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Dear Alistair,

Ofcom's consultation document entitled "Better Policy Making – Ofcom's approach to Impact Assessments"

BT agrees that regulatory impact assessments, based on clear and objective criteria and taking into account the impact of options on all relevant stakeholder groups, must be a core part of Ofcom's policy-making process. Even if Ofcom did not have a duty under Section 7 of the Communications Act to conduct and publish an impact assessment when making an important proposal, impact assessments would in any event provide a useful tool in decision-making and in helping Ofcom to ensure compliance with their obligation under section 3(1) of the Act to have regard, in performing their duties, to a number of regulatory principles, including the principle of proportionality.

We support Ofcom's intention to carry out subsequent evaluations of chosen options. This should help to prevent the accretion of regulation which has resulted in the "regulatory mesh" identified by Ofcom as one of the problems to be addressed through the Strategic Review of Telecommunications. In view of this, we would suggest that a further stage, "Reviewing the chosen option", should be added to the impact assessment process described in Section 5 of the consultation document.

BT shares Ofcom's view that transparency is essential and that impact assessments should, therefore, be clearly identifiable within consultation documents (and, presumably, Statements). For this purpose, they should generally be set out in separate chapters or annexes.

We would urge Ofcom to put into practice the policy described in this consultation as soon as possible. A number of documents of fundamental importance are due to be published over the coming months. These include Statements on Next Generation Networks, the cost of capital, valuing BT's copper access network, the Strategic Review of Telecommunications, the review of Universal Service Obligations, and the Network Charge Control. Important consultation documents are also planned on, *inter alia*, deregulation of the large business market, geographic markets in leased lines and the forthcoming Wholesale Broadband Access Market Review. In BT's view it is essential that Ofcom demonstrate in each case that the options have been identified, assessed and, where appropriate, selected in line with the principles and methodology described in the current consultation document.

Please contact me if you would like to discuss these comments.

Yours sincerely,

MIKE FOX