

Australian Consumer Laws were written before the internet changed the consumer's access to information. The laws were designed among other things to protect consumers from being unfairly charged high prices. The power of the internet means this protection is no longer required. Australian consumers can now quickly and easily find a number of options and prices for almost anything they desire.

Now small and medium businesses are struggling to remain viable because large corporations use their economies of scale to operate with smaller margins. Small to medium businesses can't survive selling goods below cost and are being forced to sell-up or close down. This is now resulting in less competition and will lead to higher prices for the consumer.

Small and medium businesses provide many benefits to the community. They provide long-term stable employment. They have long-term knowledge about their goods and services, often built up over generations of the same family. They are local and convenient. Their profits are invested locally. They are proud members of their local communities and work hard to provide excellent service and grow their reputation. They hang on in tough times.

I am a motor dealer. I am worried my family business won't be viable in the future. Consumers can quickly make contact with dealers of the same product and play them off against each other. This regularly results in little or no margin for the dealer. Consumers don't believe us when we say a price is below cost, but it is true. Large dealer corporations are continuing to buy up dealerships around Australia to further reduce competition and improve economies of scale.

The Australian motor industry is one of the most competitive in the world. There are more vehicle brands for sale in Australia than in the USA. Current Australian Consumer Laws mean Manufacturers are unable to help dealers retain a fair margin. However, a form of margin protection (such as resale price maintenance) would ensure the viability of small to medium businesses. And the protected margin would not have to be very much – say 5%. The consumer is protected because the level of market competition ensures each Manufacturer's brand will have to compete for market share. If a vehicle is priced too high consumers are able to buy another brand. However, dealers/sellers of the same brand, small and medium businesses in every town and city in Australia, can invest in their businesses and provide local jobs without fear of losing business by sometimes very small margins.

Action is required to prevent all retail segments being dominated by a few large corporations. The problem of smaller margins affects not just the motor industry. Small to medium businesses need protection without the expense of having to take on large competitors in court or enter in to lengthy legal processes.

The internet has accelerated the trend to dominant players. The Australian Consumer Law needs to evolve accordingly and protect consumers in new ways.