



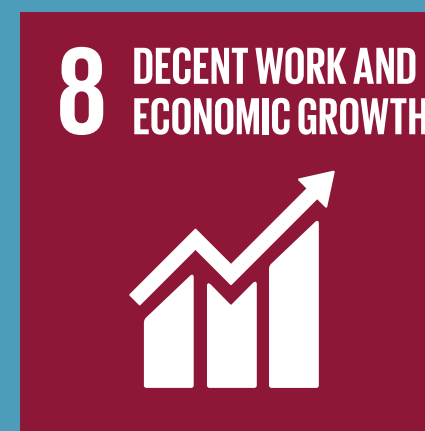
REPUBLIC OF SLOVENIA
COURT OF AUDIT

AUDIT REPORT

Efficiency of managing port infrastructure within the area of cargo port in Koper

Performance audit

Audited period: 1 January 2015 to 31 December 2016



Port of Koper

is the **only Slovenian international port** and one of the leading port operators and global logistics solutions providers for the countries of Central and Eastern Europe

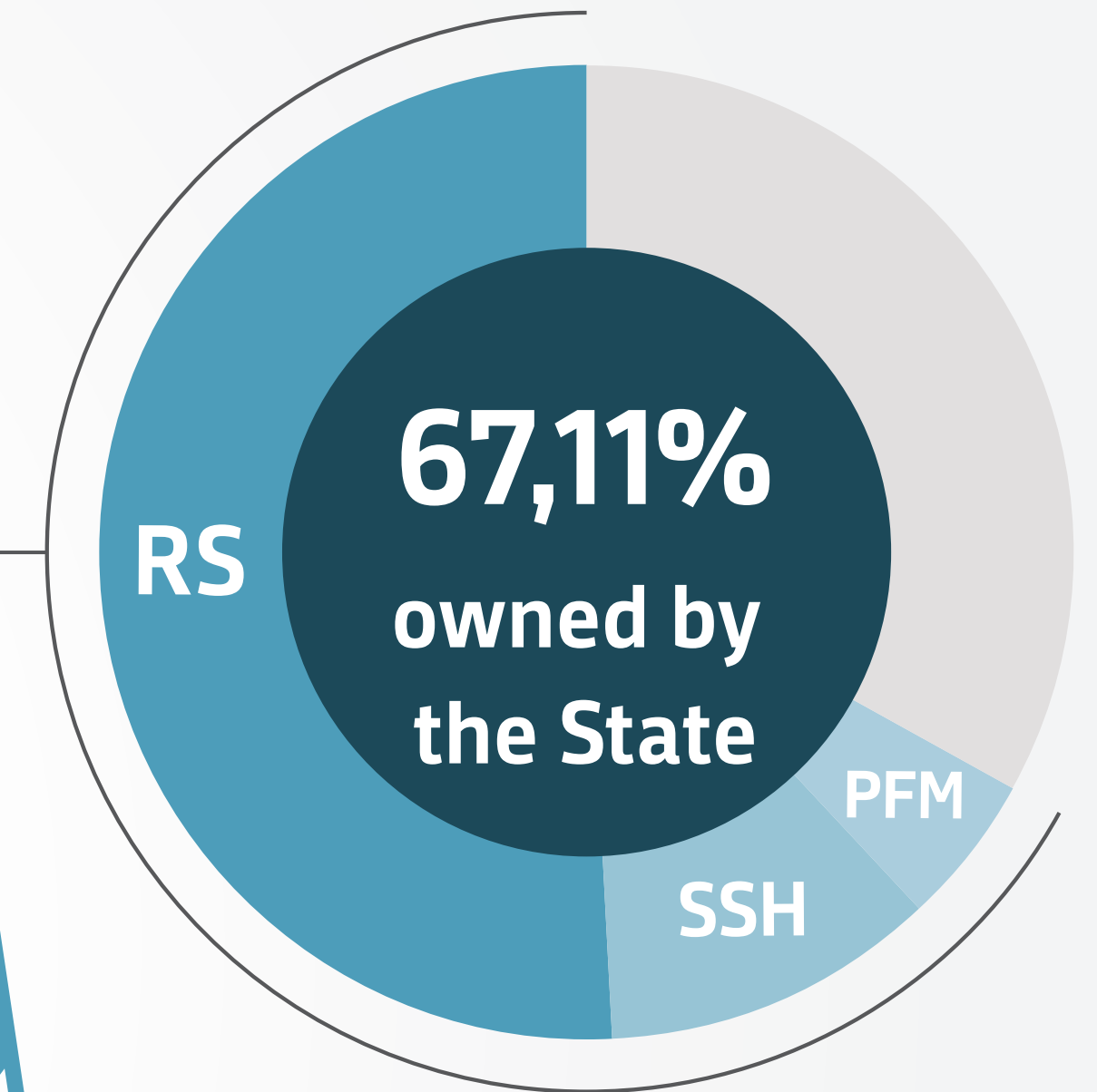
WHAT WAS AUDITED

Was **Port of Koper** efficient in **managing** port infrastructure within the concession area?

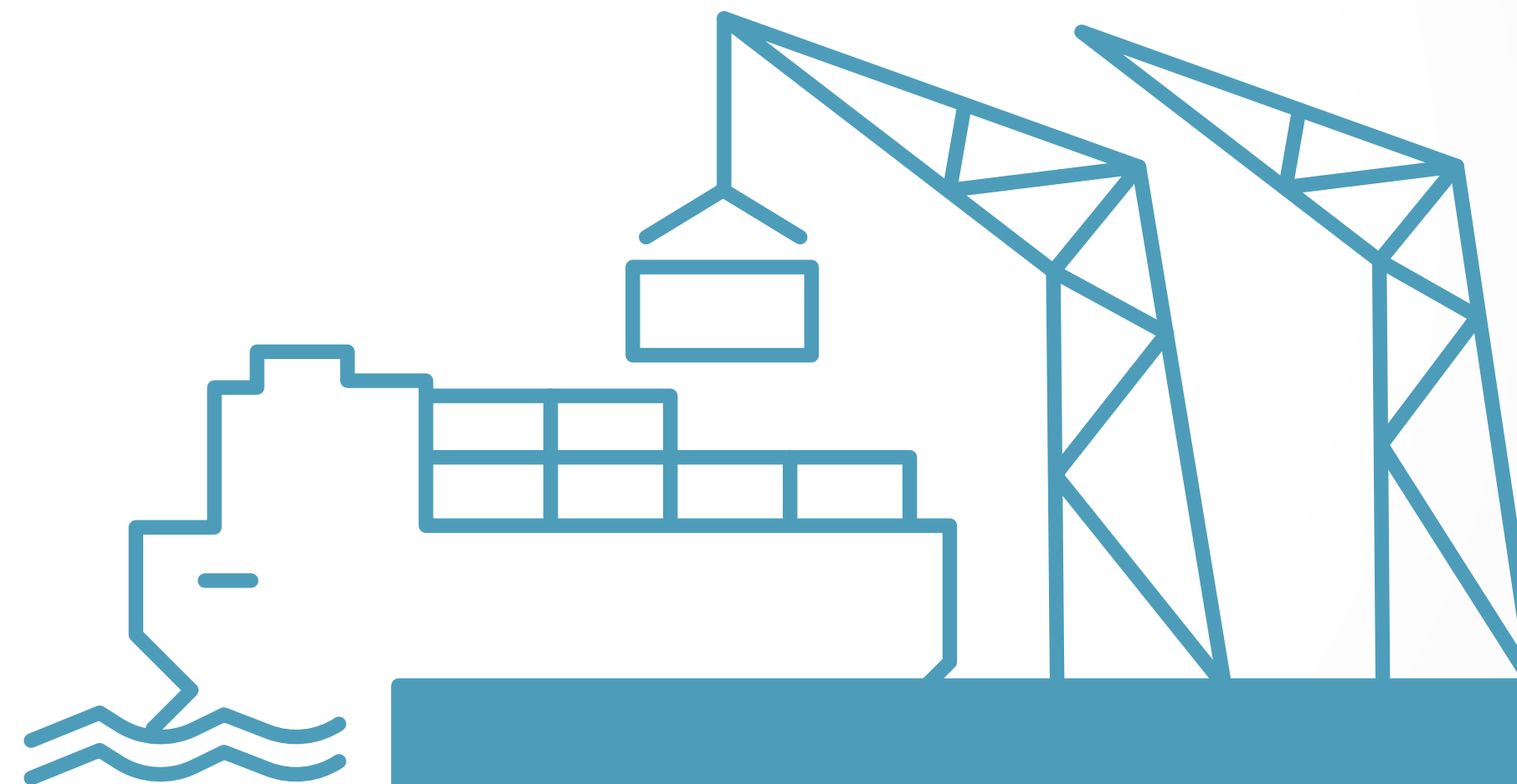
Did the **Ministry of Infrastructure** **provide for conditions** for efficient managing?

Was **Slovenian Maritime Administration** efficient in **exercising control** over managing?

Key strategic investment of the State



PFM – Pension Fund Management
SSH – Slovenia Sovereign Holding



22M tonnes
transshipment in 2016

€ 190M
revenue from sales in 2016

The State manages Port of Koper at two levels:

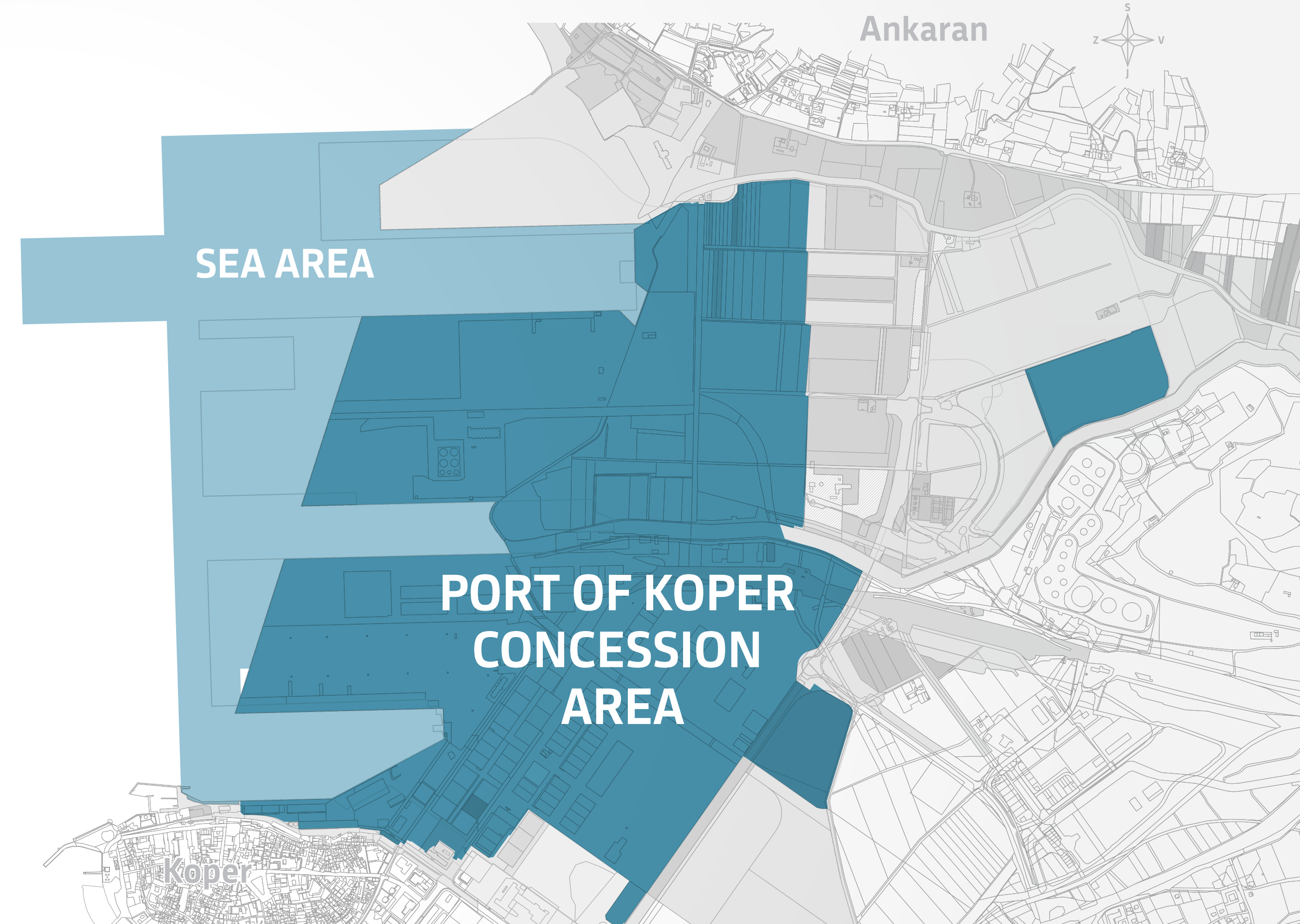
Indirectly: **Slovenia Sovereign Holding (SSH)** as the **owner** and investment manager on the basis of State investment management strategy

Directly: The **Ministry** as the **granting authority** on the basis of a concession contract being responsible for control together with **Slovenian Maritime Administration**



Concession contract

In 2008, Port of Koper gained an exclusive right and duty to **provide port services** and to manage, develop and **regularly maintain port infrastructure** within the area of cargo port in Koper for the **period of 35 years**.



4,600,000 m²
concession area

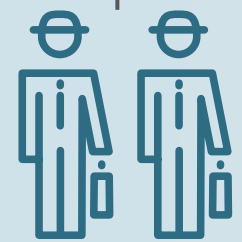
340
plots of land and
individual parts of plots

The Ministry was inefficient in providing conditions

UNRESOLVED ISSUES IN 2008 upon concluding a concession contract



Disputes over land ownership and the Republic of Slovenia failing to make entries into a land registry



Owners of land within the concession area **also third parties** who provide services in the port



Unregulated legal status of the company **Petrol** and of its services being implemented in the port



Amount of a concession fee set without prior calculations

Inconsistency in legal bases, such as unclearly defined subject matter of port infrastructure



LEGAL ACT

≠



CONCESSION ACT

≠



CONCESSION CONTRACT

STILL PENDING ISSUES



OTHER INEFFICIENCIES



Failed to examine the adequacy of the Port of Koper cost breakdown to public service and other service providers



Did not monitor maintenance of non-public transport infrastructure



Did not require from Slovenian Maritime Administration **to report on controls exercised**



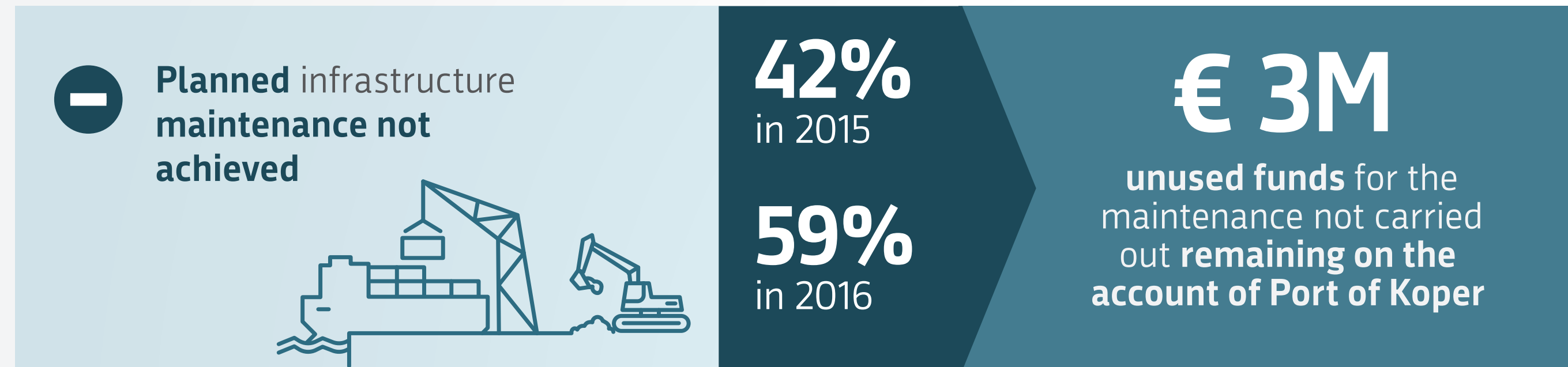
Did not propose to the Government to carry out a public tender for granting the concession for the collection of waste from vessels and for maintenance of coastal and off-shore areas



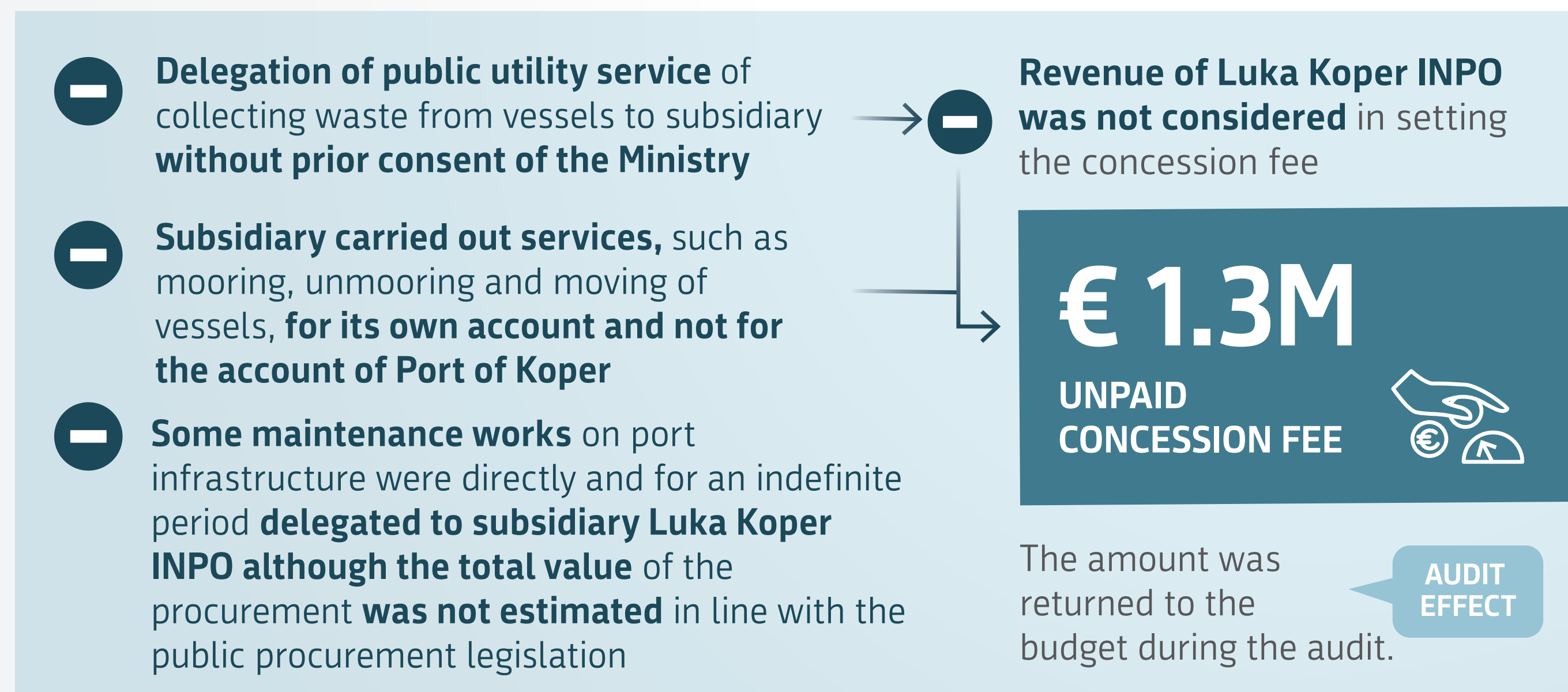
In calculating the concession fee, failed to consider revenue from the collection of waste from vessels and from mooring, unmooring and moving of vessels that was generated by the company Luka Koper INPO, and the revenue generated by the **company Petrol** through transshipment of petroleum products

Port of Koper only partially efficient

REALISATION OF IMPLEMENTATION



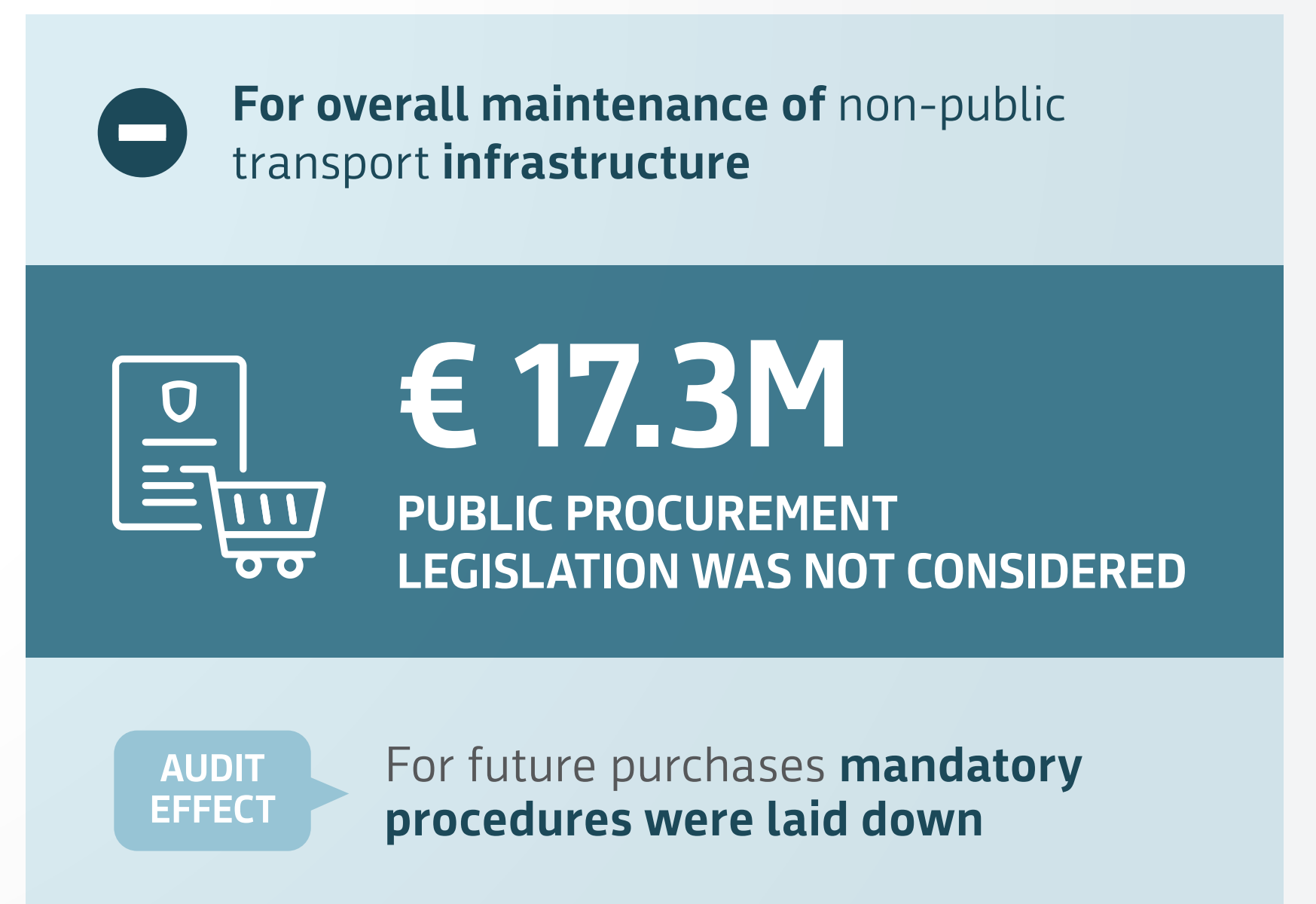
DELEGATION OF TASKS TO SUBSIDIARY LUKA KOPER INPO



STATUS OF THE COMPANY PETROL



PUBLIC TENDER IMPLEMENTATION



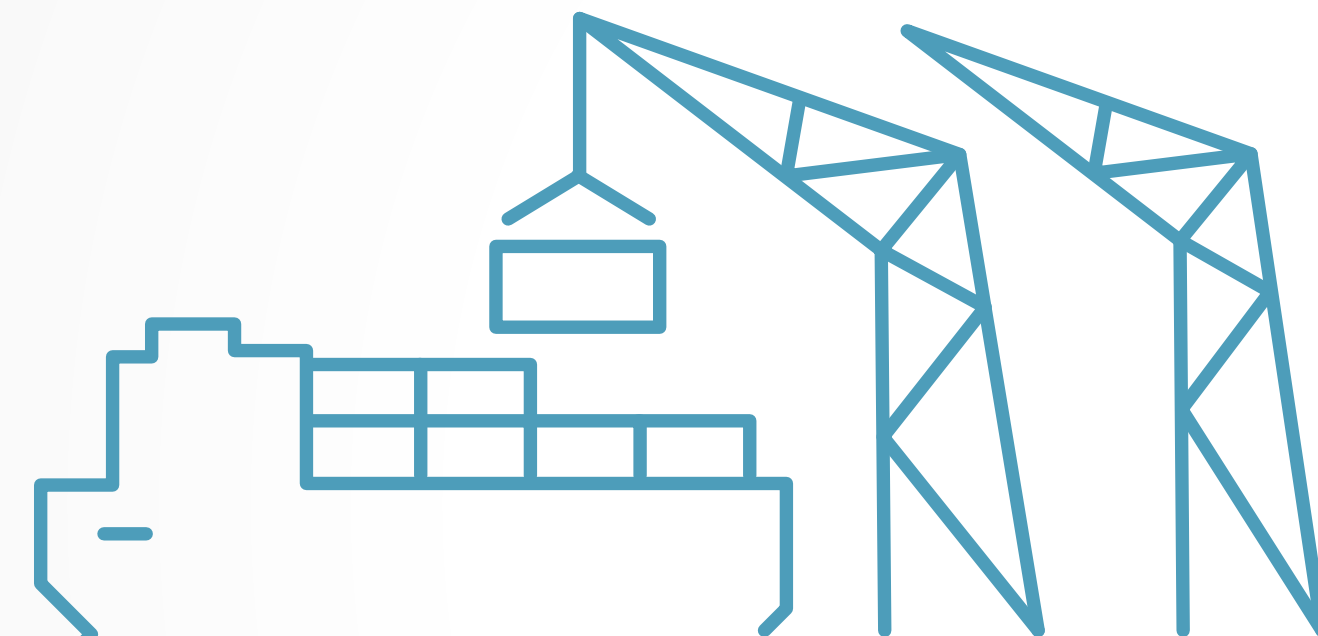
OPINION OF THE COURT OF AUDIT

Operations of **Port of Koper** in **managing** port infrastructure within the area of cargo transport in Koper in the years 2015 and 2016 were only **partially efficient.**

Operations of the **Ministry of Infrastructure** in **providing conditions** for efficient management of port infrastructure within the area of cargo port in Koper in the years 2015 and 2016 were **inefficient.**

Operations of **Slovenian Maritime Administration** in **exercising control** over managing of port infrastructure within the area of cargo transport in Koper in the years 2015 and 2016 were **efficient.**

Demands



MINISTRY OF INFRASTRUCTURE

For the measures not implemented the Court of Audit demanded from the auditees to carry out corrective measures, among others:

PORT OF KOPER



must within 45 days submit to the Ministry a report on the implementation of activities pertaining to the company Petrol and on its use of port infrastructure



must on the basis of Port of Koper report within 90 days prepare a plan of activities for a regularisation of the company Petrol legal status which must be submitted to the Government, as well as a plan to examine the possibility for recovery of concession fees for previous years



must correctly record plots of land and port infrastructure owned by the Republic of Slovenia in its books of account



must harmonise a concession act with other regulations



must clearly define concession area in a concession act