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Point of Sale & Computer Systems, Software & Service

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10 Irvine Cres  
Frankston Vic 3199  
Ph: 03 9789 3547  
Mob: 0412 727 224  
Fax: 03 9011 6180

02 May 2008

The General Manager  
Adjudication Branch  
ACCC  
GPO Box 3131  
Canberra ACT 2601

Dear Sir/Madam,

### RESTRICTIVE TRADE PRACTICES OF EBAY

#### Some Background

Ebay by comparison with other online shopping services is almost a monopoly, possibly a virtual monopoly. Ebay own PayPal so their previous conduct is a relevant issue.

Approximately 18 Months ago Ebay Australia attempted to increase its revenue by significantly increasing fees to re-sellers. Ebay gave one months notice and then almost doubled their fees for some parts of their service. This put many Ebay businesses literally out of business – overnight. My own sales have dropped by 80%, yet Ebay fees remain relatively static.

#### PayPal impact on business

Again Ebay are again effectively increasing their fees by introducing a PayPal only requirement. Ebay's total fees combined with PayPal depending on the selling price and format of the sale can be over 18%. International sellers with whom we compete do not incur this level of fees.

In the past our business has been able to offer many forms of payment. The same product could be listed separately with PayPal and without PayPal. Most customers would choose to buy without PayPal because of the significant cost advantage. Consumer choice is being significantly eroded.

Many online businesses use PayPal to process credit card transaction on line not just on Ebay. Currently PayPal is fairly easy to setup with and reasonably competitive as an online credit card processing system – especially for small businesses just starting out in the online area. Consequently Ebay-PayPal already has a significant monopoly on online payment services. It is apparent however that in Australia they intend to put all competition out of business buy not allowing any other payment services (this includes Direct Deposit). Once this has occurred Ebay-PayPal will be able to further increase their fees having a significant impact on many online businesses, not just Ebay.

Ebay-PayPal have a history of making radical changes which can over night reduce many businesses to rubble. Doubling of fees with one months notice is not a time frame from which many businesses can easily recover. They can only do this if they have or are allowed to have a virtual monopoly.

With respect it seems un-reasonable that the ACCC should allow PayPal to increase its monopolistic grip on online services unchecked. It seems that allowing Ebay to have PayPal only transactions would further increase their monopoly reducing competition.

It seems ironic that Australia which has laws requiring free trade between states would allow such an organisation to reduce that trade.

Yours Sincerely,

**Graeme G. Glenn**

PEng., Dip. Comm. Eng., BE Comm.