



10 September 2014

State Development, Infrastructure and Industry Committee
Queensland Parliament
Parliament House
Brisbane QLD 4000
Email: sdiic@parliament.qld.gov.au

Dear Committee

I am writing to you in relation to the Queensland Major Events Bill 2014 (Bill), specifically regarding Clause 31 of the Bill in relation to resale of tickets.

While this Bill extends provisions already contained in the *Major Sports Facilities Act 2001* (Act), and goes beyond the deemed venues in the Act, eBay still has concerns regarding the Bill.

eBay does not consider that ticket sales for sporting events, concerts or similar, whilst popular and sought after, should be regulated, restricted or prohibited.

The majority of ticket sales on ebay.com.au are consumer-to-consumer sales, with 97% of all ticket sales involving consumer-to-consumer sellers. The entire tickets category for ebay.com.au constitute less than one percent of all sales in a given year.

Tickets should be treated like any other consumer good which can be transferred or on-sold.

Many of eBay's concerns was made in its submission to the 2014 Australian Senate Inquiry, some of those points have been made again in this submission.

Selling tickets on eBay

eBay is an online marketplace bringing buyers and sellers together. In Australia we have more than 7 million unique visitors every month. eBay itself does not sell tickets.

eBay is a customer focused company and has a genuine interest in the views of its large consumer base. Our views in relation to the resale of tickets are also well informed by the experiences and constructive dialogue with regulators and ticket issuers that eBay has had in other countries.

eBay shares concerns by the Queensland Government that we should do all we can to ensure tickets get into the hands of genuine fans, particularly for major events. However, there are different ways to achieve that goal.



As you may be aware eBay has the following processes in place to help ensure a safe, secure and transparent platform for transactions that its consumers conduct on eBay:

- **Combating fraud.** Trust and safety teams to investigate instances of fraud;
- **Dispute resolution.** Customer support staff to offer dispute resolution when those instances arise;
- **Seller ratings.** Sellers on the eBay platform receive ratings and feedback from buyers in a transparent manner.

Data relating to ticket sales on ebay.com.au

When a ticket to a popular event is advertised at a significant premium on ebay.com.au, this attracts significant publicity, even if the tickets do not ultimately sell. This misrepresents ticket sales on ebay.com.au. It is important to identify the distinction between actual ticket prices achieved by sellers, as compared with the advertised ticket prices, and then consider the overall picture rather than focusing on one-off sales taking place through eBay.com.au. It is also misleading to simply compare the resale cost to the original face value of the ticket, without considering the (typically) considerable surcharges and other additional costs like postage/packaging costs that the promoters have added to the primary market ticket sale, above and beyond the face value of the ticket.

Further on ebay.com.au sometimes ticket listing result in no sale at all. This means that, although the seller may have advertised the tickets for a price above face value, they may not have actually attained such prices from buyers, or in fact any sale at all. Those sellers who could not sell their unwanted tickets, or return them to the original ticketing agency for a refund, were actually out of pocket. eBay contends that this issue impacts far more consumers than the instances where tickets are resold at a price above face value.

It is not uncommon for the sale price achieved on eBay.com.au to be lower than the true cost of the original purchase, being both the face value and the add-on costs such as booking and delivery fees. Examples of recent events where the price on eBay.com.au for equivalent ticket categories was below the actual price charged to the original ticket purchaser in the primary market for the same category of ticket included:

- NRL Grand Final 2013
- Justin Bieber concerts Australia, 2013

For the NRL 2013 Grand Final, contrary to belief that most tickets listed at that price are sold, 30 percent of tickets listed were not sold on eBay.com.au.¹ There were many instances where South Sydney fans who purchased tickets prior to the semi-finals, had sold their tickets below cost price as their team did not make the Grand Final. They often were resorted to go to the secondary market to recover some funds from their ticket as the opportunity for refunds ended prior to the semi-final.

According to media reports, consumers on eBay and Gumtree were selling tickets below cost price with many offering "two for the price of one" deals. One seller, by the screen name of brian_bloodaxe, offloaded

¹ eBay internal data



two platinum tickets worth \$570 for just \$226.50.² Of the tickets that did sell, around 60% were from auction, and around 40% were fixed price.

For Justin Bieber concerts in Australia in 2013, 29.7% of tickets listed were not sold.³ It was reported that C reserve tickets for Bieber's Brisbane concert were selling for \$54 on viagogo, almost half the \$100.25 the ticket was bought for on Ticketek. A reserve tickets at his Melbourne concert were going for \$65.56 - that same ticket was selling for \$145.60 on Ticketek. In Sydney, a multitude of A reserve tickets were going for \$83, while on eBay.com.au tickets with a starting price as little as \$50 had been unable to attract a single bid with just a few hours remaining on the auction.⁴ Of the tickets that did sell, around 42% were from auction, and around 58% were fixed price.

For these events, many consumers suffered loss as a result of being unable to return their tickets for refund to the ticketing agent. Had they been unable to resell them they would have suffered more loss.

The primary and secondary ticket market

The parties with the most to potentially to gain from regulation of the secondary ticket market is the primary market. The primary market often control tickets, prices and supply. Any regulation of resales will assist them to do this but may not be in consumers' interests.

The existence of a secondary ticket market helps to create competitive pressure on the primary ticket market. The competition and transparency posed by new market entrants, actually prompt the primary market to design new and more efficient means of ensuring fans can get hold of tickets in the first place. If such competitive pressures were removed or reduced through regulation, the already-limited options available to consumers would be further reduced, and the incentive to innovate and improve services in the primary market would greatly diminish.

The Australian ticketing industry is made up of a number of companies, the two major players selling sports, concert and theatre tickets are Ticketek and Ticketmaster.

It is estimated that the total ticketing market generates annual ticket sales of about \$2 billion, and it is estimated both Ticketek and Ticketmaster have around 80% market share.⁵

According to a survey eBay commissioned with Newspoll⁶, the vast majority of consumers bought their ticket via an official ticketing agency (i.e. Ticketek or Ticketmaster): 68% for sporting events and 75% for concert.

² Eamonn Duff, Andrew Webster, Seats left empty as Bunnies bolt for home, The Sydney Morning Herald, October 6 2013, <http://www.smh.com.au/rugby-league/league-news/seats-left-empty-as-bunnies-bolt-for-home-20131005-2v0xh.html>

³ eBay internal data

⁴ News.com.au, Justin Bieber: The concert no one wants to go to anymore, November 18, 2013,

<http://www.news.com.au/entertainment/music/justin-bieber-the-concert-no-one-wants-to-go-to-anymore/story-e6frfn09-1226762423759>

⁵ Adele Ferguson, CVC looks to Ticketek sale to trim debt, The Sydney Morning Herald, March 6, 2012,

<http://www.smh.com.au/business/cvc-looks-to-ticketek-sale-to-trim-debt-20120305-1uefb.html>

⁶ Newspoll survey conducted online over the period 26-29 September 2013, among a national sample of 1213 respondents aged 18 to 64.



Other places where consumers could purchase tickets include fan clubs, stadium memberships and other avenues.

There has been criticism directed at the primary ticket market regarding its distribution of tickets.

Problematic primary distribution practices include:

- **Underpricing:** tickets made available at a price deliberately below market value to achieve a sell out event and secure artist commitment to touring.
- **Pre-sales and Sponsorship allocations:** tickets made available for priority purchase through presales are often based on arrangements with third party partners that fail to give real priority access to genuine fans.
- **Corporate and Hospitality Package Allocations:** Promoters regularly hold back significant volumes of tickets for corporate interests, sponsors and hospitality packages, resulting in a significant reduction in tickets that the general public can access in the first place.
- **Failing to identify purchasers and effectively limiting the number of tickets per purchase:** Failing to pre-qualify/identify purchasers and/or impose limits on the number of tickets that any individual can purchase in the primary tickets market causes concern. Some promoters also impose caps but fail to set-up systems to enforce the measures effectively.
- **Poor timing of ticket sales:** It is common practice that all publicly available tickets are dumped onto the market simultaneously, usually at 9am AEST on a Monday morning, causing phone lines and Internet sites to collapse under the pressure. Early sales of tickets to events – in particular, major finals (in some cases before the teams are even known) so far in advance of the event – also generate unwanted tickets.

Australian examples where this may have occurred is Rugby's Lions Tour of Australia in 2013 which reportedly sold out in 15 minutes⁷, and Manchester United vs A Leagues stars (football) in 2013.⁸

International examples include Justin Bieber's Nashville show in February 2013, only seven per cent of tickets to the show were available to purchase at the general sale, meaning 93 per cent of tickets had already been set aside for other partners.

At Taylor Swift's US concerts, just 15 per cent of tickets were available at the advertised on-sale date. For Miley Cyrus' Hannah Montana tour, the numbers were similar, about 15 to 20 per cent.⁹

The secondary market is different however, it is estimated that the secondary market is 5% of the primary market.¹⁰

⁷ Rupert Guinness, Megan Levy, Long-awaited Lions tour sells out in 15 minutes, The Sydney Morning Herald, February 19, 2013, <http://www.smh.com.au/rugby-union/lions/long-awaited-lions-tour-sells-out-in-15-minutes-20130218-2eng9.html>

⁸ Megan Levy, Fans disunited as supporters accuse Ticketek of own goal, December 12, 2012, <http://www.smh.com.au/sport/football/fans-disunited-as-supporters-accuse-ticketek-of-own-goal-20121212-2b8w3.html>

⁹ Why you cant get a ticket to your favourite concert, News.com.au, May 3 2013, <http://www.news.com.au/entertainment/music/why-you-cant-get-a-ticket-to-your-favourite-concert/story-e6frfn09-1226634119343>



The Australian market also has more competition in the secondary market, including Showbiz, Viagogo, Facebook, Localbroker, Gumtree, My Tickets, Seatwave and others.

In addition, primary ticket companies like Ticketmaster have TM+ system, which allows for tickets to be re-sold on the Ticketmaster website. In effect becoming a player in the secondary market as well.

The high concentration in the primary ticket market has attracted scrutiny.

In 2010, the Australian Competition and Consumer Commission (ACCC) took action against Ticketek, having investigated its treatment of discount-ticketing retailer Lasttix.

In December 2011, the Federal Court imposed a penalty totalling \$2.5 million on Ticketek, finding that on four separate occasions Ticketek engaged in conduct with the anti-competitive purpose of deterring or preventing Lasttix from supplying its services. In declaring the conduct had contravened the Act, Justice Bennett said:

*"The four incidents comprising the conduct were not accidental. They each arose due to a deliberate decision and, apparently reflected a policy or practice not limited geographically within Australia. The conduct was engaged in by both lower level employees and by more senior management."*¹¹

Effectiveness of current legislation

In 2010 the Commonwealth Consumer Affairs Advisory Council (CCAAC) reviewed ticket onselling and its impact on consumers. Following the review the Council reported that the volume of on-selling tickets is exaggerated.

Their research showed that most reselling is being done by legitimate fans offloading tickets that can no longer be used, and they were not doing it as a business. As a result, the Council recommended to Treasury that there is no need to bring in laws to regulate the ticket onselling market as current laws are adequate.

In 2014, the Australian Senate Inquiry into Ticket Scalping concluded: **"the committee looking into the matter doesn't see the need for any further regulation."**¹²

Australia also has comprehensive, easily accessed and regularly used consumer protection laws and regulations at Federal and State levels - the Australian Consumer Law. These laws can be leveraged to ensure that consumer interests are protected in the primary market, which is where eBay submits the majority of issues arise and also is the only place they can be practically addressed.

¹⁰ ACIL Allen Consulting submission, Senate Inquiry into Ticket Scalping, February 2014,

http://www.apf.gov.au/Parliamentary_Business/Committees/Senate/Economics/Ticket_scalping_2013/Submissions

¹¹ <http://www.accc.gov.au/media-release/ticketek-pty-ltd-penalised-25-million-for-misusing-its-market-power>

¹²

http://www.apf.gov.au/Parliamentary_Business/Committees/Senate/Economics/Ticket_scalping_2013/Report/~media/Committees/Senate/committee/economics_ctte/ticket_scalping/report/report.pdf



Australian Consumer Law

There are a number of provisions under the Australian Consumer Law (ACL) which are relevant to the regulation of the ticket industry.

These include:

- (a) the misleading and deceptive conduct provisions (sections 18 and 29). These provisions prohibit both primary ticket sellers and ticket resellers from making misleading statements about the tickets they are selling;
- (b) the unconscionable conduct provisions (sections 20-22 of the ACL). The unconscionable conduct provisions prevent ticket sellers from taking advantage of vulnerable consumers;
- (c) the provisions regarding unfair consumer contracts (sections 23-28 of the ACL). The unfair contract provisions should work to limit the ability of ticket sellers and resellers from including terms in their contracts which are excessively burdensome on consumers;
- (d) the consumer guarantees (sections 51-59 of the ACL). The consumer guarantees are designed to ensure that consumers get the item that they paid for.

There is scope for regulators to take more action against ticket sellers and resellers utilising the existing ACL provisions (as an alternative to implementing a completely new federal regulatory regime in respect of tickets).

eBay submits that the ACL provides a sufficient consumer protection mechanism at the federal level. The CCAAC in 2010 supported this view. It found that the existing regulatory framework in Australia, made up of generic consumer protection laws and supported by enhanced protections under the ACL, was adequate to protect consumers from unfair trading practices in relation to ticket onselling and therefore that consumer protection regulation specific to the industry was not required.

Further, each State in Australia has different legislation in dealing with ticket onselling, these include Victoria, New South Wales, and South Australia.

International regulatory experience

Overview

Many regulatory options have been explored in Australia and overseas to attempt to restrict or prohibit the resale of tickets in an attempt to curb ticket onselling. eBay has expressed its concerns that regulation is likely to have the effect of pushing ticket resales underground, thereby depriving consumers of the protection and visibility offered by transparent mechanisms such as some online marketplaces.

Regulation has also had other serious, unintended consequences including: reducing the availability of and access to tickets; driving up pricing; impacting consumers' privacy and personal security; and causing inconvenience to fans when tickets are cancelled or when they are unable to obtain a refund, transfer, onsell



or otherwise recoup the cost of tickets which they are unable to use.

Attempts to regulate the secondary tickets market have not been effective in reducing scalping and protecting consumer's interests; which is why many jurisdictions in the United States have been moving towards deregulation of the market, rather than regulation.

The primary ticket market should be the focus of any review and reform, as improving primary distribution practices is the only practical way to minimise or eliminate opportunities for scalping to occur in the first place.

Regulation of the secondary market alone fails to address the root causes of ticket onselling

It is both inevitable and desirable that a secondary ticket market exists to some extent. Some of the factors that determine the scale of the secondary market, other than supply and demand and the proportion of tickets initially made available to genuine fans in the primary tickets market, include:

- how far in advance of the event tickets go on sale;
- the inevitability that not all people who purchase tickets will be able to or continue to desire to attend the event and may want to transfer their tickets to other people;
- that some people will not want or be able to spend time (and potentially take time off work and forgo income) seeking tickets when they initially go on sale in the primary market; and
- that others will not decide to attend an event until close to the event.¹³

A report by OSKR LLC in 2010 found that in markets with laws restricting the resale of tickets, the resale prices of tickets in those markets were actually higher (due to lack of transparency), whereas in those places where there were no such laws, the prices for the re-sale of tickets remained steady.¹⁴

Pricing regulations in the secondary market are ineffective and fail consumers

Independent economic studies in fact support the view that laws prohibiting ticket resales actually reduce supply and drive up prices¹⁵, whereas legitimised onselling can increase competition and keep prices low bringing benefits to consumers.¹⁶ One explanation offered is that tickets sold on the eBay marketplace have competing prices available as a means of price comparison and that the competition created by multiple sellers means prices adjust to what the market will bear.¹⁷

¹³ Jasmin Yang, *A Whole Different Ballgame: Ticket Scalping Legislation and Behavioural Economics?* Vanderbilt University, *Journal of Entertainment Law and Practice* 111 (2004-2005) <http://law.vanderbilt.edu/publications/journal-entertainment-technology-law/archive/download.aspx?id=1757> at 26 July 2010.

¹⁴ Daniel A. Rascher & Andrew D. Schwarz, "Paperless Ticketing" and its Impact on the Secondary Market: An Economic Analysis, OSKR LLC, December 2010

¹⁵ For example Elfenbein, *Do Anti-Ticket Scalping Laws Make a Difference Online? Evidence from Internet Sales of NFL Tickets*, June 30, 2006.

¹⁶ For example, P County, *Some Economics of Ticket Resale*, *Journal of Economics Perspective*, Spring 2003.

¹⁷ Live Performance Australia, *Ticket Scalping Discussion Paper* Australian Entertainment Industry Association, dated December 2006, page 9.



Other studies also show that markets which restrict on-line trading end up significantly pushing up prices on resold tickets. The emergence and power of exclusive licensed or "authorised" dealers in such markets is considered to be a contributing factor.¹⁸

Consumer Issues

In independent research commissioned by eBay conducted nationally by leading research company Newspoll¹⁹, found:

In terms of ticket distribution:

- 8 in 10 respondents think there should be more tickets available for the general public and less for corporations and sponsors.
- 76% of respondents think the event organiser should not sell tickets in bulk so tickets do not fall into the hands of scalpers.

In terms of reselling or buying tickets on the second-hand market :

- 81% of respondents think that if they had a ticket to a sporting event, concert or other event that they could no longer use then they should be allowed to resell it.
- 76% of respondents agree that they should be able to get a refund if they can no longer attend an event for legitimate reasons (73% said that individuals selling spare tickets if they are no longer able to attend, is not the same as ticket touting or scalping).

Other findings of the survey included:

- 80% of respondents agree that ticket distributors have too many surcharges and additional fees;
- 75% of respondents said that the number or percentage of tickets available to the general public should be disclosed publicly by the ticket distributor;

These statistics demonstrate that consumer concerns focus on measures to be implemented to make the primary ticket market more transparent, and that there is benefit in the secondary ticket market.

A major area of consumer concern is the issue of ticketing surcharges in the primary market.

For example, a Sydney Festival event, the Dido & Aeneas seat was \$55, but after selecting the number of tickets a transaction of \$6.50 was applied, a 12 percent markup on the \$55 ticket. The same flat fee is

¹⁸ Kevin Haskett (2008): Estimating the Consumer Benefits of Online Trading," , Mimeo, page 25

¹⁹ The survey was conducted online, over the period 26-29 September 2013, among a national sample of 1213 respondents aged 18 to 64.



applied for more expensive tickets. On the Ticketmaster website that same event a handling fee of \$7.95 applies per transaction.²⁰

According to CHOICE's website:

"...fans who bought tickets in 2012 through Ticketek for Jack White's Sydney show had to pay a \$7.60 charge for a ticket they were sent as an email attachment and had to print themselves. To top it off, they had to pay a credit card surcharge as well.

Those buying tickets from Ticketmaster to The Nutcracker on Ice in Melbourne in late 2012 were in the same boat – a \$7.15 handling charge is levied even at those who elect to print their own tickets, and is revealed only at the very end of the booking process."²¹

In 2012, Ticket and Ticketmaster were recipients of CHOICE's Shonky Awards.²² The Shonky awards shine a spotlight on products and services that are sneaky, slippery, unscrupulous and sometimes unsafe. While Shonky award winners may not be breaking laws or breaching regulations, "CHOICE believes that consumers deserve better products and services, and the 2012 lemons are ripe for the Shonky picking."²³

The Shonky award was for:

"over-the-top and inescapable fees applied when purchasing tickets to an event or concert. The price of the additional fees depends on the ticket company, venue and the performer however examples include a \$9.50 handling fee or \$5.20 to receive an email ticket to print at home; \$7.60 to pick up the ticket up from the venue; \$5.60 to have the ticket sent via SMS; \$11.10 to have the ticket sent via registered post, or \$7.60 to have the ticket delivered by regular mail. Add a 1-3% credit card surcharge on top of that."²⁴

Recommendations

eBay is opposed to the introduction of ticket onselling legislation.

eBay recommends the consideration of other options, including focusing on the primary ticket market by requiring ticket promoters to:

- **Stagger ticket releases**, for example by releasing tranches to fans within fanclubs first;
- **Limit the number of tickets a person can purchase** (these numbers vary for different events);

²⁰ Steve Dow, The Sydney Morning Herald, Ticket Price Gouging taking consumers for a ride, January 20 2014, <http://www.smh.com.au/entertainment/sydney-festival/ticket-price-gouging-taking-consumers-for-a-ride-20140117-3102w.html>

²¹ <http://www.choice.com.au/reviews-and-tests/money/shopping-and-legal/shopping/ticket-pricing/page/booking-and-postal-charges.aspx>

²² CHOICE Media Release, Tuesday 30 October 2012, 2012 CHOICE SHONKY'S AWARDS

²³ CHOICE Media Release, Tuesday 30 October 2012, 2012 CHOICE SHONKY'S AWARDS

²⁴ CHOICE Media Release, Tuesday 30 October 2012, 2012 CHOICE SHONKY'S AWARDS



- **Increase transparency on the primary ticket market**²⁵, so consumers are made aware how many tickets are being made available to the public and fan clubs, as opposed to corporate sponsors, VIPs, promoters and credit card companies.
- **Reduce ancillary costs** associated with primary ticket purchases (and thereby reducing overall ticket cost). Currently consumers have to pay handling fees; printing ticket fees; collection from venue fees; SMS fees; postage fees; and credit card surcharges; (all of which they are keen to recoup if unable to attend the event);
- **Provision of refunds**, promoters should provide more extensive rights to refunds. Most other sellers of goods and services provide refunds for unused goods. Even in instances where consumers can purchase ticket insurance, they often have many conditions and caveats.

In addition eBay recommends:

- **Conducting further research** into this area and seeking consumer views regarding the re-sale of tickets; and
- **Examining the secondary ticket market, particularly international jurisdictions** such as the US and the UK, where viable economic arrangements exist between sporting clubs and ticket promoters, and the secondary market, ultimately benefiting consumers and all parties.

Further, current provisions in the ACL are sufficient to address concerns raised by the Bill Clause 31.

Thank you for the opportunity to comment on the Bill.

Yours sincerely

Sassoon Grigorian
Director of Public Policy, Asia Pacific

²⁵ The Australian Senate Inquiry into Ticket Onselling 2014 stated: “*The committee notes particularly the desirability of having greater transparency in the way in which tickets are issued and distributed.*”