



Ms Michelle Landry MP, Chair

Mr Luke Gosling OAM, MP, Deputy-Chair

Standing Committee on Industry, Innovation, Science and Resources

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Parliament House

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AUSTRALIA

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8 December 2017

Dear Ms Landry and Mr Gosling,

Re: Inquiry into the impacts of global internet-based businesses on local Australian business

eBay welcomes the opportunity to make this submission, and to provide the **attached** analysis on platforms, small business and the agile economy compiled by Deloitte Access Economics and commissioned by eBay.

Benefits of the Agile and Digital Economy

The abovementioned report finds that consumer benefits, in terms of choice and convenience online, is estimated to be worth \$9.5 billion to the Australian economy. The report also highlights that over 1 million Australians are offering goods or services on digital platforms such as eBay, Airbnb, Airtasker, hipages and Uber and could earn income from these sources. The report states that in 2015, the sharing economy contributed \$504 million in value added in NSW alone, and 45,000 people earned income through digital platforms. However, Deloitte Access Economics, also poses the following caution when formulating policies and regulatory frameworks for the digital and agile economy, as follows:

“The regulation of digital platforms needs to be considered very carefully because of the dynamic nature of digital business, and weighed up against how constraints on platforms may reduce their effectiveness in helping small business grow.”

Benefits of Online eCommerce to Australians

Online ecommerce is an enormous opportunity for Australian businesses and entrepreneurs, particularly in regional areas, and for those who harness the potential of third party marketplaces such as eBay. No longer confined by their immediate geography, economic conditions and local populations, they can showcase their products and services to the world.

Consumers too enjoy a world of choice and vibrant competition online. More than 171 million people shop on eBay worldwide. eBay enables and empowers buyers and sellers and our business model is



very different to for example Amazon who actually compete with their own sellers. Not all online marketplaces are one and the same.

40,000 small to medium sized Australian businesses operate on eBay every day. It gives them a world of opportunity to sell their products to established and emerging markets. Australian businesses are responding to digital change and taking advantage of it.

We have built our technology and global platform to connect and empower, to lift people up and foster entrepreneurship. Australians also leverage our global marketplace, in fact 1 in 2 Australian online shoppers purchased something from ebay.com.au in 2016. Last year some 448million shopping hours were spent on ebay.com.au

Benefits of Ecommerce for Australian Businesses

eBay's platform is particularly beneficial for small businesses, because we provide a gateway to global sales. Exporters grow faster, are less likely to go out of business, and twice as likely to outperform their domestic market. In Australia more than 2,000 Australians have made more than \$1 million in sales on eBay since it launched in 1999.

Rural and regional consumers have the opportunity to buy goods they could never get in their local area. In partnership with logistics companies, businesses in remote locations can sell and ship to a worldwide market, not just to their small local population.

Currently, fewer than 5% of Australian businesses export, compared with 28% in the UK, 16% in Germany, 15% in France and 4% in the US. Approximately 90% of Australian eBay sellers are exporters and export to more than 150 countries.

eBay's presence in the market is a benefit for the Australian economy, encouraging exports, innovation, resilience and growth. Major retailers like Myer, Target and Big W use eBay, alongside mum and dad entrepreneurs, medium and microbusinesses competing worldwide. In Australia 80 of the largest 100 Australian retailers are on eBay, offering buyers the brands they know and love 24 hours a day.

Economic Reform and Inclusive Growth by Harnessing the Digital World

In a recent speech to the Committee for Economic Development of Australia, the former Prime Minister Paul Keating urged Australian policy makers to consider the next phase of economic reform to liberate the economy and deliver inclusive growth:

If you had any foresight or understanding of the forces now available to promote the kinds of changes we employed in the opening of the economy thirty odd years ago – they are staring you in the face – globalisation and galloping international digitisation.



These dual forces are all about competition: competition and complementarity in the provision of goods and services through globalisation – and with digitisation, competition in all fields of products and services with the accelerating ubiquity of the global digital economy, with telecommunications and the smart phone facilitating much of it.

Digitally enabled business models are reshaping entire industries which the technology facilitates to scale faster and at lower prices.

And in reshaping those industries, bringing down monopolies, smashing market barriers, while lifting the utilisation of otherwise static and underperforming assets.

You can see examples of this with Uber and Airbnb alone.

We can see the first big phase of this shift already, with consumers responding directly to the smorgasbord of things on offer – and at their fingertips.

And, as we can also see, information lowering prices.¹

Summary/Conclusion

eBay's platform is delivering these benefits for Australia now. It is helping to open our economy and allowing Australians to trade, create wealth and meet demand. It should be fostered, not hampered. Older, inefficient business models cannot and should not be protected from the changes we have seen in the past few decades. Online e-commerce is driving efficiency and delivering choice and opportunity.

The **attached** Deloitte Access Economics paper, commissioned by eBay in 2017, provides greater detail and will assist the committee in considering the potential economic and community benefits of a marketplace of billions of buyers and sellers.

Thank you in advance for the Committee's consideration of the issues we raise.

Yours sincerely,

Kristen Foster

**Director, Government Relations
Australia, New Zealand, Japan & South East Asia**

¹ <http://www.keating.org.au/shop/item/committee-for-economic-development-annual-dinner-sydney-14-november-2017>