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**eBay International AG exclusive dealing notification N93365**

Comments by: THE SMALL ENTERPRISE TELECOMMUNICATIONS CENTRE LIMITED (SETEL)

The primary role of SETEL is to advance the interests of small, micro and home businesses as users/consumers of telecommunications services. Its objectives are to:

- Advance and represent the interests of Small Business in telecommunications to: governments; the Federal Public Service (in particular DCITA); the ACMA and the ACCC; the telecommunications industry and to other government-related areas impacting on the Small Business sector.
- Actively participate in ACIF code development programs and other ACIF activities, which have a bearing on Small Business.
- Raise awareness of telecommunications issues in the Small Business sector.
- Promote developments in telecommunications to the Small Business sector to increase the level of understanding of telecommunications issues and policy development and to foster greater input into policy debates on such matters.
- Provide briefing on telecommunications to the Small Business sector, mainly through industry and member associations.
- Seek to raise the level of participation by the Small Business sector in telecommunications industry fora.
- Provide a forum and co-coordinating role for Small Business in relation to the widespread adoption of electronic commerce.
- Continue liaison with consumer and user group bodies and representatives in the telecommunications sector and other industry associations involved in the telecommunications industry.
- Seek to recognise and promote the needs of different size related categories of small business - home and non-employing businesses, micro businesses (5 or less staff), larger small businesses (including rural businesses) and medium size businesses which make up the SME sector.
- Seek the establishment of consultative mechanisms with carriers supplying the small business market.
- Seek to determine and address solutions for the adoption of e-commerce by associations and their members.

The main source of revenue is by Commonwealth Government Grant: "The Small Enterprise Telecommunications Centre Limited (SETEL) is supported by the

Commonwealth through the *Telecommunications Consumer Representation Grant* Program of the Department of Broadband, Communications & the Digital Economy”.

SETEL is the main source of representation of small, micro and home business interests in telecommunications and e-commerce.

SETEL was established in 1992 as a not-for-profit company limited by guarantee, and is governed by a Board of directors, appointed annually at the AGM. Further details are available on the website: [www.setel.com.au](http://www.setel.com.au).

The Small Business Coalition membership forms the core membership base for SETEL at present. This broadly covers State and regional business organisations. Micro and home businesses are represented by the MHBA.

SETEL Comments.

An increasing number of small, micro and home businesses are utilising on-line sales mechanisms to broaden their market and to take advantages of efficient product supply mechanisms made available through modern electronic trading methods. On-line payment facilities are critical to maintaining ‘status’ within the electronic trading community. Choice of payment mechanism offered to buyers can contribute to this status.

SETEL recognises that PayPal can provide an element of security for buyers on on-line sites.

However the requested restriction to payments made through or processed by PayPal or Pay on Pickup is considered to be too onerous for both sellers and buyers.

The general trend for local/domestic sellers on eBay is to avoid PayPal and to use direct debit, cheque payment or C.O.D (mainly for large items). There is evidence on overseas sites that sellers are avoiding PayPal for domestic transactions due to increased usage charges. A monopolistic situation flowing from a third line forcing process for payment significantly impacts on the choices offered by sellers.

The security aspect involved with PayPal can be attractive for buyers and perhaps could be a required (but not the sole) method of payment offered, particularly in an environment where the actual identity and location of the seller is often unknown to the buyer. International transactions fit better with a PayPal payment process for this reason.

Sellers could be entitled to opt-out of offering a PayPal payment solution if they met specific criteria in terms of providing sufficient information to the buyer to enable the full range of remedial action applicable to a breakdown or lack of performance in the transaction. This could include warranty issues.

Other factors to be taken into consideration include the extent of competition in the on-line trading market in Australia and the prevalence of alternative payment mechanisms

offering equivalent degrees of security to the buyer. As a long-term user of eBay we have noticed the absence of an alternative secure payment mechanism for some time.

From a seller's perspective, the restriction of a payment mechanism to one process (PayPal) tied closely to the on-line trading facilitator (eBay) is not conducive to a competitive environment.

Accordingly SETEL is not in favour of eBay being granted an exclusive dealing notification to predominantly restrict payment options offered by sellers to PayPal.

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2 May 2008.

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