

And if you hear a “whoop whoop” sound, that means that it’s an evacuation. There will be wardens that will give directions, you follow those directions, don’t use the lifts and the meeting point is down towards the river. So you go outside and turn left into King Street and walk away from the building.

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**MS CILENTO:** Thank you. That’s all of the formalities. We’ll invite participants forward, some opening comments and remarks, and then questions from us, if that’s all right with everyone. If you wouldn’t mind introducing yourselves and your affiliations, please.

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**MR GARNER:** Certainly. Commissioners, thanks for the opportunity to present our case today, we’re from CAPEC. CAPEC stands for the Conference of Asia Pacific Express Carriers. It’s an industry association representing the interests of DHL, FedEx, TNT and UPS. We work closely with governments and regulatory authorities to facilitate trade expansion and economic growth in Pacific Rim countries, and each member operates in over 200 countries worldwide, moving over 5 billion international shipments annually.

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My name’s Kim Gardner, I’m a director of CAPEC Australia and the current chairman of directors, and I’m also the Managing Director of FedEx Australasia. With me today is Ben Somerville. Ben is the current secretary of CAPEC Australia and he is also the Customs and Regulatory Affairs Manager, Oceania for DHL.

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We come to today’s hearing as longstanding participants in a range of discussions and initiatives in relation to GST on low value goods. We have participated in a range of things over the last eight to 10 years, including a CIE - Centre of International Economics – report in May 2011, the Productivity Commission inquiry in November 2011, a Low Value Parcel Processing Taskforce in July 2012, a further CIE report in February 2006, and then the recent Senate inquiry in April 2017. We have provided full references to these reports in our written submission and we will refer to some of them in today’s discussion as well. I would add that that’s not the only things we’ve been involved in, but they are the key things that we will table for today.

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Our submission today starts with the recent Senate inquiry in April. At that inquiry it was CAPEC Australia’s stated position that given the Government has mandated that it will collect GST on low value shipments, CAPEC supports the Bill insofar as the vendor collect model would be a more efficient model for collection of GST than at the border, provided it’s workable and cost effective.

Secondly, at the inquiry we did not support the obligation under the Bill for additional information to be captured and reported by CAPEC members, namely, the vendor registration number, ABN and the extent, if any, to which each supply is being treated as a taxable supply. We raised a significant disparity between the reporting requirements on CAPEC members versus Australia Post, and we also raised the COAG Competitive Principles Agreement which stipulates that Government businesses should not enjoy any nett competitive advantage simply as a result of their public sector ownership, and Governments are to ensure that they impose the same obligations on Government business enterprises as they would on privately owned enterprises.

That was what we presented at the Senate inquiry. Now, taking each of those in turn, and I'll do this in reverse order, at the Senate inquiry, when questioned on the reporting requirements, Treasury stated that Australia Post will need to comply with the same reporting requirements as express carriers. So CAPEC Australia members accept Treasury's public commitment to making this happen by 1 July next year, but we also understand that Australia Post is already working towards being able to comply with that. Since the Senate inquiry, CAPEC Australia has also engaged again with Treasury and ATO officials re the reporting requirements, and all parties are working on the most efficient and effective way of meeting the obligations specified in the legislation.

Whilst there could still be a material cost to CAPEC members to meet that, we're committed to working with the register of authorities on ways to minimise red tape whilst still enabling the checks and controls that the regulators are seeking to achieve. So that is work in progress that we continue to work with those bodies on. Which takes us back to our first point where we maintain our support of the vendor collect model, which underpins the legislation which has recently been passed.

At the recent Senate inquiry and already at this hearing we've seen various participants promote the transporter model, also known as the border collect mode, as a more viable alternative than the legislated vendor collect model. And there's also been discussions on a hybrid model, which is a combination of the vendor collect model and the transporter model. Just to clarify, the vendor collect model is where the overseas vendor collects GST at time of purchase; the transporter model is stopping packages at the border and collecting GST from recipients.

So what I'd like to now do is present a range of facts and information that support CAPEC's position that the border collect model is a highly inferior option or alternative. The 2011 Productivity Commission hearing found the following: it found that 81 to 89 per cent of international parcels

arriving in Australia are below \$200 in value; it found that lowering the threshold to say \$20 would raise around about \$550 million in tax revenues, with the cost of processing using current systems that it would escalate to over \$2 million per year, so more than three times the additional – that the cost of collecting the revenue would be three times more than what was collected.

As a result, the PC recommended that the Government should establish a taskforce of independent industry experts to investigate a new approach to processing parcels, particularly those in the international mail stream. So that resulted in what was known as the Low Value Parcel Processing Taskforce, which provided a final report in July 2012. In that process there was quite a few variations to policy and collection methods explored, I think there was about 17 recommendations came out of the taskforce, but there was no clear or efficient manner of collecting GST at the border identified.

We would sort of add at this point that we have heard some people use excerpts from the Low Value Taskforce as a – using it as an endorsement of the border collect model, but in fact that’s not the case. It did talk about a range of different models, and it spoke about what still needed to be done to actually look at those models further.

There’s a range of significant factors that make GST collection at the border an untenable option. Border collect models that have operated in some other countries are historically or originally based on the business to business model. But countries with those models are now desperately looking for alternatives with the growth of B2C in recent years. There’s a pattern of countries raising their duty and tax thresholds, the US has gone from \$200 US to \$800 US in late 2015, the Philippines in 2016 has gone from 10 PHP to 10,000 PHP, a significant increase. That’s approximately \$200. Indonesia has raised theirs as well. So there is evidence of countries trying to avoid the border collect issues that they have with low value thresholds.

Low value thresholds and collecting models in European countries are not really comparable to Australia because of some of the arrangements that exist between EU countries. So there’s a range of tax free arrangements and agreements that operate in the EU, whereas comparing that to Australia as an isolated nation would be applying the border collect model to every package that came across the border.

The B2C market is rapidly changing as well. Nowadays express couriers and Australia Post do not see recipients in many instances due to parcel locker deliveries; retail self-collect nominations by recipients; signature releases, which is “I won’t be home, leave it on my doorstep”;

5 deliver to alternative addresses, which could be neighbours, workplaces, et cetera. So the nature of the delivery process is changing quite dramatically. The border collect model is diametrically opposed to the objectives of e-tailers who strongly value brand value, free-flow across borders and also good customer experience.

10 Just to highlight I guess some of these points, we've got a couple of things I want to run through, and I'm going to take two examples for a start where somebody goes online and buys \$120 worth of something under the vendor collect model. So they log onto the internet, they find what it is they want to purchase, at checkout they're advised of a 10 per cent GST charge, and at that point the consumer has the option to either continue or abort the purchase. They've got full transparency of the total cost and they're making the decision based on price, choice, availability, speed, et cetera.

15 What that process does is it also helps the consumer decide between a good that may be coming from overseas with GST applied to it, versus their knowledge of a product that may be GST free in Australia. I think mouthguards, just being one example that's been mentioned. I think wheelchairs. There's a range of other things that GST doesn't apply to. The consumer, at the point of checkout, has the option of looking at what the total price is under the international purchase.

20 If we look at that under a border collect model, the consumer logs onto the internet, they find what it is they want, they purchase it. Then they end up getting contacted by the transport provider, and when they get that call, the transport provider's asking them a range of questions, "Are you a business, are you a resident, are you registered for GST or not", there's the acquisition relating to carrying on an enterprise, so there's a range of questions they go through.

25 Page 7 of the 2016 CIE report provides a good example of the steps that are involved in that process. Then they're advised of a GST amount payable, then they're also advised of a service processing fee – and I'll talk about that later, but at this point just remember that the Productivity Commission found that \$2 billion to collect \$500 million of GST is a significant cost in collecting at the border. Then the goods are actually held by the transporter at the border until payment is received from the consumer. So it's a much lower grade of customer experience for the purchaser.

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45 At the Senate inquiry I also used another example that I think is well worth putting on the table. In 2014/2015 the four CAPEC members brought 8.8 million low value shipments into Australia. That's 34,000 shipments per day. If we have to collect at the border, that means we have to contact

34,000 consignees per day. This includes identifying the contact details, making phone calls, going through that process of “are you registered for GST, are you not, is this exempt, is it not, et cetera, are you a resident, are you not”. And what we would then have to do is make arrangements with them to actually collect GST that’s payable.

So just using some simple maths on that of 12 minutes per contact to do it, it would take 900 people on phones amongst the four CAPEC members to achieve this. Keeping in mind while we’re doing that 34,000, there’s another 34,000 packages arriving as well. So the border becomes clogged very, very quickly, it would be a logistical nightmare, and the numbers that I’m quoting here, the 8.8 million packages, doesn’t take into consideration what’s coming in via Australia Post, it’s just what’s coming in via CAPEC members.

Then when you add to that the communication costs, the telephony involved in doing that, solving phone numbers or email addresses not provided, missing information, incorrect et cetera, the storage costs of facilities, materials handling equipment, warehouse management systems, warehouse staff et cetera, to manage packages that are actually being held at the border waiting for payment, the abandonment of goods by consumers, the questions from consumers about why am I being charged this, I wasn’t told this, I didn’t know about this, the destruction of abandoned goods, returns to shippers. There is quite a lot of things that go into the cost of a border collect model.

Another approach that has been discussed along the way, and we’ve been involved in this since 2010, is the reduction of the low value threshold to say \$500. But we don’t see that as a viable solution due mainly to many of the purchases in the higher range, in that \$500 to \$1000 are to businesses that are GST exempt, and the CIE report of 2016 completed an analysis on real data that came from CAPEC members’ databases, and found that the average low value consignment value is \$118.40.

It also found that over 80 per cent of low value imports are actually in that below \$200 in value range. So by lowering the low value threshold to a nominal figure of say \$500 misses the intended objective of the legislation.

So in closing, there’s a range of references on the cost of the transport model to express carriers. As I already said, the Productivity Commission in 2011 found \$2 billion to collect the \$500 million of duties and taxes. The CIE report 2011 found that a conservative estimate of additional costs to express carriers is \$30 per consignment to actually collected GST at the

border. And as a mentioned earlier, the cost versus GST collected ratio is approximately 3 to 1.

5 By comparison, the CIE report of 2016 estimated that the cost of collection under the vendor collect model is approximately 10 per cent of the amount of GST collected. So it's a comparison of 300 per cent to collect at the border versus 10 per cent if it's actually done at the time of the actual purchase. So the vendor cost model is therefore a much more efficient manner of collecting GST than is the transporter model.

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One of the concerns that has been raised, keeping in mind that a lot of the people of the overseas sellers are actually our customers as well, is that they raised their concerns about compliance with overseas vendors, and it's a valid concern. But in our opinion the Government has the ability to manage this.

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Vendors who comply from day one are concerned about grey markets emerging where people don't sell through them and they'll sell through other means to try and avoid GST collection, but the Government has all the information it requires to identify and deal with overseas sellers that are actually avoiding GST collection remittance. CAPEC members already provide full details of every import to the Customs Integrated Cargo System, who the seller is, the address of the seller, the description of the goods, the value of the goods, the purchaser's name, the purchaser's address, and a range of other information.

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The Government uses that information for border protection purposes, and the same data set can be used for monitoring of turnover, GST collection, remittance et cetera of overseas vendors. And the inclusion of Australia Post into the same reporting process as CAPEC members will actually result in a full data set available to ATO, regardless of who the transporter is, because the individual transporters, we can't see the big picture, but through the Integrated Cargo System, the Government can see what a vendor has moved into Australia regardless of who the transporter was.

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So the transporter model is a clumsy, inefficient and high cost method of achieving this compliance. It would actually penalise overseas sellers who are doing the right thing, and it's a method that all other countries are actually trying to drop. So in our minds, the GST collection of low value imports into Australia, a combination of technology and policy is required, and it would appear to us that that's quite achievable in the medium to longer term. And if technology and policy are unable to achieve that required result, then, really, the GST on low value imports has to be dropped because the collection at border model is unviable due to cost disruption

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and delays, poor customer experience, et cetera. That ends up our opening remarks.

5 **MS CILENTO:** Thank you. Can I just pick up the last point straight away? What specifically are you looking for in terms of technology and policy changes going forward?

10 **MR GARNER:** I think that's up to the Government to work that out. We've spoken with Treasury and ATO as to what their intentions are, and I'm not sure what they are, but I think they're determined to make this work.

**MS CILENTO:** But what do you think needs to happen from your perspective in order to make it work?

15 **MR GARNER:** From our perspective, I think if there's – the authorities will be able to see who is not complying, they will see what turnover is coming in from overseas sellers, and in our mind they have the ability to actually contact those sellers, warn them and then take whatever steps they do from there to enforce compliance. There's a range of options that have  
20 been touted I think, but I think that's for the Government to work through how it would actually do that.

**MS CILENTO:** If I can just come back to the costs of the existing – the legislated model. You said I think that your members already collect all of  
25 the information around the vendor, the details of the goods, the value of those goods, and the purchaser. So what about the existing legislation or the legislated model imposes additional costs to you and have you got an estimate of what those costs are?

30 **MR GARNER:** Under privilege we provided those costs to the Senate inquiry.

**MS CILENTO:** Can you describe the nature of the costs? Because it seems like you're collecting a lot of information already.  
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**MR GARNER:** Already, yes. The additional information the legislation requires is the vendor registration number, the Australian Business Number of a consumer or a customer that is claiming GST exemption, and the extent, if any, to which a supply has been treated as a taxable supply, so it's three  
40 pieces of information.

To us, what that means, we operate in over 200 countries, that information has to be collected on our front end systems and it means quite a lot of changes to our automated system, and in some case manual systems,  
45 to get that data into those systems, into back end systems, to flow through

mainframe systems to actually find their way through to our systems here in Australia, which then have to be modified to actually report that information to the Integrated Cargo System for Customs.

5           So when we've spoken to Treasury and the ATO, we've been exploring ways of making that process as efficient as possible and if there's any duplication or any information that can be avoided, that's what we're looking for from an efficiency point of view. We're in the midst of those talks, there's nothing conclusive from that yet, but I would have to say that  
10 the talks are going – everyone's approaching those talks quite well and trying to find a workable solution.

**MS CILENTO:** Just in terms of data, you mentioned 8.8 million low value shipments. I missed the date on that.

15 **MR GARNER:** 2014-2015. In one year, so it's the 2014/2015 financial year.

**MR COPPEL:** Is that data in the public domain or data that you would be able to share with the Commission?

**MR GARNER:** It's actually in a report; we'll actually give you the references to those reports, the CIE reports. When the original Productivity Commission was conducted in 2011, there was a CIE report that the  
25 Productivity Commission relied on for some of its information. Then there was a later report done in 2016 when this started raising its head again to I guess get a later update on what was going on. So those numbers are out of those reports.

30           As CAPEC members we are quite guarded about what our individual company volumes are, but we provided them under privilege to a body that actually assembled those and aggregated them. So the aggregated number is there but our individual company totals aren't.

35 **MS CILENTO:** Your estimates that you spoke to earlier, the costs of adopting the border collection model would require a \$30 consignment fee or thereabouts for each parcel?

**MR GARNER:** Each consignment, yes. That's what CIE calculated and they specifically say that's a conservative amount, they think it's probably  
40 more. Once again, as individual CAPEC members, we don't talk about what it would actually be, but we're relying on what CIE's estimate it, because once again we're not prepared to do anything that could be taken as price signalling. But that \$30 is based on the information that was  
45 available to CIE.

5 **MS CILENTO:** Sorry, just going back to the current legislated model, you talked about improving – ensuring that the changes that are required for your members are implemented as effectively as possible. Will your members have the required systems in place by 1 July next year?

10 **MR GARNER:** Yes, we all know what the legislation is, we will meet it, but I guess the final solution is still in – it's still in the process of being resolved. So what the final details are is what we're currently talking through with the Australian Tax Office.

15 **MS CILENTO:** For higher value goods, so the existing above \$1000, what's the number of parcels that would come in that would be not collected or – because there'd be additional duties and things that apply to those. Do you have any sense of what sort of knock-back rate you get from people on higher value goods?

20 **MR GARNER:** I'll defer to Ben in a minute, but it's very low. The values are much higher, but the goods values are much higher as well. It is very, very low. Actually, they have to pay the tax to get their goods.

25 **MR SOMERVILLE:** Probably the biggest percentage of high value goods that would be returned or abandoned would be the ones around the \$900 mark where people are thinking it would be low value and it's thrown over through exchange rate fluctuations and can actually require a formal entry. But generally it would be quite a low percentage.

30 The other point I make on that, in terms of high values entries is a lot of people have bandied around "Well, if it's done for high values why can't we do it for low values?" It's really apples and oranges, because there are a number of additional steps, the involvement of licensed customs brokers, for instance, to classify the goods and look at free trade agreements, a number of different issues around classification and valuation which don't exist for low values now. And of course the quantum of the high value  
35 verse the low values is relevant.

**MR GARNER:** The other thing on high values too is generally they're customers that we have, we know them well.

40 **MS CILENTO:** Yes.

**MR GARNER:** They're regular importers. We know them, we have profiles set up, we know what their requirements are, what their GST status is et cetera. So quite often we don't even have to contact them, it's a fairly

seamless process. But once you go to low values, they're the customers that we actually don't have relationships with or accounts with.

**MS CILENTO:** Do you have any questions?

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**MR COPPEL:** I just wanted to come back to the CIE report where you mentioned some of those aggregate data that were shown in that report. It would be helpful to us if we could get similar sort of information but at a more disaggregated level in terms of liability for the GST by value thresholds, so \$500, \$300 and so forth. Is that sort of information, information that you collect and have that it would be possible to share on an aggregate basis?

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**MR GARNER:** Yes, I think what you're asking for is already in the reports. It does actually show in – if you're looking at the zero to \$1000 range, it shows it in \$100 increments.

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**MR COPPEL:** Okay.

**MR GARNER:** It shows the number of shipments that fall into each of those categories, and as I think it was said before, it's 81 to 87 per cent low value shipments fall in the below \$200 bucket. So there's a range of tables that CIE, that actually show that information.

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**MR SOMERVILLE:** The context of that was when the Government was seriously considering the lowering of the threshold, so hence, they did break it up.

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**MS CILENTO:** Are there countries that your members are involved with where the border collection model is being applied to lower value goods now? And you mentioned that people are trying to withdraw from it, but I'm interested in if you reflect on the cost per consignment that you've talked about, is that sort of consistent with the costs that are experienced in other situations now?

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**MR GARNER:** I don't know about you, Ben. We don't actually have the actual dollars, and some of those jurisdictions are much lower cost countries than what Australia is as well, from a labour perspective. But what we do know is that virtually every country that has to collect at the border is struggling, they go and knock on the door or ring someone up and say, you owe us 10 or \$15 or something, and actually getting that money is a very lengthy process. So it is a combination of cost, but it's also a combination of customer experience and those other costs that we said flow into warehousing, handling goods that have been held, et cetera.

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**MR COPPEL:** Where there are jurisdictions with this sort of arrangement or similar high compliance costs, how are those costs recuperated, through a separate charge?

5 **MR GARNER:** I don't have the details of what's happening in all those other jurisdictions specifically. I don't know if we have anything, I don't know whether anything was covered in the original Productivity Commission hearing, but we really have focused on what it costs from an Australia point of view. As I said, because some of the costs here are quite  
10 expensive compared to some of the other jurisdictions.

**MR SOMERVILLE:** Yes, I guess we need to be careful, for ACCC reasons, talking specifically DHL or FedEx examples, but it would be true to say that there are some struggles based around the point that Kim made,  
15 that a relationship on B2C is essentially with the shipper, the overseas - the vendor, and it's not with the hundreds of consumers. So because they are non-account holders, then it's - if they were account holders, to be frank, it wouldn't be as big an issue for us because we'd be able to put those on account and keep the goods moving across the border.

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But the fact is that we don't know them from Adam, we have to contact them and establish whether they'll pay the charges and we'll recoup those before delivery. And I can say that I've spoken to colleagues in other countries with those very same challenges.

25 **MS CILENTO:** It would be useful, if possible, to get a sense of some of the issues that you've talked about around abandonment of goods and delays in delivery and it's always useful to have evidence and we can take into consideration the different circumstances of the country that's involved  
30 or whatever. But it does help to have a bit of meat on the bones, if you like.

**MR GARNER:** We'll just take that on notice and we'll provide what we can.

35 **MS CILENTO:** Yes.

**MR GARNER:** The other thing that's probably worth thinking through as well, the original B2B model as a generality, people pay more for their freight on business to business, high value goods, than they do on less  
40 quality commerce, low value goods. So we've even heard comments that the carriers just should be able to pick up the low values of GST out of what they're already charging, but there's just not that much. The low value goods, where average cost of \$118, they're travelling at low freight rates, and there's a lot of it. So some of the things that - some of the concepts

that may have applied 10, 15 years ago in a B2B world don't translate into a B2C world.

5 **MS CILENTO:** Did your commercial-in-confidence submissions to the Senate touch on margins at all?

**MR GARNER:** No.

10 **MR COPPEL:** With the model proposed by the parcel processing taskforce, they had a number of complementary measures that would apply to trusted suppliers. Do you have any views or perspectives on whether some of those aspects could carry through to the legislated model in terms of improving the efficiency of collection?

15 **MR SOMERVILLE:** Yes, I think one of the key challenges would be around determining who would be – if there was a red and a green lane, and a premium vendors and the rest, would be to determine who was who when that comes in. So we would get a freighter flight, one flight could have eight to 10,000 individual shipments on it, so then having to sift through those to go through.

25 Some of the taskforce's suggestions have merit in their principles, one of them for example was to try and move goods out of the border, the congestion point, to another facility to break that nexus of payment and release. But unfortunately, if anything, it probably added cost because it put another step in the chain. So there were legitimate areas that they were looking to address in a number of their recommendations, but each one of those would be carefully worked through and addressed each one on their merits.

30 **MR GARNER:** But there was no silver bullet that came out of the low value taskforce as to a way of doing this. Each method had its – I think it was really looking at what's involved, what are the pros, what are the cons, and there was nothing came out of it, whether it be one or a range. It actually said this is a recommendation on how it should proceed.

40 If I may, just one other point I was going to make too, and I'm not sure I made it on the way through, but where people talk about the hybrid model, once again – which is a combination of the vendor collect plus collection at the border, at the end of the day you've still got a three to one cost ratio – cost to collection ratio – of border collect, regardless of whether it's half or quarter or three-quarters of what's coming into the country.

45 Based on Treasury's estimates that they would get, say, 54 per cent compliance under the vendor collect model, under our scenario that still

leaves about 17,000 packages a day that would be border collect. So the numbers are horrendous. And that's just us. Add Australia Post to that. The logistics of border collect is just – it's our opinion if any Government put in border collection in Australia; they would have to retreat from it quite quickly because of the disruption that it would cause and the backlash that it would cause.

Which is why we lean towards the vendor collect model, but then the use of technology and policy to actually I guess ensure that that 54 per cent turns into a much higher percentage. The data is there, the data and the technology is there, it's really a matter of working through the policy and enforcing that side of it.

**MR COPPEL:** It's been put to us that you can't enforce in other jurisdictions Australian laws, so what sort of measures would you use to elevate that rate of compliance?

**MR GARNER:** Two things, and one question that I don't have the answer for is we can do it for border protection so why can't we do it for revenue, would be one question I would ask. I don't know the answer for it. The other would be there's a lot of other countries that are looking at what Australia's doing and are looking at the vendor collect model as well. So I think as time progresses, somehow people are going to find a way through this to actually make this work as efficiently and effectively as possible. And we mentioned 200 countries before, but I think if you ended up with 15 or 20 countries that got behind how to make this work, I think it would actually – it would help solve the GST issue that virtually every country's having as e-commerce or B2C increases.

**MR COPPEL:** You mentioned 15 or 20 countries, presumably because 15 or 20 largest countries in terms of e-commerce would account for a large percentage of transactions. Do you know what that order of magnitude is?

**MR GARNER:** Yes, I don't. There would be data that would actually support that, I don't have it available. But it's really countries that get together, the G20 OECD countries that actually are working on trying to resolve this same issue, the same issue that Australia's trying to resolve, there's quite a lot of other streams that are trying to resolve the same issue.

**MS CILENTO:** I don't have any other questions, thank you very much.

**MR COPPEL:** Thank you.

**MR GARNER:** Okay, thank you.

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**MS CILENTO:** You said you are putting a submission in?

**MR GARNER:** Yes.

5 **MS CILENTO:** We'll look forward to that, thank you.

**MR GARNER:** It is August 30, isn't it?

10 **MS CILENTO:** Yes.

**MR GARNER:** I notice you said 30th the other day, just making sure I've got the month right.

15 **MS CILENTO:** That is correct. We've said to everyone of course, the sooner it gets in the more time the team has to reflect on it. Thank you.

**MR GARNER:** Thank you.

20 **MS CILENTO:** Welcome and thank you as well, if you wouldn't mind introducing yourselves and who you're with, and then opening statements, thank you.

25 **MS FOSTER:** Absolutely, Kristen Foster, Director of Government Relations for Australia, New Zealand and Japan for eBay.

**MR HUDSON:** Good morning, James Hudson, Director of Corporate Affairs for Alibaba Group Australia and New Zealand.

30 **MS STEEN:** Good morning, I'm Angela Steen representing Etsy; I'm our Director for Advocacy and Public Policy.

**MS CILENTO:** Over to you.

35 **MS FOSTER:** Thanks, Commissioners. Thank you for the opportunity to appear today. We met earlier this month in Canberra, and I'm very conscious that you've seen our earlier submissions so I won't cover that ground again, but I would like to make a short statement on behalf of eBay.

40 EBay is an online third party marketplace, just like Alibaba and Etsy, who are seated with us here today. Our companies are third party online marketplaces; this means we are spaces where businesses and individuals can create online shopfronts. It is the sellers who own, control, warehouse price and distribute their products. Our businesses do not.