

Roy, Lauren

From: Petreski, Sonya on behalf of Adjudication
Sent: Thursday, 24 April 2008 7:58 AM
To: Chisholm, Shane; Roy, Lauren
Subject: FW: eBay International AG exclusive dealing notification N93365- Submission [SEC=UNCLASSIFIED]

Categories: SEC=UNCLASSIFIED
ACCC Classification: SEC=UNCLASSIFIED

-----Original Message-----

From: Clyde Witcombe [mailto:]
Sent: Wednesday, 23 April 2008 3:16 PM
To: Adjudication
Subject: eBay International AG exclusive dealing notification N93365- Submission

**EXCLUDED FROM
PUBLIC REGISTER**

Dear Sir or Madam,

As a typical small seller on Ebay Australia I wish to make a submission regarding eBay Australia's attempts to coerce sellers to offer Paypal as one of the accepted payment methods from 21 May 2008 and then ONLY accept payments through Paypal or Pay on Pickup after the 17th June 2008.

Ebay's behaviour is one where a virtual monopoly (there are other online auction sites but their market penetration is miniscule compared to that of Ebay) seeks to abuse its power by attempting to force sellers to use Ebay's Paypal product exclusively and so increase Ebay's profits. Whilst I have offered Paypal as a payment option for some years, it has been offered primarily as an aid for overseas buyers, and I have always requested that local buyers pay preferably by direct deposit, or failing that by cheque or money order, since this avoids further fees. Ebay recently has prohibited offering Paypal for overseas sales only, and now proposes to make payment by Paypal virtually compulsory.

Ebay's public rationale for making this change has been to 'increase security' but the real effect will be increase costs for Sellers AND Buyers. While the effect on Seller's profits is obvious due to the additional Paypal fees, a less obvious effect will be that in order to access Paypal's 'Seller Protection' by providing proof of postage, all local purchases will need to be sent by registered post, - an additional \$2.60. Additionally any overseas parcels will need to be sent with insurance- an additional \$7.50.

Worse still, for Seller Protection to apply postage lots bought by the same local buyer will not be able to be combined, so if the same buyer buys 4 lots with a combined weight of less than 500gm, rather than sending them in a single lot for (\$5.20 + \$2.60 registered mail =) \$7.60 postage, they will need to be sent as 4 individual lots for (4 x (\$4.00 + \$2.60) = \$26.40 postage! (see Ebay Australia's Paypal Seller Protection workshop at <http://forums.ebay.com.au/thread.jspa?threadID=600085119&tstart=0&mod=1207126952982> for coinfirmation of this). Obviously buyers will be less than happy with this outrageous hike in postage and are likely to leave negative feedback for the seller, even though the fault lies with Paypal. Incidentally, Ebay encourages the combining of multiple purchases into one shipment, so Ebay and Paypal are in conflict in this regard.

To summarise, Ebay Australia's proposed changes are ill conceived, coercive, monopolistic, and inflationary, adding considerable expense to both the seller and especially the consumer with little compensating benefit. Their only real effect is to increase Ebay's profits (and indirectly Australia Post's). Ebay Australia's request for an exemption from the third line forcing provisions of the Trade Practices Act should be disallowed.

Regards
Clyde Witcombe (B.Eng (Elec))