION (PERMANENT ACTIVITIES OR PROJECTS)	RESULT	COMMENT
The analysis of the current state for the requirement of appointing a provider of universal service of electronic communications and a public call for appointing a provider of universal service (USO)	Conducting the analysis of the current state of the market for the services from the universal service range, a public call, and appointing the USO provider.		The analysis of the market established that public telephone booths no longer belong in the scope of the universal service. Two universal service providers were appointed (connection and access, and the telephone directory and the directory service) for a period of 5 years.
Monitoring the provision of services from the universal service range (BB USO)	A review of reports from the providers of services from the universal service range for the previous year, and monitoring the provision of universal services in accordance with the general acts.		The Agency has monitored the provision of the universal service in accordance with the general acts, especially from the perspective of including broadband internet access as a universal service.
Protection of viewers from excessive and misleading television advertising	Systematic supervision of advertising per hour on local and foreign TV channels.		The Agency conducted an analysis of the current state.
	Preventive supervision of decisions on product placement in the most viewed local television shows.		The Agency conducted an analysis of the current state.
The MIPI portal for media literacy	Launching the new portal for media literacy and updating the content. Concluding agreements on cooperation with institutions that focus on similar topics.		In mid-2019 MIPI - the portal for media literacy came online. During the year the Agency also concluded agreements on cooperation with 7 partners, and their number continues to grow in 2020.
The Gledoskop.si portal and the protection of children from potentially harmful content in audiovisual media services	Maintaining the Gledoskop.si portal, coordinating the coders' committee and monitoring how the protection of children is ensured.		The Agency maintained Gledoskop.si and ensured it is used correctly, and organized 3 meetings of the coders' committee.
Care for the interest of users in the transformation of the postal network	Ensuring a sufficient number of contact points and sufficiently long business hours.		The Agency issued 21 approvals to the proposed transformations of contact points as well as 15 approvals to proposals for closing contact points.
Regulation of prices and general terms and conditions of universal postal service provision	Processing applications for changing the prices and the general terms and conditions of universal service in domestic and international traffic.		The Agency held two declaratory procedures issuing approvals to changes in the prices of universal service provision (in domestic and international traffic).

Supervision of the implementation of the requirements from the General act on the quality of providing universal postal service	Supervising the methodology and the results of quality measurements of letter mail delivery (mail/parcels).	▲	The Agency concluded a review of the results of quality measurements of delivery for 2018.
	Supervision of contact points and post boxes.	▲	The Agency inspected contract post offices and post boxes.
	Following complaints, the Agency conducted inspections related to issues with the delivery of post.	▲	The Agency received 14 reports, and is still resolving 3 of them.
Supervision of exemptions from the universal postal service	Supervision of derogations from delivery time and delivery to home or detached mailbox, namely by delivery method.	▲	The Agency conducted supervisions at 2 locations with detached mailboxes. No irregularities were discovered at either supervision.
Survey on user satisfaction/ needs for postal services after post offices were closed	Determining the needs of users for postal services and their satisfaction with them in those areas where contact points were closed down.	▲	The survey was completed in time.
Comparative analysis of prices and the regulatory framework in cross-border parcel delivery services	Comparison of advertised prices and the duration of transfer with prices and duration in practice.	▲	The survey was completed in time.
A survey on user satisfaction/ needs with postal services – general and business users	Determining the needs of users for postal services and their satisfaction with them among the general public (natural persons) and companies.	▲	The survey was completed in time.
Verifying the distribution of permanent and variable costs in separate accounting of the universal postal service provider	Analysis of permanent and variable costs in the cost model of Pošta Slovenije.	▲	The task was completed in the start of 2020.
Ensuring the rights of railway passengers	Prompt resolution of passenger complaints in railway traffic.	▲	In 2019 the Agency did not receive any complaints.
Dispute resolution related to electronic communications and postal services and passenger complaints against the carrier's decisions	A permanent task which includes prompt dispute resolution of electronic communications and postal services and passenger complaints against the carrier's decisions.	▲	The Agency resolved 676 disputed related to electronic communications and postal services. It achieved its goal of having the parties to the dispute settle and resolve the dispute amicably in at least 60 % of the cases. There were no complaints from railway passengers in 2019.
Informing and protecting end users	A permanent task which includes different measures for empowering end users (e.g. the call centre open 3 days of the week, the portal for comparing operators' plans, preparing explanations, etc.).	▲	In 2019 the portal for comparing the operators' subscription plans was partially revamped.
			The call centre's operations continued, and the Agency continued preparing answers to end user's enquires, and participated at the consultation of the Slovene Consumers' Association regarding the user lock-in in subscriber agreements.
Supervision of unsolicited communications	Supervisory procedures related to unsolicited communications.	▲	The Agency launched 343 supervisory procedures against potential violators of provisions of ZEKom-1 regarding unsolicited communications. A large increase in cases and one fewer employee has resulted in a longer period for resolving issues.

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

TASK/2019	DESCRIPTION (PERMANENT ACTIVITIES OR PROJECTS)	RESULT	COMMENT
The Strategy of radio frequency spectrum management	The preparation of the Strategy of radio frequency spectrum management for the next 3-year period.	▼	The Agency prepared the draft Strategy of radio frequency spectrum management in accordance with multiple strategic guidelines from the Ministry of Public Administration. After three public consultations the draft strategy was coordinated between departments and submitted as a working document for adoption to the Government of RS. In the start of December 2019 the Government of RS withdrew the strategy from the adoption procedure.
Tenders for radio frequencies for mobile communication services	The public tender for the 700 MHz band and the remaining bands in 1500, 2100, 2300, 3600 MHz and 26 GHz	▼	Preparing background papers. The Agency is waiting for the approval of the Strategy of radio frequency spectrum management, which is the condition for starting the procedure of awarding frequencies according to the strategic guidelines of the Ministry of Public Administration.
	The M2M_700MHz public tender for distribution networks and smart measurement systems.	▼	Preparing background papers. The Agency is waiting for the approval of the Strategy of radio frequency spectrum management, which is the condition for starting the procedure of awarding frequencies according to the strategic guidelines of the Ministry of Public Administration.
	The report on monitoring the fulfilment of obligations, as defined in the decisions for awarding radio frequencies for the provision of public communication services in the 800 MHz, 900 MHz, 1800 MHz, 1800 MHz, 2100 MHz, and 2600 MHz frequency bands.	▲	This Agency task lasts for several years and it is going according to plans. The Agency verified the operator's obligations 3 years after they were awarded the decisions for 900 MHz. The Agency published the report on fulfilling obligations and coverage with mobile service technologies on its website.
	Convergence of public mobile and radio broadcasting services in the UHF band, and a switch from DTT to LTE, 5G.	▼	There were no activities related to this. The Memorandum of understanding for the 5G PPDR Project was not signed by all the stakeholders, so it did not continue. The FIRST project, in which the Agency participated as a partner, did not receive enough support for funding from Horizon 2020 for the second time. There were no activities related to the convergence of public mobile and radio broadcasting services in the UHF band because of other priorities.
Tenders for radio frequencies for audio broadcasting	Two public tenders for digital radio (DAB+) were held.	▲	The Agency prepared, published and completed both public tenders for DAB+ networks (R2 and R3). The operator of both new networks became the Public Institute RTV Slovenija.
Public tenders for radio frequencies for FM audio broadcasting	Two public tenders were held for analog audio broadcastings, one for local radio stations, and another one for the area of the north-eastern Slovenia.	▲	As a part of the frequencies was not awarded after the conclusion of both tenders, the Agency repeated the procedures to award the remaining frequencies. Both repeated procedures continue into 2020.








Public tenders for assigning radio and TV station publishers access rights to the digital terrestrial platform	Holding the public tender for awarding the licenses for digital dissemination of radio programming through the R1 national network.		The Agency held the public tender in accordance with its operational program, awarding 2 licenses for digital dissemination of radio programming through the R1 national network.
Defending the radio frequency spectrum of RS	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.		Participation at two meetings with the Italian administration, the second one under the auspices of ITU.
World Radio Conference WRC-19	Active participation at the WRC-19, whose focus was resolving technical issues related to radio frequency spectrum management at the global level.		The Agency took part in the national delegation, performing operative tasks, thereby contributing that the Republic of Slovenia achieved all of its objectives at the World Radio Conference WRC-19.
Radio frequency spectrum management	Processing applications as they come in and issuing the decisions on the assignment of radio frequencies, managing the database of frequencies and international coordination and optimization of frequencies.		By issuing the decisions on assigning radio frequencies in a timely manner, the Agency supported the possibility of infrastructure upgrades for radio communication services, resolving applications to eliminate interference and to extending decisions. The Agency amended the concluded bilateral agreements between the administrations of Croatia and Slovenia on the coordination of the bands in 29.7-470 MHz, and completed the project of coordinating and establishing the register of frequencies in the VHF and UHF bands. At the HCM agreement level it managed to include the technical conditions for the 410-430 MHz and 450-470 MHz agreements into the HCM website.
Supervision of the radio frequency spectrum and ensuring uninterrupted use of radio frequencies to DARF holders	Regular supervision and measurements in the RF spectrum. Research into and elimination of cases of interference reported from DARF holders.		The Agency performed regular supervision of radio frequency use and took measures when it received reports for inspection supervision. It also regularly reported interference to other countries.
Monitoring the quality of service of fixed and mobile broadband networks	Conducting measurements on fixed connections of different operators at the measurement point and in the field. Maintenance and updates to the Akos TestNet measurement system.		At the measurement point, where the infrastructure of all the biggest providers is located, measurements are made using their commercial products. Occasionally measurements are made in the field on customers' fixed connections. Subscriber can access Akos TestNet to verify the bandwidth available at their connection.
Supervision of rational use of the numbering space	Performing supervisory procedures related to legal use of the numbering space and number porting between operators.		The procedure related to the use of the numbering space has not yet concluded, while with number porting the Agency discovered an irregularity.

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

TASK/2019	DESCRIPTION (PERMANENT ACTIVITIES OR PROJECTS)	RESULT	COMMENT
Mapping and analysing the telecommunications infrastructure in the RS	Upgrade to the GIS database on telecommunications infrastructure.	▲	The Agency regularly updated the GIS database. At the same it also updated and upgraded the system to optimum performance and ensured information security of the collected data.
Upgrade of the system for mapping with other public infrastructure and providing access	Upgrade of the mapping system.	▲	The Agency upgraded the system for mapping with other public infrastructure.
	Launch of the public viewer for access to the AKOS Geoportal.	▲	The Agency developed a public viewer for the its Geoportal, where users can examine electronic communications infrastructure and network coverage, and upgraded it at the end of the year.
Supervision of entries an analysis of the telecommunications infrastructure in the RS	A permanent task. The start of a broader review of the conditions of the construction of public utility infrastructure together with local communities and operators.	▲	During the year the Agency doubled the scope of supervisory procedures in this area. In 2019 the number of telecommunications infrastructure routes entered into the register increased by 300 % compared to 2018.
Performing the provisions of ZEKom-1 related to shared constructions and shared use of infrastructure	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.	▲	Connecting the Portal of infrastructure investments with the AKOS Geoportal. Performing 44 systemic inspections of suitability of easement agreements.
Providing information to the stakeholders of new obligations related to shared construction	Organizing and holding workshops.	▲	The Agency organized workshops for local communities and utility companies in the Notranjska and Dolenjska regions. Individual consultations with local communities and infrastructure operators on the improvement of conditions for shared investments. Meetings with gas utility company.
Supervision of performing obligations of exhibited market interest	A legally-required permanent task; verifying term plans related to performance of obligations in accordance with Article 11a of ZEKom.	▲	Because this is still ongoing, the Agency did not need to participate in the procedures.

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

TASK/2019	DESCRIPTION (PERMANENT ACTIVITIES OR PROJECTS)	RESULT	COMMENT
Automation of the system for mandatory reports from the operators	Preparing updated technical specifications in the scope of the tender documentation for holding a new public tender.	▼	In mid-2019 the Agency agreed with the external contractor to terminate the agreement. The preparations for repeating the public tender are underway.
Launch of the eAnalitik portal	One of the Agency's permanent tasks is to collect data about the development of the electronic communications.	▲	In cooperation with an external contractor the Agency developed the eAnalitik (eAnalyst) portal, which provides an overview of market conditions.
Providing public information and informing the public in a timely manner	This is a permanent task, whose objective is to provide information per request, and respond to journalists' questions within the legal deadlines.	▲	In 2019 the Agency resolved a total of 39 requests for access to public information, and responded to 113 questions from journalists. It responded to all of them within the legal deadline. The Agency also held several workshops and consultations to support its proposals.
Workshops and consultations with operator, when required	Holding the workshop and consultations related to fulfilling regulatory and legal obligations.	▲	The Agency held 6 workshops, which is above plans, and positive effects have started to show, especially with regard to better cooperation between operators.

TABLE 6: ADDITIONAL TASKS THAT WERE NOT PLANNED IN THE 2019 ACTION PLAN AND FINANCIAL PLAN

TASK	DESCRIPTION (PERMANENT ACTIVITIES OR PROJECTS)	COMMENT
General act on the elements of the reference offer for wholesale local access at a fixed location	Public consultation and a publication in the Official Gazette.	General act on the elements of the reference offer for wholesale local access at a fixed location was published in the Official Gazette at the start of the year.
General act on changes and amendments to the General act on collecting, using and sharing data on the development of the electronic communications market	Amending the General act on changes and amendments to the General act on collecting, using and sharing data on the development of the electronic communications market because of the adoption of the Trade Secrets Act.	The General act was submitted into public consultation in summer 2019, and published in the Official Gazette in autumn of 2019.
General act on the changes and amendments to the General act on the numbering plan	Changes to the General act on the changes and amendments to the General act on the numbering plan.	After the completion of the public consultation the Agency decided to remove the proposed general act and to prepare a recommendation for the operators in the next year.
General act on the changes and amendments to the General act on the method of the calculation of the payment for using radio frequencies	Amendment to the general act is needed because of the planned public tenders, and has been in public consultation, and then adopted.	The Agency submitted the proposed amended general act into public consultation, and then adopted it.
General act on the plan for the use of radio frequencies	Dopolnitev Splošnega akta o načrtu uporabe radijskih frekvenc zaradi uveljavljanja novih radiokomunikacijskih storitev in sprememb pri navedbah standardov.	Agencija je predlog dopolnjenega splošnega akta posredovala v javno po svetovanje in ga nato sprejela.
NURF-4	The amendment of the General act on the radio frequency utilization plan because of the implementation of new radio communication services and changes to the standards.	The Agency submitted the proposed amended general act into public consultation, and then adopted it.
Participation at the 3rd extraordinary International Postal Union Congress	Participation in preparation of positions an attending the extraordinary IPU Congress	The Agency cooperated in this task, however it could not have forecast it, as the decision on holding an exceptional congress was only adopted in 2019.
Expanding the features of the AKOS Geoportal	Publishing the data on contact points, post boxes and post districts.	The Agency expanded the Geoportal with the data on the postal network.
Expert support for the Ministry of Agriculture, Forestry and Food in preparing the public tender or regulation for co-financing the construction of next generation access broadband networks	Expert support related to the terms and conditions of the construction of open broadband networks.	The Agency cooperated with the Ministry of Agriculture, Forestry and Food in preparing the public tender or regulation for co-financing the construction of next generation access broadband networks in Koroška, Podravska and Pomurska statistical regions.
Cooperation with the Ministry of Public Administration and the Surveying and Mapping Authority in the preparation of the new exchange format for submitting the data on network connection points	Cooperation in the review of subjects and conditions for taking records, explanations, etc.	The Agency cooperated with the Ministry of Public Administration and the Surveying and Mapping Authority in the preparation of the new exchange format for submitting the data on network connection points within its authority.
Cooperation with 6 ministries that completed the systemic supervision of the legality of the Agency's operations	Preparing the documents and cooperation with the ministries during the supervision.	The supervision was completed in 2019, and none of the individual supervisions established that the Agency conducted any illegal actions.

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

The Agency's work affects the operations of the regulated organizations in telecommunications, radio frequency broadcasting, media, post and railways. The tables above show that the Agency has concluded most of the tasks it set for 2019. As a result of responding to market conditions the Agency also conducted some additional tasks that were not part of the 2019 Operational and Financial Plan.

Implementation of the Agency's Financial Plan is detailed in chapter 3.2.3. Realization of the financial plan on the accrual basis It was realized in 98.2% on the revenue side, and 91.0% on the expenditure side. The Agency estimates that there were no unexpected or unacceptable consequences resulting from its operations.

2 ASSESSMENT OF THE EFFECTIVENESS AND EFFICIENCY OF OPERATIONS

The Agency estimates that considering:

- ▶ the adopted Operational and Financial Plan for 2019,
- ▶ the stalled approval (1) of the Rebalanced operational and financial plan for 2019 (the procedure of adopting this rebalanced plan was prepared in the first half of 2019, and was then held up by the Ministry of Public Administration, however, the Agency did not receive any feedback or the reasons for this),
- ▶ the stalled approval (2) of the Rebalanced operational and financial plan for 2019, which was only approved by the relevant Ministry of Public Administration at the end of December, so that there was no time for its implementation (even though the other ministries submitted their approvals in time - the Ministry of Infrastructure, the Ministry of Economy, the Ministry of Culture),
- ▶ the fact that the Agency did not have any impact on the actions of the Ministry of Public Administration in the adoption of the Radio frequency spectrum management strategy, it operated economically and efficiently Under the given conditions and in the scope of the limitations it achieved the majority of the goals it set out, as evident from the tables above.

The relevant ministry did not provide the Agency with any guidelines regarding the assessment of effectiveness and efficiency.

RESULT

- ▲ According to plan
- ▶ Partly according to plan
- ▼ Not to plan



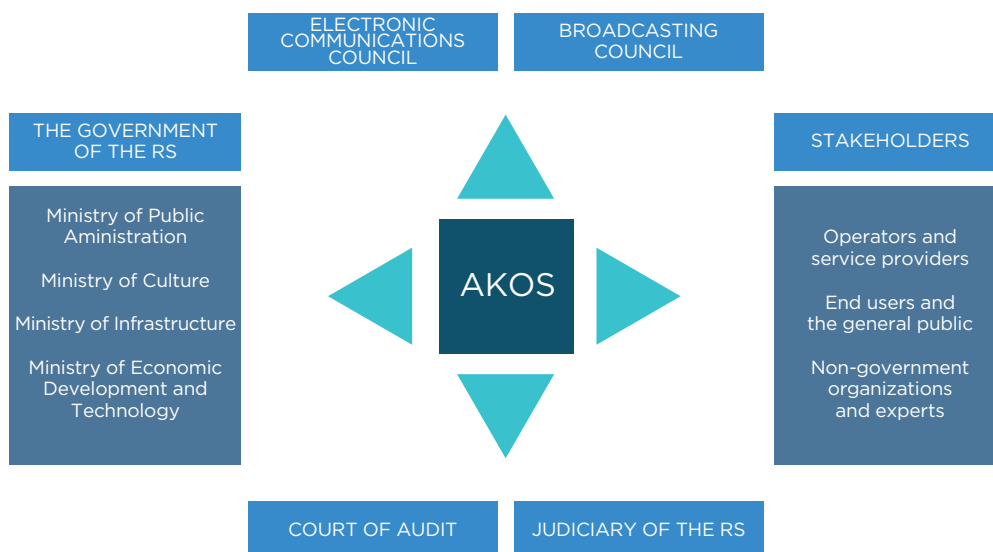
III AKOS AT A GLANCE

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

The Agency is competent for implementing public policy, gathering information on relevant markets, supervision, issuing sanctions, and resolving disputes in said areas. The acts it issues are final and may be challenged only before a court. It is financed through fees paid by providers, holders of licenses for frequencies and the numbering space, providers of postal and railway services, and providers of TV and on demand audiovisual media 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

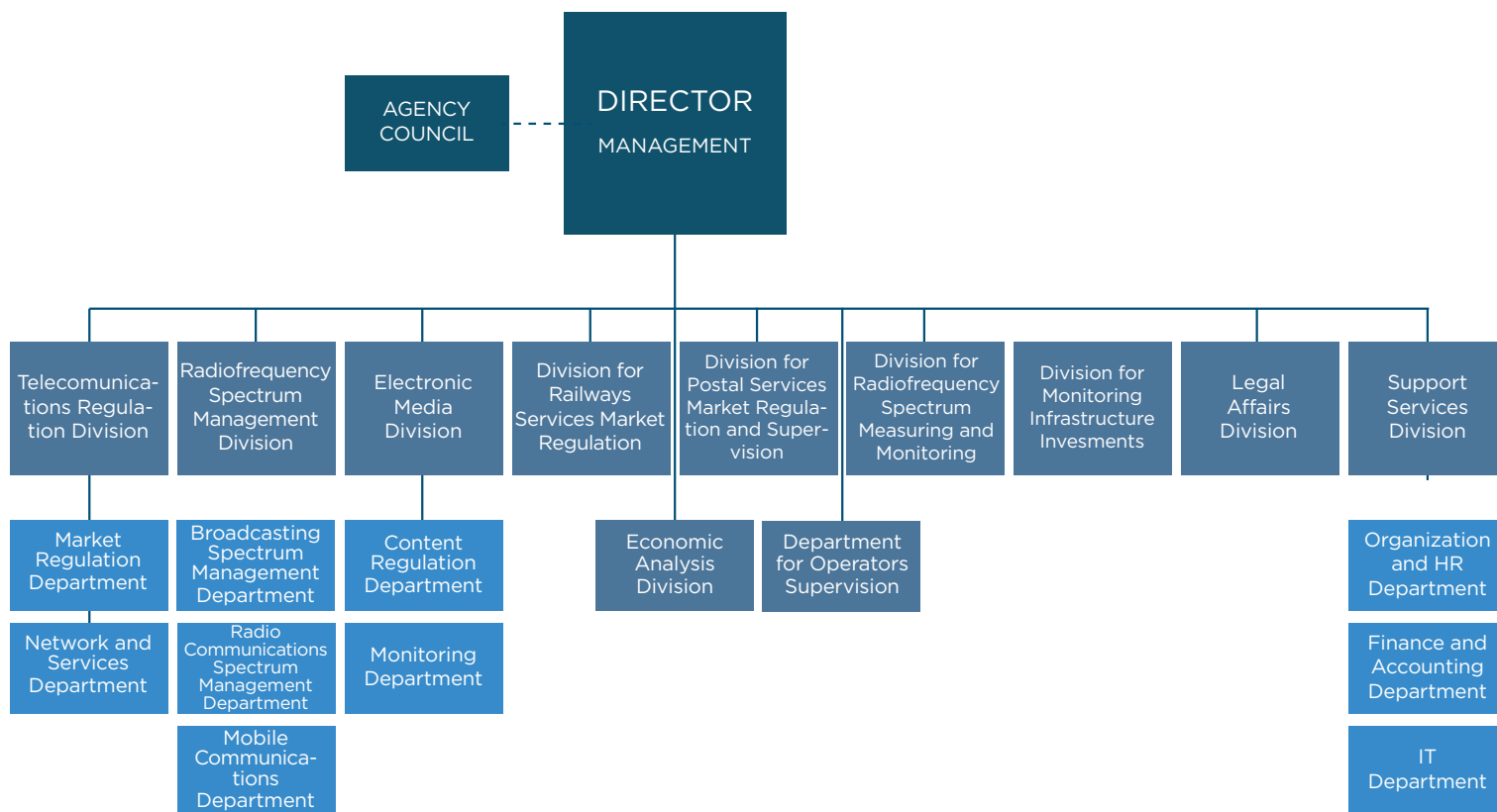


In accordance with its strategic objectives the Agency undertakes to ensure the accessibility and high quality of universal services to all residents of Slovenia at affordable prices and regardless of their geographic location, effective competition in the market, and competitiveness among service providers. 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. After the expiration of the terms of members of the Council of the Agency on 29 January 2019, the Council of the Agency held its constituent meeting at the end of March 2019.

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



IV MARKETS IN NUMBERS

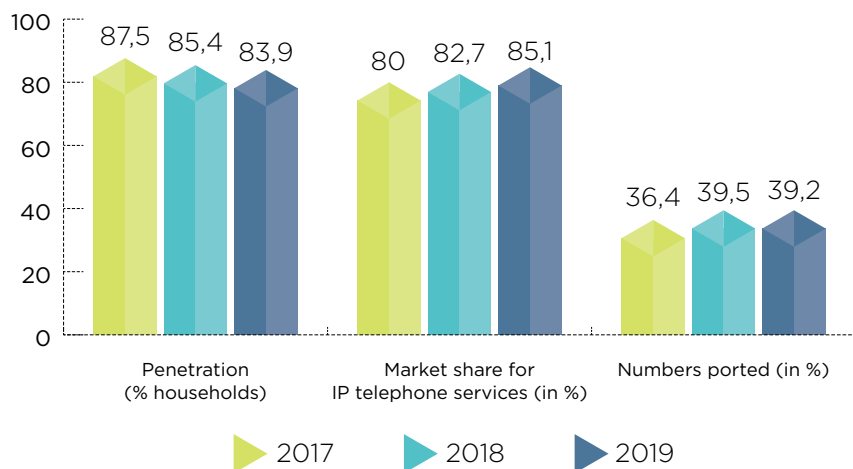


Trends in markets within the Agency's authority in the period of 2016-2019. It is understood that:

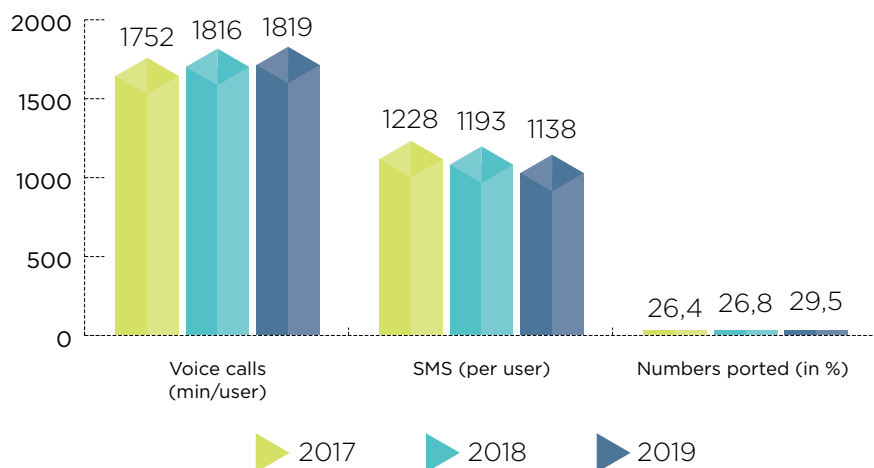
- ▶ Figures are shown on an annual basis:
- ▶ In calculating the penetration of individual services we used data from the Statistical Office of the Republic of Slovenia, specifically taking the number of residences from the census and the EU-SILC study (up to Q4 of 2015), and the number of residents from officially published data for individual periods.
- ▶ A user of fixed telephone services is a residential user who uses fixed telephone services. The data pertains to the average amount of calls made by residential users in fixed networks.
- ▶ A user of mobile telephone services is a residential user who uses mobile telephone services. The data pertains to the average amount of calls made from mobile networks or text messages sent or mobile broadband internet access data transferred by residential users.
- ▶ Due to subsequent amendments providers made to the data there is the possibility that there could be some deviation from the previously published figures.
- ▶ Number porting means the number of ported mobile phone numbers (transactions) to providers in the observed period, which includes all transactions (to various providers and back to the original provider).
- ▶ A digital right is a license to perform television and radio activities in a digital format.
- ▶ Due to subsequent amendments providers made to the data there is the possibility that there could be some deviation from the previously published figures.

FIGURE 3: TRENDS IN MARKETS WITHIN THE AGENCY'S COMPETENCIES IN THE PERIOD OF 2016-2019

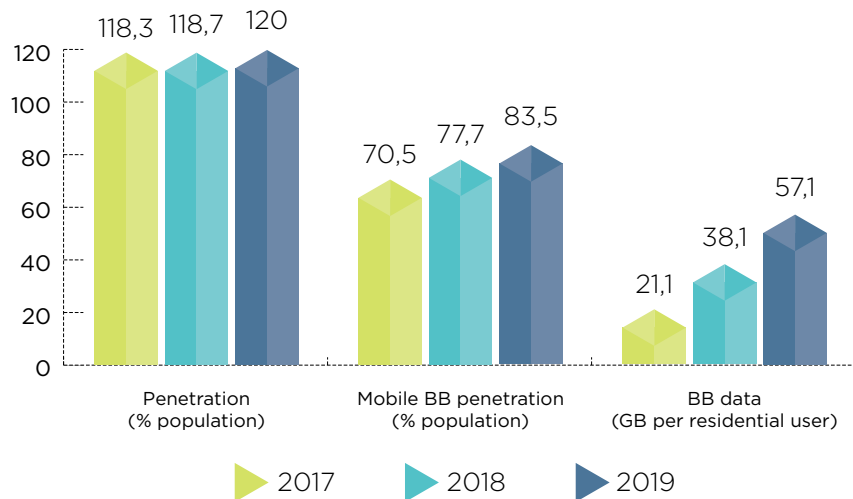
FIXED TELEPHONE SERVICE

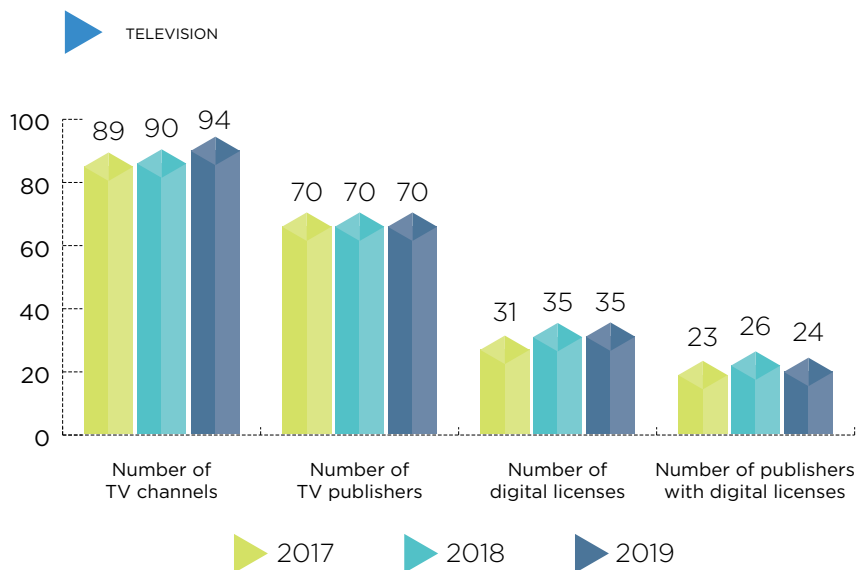
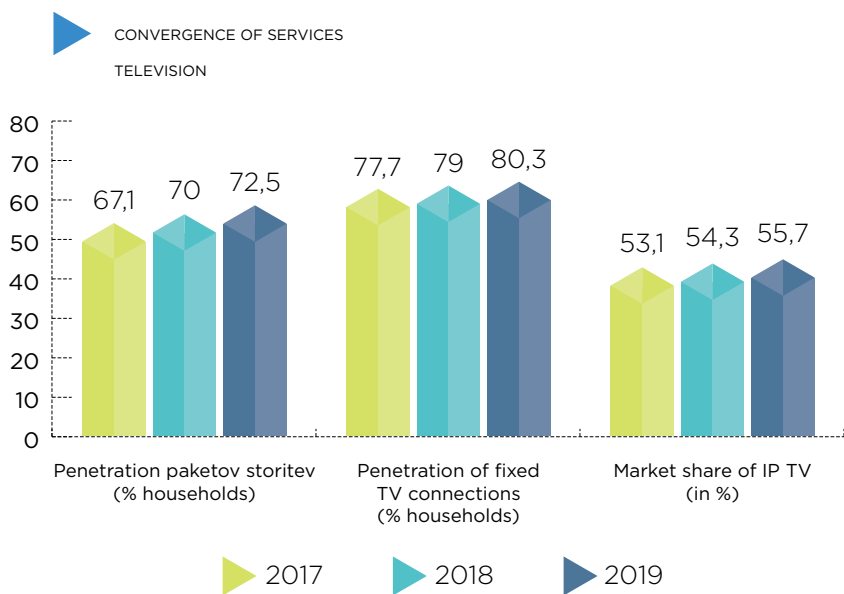
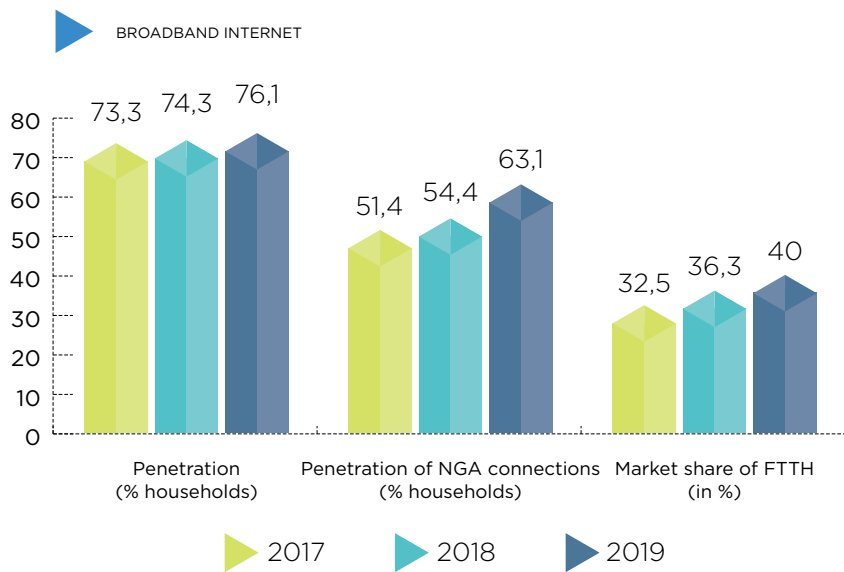


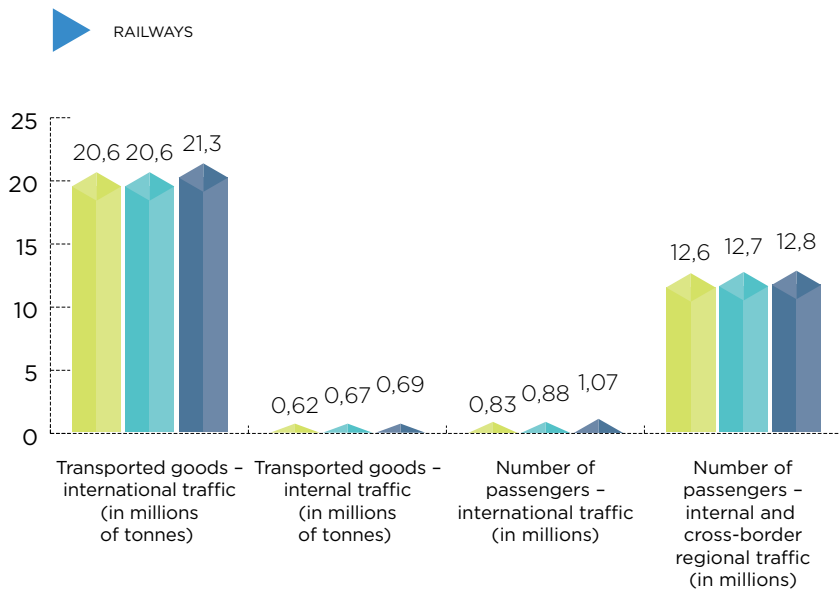
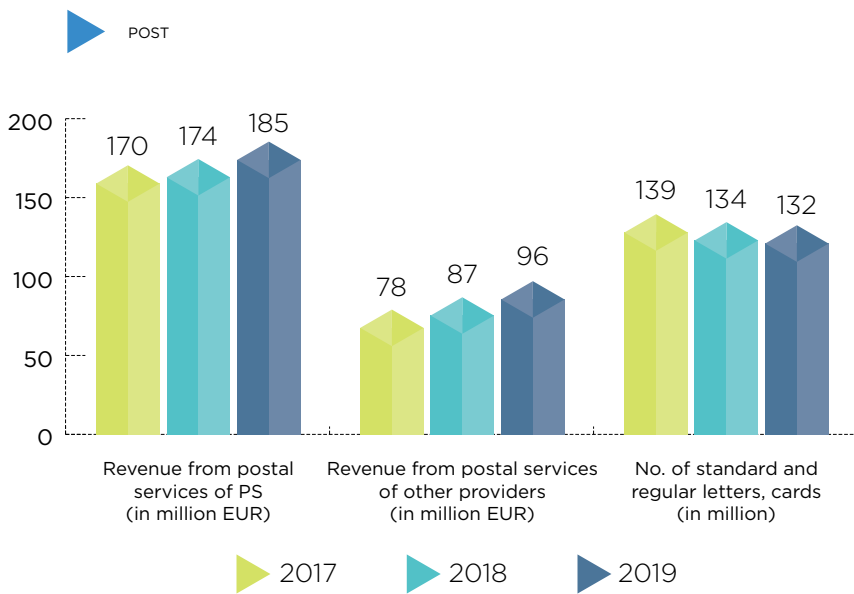
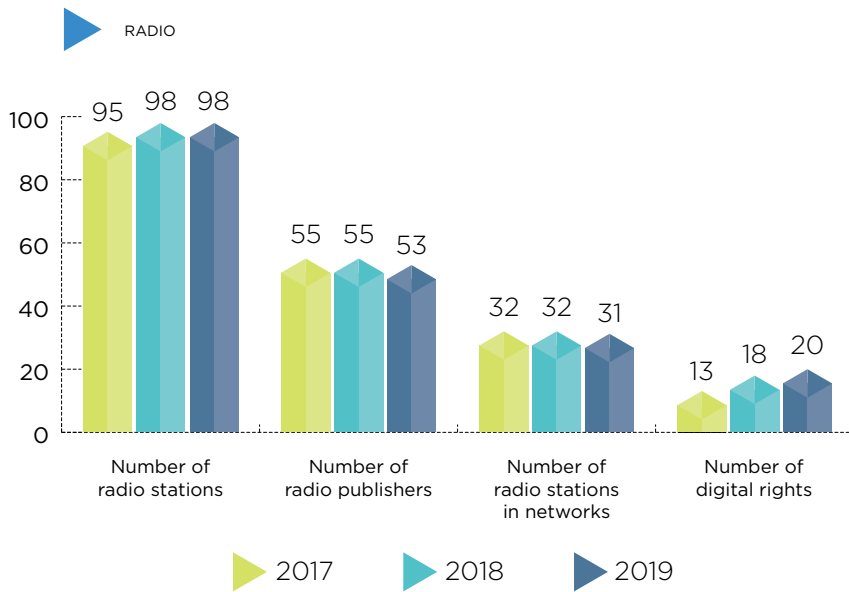
MOBILE TELEPHONE SERVICE



MOBILE TELEPHONE SERVICE







V BACKGROUND PAPERS

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

Electronic Communications:

- ▶ Electronic Communications Act (Official Gazette of the Republic of Slovenia no. 09/12, 110/13, 40/14 - ZIN-B, 54/14 Constitutional Court decision and 81/15, 40/17 and 30/19 - Constitutional Court decision);

Electronic Media:

- ▶ Media Act (Official Gazette

of the RS no. 110/2006-UPB1, 36/2008-ZPOMK-1, 77/2010-ZSFCJA, 87/2011-ZAVMS, 47/2012, 47/15-ZZSDT, 22/16, 39/16, 45/19 - Constitutional Court decision); hereinafter: ZMed);

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

Postal Services:

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

Railways:

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

Radio Spectrum:

- ▶ Electronic Communications Act (Official Gazette of the Republic of Slovenia no. 09/12, 110/13, 40/14 - ZIN-B, 54/14 - Constitutional Court decision, 81/15, 40/17 and 30/19 - Constitutional Court decision);
- ▶ Digital Broadcasting Act (Official Gazette of the Republic of Slovenia, no. 102/07, 85/10, 47/12 and 109/2012-ZEKom-1)
- ▶ Radiotelevizija Slovenija Act (Official Gazette of the RS, no. 96/05, 109/05 - ZDavP-1B, 105/06 - Constitutional Court decision, 26/09 - ZIPRS0809-B and 9/14)
- ▶ Act Ratifying the European Transfrontier Television Convention and the Protocol amending the European Transfrontier Television Convention (Official Gazette of the Republic of Slovenia - International treaties, no. 18/1999);
- ▶ Act Ratifying the Regional Agreement Relating to the Use of the Band 87.5–108 MHz for FM Sound Broadcasting (Region 1 and Part of Region 3) /MOSUPZR/ (Official Gazette of the Republic of Slovenia - Internati-

onal treaties, no. 5/1997);

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

Other important acts:

- ▶ General Administrative Procedure Act (Official Gazette of the Republic of Slovenia, no. 24/06, 105/06-ZUS-1, 126/07, 65/08, 47/09 Constitutional Court decision and 8/10 and 82/13)
- ▶ Inspection Supervision Act (Official Gazette of the RS, no. 43/07-UPB1 and 40/14);
- ▶ Minor Offences Act (Official Gazette of the Republic of Slovenia, no. 29/11-UPB8, 21/13, 111/13, 74/14 - Constitutional Court decision, 92/14 - Constitutional Court decision, 32/16, 15/17 - Constitutional Court decision, and 73/19 - Constitutional Court decision);
- ▶ Administrative Dispute Act (Official Gazette of the Republic of Slovenia, no. 105/06, 107/09 - Constitutional Court decision, 62/10, 98/11 - Constitutional Court decision, 109/12 and 10/17 - ZPP-E);
- ▶ In accordance with the Public Information Access Act (Official Gazette of the Republic of Slovenia, no. 51/06 - official consolidated text, 117/06 - ZDavP-2, 23/14, 50/14, 19/15 - Constitutional Court decision, 102/15 and 7/18);
- ▶ Information Security Act (Official Gazette of the Republic of Slovenia, no. 30/18);
- ▶ Information Commissioner Act (Official Gazette of the Republic of Slovenia, no. 113/05, 51/2007-ZUstS-A, 14/10 - Constitutional Court decision);
- ▶ Public Agencies Act (Official Gazette of the Republic of Slovenia, no. 52/02, 51/04-EZ-A and 33/11-ZEKom-C);
- ▶ State Administration Act (Official Gazette of the Republic of Slovenia, no. 113/2005-UPB4, 126/2007-ZUP-E, 48/09, 8/2010-ZUP-G, 8/2012-ZVRS-F and 21/12, 17/13 - Constitutional Court decision, 21/13-ZVRS-G, 47/13, 12/14, 90/14 and 51/16);
- ▶ Civil Servants Act (Official Gazette of the Republic of Slovenia, no. 63/07-UPB3, 65/08, 69/08-ZTFI-A, 69/08-ZZavar-E, 74/09 - Constitutional Court decision, 40/12-ZUJF);
- ▶ Protection of Documents and Archives and Archival Institutions Act (Official Gazette of the Republic of Slovenia, no. 30/06 and 24/14 - Constitutional Court decision and 51/14);
- ▶ Public Procurement Act (Official Gazette of the Republic of Slovenia, no. 91/15 and 14/18);
- ▶ Integrity and Prevention of Corruption Act (Official Gazette of the Republic of Slovenia, no. 69/2011-UPB2, 81/13 - Constitutional Court decision);
- ▶ Public Finance Act (Official Gazette of RS 11/11 - official consolidated text 4, 14/13 - amendments, 101/13, 55/15 - ZFisP, 96/15 - ZIPRS1617 and 13/18).



VI MANAGING A LIMITED NATURAL RESOURCE



1 BACKGROUND, OBJECTIVES, MARKETS

1.1.1 LEGAL FRAMEWORK

The Agency exercises its authority in radio frequency spectrum management based on the following:

- ▶ Electronic Communications Act (Official Gazette of the Republic of Slovenia no. 09/12, 110/13, 40/14 - ZIN-B, 54/14 - Constitutional Court decision, 81/15, 40/17 and 30/19 - Constitutional Court decision);
- ▶ Digital Broadcasting Act (Official Gazette of the Republic of Slovenia, no. 102/07, 85/10, 47/12 and 109/2012-ZEKom-1);
- ▶ Radiotelevizija Slovenija Act (Official Gazette of the RS, no. 96/05, 109/05 - ZDavP-1B, 105/06 - Constitutional Court decision, 26/09 - ZIPRS0809-B and 9/14);
- ▶ Act Ratifying the European Transfrontier Television Convention and the Protocol amending the European Transfrontier Television Convention (Official Gazette of the Republic of Slovenia - Internatio-

nal treaties, no. 18/1999);

- ▶ Act Ratifying the Regional Agreement Relating to the Use of the Band 87.5–108 MHz for FM Sound Broadcasting (Region 1 and Part of Region 3) /MOSUPZR/ (Official Gazette of the Republic of Slovenia - International treaties, no. 5/1997);
- ▶ Decree ratifying the FINAL ACTS of the Regional Radiocommunication Conference for planning of the digital terrestrial broadcasting service in parts of Regions 1 and 3, in the frequency bands 174–230 MHz and 470–862 MHz (RRC-06) (Official Gazette of the RS, no. 30/2013);
- ▶ Regional Agreement for the European Broadcasting Area concerning the use of frequencies by the broadcasting service in the VHF and UHF bands, signed in Stockholm 23 June 1961
- ▶ Act Ratifying the Chester 1997 Multilateral Coordination Agreement relating to Technical Criteria, Coordination Principles and Procedures for the introduction of Terrestrial Digital Video Broadcasting (DVB-T) (MCVUTV);
- ▶ Regulation on the radio frequency band allocation plan (Official Gazette of the Republic of Slovenia, no. 69/13, 1/17);
- ▶ Regulation on managing radio frequencies for state needs (Official Gazette of the Republic of Slovenia, no. 61/05);
- ▶ Rules on radio equipment (Official Gazette of the Republic of Slovenia, no. 3/16);

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

- ▶ General act on the Radio frequency utilization plan (NURF-4) (Official Gazette of the Republic of Slovenia, no. 10/18 and 46/19) - unofficial consolidated text
- ▶ General act on the conditions for radio frequency utilization for amateur radio and satellite amateur radio services (Official Gazette of the Republic of Slovenia, no. 68/13, 48/18),

- ▶ General act on limiting signals of analogue audio broadcasting radio stations (Official Gazette of the Republic of Slovenia, no. 44/13),
- ▶ General act on the calculation method for payments for the use of radio frequencies (Official Gazette of the Republic of Slovenia, no. 30/13 (33/13 correct., 40/13 correct.), 81/14, 21/16, 63/16, 64/19)
- ▶ General act on the use of the RDS system and identification in DAB networks (Official Gazette of the Republic of Slovenia, no. 67/15).

1.1.2. ANNUAL OBJECTIVES

The main objective of the Agency in radio frequency spectrum management for 2019 was awarding the 700 MHz band, which was expanded to awarding all available frequencies for providing public communication services to end users after the relevant ministry provided new guidelines in April 2019. Consequently the Agency focused most of its resources to changing the already prepared Radio frequency spectrum management strategy, and providing written explanations, information and responses to the Ministry of Public Administration. The approval to the strategy was in line with the ministry's guidelines the condition for starting the procedure for awarding radio frequencies. After successful inter-departmental coordination the strategy was withdrawn from the agenda of the Government of the Republic of Slovenia, and consequently the Agency was not able to even begin with the realization of its main goal. However, in line with April's strategic guidelines it completed the selection of consultants for assistance with the execution of the public tender with a public auction, so that it may begin with the activities for awarding the frequencies immediately after obtaining the approval for the strategy.

In broadcasting the objective was to continue with the activities for holding the public tender for audio broadcasting and awarding the frequencies for DAB+ networks R2 and R3. Because the first digital radio network (R1) was full, and there was interest on the market for digital radio broadcasting, the Agency awarded the frequencies for two more digital radio network, namely R2, which is the second national network, and R3, which covers the area of Ljubljana.

In 2019 the Agency also focused a lot of its resources on the World Radio Conference WRC-19. Besides participating the preparatory meetings, it was also part of the Slovenian delegation, attending the conference itself in Sharm el Sheikh in Egypt between 28 October and 22 November 2019, where it represented the positions of the Republic of Slovenia. All of the goals set were achieved at the conference.

In 2019 the emphasis was also on radio equipment that can be used without the decisions on awarding radio frequencies (DARF), for which the Agency updated the frequency spectrum as part of the national Radio frequency utilization plan (NURF). As part of the project of optimizing the radio spectrum the Agency completed establishing the registry of frequencies for PMR bands and coordinated it with neighbouring countries. At the HCM agreement level it managed to include the technical conditions for the 410 and 450 MHz agreements into the HCM website, and sent the draft agreement to the neighbouring countries. Considering the verticals (critical services (PPDR and autonomous driving and business-critical services) the Agency presented a third opinion to RSPG stakeholders at the ISEP, VITEL and CIGRE conferences.

The Agency reviewed the regulatory backgrounds for new technologies, especially in relation to new security and navigational systems, the introdu-

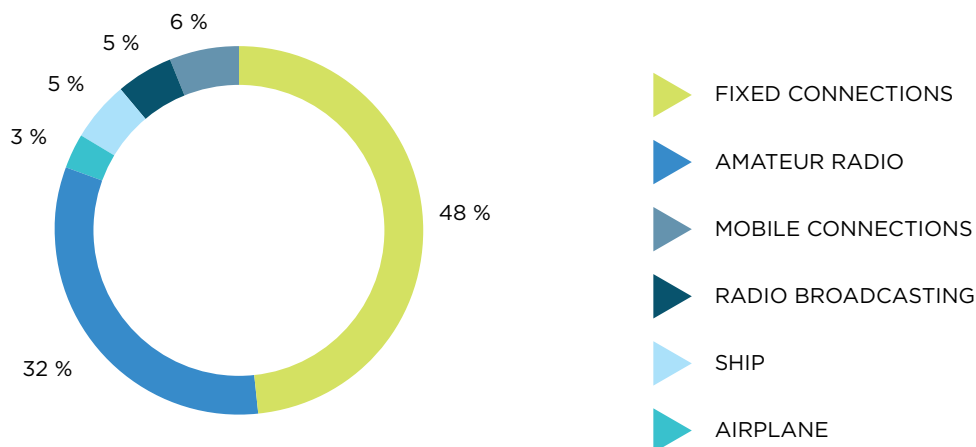
ction of flexible duplex links and the regulative for secondary services and for licensed and unlicensed use of pilotless aircraft (drones) and the internet of things (IoT), and included them into the materials that will be the grounds for public tenders for the frequencies for public mobile services as well as M2M after the Radio frequency spectrum management strategy is adopted.

With regard to the convergence of mobile and broadcasting service there was no progress made in Slovenia. However, WRC-19 approved the item on the agenda for WRC-23, which will include a review of the 470-960 MHz bands from the perspective of convergence. In relation to new developments in fixed connections for supporting 5G the Agency presented the operators the option for awarding them in large blocks at the public tender. The questionnaire on this topic from 2019 showed that there is no interest.

1.1.3 SPECTRUM UTILIZATION

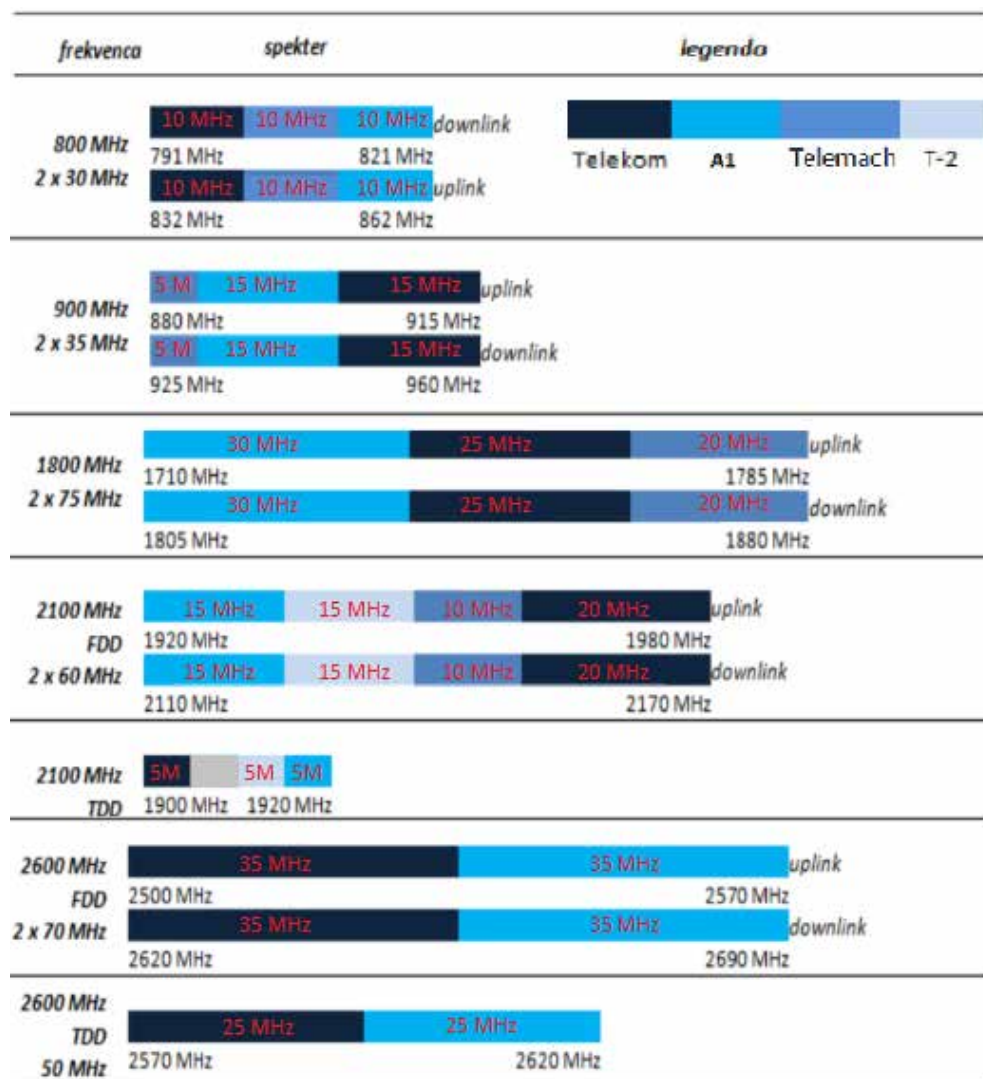
At the end of 2019 there were 359 decisions on awarding radio frequencies for audio broadcasting in the FM band, 271 decisions for DVB-T, 15 decisions for T-DAB, 6317 decisions for fixed or satellite connections, 704 ship and 432 airplane, 807 decisions for mobile connections, and 4183 amateur radio licenses in force.

FIGURE 4: SHARE OF VALID DECISIONS ON ASSIGNING RADIO FREQUENCIES AT THE END OF 2019



At the end of 2019 there were 355 decisions on awarding radio frequencies for audio broadcasting in the FM band and 4 decisions on assigning radio frequencies in the medium wave broadcast band in force. Of these, the RTV Slove-

FIGURE 5: FREQUENCY BANDS AT THE END OF 2019



nija public institute was the holder of 184 decisions on awarding radio frequencies in the FM band and 4 in the medium wave broadcast band.

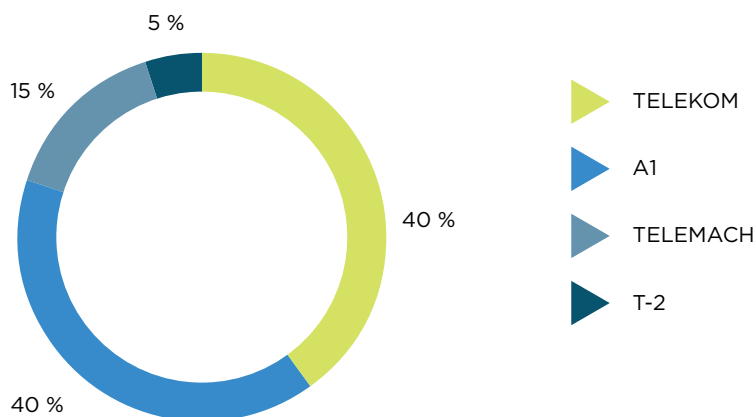
After the public tender for audio broadcasting the selected providers were issued with 8 new decisions for awarding radio frequencies (Bovec 2 104.5 MHz, Bovec 2 98.5 MHz, Bovec 2 99.5 MHz, Bovec 2 107.7 MHz, Podbrdo 106.5 MHz, Podbrdo 2 91.2 MHz, Podbrdo 2 92.8 MHz in Podbrdo 2 99.5 MHz). In digital terrestrial television broadcasting there were 164 valid decisions on assigning radio frequencies for individual transmission sites for multiplex A and 92 valid decisions on assigning radio frequencies for individual transmission sites for multiplex C, and the operator of both national DVB-T networks is the public institute RTV Slovenija. At the end of 2019 multiplex A hosted the channels of the RTV Slovenija public institute and the private channel on the Center coverage area. The population coverage of the multiplex A network is above 98%. At the end of 2019 the multiplex C held three channels: The population coverage of the multiplex C network is above 96%.

The following operators were active in the local multiplexes at the end of 2019: ATV Babnik & Co, d.n.o., Litija in the coverage area Litija; Domates, d.o.o., Portorož in the coverage area between Koper and Sečovelje; PRAK, d.o.o., in the coverage area Murska Sobota; VTV Studio, d.o.o., in the coverage area between Ravne na Koroškem and Celje; and TV Galeja Ilirska Bistrica institute in the coverage area between Ilirska Bistrica and Sežana.

Because the Radio frequency spectrum management strategy was not approved, and consequently the Agency could not award any frequencies for mobile technologies, the only change in the amount of the spectrum for public mobile services is that the operator A1, d.d., returned 15 MHz of the TDD spectrum in the 2100 MHz band.

At the end of 2009 the following operators held the frequencies from the spectrum for public communication services: Telekom Slovenije, d.d., and A1, d.d., held 240 MHz each, Telemach, d.o.o., held 90 MHz, and T-2, d.o.o., held 35 MHz.

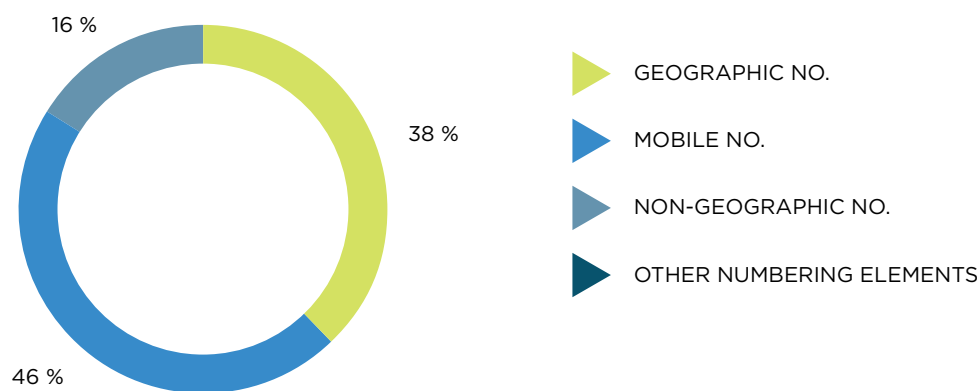
FIGURE 6: THE SPECTRUM OF MOBILE OPERATORS AT THE END OF 2019



1.4 NUMBERING SPACE UTILIZATION

As at 31 December 2019 the Agency's official registry included 24 operators and 9 other providers who were assigned various numbering elements. At the end of 2019 there were a total of 372 issued and valid decisions on assigning numbering elements, while the number of assigned numbering elements was 15,962,090.

FIGURE 7: THE NUMBER OF ASSIGNED NUMBERING ELEMENTS AT THE END OF 2019



Compared to the state of the assigned numbering elements at the end of 2018 there were changes in the scope of assigned elements for the following types of numbering: the scope of geographic numbers decreased by 0.12%, the scope of non-geographic numbers for VoIP services increased by 1.29%, the scope of numbers for toll-free services increased by 2.22%, the scope of number for premium services decreased by 3.31%, the scope of numbers for access to special networks decreased by 4.55%, the scope of national destination codes (NDC) increased by 10.42%, and the scope of mobile network codes increased by 16,67%.

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 2019. The number of numbers ported in 2019 increased by 5.89%, compared to the previous year. There were a total of 187,351 numbers ported in 2019, of which 118,840 were mobile, and 68,511 were fixed. Since the introduction of number porting in 2006 a total of 2,100,775 numbers have been ported. The total number of ported numbers as of 31 December 2019 is 1,234,790, of which 742,945 were mobile, and 491,845 were fixed. A large number of ported numbers (estimated at more than 39.2% of active mobile and more than 29.5% of active fixed numbers) points to the fact that the option of number porting makes end users' decisions to switch providers easier, thereby contributing to competitive conditions in the retail market.

2 ACTIVITIES FOR ACHIEVING THE OBJECTIVES

2.1 REGULATION

In 2019 the Agency corrected the Radio frequency spectrum management strategy in accordance with the new guidelines of the Ministry of Public Administration which it received in early April, and published it on its website. In connection with the corrected strategy it also prepared a public discussion at the Agency at the operators' proposals. After reviewing the received comments and publishing the responses to the comments to the strategy it once again sent the strategy into the approval procedure with the Government of the Republic of Slovenia in July 2019. After successful inter-departmental coordination in which the Agency updated the strategy in line with the comments of relevant ministries, the strategy was withdrawn from the agenda of the Government of the Republic of Slovenia.

The Agency prepared and published the changes to the general act on changes and amendments of the general act on the method of calculating the fees for radio frequency usage, where it harmonized the value of points of individual radio frequency bands for fixed and mobile services and the factor for DVB-T, introducing a deduction in the 700 MHz until the end of 2021, once the 700 MHz frequencies will be released, and the deduction for frequencies awarded at public tenders for the first 3 years, which comes into effect on 1 January 2021.

The Agency continued updating the General act on the plan for the use of radio frequencies, and included the harmonized bands and the new terms conditions for radio equipment. The Agency is participating in the working group of the Ministry of Public Administration for preparing ZEKom-2 with relation to the spectrum.

2.2 MOBILE SERVICES

2.2.1 PUBLIC TENDERS FOR RADIO FREQUENCIES FOR MOBILE COMMUNICATION SERVICES

In 2019 the Agency prepared the Radio frequency spectrum management strategy and waited for its approval, so that it could in line with the current strategic guidelines of the Ministry of Public Administration hold the public tender with a public auction in the first half of 2020 to award the frequencies for providing public mobile services in the 700 MHz band and other available frequencies in the 1500 MHz, 2100 MHz, 2300 M, 3400–3800 MHz, and 26 GHz bands. This is also planned on the interest that the operators expressed individually and as a group in 2019. The Agency did not hold the tender, and is still waiting for the new strategic guidelines from the Ministry of Public Administration at the

time of concluding this document. Poor relations with the Ministry of Public Administration also contributed to the fact that the Agency was unable to complete the planned tender for frequencies for mobile technologies, which undoubtedly had a negative impact on the market, as the operators had expressed an interest for frequencies. The developments of 2019 show that proper cooperation between the Agency and the Ministry of Public Administration is essential for performing key tasks and for the benefit of the stakeholders on the markets regulated by the Agency.

A part of the spectrum in the 2300 MHz band and a small part in the 3400 MHz band will be intended for local use for mobile operator and/or verticals. In the first half of the year the Agency cooperated with the Ministry of Public Administration in the preparation of the Strategy of radio communication in national security, which is currently prepared by the Ministry of Public Administration. The latest technical documents related to pilotless aircraft (drones), IoT, and ITS includes background papers that will function for preparation of the public tenders.

2.2.2 5G AND THE SWITCH FROM DTT TO LTE

After publishing the call for applications for projects for first trials and future use of 5G technology, the Agency has provided support to interested stakeholders or consortia in the scope of its authority. For testing 5G technologies the Agency made available all of the free spectrum for mobile technologies which is suitable for 5G, and updated the dates until which the tests are possible. The Agency awarded test frequencies in accordance with the legislation and the calls to limited geographical areas and for a limited duration.

Besides awarding test frequencies the Agency also provided support in submitting applications for PPDR-vertical related projects, namely: as a partner in the H2020-SU-SEC-2018-2018-2020 project FiRST (proposal no. 882702), and participating as a supporter in the Slovenian project for encouraging research and development projects (TRL3-6) in the priority area S4: Smart cities and communities, subgroup Safety.

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

2.2.3 MONITORING THE PROVISION OF PUBLIC COMMUNICATION SERVICES

In 2019 the Agency continued monitoring the performance of obligations from 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. All operators who obtained frequencies in the 800 MHz band through the public auction in 2014, have fulfilled their obligations in 2018. The coverage obligations for the 900 MHz band and in the bands above 1 GHz are still open, however, according to the Agency's data the holders have already fulfilled them. In 2019 the Agency verified population coverage after 4 years with 6 holders of decision on awarding frequencies

(DARF). Two holders have the deadline for fulfilling their obligations for 2020. The Agency also continued with the supervision of the obligations relating to the public tender for the 3500 MHz band, checking population coverage.

The Agency continued monitoring the data on network construction. Based on the information about base stations submitted by the holders of decision on assigning radio frequencies, the Agency made calculations regarding the fulfilment of coverage obligations, and verified these calculations with test measurements of the network and service quality, and launched supervisory procedures when needed.

2.2.4 THE DEVELOPMENT OF INFRASTRUCTURE FOR CRITICAL COMMUNICATION

In 2019 the Agency continued with the international coordination of the following frequency bands 29.5–87.5 MHz, 146–174 MHz, 410–430 MHz and 440–470 MHz with neighbouring countries and signed an agreement and exchanged the registries. In 2019 it participated with a proposal to HCM and submitted the proposals to neighbouring countries for the 146–174 MHz and 440–470 MHz frequency bands. It also prepared the background papers for the public tender for the M2M network in the 700 MHz band, and reviewed the option of allocating parts of the 2300 MHz band and the bottom 20 MHz of the 3400 MHz band for local use, with the frequencies going to verticals (smart energy, gas, water, banking, etc.) or for operators. Because of the lack of interest the procedure for awarding the EGSM-R was stopped.

2.2.5 MANAGEMENT OF THE SPECTRUM FOR PRIVATE MOBILE COMMUNICATIONS

As part of the project of optimizing the radio spectrum the Agency completed establishing the registry of frequencies for PMR bands and coordinated it with neighbouring countries. At the HCM agreement level it managed to include the technical conditions for the 410–430 MHz and 450–470 MHz agreements into the HCM website, and sent the proposed text for broadband systems to neighbouring countries. With the final exchange of frequency registries between the countries in March 2019 the Agency amended the concluded bilateral agreements between the administrations of Croatia and Slovenia on the coordination of the bands in the 29.7–470 MHz, and completed the project of coordinating and establishing the register of frequencies in the VHF and UHF bands (29.5–87.5 MHz, 146–174 MHz and the 410–430 MHz and 440–470 MHz bands), and international coordination of these bands.

2.3 BROADCASTING

The Agency ensures the optimum utilization of the spectrum for digital radio broadcasting following the provisions of Digital Broadcasting Act (ZDRad) and ZEKom-1. Another one of its core tasks is ensuring optimum utilization of the spectrum for FM audio radio broadcasting, whereby it follows the provisions of ZEKom-1 and partly also the Radiotelevizija Slovenija Act (ZRTVS-1), as well as international treaties and recommendations of the International Telecommunications Union (ITU). In order to achieve the objective of effective use of spectrum for radio broadcasting, the Agency prepared public tenders for awarding FM frequencies and the frequencies for two DAB+ networks. It actively participated in the inter-departmental working group on resolving the issue of audio and video reception of Slovenian channels on the border with Italy, and collaborated internationally with other stakeholders, such as the

European Commission and its Radio Spectrum Policy Group (RSPG), ITU and the applicable administrations of neighbouring countries. It monitored the state of the radio spectrum alongside the western border of the country, notifying interference to the Italian administration, and continued notifying ITU bodies about violations to international agreements and Italy's inactivity regarding the elimination of interference, and attended meetings of RSPG. It put a lot of resources towards resolving applications changes to DARFs for analog FM audio broadcasting.

2.3.1 PUBLIC TENDERS FOR FM FREQUENCIES

At the end of 2018 several frequencies that were the subject of a public tender for local radio stations were not awarded, also because of incorrectly submitted bids for the public tender. There was still interest among the publishers for these frequencies, and it also made sense to award them from the perspective of ensuring the right to information from the local environment, so the Agency notified the Broadcasting Council and the Ministry of Culture that it intends to hold another public tender for the remaining frequencies under the same conditions and requirements. This was also in line with the Broadcasting Council's decision in which it called on the Agency to repeat the tender for the remaining frequencies under the previously coordinated conditions and requirements as soon as possible. Both bodies agreed with the Agency's plan, and in October 2019 it held another public tender for the remaining frequencies. Six were available, divided into four subjects of the public tender (Osilnica 2 89.5 MHz, Stari trg 87.9 MHz and Fara 102.3 MHz were together one subject of the public tender, while Lendava 103.3 MHz, Solčava 93.8 MHz and Cerknica 2 101.0 MHz were each an individual subject of the public tender). Five publishers submitted bids for five different radio stations. Pu-

blic bid opening took place in November 2019, however, by the end of the year the review and assessment of the bids were still not completed, and so the conclusion of the public tender is planned for early 2020.

The public tender for awarding radio frequencies for analog audio broadcasting in north-eastern Slovenia with 10 frequencies made available in four tender groups, which was launched in November 2018, was concluded in June 2019. 26 bids were received, and eight frequencies (four tender groups Podbrdo and Bovec each) were awarded to select bidders with decisions issued in June 2019. The bids that were received in the Kobarid tender group did not meet all the conditions of the tender, and the Agency decided not to award the frequency from this group, and to stop the public tender procedure in this part. Because of technical reasons the Agency annulled the public tender in the part where it pertained to the Bohinj tender group. Also in the case of the public tender for the area of north-western Slovenia the Agency decided to, similarly as with the public tender for local radio stations, to repeat the public tender under the same conditions and measures (with a few essential adjustments and a change of the transmission point in the Bohinj tender group to a more suitable location and with a changed coverage area). The Broadcasting Council and the Ministry of Culture agreed with the Agency's plan, and therefore it published a decision on repeating the public tender in November 2019. As the deadline for the bids is in the start of February 2020, the public tender is expected to be completed in mid 2020.

With the conclusion of two public tenders for awarding frequencies for local radio stations, and for the area of the north-eastern Slovenia, the Agency fulfilled the final objective of preparing public tenders for the frequencies for analog audio

broadcasting.

2.3.2 DIGITAL TERRESTRIAL RADIO

At the end of 2019 one DAB+ network with national coverage was operational. The network is managed by RTV Slovenija, and was optimized in 2019 by assigning five new transmission locations, and currently a total 14 remote locations are operational. The network covers major urban areas and motorways. After the conclusion of the public tender, the two digital licenses were awarded to two radio stations in September 2019, Radio City and Radio Aktual, and then both stations were included in the first radio digital network R1, so that now the capacities of this network are full. Since there is a high level of interest for such expansion in our radio market, the Agency already began with the activities for establishing new networks even before the R1 network was full. In 2019 it successfully completed the public tender for awarding radio frequencies for two more DAB+ terrestrial broadcasting networks, namely for the R2 multiplex for the whole territory of the Republic of Slovenia, and for the R3 multiplex for the area of Ljubljana. Both networks will also be managed by RTV Slovenija, which was the only bidder at the public tender for the R2 multiplex, and was selected as the best provider for R3.

2.3.3 DIGITAL TERRESTRIAL TELEVISION

In 2019 the Agency did not perform major activities in this field. It extended 83 licenses for broadcast locations, namely 75 for Multiplex A and 8 for Multiplex C, and the local multiplex for VTV, d.o.o. It also performed an optimization related to the conditions alongside the border with Italy by changing three decisions on awarding radio frequencies. Due to the trend of declining demand for terrestrial television broadcasting the Multiplex C network still has available capacities even at the end of 2019.

2.3.4 RESOLVING ISSUES WITH ITALY

In 2019, the Agency actively strived to find a permanent solution to issues involving the reception of Slovenian channels alongside the border with Italy. Most of activities were focused on cooperation in the inter-departmental working group which is headed by the Information Society Directorate at the Ministry of Public Administration, and includes besides the Agency's representatives also the representatives of the Ministry of Culture, the Ministry of Justice, the Ministry of Foreign Affairs and the State Attorney's Office. The task of this working group is to coordinate the procedure and measures for resolving the radio frequency spectrum with the neighbouring Italy. The Agency also collaborated at a multilateral and bilateral level with other stakeholders, such as the European Commission and its Radio Spectrum Policy Group (RSPG), ITU and the applicable administrations of neighbouring countries, especially those from the Republic of Italy. It measured and monitored the state of the radio spectrum alongside the western border of the country, notifying interference to the Italian administration, and continued notifying ITU bodies about violations to international agreements and Italy's inactivity regarding the elimination of interference, and attended meetings of RSPG. In relation to specific reception interference of Slovenian radio and television stations alongside the border with Italy, the Agency continued to provide expert and expert assistance to Slovenian holders of DARFs.

2.4 OVERVIEW OF STANDARD OPERATIONS

In 2019 the Agency issued 17 new decisions for frequencies for satellite news gathering/occasional use i.e. SNG/OB. The decisions were issued relating to major events and sport matches. In 2019 the Agency processed 3292 decisions for fixed connections (microwave connections), and issued 1770 new decisions on assigning radio frequencies. License holders were mainly expanding their existing backbone networks or increasing the capacities of their already existing focused links. For the needs of amateur radio activities the Agency issued 78 CEPT amateur radio licenses. The Agency issued 102 decisions for radio licenses for aircraft in 2019, and 113 for ships.

In mobile radio systems the Agency handled 98 requests in 2019, of which it issued 155 decisions on awarding radio frequencies (for new mobile radio systems and for extending the validity of existing decisions and testing).

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

Because of the switch to the Radio equipment directive (RED) the method of notifications on new radio equipment is also changing. The procedure with the European Commission was not completed by the end of 2019. The Agency closely collaborates with the Ministry of Economic Development and Technology (MGRT) and the Market Inspectorate of the Republic of Slovenia (TIRS) on radio and telecommunication terminal equipment use. To make usage supervision easier and because of the potential banning of individual pieces of equipment that are not standardized according to EU requirements, we exchanged our latest information at meetings with the Ministry and the Inspectorate, as well as in reports of working groups in the scope of the EU Directive 98/37/EC. In the scope of its activities the Agency monitored the developments in the use of radio frequencies for mobile services in bands that were primarily intended for other radio communication services.

In audio broadcasting the Agency prepared the list of all radio frequencies in the Republic of Slovenia for analog audio broadcasting. This frequency list will be open from early 2019. The Agency also continued with the preparation of a transparent procedure for extending the Decisions on assigning radio frequencies (ODRF), which will facilitate equal treatment of all publishers of radio programming that meet legal requirements, making continued use of radio frequencies possible for them. At the same time it also issued decisions related to the changes in program radio networks.

In 2019 the Agency handled 373 cases related to radio broadcasting spectrum administration, of which 243 were started at the party's request, and 130 ex-officio. 8 requests were rejected, 3 was cancelled, and 6 were stopped.

2.5 INTERNATIONAL COORDINATION AND COOPERATION

Besides regular monitoring of the working groups in the scope of the European Union, NATO, CEPT ITU, and HCM, the Agency coordinated the use of radio frequencies that affect other countries in accordance with international agreements. In analog broadcasting the Agency received 48 cases, launched 33 and resolved 64. In digital broadcasting the Agency received 48 cases, launched one and resolved 47. It reviewed 24 entries in the register with the International Telecommunications Union (ITU). in connection with mobile ser-

vice it resolved 76 cases. There were 29 new cases for satellite and fixed connections.

The Agency actively participated at the conference on radio spectrum in Brussels on lowering costs for the construction of 5G networks, at the conference on future regulation for comprehensive connectivity in Budva it presented its activities for the introduction of 5G in Slovenia, and it also participated at the general meeting of WorldDAB in Brussels, where it presented the state of DAB in Slovenia.

The most important international event of 2019 was the World Radio Conference WRC-19, which took place between 28 October and 22 November 2019 in Sharm-el-Sheikh in Egypt. The focus of the conference, which was attended by representatives of 165 ITU member states, was resolving technical issues related to radio frequency spectrum management. The Agency took part in the national delegation, performing operative tasks, thereby contributing that the Republic of Slovenia achieved all of its objectives at the World Radio Conference WRC-19:

- ▶ protecting Slovenian satellites (NEMO-HD, limitations come into effect on 22 November 2029);
- ▶ access to broadband mobile services for all citizens in the shortest time and at the lowest costs possible (new bands resulting from agenda item A11.13, and the study of new bands at the World Radio Conference WRC-23 in accordance with the agenda item AI 10);
- ▶ safety of citizens (in accordance with the agenda item AI 10 the World Radio Conference WRC-23 will study the use of pilotless aircraft in accordance with the resolution 155 and the new resolution on using IMT bands for aircraft mobile services for using IMT terminals in planes);
- ▶ encouraging the development of new technologies and maintaining a clear regulatory environment by

allocating new bands for individual services and with changes to the required resolutions and recommendations of the ITU-R;

- ▶ it also pointed out the resolution of interference of Italian FM radio stations.

2.6 NUMBERING SPACE

Based on ZEKom-1 the Agency has the authority for managing the limited numbering resources in electronic communications. Following the objective of efficient use of numbering space the Agency awards the right to their use in such a way that ensures the fair and equal treatment of natural and legal persons who are entitled to the allocation of numbering elements. The Agency assigns individual types of numbering elements to the operators and other parties, supervises their economical use, and administers the appropriate official record. It introduces changes and amendments to the numbering plan and other executive acts when this is demanded by the requirements of stakeholders related to the introduction of new services, changes to networks or because of coordination with international regulations.

The Agency's core tasks that were carried out in 2019 include: administering general acts related to numbering, reviewing the applications for assigning/returning numbering elements, keeping track with new developments and international cooperation.

In autumn of 2019 the Agency launched the activities for changing the General act on the numbering plan (Official Gazette 41/2018) in the part that pertains to the annulment of the decisions on awarding numbering elements ex officio, as the Agency is obligated to annul the decisions on awarding numbering elements to decision holders who are not using the numbering elements or are not paying the fees for using them. In order to allow users to retain their subscription numbers, the Agency recommended a change to the general act that would make it possible to award the revoked numbering elements (number blocks) to the operator with the most ported numbers from the revoked numbering blocks. At the same time the purpose of the proposed change was protecting end users so they do not remain without services. After the completion of the public consultation the Agency decided to remove the proposed general act and to prepare a recommendation for the operators. It has already begun preparing the recommendation.

Last year 11 decisions on assigning the numbering elements were issued, and 7 on the annulment, expiration, or partial expiration of decisions. 56 decisions for the payment of using numbering elements were issued ex officio, 1 new operator was entered into the registry, and 1 approval for transferring the right to use numbering elements to another operator was issued. At the end of 2019 there were a total of 372 issued and valid decisions on assigning numbering elements.

The Agency continued in 2019 to collaborate in the appropriate bodies of international organizations (CEPT/EEC, COCOM, etc.) in the preparation of recommendations for coordinating the use of some special numbering areas (calls to the emergency number 112, calls to the number for accessing socially important services 116, etc.) or those that are important for future development and regulation of numbering, e.g. in connection to extra territorial use of numbers, M2M, OTT, eCall.



VII REGULATION

1 ELECTRONIC COMMUNICATIONS

1.1.1.1 BACKGROUND, OBJECTIVES, MARKETS

1.1.1 LEGAL FRAMEWORK

The basic legal framework in electronic communications regulation is the Electronic Communications Act (Official Gazette of the Republic of Slovenia no. 09/12, 110/13, 40/14 - ZIN-B, 54/14 - Constitutional Court decision and 81/15 and 40/17), which in the Republic of Slovenia defines the terms and conditions for providing electronic communications network and the provision of electronic communications services at the primary level, as well as the conditions for ensuring competition, together with the provisions regarding the Agency's authority, organization and operations.

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

- ▶ General act on detailed invoice (Official Gazette of the Republic of Slovenia, no. 99/13)
- ▶ General act on the security of network and services (Official Gazette of the Republic of Slovenia, no. 75/13 and 64/15)
- ▶ General act on data storage protection (Official Gazette of the Republic of Slovenia, no. 75/13)
- ▶ General act on taking into account the measures regarding the provision of price options for setting the plans for consumers with low income or special needs in the scope of ensuring the universal service (Official Gazette of the Republic of Slovenia, no. 62/13)
- ▶ General act on elements of a reference offer for unbundled access to the local loop (Official Gazette of the Republic of Slovenia, no. 6/19)
- ▶ 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 and 58/19)

- ▶ General act on the format and method of publishing a notification on changes to the terms and conditions from the subscriber agreement (Official Gazette of the Republic of Slovenia, no. 62/13 and 43/17)
- ▶ General act on the quality of the universal service (Official Gazette of the Republic of Slovenia, no. 27/2018)
- ▶ General act on number porting (Official Gazette of the Republic of Slovenia, no. 62/13 and 23/18)
- ▶ General act on transfer speed suitable for functioning internet access (Official Gazette of the Republic of Slovenia, no. 27/2018)
- ▶ General act on the content and format of the notice on providing public communication networks or providing public communication services (Official Gazette of the Republic of Slovenia no. 62/13)
- ▶ General act on the method of

calculating the net costs of the universal service (Official Gazette of the Republic of Slovenia, no. 27/2018)

- ▶ The General act on transparency relating to planned construction work and on shared construction of public service infrastructure (Official Gazette of the Republic of Slovenia, no. 9/18)
- ▶ General act on access to existing physical infrastructure (Official Gazette of the Republic of Slovenia, no. 12/18)
- ▶ General act on minimum requirements in planning and construction of access and distribution points (Official Gazette of the Republic of Slovenia, no. 39/18)
- ▶ General act on the numbering plan (Official Gazette of the Republic of Slovenia, no. 62/13, 107/13 and 41/18)
- ▶ General act on the method of calculation of the payment for using numbering elements (Official Gazette of the Republic of Slovenia, no. 31/13, 21/16 and 15/17 and 72/18)
- ▶ 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 72/18)
- ▶ 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 and 72/18)

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

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

roaming in public mobile communications networks in the EU (OJ L no. 310 of 26 November 2015)

- ▶ The European Commission Implementing regulation (EU) 2016/2286 of 15 December 2016 on defining the required rules for using the fair use policy and the methodology for assessing the permanence of eliminating retail surcharges for roaming, and regarding the application submitted by the roaming provider for the purpose of the above assessment.
- ▶ Regulation (EU) 2017/920 of the European Parliament and Council of 17 May 2017 on the changes to the Regulation (EU) no. 531/2012 regarding the rules for wholesale roaming markets;
- ▶ Regulation (EU) 2018/1971 of the European Parliament and Council of 11 December 2018 on the establishment of the Body of European Regulators of Electronic Communications (BEREC) and the Agency to support BEREC (BEREC Office), changes to the Regulation (EU) 2015/2120 and the annulment of the Regulation (EC) no. 1211/2009 (hereinafter: the BEREC Regulation).

The European Electronic Communications Code brought a new regulatory framework in electronic communications, and forming the foundation for effective implementations of the objectives of the single digital market and the 5G action plan. It includes extensive renovation of key regulatory provisions, codifying four directives that are currently in effect (the Framework directive, the Approval directive, the Access directive and the Universal service directive). The implementation of EECC into the national legislation is expected by December 2020 at the latest, with the adoption of the new Electronic Communications Act, i.e. ZEKom-2. The Agency also participated in the preparation of draft ZEKom-2 in the scope of its authority. In 2019, after the procedure of public consultation was completed, 3 general acts were adopted or amended, namely the General act on the elements of the reference offer for wholesale local access at a fixed location, the General act on collecting, using and providing the data on the development of the electronic communications market, and the General act on internet access services. The draft General act on the numbering plan was also submitted into public consultation, however, after the comments received the Agency opted to revoke the proposal, and prepare a recommendation for operators related to this issue.

At the invitation of the Ministry of Public Administration the Agency provided extensive support and expert guidance in the preparation of the draft ZEKom-2, the preparation of the documents of the Republic of Slovenia on cyber and information security, it participated in the inter-departmental working group for resolving cross-border issues in radio broadcasting, in the preparation of the draft Strategy of Radio Communications in national security, and the preparation of the instructions for registering public utility infrastructure in the consolidated cadastre.

In cooperation with the Ministry of Public Administration and other key state bodies the Agency prepared an in-depth questionnaire for operators of mobile public communication networks, which gathered some of the required information for the preparation of the National risk assessment in existing mobile networks and upcoming 5G networks. Based on the collected data and the performed analysis the Agency worked together with other key state bodies in the preparation of the National risk assessment which was submitted to the European Commission, and the proposal of common and individual measures for reducing risk at the national level.

Throughout the year the Agency actively cooperated with stakeholders and the public. It organized consultations and lectures in order to engage the stakeholders to arrive to the best possible regulatory solutions. The Agency's employees also attended professional consultations and events hosted by others, and cooperated with national institutions and other stakeholders.

1.1.2 ANNUAL OBJECTIVES

The Agency has for the most part achieved the goals it set for itself in 2019. For 2019 the Agency set out to complete the procedures of regulating relevant markets by issuing decisions to the operators with significant market power on relevant market 1 "Wholesale call termination in individual public telephone networks provided at a fixed location", on relevant market 2 "Wholesale call termination in individual mobile telephone networks", and on relevant market 4 "Wholesale high-quality access at a fixed location". After the completion of the public consultation and the notification with the European Commission, the Agency issued regulatory decisions on relevant markets 1 and 4. The Analysis of the relevant market 2 was submitted into public consultation. In the start of 2020 the notification procedure with the European Commission was completed, and the Agency plans to issue new regulatory decisions to all the operators with significant market power on this market.

For 2019 the Agency set out to conduct analyses of retail and wholesale prices of broadband connection in the Republic of Slovenia both from the perspective of competition and with regard to movements of prices on the markets in individual geographic segments, which were completed successfully. The Agency also set out to perform 2 surveys on end users and electronic communications: "Analysis of current demand for higher speeds of internet access and e-content", and "Survey and analysis of household expenditures for electronic communications services", and has completed them both.

In the scope of encouraging competition and market development the Agency set out to perform numerous activities in 2019. It provided support in the implementation of the EU Regulation on mobile roaming, and processed the application through which it approved Hot mobil, d.o.o., to charge a surcharge for ensuring the sustainability of its local billing model. It also monitored the performance of obligations of operators with significant market power, especially the obligation of economic repeatability, and imposed the corrective measures for established irregularities. By the end of the year the Agency completed the independent review of the model of separate accounting records and cooperated with the relevant ministry in the preparation of materials for transposing the European Code into national legislation. In this area the Agency also proposed the calculation of the weighted average capital cost (WACC), however, because of a late notification from the European Commission – it was only published in November 2019 – it postponed it to the next year. For 2019 the Agency planned to create the cost model for the relevant market 4, however, it had to repeat the public tender, because no bids were received. At the end of 2019 the Agency selected the provider and concluded the public tender, which means that the cost model will have to be made in 2020.

In the area of protecting end users the Agency set to for 2019 to conduct an analysis of the state of the market for services from the range of the universal service, and to appoint universal service providers for the 5-year period. Based on the analysis of the state of the market and in relation to appointing

the provider of the universal service of electronic communications, it established that the service of connecting to the public communication network and access to the publicly accessible telephone services at a fixed location, and for the service of providing access to the universal telephone directory and the service for providing information on subscribers still belong into the range of the universal service, while this no longer applies to the service of providing public telephone booths. The Agency conducted a public call, and appointed TSmedia, d.o.o., for the provider of the service of providing access to the universal telephone directory and the service for providing information. For the service of connecting to a public communication network and access to publicly accessible telephone services at a fixed location, the Agency launched the procedure ex officio and in accordance with the criteria from paragraph four of Article 118 of ZEKom-1, and appointed Telekom Slovenije, d.d., for the service provider. The universal service still includes the transfer speed for a functional internet access of 4 Mbps downlink and 512 uplink.

In the scope of ensuring an optimum utilization of limited resources one of the Agency's still significant tasks for 2019 was once again efficiently managing the numbering space in the Republic of Slovenia and administering the official record of operators. The activities include entries and deletions from the official record of operators, processing the applications for assigning/returning numbering elements, monitoring new developments and international cooperation. In this area the Agency prepared a proposal of the new general act on changes and amendments to the general act on the number plan, however, after public consultation it decided to withdraw the proposal and prepare a recommendation to operators.

With the aim of optimizing infrastructure investments the Agency set out the goal for 2019 to develop a public viewer of electronic communications infrastructure and network coverage, and to launch it. In the spring the Agency launched the Geoportal public viewer with the aim of lowering construction costs for very high capacity networks (VHCN), encourage shared use and shared construction. The goal of such open data policy is related to a higher level of transparency of operations and a proactive publication and exchange of spatial information. This data is now also useful for other stakeholders.

By pursuing the objective of increased efficiency and the reduction of regulatory burden the Agency planned for 2019 to revamp and automate data capture from parties with a reporting obligation, however, in the middle of the year the Agency terminated the agreement with the external contractor. The Agency prepared updated technical specifications and user requests and will continue with the user selection in the following year. In 2019 the Agency continued with the practice of preparing and publishing quarterly reports on electronic communications market, and has launched a new portal for viewing data eAnalitik (eAnalyst), in line with the set goals. This portal is aimed at stakeholders on the market, the professional public, researchers, journalists, as well as the broader public. It provides data visualizations through longer period (past 10 years), and the user can select the time period and the indicators that interest them.

At the international stage the Agency was active in working groups and plenary sessions as a member of the Body of European Regulators of Electronic Communications (BEREC), in line with plans for 2019. The director of the Agency successfully performed her function of vice-president of BEREC and the Independ-

ent Regulators Group (IRG), where she oversaw the work of three expert working groups that are especially important for the Agency. The Agency also headed BEREC's working group on issues of cyber security in 5G networks. The Agency remains an active member of IRG, the international organization CPPT/EEC, and collaborates successfully with the European Union Agency for Cybersecurity (ENISA). In the scope of international collaboration the Agency also ensured that international regulatory best practices are brought over to Slovenia, and has met with regulators from 3 countries.

With constant monitoring of the activities on the market the Agency can change its priorities and goals if that is required for ensuring the appropriate market conditions. It may occur that besides the planned tasks or instead of them the Agency conducts other tasks that were not planned for that particular year. In 2019 the Agency published 2 amended general acts in the Official Gazette, namely the General act on the elements of the reference offer for wholesale local access at a fixed location, and the General act on changes and amendments to the General act on collecting, using and sharing data on the development of the electronic communications market.

1.1.3 STATE OF THE MARKET

On the last day of 2019 there were 151 operators entered into the official record of operators; they provide public communication network or public communication services, and ensure end user with broadband internet access, mobile and fixed telephone services, access infrastructure leasing and other services. In 2019 five operators submitted applications for entry into the official record of operators, while four operators stopped providing public communication networks or public communication services, and were removed from the official record of operators.

TABLE 7: THE NUMBER OF OPERATORS/SERVICE PROVIDERS ENTERED INTO THE OFFICIAL REGISTRY BY SERVICE IN 2019

Service	No.
Internet access	
Narrowband access	13
Broadband access	78
Cable access	34
Cable operators	60
Voice services in the public mobile network	
Operators	4
Service providers (VMNOs)	10
Fixed public voice telephone services	
International public voice telephone service operators	36
Local public voice telephone service operators	35
Leased lines operators	44
Value added services providers	27

¹The data relates to the services that the operators listed in their application for the official record of operators.

FIXED TELEPHONE SERVICES MARKET

Fixed telephone service is still an important and highly developed part of the electronic communications market. Operators offer fixed telephone services especially as IP-telephone service, and also as traditional TDM telephone service. TDM telephone service is increasingly replaced by IP-telephone services, which operators offer in low-priced bundles (so-called triple and quad play plans) along with other electronic communications services. Access to PSTN and ISDN is now less than one fifth of all the connections, as traditional TDM telephone service is not price-competitive to IP telephone services, and also operators do not offer it bundled with other services. In 2019 the Agency once again noted a growth in IP telephone service connections of more than two percentage points to 85.1% at the expense of traditional TDM telephone service. Operators are gradually discontinuing TDM technology.

In 2019 the total number of fixed lines decreased, as well as the total volume of fixed voice traffic. This has been a trend for a while now, especially because of mobile telephone services. None of the operators providing fixed telephone services has a noticeably dominant market share by the number of fixed connections or total volume of voice traffic, with competition coming from number portability and broadband internet users switching between operators, where they mostly opt for triple and quad-play plans, which generally also include a fixed telephone connection. Fixed voice communications are therefore still an important part of the electronic communications market, as 83.9% of households has fixed telephone lines.

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

MOBILE TELEPHONE SERVICES MARKET

In 2019 there were no major changes on the mobile telephone services market. The market is dominated by four vertically integrated operators: A1 Slovenija, d.d., T-2, d.o.o., Telekom Slovenije, d.d., and Telemach, d.o.o., all offering converged service plans, competing on the retail fixed and mobile markets at the same time. The market share of Telekom Slovenije, d.d., is slowly but persistently decreasing. On the other hand the fastest growing companies are Telemach, d.o.o., and Hot mobil, d.o.o., which is a service provider utilizing the network of A1 Slovenija, d.d.

Infrastructure mobile operators continued with investments in their mobile networks in 2019. This is shown in the exceptionally high population coverage with LTE networks and a significant increase in access speeds and the amounts of data transferred in mobile networks. Competitive plans from operators provide users with unlimited amounts of voice calls, text and multimedia messaging, and increasingly larger data allowances, which now measure several tens of GB. Users can now enjoy services to a much greater extent and with far fewer worries, which has contributed to increased number of mobile broadband access users, and consequently a higher volume of data traffic in 2019. The penetration of active mobile communications users in the population continued to increase in 2019, reaching 120.0% by the end of the year.

For end users another very important development was the elimination of roaming costs in the EU from 15 June 2017, which allows them to use mobile telephone services without worries even while roaming, which in turn manifests in higher use of services, and especially in a higher volume of transferred data. Because of continued decrease of the highest regulated wholesale price for data roaming, which as at 1 January 2019 amounted to €4.50/GB, users with open plans will have higher data allowances when roaming in the EU². These measures have allowed carefree use of services even while roaming, which is also reflected in increased use of services, and especially in larger amounts of transferred data.

In the scope of its obligations the Agency regularly monitors the state of the electronic communications market, including by gathering and processing the data on coverage with mobile networks. The Agency periodically submits this data to the European Commission, which collects them from all member states in the scope of its tasks to foster the single common digital market. The European Commission also included coverage rates for inhabited areas with mobile LTE networks in the 2019 Digital Economy and Society Index (DESI). This indicator shows that the coverage has increased in Slovenia to 99.5%, which puts it among leading European countries.

BROADBAND INTERNET ACCESS

Broadband services are available in Slovenia over the copper network, the coaxial cable network, fiber optics network, fixed wireless network and mobile network. Wireless technologies, especially mobile ones, are gaining traction, as the emerging technologies continue to improve data transfer speeds. Internet access is available nearly everywhere. End users are always looking for the fastest and most reliable connections, which contributes to an

²The 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.

increasingly diverse selection of internet access options, depending on the reason the user is accessing the internet. These plans include increasingly higher speeds and richer additional services, and every user can tailor them to their own desires. The plans mainly differ by range, speed and transfer method. The development is also reflected in the penetration of fixed broadband internet, which grows every quarter. At the end of 2019 fixed broadband internet access penetration by household was at 83.2%, and by population at 32.8%. According to the Digital Agenda for Europe report prepared by the European Commission, Slovenia was at the end of the second quarter 2019 with its 32,5% fixed broadband internet access by population somewhat below the EU average of 35.6%.

In 2019 the accelerated market share growth of broadband internet access connections on fiber optics networks continued, and at the end of the last quarter of 2019 it stood at 40.0%. Compared to the previous year this is a growth of just under 4 percentage points. The share of connections based on ADSL technology has decreased by 2.3 percentage points in the past year, and amounts to 13.0%, while the share of connections based on VDSL technology decreased by 0.4 percentage points to 17.0% of total broadband connections at the end of 2019. The highest growth of connections during the last year went to connections based on DOCSIS 3.0 technology, which had a 6.3 percentage points higher market share than the year before, with a total of 25.9%. This is mainly the result of switch from DOCSIS 2.0 technology, where the market share during the same period decreased by 7.2 percentage points to 1.9%. The market shares of broadband internet access connections over other technologies such as Ethernet, fixed wireless access, or access over leased lines declined by 0.1 percentage point to

2.2% compared to the end of 2018.

Operators are following the technological development, and end users have benefited from this with higher internet connections, which is also evident in the growth of connections with high-speed broadband access. In 2019 once again the highest growth went to broadband connection with speeds of at least 30 Mbps, whose market share increased by the end of 2019 by 11.5 percentage points compared to 2018, amounting to 58.6%. Market shares of broadband connections with lower speeds have decreased compared to the year before. The number of connections with speeds between 10 Mbps and 30 Mbps decreased during last year by 7.4 percentage points, and amounted to 33.1% by the end of 2019. The share of broadband connection with speeds from 2 Mbps to 10 Mbps also decreased, and now stands at just 7.7%. There are also increasingly fewer broadband connections with basic internet speeds (below 2 Mbps), as their market share at the end of 2019 stood at just 0.7%.

Regardless of the fact that by population density Slovenia is an expressly rural country, and is compared to other EU member states the country with the lowest population density, its share of household coverage with next generation electronic communications technologies is above the EU average, and stood at 85.9% at the end of 2018, while the EU 28 average is 83.1%. Slovenia is achieving even better results in the coverage of next generation electronic communications in rural areas, where household coverage is 59.7%, which is 7.4 percentage points above the average of the whole EU.

In the case of Slovenia the DESI index for 2019 shows that Slovenia is positioned in 16th place among 28 EU countries, which puts it in the group of moderately successful countries. Coverage with fixed broadband networks in Slovenia is stable, with the most progress coming in coverage with high-speed broadband connections, as it increased to 83% of households, which is above the EU average (83%). Even in the coverage of ultra-high-speed connections (100 Mbps and above) Slovenia greatly surpasses the EU average. However, Slovenia scores poorer in the use of high-speed and ultra-high-speed broadband connections, as well as in the use of mobile broadband connections. The index of broadband connection prices ranks Slovenia significantly below the EU average, which means that internet access prices in Slovenia are high. In Slovenia we have the know-how needed for digital transformation, however, advancement in human capital in basic digital skills and knowledge has been stagnating. In general the internet use in Slovenia has grown, but is still in the lower half of the EU average. The index of digital public service ranks Slovenia above the EU average, however, it also points out that compared to other sectors the use of e-government services is significantly behind. Throughout the year the Agency has done everything in its power to improve Slovenian ranking across all the areas under its authority. It shall continue to monitor the activities in this area, and if needed also take action in the scope of its authority. Through decisions in relevant markets for broadband access the Agency regulates the wholesale (carrier) market by encouraging equal competitive conditions on the market, encouraging development of interactive, high-quality and accessible services, while also encouraging investment in the construction of high transfer speed broadband networks. At the same time it utilizes regulation to allow end users obtain more accessible services with higher speeds, giving them choice and the option to switch between operators. The Agency uses its portals to regularly inform end users on the importance of using information technology and encourages them to use e-services, and has through the MIPI portal helped

encourage higher digital (or information) literacy of end users. The Agency is striving to establish a suitable environment for lower costs of construction of high-capacity broadband networks, with activities including monitoring infrastructure investments focused on multi-level monitoring and coordination of investment projects from the perspective of shared construction and shared use of infrastructure, including the launch of a portal for publishing planned constructions and the Geoportals.

ACCESS TO TELEVISION SERVICES

The development of television services is the result of the changing culture of watching television, and the increasing possibilities of different way to access news and other information (web, social networks, blogs, etc.). Users often decide when, how, where and in what way they will obtain news or information. Digital TV providers have responded to this trend by providing interactivity, such as video on demand, recording, time-shift services for watching the content later, connecting computers with TV screens, etc. The goal of digital television service providers is to provide end users with high-quality and reliable services, and especially with advanced extra services. They have been tailoring their offers to the users, who can now watch the content when they want to, at any place or time. Services are increasingly tailored to the user, which also applies to TV content, which plays an important role in the differentiation of the operators' offer on the market. At the same time access to TV content is a significant cost for operators.

The highest market share at the end of Q4 of 2019 went to IP TV connections, with 55.7%. The market share of cable TV declined during this period. It now stands at 38.0%. Market share of satellite TV declined by 0.1 percentage point compared to the fourth quarter of 2018 to 5.2%, while the share of MMDS technology also declined by 0.1 percentage point to 1.1%.

CONVERGED SERVICES

The convergence of electronic communications is present at the level of the network, electronic communication services and equipment. Convergence of services allows operators to offer end users so-called bundles of services. Converged (combined) or multi-play offers include at least two types of services: fixed telephone service, mobile telephone service, data transfer, and TV. Convergence of services allows operators to provide their own end users several types of services over single infrastructure at a single price (the price of the bundle). The price of a bundle is generally lower than the total of prices of individual converged services if sold by the operator separately. The subscriber concludes a single agreement for all the converged services (telephone service, broadband internet access, TV, mobile telephone service) combined in the bundle with one operator, and receives a single invoice for all of them. In general, convergence allows the growth of competitiveness in telecommunications markets and consequently brings end users numerous benefits related to choice and prices.

In 2019 the growth of quad-play plans continued, however it is levelling off. At the end of 2019 the market share of quad-play plans stood at 40.4%. The decline of triple-play plans stopped in 2019, and was at 35.4% by the end of the year. Dual-play and independent broadband access plans retained about the same shares as the year before. The market share of dual-play plans stood at 9.8% at the end of the year, while the share of independent broadband access which includes IP telephone services, broadband internet access and IPTV services is at 8.9%.

The broadband internet access market also includes offers with connected service (bundled offer without permanent benefit) that does not include service plans, and is not classified among bundled services or independent broadband access. The market share of such connections at the end of Q4 2019 stood at 5.5%.

CARRIER BROADBAND ACCESS

The carrier market for broadband access continued to exhibit growth again in 2019. Carrier access allows operators to provide broadband services to end users over the network of another operator in areas where they do not have their own networks. Later market entrants are largely still dependant on regulated access on the copper and fiber optics networks of the operator with significant market power, complemented also with access on open broadband networks that were built with public-private funding in areas with no commercial interest for construction.

In 2019 the number of bitstream connection on the copper network overtook the number of unbundled access connections for the first time. The reasons are as follows: (1) growing number of bitstream connections on the copper network in areas with sparser population density, where the fiber optics infrastructure is not available, and where operators do not have any shared locations, and (2) declining number of unbundled access connection on the copper network in areas with parallel fiber optics infrastructure. Access on the copper network has been growing slower in the past year, as access over the fiber optics network has much faster growth rate. On the fiber optics network unbundled access, also including virtual unbundling, is still dominant, however, in the past year bitstream access has recorded higher growth. The growth in the wholesale broadband access market is especially the

result of the increasing demand for access to the fiber optics network of the operator with significant market power, as well as to the access of open broadband networks, with unbundled access to the local fiber remaining the predominant choice. On the par to f the fiber optics network of the operator with significant market power, which is constructed using the P2MP (point-to-multi-point) method, provides operators with the option of virtual unbundled local access (VULA), following imposed regulatory obligations on the relevant market 3a (wholesale local access at a fixed location) since the end of 2017.

1.2 ACTIVITIES AIMED AT ACHIEVING GOALS

1.2.1 ANALYSIS OF THE STATE OF THE MARKET AND APPOINTING THE PROVIDER OF THE UNIVERSAL SERVICE

In 2019 the Agency launched the procedure for appointing providers of individual services from the universal service range, as the valid decisions for all three services from the universal service range expired on 2 December 2019.

In accordance with ZEKom-1 the Agency performed the analyses of the state of the market for three services from the range of the universal service, namely for the service of connecting to the public communication network and access to the publicly accessible telephone services at a fixed location (hereinafter: access), for the service of providing access to the universal telephone directory and the service for providing information on subscribers (hereinafter: directory), and for the service of providing public telephone booths (hereinafter: phone booths). All three analyses were submitted into public consultation in accordance with ZEKom-1. The Agency recommended and assessed the strengths and weaknesses of diffe-

rent scenarios for each of the services, and received responses to its analysis from the three stakeholders on the market. During the public discussion the Agency also presented the three analyses to the Electronic Communications Council. The public discussion fully confirmed the Agency's findings in all three analyses. For access the scenario of continuing the current scope of services was selected, including broadband internet access into the universal service with a transfer speed, suitable for functional internet access set at 4 Mbps downlink and 512 Kbps uplink. In the analysis of the directory the selected scenario allows for economic optimization of providing access to the directory service. Market analysis of the use of telephone booths showed that this service no longer needs to be treated as part of the universal service.

In accordance with ZEKom-1 the Agency published separate public tender for providing the service of access and directory. The tender for providing access was completed without any received bids, while one provider submitted a bid for the tender for providing directory services. The Agency continued the procedure for providing access ex officio and in accordance with the criteria from paragraph four of Article 118 of ZEKom-1, and appointed Telekom Slovenije, d.d., as the access provider. For the provider of directory services the Agency appointed TSmedia, d.o.o., as its bid was appropriate. Both decisions were awarded for a five-year period, until 2 December 2024.

Last year the Agency received Annual Reports from providers of services from the range of universal service for the previous year, and monitored the provision of universal services in accordance with the general acts. No request for reimbursement of net costs of providing the universal service was submitted to the Agency in 2019.

1.2.2 REGULATION OF RELEVANT MARKETS

To encourage competition and market development in 2019 the Agency completed the public consultation of the analysis of the relevant market 1 "Wholesale call termination in individual public telephone networks provided at a fixed location", after obtaining a positive opinion from the Slovenian Competition Protection Agency, and issued decisions to 10 operators with significant market power. It also conducted two public consultations of the analysis of the relevant market 2 "Wholesale call termination in individual mobile networks" and started with the notification procedure with the European Commission. After successfully completing the public consultation and the notification with the European Commission, the Access also issued a decision to Telekom Slovenije, d.d., on the relevant market 4 "Wholesale high-quality access at a fixed location". It also monitored the impact of the regulatory decisions issued in the previous year on relevant markets 3a "Wholesale local access provided at a fixed location" and 3b "Wholesale central access provided at a fixed location for mass-market" on the development of the market. It also verified the performance of legal obligations and all obligations imposed with a regulatory decision, with an emphasis on access to the network and economic repeatability, which is part of the obligation of price control and cost accounting, and is imposed on the operator with significant market power on relevant markets 3a and 3b.

MARKET 4

In 2019 the Agency completed the procedure of notification of the analysis of relevant market 4 "Wholesale high-quality access at a fixed location", and issued a regulatory decision on this markets to Telekom Slovenije, d.d., as

the operator with significant market power. It imposed on Telekom Slovenije, d.d., the obligation through which it lowered the barrier to entry to the retail high-quality market. This ensured that those seeking access for providing high-quality services to demanding business users and for connecting base stations with the backhaul network have access to the final segment of the network of Telekom Slovenije, d.d., with leased lines with traditional and modern technology with high-quality bitstream access on broadband connections for the mass market. Telekom Slovenije, d.d., must form cost-based prices based on the method of Long-run average incremental costs (LRIC+) using capital cost allowance (CCA) and taking into account the prohibition of margin squeeze.

The imposed obligation will allow for the development of efficient competition on the high-quality retail market and a greater choice for business users, which will impact the competition of prices of high-quality services, their quality and ensure a more innovative offering. The regulation this market, together with the regulation of relevant markets 3a "Wholesale local access at a fixed location" and 3b "Wholesale central access at a fixed location for mass-market products" represent a comprehensive regulation of access to the broadband network on the carrier market.

MARKET 1 AND MARKET 2

In 2019 after the completed public consultation on relevant market 1 "Wholesale call termination in individual public telephone networks provided at a fixed location" the Agency issued decisions to all the operators who terminate calls in their own networks at a fixed location. The Agency retained the majority of obligations that were imposed on operators with previous decisions, which also include the obligation of IP network interconnection. It also imposed on operators with fixed and mobile networks the obligation of terminating calls in their own fixed networks through network interconnection established with their own mobile networks, however, they are not entitled to charging additional costs. In the calculation of the wholesale price for call termination in fixed networks, which is 0.0717 euro cents per minute, the Agency used the existing pure LRIC cost model from the previous analysis, updated with the new data. The Agency did not opt to make a new cost model, as this would result in additional costs for operators, and it would also not be sensible, as the European Commission and the company Axon are already making a model for calculating the price of call termination in fixed network, which will be uniform and apply for the whole EU.

After obtaining a positive opinion from the Slovenian Competition Protection Agency, the Agency conducted two public consultations on the analysis of relevant market 2 "Wholesale call termination in individual mobile networks". The Agency decided that based on the comments from stakeholders it received in the first public consultation it will not be imposing the obligation of IP network interconnection to mobile operators. At the public consultation the Agency established that imposing the measure of IP network interconnection too soon would be an disproportionate burden for mobile operators. The Agency then conducted a second consultation because after withdrawing the obligation of IP network interconnection it complemented the analysis and conducted certain complementary analyses that altered the data on the value of the cost of capital, which consequently affects the changes to the price of the wholesale call termination in the mobile network.

After completing the second public consultation the Agency started the procedure of notification of the analysis with the European Commission. In the new decisions which should be issued to all operator in early 2020, the

Agency plans to retain the obligations from previous decisions for all the operators who terminate calls in their own mobile networks. It also plans on imposing the obligation of terminating calls in their own mobile networks through network interconnections established with their own fixed networks, however, they are not entitled to charging additional costs. In the calculation of the wholesale price for call termination in mobile networks, which is 0.882 euro cents per minute, the Agency used the existing pure LRIC cost model from the previous analysis, updated with the new data. The Agency did not opt to make a new cost model for reasons mentioned above, and it would also not be sensible, as the European Commission and the company Axon are already making a model for calculating the price of call termination in fixed network, which will be uniform and apply for the whole EU.

In both relevant markets for call termination Slovenian operators are still permitted in the scope of the obligation of equal treatment to not charge regulated prices for terminating calls originating from within the single European market, and therefore have equal regulation conditions, as already used in some other EU states.

The Agency also collaborated with the European Commission, which is concluding the project with its external contractor Axon Partners Group Consulting aimed at (1) preparing the methodology of the cost model for calculating wholesale prices of international roaming and the wholesale prices of terminating voice calls in mobile networks, and (2) preparing a uniform model for calculating the price of call termination in the fixed network in EU countries. Based on this the European Commission will by the end of 2020 adopt a delegated act on single prices for call termination in the EU for mobile as well as fixed networks.

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

After the proposed General act on the elements of the reference offer for wholesale local access at a fixed location was put into public consultation in autumn of 2018, the Agency concluded and published the general act in the Official Gazette at the start of 2019. The update to the general act is the result of changes to the definition of the relevant market and its regulation, which raised individual legal uncertainties that the Agency will correct with this new general act. The general act also takes into account virtual unbundling besides the physical, and also includes provisions that increase the transparency of the reference offer. The reference offer for the wholesale local access at a fixed location was updated in accordance with the requirements from the general act.

1.2.4 GENERAL ACT ON CHANGES AND AMENDMENTS TO THE GENERAL ACT ON COLLECTING, USING AND SHARING DATA ON THE DEVELOPMENT OF THE ELECTRONIC COMMUNICATIONS MARKET

In the second half of 2019 the Agency prepared the General act on changes and amendments to the General act on collecting, using and sharing data on the development of the electronic communications market because of the adoption of the Trade Secrets Act (Official Gazette RS, no. 22/19; hereinafter ZPosS), which details the field of trade secrets and the rules regarding the definition and protection of a trade secret from unlawfully obtaining, using and disclosing them. With the adoption of ZPosS certain provisions of the Companies Act (Official Gazette RS, no. 64/09 – official consolidated text, 33/11, 91/11, 32/12, 57/12, 44/13

– Constitutional Court Ruling, 82/13, 55/15, 15/17 and 22/19 – ZPosS, hereinafter: ZGD-1) were revoked, as ZGD-1 no longer regulates them. Because of the adoption of this Act, the content of the Agency's general act had to be appropriately updated. After a public consultation the Agency prepared and published the General act on changes and amendments to the General act on collecting, using and sharing data on the development of the electronic communications market (Official Gazette RS, no. 58/19), which came into effect on 28 September 2019.

1.2.5 INDEPENDENT SUPERVISION OF SEPARATE ACCOUNTING RECORDS

The Agency launched the public tender for an independent supervision of the model of separate accounting records and sales costs of Telekom Slovenije d.d. already in November 2018. With this supervision the Agency is monitoring the adherence of the obligations of the operator with significant market power. The aim of the independent supervision was to obtain an independent expert opinion that serves as acceptable confirmation that the separate accounting records are managed in accordance with the imposed methodology, reflect the actual costs, and to prepare recommendations for improvements. The Agency adopted the report of the provider on the supervision and concluded the project in December 2019.

1.2.6 CREATING THE COST MODEL FOR THE RELEVANT MARKET 4

After repeating the public tender several times the Agency selected the provider at the end of 2019, completing the public tender for creating the cost model on relevant market 4. The objective of this project is to create a cost model for high-quality broadband networks and services in accordance with the BU LRIC+ methodology in order to verify pricing obligations that were imposed on the operator with significant market power on relevant market 4. The cost model will make it possible to calculate the cost-based wholesale prices for regulated services of high-quality broadband access, which would together with other obligations maintain and develop efficient competition and encourage innovation and investments. The purpose of creating our own cost model is to define the actual efficient long-run average incremental costs that occur in relation to an individual service of high-quality broadband access, and ensuring a fair and transparent use of measures when distributing costs to the relevant service. The correct distribution of costs is essential for ensuring transparency, accuracy and consistency of cost information used for defining the price of the regulated service. Creating the model and calculating the prices in accordance with the subject of the tender will be completed in the next year.

1.2.7 ANALYSIS OF RETAIL AND WHOLESALE PRICES OF BROADBAND CONNECTIONS

Throughout the year the Agency monitors and analyses the activities on the market of broadband connections both from the perspective of the state of the competition in the retail market as well as the movement of retail prices on the market. In order to analyse the state of individual geographic market segments it once again analysed retail broadband access services throughout the territory of the Republic of Slovenia from the perspective of end users, where it collected data from all the active operators on the market, identifying the most important retail products provided by operators in

individual geographic areas. The data is also important for monitoring the development of the market and verifying the accuracy of the data on infrastructure of electronic communications. In November 2019 the Agency published the final report with the results of the analysis on its website. In the first half of 2019 the Agency analysed broadband access wholesale prices and products, collecting the data from all the active operators on the wholesale market, identifying the most important wholesale products provided by operators in individual geographic territories. Both analyses are important for monitoring the trends and the development of both retail and wholesale products. The data is an important foundation for analyses of relevant markets of broadband access and for preparing new proposals for obligations on these relevant markets.

The Agency also conducts two surveys of end users every year, namely the Analysis of current demand for higher speeds of internet access and e-content, and the Survey and analysis of household expenditures for electronic communications services. The Agency performs these two surveys periodically based on the data for October to ensure the comparability of datasets by years. The reports of both survey have been published on the Agency's website.

1.2.8 WEIGHTED AVERAGE COST OF CAPITAL (WACC)

The Agency will calculate the value of WACC on a yearly basis, in accordance with the notification from the European Commission issued in November 2019. It defines the parameters and methods for calculating WACC for legacy infrastructure. The methodology for calculating WACC will be unified within EU countries. Even though the notification of the European Commission is non-binding, it is expected that it will have a significant impact in the notification of market analyses, as the value of WACC is considered an important element in determining wholesale prices for network access services. This proscribed uniform methodology for calculating WACC will be used from 1 July 2020, with a planned one-year transition period. Any potential significant shifts in the would represent a major risk with regard to regulatory stability and predictability. The European Commission's notification proposes calculating WACC at least once per year. For this purpose BE-REC will collect and publish the values of parameters for WACC calculation at least once per year. As this notification was only published in November 2020, the Agency will calculate the new value of WACC in 2020.

1.2.9 INTERNATIONAL ROAMING

In 2019 the Agency provided support to operators in performing and fulfilling requirements regarding calls abroad that are imposed by the Regulation (EU) 2018/1971, with upper limits for retail prices for fixed and mobile calls and text messages from the home country into other EU countries coming into effect as of 15 May 2019. The price for such calls is limited to 19 cents/minute excluding VAT, while the price of an individual text message must not exceed 6 cents excluding VAT. In 2019 the Agency approved an application from Hot mobil, d.o.o., to allow the company to bill a surcharge in order to ensure a sustainability of its local billing model for a 12-month period, in line with applicable EU regulations.

1.2.10 DATA COLLECTION AND REPORTING - THE EANALITIK PORTAL

The Agency collects data from operators providing electronic communications networks or providing electronic communications services based on ZEKom-1 and the General legal act on the collection, use and submission of data on the development of the electronic communications market. All operators in the register of public communication networks and services providers must submit the available data to the Agency. The Agency collects the data that provide an important support in decision-making regarding the regulation of electronic communications markets in a central portal for submitting the data or through additional questionnaires and through various research. It is in the interest of all the stakeholders that the collected data is accurate and that it reflects the actual situation and that it is available to the public. For this purpose the Agency launched the new portal eAnalitik (eAnalyst) in March 2019, which is designed to present data on the electronic communications market in the Republic of Slovenia. It displays the data that the Agency has so far been publishing in its quarterly reports on the development of the market of electronic communications. The portal provides an overview of the state of the market of electronic communications in a user-friendly and clear way. It provides data visualizations through longer period (past 10 years), and the user can select the time period and the indicators that interest them. The data is displayed in charts and tables and can be exported or printed.

1.2.11 AUTOMATION OF THE SYSTEM FOR MANDATORY REPORTS FROM THE OPERATORS

One of the Agency's objectives is to provide an information system that will make it possible for the data to be collected, processed, analysed and prepared for reporting in a ti-

mely manner. In 2019 the Agency in cooperation with an external contractor continued the path towards the implementation of the new information system for the collection, processing, analytics, reporting and display of data on electronic communications, however, because of issues it agreed with the contractor at the end of August 2019 to conclude the project. In the start of 2020 the Agency will publish a new public tender for designing, implementing and maintaining an information system for collection, processing, analytics, reporting and displaying electronic communications data. The need for digitalization of data and introducing information principles into work processes was also manifest when collecting the data on the postal services market, and so subsequently these user demands were also included in the scope of the project, and the functionalities are planned in a separate module of questionnaires for providers of postal services and for parcel delivery providers. In the technical specifications all the sections were updated that were changed or amended because of the dynamic nature of the Agency's work in performing its tasks both in the electronic communications market and the postal services market.

1.2.12 SPATIAL DATA AND THE INFORMATION SYSTEM – AKOS GEOPORTAL

The Agency also administrates its own geographical information system that allows collecting, processing, and analysing of data that includes spatial definitions (geolocated). The Agency's geographic information system combines certain publicly accessible databases from the Geodetic Administration of the Republic of Slovenia and the data the Agency has obtained in the scope of its work and for this purpose from electronic communications operators, as well as the data it requires in the scope of exercising

its authority, and have been obtained from other public bodies. In 2019 the Agency conducted the required updates and upgrades to the system for optimum operations, and for ensuring the information security of the collected data, and it has also regularly updated the databases. A lot of effort was especially put into obtaining and analysing the data on newly published network connection points on the website of the Geodetic Administration. The Agency has also imported some new databases it requires for future work, namely: data on the contact points and post boxes of Pošta Slovenije, extensive operator data it used in market analyses, data on locations and the coverage of mobile networks, the data on exhibited market interest, the data from the analysis of retail prices of broadband connection for broadband access. In the second quarter of 2019 the Agency also launched a new round of gathering data on retail broadband access services throughout territory of the Republic of Slovenia. To gather data from operators the Agency updated the applications that optimize collection for the Agency, as well as for those obligated to submit reports. Data collection on user disputes was conducted successfully, with the input data also including the spatial component.

In 2019 the Agency also continued with the public portal that provides an overview of electronic communications infrastructure and network coverage. AKOS Geoportal launched publicly in May 2019 with the goal of bringing down construction costs of very high-speed networks (VHCN) and encouraging shared use and shared infrastructure construction. The goal of such open data policy is related to a higher level of transparency of operations and a proactive publication and exchange of spatial information.

AKOS Geoportal is the central online portal for accessing and viewing spatial data that the Agency uses in its day to day work. The most important is data about the infrastructure of electronic communications, network connection points, coverage with fixed and mobile networks, and their descriptive data, and the data on the intended and planned constructions. All this spatial data is collected and available from a single point, allowing users to check the subscription plans and options for communication connections for any location in Slovenia. AKOS Geoportal allows users to create maps and save them in PDF and fast online analyses with an insight into the data on network connection points (investors/administrators, type, minimum capability) at the level of the municipality or the settlement. The Agency uses the portal for publishing interesting results of spatial measurements and analyses that it makes during its regular operations. The first such data were the results of coverage of public mobile networks in Slovenia, which were made in 30 days on the total of 6,838 km of the road network across Slovenia. Besides monitoring the state of the infrastructure market of electronic communications the Agency also conducted various analyses and cross-verifications, and has collaborated with operators of electronic communications regarding appropriate reporting for all the records for data entry on infrastructure. By using the geographic information system the Agency was able to conduct numerous geographical analyses to support its regulatory decisions, in the preparation of the analysis of effects of the change of transfer speed when providing the universal service, and for the needs of regulating and monitoring the postal services market. The Agency also completed an analysis of field data measurements of the electric field strength of mobile signals. Various spatial analyses were also used to provide answers and explanations to other bodies and end users. All these tasks point to increased cooperation in the use of spatial data and the analyses made from them at the Agency.

1.2.13 COOPERATION WITH STATE INSTITUTIONS AND OTHER STAKEHOLDERS

The data on electronic communications in Slovenia is interesting for various stakeholders who need them for different purposes (monitoring political or business decisions, preparing strategies, performing legally required tasks, etc.). Different national and international institutions and other stakeholders contact the Agency regarding this data. Since March 2019 they can access the eAnalitik (eAnalyst) portal, which is available in Slovenian and English. In accordance with the law the Agency collaborates with the Statistical Office of the Republic of Slovenia, the Slovenian Competition Protection Agency, Bank of Slovenia, the Ministry of Public Administration, the Ministry of Infrastructure and the local communities. The Agency's cooperation with the ministries, especially with the relevant Ministry of Public Administration, is essential for normal operations of the Agency, and the performance of the set tasks in its operations plan.

In 2019 the Agency, the operators and the Bank of Slovenia organized a consultation regarding the changes to the methodology of reporting the data on international roaming in mobile networks, as the existing methodology was no longer suitable for establishing a balance of payment with other countries because changed user habits. The new methodology which allows for a more detailed differentiation of users between tourists and transit passengers is no longer based on the date on provided services, but on the duration of data sessions.

Throughout the year the Agency actively cooperated with stakeholders and the public. It organized consultations and lectures in order to engage the stakeholders to arrive to the best possible regulatory solutions. The Agency's employees also attended professional consultations and events hosted by others, and cooperated with national institutions and other stakeholders.

1.2.14 INTERNATIONAL COOPERATION

In 2019 the Agency continued with numerous activities at the international stage, cooperating with the European Commission, and international organizations with authority in electronic communications (BEREC, CEPT/EEC, OECD, ITU, IRG, etc.) and with other European national regulatory bodies.

The Agency submitted all the required information to the European Commission in a timely manner, in the scope of regular and exceptional requests and the planned tasks, it participated in pre-notification and notification procedures, and fully ensured that all of its legal obligations in this area are fulfilled.

The Agency actively collaborates with the Body of European Regulators of Electronic Communications (BEREC), whose work is related with the implementation of the regulatory framework for electronic communications. BEREC is preparing important documents related to electronic communications that indirectly or directly affect the work of national regulators of electronic communications. At the last plenary meeting of the board of regulators in 2018 the Agency's director mag. Tanja Muha was elected vice-president of BEREC and the Independent Regulators' Group (IRG) for the year 2019. In the scope of her position she supervised the work of three expert working groups (end users, obligations, and market and economic analyses), which are important to the Agency, and actively reported and supported

the work of the president of BEREC. The Agency was very active on all three levels of collaboration with BEREC. At the expert group level employees participated in all 51 project the scope of 12 expert working groups, mostly as members, with their work including participation at meetings or videoconferences, monitoring the activities and prepared drafts, commenting on drafts, submitting answers to questionnaires, submitting required information, etc. It also headed one working group. In the projects that the Agency recognised as especially important, and whose results had the most impact on the Slovenian electronic communications market, the Agency's employees also participated in preparing the draft documents and other materials. Their subject was connected to end users, internet neutrality, measuring statistic indicators, and cyber security in fifth generation mobile networks. For the project of cyber security in fifth generation mobile networks, where the Agency also has certain authority in accordance with the national legislation, the Agency also took over the leadership of this expert working group. At the level of contact networking, where the work of expert working groups is reviewed for the last time before approval, the Agency's employees attended all four meetings, and ensured appropriate information flow between the Agency and BEREC and other regulatory bodies. The Agency's representatives actively participated in discussions and approving the results of the work at the plenary level. They also attended the BEREC-IIC, the conference at the 10th anniversary of the foundation of BEREC, and the annual form of stakeholders. To ensure transparency of operations and to inform the public the Agency regularly published current news related to the activities and the work of BEREC.

The Agency remains an active member of IRG. After approving the pro-

posal at the first plenary assembly of the general meeting of IRG in 2019 four temporary IRG groups were established to verify the work and identify the options and opportunities for continued development of this international organization, and the Agency's employees actively participated since the early phase. In the beginning of 2019 IRG traditionally presents the annual statistics of the activities of the system for exchanging knowledge, best practices and experience among European regulators, where the Agency places sixth among 37 IRG members with 76 responded questionnaires and 4 published. The Agency's employees also attended the annual IRG expert workshop, which focused on the topic of establishing broadband FTTH electronic communications networks.

In the field of electronic communications, where fast and sudden changes are the constant, continuous trainings, exchanges of best practices and in-depth bilateral cooperation are essential. For this purpose the Agency hosted 3 bilateral meetings with regulatory bodies of The Netherlands, Croatia and Serbia, where they exchanged opinions, experience, perspectives and best practices on different current topics, including wholesale markets of electronic communications and regulation, value-added services (VAS), public voice services and voice over IP, network interconnection in new networks, number porting, charting broadband in 2016, numbering space, measurements of the quality of services, network security, rights and disputes of end users, universal service, radio frequency spectrum, shared use of broadband infrastructure, postal services, railway services, etc.

Further on the Agency, as the member of the international organization CEPT/ECC hosted one of the two annual meetings of WG NaN group which focuses on the topic in connection with the number space. The

latter was attended by 40 representatives, mostly from European regulators with authority on electronic communications.

In cooperation with the European Union Agency for Cybersecurity (ENISA) the Agency hosted in Ljubljana the relevant European bodies with authority of security and integrity of electronic communications networks and services. Along with ENISA, representatives of regulators and other relevant bodies, the meeting was also attended by a representative of the European Commission, the representative of the Agency for the Cooperation of Energy Regulators (ACER) and the representative of the Slovenian national response centre for cyber security (Si-CERT).

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. 110/2006-UPB1, 36/2008-ZPOMK-1, 77/2010-ZSFCJA, 87/2011-ZAVMS, 47/2012, 47/15-ZZSDT, 22/16, 39/16, 45/19 - Constitutional Court decision); hereinafter: ZMed);
- ▶ The Act on Audiovisual Media Services (Official Gazette of the RS, no. 87/11 and 84/15; hereinafter: ZAVMS)

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

- ▶ General act on the protection of children and minors in television programming and on demand audiovisual media services (Official Gazette of the Republic of Slovenia, no. 84/13);
- ▶ General act on the license for providing radio or television activities (Official Gazette of the Republic of Slovenia, no. 95/06 and 25/07)
- ▶ Methodology for monitoring audiovisual media services and radio programming (Official Gazette of the Republic of Slovenia, no. 31/12)
- ▶ General act on declaring on demand audiovisual media services (Official Gazette of the Republic of Slovenia, no. 35/12)
- ▶ Rules on assigning the visual and sound warning for content that is not suitable for children and minors (Official Gazette of the Republic of Slovenia, no. 50/14)
- ▶ Rules on measures for defining own production content (Official Gazette of the Republic of Slovenia, no. 77/02)
- ▶ Rules on programs of special significance (Official Gazette of the Republic of Slovenia, no. 85/02)
- ▶ Regulation on the criteria for creating the list of the most significant events (Official Gazette of the Republic of Slovenia, no. 105/01)
- ▶ Regulation on the measures and conditions for determining Slovenian audiovisual works (Official Gazette of the Republic of Slovenia, no. 105/01)
- ▶ General act on establishing a method for determining population coverage in the territory of the Republic of Slovenia with analogue terrestrial radio programs disseminated through radio frequencies for analogue broadcasting (Official Gazette of the Republic of Slovenia, no. 138/06)
- ▶ Decision on determining the list of the most significant events (Official Gazette of the Republic of Slovenia, no. 18/03)
- ▶ General act on product placement and sponsorships (Official Gazette of

- ▶ the Republic of Slovenia, no. 44/12)
- ▶ Rules on the method of calculating charges based on the television broadcasting license or entry in the official records of providers of the audiovisual media services on demand (Official Gazette of the Republic of Slovenia, no. 72/12)
- ▶ General act on themed television programming (Official Gazette of the Republic of Slovenia, no. 67/16)

2.1.2. ANNUAL OBJECTIVES

The Agency has for the most part achieved all of the goals it set for itself in 2019. The Agency's activities were focused on performing public tenders for audio broadcasting, public tenders for awarding the license for digital broadcasting of radio programming, changes of media legislation, and preparing the content and concluding partnerships for the online platform of media and information literacy.

In the scope of media legislation the Agency actively participated in the preparation of proposals for the changes to the media legislation (Zmed) and performed independent activities in parts of media legislation, where the general acts are under its authority. Most activities in this area were focused on preparing comments in the public consultation on the proposal of the new Media Act and participation in the working group with the Ministry of Culture in the preparation of provisions that are or will be under the authority of the Agency, preparing draft proposals of the changed general act on licenses for providing radio or television activities and the early activities for preparing the strategy of development of radio and television programming in the part that is under the authority of the Agency. All of these activities fulfil the objectives that the Agency set out in the plan for 2019 relating to legislative changes.

Because of a great interest for the introduction of terrestrial pay TV on the Slovenian television market, the Agency completed a public tender at the end of 2018, awarding relevant right to 22 publishers of television programming. It was expected that the first pay television offers on the terrestrial network would be launched in 2019, however this did not happen until the end of the year. It appears that the very high penetration and constant growth in the number of cable and IP television connections had a strong impact on business decisions of those interested in offering these services, namely on not launching them. Because the number of TV viewers who watch TV only over the terrestrial network is decreasing (only about 3%), this is also reflected in the interest of the publishers for disseminating television programming in the free-to-air part of the terrestrial digital network. Besides the channels of Televizija Slovenija, there were only 4 television channels available on the national terrestrial digital TV network. The Agency did not hold any public tenders for awarding the right to access to this network, as there was no interest on the market for this.

The activities in digital terrestrial dissemination of radio programming were much more livelier. The Agency's activities were mainly also focused on improving the platform for the dissemination of radio programming in digital broadcasting. The Agency monitored the market and the interest of radio publishers for entering this platform. The Agency responded to the exceptionally high interest by holding a public tender, and considering the available capacities in the multiplex, it awarded 2 licenses for national digital broadcasting of radio programming. With the completed public tender the

Agency fulfilled its goal for 2019 to hold public tenders with regard to the expressed interest for licenses on the market. After the existing network was filled up, the Agency also awarded two decisions to operators for the second national digital radio network and for the network for covering the territory of Ljubljana, and also launched the activities for preparing public tenders for awarding rights for the dissemination of radio programming on these two networks.

The Agency also fulfilled its obligation from the annual plan to launch a new web portal for media and information literacy when MIPI (www.mipi.si) was launched at the end of June; its objective is to publish content relating to the skills, knowledge and understanding of the media and new technologies, thereby providing users with an efficient, critical and safe use of media and information technology. Since its launch the Agency has been promptly adding various content from the broad spectrum of media and information literacy, aimed at different target audiences (children and young adults, adults, the elderly, parents, teachers). Besides the topics related to the broad media and information literacy, the website also alerts to current topics (e.g. fake news) that will be discussed in a practical manner and presented in an accessible and understandable manner, providing readers with concrete advice and instructions. In this year the Agency concluded 8 memoranda on cooperation with relevant institutions operating in this area. The Agency also continued with running the Gledoskop system, which serves especially as support in the classification of content for television publishers and providers of on demand audiovisual media services who are responsible for the protection of children from potentially harmful content in electronic media. The publishers or providers of on demand services met several times

throughout the year with the Agency's representatives to resolve issues and dilemmas, and consequently the Agency fulfilled its annual goal regarding the Gledoskop project.

In 2019 the Agency also reviewed 3 applications from radio publishers for obtaining the status of a station of special importance. The Agency awarded the publisher of Radio Krka station the status of a local station of special importance, while the other two procedures for awarding the status of a station of special importance were not completed by the end of the year.

One of the more important goals of the Agency was cooperation with the general and the professional public. In November, together with the ombudsperson of the rights of viewers and listeners of RTV Slovenija the Agency organized a consultation on the topic of advertising in television programs of RTV Slovenija, with an emphasis on the practices of product, service and brand placement. The consultation was organized at the initiative of the ombudsperson who detected in the received complaints and comments from the viewers of RTV Slovenija a lot of inconsistencies regarding the legislation and regulation in this area, both for the viewers and program creators. For this reason the consultation was especially focused on content creators and marketers of Televizija Slovenija, and exchange of opinions between the regulator and the publisher on practices in advertising and clarification of advertising provisions. With this the Agency also fulfilled its goal from the annual plan in which it undertook to prepare workshops or other expert consultations if there was an interest from the stakeholders on the market.

2.1.3 STATE OF THE MARKET

The register of television broadcasting holders reveals that 70 legal

and natural persons held 94 valid television broadcasting licenses at the end of 2019. Twelve (12) of those hold more than one license and these nine together hold a total of 36 licenses, which comprises one third of valid licenses. Furthermore, 35 have active rights to disseminate television programming in digital broadcasting technology. Six new licenses for performing television activities were issued, and at the end of 2019 there were a total of 4 licenses for themed television programming. In 2019 three declaratory decisions on expiration of television broadcasting licenses were issued, while one license was transferred to a new publisher.

The register of on-demand audiovisual service providers in the Republic of Slovenia included 23 services at the end of 2019, of which one was notified during the year.

At the end of 2019 there were 53 legal and natural persons who held 98 valid radio broadcasting licenses. More than 1 license was held by twelve of them, and together these twelve hold 58 licenses, a bit more than a half of the total. In a total of 31 licenses one of the four radio programming networks were included, while shared regional programming was included in 2. Twelve radio channels have the right to disseminate television programming through digital broadcasting across the Republic of Slovenia.

In 2019 the Agency processed 20 administrative issues regarding television broadcasting licenses based on ZMed. Thirteen administrative procedures were launched by request, and 7 ex officio. The growing trend of new television channels once again somewhat grew in 2019 compared to 2018, while the trend of TV channels ceasing to broadcast even more so. In this period the Agency processed 13 administrative issues regarding radio broadcasting licenses, seven of which were initiated by request and six ex officio. In 2019 the Agency processed one application for license transfer.

Throughout the year the Agency actively cooperated with stakeholders and the public. The Agency's employees also attended professional consultations and events hosted by others, and cooperated with national institutions and other stakeholders.

2.2 ACTIVITIES AIMED AT ACHIEVING GOALS

2.2.1 CHANGES TO THE MEDIA LEGISLATION

In the scope of changes to the media legislation the Agency very actively participated in the public consultation on the proposed changes to the Media Act. At the end of June 2019 the Ministry of Culture published the draft proposal of changes to the Media Act, with the deadline for submitting comments set to 2 months. The Agency submitted its comments by the deadline. A large part of the changes to the act was related to the Agency's authority, and consequently there were many comments. Later the Agency was also invited by the Ministry of Culture to participate in the working group that is preparing the amendments to the Media Act, providing proposals and positions in the part that is under the Agency's authority.

At the end of 2018 the changed Directive on audiovisual media services was adopted, and its implementation into the national legislation is headed by the Ministry of Culture. The deadline for its implementation is by the end of September 2020. The Ministry of Culture invited the Agency to participate in the working group for preparing the changes to the Audiovisual Media Services Act, however, the working group has yet to begin meeting. The up-

dated directive plans to include the providers of the so-called video exchange platforms which provide access to content from providers and access to content uploaded by their users to be included in regulation. The providers of such platforms will especially be responsible for the protection of minors from potentially harmful content, with the plans for unifying the approach to regulation for linear and non-linear audiovisual media services, and for the protection from spread of hate speech. The obligations for ensuring the offer includes European audiovisual works in the catalogues of on demand audiovisual media services is expected to increase, while the rules regarding limiting the scope of advertising, product placement and sponsorship in television programming are expected to loosen, with a focus on encouraging self-regulation and co-regulation mechanism in advertising. The member states will be required to exhibit greater independence of media regulators from the current government.

The Agency has also performed activities to begin preparing a new five-year strategy of the development of radio and television programming in the Republic of Slovenia, which the Agency is obligated to update based on the Media Act.

2.2.2 AWARDING LICENSES FOR DIGITAL TERRESTRIAL RADIO DISSEMINATION

In 2019 the Agency once again strove to expand the range of radio programming and popularize the digital radio platform. As the national network R1 was not yet at full capacity, the Agency first obtained the approval of the Broadcasting Council, then in April 2019 published the public tender for awarding two rights to disseminate radio programming using digital broadcasting technology across the whole territory of the Republic of Slovenia. At the end of May 2019 the received bids were opened publicly, showing that there is still an excess of interest for this type of dissemination, as eight providers submitted bids for 11 different stations, which also included four that are not disseminated in the analog broadcasting technique. The digital rights were awarded in September 2019 to Radio City and Radio Aktual radio stations. The public tender also included the option of awarding an additional right to the bidder placed third in this tender, if there were any available capacities in the R1 multiplex the two new stations begin disseminate. The goal of this potential additional right was to fill up the capacities of the R1 network without the need to hold a new public tender. In November 2019 the Agency verified the availability of capacities with the operator of the R1 network, RTV Slovenija, Department of Transmitters and Links, and they explained that in November 2019 there are no available capacities on the R1 digital radio network, of which it informed the Broadcasting Council. This concluded the public tender without awarding an additional license for dissemination. During this time the Agency had already launched the activity for establishing new networks for digital terrestrial dissemination of radio programming, which is presented in more detail in chapter VI/2.3.2.

Licenses for digital dissemination of radio programming for the territory of the Republic of Slovenia were awarded to a total of 19 radio stations. 1. Program Radia Slovenija - Prvi, Radio Slovenija, drugi program - Program Val 202, Radio Slovenija, tretji program - Program ARS, Radio Slovenia International, Radio Ognjišče, Radio Antena, Radio Center Slovenija, Ekspres Slovenija, Rock Radio Slovenija, Radio 2, Radio BOB, A-radio, Radio 1 DAB, Radio Net FM, Radio Veseljak, Radio Maxi, Radio Študent, Radio City and Radio Aktual. All stations are currently broadcasting over the R1 network.

2.2.3 AWARDING LICENSES FOR DIGITAL TERRESTRIAL TELEVISION DISSEMINATION

During 2019 the Agency monitored the interest of publishers of television channels for digital terrestrial dissemination. As described above, there was no interest for obtaining said licenses.

2.2.4 THE PLATFORM FOR MEDIA AND INFORMATION LITERACY

For a while now there have been plans to upgrade the Gledoskop project into a broader media and information literacy project, and at the end of June 2019 this came to fruition with the launch of MiPi (www.mipi.si), which the Agency plans to gradually develop it into the central entry point in media and information literacy. The Agency aims to utilize MiPi within its authority and with the goal of protecting end users of electronic communications as one of its main legal tasks to inform the broader public on the importance of critical and deliberate use of media content and information technologies, influence of media, understanding different media messages and information, responsible creation and distribution of messages, as well as about the use of information technologies, their advantages and traps. This is one of the ways the Agency aims to contribute to safe and secure internet use and information and media literacy of users, as those less skilled and informed may succumb to risks arising from the use of digital resources. In order to make MiPi as interesting and useful as possible, the Agency is trying to focus on current topics related to media and information areas, while providing the readers with increasingly practical advice and instructions.

The Agency is aware that there are several institutions, bodies and organizations that cover the media and

information technologies who have many specialized expertise on these areas, the Agency also began building a partner network in the scope of this project, as such collaboration increases the currency of this issue and the traffic to the MiPi portal and partners' websites, which consequently means that more people are reached to raise awareness. By the end of 2019 the Agency had signed protocols on cooperation that allow the Agency and the signatories to mutually exchange online content and connections with a short description and an exact title and source with eight partners, namely with the Information Commissioner, SI-CERT, ICS Institute, University of Ljubljana, Faculty of Social Sciences, Safe.si, Spletno oko, Časoris, Faculty of Media, Pismenost.si, the Academic and Research Network of Slovenia (ARNES) and the Slovenian Consumers' Association.

As part of the Gledoskop project, regular communication with coders continued in 2019. The Agency also organized three meetings of the coders' committee where they discussed the more demanding cases of programming, and discussed the dilemmas that come up when classifying them.

2.2.5 INTERNATIONAL COOPERATION

At the international level the Agency was active in working groups and plenary sessions as a member of the group of European regulators for audiovisual media services (ERGA), founded as a consulting body by the European Commission. This year the focus was on the implementation of the revamped Directive on audiovisual media services and the discussion on all the unresolved issues that the directive did not resolve directly, and will be detailed in executive acts (guidelines and similar) and member states and their solutions through the implementation into their own national legislations.

It was also active as a member of the Central European Regulatory Forum (CERF) and the European Platform of Regulatory Authorities (EPRA). This way the Agency also ensures that international regulatory best practices are brought over to Slovenia. As part of international cooperation the Agency's representatives visited the Macedonian regulator for the media in September, while in July the Agency hosted a large delegation from Turkmenistan, which consisted of the representatives of the government, parliament, NGOs and the media. The Agency had a presentation on the day of broadcasting media, which is organized by the Media Chamber every year, and it also attended a meeting of the expert group for media literacy with the European Commission.

3 POSTAL SERVICES

3.1 FRAMEWORK, GOALS, MARKETS

3.1.1 LEGAL FRAMEWORK

The basic legal framework for the regulation of the postal services market comprises the Postal Services Act (Official Gazette of the Republic of Slovenia no. 51/09, 77/10, 40/14 - ZIN-B and 81/15). The legal framework also comprises other regulations, adopted based on the Postal Services Act, namely:

- ▶ General act on the quality of the universal postal service provision (Official Gazette of the Republic of Slovenia, no. 47/2010 and 14/2017);
- ▶ General act on the mediation process between the participants in the postal business (Official Gazette of the Republic of Slovenia, no. 55/2010);
- ▶ General act on exemptions from the provision of the universal postal service (Official Gazette of the Republic of Slovenia, no. 22/2010 and 58/2013);
- ▶ General act on the sticker prohibiting mail delivery into the mailbox (Official Gazette of the Republic of Slovenia, no. 22/2010 and 65/2014);
- ▶ General act on separate accounts and prohibition of subsidies (Official Gazette of the Republic of Slovenia, no. 29/2010);
- ▶ General act on the accounting information and the calculation of the net cost of the universal postal service obligation (Official Gazette of the Republic of Slovenia, no. 47/2010);
- ▶ General act issuing postage stamps and prepaid stationery (Official Gazette of the Republic of Slovenia, no. 22/2010 and 32/2016)
- ▶ Rules on the method of calculating and settling payments for providing postal services (Official Gazette of the Republic of Slovenia 109/2009);
- ▶ Rules on the official ID card of an authorized person of the Agency for Communication Networks and Services of the Republic of Slovenia (Official Gazette of the Republic of Slovenia no. 11/2015);
- ▶ Instruction on handling postal items with prohibited content (Official Gazette of the Republic of Slovenia, no. 47/2010).

The following regulations also apply:

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

3.1.2 ANNUAL GOALS

In 2019 the Agency completed most of the planned tasks in regulation and supervision of the postal services market with regard to the key goals and priority tasks from the 2019 Operating and Financial Plan. The Agency's priority tasks in the scope of regulating separate accounting and the universal postal service included the conclusion of the review of the calculation of the net cost borne by the provider of the universal postal service for 2017. In December 2019 the Agency issued a decision through which it rejected the request of Pošta Slovenije, as the diligent and precise review of all the relevant circumstances showed that Pošta Slovenije did not have any net costs with the provision of the obligation of the universal service in 2017.

Because an important development in the regulatory framework is the new Regulation (EU) 2018/644 of the European Parliament and Council of April 2018 on cross-border parcel delivery services and the Regulation on implementing the Regulation (EU) of cross-border parcel delivery service, one of the Agency's goals for 2019 was to provide support to providers in performing the provisions of this regulation. The Agency concluded two public consultations for all the providers who submitted the data based on the new regulation for the first time in 2019, namely the data on the prices and the transfer of 15 products in the internal and cross-border traffic through the "Parcel" online application of the European Commission in accordance with Article 5 of the Regulation and the statistical data through the required forms in line with Article 4 of the Regulation.

In 2019 the Agency set the goal to conduct a supervision of the methodology and the deadlines for transferring the letter mail and parcels. The supervision confirmed the accuracy of the results for the 2018 measurement, which showed that the universal services provider met the prescribed deadlines for letter mail delivery and exceeded the prescribed deadlines for parcel delivery for 2018.

The surveys and analyses that the Agency planned for the past year were also completed. The Agency also conducted 4 surveys on the price and quality and user satisfaction/needs of postal services, namely a comparative analysis of the prices and the quality of parcel delivery in cross-border traffic, a survey on user satisfaction/needs with post services after the closure of post offices, and the annual surveys on user satisfaction with postal services (general and business users). The Agency collected the data for the annual analysis of the postal services market in the Republic of Slovenia, which is still undergoing. At the same time the Agency also performed an internal analysis of the (quality) of the universal postal service, and a valuation of the proposals of changes to the regulatory framework and presented the results and proposals at several meetings to the relevant ministry.

Besides the above, the Agency also set out to actively participate in the international associations ERGP (European Regulators Group for Postal Services), and CERP (European Committee for Postal Regulation). As part of this it closely followed the EU's regulatory activities regarding the postal services market, and it provided written and oral explanations regarding postal services to the general public, businesses, and other European regulators. At the invitation of the relevant Ministry, the Agency joined the work of the redaction committee for ratifying the individual acts of the Universal Postal Union (UPU).

The Agency also performed an additional task which was not planned in the work program for 2019. It participated in the preparation of the positions of the Republic of Slovenia on the reform of the system of terminal costs in the scope of the preparations for the 3rd exceptional congress of the World Postal Union (WPU), and attended the content part of the exceptional congress.

The Agency conducted several other activities aimed at ensuring sustainable, regular, and uninterrupted provision of the universal postal service at the prescribed quality level and affordable prices, and, among other things, delivered to Pošta Slovenije 41,000 stickers prohibiting delivery to mailboxes. It reported on its work and issues related to its work to the Ministry of Public Administration and the Inspection Board, and was in contact with a range of Slovenian bodies and institutions.

3.1.3 STATE OF THE MARKET

In 2019 the Agency as part of the 2018 market analysis project collected the data for 2018 and compared them with the previous years. The market shows a stable trend regarding the number of postal service providers who actually perform the activity, as there was the same number of providers in 2018 as the year before. Similar trends are visible in the number of employees, as there were only 7 more than the year before. In the reviewed year the Agency noted an additional growth in the number of contact points for direct work with users with all postal service providers, with simultaneous shrinking of the network of the universal postal service provider. The postal service providers' total net revenue grew by 5,76% (to EUR 352 million). Revenue of the postal market from postal services grew by 7,8% (to EUR 280 million). The amounts on the letter mail market again decreased compared to 2017, namely by 1.5% within the universal

service. Compared to 2017 the growth was marked in the document services for domestic traffic by 10%, parcels for the domestic market by 8% and parcels for the cross-border traffic by 24%. Over the course of 2019 there were 23 providers active in the postal market services. The Agency entered 3 new providers in the register of postal service providers in 2019, and removed none.

TABLE 8: NUMBER OF POSTAL SERVICE PROVIDERS ENTERED INTO THE OFFICIAL REGISTRY AS OF 31 DECEMBER 2019

Service	No.
Provision of postal services	23
Provision of universal postal service throughout the entire territory of the Republic of Slovenia.	1
Provision of interchangeable postal services of delivering mail items of up to 2 kg	5
Provision of interchangeable postal services of delivering parcels of up to 10 kg	4
Provision of interchangeable postal services of delivering registered and insured mail	5

3.2 ACTIVITIES FOR ACHIEVING THE OBJECTIVES

3.2.1 REGULATION OF UNIVERSAL POSTAL SERVICE PROVISION

In 2019 the Agency realized its goals in regulating the universal service provision, achieving the expected results, as residents of the Republic Slovenia had permanent, regular, and uninterrupted postal services at the defined level of quality across the whole territory of the country, and at prices affordable to all users of postal services.

The Agency monitored the measurement of the letter mail delivery times of Pošta Slovenije, taking into account the requirements of the SIST EN 13850:2013 standard, and together with a contractor conducted an assessment of the methodology and the quality measurement results for 2018. The assessment confirmed that the results for 2018 are accurate and meet the prescribed quality requirements. Together with the contractor, the Agency also verified the results of measuring the quality of parcel delivery, based on the technical recommendation SIST-TP CEN - TR 15472:2007.

As part of pricing regulation in 2019 the Agency processed 2 requests from Pošta Slovenije for changing the price of a service from the range of universal services for both the domestic and cross-border traffic. It issued an approval to the proposal changes of prices for all the services in domestic traffic with the exception of some weight levels, and for priority mail in cross-border traffic.

Major changes also occurred in the network of the universal service provider. The Agency issued 22 decisions for transforming contact points and 16 decisions closing down contact points (7 applications are still being processed). All the decisions were issued following the applications from Pošta Slovenije and taking into account the requirements from the General act on the quality of the universal postal service, which defines the threshold for the lower density of contact points, i.e. the lowest permissible number and distribution of contact points on the territory of the Republic of Slovenia.

Considering the changed market conditions that among other things include a declining amount of letters, a growing amount of parcels and a reshaping of Pošta Slovenije's network, the Agency continued with the analysis in which it established whether the existing regulation of the universal postal service is appropriate. The internal analysis was the foundation for preparing the proposals for changes to the regulatory framework with the assessment of costs, which it presented to the Ministry for Economic Development and Technology and Pošta Slovenije.

3.2.2 FOSTERING COMPETITION IN THE POSTAL SERVICES MARKET

The Agency fulfilled its goals regarding fostering competition in the postal services market. As a continuation of the Analysis of economic incentives for ensuring effective competition with regulatory intervention in access to the parcel network, which was concluded in 2018, the Agency reviewed the option to encourage competition on the market with access to parcel network elements at a voluntary basis, i.e. without regulatory imposed access to the parcel network. Since Pošta Slovenije did not recommend any changes to prices and general conditions for access to the network, the Agency did not conduct an analysis of these prices and general terms and conditions for access from a competition law perspective. The Agency held two consultation on the provision of the Regulation (EU) of the European Parliament and the Council on cross-border parcel delivery services. It also managed the official register of postal service providers.

3.2.3 ESTABLISHING STATE OF THE POSTAL SERVICES MARKET

The Agency accomplished nearly all of its goals related to assessing the

state of the postal services market. It obtained the relevant data, and conducted the annual analysis of the postal services market for 2018. It also conducted other analyses and surveys with the help of an external contractor, namely: a comparative analysis of the prices and delivery times of parcels in cross-border traffic, a survey on satisfaction/needs of users with post services after the closure of post offices, and an annual survey on satisfaction/needs of users with postal services (general and business users).

3.2.4 REGULATION OF SEPARATE ACCOUNTING

In 2019 the Agency completed the two tasks in the regulation of separate accounting and fulfilled most of the goals it set. In accordance with plans it concluded verifying the net cost of the universal service provider, and a potential unfair financial burden for the year 2017. In December 2019 the Agency issued a decision through which it rejected the request of Pošta Slovenije, d.o.o., as the diligent and precise review of all the relevant circumstances showed that Pošta Slovenije, d.o.o., did not have any net costs with the provision of the obligation of the universal service in 2017.

In 2019 the Agency continued, with the help of an external contractor, to set the amount of the Weighted Average Cost of Capital (WACC) for postal services as at 31 December 2018, determining that it amounts to 9.86%.

In accordance with plans it selected an external contractor to perform the analysis of permanent and variable costs in the cost model of Pošta Slovenije. Because of complications in obtaining the data the analysis was not completed in accordance with the plan in 2019, and continues into 2020.

3.2.5 INTERNATIONAL COOPERATION

The Agency actively participated in the international associations ERGP (European Regulators Group for Postal Services), and CERP (European Committee for Postal Regulation). In ERGP the Agency participated in 5 working groups, and in one of them it also prepared draft documents. The Agency attended a ERGP CN session and two ERGP plenary sessions, and a workshop. It attended CERP's plenary meeting. In the scope of the European Commission the Agency attended the meeting of the Postal Directive Committee (PDC). In the scope of the preparations for the 3rd exceptional congress of the World Postal Union (WPU) the Agency collaborated in preparing the positions of the Republic of Slovenia regarding the reform of the system of terminal costs. It attended the main part of the extraordinary IPU Congress.

For statistical purposes the Agency reported to the European Commission, which since 2014 has had the authority to collect and process data on the postal services market. The Agency proactively participated in the professional discussions in the field of postal regulation. Besides attending meetings through the associations of regulators, forums, and conferences, it also prepared and presented its study at the international conference Postal and Delivery Economics. Throughout the year the Agency also actively cooperated with stakeholders and the public, providing appropriate support, also through workshops.

4 RAILWAY TRANSPORT

4.1 FRAMEWORK, GOALS, STATE OF THE MARKET

4.1.1 LEGAL FRAMEWORK

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

- ▶ Railway Transport Act (Official Gazette of the RS, no. 99/15 – official consolidated text and 30/18)
- ▶ Regulation on train path allocation, usage fee and efficiency regime on public rail infrastructure (Official Gazette of the Republic of Slovenia, no. 44/16 and 16/19).

The Agency also follows the Regulations of the European Parliament and Council and the European Commission.

4.1.2 ANNUAL GOALS

The Agency's current goals in regulating the railway services market are: ensuring equal access to the public railway infrastructure for all carriers, fair usage fees, and that all carriers have equal access to the facilities for conducting railway services and the services in them, as well as that they are fairly charged for them. These goals were achieved through the activities listed below:

By regularly monitoring the activities of the administrator of the public railway infrastructure regarding train path allocations for the timetable period and for the specific purpose (ad hoc), the Agency verified whether all the carriers or applicants are ensured equal treatment when they are assigned. This ensured that train paths are allocated to all the applicants without discrimination.

Using the analysis of allocated train paths the Agency monitored their actual use, while also establishing the actual utilization of the infrastructure capacities; Based on the data obtained from analyses, the Agen-

cy continued with the activities for improving the level of utilization of allocated train paths and for ensuring an appropriate number of free (catalogue) routes for current needs (ad hoc) of applicants/carriers. For this purpose the Agency has alerted the administrator of the public railway infrastructure several times to the issue of late cancellations of train paths and called on it to take appropriate measures.

The Agency ensured fair usage fee with regular monthly supervisions of billings for carriers. The Agency focused a lot of its activities also on performing the project of establishing the cost base of setting the basis for calculating usage fee for the use of public railway infrastructure and access to facilities for providing railway service from the minimum bundle of services, and verified compliance with valid regulations.

By monitoring the provision of additional services the Agency ensured that carriers have equal access to these services and that they are charged fairly. The Agency also monitored train delays throughout, focusing on delays of freight trains towards the Port of Koper, as there had been increased delays in the past years. In accordance with new tasks the Agency performed the supervision of the operations of the public railway infrastructure administrator.

4.1.3 STATE OF THE MARKET

There were no major changes in the market of railway transport services in 2019 in comparison to 2018. After the decline in the number of passengers and the scope of work in the past years, the Agency did note that both indicators have grown for a second year in a row. In spite of the fact that in April 2018 the market for internal railway passenger transport opened for foreign carriers, the only carrier actually transporting passengers in 2019 remained SŽ-Potniški

promet, d.o.o. Most passengers, nearly 96% was transported as part of its public service obligation of providing passenger transport in domestic and cross-border regional railway traffic.

2019 was also an important year from the perspective of the development of competition in the market for railway freight transport, as four new entrants entered the market in the second half of the year: Primol-Rail, d.o.o., Ten Rail, železniški tovorni promet, d.o.o., the Italian carrier In-Rail S.p.A., and the Hungarian carrier Train Hungary Maganvasut Kft.

Before that, freight transportation on the railway was conducted by 3 carriers: SŽ-Tovorni promet, d.o.o., Rail Cargo Carrier, and Adria Transport, d.o.o.

In 2019, 21.97 million tons of freight was transported on the public railway infrastructure of the Republic of Slovenia, and carriers made a total of 5.31 billion net ton-kilometres. As for the past few years, the growth of freight traffic in railway transport grew in 2019. Taking into account the amount of transported freight (in tonnes), it increased by 3% compared to 2018. The work the carriers completed also went up by the same percentage (in net tonne-kilometres).

4.2 ACTIVITIES FOR ACHIEVING THE OBJECTIVES

4.2.1 ANALYSIS OF THE COST-BASE FOR USAGE FEES

In 2019 the Agency continued with the project of establishing the cost base of setting the basis for calculating usage fee for the use of public railway in 2008 and access to facilities for providing railway service from the minimum bundle of services. The infrastructure administrator JŽI continued establishing cost-based separate accounting in accordance with valid regulations. At the Agency's initiative the administrator prepared a new methodology for calculating the usage fee for the use of public railway infrastructure and for access to the facilities for providing railway service from the minimum bundle of services, which is based on eligible costs, in accordance with the provisions of the Commission Implementing Regulation (EU) 2015/909 of 12 June 2015 on the modalities for the calculation of the cost that is directly incurred as a result of operating the railway service. The Agency cooperated with the administrator on this project. In the scope of reviewing the new methodology 2019 the Agency mainly focused on the concept of cost separation and on understanding cost distribution to the minimum bundle. In 2020 the review of new methodology will be expanded to the review of cost distribution to other and auxiliary services. The completion of the review of new methodology is planned for 2020.

4.2.2 REALIZATION OF ALLOCATED TRAIN PATHS TO CARRIERS IN RAILWAY TRAFFIC

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

In spite of the improved conditions compared to the previous years, the Agency again discovered that the carriers cancelled a lot of assigned train paths. The Agency has alerted the administrator to the issue of late cancellations of train path by applicants several times before, however, the admi-

nistrator has until now argued that late train path cancellations are available to carriers because of the delays that occur in the networks of neighbouring infrastructure administrators, and that this is not an issue for planning train paths.

Considering the above and taking into account the fact that in the second half of 2019 a new carrier entered the market, the Agency placed special focus on the railway section between Divača and Koper, which has a status of overtaxed infrastructure. This section also has a large number of locomotives for returning pushing locomotives. According to the statements from the administrator and after the Agency reviewed the online application "Naročila vlakovnih poti" (Train path orders), it was established that for the new timetable period the carriers adapted their train path orders to the actual needs, especially in the overtaxed section between Divača and Koper, and did not order train paths with poor utilization.

In contrast to railway freight transport, where there is a large share of cancelled and unrealized train paths, especially with new entrants, the analyses of allocated train slot realization in railway passenger transport continue to show a better condition, as during the whole time that the Agency has been monitoring this (since January 2009) the share of cancelled train paths has not surpassed two percent. The main reason for the low share of unrealized and cancelled train paths lies in the fact that passenger transport services are mainly provided as part of the obligation to provide the public service of passenger transport in domestic and cross-border regional railway traffic.

4.2.3 ANALYSIS OF FREIGHT TRAIN DELAYS

After issuing the regulatory decision in 2017, in which the Agency imposed on the administrator to charge usage fee for access and use of rails at the Koper-tovorna station, the Access monitored the train delays headed to Port of Koper in 2019. The monthly analyses of train delays for 2019 show that the number of delayed trains to this station, as well as the duration of delays, has declined somewhat for all carriers since the usage fee was introduced (on 1 June 2018).

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

At the end of 2017 the Commission Implementing Regulation (EU) 2017/2177 of 22 November 2017 on access to service facilities and rail-related services was adopted, setting the procedures and measures that have to be taken into account when accessing the facilities for providing railway service and using the services conducted in these facilities. One of the things the regulation defines is that the administrators of these facilities may submit a request to the regulatory body to be exempt from performing some of the provisions of this Regulation. In 2019 the Agency did not receive any such requests for exemption.

The Agency did monitor the performance of the Implementing regulation in connection with the obligation imposed on administrator of these facilities to prepare and publish descriptions of facilities and devices for providing additional railway services. The deadline for publishing the description of the facilities and device according to the Implementing regulation was in December 2019. The Agency called a meeting with all the stakeholders already in April 2019 and informed them of this obligation. Following that the

Agency and the administrator JŽI monitored the preparation and publication of the descriptions of these facilities, and after the publication if the Network program discovered some shortcomings, especially in relation to the description of railway-related facilities and devices in the Port of Koper.

In 2019 the Agency organized a meeting with the representatives of the administrators of facilities and devices for additional services with a focus on preparing the acts on the description of the facilities for additional services.

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

In 2019 the Agency carefully monitored whether carriers are charged the correct usage fee for access to the public railway infrastructure for the minimal bundle of services. Based on the monthly reports from the administrator, SŽ-Infrastruktura, d.o.o., the Agency established whether usage fees are billed to the carriers without distinction and in accordance with the methodology and valid regulations. It did not find any irregularities. At the same time the Agency also monitored how usage fee is charged for removing trains in the part of TPK of Koper-tovorna station.

4.2.6 SUPERVISION OF THE OPERATION OF THE ADMINISTRATOR OF THE PUBLIC RAILWAY INFRASTRUCTURE

In accordance with the new tasks that were imposed on the Agency with the Act on the Changes and Amendments to the Railway Traffic Act (ZZelP-K), the Agency began at the end of 2019 with the activities for performing a supervision over concluded agreements on cooperation between the administrator and

the carriers. For 2019 the Agency also planned a supervision over financial streams of the administrator with the companies in the vertically integrated company, however because the administrator JŽI did not complete cost-based separate accounting in accordance with the valid regulations, and even started making a new methodology, and consequently the supervision was not done in 2019. The Agency will conduct it after the implementation of new methodology and new cost-based accounting.

4.2.7 INTERNATIONAL COOPERATION: EC DG MOVE AND IRG-RAIL

The Agency's activities as part of international cooperation continued in 2019 in the working groups of the European Commission and its Directorate-General for Mobility and Transport (EC DG MOVE). The Agency's representatives attended meetings of the European Network of Rail Regulatory Bodies (ENRRB) and actively participated in the debates on current development events on the railway services market in individual member states, were informed with the implementation of the fourth railway package in individual member states. Special focus was also on charging usage fee and exchanging best practices with an emphasis on railway infrastructure in ports.

Because a large share of the Agency's international activities is related to its operations in working groups of the Independent Regulators' Group - IRG-Rail, the Agency's representatives attended several meetings of these working groups in 2019. Working groups are divided into: (1) monitoring legislation drafting, (2) usage fee charges (and subgroup: usage charges for additional services), (3) access to infrastructure and subgroup: access to additional services, and (4) market monitoring. In these working groups the regulatory bodies formed com-

mon positions on the proposals for performing legal acts of EU bodies, collected information on national railroad market regulation in member states, and exchanged statistical data on the development of these markets. With the goal of transferring best practices into member states of the association there were also various workshops (e.g. on freight corridors and overtaxed infrastructure). The Agency's representatives also took part in two plenary meetings of the association.

In 2019 the Agency's representatives held bilateral meetings with the representatives of regulatory bodies of Northern Macedonia and Croatia. At these meetings they exchanged best practices regarding train path allocations (new carriers) and experiences in regulating additional services needed by the carriers for providing their services. With the representatives of the Croatian regulatory body they also exchanged best practices in the resolution of complaints in railway transport.



VIII MONITORING INFRASTRUCTURE INVESTMENTS



The core purpose of monitoring investment investments is to ensure better conditions for the development and the construction of a new, improved communication infrastructure. From the perspective of the guidelines from the state and the European area, this means focusing on the Gigabit society, striving to provide citizens with access to new, innovative services and products, from connected vehicles to e-administration and e-health and the Internet of Things, with benefits for all European citizens by 2025. All of this requires good connectivity.

The Agency's activities related to investments were focused on multi-level monitoring and coordination of investment projects from the perspective of shared construction and shared use of infrastructure. The Agency's main tasks were improving available data that lead to the finalization of telecommunication infrastructure projects or accelerate them. In addition to administering the records of planned construction work and recorded telecommunica-

tion infrastructure facilities, the Agency is focused on the active search for new and effective means of shared use of various types of public infrastructure with electronic communications networks. The objective of these activities is to automate and give new use to our own database, which will connect with other geographic information systems and provide a useful intersection on how to get every user a connection they will need in the future.

1 BACKGROUND, OBJECTIVES, MARKETS

1.1 LEGAL BACKGROUNDS

The legal framework is the Electronic Communications Act (Official Gazette of the Republic of Slovenia no. 09/12, 110/2013, 40/2014 - ZIN-B, 54/2014 - Constitutional Court decision, 81/15, 40/2017). The executive acts in this area are the General act on transparency relating to planned construction work and on shared construction of public service infrastructure (Official Gazette of the Republic of Slovenia, no. 9/18) and the General act on access to existing physical infrastructure (Official Gazette of the Republic of Slovenia, no. 12/18).

1.2 ANNUAL GOALS

In this field of Agency's operations the focus was encouraging investment projects that contribute towards shared investments in infrastructure, While at the same time it strove remove obstacles for preparing and executing shared construction or shared use of infrastructure. More detailed steps towards that goal are:

- providing information to the stakeholders of new obligations related to shared construction

- ▶ monitoring infrastructural projects
- ▶ providing support to operators in obtaining information on potential shared construction of new infrastructure and shared use of existing infrastructure
- ▶ coordination between stakeholders who invest in such projects
- ▶ supervision of adherence to legal provisions related to the documenting construction, entries of communication infrastructure into the complete public utility infrastructure land register, ensuring that obligations of market interest are honoured, and the compliance of easement agreements

1.3 CURRENT STATE OF THE MARKET

The Digital Slovenia 2020 Strategy, adopted by the Government of the Republic of Slovenia, and the related Plan for the development of next-generation broadband networks until 2020 are expiring in the coming year, and both in Europe and in Slovenia there has been an increase in discussion of the gigabit society, which is based on network speeds significantly above 100 Mbps for all European consumers and 1 Gbps for all public institutions, major traffic hubs and digitally intensive companies. Regardless of the name, there is a clear trend for consumers and businesses towards increasingly lower latency and high-speed internet, as well as the trend of a connected ecosystem with a growing presence of the internet of things. Operators have been following this with continued investments in telecommunications infrastructure, especially with optimizations to existing and finding the best possible solutions for the construction of new networks.

2 ACTIVITIES FOR ACHIEVING THE OBJECTIVES

In order to monitor infrastructure projects the Agency established an online portal in 2018 (<http://investicije.akos-rs.si/>), which makes it possible to electronically submit applications for construction and calls to shared construction and to electronically submit interest for shared construction. In 2019 it improved the clarity and automation of the system, and integrated the new database with other geographic information systems, so that all the data are now available through the AKOS Geoportal, which enables circular location infrastructure filtering and data processing.

While monitoring the announcements of infrastructure projects in Slovenia, the Agency finds that the number of announcements of construction of telecommunications infrastructure was nearly the same as in 2018 (176/171), however, the number of other public utility infrastructure constructions has declined significantly.

The decline in investments, especially at the level of local communities, was expected, considering the investment dynamics after the election. However, the network operators have retained the scope of independent construction projects in 2019. It is also important that in 2019 the number of announced and expressed interest for shared construction remained the same as the year before, in spite of the significantly smaller investments in other types of public utility infrastructure.

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

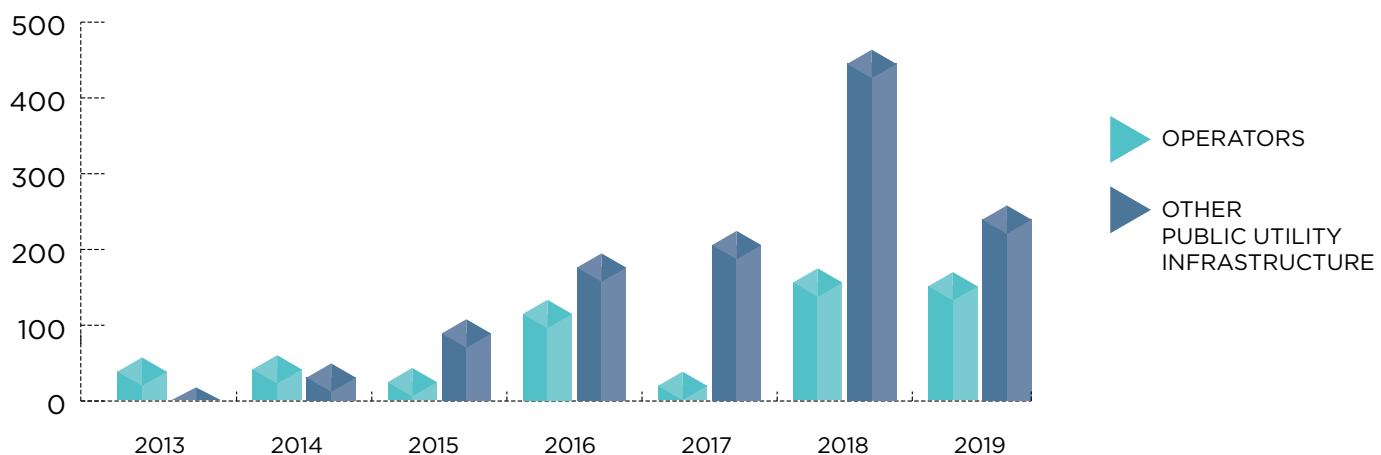
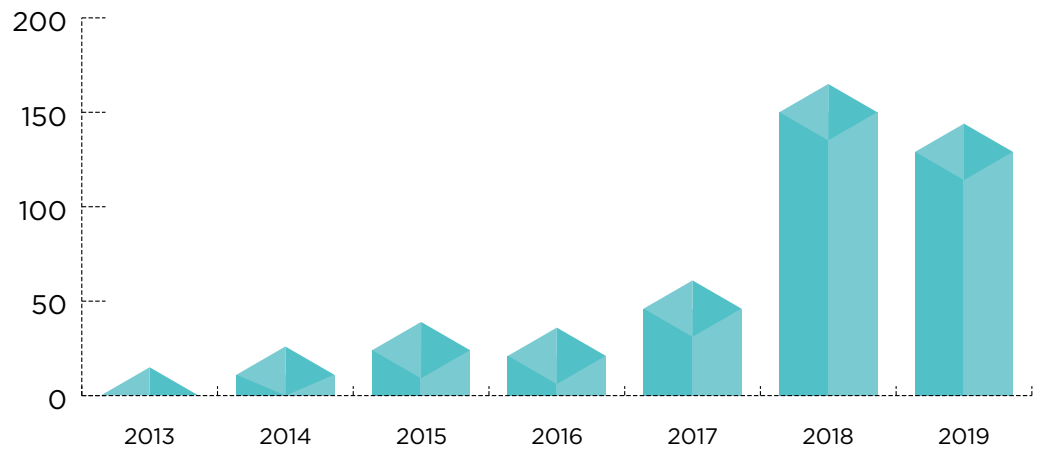


FIGURE 9: EXPRESSED INTEREST IN SHARED CONSTRUCTION



In order to ensure coordination between the stakeholders in investment in such projects, the Agency organized work meetings and workshops for network infrastructure operators in 2019. In the field it organized and held workshops for local communities and utility companies in the Notranjska and Dolenjska regions, where it mainly informed the stakeholders of the changes that the amendments to ZEKom-1C and the adopted executive acts are bringing. After the general part of every workshop there was also a review of situations in participating municipalities. During the whole year the Agency provided its expertise in drafting spatial planning acts or undertaking shared construction products with specific investments whenever local communities expressed interest in such individual help. The Agency's increased its activities in providing information to stakeholders and local investors for specific cases, where the Agency also strives to consult on the field to encourage either shared construction of new facilities or better utilization of existing infrastructure.

In the scope of the analysis and the promotion of shared use of other types of public utility infrastructure it also organized a workshop on general obligations and suitability of gas infrastructure for the needs of telecommunications for the Plinovodi infrastructure operator.



IX SUPERVISION



1 TELECOMMUNICATIONS SUPERVISION

The Agency supervises adherence to the provisions of the Electronic Communications Act, and based on the issued regulations and general acts. The Agency also supervises the implementation of all individual acts or measures that it adopts pursuant to this Act and regulations and general acts issued pursuant thereto. In the territory of the Republic of Slovenia it also supervises adherence to those provisions of EU regulations in electronic communications that have a direct impact on the legal order of the Republic of Slovenia, and that are also by definition supervised by national regulating authorities. In 2019 the Agency conducted 444 supervisory and 44 small offence procedures in telecommunications. The scope of work was comparable to last year. However, there was a significant increase of cases that fall into the category of more demanding supervisory procedures, and take longer than the recommended deadline. This is also evident from the chart below. In 2019 no case was returned to the Agency, and the Agency responded to all the initiatives, and provided answers to all the questions it received that pertain to its scope of operations.

FIGURE 10: SUPERVISORY PROCEDURES IN TELECOMMUNICATIONS IN 2019

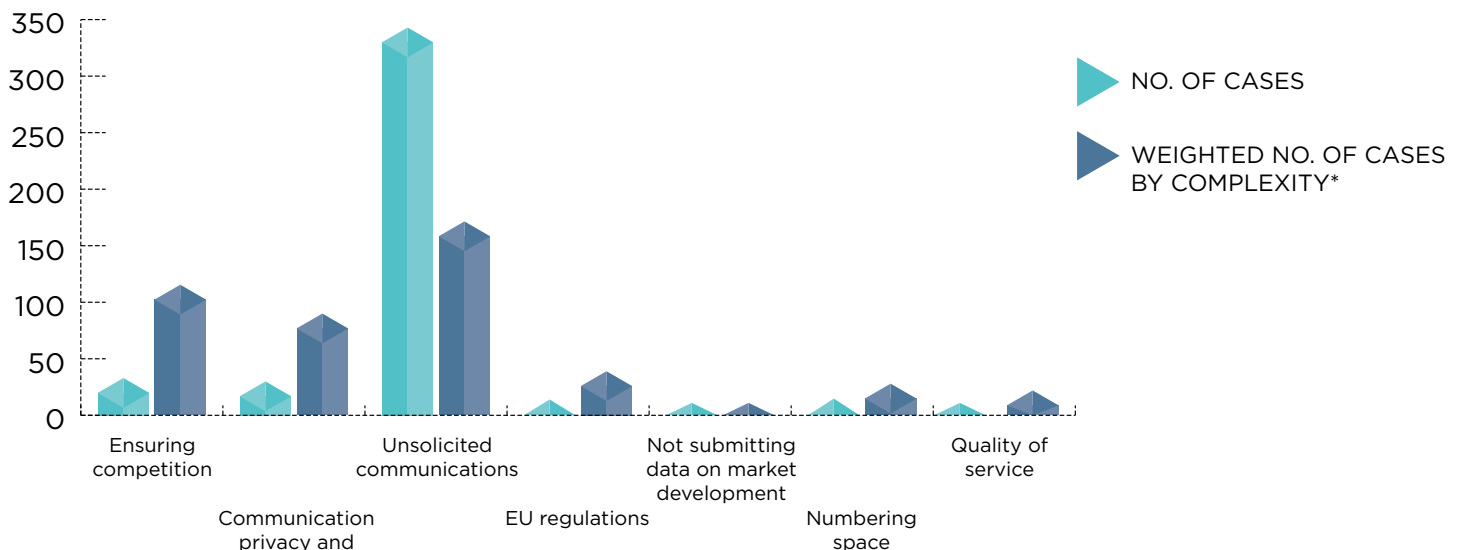
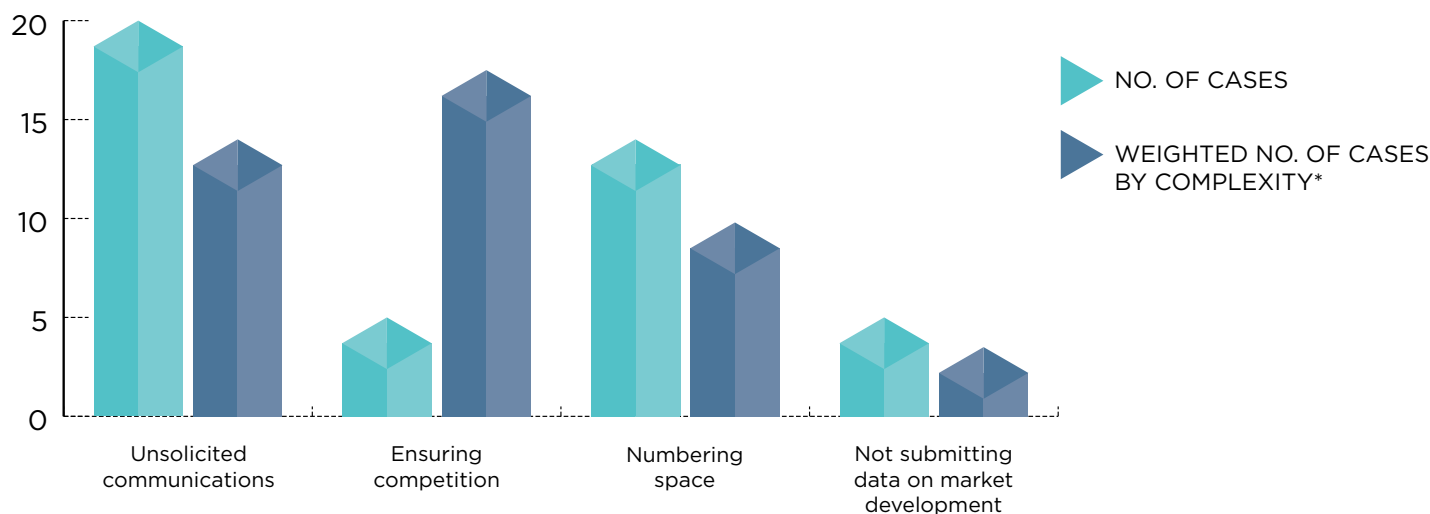


FIGURE 11: MINOR OFFENSE PROCEDURES IN TELECOMMUNICATIONS IN 2019



*"Input to difficulty ratio" is a new assessment category for procedures with regard to how demanding they are and how much time and other resources they require.

1.1 INTERNET NEUTRALITY AND HOSTING SERVICES

In 2019, after completing a consultation with the public and the operators and after 2 years have passed since the implementation of the Recommendation regarding the implementations of the provisions of Regulation (EU) 2015/2120 on providing internet access services, the Agency published the General act on internet access services. The main purpose of this general act was to uniform all the business practices of internet service providers, especially from the perspective of protecting the rights of end users. The general act details the methodology for measuring the technical quality of internet access services over fixed broadband access and over broadband access at a fixed location using wireless technologies, the procedures for establishing compliance of contractual provisions regarding transfer speeds, rules that ensure equal and non-discriminatory treatment of internet traffic, and the rules regarding transparency of providers in ensuring internet access services in relation to end users, especially when setting the scope, type and quality of service, and the method of concluding contracts and related rights of end users. The general act also details the rules regarding ma-

naging and limiting traffic in the scope of internet service access. Based on the general act the Agency can now utilize formal supervisory procedures to protect end users more effectively. Transparency of offers and access to information on internet access services on the market and related terms and conditions also contribute to users' decisions when selecting the appropriate service provider. After implementing the general act the Agency queried the internet service providers about how they fulfil the imposed obligations. Based on received answers and additional verifications on their websites it did not detect any significant violations.

In 2019 the Agency, in accordance with Article 5 of the Regulation, again prepared and published the National report on internet neutrality, in which it explained the relevant legal frameworks for providing internet access services and the findings based on the data gathered on the market in the first year after the implementation of the Regulation (for the period from April 2018 to April 2019). National regulatory bodies have to publish annual reports on monitoring and their findings, and submit these reports to the European Commission and BEREC.

As an active member of the Net neutrality expert working group with BEREC (NN EWG) the Agency's representative collaborated in the preparation of the questionnaire for gathering the required data and information and then also in drafting BEREC's annual report on the implementation of the Regulation in individual EU member states. In the scope of the working group the Agency also participated in the preparation of the proposals to the changes of BEREC's Guidelines on the implementation of rules on internet neutrality for European regulators, which BEREC put into public consultation in autumn 2019.

At the European stage there were some issues in the implementation of the Regulation on roaming in public mobile communications networks within the EU. Users reported on irregularities related to information on using services when roaming. In 2019 the Agency verified in three ex officio supervisory procedures whether the calculation of used allowed during roaming that providers have to ensure to their subscribers in the EU when they purchase additional data allowances. In order to clarify the regulatory framework the Agency organized a few meetings with individual roaming providers to discuss their specific offers. The Agency did not establish any violations regar-

ding ensuring data transfer use in the EU/EEA for data allowances in the EU/EEA. The Agency also performed a supervision regarding allowing users to select the roaming tariff, namely a different one for the unregulated roaming service. No violations were found. The Agency shall continue verifying the compliance of the roaming providers' offers with the valid regulation.

1.2 COMPETITION PROTECTION

In 2019 the Agency continued verifying whether the regulatory decisions of imposed obligations on relevant markets 3a and 3b are fulfilled. The supervisory procedures demanded a lot of time and resources. In the supervisory procedures for the period from 21 March 2018 to 30 April 2018, the Agency established that the operator breached the price obligation from the regulatory decision in both markets 3a and 3b, as its reference offer included wholesale prices for carrier access services that were too high or it sold the same products on the retail market at a too low price. The Agency issued a decision to the operator, imposing corrective measures on both markets. In the supervisory procedures the Agency shall continue verifying price obligation also in 2020.

In 2019 the Agency also launched the supervisory procedure related to the offer for long-term capacity leasing to the end users of the obligated party on relevant market 3b. In this procedure the Agency is verifying the fulfilment of the obligation of equal treatment and ensuring transparency and the general compliance of the agreement with the provisions of the European Commission Recommendation of 20 September 2010 on regulated access to access next generation access (NGA) networks, and from 11 September 2013 on consistent non-discrimination obligations and costing methodologies to promote competition and enhance the broadband investment environment. In 2019 the regulatory decision on the relevant market 4 also came into effect, and it is very taxing from the supervisory perspective because of the newly imposed obligations on the operator.

At the initiative of the operator the Agency approached resolving the issue of returning ONT equipment between operator and the subscriber after the termination of a subscriber agreement. It organized several workshops with relevant operators where they were able to exchange their positions. They prepared the guidelines offering the solution for this issue. Their content was presented to the operators at a special workshop, where they all received it warmly.

For performing most supervisory procedures on regulated relevant markets the Agency urgently needs the data and information from other stakeholders using services on the market. Such cooperation was already established in the previous years, but needs to be strengthened and intensified, as real and high-quality data is need for the Agency to reach correct and legal decisions. For this purpose the Agency is also organizing workshops with operators, where it also obtains the shareholders' opinion and participates in finding the most suitable solutions for providing regulatory measures at the technical level. In 2019 the Agency organized 6 such consultations with operators.

1.3 COLLECTING AND PROVIDING DATA AND INFORMATION

In 2019 the Agency's priority were the operators who did not submit the data on market development within the deadline. It launched 5 inspection supervision procedures and issued 2 decisions with corrective measures. The Agency

handles such breaches of operators' legal obligations with the utmost priority due to strategic importance of obtaining correct and timely data for providing its regulative tasks and other obligations it has based on ZEKom-1.

1.4 USERS' RIGHTS

In 20 the BEREC working group on the rights of end users began preparing the recommendation on measuring and publishing parameters of the quality of public communication services. The basis for the recommendation is Article 104 of the new European Electronic Communications Code, which gives the regulators the option to request the providers of interpersonal communication service and the providers of internet access services to publish extensive, comparable, reliable, user-friendly and latest information on the quality of services they provide. The Agency is actively participating in the preparation of this document.

1.5 SECURITY AND RELIABILITY OF NETWORKS AND SERVICES

In May 2019 the ad hoc BEREC working group on cyber security was founded, as a result of the Recommendation of the European Commission on cyber security of 5G networks. The Agency assumed the chair of the working group, and has prepared in just under three months an internal research on the current status and the plans for the future in member states regarding the security of electronic communication networks and services with an emphasis on mobile networks. The document was submitted to the European Union Agency for Cybersecurity ENISA, the European Commission and NIS Cooperation Group as the relevant bodies for preparing the regulatory framework for cyber security of 5G networks. Along with the current legal regulations in member states and the authority of independent

³<https://eur-lex.europa.eu/legal-content/SL/TXT/PDF/?uri=CELEX:32010H0572&qid=1580468456453&from=en>
⁴<https://eur-lex.europa.eu/legal-content/SL/TXT/PDF/?uri=CELEX:32013H0466&qid=1580468459748&from=en>

regulatory bodies the research also included some operator aspects of 5G network construction. The BE-REC working group concluded its work for 2019 by organizing an internal workshop with stakeholders (the association of operators and equipment manufacturers) to which it also invited other relevant institutions (ENISA, NIS CG) and the European Commission.

In relation to the security and reliability of networks and services the Agency is also participating in the Article 13a working group which operates under ENISA. In 2019 the Agency's representatives attended all 3 meetings of the working group aimed at exchanging best practices and current challenges in information and cyber security, and a coordinated approach of regulators to treating and reporting on security incidents. The Agency organized the June meeting in Ljubljana, and also took the opportunity to also invite to the working group meeting with ENISA the representative of the European Agency for the Cooperation of Energy Regulators (ACER). The participants discovered numerous synergies and grounds for further tighter cooperation of both sectors. The group's work in 2019 was mostly focused on the changes that the new European Electronic Communications Code brings in the context of ensuring security and incident reporting.

1.6 PRIVACY OF ELECTRONIC COMMUNICATIONS

In 2019 the Agency processed 343 reports of unsolicited communications (email, text messages and telephone calls). In cases of a possible violation of Article 158 of ZEKom-1, the Agency launched supervisory procedures. In the supervisory procedures it issued 5 decisions with corrective measures and about 12 written warnings, concluded 20 minor offence procedures and issued fines in 3 cases. No appeals for legal

protection were issued against any of the decisions. The most frequent breaches are still sending unsolicited email without the recipient's prior approval, having a poor system for unsubscribing from receiving unsolicited email with marketing content, and disregarding the opt out option for using phone numbers for commercial and surveying purposes that subscribers mark in the Telephone Directory of Slovenia. The Agency also discovered that some obligated parties are attempting to avoid responsibility for sending such prohibited messages by concluding a contract for sending commercial messages for their products with companies based abroad. The Agency resolves such reports through cooperation with the Market Inspector of the RS and the Information Commissioner of the RS. The Agency also received 5 reports of the violation of Article 147 of ZEKom-1 (confidentiality of communications), and issued notifications according to Inspection Procedure Act, imposing on the obligated parties to stop recording calls, as they have no legal basis for this, and to adjust the duration of storage to the legal requirements.

1.7 COOPERATION WITH OTHER BODIES IN SLOVENIA

As for a number of years before the Agency prepared for the Inspector Council a report on fulfilled strategic guidelines and priorities for 2018 and at the end of 2019 also presented them with the plan for 2020. The Agency cooperated with the Ministry of Public Administration in the preparation of the Regulation on the implementation of the Regulation (EU) on assigning measures related to access to the open internet and in connection with the retail prices for regulated communications within the EU and the Europe Union Regulation on electronic communications privacy.

Immediately in the beginning of the year a problem came up with incorrect routing for the emergency call number 113. After a few meetings with the Ministry of Internal Affairs, Administration of the Republic of Slovenia for Civil Protection and Disaster Relief, and relevant operators a joint solution was adopted, and its implementation will have to be supervised in the upcoming year.

The Agency cooperated through extensive expert support with the relevant Ministry of Public Administration and with the assistance of the Ministry of Defence in the preparation of the National risk analysis for 5G networks. Based on the European Commission Recommendation on Cybersecurity of 5G networks the Republic of Slovenia (as well as other EU member states) was obligated to submit it to the European Commission and ENISA by 15 July 2019.

In 2019 the Agency organized a meeting with the Information Commissioner regarding the interpretation of provisions of unsolicited communication and the coordination of authorities between the bodies in relation to resolving unsolicited communication, and in relation to the procedures of exchanging data on multiple (i.e. repeat) offenders who are in procedures with both bodies, and regarding the disputed practices.

The Agency actively collaborated in the preparation of the written submission and the later oral positions of the Republic of Slovenia in the court procedure at the European Court in Luxembourg against TELENOR MAGYARORSZÁG, as the content of the court decision is also important because of the processes that the Agency handled in the past. The Agency's representative also cooperated with the state attorney at the main hearing, as so he was able to assist her with answers to concrete questions from the court.

2 SUPERVISION IN INFRASTRUCTURE INVESTMENTS

Based on the provisions of Articles 15 and 1111 of ZEKom-1 the Agency also has the authority of inspection supervision over the fulfilment of provisions of the articles of this Act that are related to shared construction and shared use of public utility infrastructure, fulfilment of market interest, compliance of easement agreements with the legal requirements, and is also a minor offence authority.

In inspection supervision the Agency doubled the scope of supervisory procedures related to registering telecommunications infrastructure. This saw the introduction of 11 new systemic supervisions of following the correctness of notifying the data on location, route, type and current use of the communications network and accompanying infrastructure, along with the number of accompanying lines. For the year 2019 the Agency finds that the number of registered routes of the communication network, as defined by ZEKom-1, has remarkably increased. In 2019 the Agency also launched 44 preventive supervisions (ex officio) of compliance of easement agreements, as with the amended act these also cover infrastructure operators; all are going to be concluded within the legal deadline, and there are basically no delays in this area. The Agency launched a broader review of the state of the construction of public utility infrastructure in local communities, as this will serve as the foundation for an analysis of construction together with the telecommunications infrastructure.

3 SUPERVISION OF THE RADIO FREQUENCY SPECTRUM

One of the Agency's regular tasks is ensuring uninterrupted use of the radio frequency spectrum for all users of radio services, i.e. all holders of decisions on assigning radio frequencies (ODRF), by taking regular measurements throughout the whole territory of the Republic of Slovenia and through inspection measures in cases where irregularities are discovered. The Agency supervises the radio frequency spectrum systematically on the basis of its annual plans, based on internal orders for special spectrum measurements, for example for the requirements related to radio frequency spectrum management, and within the scope of investigating reported radio interference. When conducting radio frequency spectrum supervision, the Agency's authorized personnel use the provisions of the Inspection Act appropriately. They can act with the power a minor offence authority if they ascertain during a supervision procedure 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 frequency spectrum users by advising them on how to resolve various technical issues. In 2019 the Agency's authorized persons researched and discovered the reasons for all the cases of interference reported by DARF holders.

3.1 MEASUREMENTS OF THE SPECTRUM AND ELIMINATING INTERFERENCE

In 2019 the Agency investigated 116 reports of harmful radio interference. The majority 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, and other devices which were not operating correctly. The Agency invested a lot of its time on resolving interference impacting the Slovenian weather radars due to RLAN connecti-

ons. Through regular measurements it monitored the activities alongside the border, where foreign radio stations continue to cause interference for our stations. The Agency investigates radio interference in the reception of signals of Slovenian radio broadcasting stations and reports them in the following cases:

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

With regard to the established interference in broadcasting the Agency submitted 39 of reports to the Italian authorities in 2019. 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 58 inspections to investigate radio interference and based on reports. In seven cases a minor offence procedure was conducted and a fine was issued. In the past year the Agency put more focus on checking the modulation signal of FM audio broadcast stations. It also made 15 recordings of the radio (FM) and television spectrum in various locations around Slovenia. The results were the basis for international coordination between radio broadcasting stations, for new technologies on these bands, as well as for issuing DARFs. It conducted several measurements because of reports of interference from DARF holders, as well as for the requirements of supervision and support 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.

3.2 UPGRADES AND MAINTENANCE OF THE MEASUREMENT SYSTEM

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

In order to realize its goals of monitoring and supervising the operation of devices with the current fast advances in technology of utilizing the RF spectrum the Agency purchased a spectral analyser, capable of capturing 160 MHz bandwidth. It also purchased a few minor pieces of controllers, antennae and supporting devices so it can perform its tasks better.

3.3 MONITORING THE QUALITY OF SERVICE OF

FIXED AND MOBILE BROADBAND NETWORKS

Monitoring the quality of fixed data services in broadband networks (QoS BB) was one of the Agency's key tasks in 2019. In accordance with the operational plan for 2019 the AKOS continued upgrading its AKOS Test Net system. It upgraded the software, resolving bugs and other established issues. The Agency's employees and the public provided the measurements that are filling the database, which is in turn growing in quality with the amount of data added. In 2019 more than 1.5 million measurements were conducted with the system, coming from fixed and mobile broadband connections.

In 2019 AKOS Test Net became the primary tool in the methodology for measurements as set out in the General act on internet access services and related end user rights. Both the European Commission and BEREC also encourage monitoring QoS BB, and the Regulation (EU) no. 2015/2120 of the European parliament and the council of 25 November 2015 on defining the measures related to access to the open internet define obligations of national regulators in this area. The Agency has authority over monitoring the quality of service of mobile and fixed data services in broadband access based on the provisions of ZEKom-1, which allows it to impose upon operators a minimum level of service provision for broadband access, and it can take measurements in the event of derogations from the defined levels.

The Agency also actively monitored and participated in testing software code from the BEREC tender, however, in spite of plans the project was not concluded in 2019, so this new code was not yet implemented into the existing measurement system. In the beginning of the year the MoQoS international project came to conclusion, a part of which was also the development of measuring probes. The Agency tested the measuring probes and established that they are only conditionally suitable for performing measurements of lower speeds (up to 150 Mbps), and not suitable for measurements of higher speeds (up to 1 Gbps). Consequently the Agency began looking at hardware solutions that could be useful as measuring probes.

In 2019 the Agency also purchased a new BGP edge router to increase the reliability and availability of the AKOS Test Net measurement tool. This will upgrade the link to SIX and to transit providers, thereby ensuring a more stable operation of the AKOS Test Net system. The Agency upgraded the professional instruments for measuring fixed networks with new and updated functions.

Because the Agency is a member of RIPE NCC, it set up a RIPE Atlas Anchor measuring probe in its network, which can be used by other RIPE NCC members and all those who already have a RIPE Atlas probe.

3.4 INTERNATIONAL COOPERATION

In 2019 the Agency continued with active cooperation with countries who are signatories to the memorandum on cooperation in the field of quality of service and spectrum management. The memorandum allows the signatories to exchange new knowledge and advancement in measurement methodologies for QoS, conducted by regulators for the quality control of broadband internet access services and consumer protection. In 2019 the Agency attended the third QoS Measurements meeting, where experts from Slovenia, Hungary, Slovakia, Czechia, Poland, Croatia, and Serbia presented the latest projects and activities in the field of measuring the quality of service of broadband in-

ternet access. The Agency was also active in one of the BEREC working groups (NN Tool Drafters), where it participated in local testing of the newly developed code, and at meetings and videoconferences, related to monitoring the development and testing the new software of the open-source measurement tool which is currently in development by Alladin-Zafaco for BEREC.

In 2019 the Agency hosted the 52nd meeting of the FM22 group in the scope of ECC. The group deals with the topic of radio interference and measurements, and meets biannually. 50 delegates attended the meeting.

4 SUPERVISION OF ELECTRONIC MEDIA

In electronic media the Agency's supervisory procedures met the set goals and tasks for 2019 in all areas, where it had activities planned: station of special importance, protection of children and minors from potentially harmful content, shares of audiovisual works and television advertising. In accordance with the planned tasks it proactively worked towards ensuring the rights and protection of viewers, listeners and other users of audiovisual services, ensuring legal operations of all the stakeholders on the market, and ensuring the achievement of the public cultural goals in electronic media. Besides these tasks the Agency also performed some unplanned activities, either following received reports, the ruling of the Administrative Court or when detecting market activities that required action. It completed 26 supervisory procedures, of which 22 were inspection administrative procedures, three were minor offence procedures and one was a procedure to the permission of an administrative collection with indirect enforcement. It completed 19 procedures against radio programming publishers, and 7 against television programming publishers. In the scope of inspection procedures it issued 7 administrative decision, and 3 decisions with a fine in the scope of minor offence procedures. 19 procedures are still ongoing, and were carried over into 2020, of which 18 were related to the supervision of the licenses for providing radio activity, and one with the broadcast of a cinematic work within the deadlines agreed with copyright holders.

4.1 STATIONS OF SPECIAL IMPORTANCE

In its annual plan for 2019 the Agency set system supervision of the holders of the license of station of special importance as a priority task, following an initiative from the Ministry of Culture. It began a systemic supervision in 2018 with television stations, and continued in 2019 with the supervision of radio stations of special importance, with a total of 16 supervisory procedures completed. In 4 cases all the legal conditions for the status of a regional station of special importance, while 2 publishers were issued with administrative decisions because of a failure to fulfil the conditions. Ten procedures verifying the conditions for radio stations with a local status were completed, of which one was for a regional network of local radio stations of special importance. Three publishers of local radio stations of special importance and two publishers who are connected into a regional network of local radio stations of special importance, were issued with administrative decision because they did not fulfil the specified conditions.

4.2 PROTECTION OF CHILDREN AND MINORS FROM POTENTIALLY HARMFUL CONTENT

In accordance with the annual plan the Agency performed preventive tasks

in the field of protection of children from potentially harmful content in audiovisual media services. It monitored the labelling on television programming and the publishers' use of the Gledoskop tool for rating and classification of audiovisual media content. The Agency coordinates the coders' board, which facilitates the discussion on the suitability of classifying programming content, and in which signatories to the use of Gledoskop participate. During the past year the board met three times, and there was also more communication with coders during the year. In the past year there was a notable decline in reports to the Agency regarding the content from television programming that could harm children or minors, which is most likely also the result of the successful efforts put forward by the Agency and the whole committee of coders working in this field.

4.3 SHARES OF AUDIOVISUAL WORKS

In the scope of regular reviews of annual reports on achieved shares of audiovisual works in the past year the Agency established that it received the required data for 11 of 13 television channels who are obligated to submit reports. In two cases the Agency had to launch inspection procedures because of delays in submitting reports, and received the required data from the publishers. All the received reports show that in 2018 all television programming met the required shares, so no supervisory procedures were launched last year.

4.4 TELEVISION ADVERTISING

In 2019 in the scope of its planned tasks the Agency regularly monitored the scope of advertising on the 30 most watched Slovenian television channels and foreign television channels that target Slovenian audience with mostly Slovenian adverts

and mostly also Slovenian subtitles, however, in accordance with the Directive on audiovisual media services and ZAvMS do not fall under the jurisdiction of the Republic of Slovenia, as they are licensed in another EU member state. Based on the findings of the regular monitoring (and one report) and adherence to the limitations of the scope of the broadcast advertising in television programming, the Agency established that both Slovenian and foreign publishers adhere to the legally required limitations in this area, and did not launch any procedures.

In television advertising the Agency also launched two procedures, based on received reports. The first one resulted in the publisher resolving the incorrectly labelled TV sales, and in the second one the offending parties were fined because of incorrectly including product placement in an entertainment show. In one case the publisher was fined because of broadcasting audiovisual commercial messages for a medical activity which is prohibited in television programming. Considering the practice from 2018 the Agency did not detect any disputed practices in advertising medical activities, medical services or their providers, which could result in actions in this field.

4.5 OTHER SUPERVISORY PROCEDURES

In 2019 the Administrative Court returned one of the decisions back to the Agency for review. This decision was issued to the publishers of radio programming because they did not adhere to the regulations on required shares of played Slovenian music. During the repeat procedure the Constitutional Court issued a ruling that annulled the provisions of the Media Act relating to this procedure for privately-owned radio stations. Consequently the Agency stopped this procedure.

Following an extensive report, the

Agency launched inspection supervision procedures against 18 radio stations in the last four months of 2019, establishing whether they meet certain obligations arising from the licenses for performing radio activities. As these are complex analyses and include a large number of procedures, the Agency plans to continue them into the next year. Following a report, the Agency launched an inspection procedure in which it established whether the publisher broadcast in its programme a cinematic work outside of the terms agreed with the copyright holders. Because of non-compliance one publisher's license for disseminating digital radio programming was revoked, and the Agency also issued two fines to publishers who did not submit the data to the Agency.

5 SUPERVISION OF POSTAL SERVICES

The Agency fully achieved the supervising goals it set for 2019. In order to achieve these objectives the Agency conducted preventive measures according to predetermined priorities, and based on findings in regulative procedures or reports.

In 2019 the Agency conducted 2 preventive supervision procedures regarding the implementation of the provisions of the General act on exceptions in the implementation of the universal service, and verified the permissibility of derogations from serving and delivering mail in these areas. On the basis of the General act on the quality of providing the universal service the Agency verified the appropriateness of installed mailboxes at 2 contact points. The Agency also conducted preventive supervision procedures at 6 contract post offices. Following 14 reports the Agency has concluded supervisions related to issues with delivery of post. Three reports were handed over to the Market Inspector, three were carried over the next year, while the remaining were concluded by issuing decisions on stopping supervisory procedures.



X DISPUTE RESOLUTION

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

- ▶ Electronic Communications Act (1st paragraph of Article 217 and Article 220a)
- ▶ Postal Services Act (6th paragraph of Article 32 and Article 62)

Pursuant to the above Acts the Agency has the authority for resolving 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, and disputes related to shared network use or shared construction (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) 1371/2007 on the rights and obligations of passengers in the railway traffic.

In the 2019 operational plan the Agency expected to receive about 800 disputes from end users into resolution, and it also planned to resolve as many. The objective was to resolve at least 80% within the prescribed deadline of 4 months, and achieve at least 60% of amicably resolved disputes. For carrier disputes it was the Agency's estimate that it would receive up to 10 disputes related to electronic communications, and no related to postal service providers.

In 2019 the Agency received a total of 712 requests from end users for dispute resolution with a provider, which is within the scope of its 2019 Operational and Financial Plan. In addition to the 704 newly received disputes the Agency continued with its resolution of 180 disputes that were lodged in

2018 and carried over to 2019. The total number of user disputes that the Agency handled in 2019 was therefore 892. Of these, 676 were resolved by the end of 2019, and the Agency will continue with the remaining 216 disputes in 2020. In 2019 the Agency also received 6 proposals for resolving carrier disputes, and it also continued resolving the 4 disputes that were launched in 2018. The increase in new cases was within the 2019 Operational Program and Financial Plan in which the Agency estimated that it will receive a total of 10 carrier disputes. The Agency did not receive any proposal for resolving a dispute between postal service providers.

1 USER DISPUTES RELATED TO ELECTRONIC COMMUNICATIONS

In resolving user disputes in electronic communications the Agency has been very successful as a mediator (much like in the past few years), resolving 64% of 650 disputes in such a way that the provider and

end user reached an amicable agreement about the dispute resolution, which was followed by a decision to stay the procedure (417 cases). This surpassed the objective set for 2019 of using a mediation procedure to successfully resolve 60% of all disputes in an amicable manner. In the remaining cases the Agency ruled with a decision. If the claim was submitted too late or if it was not under the Agency's authority, the Agency dismissed the proposal for conflict resolution with a decision. The Agency handed over 7 cases to other bodies.

In terms of the subject of the dispute, 2019 was dominated by disputes related to broadband services (48%). These were followed by disputes related to mobile services (40%), followed by disputed with communication services (6%). The share of disputes related to television services stood at 4%, and the share of disputes related to fixed telephone services stood at 2%.

With regard to the content, i.e. the reason for the dispute, the Agency finds that users in 2019 most often turned to the Agency because of false charges on their invoices, as 33% of the requests for dispute resolution claim that they did not use the services or did not order them, but the operator still charged them for it, and in relation to payments for services, as 29% of disputes in which the users opposed the payment of a contractual penalty or costs related to terminating the subscriber agreement. These were followed by disputes related to incorrect invoices (14%) where the data on the invoice (most often the amounts charged) were incorrect, and the disputes relate to service outages or poor services (12%).

In 2019, 85% of disputes were resolved within the recommended deadline for resolving them, while 15% of cases exceeded it. In the cases related to electronic communications

FIGURE 12: DISPUTES IN TERMS OF HOW THEY WERE RESOLVED

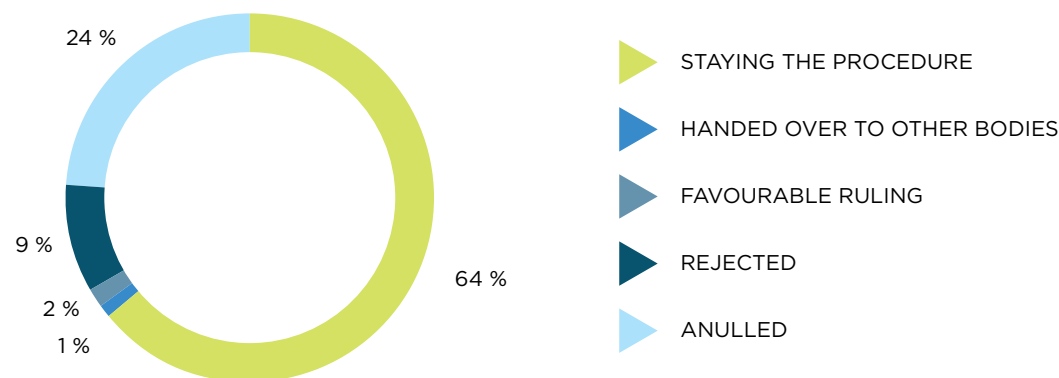
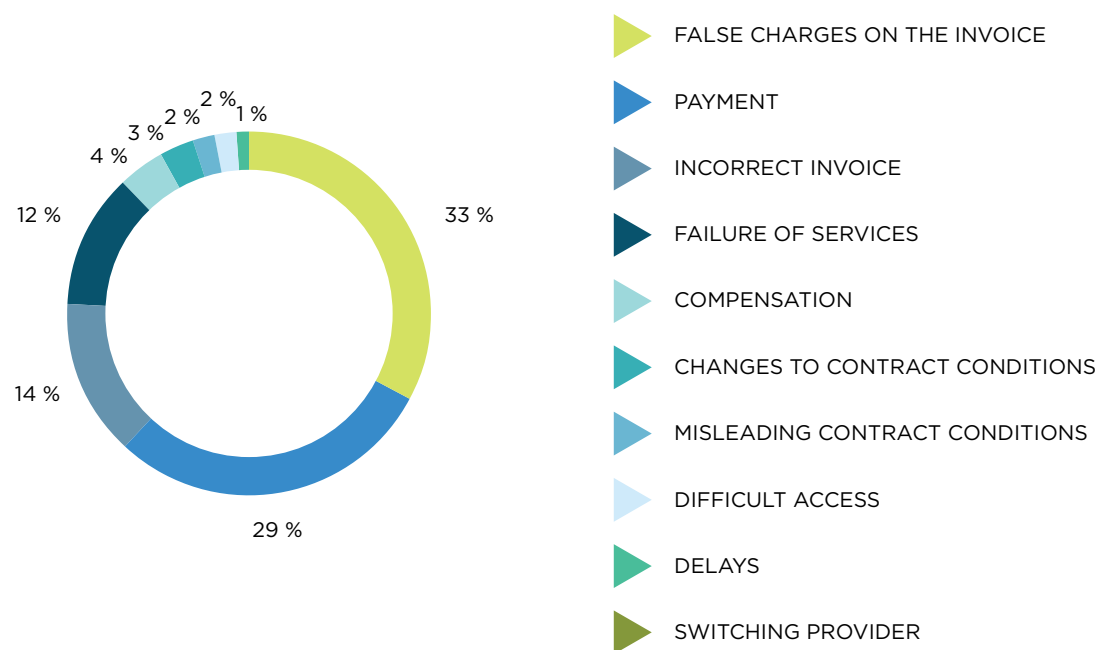


FIGURE 13: RECEIVED CASES BY REASON FOR DISPUTE



disputes, the Agency managed to fully achieve the goal it set out (i.e. resolve at least 80% of the disputes in the recommended time).

2 CARRIER DISPUTES IN ELECTRONIC COMMUNICATIONS

In electronic communications the Agency resolves the disputes among stakeholders that occur in connection with shared use and construction of electronic communications networks and disputed related to technical and commercial questions of carrier access and network interconnection.

The most disputes related to lowering costs of electronic communications networks, which the Agency is resolving in accordance with the provisions of 220a of ZEKom-1. Three disputes related to shared use of physical building infrastructure and the construction of electronic communications networks, while two disputes related to the submission of data on the existing physical

infrastructure. In 2019 the Agency also received one proposal for dispute resolution related to regulated price of services on the relevant market 3a.

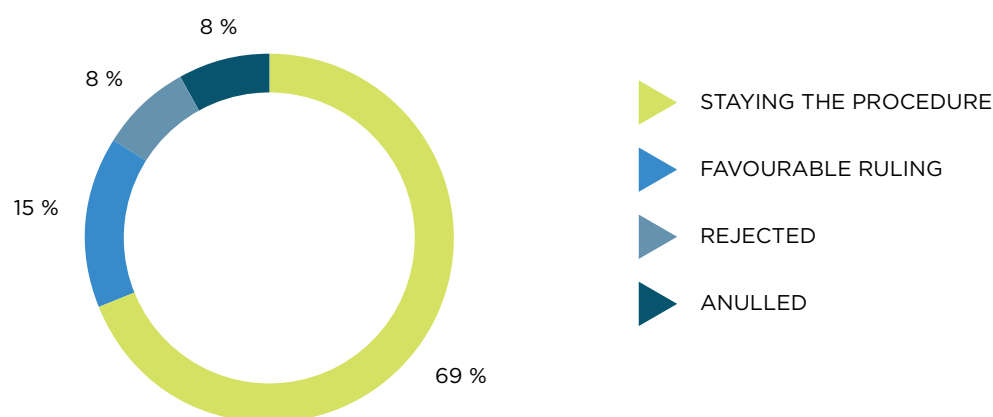
In 2019 the Agency resolved 4 disputes. A dispute that was launched in 2018 was resolved. It was related to network interconnection, and was partially rejected at the request of the reporting party, and was stopped in one part, as a legal procedure was already underway at the court. In one case the Agency issued a decision on dismissal, as the case did not fall under its authority, while in two cases the parties of the dispute withdrew their cases, and the Agency issued a decision on stopping the procedure.

The Agency also issued a partial decision in the dispute relating to access to an operator's existing physical infrastructure. The request for access was denied as the procedure showed that there is a feasible alternative method for access (item 6 of paragraph 5 of Article 93 of ZEKom-1), as well as access to unused optical fibres (Article 93a of ZEKom-1). The remaining part of the request, which pertains to access to physical infrastructure inside buildings (Article 91a of ZEKom-1) will be decided on in 2020.

3 USER CONFLICTS RELATED TO POSTAL SERVICES

In 2019 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 3 disputes that were begun at the end of 2018. The total number of user disputes in postal services in 2019 was 29. Of these, 26 were resolved, and the Agency will continue resolving 3 disputes in 2020. In 18 cases the Agency achieved that the user and provider of postal services reached an amicable agreement, which was followed by a decision halting the procedure. In the remaining cases the Agency ruled with a decision. In two cases the Agency dismissed the reports, as they were not suitably completed or the submission were late.

FIGURE 14: DISPUTES WITH POSTAL SERVICE PROVIDERS IN TERMS OF HOW THEY WERE RESOLVED



In postal services in 2019 the resolved disputes were related to payment of fees. Users of postal services most commonly contacted the Agency with claims for compensation due to damaged or destroyed shipments, and did not submit other types of disputes. Of the 26 disputes the Agency resolved in 2019, 73% were resolved within the 4-month recommended deadline.

4 DISPUTES BETWEEN PROVIDERS OF POSTAL SERVICES

In 2019 the Agency did not receive any petitions for dispute resolution from postal service providers.

5 PASSENGER COMPLAINTS IN RAILWAY TRAFFIC

In 2019 the Agency, as the appeal body for the protection of passengers' rights in railway traffic, did not receive any complaints of passengers in railway traffic.

XI CARE FOR END USERS

In 2019 the Agency continued with activities related to empowering end users of electronic communications and other services under its authority. It responded promptly to users' questions with written explanations and published notifications and warnings about potential threats on its website, along with information on how to resolve such issues, it updated its FAQ database, organized consultations with stakeholders, and ran a call centre on a daily basis. In 2019 the Agency launched new portals that provide end users with access to numerous useful information. During 2019 the Agency also began with the preparations for assuming new authorities of cross-border consumer protection in electronic communications and audiovisual media content based on the Regulation (EU) 2017/2394 (CPC Regulation), which comes into effect in 2020.

1 PORTAL FOR SERVICE USERS

In 2019 the Agency ensured the operation of the portal for access to operators' current subscription plans (fixed and mobile), thereby making it possible for end users to be informed about them in one space. The portal was renamed from "komuniciraj.eu" to "primerjajoperaterje.si", with a new design.

In 2019 the Agency launched a new portal, aimed at encouraging media and information literacy, MIPI, which the Agency aims to utilize, within its authority and with the goal of protecting end users of electronic communications, especially the most vulnerable groups, to inform the broader public on the importance of critical and deliberate use of media content and information technologies, influence of media, understanding different media messages and information, responsible creation and distribution of messages, as well as about the use of information technologies, their advantages and traps.

The AKOS Geoportal continues to serve end users also in 2019, providing the general and the professional public with a transparent insight into the data on electronic communications and other infrastructure. AKOS Geoportal already includes more than 60 spatial layers, with many of them prepared, collected and processed by the Agency, and which are not available anywhere else. This provides end user the data on the infrastructure (electronic communications and other) that is available to them at their home address.

2 CALL CENTRE

The Agency has a call centre for user support, available at the toll-free number 080 27 35, which operates since June every Monday, Wednesday and Friday between 9:00 and 11:00. Its main function is to provide basic information regarding concrete situations related to electronic communications and postal services and instructions on entering the proposal for dispute resolution. In this respect the call centre also has a preventive role, as by clarifying a problem that has arisen it reduces the need for end users to file complaints with their provider or a request for resolution before the Agency. In 2019 the Agency responded to 756 calls from end users, which is less than planned in the scope of its 2019 Operational and Financial Plan (1000 calls were planned).

3 CLARIFICATIONS TO END USERS

Besides the above activities the Agency also responds to questions from stakeholders or provides them with information relating to its area of operations.

In 2019 the Agency received 249 requests from users for the clarification of a given situation, or for advice about a given problem. The Agency also wrote 247 written clarifications (including those questions that the Agency received at the end of 2018 and to which it responded in 2019). The Agency wrote 91 written explanations within the recommended deadline of 15 days.

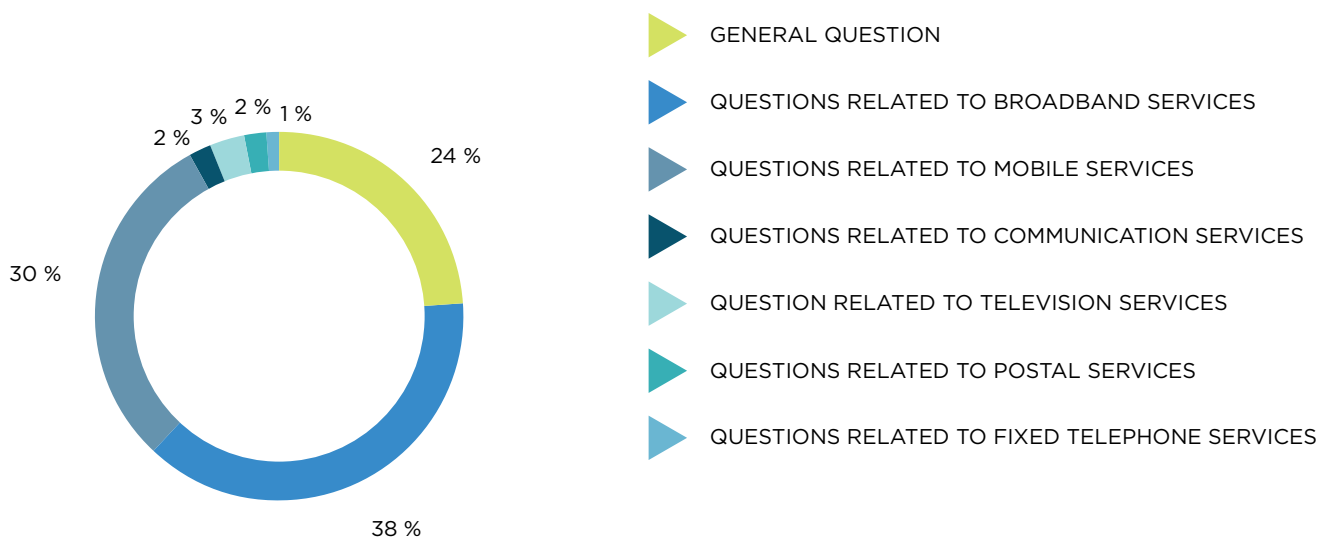
In terms of the type of service that the user wanted an explanation about, 2019 was dominated by inquiries related to broadband services (38%) and questions related to mobile services (30%). These were followed by questions about the Agency's authority (24%), and by questions on television services (3%). The share of questions related to communication services and that related to postal services both stood at 2%, while the share of disputes related to fixed telephone services stood at 1%.

The average time the Agency needed to draft a response was 8 days, which is within the expected 15-day deadline.

4 CONSULTATIONS WITH OPERATORS AND CONSUMER ORGANIZATIONS

As it lacked human resources, the Agency did not plan any consultations with operators and consumer organizations for 2019. Because of the situation in the electronic communications market, and with the goal of finding a solution that would suit both users and the operators, the Agency and the Market Inspector attended the consultation with consumer rights organizations related to the changes that operators have been including into their contractual terms and conditions before the subscriber agreement expires.

FIGURE 15: RECEIVED INQUIRIES FROM END USERS BY CONTENT



XII LEGISLATIVE AND JUDICIAL PROCEDURES

1 REPRESENTING THE AGENCY BEFORE THE COURT

In accordance with ZEKom-1, the decisions or other individual administrative acts that the Agency issues, are final. Legal protection from them is possible within an administrative dispute. 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. In accordance with the Administrative Dispute Act (Official Gazette of the Republic of Slovenia, no. 105/06 and following, hereinafter: ZUS-1) a lodged lawsuit does not have a suspensive effect. The plaintiff may suspend the implementation of a decision only if it proposes the court issue a temporary decision when lodging a lawsuit. It is possible to lodge an appeal or request an audit of a decision of the Administrative Court of the Republic of Slovenia in accordance with ZUS-1, and the Supreme Court of the Republic of Slovenia rules on them.

In 2019 the Agency issued 4.170 administrative acts (decisions and resolutions). From the Administrative Court of RS the Agency received responses on 22 cases and 2 proposals for issuing a temporary suspension in 2019. It prepared responses to all the received rulings, and where needed, also further preliminary submissions. The growth of case was in line with the expectations from the Operational and Financial Plan for 2019, where the Agency, based on the statistics for the previous years, forecast that 25 administrative disputes will be lodged against its decisions.

In 2018 the Administrative Court of the Republic of Slovenia ruled on 19 administrative disputes filed against the Agency in 2019 or in years past. Of these, 11 administrative disputes were ruled in favour of the plaintiff: in 10 cases the court fully ruled in their favour, and in one only partially. In all the cases the courts annulled the Agency's disputed decisions, returning the cases back to the Agency. Six of the disputes were related to the same legal issue that the Supreme Court of the Republic of Slovenia resolved with its decision. It established that the second sentence of second paragraph of Article 6 of ZEKom-1, which was the basis of the disputed decisions, was not in line with the Constitution of the Republic of Slovenia. Consequently the administrative court annulled all of the Agency's disputed decisions.

In the remaining eight administrative disputed that were resolved in 2010 the Administrative Court RS rejected 6 lawsuits as unfounded, rejected one partially and dismissed one partially, and dismissed one completely.

The Agency did not receive any appeals or reviews for clarification in relation to the decisions of the Administrative Court of the RS that it received in 2019, nor did it receive any decisions of the Supreme Court of the RS regarding an audit or an appeal against a ruling or a decision of the Administrative Court that were issued in the past years. From the Administrative Court of

RS the Agency received responses on 2 proposals for issuing a temporary suspension in 2019, of which it granted one and dismissed the other. According to the Agency's information no appeals were lodged against these decisions of the Administrative Court of the Republic of Slovenia.

2 NORMATIVE ACTIVITY

In 2019 the Agency actively monitored the procedures of adopting laws, regulations and rules, and provided its opinions and proposals in the procedures of adopting or amending regulation pertaining to the areas of its operations the Agency. Special focus was on collaboration with the relevant ministries in preparing the legislation related to the areas for which the Agency has the authority, and in the procedures of transposing European regulations.

At the end of 2018 the EEECC came into effect, and at the call from the Ministry of Public Administration the Agency submitted its proposals in the scope of preparing the new Electronic Communications Act (ZEKom-2), then it actively participated throughout the year in the inter-departmental working group that is preparing the this new Act The Agency also participated in the procedure of drafting the new Media Act (ZMed), proposed by the Ministry of Culture, providing proposals and positions. At the invitation of the Ministry of Economic Development and Technology the Agency also participated in preparing the Act on implementing the Regulation (EU) on cooperation between national bodies with authority for executing consumer protection legislation, which will transpose Regulation (EU) 2017/2394 of the European Parliament and the Council of 12 December 2017. Based on the above, the Agency will receive additional authority in cross-border protection of consumers in the EU.

The Agency actively collaborated with the Ministry of Public Administration in the procedure of preparing the positions of the Republic of Slovenia on the proposed EU regulation on privacy in electronic communications, which is set to replace the Directive 58/2002/ES. In this scope it attended several meetings of the working group and gave its expert opinions regarding the proposed solutions.

In 2019 the Agency also provided comments to the draft proposal of the Rules on security documentation and security measures of providers of essential services, prepared by the Ministry of Public Administration based on the Information Security Act (Official Gazette of RS, no. 30/2018). The Agency also collaborated with the Ministry of Infrastructure in preparing the Regulation on train path allocation, usage fee and efficiency regime on public rail infrastructure (Official Gazette of the Republic of Slovenia, no. 16/2019). In postal services, the Regulation on implementing the Regulation (EU) on cross-border parcel delivery service (Official Gazette of the RS, no. 3/19) was published in January 2019; the Agency participated in its drafting the previous year and has the authority to implement it.

The Agency also published in the Official Gazette of the RS the general acts or their amended versions, where it had to adapt to the changed market situation or new legislation. The following general acts detail the Agency's operations:

- ▶ General act on internet access services and related end user rights
- ▶ General act on the elements of the reference offer for wholesale local

access at a fixed location

- ▶ General act on the changes and amendments to the General act on the numbering plan (NURF-4a)
- ▶ General act on changes and amendments to the General act on collecting, using and sharing data on the development of the electronic communications market
- ▶ General act on the changes and amendments to the General act on the method of the calculation of the payment for using radio frequencies

In 2019 the Agency continued preparing the General act on changes and amendments of the methodology of monitoring audiovisual media services and radio programming (paragraph 5 of Article 109 of ZMed) and began preparing the change to the General act on licenses for performing radio or television activities (Official Gazette of the RS, no 95/06 and 25/07, based on paragraph 4 or Article 105 of ZMed), which plans for annulling the General act on themed television programming (Official Gazette of the RS, no. 67/16, based on paragraph 4 of Article 32a of ZAVMS). It also held a public consultation where it proposed changes and amendments to the General act on the numbering plan (Official Gazette of the RS, no. 62/16, 107/13 - correct., and 41/18) that would ensure more protection of subscribers' rights, however, after completing the public consultation it decided to prepare a report on this issue, which will be completed in 2020. The Agency also performed activities for preparing changes of two general acts in postal services, namely: the General act on the accounting information and the calculation of the net cost of the universal postal service obligation, and the General act on the quality of providing the universal postal service.

⁶EECC and the Regulation on the foundation of BEREC (Regulation (EC) No 1211/2009 of the European Parliament and of the Council of 25 November 2009 establishing the Body of European Regulators for Electronic Communications (BEREC) and the Office) were adopted by the European Parliament on 14 November 2018, and approved by the European Council on 4 December 2018, and published in the Official Journal of the European Union on 17 December 2018.

XIII INSTITUTIONAL ADMINISTRATION

1 NEW HIRINGS AT THE AGENCY

At the end of 2019 the Agency employed 91 public servants for indefinite period, with one employee entitled to half-time employment by decision of the Pension and Disability Insurance Institute of Slovenia, and one employee with a 70% disability and the status of a civilian war-disabled, who nonetheless works full time. In 2019 there were 6 public servants who left the Agency. Four continued their careers with other employers, one was dismissed, and one failed their trial period evaluations.

In 2019 the Agency hired 6 public employees, including one who was previously employed for a fixed term. The new employees either replaced those employees who left, or whose employment expired, or to strengthen human resources in areas that were approved in the 2018 Operational and Financial Plan. The Agency is not part of the staffing plan for entities governed by public law.

With regard to the realization of the employments, planned and confirmed with the 2019 Operational and Financial Plan, which concluded that the Agency needs 100 employees, the Agency is somewhat limited, as based on the agreement of the Government of the Republic of Slovenia and trade unions from the end of 2018, the Regulation on the changes of the Regulation on work position placements in public agencies, public funds and public institutions in pay grades (Official Gazette of the RS, no. 80/2018) and the Annex no. 4 to the Collective agreement for public administration, management of judicial bodies and the management of local communities – the tariff part (Official Gazette of the RS, no. 80/2018) came into effect, raising the pay grades for work positions. The Agency did not plan for higher pay grades for work positions in its 2019 financial plan, as this was an unpredictable measure, and consequently the financial funds for salaries to the Agency's public employees were limited. The Agency prepared the Rebalanced Operational and financial plan for 2019, however, the Ministry of Public Administration did not approve it until the end of 2019, in spite of numerous calls from the Agency's management, and the fact that all other three relevant ministries approved it; consequently the Agency was not able to employ new people in line with the annual plan.

In spite of the fact that because of the above-mentioned hindrance to employing enough people, the Agency operated understaffed while providing the Ministry of Public Administration with comprehensive support and expert support in areas that are under the Ministry's authority (preparing draft ZEKom-2, preparing documents for the Republic of Slovenia in cyber and information security, participation in the inter-departmental working group for resolving cross-border issues related to broadcasting, preparing the draft Radio communication strategy related to national security, and in preparing the instructions for registering public utility infrastructure in the cadastre, with the Agency's management and its employees striving to fulfil

the tasks and goals set in the Operational and financial plan as well as possible. It is evident from the analysis that besides their regular work the Agency's employees also performed a major scope of work through overtime in the seven understaffed sectors. This does not include all the additional work that the Agency had with preparing the letters, calls and explanations to the Ministry of Public Administration because of the latter's lack of activity throughout the year. It should also be taken into account that with regard to the required resources the biggest planned project, namely the public tender with a public auction for awarding the frequencies for public mobile services was not completed in this year.

Despite the high level of education of the Agency's employees (nearly three-quarters have at least a university degree) the Agency strives towards the constant education and development of its employees, as an appropriately professional regulator must be well-supported in terms of human resources, must intensively work on development, and must constantly add expert and specialist education and training to obtain the required know-how. Focused employee development was assured in 2019 through individual and group training modules, prepared in cooperation with renowned external experts and organizations. The major part of planned team training, professional and general, was carried out in accordance with the 2019 Operational and Financial Plan.

As part of its activities directed at raising awareness about corruption and its consequences among employees, the Agency in 2019 performed all the required activities, and reported to the Corruption Prevention Commission in accordance with the law.

In 2019 the Agency again ensured that the provisions of the General Data Protection Regulation (GDPR) are met, namely by supporting individuals in asserting their right to personal data protection, as well as by adopting measures for ensuring compliance of the Agency's operations in this area. Unconditional adherence to the security policy and the supervision of connecting and using information system resources were and remain the highest priority.

For preserving employees' health in accordance with legislation on work safety and health the Agency maintains regular temporary or goal-oriented periodical medical check-ups and training courses on work safety with the help of an authorized doctor and an external authorized expert on work safety. Employees in the risk group (those who conduct field measurements) received preventive vaccinations against tick-borne encephalitis. The Agency successfully continued the program of promoting health at work in 2019, and completed all its planned activities, including training all employees on how to prevent and recognize mobbing.

2 ENSURING PUBLIC TRANSPARENCY AND INFLUENCE

The Agency makes it possible for natural and legal persons to exercise their constitutional right to obtain public information in accordance with the Public Information Access Act. In 2019 the number of requests for access to public information decreased by about 53%, as only a total of 39 were received. The number of received requests is below with forecasts in the 2019 Operational and Financial Plan, where based on the data for the past years the Agency estimated it would receive up to 80 requests in 2019. In addition

to the 39 requests received in 2019, the Agency continued with its resolution of the 3 requests that were carried over from 2018. Besides the above the Agency also reviewed 1 case that were returned into procedure after legal means were used. The total number of requests for access to public information that the Agency handled in 2019 was 43. Of these, 41 were resolved by the end of 2019, and the Agency will continue with the remaining 2 requests in 2020.

the Agency's decisions can be appealed at the body of second instance (Information Commissioner of the Republic of Slovenia). In 2019 3 appeals were lodged against the Agency's decision, and 2 were already resolved in 2019. In one case the appeal was granted, and the case was returned to the Agency for re-evaluation, while in the second case the appeal was (partially) granted so that the Agency's decision was annulled.

Even though the Agency faced extensive requests for access to public information in 2019, when for example parties requested access to extensive documentation and for periods spanning several years, all the requests were resolved in the 20-work day recommended period.

The Agency responded to all the journalists' questions within legal deadlines. In 2019, it received 113 questions from the press, which was an expected growth. The total number of new posts on the Agency's website (www.akos-rs.si), and on the new MIPI portal (www.mipi.si) in 2019 was 339. Because the AKOS launched three new portals in 2019 (AKOS Geoportal <https://gis.akos-rs.si/HomePublic/OPTPogledResult/slo>, eAnalitik <https://eanalitik.akos-rs.si/> and MIPI <https://www.mipi.si/>), the total number of posts on the Agency's primary website www.akos-rs.si declined. In 2019 the Agency published 21 press relea-

ses, 20 newsletters, 65 news items for stakeholders in individual areas. To support its decisions, the Agency also organized public consultations, workshops and press events, and actively participated by drafting texts and holding presentations at 26 expert conferences and consultations hosted by other institutions.

In 2019 the Agency completed the comprehensive renovation of its websites, which also included launching three new portals, namely media literacy portal MIPI, the AKOS Geoportal, and the eAnalitik data visualization portal. These sites are aimed at different audiences, both professional and general public. Through them the Agency ensures that the data are open, which is one of the indicators of the Organization for Economic Cooperation and Development (OECD). Besides updating its websites and a higher level of automation of publications, the Agency's main goal was to make it possible for the public to access public data and information that the Agency uses in its work. The new website also meets the requirements from the Act on access to websites and mobile applications, whose intent is to ensure more accessible websites and mobile applications of public sector bodies, especially for people with disabilities. The Agency will continue to maintain and upgrade all of the websites it manages in the future.

3 INFORMATION SUPPORT

In 2019 the Agency worked towards improving and ensuring information security. In order to improve information security at the level of the human factor, it adopted new Rules on information security, and informed all the employees on its content. It also organized an online training course on information security for all employees. It especially pointed out vulnerable areas where every individual can contribute to in-

formation security through deliberate actions.

At the end of 2019 the Agency established a solution for managing mobile devices through a secure tunnel. This solution was implemented only for mobile phones and tablets in 2019, and will be extended to notebook computers in the next year.

It successfully completed the project of introducing additional security mechanisms for ensuring network security, which it began at the end of 2018. This makes it possible for the connection gates into the Ethernet network to be protected by implementing a standardized solution for device and user verification. In 2019 it also established a secure solution for transferring important large files.

In 2019 the Agency renovated its virtual server infrastructure by replacing old servers. This ensured better responsiveness and higher availability, while the employee received a better user experience and especially a higher level of document security for the documents they create at work. The revamped virtual server infrastructure also had a significant impact on personal data security.

The eVloge portal was launched in 2019, allowing external users to submit applications. It is available at <http://evloge.akos-rs.si>. With this portal the Agency makes it possible for external users to submit applications electronically, and it especially aims to make it easier for those who submit numerous applications throughout the year. With this the Agency contributes to improving the indicators of digital public services and the use of public administration internet services, which are a part of the Digital Economy and Society Index (DESI), which combines important indicators on European digital performance and monitors the progress of EU member states in their digital competitiveness.

In 2019 the Agency also replaced a significant part of network equipment that was not replaced in the scope of the 2016 replacement. This fixed the issue of outdated equipment and ensured additional optimization of the internal network, while also improving information security. The Agency also set up a new archive server and a data warehouse. This ensures a reliable and comprehensive secure backup of the data it produces in its operations.

4 OTHER SUPPORT ACTIVITIES

In 2019 the Agency pursued the goal of increasing the share of original materials in an electronic format. All the materials that the Agency either received or created in paper format was converted into electronic formats, which resulted in significantly faster work processes. In 2019 the Agency continued with the activities for changing the plan of character classification with the aim of simplifying and shortening storage deadlines, and coming in line with the Rules on setting the duration for storing documentary materials in public administration (Official Gazette of the RS, no. 49/2019). At the end of the year the Agency adopted a new classification plan that came into effect on 1 January 2020. The classification plan was first approved by the Archives of the Republic of Slovenia.

In 2019 the Agency analysed all the materials it created, along with those of its legal predecessors from 1977 to 2005. Based on this analysis the relevant

Archive of the Republic of Slovenia issued a Written expert instruction for selecting the archival materials from the documentary materials. 3,000 archival items were selected from the period until 2001, and handed over to the Archive of the Republic of Slovenia.

The Agency also successfully completed a public tender for physical archiving services for the 2020 - 2024 period, as the Agency does not have the facilities that would allow for the storage of more than 600 metres of cases in paper format.

Along with the above, the Agency also performed other tasks necessary for uninterrupted operations, including economical regular maintenance of its office building and car fleet, and finance and accounting department's support for the work of Agency's other organizational units and management. At the end of 2019 the Agency successfully completed the planned purchase of new office space on the 2nd floor of the office building and sold off two undrivable vehicles. Work processes ran smoothly, and services and materials for employees' work were provided on time.

5 INTERNAL AUDIT

Internal audits at the Agency are commissioned to a contractor in accordance with Articles 10 and 12 of the Rules laying down the policies for a coordinated function of public internal financial control system and the public procurement regulations. The Agency pursued the following objectives in 2019:

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

The Agency pursued its objectives concerning internal auditing in 2019, and performed the following measures:

- ▶ preparing new internal rules on data protection and the protection of secret data, and informed employees and others who come into contact with said data of them;
- ▶ in relation to risk management from internal, external, intentional or accidental dangers it prepared new Rules on information security and conducted a training for all employees;
- ▶ updating the Rules on accounting
- ▶ updating the Rules on working time, business hours and official hours at the Agency with regard to the provisions of the Employment Relationship Act in the part relating to working time of the Agency's employees.

In the last quarter of 2019 the Agency also started the required activities for the internal audit for the year 2019, focused on improving the data

protection and protection of secret data processes.

6 SUPERVISION OF THE LEGALITY OF THE AGENCY'S OPERATIONS

In accordance with the decision of the Government of the Republic of Slovenia, six ministries performed a supervision of the legality of the Agency's operations in the scope of their activities, namely: the Ministry of Public Administration, the Ministry of Culture, the Ministry of Infrastructure, the Ministry of Public Development and Technology, the Ministry of Family, Labour, Social Affairs and Equal Opportunities and the Ministry of Finance. In spite of the comprehensive supervision of all the Agency's areas of operation, five ministries (with the exception of the Ministry of Public Administration) noted in their reports that the Agency's operation were lawful in the areas of their supervision. The Ministry of Public Administration also did not find any potentially illegal activities of the Agency, however, it provided three recommendations, and the Agency immediately began following them, except for those it had already begun following earlier in 2019 at its own initiative. Even though the procedures were concluded in 2019, and in spite of several calls to the Ministry of Public Administration, the Agency did not receive the collected report from all the ministries by the end of the year that will once again confirm that the Agency's operations were legal also in 2019.

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

The Agency provides financial resources and administrative support to the Slovenian Committee for

Electronic Communications (SEK) 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 2019 the Agency participated in the organization of SEK's 12 regular meetings and 2 correspondence meetings. It regularly responded to the questions and initiatives from SEK and provided clarifications. It regularly attended the consultation organized by SEK, and other events related to electronic communications. At the meetings the Agency regularly informed the Committee's members of its activities, and where SEK deemed it appropriate, it also responded by providing comments and opinions to the Agency, which the latter always reviewed carefully and responded. In 2019 the Agency prepared 3 presentations and 1 explanation for SEK at its request.

In 2019 the Agency cooperated with the Broadcasting Council (SRDF) in public tenders for awarding radio frequencies for analog audio broadcasting and in the public tender for awarding the right to disseminate radio programming on the national network in digital broadcasting technology. SRDF provided the Agency with preliminary opinions related to issuing or transferring licenses for radio or television activities, and in one procedure a preliminary opinion related to reviewing a license for a local radio station of special importance, and in relation to other relevant content related to SRDF's authority. The Agency and SRDF also cooperated in the four public tender procedures for awarding radio frequencies for analog audio broadcasting. In accordance with the Media Act the assets provided the funding for SRDF's operations and ensured and provided technical, expert, financial and administrative support. In the scope of

providing funds for its operations, the Agency provided the premises for meetings, and in the scope of technical support it launched the council's new website. In 2019 SRDF held 12 regular meetings, which were all attended by the Agency's representatives. Before the meetings the Agency and SRDF also held preparatory meetings. The Agency's representatives actively participated at meetings of SRDF's working groups on radio (7 meetings in 2019) and television (1 meeting in 2019).



XIV IMPLEMENTATION OF THE FINANCIAL PLAN

The Agency drew up its 2019 Operational and Financial Plan in accordance with the relevant legislation, and set the tariffs for 2019 on accrual basis, and detailed notes on the structure of planned expenses for materials, goods, and services and other expenses by the type of activity are given in the chapter Financial plan realization on accrual basis.

The Agency works towards realizing the planned activities from its current operating and financial plans in the areas it regulates. Due to certain new facts and circumstances, as well as measures affecting revenue and expenses that the Agency could not have foreseen when drawing up the 2019 Operational and Financial Plan, the Agency started preparing a revised plan for the year already in January. Since the Council of the Agency did not meet in its first session until the end of March, a fact outside the Agency's control, the revised plan was only approved by the Council in June. In the Revised plan (1), the Agency:

- ▶ reassessed the cost of labour taking into account the increase arising from the agreement between the Government of the Republic of Slovenia and trade unions on salaries and other labour cost in the public sector, which was concluded in late 2018;
- ▶ postponed the accrual of cost and subsequently revenue from operators to 2020, due to another postponement of the public call for tenders and auction caused by the extended procedure of adopting the Radio frequency spectrum management strategy;
- ▶ planned the completion of tasks postponed from 2018 to 2019.

After receiving court rulings in June, the Agency started drawing up the second version of the Revised Operating and Financial Plan for 2019 in September, after the Ministry of Public Administration failed to approve the first version despite the approval of the Council of the Agency and the fact

that other ministries (infrastructure, culture, economy) had no objections or comments. In addition to the above reasons (1), the Agency also took into account the following circumstances when drawing up the second revised plan:

- ▶ the unconstitutionality of Article 6 of the Electronic Communications Act (Official Gazette of the Republic of Slovenia no. 09/12, 110/13, 40/14 - ZIN-B, 54/14 - Constitutional Court decision, 81/15 and 40/17; hereinafter referred to as ZEKom-1), and the subsequent refund of fees paid based on decisions plus interest to two operators;
- ▶ estimated actual revenue and expenses in the first half of 2019, taking into account existing and planned new contractual obligations, which were assumed with the purpose of completing the planned activities.

The relevant ministry only approved the Revised (2) Operational and Financial Plan for 2019 on 24

December 2019, which affected the Agency's work. The Agency's work in 2019 was incomplete and curbed due to the wait for the approval of the revised plan, which especially affected staffing.

The budget realization report below is compiled based on the revenue and expenditure items from the approved Operational and Financial Plan for 2019 (which remained

effective until 24 December 2019) and not the approved Revised (2) Plan for 2019, which the Agency could not implement due to receiving the approval late. The Revised Plan (2) therefore only constitutes that grounds for refunding the paid fees based on decisions with interest to two operators.

When recognizing revenue and expenses, the Agency complied with the rules on cash basis accounting. The Statements of Revenue and Expenses for specific users compiled on cash basis for the period between 1 January and 31 December 2019, show that the Agency recorded €7,197,779 in revenue, €6,592,490 in expenses, and a €605,289 surplus. Notes regarding the changes in separate revenue and expense items that resulted in the deficit are presented below.

TABLE 9: STATEMENT OF REVENUE AND EXPENSE FOR SPECIFIC USERS ON CASH BASIS FROM 1 JANUARY TO 31 DECEMBER 2019, PART 1

Classif. by account	Account title	ADP code	Amount		2019 FP	2019 revised FP	Current/preceding year	Current year/2019 FP
			Current year	Preceding year				
1	2	3	4	5	6	7	8=4/5	9=4/6
	"I. TOTAL REVENUE (402+431)"	401	7.197.779	4.154.488	6.594.528	6.457.299	173,3	109,1
	"1. REVENUE TO PROVIDE PUBLIC SERVICES (403+420)"	402	7.197.779	4.154.488	6.594.528	6.457.299	173,3	109,1
	"A. Revenue from public funds (404+407+410+413+418+419)"	403						
	"a. Funds received from the government budget (405+406)"	404						
part of 7400	Funds received from the government budget for current expenses	405						
part of 7400	Funds received from the government budget for investments	406						
	"b. Funds received from the municipal budgets (408+409)"	407						
part of 7401	Funds received from municipal budgets for current expenditure	408						
part of 7401	Funds received from the municipal budgets for investments	409						
	"c. Funds received from social insurance funds (411+412)"	410						
part of 7402	Funds received from social insurance funds for current expenditure	411						
part of 7402	Funds received from social insurance funds for investments	412						
	"d. Funds received from public funds and agencies (414+415+416+417)"	413						
part of 7403	Funds received from public funds for current expenses	414						

part of 7403	Funds received from public funds for investments	415						
part of 7404	Funds received from public agencies for current expenses	416						
part of 7404	Funds received from public agencies for investments	417						
part of 740	e. Funds received from budgets associated with foreign grants	418						
741	f. Funds received from the government budget financed from EU budget	419						
	"B) Other revenue for providing public services (421+422+423+424+425+426+427+428+429+430)"	420	7.197.779	4.154.488	6.594.528	6.457.299	173,3	109,1
part of 7102	Interest received	422	519	191	3.000	3.000	271,7	17,3
part of 7100	Revenue from profit sharing and dividends, and surplus	423						
7103	Revenue from rents and leases, and other property income	487						
part of 7141	Other current revenue from providing public services	424	7.136.616	4.116.110	6.508.993	6.371.764	173,4	109,6
72	Capital revenue	425	4.923	-	1.500	1.500	-	328,2
730	Grants received from domestic sources	426						
731	Foreign grants	427						
732	Grants for natural disaster relief	428						
782	Funds received from the EU budget and structural funds	488						
783	Funds received from the EU budget and the Cohesion Fund	489						
784	Funds received from the EU budget for centralised and other EU programmes	490						
786	Other funds received from the EU budget	429	55.721	38.187	81.035	81.035	145,9	68,8
787	Funds received from other European institutions	430						
	"2. REVENUE FROM THE SALE OF GOODS AND SERVICES IN THE MARKET (432+433+434+435+436)"	431						
part of 7130	Revenue from the sale of goods and services in the market	432						
part of 7102	Interest received	433						

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

TABLE 10: STATEMENT OF REVENUE AND EXPENSE FOR SPECIFIC USERS COMPILED ON A CASH BASIS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2019, CONTINUED

Classif. by account	Account title	ADP code	Amount	2019 FP	2019 revised FP	Current/preceding year	Current year/2019 FP	
	"II. TOTAL EXPENSES (438+481)"	437	6.592.490	5.471.012	7.472.468	7.934.478	120,5	88,2
	"I. EXPENSES FOR PROVIDING PUBLIC SERVICES (439+447+453+464+465+466+467+468+469+470)"	438	6.592.490	5.471.012	7.472.468	7.934.478	120,5	88,2
	"A. Salaries and other employee benefits (440+441+442+443+444+445+446)"	439	3.151.210	3.014.123	3.270.428	3.322.160	104,5	96,4
part of 4000	Salaries and bonuses	440	2.905.944	2.760.479	2.990.046	3.039.934	105,3	97,2
part of 4001	Holiday allowance	441	82.013	77.371	83.010	84.008	106,0	98,8
part of 4002	Reimbursements and compensations	442	158.575	156.816	177.135	177.980	101,1	89,5
part of 4003	Performance bonuses	443						
part of 4004	Funds for overtime	444	-	4.384	-	-	-	-
part of 4005	Salaries of non-residents with contracts	445						
part of 4009	Other employee-related expenditure	446	4.678	15.073	20.237	20.238	31,0	23,1
	"B. Social security contributions paid by the employer (448+449+450+451+452)"	447	503.958	477.965	519.455	534.993	105,4	97,0
part of 4010	Pension and disability insurance contributions	448	257.745	245.792	266.215	269.312	104,9	96,8
part of 4011	Health insurance contributions	449	206.487	196.911	211.994	215.753	104,9	97,4
part of 4012	Unemployment insurance contributions	450	1.747	1.683	1.794	1.826	103,8	97,4
part of 4013	Parental protection insurance contributions	451	2.913	2.777	2.990	3.043	104,9	97,4
part of 4015	Premiums for collective supplementary pension insurance based on ZKDPZJU	452	35.066	30.802	36.462	45.059	113,8	96,2
	"C. Expenses for goods and services associated with the provision of public services (454+455+456+457+458+459+460+461+462+463)"	453	2.302.964	1.791.708	2.904.425	3.290.919	128,5	79,3
part of 4020	Office and general supplies and services	454	549.798	591.702	1.369.790	1.369.359	92,9	40,1
part of 4021	Special supplies and services	455	42.248	36.847	26.180	26.180	114,7	161,4
part of 4022	Energy, water, utility services, and communications	456	112.234	115.306	110.834	110.834	97,3	101,3
part of 4023	Transportation costs and services	457	28.201	33.305	34.250	34.250	84,7	82,3
part of 4024	Expenses for business trips	458	221.951	194.832	379.267	361.370	113,9	58,5
part of 4025	Regular maintenance	459	492.216	455.130	525.050	497.730	108,1	93,7

part of 4026	Operating rent and lease fees	460	81.201	51.881	80.200	78.700	156,5	101,2
part of 4027	Fines and damages	461	6.797	16.137	-	-	42,1	-
part of 4028	Payroll tax	462						
part of 4029	Other operating expenses	463	768.318	296.568	378.854	812.496	259,1	202,8
403	D. Domestic interest payments	464	137.771	-	-	137.886	-	-
404	E. Foreign interest payments	465						
410	F. Subsidies	466						
411	G. Transfers to individuals and households	467						
412	H. Transfers to non-profit organizations and institutions	468						
413	I. Other current domestic transfers	469						
	"J. Capital expenditure (471+472+473+474+475+476+477+478+479+480)"	470	496.587	187.216	778.160	648.520	265,2	63,8
4200	purchase of buildings and premises	471	115.000	-	180.000	145.000	-	63,9
4201	Purchase of vehicles	472	24.399	-	24.000	24.000	-	101,7
4202	Purchase of equipment	473	296.490	107.304	513.520	443.520	276,3	57,7
4203	Purchase of other operating fixed assets	474						
4204	Construction, reconstruction, and renovation	475						
4205	Major maintenance and renovation	476						
4206	purchase of land and natural resources	477						
4207	Purchase of intangible assets	478	60.698	79.912	60.640	36.000	76,0	100,1
4208	Feasibility studies for projects, project documentation, supervision, project engineering	479						
4209	Purchase of reserves of goods and intervention stocks	480						
	"2. EXPENSES FROM THE SALE OF GOODS AND SERVICES IN THE MARKET (482 + 483+ 484)"	481						
part of 400	A. Salaries and other employee benefits from the sale of goods and services in the market	482						
part of 401	B. Social security contributions paid by the employer from the sale of goods and services in the market	483						
part of 402	C. Expenditure for goods and services from the sale of goods and services in the market	484						
	"III/1 SURPLUS (401-437)"	485	605.289					
	"III/2 DEFICIT (437-401)"	486		1.316.524	877.940	1.477.179		

1 REVENUE

Based on cash flow the Agency generated €7,197,779 in revenue in 2019, €7,136,616 (99.2%) of which was operating revenue 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 €61,163 (0.8%) was other revenue.

The Agency's operating revenue increased by €3,020,506 or 73.4% in 2019 compared to the year before. After the Ministry of Finance changed the reporting methodology, this revenue also includes other non-tax revenue (collected claims from past years, other non-tax revenue) in 2019. Significant changes are primarily the result of:

- ▶ a €1,467,529 or 295.8% increase in the revenue based in notifications, due to the payments made based on decisions determining fees issued in the preceding year, and due to increasing the tariff value by €0.31 or 29.2% and the increase in the number of points;
- ▶ a €671,011 or 31.6% increase in the revenue from frequencies primarily due to the tariff value increase of €0.15 i.e. 29.4%;
- ▶ a €620,383 i.e. 131.9% increase in the revenue from the provision of me-

dia services, with the tariff remaining the same, primarily due to higher number of points, and the payments based on decisions issued for the preceding year to providers of TV and on-demand services;

- ▶ a €133,621 i.e. 28.7% increase in the revenue from payments for the use of numbering elements primarily due to the tariff value increase of €0.23 or 30.3%;
- ▶ a €118,878 i.e. 62.2% increase in the revenue from railway traffic due to the tariff value increase;
- ▶ a €85,127 i.e. 30.1% increase in the revenue from decisions determining fees for providing postal services due to the tariff value increase of €1.68 i.e. 30.1%.

TABLE 11: REVENUE ON CASH BASIS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2019

dt	2018	2019	FP 2019	2019/2019 FP index
Revenue from the provision of postal services	282.444	367.571	367.571	100,0
Revenue from fees for numbering resources	464.857	598.478	623.700	96,0
Revenue based on notifications	496.105	1.963.634	1.326.332	148,0
Revenue from frequencies	2.122.067	2.793.078	2.951.520	94,6
Revenue from railways	190.991	309.869	310.025	99,9
Revenue from media services	470.357	1.090.740	661.080	165,0
Revenue from the public auction administrative costs	0	0	262.000	0,0
Revenue from sale of stickers banning the delivery of unaddressed mail to the mailbox	6.151	6.214	6.765	91,9
TOTAL OPERATING REVENUE (ADP code = part of 424)	4.032.972	7.129.584	6.508.993	109,5

Source: AKOS internal accountsw

2 EXPENSES

Based on cash flow, the Agency's expenses in 2019 totalled €6,592,490, €3,655,168 (55.5%) of which were expenses for salaries and other employee benefits, and associated social contributions paid by the employer, €2,302,964 (34.9%) were expenses for the purchase of materials, goods, and services, €137,771 (2.1%) were expenses for the natio-

nal interest payment, and €496,587 (7.5%) were capital expenditure.

The Agency's expenses in 2019 were €879,978 or 11.8% below the plan, especially in the following three categories of expenses.

2.1 SALARIES AND OTHER LABOUR COST

The Agency's labour costs were €134,715 or 3.6% lower than planned (ADP codes = 439 + 447), primarily due to the lower amount of salaries, compensations, associated social security contributions and other labour cost (reimbursements, holiday and other allowances) paid to employees. The Agency would like to point to the failure to fully realize the 2019 hiring plan

as the main reason for expenses in this category remaining below the planned amounts. The Agency employed 91 people out of the planned 100 at the end of 2019 (89 throughout the period based on man hours), with one employee working half time based on the decision of the Pension and Disability Insurance Institute of Slovenia. Lower labour cost is primarily the consequence of the Agency's limited funding for salaries and compensations, and the associated social contributions, due to the delay in the approval of the revised plan. In late 2018, the Government of the Republic of Slovenia and trade unions reached an agreement on salaries and other labour cost in the public sector, under which public servants' pay grades were increased. The Agency planned for this increase in its Revised Operating and Financial Plan for 2019, which the Ministry of Public Administration only approved in late December 2019 despite the fact that other ministries (infrastructure, culture, economy) had no objections or comments. If the Agency completed the hiring according to the plan in 2019, it would only have guaranteed funds for salaries for 11 months of operation. Due to the complications regarding the approval of its revised plans (1) and (2), the Agency halted all the activities for hiring new employees, as well as activities related to replacing those leaving the Agency, with the purpose of securing funds for salaries for all employees for all 12 months of operation in the event the revised budget was not approved. Limited human resources also affected, prevented or delayed certain essential activities, which were further affected by the Ministry of Public Administration asking the Agency for support in analysing cyber security effects, preparing the Information Security Act, implementing EECC, preparing ZEKom-2, and developing instructions for recording network terminations points, and for involvement in the working group tasked with resolving issues with Italy, which totalled 12.81 man-months.

2.2 EXPENSES FOR GOODS AND SERVICES

The Agency's expenses for goods and services were €601,461 or 20.7% below the amount budgeted in the approved 2019 financial plan (ADP code = 453), primarily due to:

- ▶ €819,992 EUR or 59.9% lower expenses for office and general supplies (ADP code = 454) as the result of postponing some activities to the next year, and savings created by obtaining better quotes for certain services, contracting certain services to a smaller extent and not requiring others, and economising with the purpose of paying refunds based on the ruling on unconstitutionality;
- ▶ €157,316 or 41.5% lower than planned expenses for business trips (ADP code = 458), primarily due to more rational organization of planned business trips (more video conferences, less people on one trip, group trainings held at the Agency offices, fewer participants at WRC based in a Government decision);
- ▶ €389,464 or 102.8% higher other operating expenses (ADP code = 463), primarily due to circumstances outside the Agency's control, after the Constitutional Court ruled as unconstitutional the provision that served as the basis for calculating relevant revenue for determining annual fee based on notifications in the 2014–2016 period (second sentence of paragraph 2 of Article 6 of ZEKom-1). The refunds arising from the ruling were one of the main reasons for drawing up the Revised (2) Operational and Financial Plan for 2019. Based on the Revised (2) Operational and Financial Plan, the Agency refunded €510,117.75 of the principal for fees paid based on notifications to two operators. Comparing other operating expenses with the Revised (2) plan, actual other operating expenses (ADP code = 874) were €44,178 or 5.4% lower, primarily due to savings

from organizing group training after obtaining better quotes for services, lower spending on training due to the lack of available suitable specialized and professional courses, and the smaller extent of work provided by students.

Lower expenses for goods and services are the result of economizing, and the consequence of the delayed approval of the revised plan by the Ministry of Public Administration. This prevented the Agency from implementing the financial plan in the manner and extent planned in the revised plan, which was only approved in late 2019.

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

2.3 NATIONAL INTEREST PAYMENTS

The Agency paid €137,771 in interest (ADP code = 464) in 2019, based on two rulings on the unconstitutionality of Article 6 of ZEKom-1, which was not planned for in the 2019 Operational and Financial Plan. Based on the Constitutional Court's ruling on the unconstitutionality, the Agency budgeted for the payment of the principal and interest in the Revised (2) Operational and Financial Plan for 2019, which constituted the basis for refunding the fees paid based on decisions to two operators. The Agency earmarked €137,886 for paying the interest in the revised plan, while actually paying €115 or 0.1% below the plan.

2.4 INVESTMENT EXPENSES

In 2019 the Agency's investment expenses were €281,573, i.e. 36.2% below its plan (ADP code = 470), primarily as the result of the following major investments:

- ▶ €283,520 of investment expenses were budgeted for the maintenance and upgrade of ICT technology and user support (activity ID 497) in 2019. The activity was done in full, with €172,711 of the project budget (around €10,000 of which was for procurements from 2018) paid in 2019, and another €133,680 for purchasing hardware and software and purchasing and maintaining licenses becoming due in 2020;
- ▶ €220,000 were budgeted for the QoSBB monitoring project (activity ID 302), of which €98,480 were spent, which includes the €10,931 investment in software, which was procured in December 2018 and paid in January 2019. €121,520 remained unspent, part of which (€10,611) was allocated for telecommunications equipment and wiring, which were procured in 2019, while the payment is due in early 2020, and part of which (€24,937) are deferred expenses (correctly recorded as expenses and not an investment). The main reasons for lower investment expenses for equipment are (1) the inadequacy of instruments for measuring broadband service quality (QoS BB) offered by the manufacturer, and (2) obtained quote for telecommunications equipment and wiring below the planned budget;
- ▶ the Agency budgeted €224,000 for investments under infrastructure cost (activity ID 273), which were earmarked for the procurement of office space and equipment for work stations, as well as the modernization of the vehicle fleet. Actual expenses in this category amounted to €141,427. Actual expenses were lower than planned due to the lower price of the office space, and problems in the process of signing the contract (due to the change in the management of the company owning the property, new legal representatives were appointed), which resulted in completing the transaction just before 2019 ended. This prevented the Agency from furnishing the new offices in 2019. The investment in workstations was postponed to the first half of 2020;
- ▶ modernization of the information system for collection of data on the electronic communications market (activity ID 357) in the value of €14,640 was not carried out in 2019 due to the bilateral termination of agreement with a contractor.
- ▶ €8,000 were budgeted for overhauling the ECC's website in the Electronic Communications Council project (activity ID 277). €5,700 of the budget was spent as the cost of regular maintenance (correctly recorded as cost and not an investment),
- ▶ €28,000 were budgeted for the project of RMMS upgrades and updates (task ID 172) with the aim of modernizing the software of the system for measuring public mobile networks, and the procurement of additional instruments, antennas and tools for field work. The task was fully completed, while the payment of €51,918 is related to the purchase of equipment in 2018.



XV STATEMENT REGARDING THE RESULT OF THE PUBLIC FINANCE INTERNAL AUDIT



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

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

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

Oceno podajam na podlagi:

* ocene notranje revizijske službe za področja:

PROCES VAROVANJA VARNOSTNIH PODATKOV

* samoocenitev vodij organizacijskih enot za področja:

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

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

/

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

1. primerno kontrolno okolje

(predstojnik izbere eno od naslednjih možnosti):

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

2. upravljanje s tveganji

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

(predstojnik izbere eno od naslednjih možnosti):

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

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

(predstojnik izbere eno od naslednjih možnosti):

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

3. na obvladovanju tveganj temelječ sistem notranjega 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 niso opredeljeni, pričeli smo s prvimi aktivnostmi,
- e) še niso opredeljeni, v naslednjem letu bomo pričeli z ustreznimi aktivnostmi

4. ustrezen sistem informiranja in komuniciranja

(predstojnik izbere eno od naslednjih možnosti):

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

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

(predstojnik izbere eno od naslednjih možnosti):

- a) z lastno notranjerevizijsko službo,
- b) s skupno notranjerevizijsko službo,
- c) z zunanjim izvajalcem notranjega revidiranja,

Naziv in sedež zunanjega izvajalca notranjega revidiranja: KPFG poslovno svetovanje, d.o.o.

Navedite matično število zunanjega izvajalca notranjega revidiranja: 5670926000

Ali (sprejeti) finančni načrt (proračun), za leto na katerega se izjava nanaša, presega 2,000 mio evrov: DA NE

Datum zadnjega revizijskega poročila zunanjega izvajalca notranjega revidiranja je: 20.02.2020

- d) nisem zagotovil notranjega revidiranja.

V letu 2019 sem na področju notranjega nadzora izvedel naslednje pomembne izboljšave (navedite: 1, 2 oziroma 3 pomembne izboljšave):

- na področju obvladovanja tveganj v procesu varovanja podatkov: priprava in sprejem Pravilnika o varovanju podatkov in Pravilnika o varovanju tajnih podatkov ter seznanitev zaposlenih;
- izvrševanje priporočil notranje revizije izvedena v letu 2018;
- na področju obvladovanja tveganj pred nevarnostmi bodisi notranjimi, zunanji, namerni ali naključni, priprava in sprejem Pravilnika o informacijski varnosti ter v zvezi s tem izvedba izobraževanja vseh zaposlenih;
- na področju obvladovanja tveganj na področju delovanja notranjih kontrol v sistemu finančnega poslovanja posodobitev Pravilnika o računovodstvu;
- sprejem novega Pravilnika o delovnem času, poslovnem času in uradnih urah na agenciji glede na določila Zakona o delovnih razmerjih v delu, ki se nanaša na delovni čas zaposlenih na agenciji.

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

Agencija bo pripravila oceno tveganj iz naloge izvedbe javnih razpisov za dodeljevanje FM radijskih frekvenc in na podlagi pripravljene ocene tudi ukrepe za odpravo teh tveganj.

Predstojnik oziroma poslovodni organ proračunskega uporabnika:

mag. TANJA MUHA, DIREKTORICA

Datum podpisa predstojnika:

25.02.2020

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FINANCIAL REPORT





XVI FINANCIAL REPORT



1 LEGAL FRAMEWORK, FORM AND CONTENT OF THE REPORT

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

- ▶ Public Finance Act (Official Gazette of RS 11/11 – official consolidated text 4, 14/13 – amendments, and 101/13);
- ▶ Accounting Act (Official Gazette of RS 23/99, 30/02 – ZJF-C and 114/06 – ZUE; hereinafter referred to as ZR);
- ▶ Rules on drawing up annual reports for the budget, budget spending units and other entities of public law (Official Gazette of RS 115/02 and further);
- ▶ Instructions on preparing the annual financial statement of state and municipalities budgets and on methodology for preparing a report on the achieved goals and results of direct and indirect budget users (Official Gazette of RS 12/01 and further);
- ▶ Decision on the establishment of the Agency for Communication Networks and Services of the Republic of Slovenia (Official Gazette of RS 41/13 and 66/17);
- ▶ Slovenian Accounting Standards (Official Gazette of RS 118/05 and further).

In accordance with Accounting Act and Rules on the preparation of annual reports for the budget, budget users and other public bodies, this report comprises:

- ▶ The financial report, which comprises financial statements (a balance sheet and statement of revenue and expense) and notes to financial statements;
- ▶ The business report, which discloses the deviations and achievements from the reporting period i.e. the fulfilment of responsibilities and associated implementation of the financial plan (included in the first half of this annual report).

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

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

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

the balance sheet, and statement of revenue and expense.

On 13 December 2018, the Ministry of Public Administration as the line ministry approved the 2019 Operating and Financial Plan (other relevant ministries – infrastructure, economy and culture – approved the document much earlier), and on 24 December 2019 it approved the Revised Operating and Financial Plan, while on 20 December 2018 the Government of the Republic of Slovenia approved the Agency's tariffs for 2019. The Agency did not change any tariffs in the revised plan.

2 ACCOUNTING POLICIES

When compiling the financial statements and in its accounting the Agency followed the main goal of complying with regulations, as well as the goal of presenting the content of the financial statements and notes at the highest possible quality level. This means that it ensured, inter alia through appropriate internal accounting controls, that the financial statements are relevant, reliable, understandable and comparable. The Agency made the plans on the accrual basis in 2019.

2.1 INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS

The Agency initially recognized the intangible assets and tangible fixed assets at their original cost (historical cost). This cost comprises the purchase price, import and non-refundable purchase duties (e.g. VAT, which the Agency cannot claim as a deduction from the input tax, because it is not liable for VAT), and costs directly attributable to putting the asset in use (such as installation, commissioning, decommissioning costs, etc.). After the initial recognition these assets are carried at cost, less any amortization or depreciation

in accordance with the selected cost model. The Agency records any subsequent cost related to tangible fixed assets as an increase of their historical cost, if it determines that the investment will increase future economic benefits compared to the initially estimated cost. The cost of repairs and maintenance for restoring or preserving future economic benefits are recognized as costs, i.e. operating expenses for the reporting period.

2.2 AMORTIZATION AND DEPRECIATION

Intangible assets and tangible fixed assets are amortized or depreciated by the Agency according to the straight-line method and in accordance with the Rules on the method and rates of depreciation of intangible fixed assets and tangible fixed assets. The Agency records amortization and depreciation costs as expenses (chargeable to revenue).

2.3 RECEIVABLES

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

2.4 LIABILITIES

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

2.5 REVENUE

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

3 FINANCIAL STATEMENTS WITH NOTES

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

3.1 BALANCE SHEET

TABLE 12: BALANCE ON 31 DECEMBER 2019

Group of accounts	Title of the group of accounts	ADP code	Amount		Current year/ preceding year
			Current year	Previous year	
1	2	3	4	5	6=4/5
	A) LONG-TERM ASSETS AND ASSETS UNDER MANAGEMENT (002-003+004-005+006-007+008+009+010+011)	001	4.523.021	4.549.656	99,4
00	INTANGIBLE ASSETS AND LONG-TERM DEFERRED COST AND ACCRUED REVENUE	002	1.374.064	1.311.227	104,8
01	AMORTIZATION OF INTANGIBLE ASSETS	003	1.121.427	1.056.199	106,2
02	PROPERTY	004	5.155.296	5.040.296	102,3
03	DEPRECIATION OF PROPERTY	005	2.103.766	1.953.843	107,7
04	EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	006	5.327.121	5.162.631	103,2
05	DEPRECIATION OF EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	007	4.126.381	3.975.720	103,8
06	LONG-TERM FINANCIAL INVESTMENTS	008	-	-	
07	LONG-TERM LOANS GIVEN AND DEPOSITS	009	-	-	
08	LONG-TERM OPERATING RECEIVABLES	010	18.114	21.264	85,2
09	RECEIVABLES FOR ASSETS UNDER MANAGEMENT	011	-	-	
	B) SHORT-TERM ASSETS; EXCEPT FOR INVENTORY AND DEFERRED COST AND ACCRUED REVENUE (013+014+015+016+017+018+019+020+021+022)	012	3.778.911	3.900.260	96,9
10	CASH IN HAND AND LIQUID ASSETS	013	-	-	
11	DEPOSITS IN BANKS AND OTHER FINANCIAL INSTITUTIONS	014	3.537.157	2.937.236	120,4
12	SHORT-TERM TRADE RECEIVABLES	015	134.210	620.553	21,6
13	ADVANCES AND SECURITY DEPOSITS GIVEN	016	732	-	
14	SHORT-TERM RECEIVABLES FROM USERS OF THE STANDARD CHART OF ACCOUNTS	017	6.333	10.349	61,2
15	SHORT-TERM INVESTMENTS	018	-	-	
16	SHORT-TERM FINANCIAL RECEIVABLES	019	-	-	
17	OTHER SHORT-TERM RECEIVABLES	020	12.163	7.195	169,0
18	OUTSTANDING EXPENDITURE	021	-	-	
19	DEFERRED COST AND ACCRUED REVENUE	022	88.316	324.927	27,2
	C) INVENTORIES (024+025+026+027+028+029+030+031)	023	-	-	
30	ACCOUNT OF PROCURED MATERIALS	024	-	-	
31	INVENTORIES OF MATERIALS	025	-	-	
32	INVENTORIES OF SMALL TOOLS AND PACKAGING MATERIAL	026	-	-	
33	WORK AND SERVICES IN PROGRESS	027	-	-	
34	PRODUCTS	028	-	-	
35	ACCOUNT OF PURCHASES OF GOODS	029	-	-	
36	INVENTORIES OF GOODS	030	-	-	
37	OTHER INVENTORIES	031	-	-	
	I. TOTAL ASSETS (001+012+023)	032	8.301.932	8.449.916	98,2
99	OFF-BALANCE SHEET ASSETS ACCOUNTS	033	24.152	16.842	143,4
	D) SHORT-TERM LIABILITIES AND ACCRUALS AND DEFERRED INCOME (035+036+037+038+039+040+041+042+043)	034	634.129	492.474	128,8
20	SHORT-TERM LIABILITIES FOR ADVANCES AND SECURITY DEPOSITS RECEIVED	035	17	6.229	0,3
21	SHORT-TERM LIABILITIES TO EMPLOYEES	036	286.448	252.471	113,5

22	SHORT-TERM LIABILITIES TO SUPPLIERS	037	267.596	157.648	169,7
23	OTHER SHORT-TERM OPERATING LIABILITIES	038	55.608	53.894	103,2
24	SHORT-TERM LIABILITIES TO USERS OF THE STANDARD CHART OF ACCOUNTS	039	3.609	3.777	95,6
25	SHORT-TERM LIABILITIES TO SOURCES OF FINANCING	040	-	-	
26	SHORT-TERM FINANCIAL LIABILITIES	041	-	-	
28	OUTSTANDING REVENUE	042	-	-	
29	ACCRUED COST AND DEFERRED REVENUE	043	20.851	18.455	113,0
	E) OWN FUNDS AND LONG-TERM LIABILITIES (045+046+047+048+049+050+051+052-053+054+055+056+057+058-059)	044	7.667.803	7.957.442	96,4
90	GENERAL FUND	045	-	-	
91	RESERVE FUND	046	-	-	
92	LONG-TERM ACCRUED COST AND DEFERRED REVENUE	047	-	-	
93	LONG-TERM PROVISIONS	048	-	-	
940	RESTRICTED ASSETS IN PUBLIC FUNDS	049	-	-	
9410	ASSETS IN OTHER LEGAL ENTITIES GOVERNED BY PUBLIC LAW, WHICH ARE OWNED BY THEM, FOR INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS	050	-	-	
9411	ASSETS IN OTHER LEGAL ENTITIES GOVERNED BY PUBLIC LAW, WHICH ARE OWNED BY THEM, FOR FINANCIAL INVESTMENTS	051	-	-	
9412	SURPLUS	052	-	-	
9413	DEFICIT	053	-	-	
96	LONG-TERM FINANCIAL LIABILITIES	054	-	-	
97	OTHER LONG-TERM LIABILITIES	055	-	-	
980	LIABILITIES FOR INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS	056	4.920.236	4.920.653	100,0
981	LIABILITIES FOR LONG-TERM FINANCIAL INVESTMENTS	057	-	-	
985	SURPLUS	058	2.747.567	3.036.789	90,5
986	DEFICIT	059	-	-	
	I. TOTAL LIABILITIES (034+044)	060	8.301.932	8.449.916	98,2
99	OFF-BALANCE SHEET LIABILITIES	061	24.152	16.842	143,4

The Agency's total assets on 31 December 2019 amounted to €8,301,932, which is €147,984 or 1.8% less than at the end of 2018. The net decrease in total assets is primarily the result of the deficit from 2019.

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

- ▶ €4,523,021 or 54.5% of long-term assets (of which 94% are tangible fixed assets, 5.6% intangible assets and long-term deferred cost and accrued revenue, and 0.4% long-term operating receivables); and
- ▶ €3.778.911 or 45.5% of short-term assets (of which 4.1% are short-term receivables from customers and users of the standard chart of

accounts, and other operating receivables, 93.6% are balance in the account, and 2.3% deferred cost and accrued revenue).

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

- ▶ €7,667,803 or 92.4% of long-term liabilities, which comprise liabilities for assets under management (of which 64.2% are for intangible assets and tangible fixed assets, and 35.8% are surplus); and
- ▶ €634,129 or 7.6% of short-term liabilities (of which 51.5% are short-term trade liabilities and other operating liabilities, 45.2% short-term liabilities to employees, and 3.3% accrued cost and deferred revenue).

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

- ▶ a bill of exchange received as insurance for contractual obligations arising from the contract on collecting, and safely transporting and storing the Agency's documentation in the amount of €8,365;
- ▶ a contingent claim toward employees in the event of the failure to meet obligations under the contract on education in the total amount of €10,787;
- ▶ a bank guarantee in the amount of €5,000 received as a performance guarantee for obligations arising from the Agency's property and liability insurance.

3.1.1 LONG-TERM ASSETS AND ASSETS UNDER MANAGEMENT

The balance of the Agency's long-term assets and assets under its management on 31 December 2019 comprises the balance of intangible assets and tangible fixed assets recorded at their book value, and the balance of long-term operating receivables.

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

The class of accounts 0 (group of accounts from 00 to 05) comprises long-term deferred cost and accrued revenue, intangible assets, and tangible fixed assets received from the relevant ministry when the Agency was established as an independent legal entity, and additional assets purchased in the following years and until 31 December 2019.

Intangible assets comprise mostly software and different software licenses, as well as long-term deferred cost. The historical cost of intangible assets (ADP code = 002) increased by a total of €62,837 in 2019 compared to the year before. Changes in the historical cost are primarily the result of:

- ▶ recording the advance payment of BDP router warranty maintenance as long-term deferred cost. The total value of long-term deferred cost amounted to €25,822;
- ▶ an increase in the historical cost due to implementing the eVloge portal for submitting applications electronically, purchasing licensed software

for sharing large files, purchasing software for managing mobile clients (Android, iOS, Windows), and purchasing and installing other software in the total value of €97,034;

- ▶ a decrease in the original cost due to write-offs of useless software in the total value of €52,522 based in the decision of the inventory commission.

The amortization amount for intangible assets (ADP code = 003) increased by a total of €65,228 in 2019 compared to the year before:

- ▶ it increased due to amortization at prescribed amortization rates in the total value of €117,751;
- ▶ and decreased due to write-offs of licenses for measurement equipment in the total value of €52,523 based in the decision of the inventory commission.

TABLE 13: MAJOR INVESTMENTS IN INTANGIBLE FIXED ASSETS

classifying group accounts	Activity ID	value in EUR	type of investment
003 long-term assets	497 Maintenance and upgrade of the ICT system and user support	78.706	purchase of licensed software for sharing large files, software for managing mobile clients (Android, iOS, Windows), and implementation of the eVloge portal for submitting applications electronically
	302 Monitoring BB QoS	6.406	upgrade of the AkosTestNet system
	172 Upgrade and updates to the RMMS	11.922	upgrade of the Argus software
	total	97.034	

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, vans, cars, etc.).

The historical cost of intangible assets (ADP code = 004) increased by a total of €115,000 in 2019 compared to the year before, which reflects the purchase of new office space for the Agency's headquarters.

The accumulated depreciation of property (ADP code = 005) increased by a total of €149,922 in 2019 compared to the year before due to depreciation at prescribed depreciation rates and reconciliation with the registry.

The original cost of equipment and other tangible fixed assets (ADP code = 006) increased by a total of €164,490 in 2019 compared to the year before. Changes in the historical cost are the result of:

- ▶ an increase in the historical cost resulting primarily from the procurement of telecommunication equipment and cables, and computer and measuring equipment in the total amount of €358,497 (measuring antennas, routers, servers, workstations, laptops, other computer equipment, air

conditioners, TV sets, etc.);
 ► 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 €194,007;

The accumulated depreciation losses for equipment and other tangible fixed assets (ADP code = 007) increased by a total of €150,661 in 2019 compared to the year before. Changes in the accumulated depreciation are the result of:

- a decrease in the accumulated depreciation due to write-offs of old, broken, and useless equipment based on the decision of the inventory commission, and sale of equipment no longer in use in the total amount of €188,396;
- an increase in the accumulated depreciation due to depreciation at the prescribed rates in the total amount of €339,057.

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

classifying group accounts	Activity ID	value in EUR	type of investment
040 equipment	171 RMMS maintenance	3.951	upgrade of a measurement vehicle
	172 Upgrade and updates to the RMMS	17.655	purchase of measurement instruments for managing the RMMS
	273 Infrastructure costs	25.051	purchase of a car, small-value equipment
	302 Monitoring QoS BB	91.754	purchase of measurement computers, other computer equipment and a server rack, a router and optical reflectance meter
	497 Maintenance and upgrade of the ICT system and user support	211.229	purchase of computer hardware; computers, computer equipment, printers, cameras
041 small tools	172 Upgrade and updates to the RMMS	672	purchase of small tools and equipment
	497 Maintenance and upgrade of the ICT system and user support	7.299	purchase of small tools and equipment
	273 Infrastructure costs	886	purchase of small tools and equipment
total		358.497	

In 2019 the Agency recorded €606,731 of amortization and depreciation cost at the rates prescribed by the Rules on the method and rates of depreciation of intangible fixed assets and tangible fixed assets (ADP code = 056).

The Agency purchased €570,531 worth of new intangible and tangible fixed assets in 2018. These purchases were financed from the surplus generated in preceding years.

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 €18,114, based on decisions determining the fees after approved companies' compulsory settlement. The Agency's long-term receivables decreased by €3,150 or 14.8% compared to the year before.

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

The Agency's short-term assets on 31 December 2019 comprise deposits in banks and other financial institutions, short-term trade receivables, and receivables due from users of the standard chart of accounts, advances paid, securities given, and other short-term receivables and deferred cost and accrued revenue.

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 €3,537,157 on 31 December 2019 (ADP code = 014). The Agency's deposits rose by €599,921 or 20.4% compared to the year before.

SHORT-TERM TRADE RECEIVABLES

The Agency's short-term trade receivables recorded under the group of accounts 12 (ADP code = 015) comprise receivables from issued decisions on determining the fees on the basis of notifications, for using numbering resources, for using radio frequencies, for the provision of media services, for the provision of railway services and for the provision of postal services, and bills issued for stickers banning delivery of unaddressed mail to mailboxes in the total amount of €226,650, and allowances for impairments in the total amount of €92,440. Compared to 31 December 2018, the net amount of receivables decreased by €486,343 or 78.4%

The Agency made allowances in the amount of €7,680 for all overdue, unpaid, unsecured, or unimpaired claims that were overdue for over a year as at 31 December 2019, or for receivables for which there is reasonable doubt that they will be repaid, and recorded them as revaluatory operating expenses (ADP code for the Statement of Revenue and Expense = 886).

The Agency wrote off receivables from debtors against which bankruptcy proceedings were concluded or which were deleted from the court register, and receivables that fell under statute of limitations, in the total amount of €5,894.

In 2019 the Agency issued overdue reminders and reminders about pending debt collection to debtors, and carried out e-collection proceedings based on authentic documents.

ADVANCES AND SECURITY DEPOSITS GIVEN

The Agency's advances and security deposits under the group of accounts 13 (ADP code = 016) comprise an advanced payment in the amount of €732. The Agency did not record any advances and security deposits given in 2018.

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

The Agency's short-term receivables from users of the standard chart of accounts under group of accounts 14 (ADP code = 017) comprise receivables from direct and indirect users of state and municipalities budgets based on issued decisions on determining the fees in the amount of €6,333. Compared to 31 December 2018, the amount of receivables decreased by €4,016 or 38.8% due to the decisions issued and payments made before the end of the year.

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 €12,163. Compared to 31 December 2018 the amount of receivables rose by €4,968 or 69% due to the increase in recognized unpaid receivables from refunds in the last quarter of 2019.

DEFERRED COSTS AND ACCRUED REVENUE

The Agency's deferred cost and accrued revenue under the group of accounts 19 (ADP code = 022) comprise short-term deferred cost in the total amount of €88,316. Short-term deferred cost comprise mostly the cost of fees for IT support and software upgrades for an online application for recording, saving, archiving, and analysing television channels and audiovisual services on demand, fees for accessing databases, membership fees, insurance

premiums, subscription fees, etc., all paid in advance for the period after the reporting date. The amount of deferred costs and accrued revenue decreased by €236,611 or 72.8% compared to 31 December 2018, since the Agency recorded no accrued revenue in 2019.

3.1.3 SHORT-TERM LIABILITIES AND ACCRUED COST AND DEFERRED REVENUE

The Agency's short-term liabilities and accrued cost and deferred revenue as of 31 December 2019 comprise short-term liabilities for received advances and securities, liabilities to employees, suppliers and users of the standard chart of accounts, other short-term liabilities, and accrued cost and deferred revenue.

SHORT-TERM LIABILITIES FOR ADVANCES AND SECURITY DEPOSITS RECEIVED

The Agency's short-term liabilities for advances and security deposits received under the group of accounts 20 (ADP code = 035) comprise a received advanced payment in the amount of €17. Compared to 31 December 2018, the net amount of received advances decreased by €6,212 or 99.7%.

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 2019 in the total amount of €286,448. Compared to 31 December 2018 the net amount of these liabilities increased by €33,977 or 13.5%, mostly due higher salaries.

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 €266,348, and liabilities

to foreign suppliers in the amount of €1,247. The Agency usually settles its liabilities to suppliers within 30 days of receiving the e-invoice. Compared to 31 December 2018 the net amount of these liabilities increased by €109,948 or 69.7%.

OTHER SHORT-TERM OPERATING LIABILITIES

The Agency's other short-term operating liabilities under the group of accounts 23 (ADP code = 038) comprise mostly liabilities for social contributions paid by the employer and deductions from salaries for December salaries, and for VAT for goods and services purchased from EU states according to the December VAT return in the total amount of €55,608. Compared to 31 December 2018 the net amount of these liabilities rose by €1,714 or 3.2%.

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 €3,609. Compared to 31 December 2018 the amount of these liabilities decreased by €168 or 4.4%.

ACCRUED COST AND DEFERRED REVENUE

The Agency's accrued cost and deferred revenue under the group of accounts 29 (ADP code = 043) comprise the accrued cost of commissioned audit services and statutory interest on charged yearly fees for using numbering elements in the total amount of €20,851. The amount of accrued cost and deferred revenue increased by €2,396 or 13% compared to 31 December 2018.

3.1.3 OWN RESOURCES AND LONG-TERM LIABILITIES

The Agency's own resources and long-term liabilities (ADP code = 044) comprise liabilities for assets under management in the amount of €7,667,803, which comprise:

- ▶ liabilities for intangible assets and tangible fixed assets under the group of accounts 980 (ADP code = 056) in the amount of €4,920,236 which increased in 2019 year-on-year due the sale of fixed assets, taken out of use, in the total value of €5,193, and decreased by €5,611 due to write-downs of these assets based on the decision of the inventory commission.
- ▶ surplus under the group of accounts 985 (ADP code = 058) amounted to €2,747,567, which is a €289,223 decrease compared to the year before, arising from unallocated deficit from the current year (ADP code for the Revenue and Expenditure Account = 892).

Compared to 31 December 2018 the amount of these liabilities decreased by €289,639 or 3.6%, namely due to the deficit from 2019 in the amount of €289.223.

3.2 STATEMENT OF REVENUE AND EXPENSE

Under the Rules on breaking down and measuring revenues and expenses of legal entities under public law the Agency, as a specific user of the standard chart of accounts, recognizes revenue and expenses and compiles separate financial statements:

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

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

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

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

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

1. Permanent discrepancies are primarily associated with outflows for capital expenditure in the amount of €496,587 (ADP code for the Statement

of Revenue and Expense compiled on cash basis = 470), which are not recorded in the account statement of revenue and expenditure, and the revaluation operating expenses from the impairment of receivables in the amount of €7,680 (ADP code for the Statement of Revenue and Expense = 886), which are only an account category.

2. Temporary discrepancies are associated primarily with the dynamics of cash inflows and outflows, i.e. delays in the payment of more significant revenue and expense items between 2019 and 2020, where we would like to highlight:

- ▶ a decrease in the recorded revenue from fees for numbering resources due to the delay in the payment of receivables in the amount of €25,833;
- ▶ higher revenue from media services in the account statement, primarily due to issuing all the decisions determining fees (including those that were not issued or charged in the past) in the amount of €253,976 and the subsequent payments;

- ▶ higher revenue from notifications recorded in the account statement in the total amount of €581,129, primarily as the result of issuing decisions determining fees at the end of 2018, with payments due in 2019;

- ▶ higher expenditure for goods and services in the account statements due to delays in the settling of more significant non-periodic liabilities incurred in 2019, which were settled in 2020 and amounted to €508,286.

TABLE 15: STATEMENT OF REVENUE AND EXPENSE FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 DECEMBER 2019

Classif. by account subgroup	Account subgroup title	ADP code	Amount		index current year/ previous year
			Tekoče leto	Predhodno leto	
1	2	3	4	5	6=4/5
	A) OPERATING REVENUE (861+862-863+864)	860	6.333.790	4.846.892	130,7 %
760	REVENUE FROM THE SALE OF PRODUCTS AND SERVICES	861	6.326.110	4.839.424	130,7 %
	INCREASE IN THE VALUE OF INVENTORIES AND WORK IN PROGRESS	862	-	-	
	DECREASE IN THE VALUE OF INVENTORIES AND WORK IN PROGRESS	863	-	-	
761	REVENUE FROM THE SALE OF GOODS AND MATERIALS	864	7.680	7.468	102,8 %
762	B) FINANCIAL INCOME	865	587	877	66,9 %
763	C) OTHER REVENUE	866	139.531	133.571	104,5 %
	D) REVALUATION OPERATING REVENUE (868+869)	867	-	-	
part of 764	REVENUE FROM THE SALE OF OPERATING FIXED ASSETS	868	-	-	
part of 764	OTHER REVALUATION OPERATING REVENUE	869	-	-	
	E) TOTAL REVENUE (860+865+866+867)	870	6.473.908	4.981.340	130,0 %
	F) COST OF GOODS, MATERIALS, AND SERVICES (872+873+874)	871	1.794.678	1.766.184	101,6 %
part of 466	ORIGINAL COST OF MATERIALS AND GOODS SOLD	872	-	-	
460	COST OF MATERIALS	873	104.240	111.679	93,3 %
461	COST OF SERVICES	874	1.690.438	1.654.505	102,2 %
	G) LABOR COSTS (876+877+878)	875	3.698.672	3.507.102	105,5 %
part of 464	SALARIES AND WAGE COMPENSATIONS	876	2.928.015	2.771.165	105,7 %

part of 464	SOCIAL SECURITY CONTRIBUTIONS PAID BY THE EMPLOYER	877	509.305	481.773	105,7 %
part of 464	OTHER LABOR COSTS	878	261.352	254.164	102,8 %
462	H) DEPRECIATION AND AMORTIZATION	879	606.731	580.675	104,5 %
463	I) PROVISIONS	880	-	-	
465	J) OTHER COSTS	881	-	-	
467	K) FINANCIAL EXPENSES	882	137.776	16.137	853,8 %
468	L) OTHER EXPENSES	883	517.594	12	4313283,3 %
	M) REVALUATION OPERATING EXPENSES (885+886)	884	7.680	7.835	98,0 %
part of 469	EXPENSES FROM THE SALE OF OPERATING FIXED ASSETS	885	-	-	
part of 469	OTHER REVALUATION OPERATING EXPENSES	886	7.680	7.835	98,0 %
	N) TOTAL EXPENSES (871+875+879+880+881+882+883+884)	887	6.763.131	5.877.945	115,1 %
	O) SURPLUS (870-887)	888	-	-	
	P) DEFICIT (887-870)	889	289.223	896.605	32,3 %
part of 80	Corporate income tax	890	-	-	
part of 80	Surplus for the period after income tax (888-890)	891	-	-	
part of 80	Deficit for the period after income tax (889+890) or (890-888)	892	289.223	896.605	32,3 %
	Surplus from preceding years allocated to covering expenses from the accounting period	893	-	-	
	Average number of employees based on the hours worked in the accounting period (whole number)	894	89	91	97,8 %
	Months of operation	895	12	12	

STATEMENT OF REVENUE AND EXPENSE FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 DECEMBER 2019

The statement shows that the Agency recorded €6,473,908 in revenue and €6,763,131 in expenses between 1 January 2019 and 31 December 2019, which is a deficit of €289,223. Notes regarding the changes in separate revenue and expense items that resulted in the deficit are presented below. The Agency will cover the deficit from 2019 with the surplus from the past years or in compliance with the founder's decision.

3.2.1 REVENUE

The Agency generated €6.473.908 in revenue in 2019, €6,326,110

(97.7%) of which was operating revenue, and €147,798 (2.3%) other revenue.

OPERATING REVENUE

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

- ▶ revenue based on notifications, charged based on ZEKom-1;
- ▶ revenue from fees for using radio frequencies, charged based on ZEKom-1 and the General Legal Act on the Method for Calculating Fees for Radio Frequency Usage;
- ▶ revenue from fees for using numbering resources, charged based on ZEKom-1 and the General Act on the Method of Calculating the Charges for the Use of Numbering Elements;
- ▶ revenue from postal service providers and the sale of stickers banning delivery of unaddressed mail to mailboxes, charged based on ZPSto-2 and the Rules on the Method for Calculating Fees for Providing Postal Services;
- ▶ revenue from railway service providers, charged based on the Railway Transport Act;
- ▶ revenue from fees based on television broadcasting licenses and/or en-

tries in the official register (revenue from the media), charged based on ZAvMS and Rules on the Method of Calculating Fees Based on Television Broadcasting Licenses or Entry in the Official Register of On-Demand Audiovisual Media Services Providers.

Revenue is calculated by multiplying the number of points for a specific type of fees and the value of that point i.e. tariff, which is determined in the annual financial plan based on the planned structure and extent of expenses for that specific type of fee. When calculating the fees for 2019, the Agency applied the 2019 tariffs approved by the Government of the Republic of Slovenia in December 2018:

- ▶ tariff for annual fees charged based on notifications, with the value of one point set at €1.37;
- ▶ tariff for annual fees for using numbering resources, with the value of one point set at €0.99;
- ▶ tariff for annual fees for using radio frequencies, with the value of one point set at €0.66;

- ▶ 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 €7.27;
- ▶ 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 €16.91 and 1.79%, respectively.

TABLE 16: OPERATING REVENUE

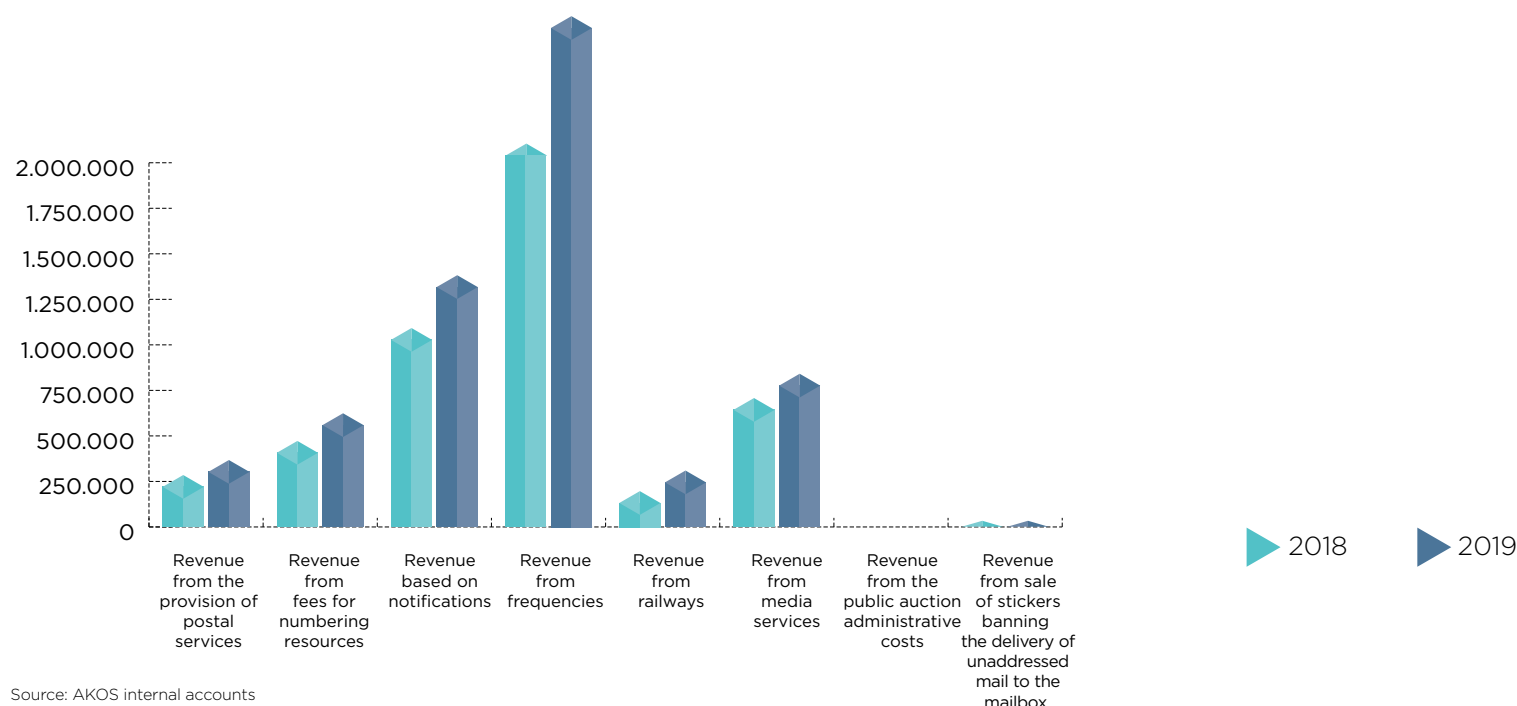
	2018	2019
Revenue from the provision of postal services	282.444	367.571
Revenue from fees for numbering resources	466.128	624.311
Revenue based on notifications	1.092.420	1.382.505
Revenue from frequencies	2.105.308	2.805.089
Revenue from railways	190.991	309.869
Revenue from media services	702.133	836.764
Revenue from the public auction administrative costs	0	0
Revenue from sale of stickers banning the delivery of unaddressed mail to the mailbox	7.468	7.680
TOTAL OPERATING REVENUE (ADP code = 860)	4.846.892	6.333.790

Source: AKOS internal accounts

The Agency calculated the fees in 2019 by applying the economic premises from the 2019 financial plan, primarily applying the accrual principle, and planning the payments based on the cost of the Agency's operations, while also planning how to spend the approved surplus from the preceding years.

The presented structure reveals that the Agency generated the largest share of its operating revenue from fees for using radio frequencies (44.3%), and the remaining part from fees based on notifications (21.8%), fees for using the numbering resources (9.9%), media services (13.2%), postal services and stickers banning the delivery of unaddressed mail to mailboxes (5.9%) and railway services (4.9%).

FIGURE 16: CHANGES IN THE AGENCY'S OPERATING REVENUE IN 2018 AND 2019



Source: AKOS internal accounts

The Agency's operating revenue grew by €1,486,898 or 30.7% in 2019 compared to the year before. Significant changes are primarily the result of:

- ▶ a €699,781 or 33.2% increase in the recorded revenue from frequencies, primarily due to the increase in the value and number of points;
- ▶ a €290,085 or 26.6% increase in the revenue based notifications, primarily due to the higher value of a point;
- ▶ a €134,631 or 19.2% increase in the revenue from the provision of media services due to higher reported revenue of TV service providers, based on which the Agency calculates the fees, with the tariff remaining the same;
- ▶ a €118,878 or 62.2% increase in the revenue from railways, primarily due to the higher tariff;
- ▶ a €85,127 or 6.6% increase in the revenue from the provision of postal services due to the higher tariff;
- ▶ a €158,183 or 6.6% increase in the revenue from numbering resources due to the higher tariff.

The planned revenue from the public auction administrative costs was not generated in 2019.

FINANCIAL REVENUE

The Agency's financial income in 2018 amounted to €587 (ADP code = 865) and comprised primarily statutory interest on overdue receivables. This is a €290 or 33.1% decrease compared to 2018.

OTHER REVENUE AND REVALUATION OPERATING REVENUE

The Agency's other revenue in 2019 amounted to €139,531 (ADP code = 866), and comprised mostly revenue from decisions for the year 2018 issued in 2019, collected trade receivables, which had been impaired in the previous years, reimbursements for business trips (in the EU), and the reimbursement of business trip cost (EU), and the international coordination work in the process of acquiring frequencies for the Trisat satellite.

The Agency's other revenue increased by €5,960 or 4.5% compared to 2018. The increase is primarily the result of higher reimbursed cost of EU business trips.

3.2.2 EXPENSES

The Agency's total expenses in 2019 amounted to €6,763,131, of which €1,794,678 represented the cost of purchasing goods, materials and services (26.5% of total expenses), €3,698,672 labour cost (54.7%), €606,731 amortization and depreciation cost (9%), €7,680 revaluation expenses (0.1%), €137,776 financial expenses (2%) and €517,594 EUR other expenses (7.7%). Expenses also include the input VAT, as the Agency is not liable for VAT.

The Agency's expenses rose by €885,186 or 15.1% in 2019 compared to the year before. Changes are primarily the result of:

- ▶ a €28,494 or 1.6% increase in the cost of purchasing goods, materials and

services, primarily due to higher regular maintenance cost and higher cost of business trips than in 2018;

- ▶ a €191,570 or 5.5% increase in labour costs, primarily due to higher cost of labour compared to 2018;
- ▶ a 2% or €155 decrease in revaluation and other expenses;
- ▶ a €26,056 or 4.5% increase in amortization and depreciation cost in 2019 (ADP code = 879);
- ▶ a €121,639 or 753.8% increase in financial expenses after paying interest based on a court decision;
- ▶ a €517,582 increase in other expenses due to reimbursing payments made based on decisions after paragraph 2 of Article 6 of ZEKom-1/15 was found unconstitutional.

LABOUR COST

The Agency's labour costs comprise the cost of salaries and compensations, and the associated social contributions paid by the employer, including expenses for the collective voluntary pension insurance for public servants, contributions for the disabled and accrued pension and disability insurance for older workers, meal, commuting, and holiday allowances, and other employee benefits, such as jubilee benefits, severance pay, etc., for 91 public servants as on 31 December 2019. The Agency calculated the salaries and other income from employment relationships in accordance with the relevant laws and regulations, which determine the basis for salaries and performance bonuses, and in compliance with the Act Regulating Measures Relating to Salaries and Other Labour Costs in the Public Sector.

The Agency's labour costs rose by €191,570 or 5.5% in 2019 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 assigning higher pay grades to jobs and titles.

COSTS OF GOODS, MATERIAL AND SERVICES

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

TABLE 17: COST OF GOODS, MATERIALS, AND SERVICES

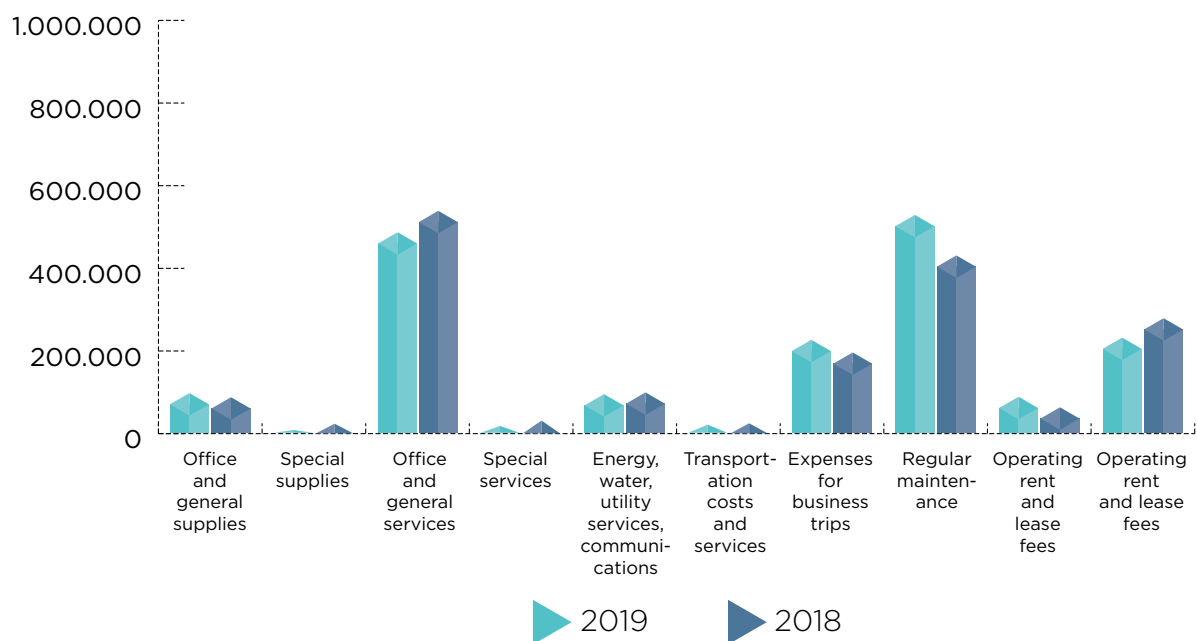
CLASSIFICATION BY ACCOUNT	STATEMENT OF REVENUE AND EXPENSE FOR SPECIFIC USERS	ADP code	2018	2019
			1	2
E) COST OF GOODS, MATERIALS, AND SERVICES (872+873+874)		871	1.766.184	1.794.678
part of 466	ORIGINAL COST OF MATERIALS AND GOODS SOLD	872	-	-
460	COST OF MATERIALS	873	111.679	104.240
4600	Office and general supplies		87.606	97.629
4601	Special supplies		24.073	6.611
461	COST OF SERVICES	874	1.654.505	1.690.438
4610	Office and general services		537.701	485.830
4611	Special services		30.696	17.586
4612	Energy, water, utility services, communications		98.287	93.622
4613	Transportation costs and services		24.201	20.958
4614	Expenses for business trips		194.774	224.837
4615	Regular maintenance		429.212	527.778
4616	Operating rent and lease fees		62.028	88.328
4617	Other operating expenses		277.606	231.499

Source: AKOS internal accounts

The structure of these costs shows that the major part of these expenses was spent on office and general supplies and services (32.5%), while the remaining part comprises other

operating expenses (12.9%), purchases of materials and services for regular maintenance (29.4%), business trips (12.5%), purchases of energy, water, and utility and communication services (5.2%), operating rents and leases (4.9%), purchases of special materials and services (1.4%), and transportation costs and services (1.2%).

FIGURE 17: CHANGES IN THE COST OF GOODS, MATERIALS, AND SERVICES IN 2017 AND 2018



COST OF OFFICE AND GENERAL SUPPLIES AND SERVICES

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

- ▶ an independent audit of separate accounting records and model of the operator with significant market power;
- ▶ representation in national and foreign courts;
- ▶ an analysis of the economic potentials of the Slovenian radio market;
- ▶ providing telemetric data on ratings of TV channels;
- ▶ market regulation and following regulatory activities in other EU members (access to databases about the measures put in place, and European Commission's commentaries);

- ▶ effective supervision of the RF spectrum (regular controls of all radio monitoring and measuring stations and vehicles);
- ▶ a survey on end users' satisfaction with postal services and their needs after closing down contact points (post offices and contract postal units); and survey on user satisfaction with postal services and users' needs – separate surveys for commercial users and general public;
- ▶ a comparative analysis of postal services providers' prices and delivery periods in cross-border delivery of parcels;
- ▶ a survey on Slovenian households' monthly spending on electronic communications, and an analysis of the current demand for higher speeds of internet access and e-content;
- ▶ access to Slovenian radio stations' recordings with analysing software, and data on broadcast music;
- ▶ maintaining, upgrading, developing and graphically designing AKOS's geographic viewer in NET environment, consultancy and collaboration in the implementation of solutions for optimizing the viewer, developing an internal GIS environment, and support and maintenance for the Geoserver environment and PostgreSQL and postGIS databases, support in conducting complex geographical analyses, development of in-house solutions for optimizing data processing, testing and configuration;
- ▶ audits of revenue of TV broadcasters and providers of on demand audiovisual media services;
- ▶ comprehensive professional training conducted by external experts.

The cost in this group decreased by €41,848 or 6.7% compared to 2018, which can be primarily attributed to the smaller extent of tasks performed by con-

tracting external experts due the proposed revised budget not being approved (1) and the delayed approval of the revised budget (2) in December.

COST OF SPECIAL SUPPLIES AND SERVICES

Costs of special supplies and services comprise mostly the cost of media clippings and the STA information service, cost of installing containers for safe collection, transportation and destruction, cost of purchasing professional literature, and the cost of small items, tools, and devices for maintenance (accumulators, cables, batteries, headphones, converters, personal safety equipment, filters etc.). The total amount of the group of expenses decreased by 55.8% or €30,572 compared to 2018. The decrease is the result of not purchasing a redundant measurement tool.

COSTS OF ENERGY, WATER, UTILITY SERVICES AND COMMUNICATIONS

The majority of these costs were utility costs (heating fuels and heating, water, utility services, etc.) for the offices and radio supervision and measurement stations, while other costs comprised fixed and mobile communication services, postal services, and insurance premiums for buildings, equipment, and vehicles. The total amount of this group of expenses decreased by €4,665 or 4.7% compared to 2018. The decrease is the result of lower cost in separate categories of energy, water, utility services and communications cost.

TRANSPORTATION COST AND SERVICES

These costs comprise cost of fuel and lubricants for company vehicles (measurement and other vehicles), cost of their maintenance, registration fees, and other transportation costs. The cost in this group decreased by €3,243 or 13.4% compared to 2018, resulting primarily from the lower cost of maintaining the Agency's vehicle fleet.

COSTS OF BUSINESS TRIPS

The cost of business trips primarily comprises the costs of purchasing airline tickets, as well as other costs of transport in Slovenia and abroad, accommodation costs, per diems for business trips in Slovenia and abroad, and any

other costs related to business trips. When calculating employee reimbursements the Agency complied with the Decree on the Reimbursement of Costs for Traveling Abroad on Official Mission, and the collective agreement for the public sector. The total amount of these expenses increased by €30,063 or 15.4% compared to 2018 due to the more business trips, greater number of working parties at the level of the regulators' association, and Agency's more intense engagement and management of one of the groups, as well as vice-presidency of BEREC.

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 €98,566 or 23% compared to 2018, mainly due to higher cost of communication equipment and computer maintenance, and the renovation of bathrooms.

TABLE 18: REGULAR MAINTENANCE COST

Activity ID	value in EUR	type of maintenance
171 RMMS maintenance	13.097	Regular software maintenance and maintenance and upgrades to the radio monitoring and measurement system
267 TV and AVMSOD activity - monitoring	12.668	Regular maintenance of the software for monitoring TV programming content
273 Infrastructure costs	157.547	The major share of the maintenance expenses are costs related to the management, maintenance and insurance of the office building at Stegne 7
481 Administrative procedures with SURS	11.949	ATDI software maintenance
279 Website maintenance	81.345	website overhaul
497 Maintenance and upgrade of the ICT system and user support	225.807	The majority of the expenses are costs of software maintenance, network device maintenance, annual fees, ensuring support and maintenance of the virtual server environment and the archiving systems
total	502.413	95.2% maintenance costs

RENT AND OPERATING LEASE COST

These costs mostly comprise rents for offices and conference rooms, rents for land on which radio supervision and measurement stations are located, charges for the use of building land, and duties from fees paid to external contractors and attendance fees chargeable to the employer. The net amount of this cost increased by €26,300 or 42.4% compared to 2018, mainly due to the higher cost of leasing parking spaces, and renting a conference hall for an international conference.

OTHER OPERATING EXPENSES

The majority of these costs were comprised of hiring students for collecting data on the telecommunications market development, the cost of the reception service, organizing the archive, providing user support (call centre), reviewing easement agreements and posting notifications on planned constructions online, support in managing Statistical Office's administrative proceedings, support in an activity related to protecting consumer rights and privacy of service end users, etc, and the cost of team and individual general and professional training. Costs in this group comprise the cost of monthly bonuses, including benefits and travel expenses, for the members of councils (the Agency Council,

Electronic Communications Council, and Broadcasting Council), and cost of membership fees for international and Slovenian organizations. Other operating expenses decreased by €46,107 or 16.6% compared to 2018, primarily due to lower costs of training activities for employee development.

3.2.3 REALIZATION OF THE FINANCIAL PLAN ON THE ACCRUAL BASIS

In contrast to the plans compiled earlier than in 2017, the Agency's Financial Plan for 2019 was primarily drawn up on accrual basis, and comprises all planned revenue and expenses (cost) based on the time or period when the business event occurred. The unspent (accumulated) depreciation and amortization of fixed assets, procured after 1 January 2017, is thus also recorded as a source of investments in new fixed assets, in addition to the surplus from the preceding years.

The Agency worked towards realizing the planned activities and financial targets from its operating and financial plans for 2019 in the areas it regulates, however its financial operations were affected by certain new facts and circumstances, as well as unforeseen measures affecting revenue and expenses, as the result of which the Agency drew up revised plans for the year. More detailed explanations and notes regarding the situation are presented in Implementation of the Financial Plan, and summarized below.

The Agency generated 98.2% of the planned revenue, while the discrepancy between the plan and realization was higher when it comes to expenditure, with spending amounting to 91% of the plan.

Lower actual revenue is the result of another postponement of the public tender and auction (and the administrative cost thus not being charged), which was caused by the extension of the process of adopting the Radio frequency spectrum management strategy, which is a precondition for conducting the public tender and auction for frequencies for public mobile services according to the Ministry of Public Administration guidelines. This is also one of the reasons for discrepancies in expenses. The discrepancies were furthermore caused by the long procedure of approving the revised plans at the competent ministry, which resulted in the Agency not performing all the originally planned tasks and activities, and not hiring in the planned extent.

TABLE 19: STATEMENT OF REVENUE AND EXPENSE FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2019

Classif. by account subgroup	Account subgroup title	ADP code	Amount		FP 2019	2019 revised FP	Current year/2019 FP index
			Tekoče leto	Predhodno leto			
1	2	3	4	5	6	7	8=4/6
	A) OPERATING REVENUE (861+862-863+864)	860	6.333.790	4.846.892	6.508.993	6.371.764	97,3
760	REVENUE FROM THE SALE OF PRODUCTS AND SERVICES	861	6.326.110	4.839.424	6.502.228	6.364.999	97,3
	INCREASE IN THE VALUE OF INVENTORIES AND WORK IN PROGRESS	862	-	-			
	DECREASE IN THE VALUE OF INVENTORIES AND WORK IN PROGRESS	863	-	-			
761	REVENUE FROM THE SALE OF GOODS AND MATERIALS	864	7.680	7.468	6.765	6.765	113,5
762	B) FINANCIAL INCOME	865	587	877	3.000	3.000	19,6
763	C) OTHER REVENUE	866	139.531	133.571	81.035	81.035	172,2
	D) REVALUATION OPERATING REVENUE (868+869)	867	-	-	1.500	10.200	-
part of 764	REVENUE FROM THE SALE OF OPERATING FIXED ASSETS	868	-	-	1.500	10.200	-
part of 764	OTHER REVALUATION OPERATING REVENUE	869	-	-			
	E) TOTAL REVENUE (860+865+866+867)	870	6.473.908	4.981.340	6.594.528	6.465.999	98,2
	F) COST OF GOODS, MATERIALS, AND SERVICES (872+873+874)	871	1.794.678	1.766.184	2.897.664	2.780.801	61,9
part of 466	ORIGINAL COST OF MATERIALS AND GOODS SOLD	872	-	-	-	-	
460	COST OF MATERIALS	873	104.240	111.679	131.520	131.520	79,3
461	COST OF SERVICES	874	1.690.438	1.654.505	2.766.144	2.649.281	61,1
	G) LABOR COSTS (876+877+878)	875	3.698.672	3.507.102	3.796.647	3.857.156	97,4
part of 464	SALARIES AND WAGE COMPENSATIONS	876	2.928.015	2.771.165	2.990.047	3.039.934	97,9
part of 464	SOCIAL SECURITY CONTRIBUTIONS PAID BY THE EMPLOYER	877	509.305	481.773	526.217	534.995	96,8
part of 464	OTHER LABOR COSTS	878	261.352	254.164	280.383	282.227	93,2
462	H) DEPRECIATION AND AMORTIZATION	879	606.731	580.675	722.558	605.778	84,0
463	I) PROVISIONS	880	-	-	-	-	
465	J) OTHER COSTS	881	-	-	-	-	
467	K) FINANCIAL EXPENSES	882	137.776	16.137	3.000	140.886	4.592,5
468	L) OTHER EXPENSES	883	517.594	12	-	510.118	
	M) REVALUATION OPERATING EXPENSES (885+886)	884	7.680	7.835	10.000	10.000	76,8
part of 469	EXPENSES FROM THE SALE OF OPERATING FIXED ASSETS	885	-	-	-	-	
part of 469	OTHER REVALUATION OPERATING EXPENSES	886	7.680	7.835	10.000	10.000	76,8
	N) TOTAL EXPENSES (871+875+879+880+881+882+883+884)	887	6.763.131	5.877.945	7.429.869	7.904.739	91,0
	O) SURPLUS (870-887)	888	-	-			

	P) DEFICIT (887-870)	889	289.223	896.605	835.341	1.438.740	34,6
part of 80	Corporate income tax	890	-	-	-	-	-
part of 80	Surplus for the period after income tax (888-890)	891	-	-	-	-	-
part of 80	Deficit for the period after income tax (889+890) or (890-888)	892	289.223	896.605	835.341	1.438.740	34,6
	Surplus from preceding years allocated to covering expenses from the accounting period	893	-	-	-	-	-
	Average number of employees based on the hours worked in the accounting period (whole number)	894	89	91	100	100	89,0
	Months of operation	895	12	12	12	12	-

REVENUE

In 2019 the Agency generated a total of €6,473,908 in revenue. The Agency generated €120,620 or 1.8% less in total revenue than originally planned, with the operating revenue amounting to €175,203 or 2.7% below the budget, and other revenue €58,496 or 72.2% above the plan, with the biggest discrepancies in the following categories:

► €262,000 or 4.1% less in total operating revenue, due to another delay of the public auction for assigning frequencies in

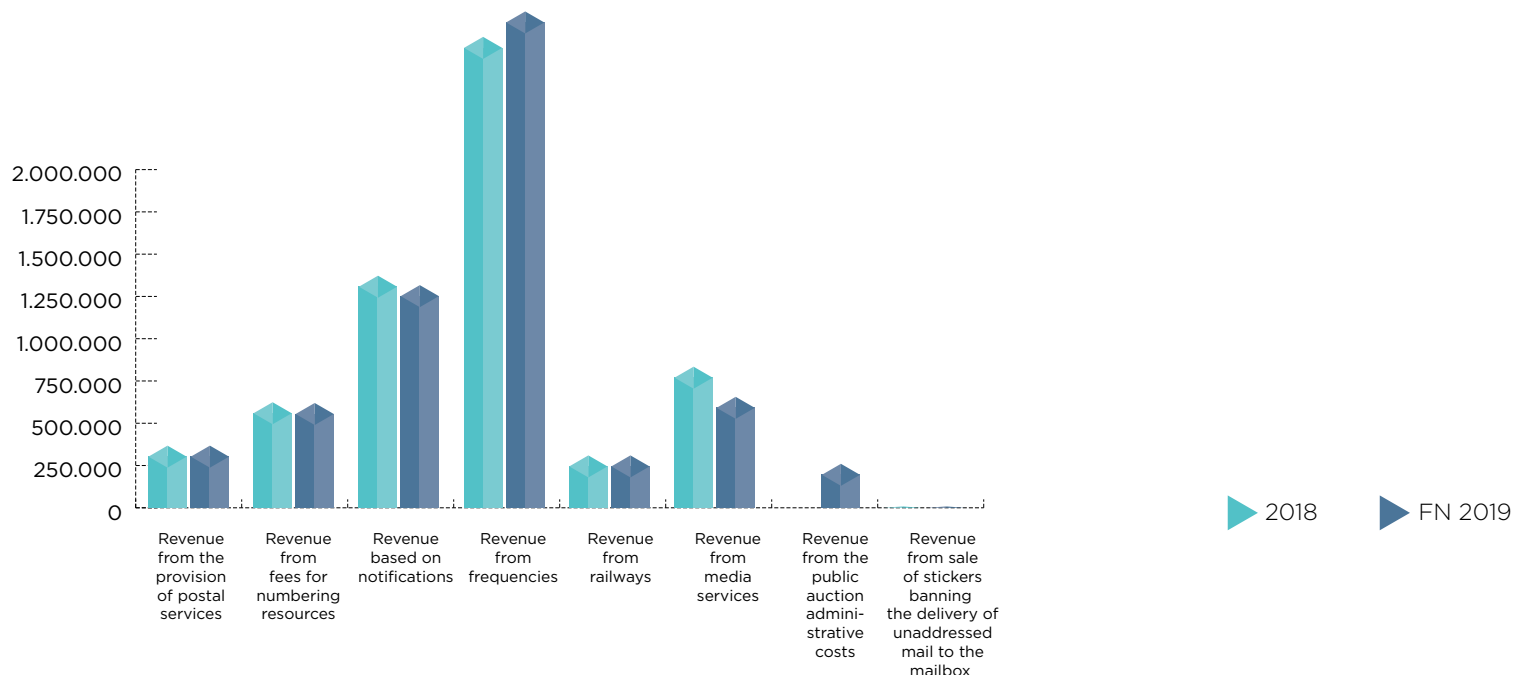
- the 700+ MHz band for the purpose of providing public mobile services; €175,684 or 26.6% higher revenue from the media, primarily due to the higher number of points;
- €146,431 or 5% lower revenue from frequencies, resulting from lower revenue due to not allocating radio frequencies and higher revenue from fixed connection frequencies due to increased capacities;
- €56,173 or 4.2% higher revenue from notifications, primarily due to the higher number of points;
- €58,496 EUR or 72.2% higher other revenue, mostly due to the higher amount of collected receivables for the preceding years and the advance payment received for coordinating the Trisat frequency.

Other categories of revenue from the sale of goods and services as part of providing public services and other revenue did not significantly change compared to the year before.

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

	2019	2019 FP	2019/2019 FP index
Revenue from the provision of postal services	367.571	367.571	100,0
Revenue from fees for numbering resources	624.311	623.700	100,1
Revenue based on notifications	1.382.505	1.326.332	104,2
Revenue from frequencies	2.805.089	2.951.520	95,0
Revenue from railways	309.869	310.025	99,9
Revenue from media services	836.764	661.080	126,6
Revenue from the public auction administrative costs	0	262.000	0,0
Revenue from sale of stickers banning the delivery of unaddressed mail to the mailbox	7.680	6.765	113,5
TOTAL OPERATING REVENUE (ADP code = 860)	6.333.790	6.508.993	97,3

FIGURE 18: COMPARISON OF REALIZED AND PLANNED OPERATING REVENUE ON ACCRUAL BASIS



EXPENSES

The Agency's expenses in 2019 amounted to €6,763,131, which is €666,738 or 9% less than planned, especially in the following three categories of expenses:

WAGES AND SALARIES

The Agency's labour costs were €97,975 or 2.6% lower than planned (ADP codes = 876 + 877 + 878), primarily due to the lower amount of salaries, compensations, associated social security contributions and other labour cost (reimbursements, holiday and other allowances), due to only partially realized hiring plan, and not replacing all employees who left the Agency (retirement, contract termination, unsuccessfully completed trial period).

The Agency would like to point to the failure to fully realize the 2019 hiring plan as the main reason for expenses in this category remaining below the planned amounts. The Agency employed 91 people out of the planned 100 at the end of 2019 (89 throughout the period based on man hours), with one employee working half time based on the decision of the Pension and Disability Insurance Institute of Slovenia. This was primarily the consequence of the Agency's limited funding for salaries and compensations, and the associated social contributions. In late 2018, the Government of the Republic of Slovenia and trade unions reached an agreement on salaries and other labour cost in the public sector, under which public servants' pay grades were increased. The Agency planned for this increase in its Revised Operating and Financial Plan for 2019, which the relevant ministry only approved in December 2019. If the Agency completed the hiring according to the plan in 2019, it would only have guaranteed funds for salaries for 11 months of operation. Due to the complications regarding the approval of its revised plans (1) and (2), the Agency halted all the activities for hiring new employees, as well as activities related to replacing those leaving the Agency, with the purpose of securing funds for salaries for all employees for all 12 months of operation in the event the revised budget was not approved. Limited human resources also affected the performance of some of the Agency's essential tasks, resulting in the failure to perform them or their delay.

COSTS OF GOODS, MATERIALS, AND SERVICES

The cost of goods, materials, and services was €1,102,986 or 38.1% lower than planned (ADP code = 871), primarily due to the €771,120 or 61.3% lower cost of office and general services (ADP code = 874), which was primarily caused by postponing certain projects to 2020 (the 700+ MHz and 2100 MHz, 2300 MHz, 3400-3800 MHz, 26 GHz+ public calls for tenders, the cost model for market 4, separate accounting regulation, state of the postal services market, regulation, development and general information, calculation of the weighted average cost of capital - WACC), and by lower spending after obtaining better quotes for services (weighted average cost of capital calculation) and due to not requiring certain services or requiring them in a smaller extent (external audit of revenue of operators paying fees based on notifications, review of the net cost calculation, internal audit, extraordinary ICT maintenance, organization of an international conference as part of international collaboration in TC, update of the economic repeatability model).

TABLE 21: COMPARISON OF REALIZED AND PLANNED COST OF GOODS, MATERIALS AND SERVICES (ACCRUAL PRINCIPLE)

CLASSIFICATION BY ACCOUNT	STATEMENT OF REVENUE AND EXPENSE FOR SPECIFIC USERS	ADP code	2018	2019	2019 FP	2019/2019 FP index
			1	2	3	4=2/3
E) COST OF GOODS, MATERIALS, AND SERVICES (872+873+874)		871	1.766.184	1.794.678	2.897.664	61,9
part of 466	ORIGINAL COST OF MATERIALS AND GOODS SOLD	872	-	-	-	
460	COST OF MATERIALS	873	111.679	104.240	131.520	79,3
4600	Office and general supplies		87.606	97.629	112.840	86,5
4601	Special supplies		24.073	6.611	18.680	35,4
461	COST OF SERVICES	874	1.654.505	1.690.438	2.766.144	61,1
4610	Office and general services		537.701	485.830	1.256.950	38,7
4611	Special services		30.696	17.586	7.500	234,5
4612	Energy, water, utility services, communications		98.287	93.622	110.834	84,5
4613	Transportation costs and services		24.201	20.958	34.250	61,2
4614	Expenses for business trips		194.774	224.837	379.267	59,3
4615	Regular maintenance		429.212	527.778	525.050	100,5
4616	Operating rent and lease fees		62.028	88.328	80.200	110,1
4617	Other operating expenses		277.606	231.499	372.093	62,2

In relation to unrealized expenses for office and general supplies and services in the total amount of €786,331 or 57.4% of the plan (groups of accounts no. 4600/4610), the Agency would like to highlight the circumstances that affected the following projects:

- ▶ unspent budget for the public call for the 700+ MHz band (activity ID 2100) and the public call for 2100 MHz, 2300 MHz, 3400-3800 MHz, 26 GHz+ bands (activity ID 501) in the total value of €511,722 (the planned cost for both projects in this group amounted to €519,430). The Agency's activities in this group in 2019 were focused on supplementing the strategy adopted in 2018, after the competent ministry sent new guidelines based on the Government decision no. 381005/2019/3 regarding the Radio frequency usage plan for the 470 790 MHz band. Within three months of receiving the new guidelines, the Agency amended the strategy, published it on its website, reviewed and responded to received feedback, and sent the new strategy to the government

for approval. The Agency sent the amended strategy to the government already in July 2019, however, by the end of the year the document had still not been discussed at the government session. This resulted in budgeted funds not being spent, since, according to the relevant ministry's guidelines, conducting a public tender with an auction requires the Government's approval of the Radio frequency spectrum management strategy;

- ▶ the unused total budget for the project of the cost model for the relevant market 4 (activity ID 503) in the amount of €61,000. This activity was postponed to 2020 due to the complexity of the public procurement procedure and the need to repeat the public call for tenders for selecting the contractor for the project (the Agency did not receive any bids in the first call). After publishing the last call for tenders, the Agency received several bids and will select the contractor in early 2020;
- ▶ unused budget for the separate accounting regulation project (activity ID 115) in the amount of €43,371. The savings are the result of obtaining a better quote for the weighted average cost of capital calculation, delayed analysis in the process of auditing fixed and variable cost due to the unresponsiveness of the other party, and the decision to perform a service with own resources;
- ▶ unspent funds budgeted for infrastructures cost (activity ID 273) in the amount of €36,113, primarily due to recording the cost of office cleaning as the cost of regular office maintenance instead as cost of office and general supplies and services as initially planned;
- ▶ unspent funds budgeted for the maintenance and upgrade of ICT technology and user support (activity ID 497) in the amount of €32,669, primarily due to not spending the funds budgeted for emergency and unplanned situations;
- ▶ unused budget for the state of the postal services market project (activity ID 108) in the amount of €29,342. The Agency decided to introduce a single computerized data collection system, which will be done together with modernizing the existing system for collecting TC data, with the project

postponed to 2020 due to problems with the contractor and subsequent bilateral termination of the contract;

- ▶ unused budget for the regulation, development and general information project (activity ID 480) in the amount of €20,430. Two analyses were planned for the project, which were postponed to 2020;
- ▶ the unused total budget for the project of calculating the weighted average cost of capital – WACC (activity ID 502) in the amount of €18,000. The project was postponed to 2020, since the European Commission has not yet provided the new guidelines that will be the basis for calculating WACC and which the Agency is required to follow;
- ▶ unspent funds budgeted for the notification registry project (activity ID 63) in the amount of €17,604, primarily due to no need for the external audit of revenue of operators paying fees based on notifications, which is the basis for issuing the decisions;
- ▶ unspent funds budgeted for the maintenance and upgrades of the economic repeatability model, and support in testing the model based on regulatory decisions – ERT (activity ID 493) in the amount of €17,423 as the result of reduced need for contractor's services in the process of updating the ERT model;
- ▶ unused funds budgeted for the international TC collaboration project (activity ID 242) in the amount of €16,496, primarily due to unspent funds for organizing an international conference, which was held as part of the second Cullen international training;
- ▶ unused budget for the bookkeeping, accounting and financial management project (activity ID 494) in the amount of €13,652, after only conducting one of the two planned internal audits;
- ▶ unspent funds budgeted for the HR management project (activity ID 495) in the amount of €12,711, primarily due to not needing external consultants for HR issues;
- ▶ unused budget for the project TV AV services on demand – regulation (activity ID 271) in the amount of €11,585. Funds were budgeted for the event the Agency had to refund the cost in the cases of auditing TV broadcasters, and for publishing in the Official Gazette;
- ▶ higher spending for the audit of OSMP's separate accounting records (activity ID 488) in the amount of €87,230. This project was first planned for 2018, but was only carried out in 2019 due to repeating the public procurement procedure several times;
- ▶ higher spending for the project of maintaining radio monitoring and measuring stations (activity ID 171) in the amount of €33,409. Resources for this activity were first budgeted as regular maintenance cost, but were later recorded as cost of contracting external experts.

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:

- ▶ €1,983 or 7.6% lower cost of special materials and services (ADP codes = 874 and 874),
- ▶ €17,212 or 15.5% lower cost of energy, water, utilities and communications (ADP code = 874);
- ▶ €13,292 or 38.8% lower cost of transport and transport services (ADP code 874);
- ▶ €154,430 or 40.7% lower than planned expenses for business trips (ADP code = 874), primarily due to more rational organization of planned business trips (more video conferences, less people on one trip, group trainings held at the Agency offices, fewer participants at WRC based in a Government decision). The net cost of business trips was reduced by the amount of reimbursed costs, which the Agency recorded under revenue,

and which amounted to €55,721 in 2019;

- ▶ €2,728 or 0.5% higher cost of regular maintenance (ADP code 874);
- ▶ €8,128 or 10.1% higher cost of rents and leases (ADP code 874);
- ▶ €140,594 or 37.8% lower other operating expenses (ADP code = 874), primarily due to savings from organizing group training after obtaining better quotes for services, lower spending on training due to the lack of available suitable specialized and professional courses, and the smaller extent of work provided by students.

Lower cost of goods, materials and services was also the result of careful spending due to the delayed approval of the revised budget.

DEPRECIATION AND AMORTIZATION

The Agency recorded €115,827 or 16% more in depreciation and amortization cost than planned in 2019 (ADP code = 879), primarily due to postponing some of its activities and procuring fixed assets later than planned.

OTHER EXPENSES

In the notes to other expenses, namely other operating expenses and payment of national interest, the Agency applied the Revised (2) Operating and Financial Plan for 2019, which represents the basis for the reimbursement of payments based on issued decisions with interest to two parties. The Agency recorded €4,366 or 0.7% more in other expenses under the categories other operating expenses and payment of national interest than planned in 2019 (ADP codes = 882 and 883).

4 OTHER DISCLOSURES

A1 Slovenija telekomunikacijske storitve, d.d., (hereinafter A1 Slovenija, d.d.) also bid for the frequency spectrum in the 800 MHz band in

the public auction for assigning radio frequencies for the purpose of providing public communication services, which was announced in the Official Gazette of RS no 114/13 of 31 December 2013. A1 Slovenija d.d. believes that the areas (white spots) and subsequently locations where it is obligated to provide a substitute for broadband connections were determined incorrectly, which caused the company damage. A1 Slovenija d.d. filed a lawsuit against the Agency

and the Republic of Slovenia, which the Agency received on 24 August 2018, demanding €3,309,051.21, plus statutory interest accruing from 24 May 2018, and the payment of cost of the proceedings plus the statutory interest. The proceedings are still at their initial stage, so it is impossible to estimate potential liabilities. It is also impossible to predict which party is more likely to succeed. The Agency and the Republic of Slovenia are being sued jointly, which means that in the event of winning, A1 Slovenija d.d. may claim the awarded damages from either of the parties. The Agency did not make any provisions in the form of long-term accrued cost or expenses based on Article 18 of the Accounting Act.

Ljubljana, 2 April 2020
Number: 4505-1/2019/8

Mag. Tanja Muha, direktorica



XVII AUDIT REPORT



POROČILO NEODVISNEGA REVIZORJA

Svetu

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

Stegne 7
Ljubljana

Mnenje

Revidirali smo računovodske izkaze Agencije za komunikacijska omrežja in storitve Republike Slovenije, ki vključujejo bilanco stanja na dan 31. decembra 2019, izkaz prihodkov in odhodkov za tedaj končano leto ter povzetek bistvenih računovodskih usmeritev in druge pojasnjevalne informacije.

Po našem mnenju priložena računovodska izkaza v vseh pomembnih pogledih pošteno predstavljata finančni položaj Agencije za komunikacijska omrežja in storitve Republike Slovenije (v nadaljevanju Agencija) na dan 31. decembra 2019 ter razliko med prihodki in odhodki za tedaj končano leto v skladu z Zakonom o računovodstvu in z njim povezanimi podzakonskimi predpisi.

Podlaga za mnenje

Revizijo smo opravili v skladu z Mednarodnimi standardi revidiranja (MSR). Naše odgovornosti na podlagi teh pravil so opisane v tem poročilu v odstavku Revizorjeva odgovornost za revizijo računovodskih izkazov. V skladu s Kodeksom etike za računovodske strokovnjake, ki ga je izdal Odbor za mednarodne standarde etike za računovodske strokovnjake (Kodeks IESBA) ter etičnimi zahtevami, ki se nanašajo na revizijo računovodskih izkazov v Sloveniji, potrjujemo svojo neodvisnost od agencije in, da smo izpolnili vse druge etične zahteve v skladu s temi zahtevami in Kodeksom IESBA.

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

Druge informacije

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

Naše mnenje o računovodskih izkazih se ne nanaša na druge informacije in o njih ne izražamo nobene oblike zagotovila.

V povezavi z opravljeno revizijo računovodskih izkazov je naša odgovornost prebrati druge informacije in pri tem presoditi ali so druge informacije pomembno neskladne z računovodskimi izkazi, zakonskimi zahtevami ali našim poznavanjem, pridobljenim pri revidiranju, ali se kako drugače kažejo kot pomembno napačne. Če na podlagi opravljenega dela zaključimo, da obstaja pomembno napačna navedba drugih informacij, moramo o takih okoliščinah poročati. V zvezi s tem ni nič takega, o čemer bi morali poročali.

Odgovornost poslovodstva in pristojnih za upravljanje za računovodske izkaze

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

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

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

Revizorjeva odgovornost za revizijo računovodskih izkazov

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

Med izvajanjem revidiranja v skladu s pravili revidiranja uporabljamo strokovno presojo in ohranjamo poklicno nezaupljivost. Prav tako:

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

Ljubljana, 16. april 2020

Božidar Jurglič,
pooblaščen revizor

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