

Macrae, Tess

Subject: FW: Further submissions for the ACCC to consider regarding the proposed Ebay mandatory Paypal changes [SEC=UNCLASSIFIED]
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From: [mailto:
Sent: Sunday, 29 June 2008 8:14 PM
To: Adjudication
Subject: Further submissions for the ACCC to consider regarding the proposed Ebay mandatory Paypal changes

To: Whom it may concern at ACCC

From: Jamie Stretton
Director J.A.S Contracting Pty Ltd
Trading Name: www.toolshop.com.au
Ebay Trading Name: Toolman-Online
ABN 76 439 116 416

Re: Proposed eBay changes making Paypal the sole method of accepting payments

By forcing sellers such as myself to accept Paypal as a form of payment, buyers that are prepared to pay by other methods such as direct deposit, cheques and money orders (which are all cheaper payment methods) are disadvantaged because the price they have paid for their goods has factored into it the Paypal fees which are up to 2.4% plus 30c
Ebay forbid any surcharge to cover Paypal fees.

At much expense I maintain a Secure Socket Layer to accept credit card payments on my own website at a negotiated merchant rate around half that of Paypal
I get my payments the next working day.
If ebay are allowed to force Paypal upon us there is no negotiation of rate because there is no competition.
Since ebay introduced mandatory Paypal I have tried contacting ebay regarding getting my rate to the lowest tier because my sales figures make me eligible for this however paypal insist that I have to provide 3 months worth of figures to become eligible.
I was not able to speak to anyone in Australia about this and the person I spoke to who was clearly overseas based told me that they were not allowed to disclose where in the world they were located.
If we can get heard now what chance do we have of being heard if they get their monopoly ?

As for security I see no security benefits from being forced to accept Paypal as a payment form.
My business is registered with ASIC and the trading name which I trade under registered in my state of Victoria, I am registered for GST and pay all my taxes.
Paypal is no safer than a Merchant Account and being more expensive means that this expense is passed on to buyers.

On the subject of Taxes and GST both sellers and the Australia Government are being disadvantaged by the proposed change to accept Paypal as Paypal fees are not invoiced nor are they eligible for GST Input credits.
For Example
An item that has an ebay invoice amount of \$99 has a GST component of \$9 (\$90 plus \$9 GST)
\$2.68 is taken out by Paypal before the seller sees it therefore the seller receives into their business account only \$96.32 which then has a new GST component of \$8.76
The government has effectively lost 2.7% of the GST they were entitled to.
If I received the same payment into my merchant account I would receive the full amount of \$99
I would have collected \$9 GST for the government and at the end of the month when the fees are paid receive

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a Tax Invoice from my Merchant provider allowing me to claim the GST back on the fees. Paypal does not issue a Tax Invoice or any invoice for that matter and either the seller either has to unfairly pay the missing GST or the Australian Government misses out on GST revenue. This matter needs to be raised with the Tax Commissioner to determine just who is responsible for the GST liability as this matter is highly debatable.

Since the introduction of this change I have experienced some cash flow shortages that I have previously been unaccustomed to.

Previously when I sold goods almost always I had the money before they were dispatched.

Now with Paypal when I sell my goods on ebay and the buyer pays by Paypal there is an expectation that the goods will be sent immediately upon notification of the payment.

I dont have payment at this stage and it may be 5 days or so before I actually receive the funds into my bank account where with a merchant account it is received the next business day

I need to replace sold stock and sometimes cannot do this immediately as Paypal funds are still being withdrawn and in limbo.

For sales under \$150 I am unable to withdraw the funds without being penalized \$1 for the transaction when really it is my money after all.

As advertised on the Paypal website it can take 5 to 7 working days to receive the funds into your bank account.

Paypal can freeze a sellers funds based upon an unsubstantiated report from a buyer and unlike my own bank and credit card provider Paypal are difficult to contact directly.

If you have a problem with a direct deposit you walk into your own bank, you get to speak to someone about it and they can sort it out for you or contact the other bank.

If this change proceeds and Paypal becomes the sole payment method, since there is no other payment choice and no competition Paypal fee increases are imminent and non-negotiable and the end result will be that goods become more expensive to the consumer.

With no competition fee increases can be whatever eBay or Paypal deem fit.

Since Direct Deposit is currently virtually free of charge the proposal to accept Paypal only may see increases of up to a 3% in the price of goods and possibly more for the admin overheads and increased risk that sellers now have to bear.

Paypal is not as safe as eBay/Paypal claim and my business receives up to 20 phishing emails per week claiming to be from Paypal.

I get more phishing emails from Paypal and Ebay than any other source.

In summary I believe that ebay are entitled to make their own rules as to the conditions that you use their site, however I strongly feel that they are not entitled to direct Australian businesses and consumers towards sole use of their own payment system Paypal

If a reputable business such as mine has tried and tested safe payment options then they should not be forced to accepting Paypal at all

It is clearly anti competitive and eliminates competition and constitutes a monopoly

If the real reason for the change was the security of its members then eBay should make Paypal free

More importantly creating this monopoly removes choice for consumers, disadvantages people that prefer to pay by existing means or those do not want to open a Paypal account.

This change also discriminates against the few that do not have a credit card or bank account

I urge the ACCC to ensure that eBay do not make Paypal mandatory

I further ask that Sellers like myself with a proven record are left to decide what payment types they will accept and that may or may not include Paypal.

At minimum for Professional Sellers Paypal should be a choice

Yours Sincerely
Jamie Stretton

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