



Federation of Small Businesses

The UK's Leading Business Organisation

Digital Economy Bill Briefing

The Federation of Small Businesses is the leading business organisation in the UK, representing small and medium sized businesses. **The FSB's concerns regarding the Digital Economy Bill focus on illegal file sharing and copyright breaches** that occur on communal computers, such as those in internet cafes, and various other small business outlets that could include pubs, shops, hotels and even home offices – in short a significant proportion of our members. **Our other concerns focus on internet speed, reliability and regulation of the industry.**

How the Bill will Penalise Small Businesses

The Bill as it stands could significantly penalise our members simply for providing internet services on their premises. We believe this is unfair, unnecessary, and potentially detrimental to those businesses.

- Firstly, the Bill indicates that if a customer of an internet cafe for example, uses the internet service subscribed to by that cafe to illegally download files, **it is the owner of the internet cafe that would be penalised for this rather than their customer conducting illegal activity.** Although a potential solution for businesses would be to subscribe to a third party service to identify the user of the internet, in reality this would not be viable as it would be at a substantial cost to both the business and its customers.
- Secondly, **the Bill could impact on any small business that allows for home working.** As flexible working arrangements are more likely to take place in small firms as opposed to larger companies and many small businesses themselves are home based, the issue of household infringements (on shared computers within homes) is also an issue; it could lead to a business employee being unable to access the internet through no fault of their own and at a cost to business productivity.

Unfairness

- This is **inconsistent with the vast majority of legislation**, which places the burden on the person directly responsible for an offence they committed. To illustrate, in the case of the owner of a car who insures another person on that car who goes on to commit an offence - it is that person as opposed to the car owner who would be legally responsible for this.
- What is more is that there is **no adequate defence provided in the Bill for the owner of the shared computer.** The only person against whom action can be taken is the subscriber. Although a reasonable defence could be that the subscriber had added blocks to stop people using peer to peer as a defence, this is time consuming and costly. Also, in order to attend an appeal on these grounds, the appeal would also have to be paid for. Given this many small businesses will be forced to stop providing such services.

- This **works against the principle of digital inclusivity** and will ultimately stop people who cannot afford their own broadband connections to access the internet – crucial if we are to have a digital knowledge based community or a digital economy. It will also impact on those in rural areas who struggle to access fast broadband speeds.

Inadequacies

- Small business need fast, reliable broadband to ensure the UK remains a key player in the global economy (over 99% of businesses in the UK are SMEs).
- According to the FSB-ICM Survey Panel of 1,300 small businesses, **24% of our members are dissatisfied with their broadband service** and **63% are unhappy with the speed and reliability of their ISPs internet connection**. A further **30% live in an area with unreliable broadband connection**.

Proposed Solutions

Amendments to the Bill along the following lines would go a long way to help our members and also internet users generally:

1. Amending the Bill so that **small businesses providing access to internet services will not be penalised for their customer's wrong doing** would not only help keep these businesses alive during difficult times but also help retain internet access in rural areas where many households are still without access to high speed internet services.
2. Introducing a **rigorous form of line testing** under the Bill to ensure that faults known to affect broadband services are detected and fixed within 48 hours of first being reported. Providers must maintain all line plant and exchange equipment up to an expected standard and good engineering practice must be applied to all repairs.
3. Ensuring **the telecommunications ombudsman** rules directly against all service providers, their contractors or group companies without exemptions. Customers should be able to cancel all contracts i.e. (12, 18, or 24 month contracts) at any time without penalty if their service did not meet expectations.
4. ISPs must be obliged to deliver a **minimum and guaranteed connection speed of 8Mbits/sec download speed end to end**, with guaranteed and consistent upload speed. There should be a minimum level of service stipulated in writing and notification of any traffic management that may be applied to the broadband connection. It is essential that IP throughput is not subject to 'traffic management' restrictions or 'throttling' for the service the customer requires.
5. **Ofcom should ensure providers give accurate information on connection speeds** (IP throughput that is useable by the customer) and ensure there is one UK wide standardisation and technical specification of the method of transmission on that fibre for all network providers as small businesses must have confidence in the speed and reliability of their broadband provision. **Local authorities should also play a vital role in infrastructure provisioning and maintenance**, especially under and beside the main roads.