
Press release

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Welfare recipients will receive 450 minutes of free Internet phone calls a month, and the disabled, veterans and patriots will have their phone bills reduced by 50%.

- The revised Enforcement Ordinance of the Telecommunications Business Act Enforcement Ordinance will be proclaimed and enforced on February 28. -

The Korea Communications Commission announced that it added Internet phones to the phone bill reduction program for the underprivileged, and expanded the list of people eligible to benefit from the phone bill reduction service and the revised Telecommunications Business Act Enforcement Ordinance to the effect that the provisions for user protection to be reinforced would be proclaimed and enforced on February 28, 2012.

The revised Act was prepared to reduce communication costs for the underprivileged, reinforce the provisions for user protection, and relax the requirements for special telecommunication service registration.

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For starters, welfare recipients using Internet phones will have their membership fee and monthly minimum waived and also receive 450 minutes of free calls starting immediately, and the disabled and men of national merit can have their monthly phone bills reduced by 50%.

Also, near-poverty groups and those receiving child care support or a pension for being disabled will have their membership fee for mobile phone service waived, and their monthly minimum reduced by up to 35% as long as the sum of the monthly minimum and phone bill does not exceed KRW30,000.

Accordingly, 770,000 households are estimated to have their Internet phone bills reduced by a total of 21.5 billion a year (KRW27,922 per household).

55,000 recipients of child care allowance or disabled pensions are estimated to have their mobile phone bills reduced by a total of KRW5.5 billion (KRW103,636 per person).

The Korea Communications Commission has been continuously reducing communication costs to improve the underprivileged's access to telecommunication services. In 2011 about KRW563.7 billion of communication costs were reduced for about 5.14 million people.

Previously, KCC simplified the phone bill reduction application process and diversified methods of application by allowing people living in near-poverty to apply for phone bill reduction without having to submit documents proving their eligibility starting this January.

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People in the vulnerable groups wishing to have their phone bills reduced will simply need to visit a telecommunications service agency or the nearest community center with their ID, or use their public certificates to connect to the community service portal (www.oklife.go.kr) to apply for phone bill reduction.

The Korea Communications Commission expects that the expansion of communication expense reduction and improvement of the application procedure will greatly increase the number of beneficiaries as compared to last year.

In particular, to prevent people in vulnerable groups including those who became newly eligible to receive the benefits from failing to apply for their phone bill reduction on account of not knowing about this system, KCC is planning to cooperate with local governments, common carriers and relevant agencies to actively advertise through TV, newspapers and posters.

A Korea Communications Commission official said, “We will make diverse efforts to extend welfare benefits to the socially vulnerable groups with great interest.”

Meanwhile, this amendment stipulates that, if operators caused damages to users by joining subscribers without permission and overcharging, the revised Act stipulates that the Korea Communications Commission can order operators to preserve the data necessary for user notification and restoration.

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In the past, even if operators changed users calling plans or supplementary services without their consent and caused damage to users, it was difficult to remedy damages because users did not know, or related information had already been destroyed.

From now on, users can confirm the damage, so it is expected that compensation for damages will be expedited.

Besides, KCC relaxed the technical workforce registration requirements for special telecommunication service providers without facilities from professional engineer, engineer and industrial engineer to certified technician and above to promote new operators' entry into the market and increase job opportunities for high school graduates.

Also, to prevent wireless resellers providing mobile communication service from changing the user agreement in a way disadvantageous to users, KCC made it mandatory for them to register changes if the user agreement is changed, and specified the screening criteria for common carriers' main telecommunication equipment and facilities installation approval to improve their predictability.

< Reference 1 >

**Details of the amendment to the Telecommunications
Business Act Enforcement Ordinance**

1 Phone bill reduction service for vulnerable groups and increased number of beneficiaries (Clauses 2 & 3 of Article 2 of the revised Act)

- **(Reason for revision)** It is necessary to provide additional phone bill reductions and increase the number of beneficiaries so that the scope of universal service for the disabled and people in low-income brackets can be expanded.
- **(Details of the revision)** ① Adding **Internet phones*** to the phone bill reduction service for the disabled, welfare recipients and people of national merit, and ② including **child care allowance recipients and recipients of pensions for being disabled** in the near-poverty groups eligible for phone bill reduction.

* The number of Internet phone subscribers is 10,720,000 (as of the end of 2011), accounting for 61.6% of all households (17,380,000 households).

- **(Expected benefits)** The increased number of people eligible for Internet phone service fee reduction and communication cost reduction will reduce the communication costs for the socially **vulnerable groups**.
- KRW21.5 billion annually for 770,000 households using Internet phones (KRW27,922 per household), and KRW5.7 billion annually for 55,000 recipients of child care support or a pension for being disabled (KRW103,636 per person), **totaling KRW27.2 billion on an annual basis**.

2 Relaxation of technical workforce registration requirements for special telecommunication services without facilities (Annex 2 of the revised Act)

- **(Reason for revision)** As the technical workforce requirements for special telecommunication service providers (professional engineer, engineer and industrial engineer) are excessive, they need to be relaxed.
- **(Details of the revision) License requirements** (master technician, technician), which are easier to obtain and regarded as posing no problem for operating a telecom business, were **added** to the technical workforce requirements.
- **(Expected benefits)** It is expected that the relaxed registration burden for special telecommunication service providers without facilities (special #2 and 4) will promote new operators' entry into the market, and increase job opportunities for high school graduates.*

* 32,647 (80.2%) out of 40,687 people who obtained the technical license in 2010 are aged between 16 and 18 (high school students)

3 Wireless resellers obligated to register changes in the user agreement (Clause 1 of Article 31 of the revised Act)

- **(Reason for revision)** When special telecommunication services are registered, a user agreement including provisions related to user protection is submitted, but as there is no provision about registering changes to the user agreement, it is necessary to prepare a means for managing inadequate user agreements that are different from the one originally registered.

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- **(Details of the revision)** If wireless resellers among special telecommunication service providers change a user agreement, they should register the changes with the Korea Communications Commission (Central Radio Management office).
- The purpose of the legislation must be taken into consideration, i.e. when a special telecommunication service is registered, the user agreement should be submitted, but to minimize regulation and in consideration of the characteristics of the mobile communication service (which is used by most people) it is applied only to MVNOs.
- **(Expected benefits)** Preventing MVNOs from changing the user agreement in a way **disadvantageous to users**

4

Procedure for users to confirm damages incurred (Article 44 of the revised Act, Annex 5)

- **(Reason for revision)** If the operator conducts an act (joining users without permission, overcharging, etc.) damaging the interest of users, the system needs to be improved so that users can confirm the damages and receive help.
- **(Details of the revision)** Preservation of data necessary for restoration and notification of damages to users were added to the corrective actions, and the deadline was defined.
- **(Expected benefits)** As users can quickly confirm damages, **users' rights can be remedied** effectively, and operators' **voluntary compensation for damages** will be prompted.

5

The screening criteria for common carriers' main telecommunication equipment and facilities installation approval are specified (Clause 3 of Article 51-2 of the revised Act)

- **(Reason for revision)** When common carriers install important telecommunication equipment and facilities, they must obtain the approval of the Korea Communications Commission, but as the screening criteria stipulate only the 'technical characteristics of telecommunication equipment and facilities, etc.,' the screening criteria needs to be more specific.
- **(Details of the revision)** The screening criteria were specified to include the 'appropriateness of the business plan, the propriety of the security measures for the telecommunication equipment and facilities, and compatibility with domestic and foreign technical standards.'
- **(Expected benefits)** The predictability of the screening criteria will be improved for operators who request approval of the installation of important telecommunication equipment and facilities.

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< Reference 2 >

Description of the simplified phone bill reduction application process

□ Before and after simplification of the phone bill reduction process

Classification	Before	After	Remarks
Documents	<ul style="list-style-type: none"> o submitting documents proving eligibility issued by individual institutions - every year 	<ul style="list-style-type: none"> o No document proving eligibility need be submitted. Applicants need only to show their ID. - No need to submit documents every year 	
Place	<ul style="list-style-type: none"> o at common carriers' agencies 	<ul style="list-style-type: none"> o at common carriers' agencies o at community centers o Community service portal (www.oklife.go.kr) 	Public certificates are required for online application.

□ Using the Internet to apply for phone bill reduction

o Applying for phone bill reduction at the OK community service portal (www.oklife.go.kr).

