



The Coalition of
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COMPSS SUBMISSION – INQUIRY INTO FAIR TRADING AMENDMENT (TICKET RESELLING) BILL 2014

**SUBMITTED TO THE GENERAL PURPOSE STANDING COMMITTEE
NO. 4, LEGISLATIVE COUNCIL, NEW SOUTH WALES PARLIAMENT**

23 OCTOBER 2014



Background

COMPPS (Coalition of Major Professional and Participation Sports) consists of the seven major professional and participation sports in Australia:

- Australian Football League;
- Australian Rugby Union;
- Cricket Australia;
- Football Federation Australia;
- Netball Australia;
- National Rugby League; and
- Tennis Australia.

Each of these organisations is the governing body and custodian of a major professional sport in Australia. They are not-for-profit bodies and are responsible for the long-term development and sustainability of their sport in Australia.

One of COMPPS' roles is to provide a collective response on behalf of its member sports where their interests are aligned and that is the case with the *Fair Trading Amendment (Ticket Scalping) Bill* 2014 Inquiry.

Introduction

The COMPPS Members are the most significant stakeholders in the Australian sports community in relation to ticket scalping and onselling.

Each of the sports conducts high-profile, world-class events to which tickets are sold. These events feature professional athletes and populate the majority of the Australian sports and events calendar. As such they contribute significant economic benefits to Australia and New South Wales.

COMPPS members are committed to providing genuine sports fans and supporters with access to affordable tickets, and there is significant time and research dedicated to respective pricing policies within each organisation to help achieve this goal. Ticket pricing for premium sports content is about finding the right balance between achieving a return and ensuring accessibility for each sports' fans and members.

Each sport runs events where, on occasion, demand exceeds supply, giving scalpers the opportunity to enter the scalping and on-selling market. Examples of this are included in this submission.

Events are a major part of each sport and these events generate large amounts of revenue for the sports through the sale of media rights, sponsorship and gate receipts. As each sport is not-for-profit, surplus revenue is distributed across the business, often to grassroots and participation programs.

Each of the sports takes the issue of ticket scalping very seriously, which is why we fully support legislation before the New South Wales Parliament to tackle this problem. We support these reforms because it empowers the individual sports to take action to stop ticket scalping and should become a best practice model for other jurisdictions across Australia.

The need for change

Each of the COMPPS sports has encountered ticket scalping and it is particularly prevalent in high-profile and high-value events conducted by the sports. In the case of NSW this may include, but is not limited to, the NRL Grand Final, the 2013 British and Irish Lions Tour, Test cricket and One-Day International cricket matches, international and A-League soccer matches and the AFL Finals Series.

The COMPPS members oppose the practice of ticket-scalping or profiteering in which unauthorized third parties lawfully purchase tickets that are in short supply with the intention

of selling them to the public at highly inflated prices, thereby denying access to fans who cannot afford to pay those prices.

Ticket pricing for high-profile and high-value events is a key part of the strategic framework for each sport. Often the strategy attempts to find a balance between the need for a sport to achieve a commercial return on our premium content so that we can fund grassroots participation programs and elite pathways development programs, whilst ensuring accessibility for our fans and members. Prices also need to provide great value for money and be competitive with other sports and alternate forms of entertainment. Often this means a large number of tickets are reserved at an affordable price so that our premium content remains accessible to our fans and members.

In some cases revenue is not the strategic driver for ticket-pricing, it is the desire to maximise the size of the crowd and derive the collateral benefits from a large, passionate supporter base. Whilst this may not drive a return in terms of ticket revenue, there are numerous beneficiaries from such a strategy including the state where it owns the stadium through increased food and beverage sales, surrounding businesses within a sporting precinct, merchandise sellers, event sponsors, broadcasters and most importantly the supporters of the game.

Ticketing strategies need to carefully evaluate the various benefits that can be derived from a major event, some of which are not purely economic. In some cases maximizing attendance or providing an opportunity for our fans to attend a game they are passionate about means ticket prices are lower than if the sport was seeking to maximise revenue.

Unfortunately the actions of unscrupulous ticket-scalpers often undermine the ticketing strategies put in place by sports and result in fans and members who cannot afford the inflated prices being excluded from viewing a sport they passionately follow.

Examples of Ticket Scalping in NSW

NRL

The 2014 NRL grand final was a sell out and set a new crowd record for ANZ stadium in its current configuration. Unfortunately there were a number of recorded incidents of ticket scalpers taking advantage of the demand. Reportedly one ticket reseller was trying to sell eight tickets in the bronze section, where tickets were valued at \$80, on ticketing website Viagogo for \$893 per ticket, more than eleven times the face value of the ticket. On eBay,

one user was offering a four-pack of tickets for \$2999; an extreme mark-up on the \$380 diamond ticket. (Sydney Morning Herald, 1 October 2014, Scalpers asking for fortunes as NRL grand final tickets sell out, <http://www.smh.com.au/rugby-league/league-news/scalpers-asking-for-fortunes-as-nrl-grand-final-tickets-sell-out-20141001-10okh5.html>).

For the 2013 NRL Grand Final, the first release of tickets occurred in early August. A patron joined a number of different clubs as a member in the week prior to the first member release. This gave him a number of unique codes he could use to purchase a bulk number of tickets. When tickets were released he purchased 110 tickets across most categories, with the majority in the top category at \$345 per ticket. The patron used fake names / postal addresses for his ticketing accounts, but used the same credit card for each transaction, which is how NRL flagged the issue initially. The only real details that were used were the credit card and email addresses, so ticket delivery could occur. No details matched his memberships.

The same day he purchased the tickets, they all appeared on eBay at heavily inflated prices – some 250% higher than face value for the starting bid. He attempted to hide the ticket details from the auction site, however enough information was available to allow NRL to marry up his tickets to the ticketing system. When contacted the patron said the tickets were for family (which made no sense as the tickets were instantly put out publicly to sell). Based on this information, NRL cancelled the tickets and informed the patron. NRL also informed eBay who promptly removed the pages down and cancelled his accounts.

However, come match day, approximately 45 persons holding these tickets attempted to gain entry. All these tickets were purchased from a range of online auction sites and sales outlets, and in some cases the same ticket was sold multiple times. All these patrons had paid above face value, and many were forced to leave or purchase a legitimate ticket from the box office. It is here the sports witness first-hand the impact these practices have. The patrons suffer great financial loss, emotional stress and disappointment, and the entire process reflects badly on the sport, ticket agent, on-line auction sites and the venue.

Australian Rugby Union

In 2013, the British and Irish Lions toured Australia for what was the biggest Rugby event in the country since the 2003 Rugby World Cup. There was extraordinary level of interest in the tour across Australia and internationally with all three Test Matches selling out within 15 minutes of going on sale to the public on 18 February 2013.

Immediately following the general public release, Lions Tour tickets appeared on the secondary ticket market.

The ARU conducted a thorough review of the secondary ticket market, in particular, the website of two prominent secondary market platforms. Upon review, the ARU found that Platinum tickets for the 2013 British and Irish Lions Test Matches against the Wallabies in each of Brisbane, Melbourne and Sydney, which had a face value of \$295, were being scalped on secondary markets for up to \$999. In addition to this, Bronze category tickets to these Test Matches with a face value of \$99 were being offered for sale by scalpers at prices in excess of \$700.

In addition to attempting to cancel the tickets on the secondary market, which was often a frivolous exercise due to the lack of specific details available, the ARU also contacted secondary ticket providers to request the removal of the unauthorised on-sale tickets in an attempt to combat the issue. The ARU ultimately had little success (and little chance of success from the outset) in removing or deterring ticket sales on the secondary market at grossly inflated prices due to the lack of an effective and enforceable legislative framework.

Cricket Australia

Multiple tickets for the first day of the Ashes Test in Sydney on 3 January 2014 were being offered for sale at \$350.00 on eBay. These tickets were on sale on ticketek.com for \$130.00.

In fact, during the 2013/14 Ashes series Cricket Australia handled a significantly increased number of cases of people arriving at the on-site box office at the SCG, or contacting Cricket Australia directly, and enquiring as to the whereabouts of the ticket they had purchased. And this is particularly regular in scenarios like this where each of the first three days of the Sydney test were sold out events.

In such circumstances, it falls to Cricket Australia (and not the unauthorised on-seller) to advise the consumer that no ticket actually exists or that it has been cancelled. For cricket matches that are “sold out”, these occurrences are becoming more frequent and difficult for the individual customer, venue, promoter and ticketing agent.

There are also increasing cases of multiple people trying to access the same one seat, in circumstances where ticket scalpers are on-selling the same ticket/s to multiple buyers.

Fair Trading Amendment (Ticket Reselling) Bill 2014

COMPPS sports were first engaged by the government in September 2012 on the issue of ticket scalping and two years later the *Fair Trading Amendment (Ticket Reselling) Bill 2014* is on the cusp of becoming law. The legislation is needed to protect sports fans from price gouging and fraud that has unfortunately been witnessed in the secondary ticket marketplace. It is also important that sports are allowed to enforce the ticket terms and conditions, as we bear considerable risk in staging major events.

We welcome the fact that section 59(2) of the Bill requires that anyone reselling tickets to a sporting event held in NSW must specify the ticket number, bay number, row number and seat number of the ticket if the ticket has been issued and includes such numbers. In addition we support the complementary section 59(5) requiring the advertisement to contain a photograph of the ticket that clearly shows any ticket number, row number and seat number, but not show any barcode on the ticket.

This delivers the additional proof that we consider necessary to prevent ticket-sellers from providing false information. It is important that simple and sensible protections are put in place for the consumer from any unscrupulous operators in the secondary ticket marketplace.

Furthermore section 60 of the Bill provides a reasonable framework for secondary market operators to function within, whereby they are required to take reasonable actions to protect their customers from the practices of unscrupulous on-sellers.

In circumstances where a ticket holder cannot attend a sporting event and needs to resell their ticket, we support their right to do so and to not be out of pocket. Section 59 (6)(b) of the Bill allows for a ticket to be resold at or below the price (not including any booking fee or other transaction cost) at which the ticket was offered for sale by, or on behalf of, the organiser of the event to which the ticket relates. We understand there is some concern this provision would not allow a ticket holder who genuinely cannot attend an event and is looking to resell their ticket to recoup the costs associated with the purchase of the ticket. This is an area in which as indicated, COMPPS would be prepared to accept a compromise, which would allow the reseller to recoup the cost of the booking fee.

However, we will not support the practice of tickets being re-sold in the secondary market at grossly inflated prices many sports fans simply cannot afford, by people who have no intention of ever attending the event.

The Bill being considered by the Committee, if enacted, can become a best practice model that other jurisdictions will follow across Australia, and we have every confidence it will be.

Conclusion

Each of the sports takes the issue of ticket scalping very seriously. We support these reforms because it empowers the individual sports to take action and provides fairness for consumers. Put simply, these reforms put New South Wales sports fans first.

Representatives of COMPPS and its members are available to consult with Government or other stakeholders regarding these matters.

Signed for and on behalf of the COMPPS' Members.

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