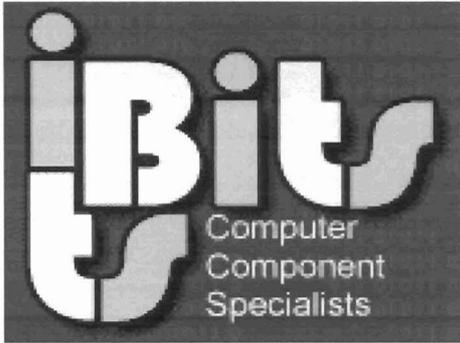


FILE No.
DOC.
MARS/PRISM:



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April 28, 2008

Isabelle Arnaud
Acting General Manager
Adjudication Branch
Australian Competition and Consumer Commission
PO Box 3131
Canberra 2601
ACT

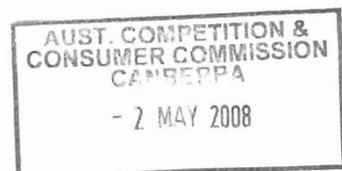
Dear Ms Arnaud,

**eBay International AG exclusive dealing notification N93365
– interested party consultation**

Please find attached our submission regarding the above application, if there are any points that need to be clarified please feel free to contact me on the above phone numbers or, alternatively, email me at my email address of jeremy@itsbits.com.au

Yours sincerely

Jeremy Ryman
Director
Ditchlawn Pty Ltd
t/a itsbits computers



Restriction of Publication of Part Claimed

Submission from Ditchlawn Pty Ltd

To Australian Competition and Consumer Commission

Regarding

eBay International AG exclusive dealing notification N93365

eBay Application Annexure “A” Item 1.4:

Submission: This may be so but to say that all ebay transactions will be covered may imply that these third party websites are also covered; eBay has no problems advertising other websites that use, as per this application, inferior payment options

eBay Application Annexure “A” Item 1.8:

Submission: eBay has a number of other methods of checking that a sale has been completed, these include but are not limited by:

- (1) feedback left from the buyer for the seller
- (2) lack of notification by the seller of a non paying bidder, most sellers are reluctant to pay the fees charged by eBay if the sale is not completed, ebay can assume all sales are completed unless a non paying bidder process has been initiated by the seller

eBay Application Annexure “A” Item 1.9:

Submission: As a seller on eBay we disagree with this statement, we regularly sell items in the core listings with multiple numbers and we regularly have multiple sales of core listings to one buyer, our experience is that with the shop listing format the sale fees are substantially more than the core listing fees and on items over \$20.00 are uneconomical to sell. eBay raised the costs of stores listings in August 2006, because in their words, stores were having a negative effect on the buyer experience and the old and new fee structure is listed as below

Stores	Current Fee	New Fee		
Basic Store Subscription	AU\$9.95	AU\$14.95		
Insertion Fee	AU\$0.10	Item Price:	Fees:	
		AU\$0.00 - \$19.99	\$0.10	
		AU\$20.00 - \$49.99	\$0.20	
		AU\$50.00 and over	\$0.50	
Multiple Item Listings	The insertion fee tier for a multiple item listing is determined by multiplying the asking price by quantity of your items. The maximum insertion fee for a multiple item listing is AU\$0.50.			
Final Value Fee	Item Price:	Fees:	Item Price:	Fees:
	AU\$0.00 - \$75.00	5.25%	AU\$0.00-\$75.00	10%
	AU\$75.01 - \$1000	2.75%	AU\$75.01 - \$1000	5%
	- 5.25% of the initial AU\$75.00 - plus 2.75% of the remaining item price		- 10% of the initial AU\$75.00 - plus 5% of the remaining item price	
	Over AU\$1000	1.5%	Over AU\$1000	2.5%
- 5.25% of the initial AU\$75.00 - plus 2.75% of (AU\$75.01 to		- 10% of the initial AU\$75.00 - plus 5% of (AU\$75.01 to		

AU\$1,000.00)
- plus **1.50%** of the remaining
closing price (AU\$1,000.01 -
closing)

AU\$1,000.00)
- plus **2.5%** of the remaining
closing price (AU\$1,000.01 -
closing)

eBay Application Annexure “A” Item 1.14:

Submission: Paypal charge for this service, on credit cards this is AU\$0.30c + 2.5% of the fees.

eBay Application Annexure “A” Item 1.23

Submission:

The Application on this point has failed to give the true picture on the time frames for the various payment types

We have found the following to be true of Payments via Paypal

1. Payments funded by Credit Card show almost immediately into our Paypal Account balance. When we transfer the money from our Paypal Account into our Australian ANZ account the minimum time from authorizing the transfer to it appearing into our Banking account is 48 hours, weekends and public holidays can extend this out to 4 days.
2. Payments funded from buyers banking accounts usually take 4 days to show as cleared in our paypal account, during this time they show as uncleared and we have no access to those funds, when the funds do eventually change to cleared and we transfer the funds to our ANZ banking account we then have to wait the minimum of 48 hours for the funds to become available. If a buyer selects to fund their purchase via their bank account it is a minimum of 6 days before we have access to the money.

This delay creates unnecessary confusion and anxiety for buyers, and it should be noted that currently, if a buyer chooses not to use the services offered by Paypal and pays for an item via the Australian Banking System Direct Debit Method most transfers initiated before 3.00pm EST will appear in our bank accounts by 4.00am the next morning, or 4.00am Tuesday morning if its done over the weekend.

eBay Application Annexure “A” Item 1.26

Submission: This part of the submission is making the assumption that our merchant provider (the Bendigo Bank) does not have sufficient security procedures in place to prevent fraud via stolen credit cards or misappropriated credit cards. We also have an account with Paymate, a service similar to Paypal, and in the six years of using either our own merchant facilities or the service offered by Paymate we have not had a successful chargeback against our account.

eBay Application Annexure “A” Item 1.27

Submission: If Paypal has the discretion to hold our money for 21 days because of some perceived risk, without any right of appeal by us, then this could have a serious effect on the cash flow in our business. In other words, we are to supply goods to a customer, the customer has control and use of the goods for 21 days, if at the end of that time Paypal decides the customer is happy with the goods they will then release the payment (and again take at least another 48 hours to reach our bank account. What happens if the customer decides the goods are unsatisfactory, how long will it take for us to received the USED goods back, we sell computer equipment, in most cases when an item is installed by a customer, it cannot be sold again as new. It should also be noted that Paypal state clearly in many of their policies

“Decisions are final, Once Paypal closes a claim, it can not be reopened”

eBay Application Annexure “A” Item 1.30

Submission: Paypal claim that the “Seller protection Plan” is at no cost to sellers, this is not correct. To qualify for the seller protection items must be sent by a Paypal approved delivery methods and if the example of Australia Post is used the only approved delivery method is via Registered Post. Registered Post costs \$2.50 extra, so if an item is sold for \$13.50 and weighed between 250gm and 500gm the post cost would be \$7.00 (including our \$1.80 packing/handling fee), however to protect ourselves against a Paypal chargeback we would have to register the article, this costs \$2.50 and involves an extra 5 minutes of labour to prepare and present the Australia Post paperwork, stock the registration stickers, file the Australia Post paperwork etc (Labour costs \$17.00 per hour / 12 = \$1.42 cost) or an added extra cost of \$3.92 in total to qualify for “Seller Protection”.

Clearly we are unable to absorb this cost increase and will pass it on through higher sale prices.

The following clause in the Paypal Sellers Protection Plan will also have an immediate and costly effect for buyers

4.2.4 Limitations on the Seller Protection Policy.

The Seller Protection Policy will not apply to a transaction if the following applies:

You combine items purchased through separate eBay transactions into a single shipment

We sell computer products and regularly combine postage for our buyers, if the Conduct is not revoked, we will be no longer able to offer this service.

Currently the other payment methods ebay intends to ban allow for combine post, so the conduct is not revoked, each item will have to be sent separately, adding substantially to the end price for a buyer of multiple purchases.

Example:

A buyer from Postcode 3000 buys 5 items with a total weight of 6.5KG from us, under the current procedure if paid by any other method other than Paypal we can combine post and the postage costs would be \$17.90 registered post. If the Conduct is allowed then the postage costs would be a minimum of \$73.20 registered post. This does not include a packing and handling charge by us, this is the raw Australia Post costs.

eBay Application Annexure “A” Item 1.31

Submission: This is not correct as there is a multitude of Government Consumer Laws that protect buyers administered by the Small Claims Court, the Fair Trading Commissions etc etc and in the case of a payment by credit card the buyers own Credit Card Company that can/will instigate charge-backs for the buyer. Buyers do not need a Buyer Protection Plan that specifically exists for eBay transactions as buyers are more that adequately protected by the various Laws of Australia. It should also be noted that in the last eighteen months eBay as removed buyer protection plans it had in place, and transferred all buyer protection functions to Paypal.

eBay Application Annexure “A” Item 2.4

Submission: On a recent snapshot of items offering Paypal against total items we found

Overall Items	
Total Items for sale on eBay Australia	1,311,749
Total Items for sale on eBay Australia offering Paypal	1,063,184
Total % of items offering Paypal	81%
Items Listed In Australia	
Total Items for sale on eBay Australia	1,107,911
Total Items for sale on eBay Australia offering Paypal	822,994
Total % of items offering Paypal	76.2%

This is in contrast with the assertion of an “overwhelming majority” of sellers already offering Paypal. This is also the items that are offered with Paypal, not the items that are actually paid for with Paypal, this figure is either hidden in the excluded material or not in the application.

eBay Application Annexure “A” Item 4

Submission: The ebay application relies heavily on Section 4 of Annexure “A” to satisfy the requirements of Item 6 (a) and (b) of Form G, Notification of Exclusive Dealings.

Items 4.5 and 4.6 does not appear to satisfy the requirements of Section 6 (a) in that it makes no reference to

“Detriments to the public resulting or likely to result from the notification, in particular the likely effect of the notified conduct on the prices of the goods or services described at 2(a) above and the prices of goods or services in other affected markets”

and does not appear to satisfy the requirements of Section 6 (b) in that it makes no reference to:

“Facts and evidence relevant to these detriments”

By making all of the NERA Report Excluded from Public Register it is not possible for the Public to form an opinion or comment on the NERA Report, its version of the Facts and Evidence relevant to these detriments or its conclusions regarding Public Detriments, if in fact it makes any comment regarding at all regarding these items.

eBay Application Annexure “A” Item 4.4 (8)

Submission: Without the excluded information being made available it is difficult to determine or make comment on the NERA report however the statement that

“NERA has been unable to determine if any of the 4 conditions necessary for the conduct to have anticompetitive consequences are met”

does not appear to meet the requirements of 6 (a) and (b) of Form G as discussed above, that is what effect the conduct will have on the price on Goods and Services in eBay’s market, and the price of goods and services in other effected markets.

eBay Application Annexure “A” Item 4.5

Submission:

Please refer to our submission eBay Application Annexure “A” Item 4, as eBay is relying on Annexure “A” Item 4 to satisfy the requirements of section 6 (a) and (b) of Form G.

With respect to what eBay have submitted, the Conduct will reduce the payment options available to be offered by sellers from

- PayPal, credit cards including Mastercard and Visa, debit cards, bank payments
- Bank-to-bank transfers, often known as bank wire transfers or bank cash transfers.
- Cash on Delivery (COD) or cash for in-person transactions.
- Personal cheques, money orders (see exceptions below), bank cheques and other negotiable instruments

To

- PayPal
- Pay on Pick Up

With respect to Pay on Pick up this option is not available to the majority of our customers with less the 5% of our eBay sales currently paid on pick up.

With respect to the requirements of 6 (a) of Form G we submit:

- (a) The mandating of Paypal will give Paypal a dominate position in the online marketplace thus weakening the existing competition
- (b) The mandating of Paypal will discourage online sellers from opening their own payment gateways because they will be unable to direct ebay buyers to their own gateway , thus lowering their turnover in that gateway and not being able to negotiate a rate discount on their merchant charge
- (c) The mandating of Paypal will mean Paypal is not subject to any competition pressures and therefore will have no outside commercial influence that otherwise may encourage them to improve their service.
- (d) The mandating of Paypal means Paypal can increase their fees at any time with immunity from competition
- (e) The policy discriminates against those who are unable to pick up, they may not own a vehicle, they may be handicapped, or don't wish to go to a strange place and hand over cash for security reasons
- (f) The policy discriminates against those who don't have a credit card , as noted in our submission on 1.23, items paid via Paypal and funded via a bank account can take 4 to 8 days to clear Currently bank transfers paid before 3.00pm EST are available in the seller's bank account the next day
- (g) If this Conduct is allowed to stand there will be no competitive pressure on Paypal not to raise fees and charges or improve its well documented poor customer service.
- (h) Buyers, who for one of many reasons are not able to or willing to pick up will have no choice to use the service, irrespective of other services offering quicker transfer times or more contactable and understanding customer service.
- (i) With respect to the effect on pricing we have detailed this in our submissions to eBay Application Annexure "A" Item 1.3

eBay Application Annexure "A" Item 5.1

Submission: It is very difficult to make an assessment of the NERA report and the conclusions of Section 6 when it is excluded from the public register

eBay Application Annexure “A” Item 5.2

Submission: We have been trading on eBay for 6 years and have a feedback rating of 18742 on a 98.83% positive rating. Our number of positive feedback is 30159 and our number of negative ratings is 32, the difference between the 18742 and the 30159 are our sales where customers have left us more than one positive feedback rating, that is either return customers or customers who have purchased multiple items. Only a very small percentage of our customers have had a “Bad Buyer Experience” with us and felt motivated enough to leave a negative comment (0.17%). We would contend this percentage is not large enough to justify the Conduct as proposed

eBay Application Annexure “A” Item 5.3

Submission: The Conduct will not have direct and immediate benefits for buyers that are not already available in the various Federal and State Laws.

With respect to 5.2 (1) by using internet Direct Debit, Personal Cheque, Bank Cheque, Australia Post Money Order, Over the Counter Bank Transfer a buyers account or credit card details are never made available to the seller or transferred over the internet other than to the buyers own Secure Financial Institutions website, yet if the Conduct is implemented these details will have to be made available to Paypal via transfer over the internet and will be stored on a Data Base not situated in Australia.

With respect to 5.2 (2) and 5.2(3) Buyers have many methods available to them to redress this problem not the least is Laws of Australia.

eBay Application Item Annexure “A” 5.4

Submission: Annexure “C” page 18 states

“Trust in the available online payment methods is a perceived online shopping obstacle for very few consumers, with only 3 percent listing this aspect of online purchasing as a perceived barrier –likely due to an ever increasing variety of payment options along with improved online security measures.”

The statement in eBay’s Annexure “C” of their application is at odds with the statement in 5.4

eBay Application Annexure “A” Item 5.5

Submission: With a eBay positive feedback percentage of 98.83%, and 32 negative feedback in 30159 feedback over 6 years we would contend that Bad Buyer Experiences and Disputes as detailed by eBay in the application are not a major factor and the use of Paypal exclusively will not substantially reduce or minimize Bad Buyer Experience or Disputes and is more likely to increase disputes as detailed in our submissions

eBay Application Item 5.5(1)

Submission: Paypal is not the only payment method that is secure, there are others where neither the buyers nor sellers have to reveal Account details, and these include but are not limited by

- (j) Personal Cheque
- (k) Australia Post Money Order
- (l) Bank Cheque
- (m) Paymate, or any other online credit card payment provider
- (n) The sellers own Credit card Gateway

In the case of Internet Direct Debit and Over the Counter Bank Transfer the buyer does not reveal their account details to the seller, and logs on to their Financial Institutions Website to initiate the transfer. If, as a seller, we wish to supply our banking details to a buyer, this decision is ours to make, and is made with full knowledge of the small risk involved.

eBay Application Annexure “A” Item 5.5(2)

Submission: Currently to make a payment all buyers have to have a method of funding the purchase, Paypal is no different to the status quo, so is of no perceived benefit

eBay Application Annexure “A” Item 5.5(3)

Submission: Currently to make a payment all buyers must, every time, prove they have control of the funds that are going to be used for the Payment

Examples of this are

- (a) With respect to internet banking the buyer needs to log in to their bank accounts to access funds
- (b) With respect to over the counter transfers buyers must have money to do this
- (c) With respect to bank cheques buyers need money to obtain one from a bank
- (d) With respect to Credit Card Payment buyers need more details than just the card numbers, e.g. expiry date, letter perfect name on the card and quite often the validation number on the rear of the card, the card is also vetted by the credit card provider to confirm sufficient funds are available.

eBay Application Annexure “A” Item 5.5(4)

Submission: Buyers who pay with Credit Card already have the service offered by their own card provider to chargeback fraudulent transactions, and all buyers have the various Fair Trading departments around the country to act as mediators. Paypal is not offering anything that is not already available. Paypal has a well documented poor reputation on replying to email inquiries with anything other than a “form” email, their written policy on all disputes is

“Decisions are final, Once Paypal closes a claim, it can not be reopened”

eBay Application Annexure “A” Item 5.5(5)

Submission: The number of days referred here can be up to 6 days, please refer to our comments in 1.23 on the actual time we have found for Paypal to process payments

eBay Application Annexure “A” Item 5.5(6)

Given that our feedback on eBay is of a high standard, we see no reason why Paypal be allowed to control of our funds for 21day (or more if the delays in payment processing are factored in)

This submission may be true for a very few number of ebay transactions and should not be used as a blanked justification for the Conduct

eBay Application Annexure “A” Item 5.5(7) and 5.5(8)

Submission: Currently buyers who pay via Credit Card already have unlimited protection via chargeback through their Credit Card Provider. Buyers who currently pay via other methods have the protection of the Consumer Protection Laws of the Commonwealth and the various States and Territories in Australia. If Paypal wish to use this as a marketing tool for their product, that is their right, but it does not justify the Conduct

eBay Application Annexure “A” Item 5.5 (9)

Submission: This is no different to the current procedures in a credit card chargeback and in other method of payment if a seller can provide details of proof or shipment, the seller has sent the item.

Paypal will not act to refund a buyer if the seller can provide proof or shipment

eBay Application Annexure “A” Item 5.5 (10)

Submission: Refer to other various comments regarding buyers Protection under Credit Card Providers and the Laws of Australia. If Paypal and eBay wish to offer a service to their customers in order to help market their product there can be no objection however forcing their product onto the community is not a reason for the Conduct to stand.

eBay Application Annexure “A” Item 5.5 (11)

Submission: There is no data to add substance to these statements and given the very low levels of disputes we have with our customers we would contend the Conduct will have no material benefit for the 98.83% of our customers who are satisfied.

eBay Application Annexure “A” Item 5.6(1)

Submission: As a seller we don't release an item until we have been paid, it's a simple equation and we don't need Paypal to do our job for us. Currently if a payment is not received, the item is not sent. If we have concerns over the Payment we can discuss

the matter with our own bank, who would have our interest in the forefront, not the interests of Paypal or the buyers.

Should also be noted we can ring our bank about any concern 24 hours a day, 7 days a week.

Paypal advertises the current contact details on their website

Our call centre hours are Monday to Thursday 8:00am - 6:30pm, Friday and Saturday 8:00am - 4:00pm.

So if there is a problem at 5.00pm on a Saturday we would have to wait 39 hours before we could contact Paypal via phone.

Should also be noted

Personal accounts call 02 8223 9500.

Premier! Business accounts call 1800 073 263

So if a buyer who just has a personal account has a problem they have to pay for phone call to Sydney, not like Australian Financial Institutions that, in the majority use 1800 numbers.

eBay Application Annexure "A" Item 5.6(2)

Submission: Paypal will not do a chargeback on a seller for unauthorized payments and items not received if a seller can provide proof of shipment, doesn't leave much protection for the buyers in these circumstances, and there is no appealing a Paypal decision once made. The buyer will have to resort to their Credit Card Provider

There is an extra cost to sellers to be covered under this policy, our submission in 1.30 clearly identifies costs to both sellers and buyers of this policy.

eBay Application Annexure "A" Item 5.6(3)

Submission: In 6 years of trading on eBay we have had two misappropriations of our bank account details, one we could clearly link to our activity on ebay, and in this case a person in another city used our account details to open a eBay seller account, the activity showed on a bank statement, we contacted our bank and it was reversed with 24 hours. We are more than adequately protected against identity theft and do not need help from Paypal. It should be noted that we have sent our bank details to every person who has purchased from us on eBay over the last six years so removing these details from the public domain will have no effect, the information is already public.

eBay Application Annexure "A" Item 5.7 and 5.8

Submission: We can make no comment because the information is excluded from public register

eBay Application Annexure “A” Item 5.9

Submission: The mandating of Paypal will expose both the buyer and the seller to risks and costs that clearly outweigh any perceived benefit of using Paypal

We also refer again to

Annexure “C” page 18 of the eBay application states:

“Trust in the available online payment methods is a perceived online shopping obstacle for very few consumers, with only 3 percent listing this aspect of online purchasing as a perceived barrier –likely due to an ever increasing variety of payment options along with improved online security measures.”

eBay Application Annexure “A” Item 5.11

Submission: The mandating of Paypal could also have the exact opposite effect, in that because of the dominate position of eBay in the online marketplace it will be unprofitable for other services to continue thus resulting in a lessening of competition

It will also discourage online merchants from opening their own secure gateways, as they will be prohibited from pointing their ebay buyers to their own gateway, thus not receiving the volume discounts offered by Credit Card providers. This will have the effect of either reducing competition to ebay or increasing costs to buyers.

eBay Application Annexure “A” Item 5.13

Submission: The mandating of Paypal will increase costs to sellers, these costs will be passed onto buyers via increased prices, thus lessening the strength of the ebay platform and increasing buyer migration to other websites. This will result in fewer sales on eBay, less listings on eBay and therefore fewer buyers on eBay, thus meaning less growth and profit for sellers with all its flow on effects

eBay Application Annexure “A” Item 5.14

Submission: We don’t trade in second hand goods so the Conduct will have no benefit to us as sellers, nor do many other sellers on eBay

eBay Application Annexure “A” Item 5.15 and 5.16

Please refer to our submission in 5.11 and 5.12

eBay Application Annexure “A” Item 5.17 and 5.18

Submission: The mandating of Paypal will remove the right of buyers and sellers to use more secure payment methods, examples of which are

- Direct Debit via internet transfer
- Bank-to-bank transfers, often known as bank wire transfers or bank cash transfers.
- Cash on Delivery (COD).

- Personal cheques, Australia Post money orders , bank cheques and other negotiable instruments

These methods do not have the problems of Credit Card fraud. In 5.17 the submission states

“This protection will also benefit financial institutions which ultimately bear much of the monetary losses resulting from online fraud”

Yet in 5.18 the submission states

“Financial institutions are, generally speaking, unwilling to accept the additional risks associated with online credit card fraud. This means that losses associated with fraudulent online purchases are often borne by online traders who accept payment for the goods online.²⁴ When a cardholder claims that an online purchase was fraudulent and not undertaken by them or an authorized party, their financial institution generally takes them at their word and the retailer is required to submit a refund of the price of the goods from their bank account to the cardholder's (known as a "chargeback") even though they do not receive the goods back in return”

The submission can't have it both ways

If a payment is funded through credit card on Paypal, then Paypal accepts the chargeback, the example in 5.18 above shows this.

eBay Application Annexure “A” Item 5.19

Submission: It is debatable that consumers have no or little knowledge and understanding of chargeback, we would contend most have, and are fully capable of, and do, contact their credit card provider should a problem arise

To mandate Paypal on the assumption that Consumers are not sufficiently educated about credit card fraud and therefore need mandatory protection via Paypal is not sustainable.

eBay Application Annexure “A” Item 6.1

Submission: We contend that the Conduct would

1. Have the effect of substantially decreasing the level of competition
2. There is little or no public benefits that would result from the Conduct and what, if any, benefit there is, will be greatly outweighed by the public disadvantage of the Conduct

With respect to item 1 above we support this conclusion with the following

- (a) The mandating of Paypal will give Paypal a dominate position in the online marketplace thus weakening the existing competition
- (b) The mandating of Paypal will discourage online sellers from opening their own payment gateways because they will be unable to direct ebay buyers to their own gateway , thus lowering their turnover in that gateway and not being able to negotiate a rate discount on their merchant charge

- (c) The mandating of Paypal will mean Paypal is not subject to any competition pressures and therefore will have no outside commercial influence that otherwise may encourage them improve their service.
- (d) The mandating of Paypal means Paypal can increase their fees at any time with immunity from competition

With respect to item 2 we support the conclusion with the following:

- (a) The Conduct will result in an immediate increase in price of items on eBay because of the following
 - (1) the increase cost to sellers of operating in the eBay marketplace as detailed in our submission
 - (2) the removal of seller protection from combining multiple purchases, thus adding to the delivery costs of items
- (b) This increase in the price of items on eBay will have an inflationary effect on the Australian economy, eBay claims to have a major influence on the Australian economy and an increase in prices will have a flow on effect
- (c) The Conduct will remove the current options available to both sellers and buyers regarding payment methods with no proven benefits flowing.
- (d) The Conduct will increase the use of Credit Card payments, because of the substantial time frame for bank deposits to be processed by Paypal. This is against the national interest of Australia and is in conflict with the Governments aim of lowering the level of credit card debt in Australia
- (e) The conduct will not increase the benefits of buyers and sellers that is not already currently available to them
- (f) The Conduct will discriminate against
 - (1) Those that don't have a credit card (payment clearance times)
 - (2) The ill and/or disabled who are unable to pick up items, thus being forced to use Paypal
 - (3) Those that buy more than one item at a time (sellers lack of protection on combined post)
 - (4) Those who live outside a reasonable pick up distance are forced to use Paypal
 - (5) Those who live in rural or remote Australia who are unable to use pick up will be forced to use Paypal
- (g) Paypal have a well documented poor customer service record, buyer and sellers will be unable to enlist their own Financial Institutions to help in a problem or dispute, Paypal do not have 24 hour 7 day a week help available.
- (h) Paypal does not have a satisfactory dispute resolution process in place and will not reopen a dispute if new information comes available
- (i) Paypal claims exemption from GST in Australia, other online payment processors (e.g. Paymate) are Australian based and pay GST on the services they supply. Mandating Paypal will mean a loss of revenue to the Commonwealth of Australia.
- (j) The computer parts we sell are sometimes required for immediate breakdown replacement, the mandating of Paypal exposes the seller to risk

of a Paypal initiated refund if the item is sent via Express Post or the buyer is exposed to a much slower delivery method if the seller enforces registered post to cover themselves under the Paypal Seller Protection Plan.

- (k) The only competitive auction site in Australia to eBay is OZtion, which still only controls a very small section of the market, estimates that 78% of their buyers use Direct Debit (internet transfer) to fund their purchases. If the percentage of buyers on eBay who currently fund their purchases is only half that number, the financial windfall to Paypal from the effect of the Conduct will far outweigh any benefits, perceived or real, listed by eBay in the application
- (l) Paypal is an internet based service, and as such is subjected to the various technical problems that can beset the internet, problems that, at times, may be outside their control. If, for some reason, Paypal becomes unavailable buyers, other than the small percentage that pick up, will not be able to pay for the goods they have purchased.
- (m) Paypal is not a company that is based in Australia, mandating Paypal will cause loss of business to Companies in Australia, with the result of loss of employment for Australian, with all the flow on effects this has.

Finally we wish to ask the ACCC to make an urgent determination of the application by eBay, as eBay have announced it will be mandating the use of Paypal by all sellers on the 21st of May 2008 and mandating the exclusive use of Paypal only for buyers and sellers on the 17st of June 2008

As we have submitted the Conduct will immediately have a substantial detrimental effect on our business, many other businesses in Australia and to the Australian Public.

As we have submitted the Conduct will cause an immediate and ongoing financial windfall to Paypal

If the ACCC is unable to accede to our request we further ask the ACCC to immediately enter into negotiations with eBay on the basis that eBay does not Mandate the Conduct until such time that the ACCC either issues a Notification regard the Conduct or advised eBay it will not be removing its immunity from Prosecution under the Act.

Jeremy Ryman
Director
Ditchlawn Pty Ltd