



Graeme Hodgson
Competition and Markets
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Dear Graeme

Re: Valuing Copper Access – Consultation

Uniworld are a switchless reseller, and hence perhaps do not have the specific expertise related to network infrastructure to answer the individual questions. However, as a reseller of wholesale access services, we do have some comments for you to bear in mind in relation to this consultation.

The cost of access services such as Wholesale Line Rental are (as you have identified in the ConDoc) made up to a large extent of the cost of the copper access. You may wish to consider the effect of line sharing devices (such as DACS) when calculating the cost of providing the service. A DACS allows two voice services to be provided over the same copper pair.

Also in relation to ISDN30 services it should be borne in mind that these can be provided over copper or fibre.

Whilst we agree with the principles behind the work being undertaken we would like to issue a cautionary note in relation to price deflation in telecoms services. We have reasonable expectations that the result of this review will be to reduce the cost of wholesale inputs, which in turn will filter down to consumers in terms of lower retail prices. Whilst we agree that consumer interests are paramount, we feel that a good consumer experience is not only competitive pricing but also a good standard of customer service by the supplier. As the cost of wholesale inputs reduces telecoms providers generally price follow each other until their margins are down to a level they do not wish to go below, consequently whilst the percentage margin being made before and after the reduction in the cost of wholesale inputs may well be very similar the amount of margin being made in absolute financial terms reduces. This reduction in financial gain from selling telecoms services makes it increasingly difficult to support the staffing levels required to provide a good standard of service to customers. Whilst it could be argued that service providers should increase their efficiency, many are trying to do so anyway as good business practice and against a background of overcapacity in the alternative network market which is driving call prices down, a reduction in the cost of access charges will merely increase the pressure on already tight margins in telecoms.

Yours sincerely
Ashleigh Potter

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