

5 August 2010

## COMPPS' RESPONSE TO REVIEW INTO TICKET SCALPING, TICKET-ONSELLING AND CONSUMERS

#### Introduction:

There are five major aspects to the COMPPS' submission;

- · we are opposed to scalping and profiteering;
- we are not opposed to authorised onselling of tickets;
- we are not opposed to onselling of tickets at face value where there is a valid reason for onselling;
- · we seek and support legislation that is consistent, effective, simple and national;
- we are interested in being involved in discussions concerning an industry-wide solution to deal with scalping.

The care and attention that is taken by the sports in devising their ticketing strategies should not be underestimated. It is a key part of the strategic framework of each sport. We seek to ensure that tickets are affordable, accessible, competitive in price with other similar sports and entertainment events, and provide great value for money for purchasers, many of whom attend several of the events that are provided by the sports.

In some cases, the major strategic driver is not to maximise revenue. The collateral benefits of having a large and enthusiastic crowd flows through to areas such as sponsor satisfaction, merchandise sales, providing a great television spectacle and growing sustainable long-term supporters of the game. Affordable, highly discounted family tickets issued by several of the sports are the best example of this. Each of the sports sets its ticket prices so that it attracts a broad spectrum of supporters.

The emphasis on *optimising attendance* means that in many cases, the sports charge less than they would if they sought to *maximise revenue*.















#### 1. We are opposed to Scalping and Profiteering:

The COMPPS members are opposed to the practice of ticket scalping or profiteering in which unauthorised third parties lawfully purchase tickets that are in short supply with the intention of onselling them to the public at prices that are highly inflated.

We are aware of the argument that scalpers are responding to market forces - scalpers buy tickets at below market value and onsell them at their true market value, thereby providing a service to those members of the public who are prepared to pay inflated prices.

We disagree with this argument.

If a purchaser is faced with the option of buying a ticket at face value or paying three or four times that price, the choice is obvious.

Attachment A shows examples of tickets from AFL, CA, TA and ARU being offered to the public at prices that far exceed the face value of the tickets. The ticket for the AFL Grand Final is being offered at a cost of \$1,299.00. This is a breach of the Major Sporting Events Act 2009 (Vic) under which the AFL Grand Final is a declared event. These tickets are not yet on sale and will be offered for sale in September at \$270.00. The ticket for the second day of the Ashes Test in Sydney on 4 January 2011 is offered for sale at \$350.00. These tickets are currently for sale on ticketek.com for \$130.00. The ticket for the Australian Open Tennis Men's Final is offered for sale at a cost of \$1,200.00 which is more than 3 times the public sale price. Tickets for this event are not yet on sale to the public. The ticket for the Bledisloe Cup match is being offered at a cost of \$350.00. This ticket offered through Ticketek is \$164.00.

Sports could adopt the same philosophy and issue tickets at the highest prices that the market can bear, thereby seeking to maximise revenue. This would deter scalpers because it would reduce their profit margins. Sports could also withhold tickets and enter the secondary market at a time that allowed them to charge a multiple of the face value because tickets were in short supply.

For example, Netball Australia conducts the Trans-Tasman Netball League. This year for the final in Adelaide, there was a clear expectation that demand would exceed supply and the event was sold to capacity with attendance of 9,000. Netball Australia could have withheld 500 tickets from sale through its agency and offered them for sale at a multiple of the face value through eBay or a similar facility.

The other sports have similar opportunities for marquee matches that are not caught by the provisions of the existing legislation.

From the sports' perspective, scalping has several negative impacts.

- a) It is a breach of the contract between the original purchaser and the sport;
- b) It takes advantage of and negates the impact of the strategic imperative of seeking to provide affordable tickets for major events for a broad range of Australians;
- Where large blocks of tickets are acquired by scalpers, tickets become unaffordable for many potential supporters;
- d) Where tickets are onsold in breach of the terms of the ticket and cancelled by the sport in order to enforce its rights, the purchaser is unhappy and the sport suffers reputational damage. Meanwhile, the scalper still achieves his or her objective of making a significant profit on the transaction;
- e) It increases the risk of counterfeiting;
- f) It impinges on event safety and security by reducing the ability of the sports to monitor and deter the attendance of undesirable individuals or groups.

COMPPS members have sought to reduce the incidence of scalping and profiteering. This has involved cancellation of tickets, litigation, enhanced ticket terms and conditions, and increased sophistication in the way in which tickets are marketed to the public.

Online sales have increased the difficulty for the sports in attempting to minimise scalping. The use of online sites and auction websites has provided a simpler mechanism and wider markets for scalpers to engage in their unauthorised activities.

Technological advances that provide different ways of issuing tickets and regulating admission to events are welcomed and will be implemented as and when they are available and their use is appropriate.

The COMPPS members will continue to oppose scalping and profiteering. COMPPS urge CCAAC to implement means to stop the practice of ticket scalping or profiteering.

# 2. We are not opposed to authorised onselling of tickets to the public through an authorised ticketing agency:

Sports have contractual arrangements under which tickets are provided to authorised thirdparties who are entitled to onsell them as part of an agreed package in accordance with the terms and conditions outlined on the ticket for the purposes of corporate, travel, accommodation and supporter hospitality. This provides a significant revenue stream to the sports in addition to the value of the ticket.

These authorised agencies are entitled by the terms of their contract to purchase tickets and provide additional benefits to create a package deal. It provides a service for supporters who seek an enhanced level of service at events.

### 3. We are not opposed to onselling of tickets at face value where there is a valid reason for onselling;

We recognise that circumstances will change so that a bona fide purchaser who intended to use a ticket, is no longer able to do so and seeks to sell that ticket. This might arise because of illness, work commitments or the failure of a favoured team or player to qualify.

COMPPS members do not oppose onselling in these circumstances. We believe however that such tickets should be sold at face value and through an authorised ticket-seller or alternatively, via a system that is created to facilitate this form of onselling.

### 4. We seek and support legislation that is consistent, effective, specific, simple and national.

We note the legislative provisions of the Trade Practices Act and the respective Acts of Victoria and Queensland and the differing legislative approaches that have been taken in different states.

The fragmented legislative framework dealing with this issue exacerbates the scalping problem as each COMPPS member organisation regularly conducts events in more than one state. The lack of nationally consistent regulations, makes the enforcement of the sporting organisations rights more complex as they have to deal with different regulatory bodies and varying legal and legislative requirements.

Our experience is that enforcement of our rights against scalpers who are gouging the market is cumbersome, expensive and difficult. It is often not cost effective to take action. The sports have a high level of frustration from not being able to enforce the terms and conditions on their tickets without supporting legislation that creates a specific offence of ticket scalping and profiteering.

COMPPS seeks a nationally enforceable approach that provides specific provisions that make it an offence to offer for sale tickets for sporting events at a price above face value

without the authority of the event owner/operator.

We welcome the introduction of the Australian Consumer Law and respectfully suggest that this Act may be an opportunity to enact effective legislation to deal with this issue.

5. We are interested in being involved in discussions concerning an industry-wide solution to deal with scalping.

As the major sporting stakeholder in relation to scalping, the COMPPS Members are supportive in principle of the formation of an industry wide solution to regulate this aspect of sport.

COMPPS appreciates the opportunity to make a submission to CCAAC.

For and on behalf of the members of COMPPS.

**Malcolm Speed** 

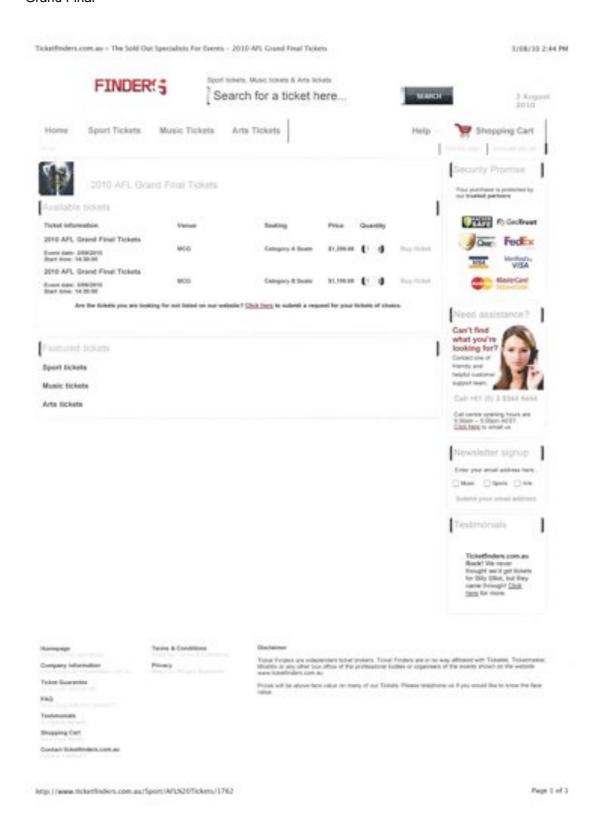
**Executive Director** 

### Attachment A

Extracts from ticketing websites

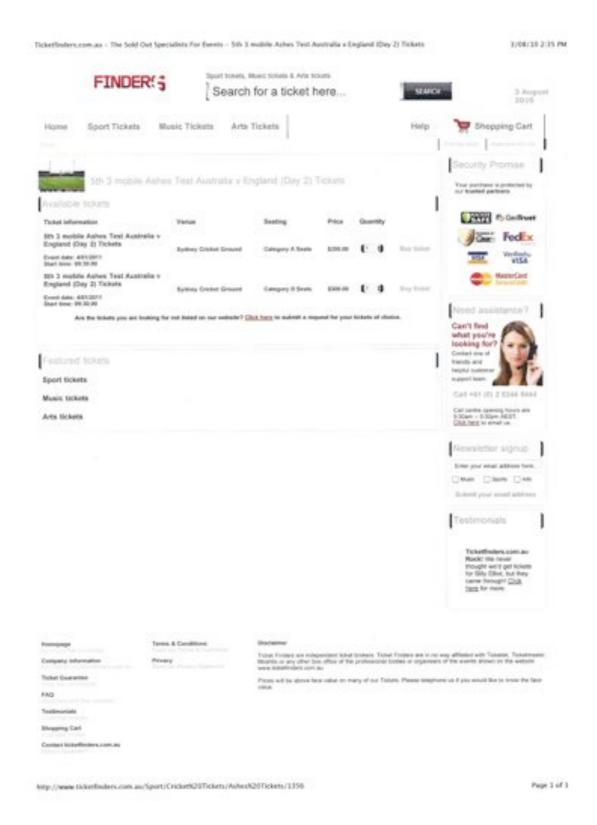
Australian Football League Cricket Australia Tennis Australia Australian Rugby Union

### Australian Football League Grand Final



#### Cricket Australia

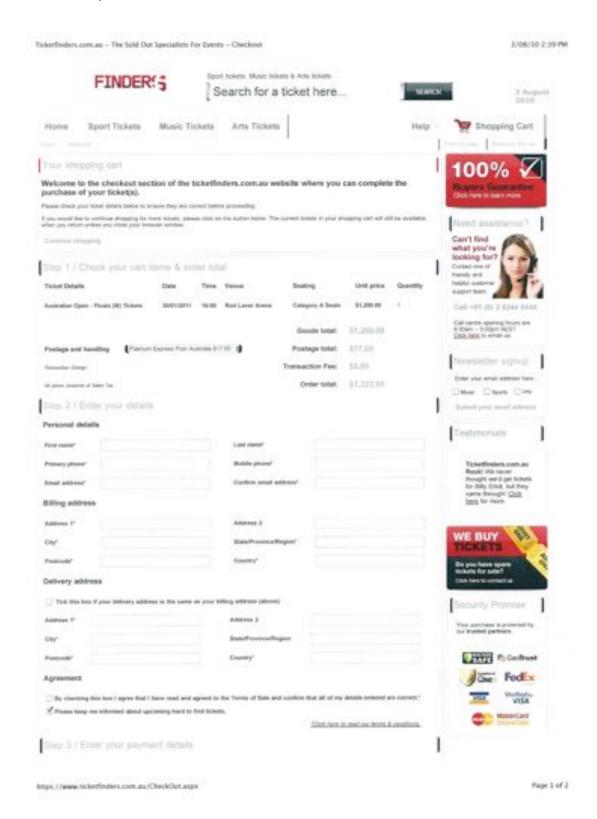
#### Ashes Test 2011





### Tennis Australia

#### Australian Open Men's Final 2011



## Australian Rugby Union Bledisloe Cup 2010

