



**SUBMISSION TO
ECONOMICS REFERENCE COMMITTEE
ON TICKET SCALPING IN AUSTRALIA**

The AIMIA Digital Policy Group (DPG) welcomes the opportunity to provide input on the important matter of ticket scalping in Australia to the Senate Economics Reference Committee (the Committee).

Before we address this issue specifically we would like to outline the benefits and scale of the digital industry in Australia.

Contribution of the Digital Industry to Australia's Economy

The digital industry makes a significant contribution to Australia generating significant consumer and economic benefits.

The Australian digital economy directly contributed \$50 billion or 3.6 per cent of DPG economy in 2011 and this contribution is expected to increase by at least \$20 billion over the next five years to \$70 billion¹.

The digital economy also provides significant consumer benefit.

The Australian Communications and Media Authority (ACMA) recently advised that

"The digital economy is important to most Australians with almost three quarters of the adult population believing that the internet has improved their day-to-day lives."²

The table below quantifies the benefits that the Internet provides to Australian consumers.

How the internet benefits households³

Benefit	Description	Annual Value
Search	The internet is a far more efficient search tool than anything available prior to its development. Although Australians do not devote a large proportion of their time on the internet to searching the amount of time saved in acquiring information is substantial	\$7bn
Variety	Prior to the availability of the internet, consumer purchases were largely restricted by physical location. The internet opens markets up to consumers that were not previously available. The increased variety available to consumers from the internet holds significant value in itself, while the increased competition also reduces prices in a number of markets.	\$16bn

¹ The Connected Continent: How the internet is transforming the Australian economy, Deloitte Access Economics, August 2011
https://www.deloitteaccessconomics.com.au/uploads/File/DAE_Google%20Report_FINAL_V3.pdf, pages 1 and 2

² Australian Communications and Media Authority, Communications report 2011-12 series, *Report 2 – Australia's progress in the digital economy Participation, Trust and Confidence*, page 1

³ The Connected Continent: How the internet is transforming the Australian economy, Deloitte Access Economics, August 2011
https://www.deloitteaccessconomics.com.au/uploads/File/DAE_Google%20Report_FINAL_V3.pdf, page 24

Convenience	This category captures the reduction in time it takes to perform various household chores, for example the added convenience of online banking and using the internet to pay bills, and submit forms and other government communications.	\$8bn
Recreation	Consumers spend a considerable amount of their leisure time on the internet. This category places a value on the time Australians spend on recreational activities on the internet, such as browsing, using social media, and other forms of communication with friends and relatives.	\$22bn.

The internet provides savings and efficiencies for individuals and increases their wealth in real terms. It frees up money that previously would have been spent on conducting such transactions as making payments. For example before the internet individuals bore additional costs in terms of time and or perhaps petrol for the car to travel to the post office to pay a bill, paying \$100 for a jumper that can now be purchased for \$50 etc. What this means is that consumers are able to spend the money that they save on other goods and services (including entertainment and consuming related content).

Essentially these efficiencies improve wealth, make us more prosperous and have the potential to drive further economic growth.

From a global perspective, the OECD recently reported that in the face of significant global negative economic growth since 2009, industries associated with the internet have remained resilient and displayed growth in the same period.

Ticket Scalping in Australia

There is very little evidence that the levels of ticket scalping justify regulatory intervention.

As the committee will be aware, the Commonwealth Consumer Affairs Advisory Council (CCAAC) reviewed ticket on-selling in 2010 and its impact on consumers.

Following the extensive review the Council reported that the volume of on-selling is exaggerated. As a result, the Council recommended to Treasury that there is no need to bring in laws to regulate the on-selling market as current laws are adequate. We agree with that view.

Reselling of tickets online enables consumers to recover some of their expenses in the event that the consumer cannot or no longer wants to attend the event for a myriad of reasons including:

- Their favourite team no longer playing at the event
- Unexpected work or family commitments
- illness

Reselling tickets online is the equivalent of finding a friend, family member or colleague to pay for the tickets only it gives the consumer a much greater chance of finding someone who is interested in the particular event and available at that time. It provides

consumers with a better chance of recovering part, all or even more than their original outlay (dependant on demand for that particular event).

The current situation with respect to tickets being non-transferrable and there being no ability for consumers to recover their expense is an inflexible business model that evidences the substantial market power that is balanced against the consumer.

This situation points to ineffective operation of the ticket market as a result of long standing monopoly powers that are vested with event promoters and ticket sellers that are operating to the significant disadvantage of consumers.

Attempts to prevent reselling of tickets, including providing event promoters with the ability to cancel on-sold tickets will only disadvantage consumers further and likely have very limited impact on the minimal number of ticket scalpers.

The DPG suggests that it is beholden on event promoters and ticket sellers to search for and develop better business models that better meet the needs of the consumer and to consider how they should responsibly exercise their significant market power in this area.

The DPG also notes that Australia currently has an inconsistent approach to scalping with varying laws in Queensland and Victoria and yet another, different, law being proposed in New South Wales. Whilst this may lead to the conclusion that a national scheme may be more desirable it is important to note that there is little evidence to show that any type of ticket scalping laws are effective. Rather there is significant evidence to the contrary that demonstrates that ticket scalping laws are ineffective and enforcement is problematic and resource intensive.

The DPG submits that the Committee should, in its consideration of whether ticket scalping laws are required, determine whether:

- a) there is conclusive evidence of there being a significant issue with respect to ticket scalping as opposed to genuine ticket reselling
- b) ticket scalping laws offer an effective solution or whether other non-regulatory solutions are available and more desirable
- c) what impact ticket scalping legislation will have with respect to the already significant market power held by various parties in the event promotion and ticket sale industry and what consumer detriment may arise as a result of new statutes that reinforce these monopoly positions.

Only once all of these criteria have been fully satisfied should the Committee conclude that a federal initiative should be examined.

About the AIMIA Digital Policy Group

The AIMIA Digital Policy Group (DPG) is a special interest group of the Australian Interactive Media Industry Association (AIMIA) that represents 460 digital players in the Australian digital industry. We represent large and small, local and global players that provide digital content services, applications and platforms.

Members and supporters of the AIMIA Digital Policy Group include Pandora, Selz, eBay, Facebook, Google and Yahoo!7.

Our aim is to ensure that the Australian policy and regulatory landscape allows Australians to enjoy the maximum economic, social and cultural benefits from the online world in the years ahead and ensure that they can do this safely, securely and confidently.