

**THE COALITION OF MAJOR PROFESSIONAL AND PARTICIPATION SPORTS  
INCORPORATED**

**SUBMISSION CONCERNING TICKET RESELLING IN RESPONSE TO THE  
TREASURY'S CONSULTATION REGULATION IMPACT STATEMENT OF NOVEMBER  
2017**

**15 DECEMBER 2017**



## INTRODUCTION

COMPPS consists of the following organisations:

- Australian Football League (**AFL**);
- Cricket Australia (**CA**);
- Football Federation Australia (**FFA**);
- National Rugby League (**NRL**);
- Netball Australia (**NA**);
- Rugby Australia (**RA**); and
- Tennis Australia (**TA**).

These sports play a huge role in developing, promoting and presenting sport in Australia from the grass roots through to the international level. They are not-for-profit bodies and are responsible for the long-term development and sustainability of their sports.

Each of these organisations is the governing body and custodian of a major professional sport in Australia. They are mass participation sports - between them, they have over 9 million participants and 16,000 clubs.

COMPPS members provide a wide range of public benefits through a self-funding business model. A large portion of the revenue of COMPPS members is devoted to enhancing, promoting and developing sport for all Australians both at national and 'grassroots' level.

We welcome the opportunity to provide this submission to the Commonwealth Department of the Treasury in response to its regulatory impact assessment of Ticket Reselling in Australia.

## BACKGROUND

The COMPPS Members are the most significant stakeholders in the Australian sports community in relation to ticket scalping and reselling. As noted in the Executive Summary to the Request for Feedback and Submissions, attendance at live sporting events in Australia in 2016 was around 17.3 million, slightly less than the reported figure of 18.78 million tickets for live performances excluding sporting events.

The bulk of the attendance at these events is for events conducted by the COMPPS' members, each of which 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.

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 sport's fans and members.

Each sport runs events where, on occasion, demand exceeds supply, giving scalpers the opportunity to enter the scalping and reselling market.

Events are a major part of each sport and these events generate significant revenue for them through the sale of media rights, sponsorship and gate receipts. As each sport is not-for-profit, surplus revenue is distributed across the sport to support its growth and development, often to grassroots and participation programs.

Each of the sports takes the issue of ticket scalping very seriously, including protecting the integrity of their events and the fans and consumers that attend them, and we therefore share the Treasury's policy objective of reducing consumer detriment. We have made several submissions to State governments and other interested parties in recent years. We seek legislative, regulatory and enforcement solutions that empower the individual sports to take action to prevent ticket scalping on their events and to provide workable, effective and equitable solutions to reselling of tickets.

In summary, our position is as follows:

- we are opposed to scalping and profiteering, for example where tickets are placed on the secondary market for multiple times the original retail price;
- we are not opposed to the authorised reselling of tickets, for example where a consumer's circumstances change;
- we are not opposed to reselling of tickets at face value, plus reasonable transaction costs;
- we support the provisions of the NSW Fair Trading Amendment (Ticket Scalping and Gift cards) Act 2017, including the imposition of a maximum reselling price of 110% of face value;
- we seek improved information disclosure requirements for tickets that are being offered for resale so that they need to contain certain information about the ticket (e.g. bay, seat and row numbers, as well as the original sale price);
- we support a prohibition on advertising, or hosting advertisements, for tickets that breach these terms;
- we support a prohibition on using software, e.g. ticket bots, that circumvent the security features of a ticket-selling website;
- we support the event organiser retaining the ability to cancel a ticket where the terms and conditions are breached, for example where a ticket has been resold at grossly inflated prices or where there is evidence a ticket has been resold multiple times to different parties;
- we seek and support legislation that is consistent, effective, simple and national.

## 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 them. This includes but is not limited to the NRL Grand Final, NRL State of Origin matches, Test Cricket and One-Day International Cricket matches, International and A-League Football matches, the AFL Finals Series, the Australian Open Tennis Championships, the Bledisloe Cup matches and Netball World Cup matches.

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 premium content so that it can fund grassroots participation programs and elite pathways development programs, whilst ensuring accessibility for 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 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 or city, the venue 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.

The Sports can provide many documented examples of ticket scalping if required.

## THE NSW ACT

The Fair Trading Amendment (Ticket Scalping and Gift Cards) Act 2107 (the NSW Act) is a positive step in the right direction. We suggest that it provides a template for other jurisdictions including a national legislative framework.

The NSW Act Prohibits the resale of tickets for an amount that exceeds the original acquisition cost of the ticket. The original acquisition cost is defined in the Bill as the cost for which the ticket was first sold (the face value or original supply cost), plus any transaction costs not exceeding 10% of the amount for which the ticket was first sold. Transaction costs include booking fees, credit card surcharges, ticket delivery fees and the like.

It also prohibits advertising for the sale or supply of a ticket for an amount that is more than 110% of the original supply cost (the 'face value') of the ticket. This is in contrast to the acquisition cost limit prescribed for ticket resale. This recognises that it is difficult for advertisers to estimate the exact transaction costs related to each ticket purchase. Advertising publication owners (such as ticket resale websites) must ensure that prohibited advertisements are not published and, in the event that they are, to be removed as soon as practicable after they become aware that they are prohibited. The proposed laws also require publication owners to take other reasonable steps in the circumstances to ensure no prohibited advertisement is published. Reasonable steps in the circumstances may vary in each case as some advertisers might be held to a higher standard than others.

The NSW Act voids any ticketing condition that invalidates or cancels a resold ticket where the ticket was resold for no more than the acquisition cost. It acknowledges that there are legitimate reasons for a consumer to on-sell event tickets such as unforeseeable changes in circumstances. The effect of this reform is that consumers who hold a resale ticket should not be denied entry to an event purely on the basis that they hold a resale ticket.

Unfortunately, the NSW reform does not address fraud, where scalpers sell the same ticket multiple times to different consumers. This is a significant problem for the sports as they end up seeking to deal with several customers who have sought to buy the ticket in good faith and find that they are refused access to the venue. We would welcome further action to address this issue.

We support the provisions that increase transparency in the secondary market by requiring advertisements for tickets in the resale market to specify the original supply cost as well as the details of the location from which the ticket holder is authorised to view the event. This would include, for example, any bay, seat or row number on the ticket, as well as admission type (such as 'general admission').

The NSW Act also prohibits the use of ticket-buying 'bots' to bypass the security measures of a ticketing website in order to purchase tickets in contravention of the website's terms of use. Banning this type of technology and including a regulation making authority so that new technologies can be banned in future is an important mechanism to protect fans from the increasing prevalence of 'bots' being used to purchase tickets for major events and almost instantaneously placing them on the secondary ticket market at inflated prices.

COMPPS supports these measures and would encourage other State Governments and the Australian Government to adopt the NSW Government's legislation.

## **POLICY OPTIONS**

COMPPS notes that the Treasury's Consultation Regulation Impact Statement in relation to Ticket Reselling in Australia considers five policy options to achieve its stated policy objective to reduce consumer detriment in the secondary ticket market – an objective we share.

In relation to each of the specific policy options, COMPPS' positions are summarised below:

- **Option 1** – we do not support maintaining the status quo. The fact that ticket scalping remains a significant issue faced by sports fans trying to access major events is an indication that the current legislative framework is not offering sufficient protection to consumers. COMPPS does however offer in principle support for Government efforts to develop a consumer education campaign to warn consumers of the risks of participating in the secondary ticket market, noting that fraud is a significant and concerning issue on the secondary market for many events staged by COMPPS members.
- **Option 2** – we do not support a prohibition on ticket reselling – such a prohibition would be to the significant detriment of consumers and event organisers.
- **Option 3** – we support restricted reselling where ticket reselling would be restricted to selling the ticket at the face value plus a ten per cent premium to enable the primary purchaser to recoup any transaction costs. The restricted selling should be limited to secondary markets that are authorised by the event organiser.
- **Option 4** – we support improved information disclosure requirements for ticket resellers that would require ticket resellers and by extension, ticket reselling platforms, to disclose certain information when reselling tickets in the secondary ticket market, including that they are an authorised reseller, and information about the ticket itself, such as the face value, location within the venue and any restrictions associated with the ticket. Further, we would support a prohibition on advertisements that do not comply with these disclosure requirements.
- **Option 5** – we support a national ban the use of ticket-buying bots.

**CONCLUSION**

The sports take ticket scalping and unauthorised reselling very seriously.

We welcome the opportunity to make this submission and are available for further consultation if required.

Yours sincerely

A handwritten signature in black ink, appearing to read 'MS', written in a cursive style.

**Malcolm Speed AO**  
**Executive Director**