

# Chapter 1

1.1 On 11 December 2013, the Senate referred the matter of ticket scalping in Australia to the Economics References Committee for inquiry and report by 26 March 2014. In particular, the committee was to examine:

- (a) the prevalence of ticket scalping and its impact on ticket prices and sales;
- (b) the effectiveness of current state-based consumer protection legislation, and how these measures can be improved, including through a federal approach;
- (c) issues of illegality, including the prevalence of counterfeit tickets; and
- (d) any related matters.<sup>1</sup>

## Conduct of inquiry

1.2 The committee advertised its inquiry on its website and in the *Australian*. The committee also wrote directly to the Commonwealth, state and territory governments, major sports and entertainment event holders, promoters, ticketing companies, online marketing platforms, consumer protection agencies and relevant academics drawing attention to the inquiry and inviting them to make written submissions.

## Submissions

1.3 The committee received 21 submissions, which are listed at Appendix 1, as well as additional information and answers from the Australian Competition and Consumer Commission (ACCC) to a series of written questions. They are also listed at Appendix 1. On 20 February 2014, the committee took evidence from Mr Christoph Homann, Managing Director, Ticketmaster Resale International, and Ms Maria O'Connor, Managing Director, Ticketmaster Australasia.

## Background to inquiry

1.4 'Ticket scalping' is the unauthorised onselling of tickets to sporting or entertainment events, usually at a price higher than the ticket's original face value. The scalper purchases the tickets with the deliberate intention of making a profit, though may be forced to sell at a loss. This practice can be traced back to the days when individuals touted tickets outside various venues or at the local hotel or club. With advances in technology, ticket scalping has been transformed and is now a very different and more sophisticated type of operation. The emergence of online auction sites, such as eBay, has facilitated the easy on-selling of tickets. Although ticket

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1 *Journals of the Senate*, No. 10, 11 December 2013, p. 335.

scalping has been in existence for many decades, recent accounts of this practice have raised concerns and generated public debate about its regulation.

1.5 In 2013, the Australian media reported on a number of high profile events where scalping had attracted particular attention with unauthorised ticket sellers asking exorbitant prices for tickets. For example, the *Daily Telegraph* revealed that it had investigated ticket scalping and discovered that hundreds of tickets to the Ashes Test in Sydney and the Pink rock concert had been snapped up by scalpers and were being offered online for twice the price.<sup>2</sup> The South Australian *Advertiser* noted that within hours of the Bruce Springsteen's February concert selling out, tickets to the show were on offer for almost double their face value, after scalpers hijacked an exclusive internet presale.<sup>3</sup> Similarly, the media reported that tickets for the entire Australian tour by the British band Radiohead had sold out in minutes and moments later scalpers were on the internet offering tickets at grossly inflated prices angering many fans.<sup>4</sup> Headlines such as 'Rolling Stones tour: Scalpers selling Adelaide tickets for \$3,000' and 'Bruce Springsteen Tickets Scalped As Pre-Sale Crashes' heightened concerns in some sectors of the Australian community about the activities of ticket scalpers.<sup>5</sup>

1.6 These more recent high profile incidents shone a critical light on ticket scalping in Australia and prompted this inquiry. In this report, the committee considers:

- findings of a comprehensive 2010 report by the Commonwealth Consumers Affairs Advisory Council into ticket scalping in Australia;
- recent trends in, and the merits of, a secondary market for re-selling tickets;
- distinction between genuine resellers and ticket scalpers;
- major concerns about the operation of ticket scalpers in Australia, including the undermining of sound social policy objectives, detriment to consumers from over-priced, cancelled or counterfeit tickets and venue security;

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2 *Daily Telegraph*, 'Crackdown on scalpers as tickets skyrocket', 27 July 2013.

3 *The Advertiser*, 'Senator Nick Xenophon declares war on scalpers as One Direction fans ripped off', 11 September 2013, <http://www.adelaidenow.com.au/news/south-australia/senator-nick-xenophon-declares-war-on-scalpers-as-one-direction-fans-ripped-off/story-fni6uo1m-1226716963142>, (accessed 12 December 2013).

4 On the Record, 'Radiohead fans up in arms over ticket scalping', 30 March 2012, <http://www.ontherecord-unisa.com.au/?p=2035>, (accessed 12 December 2013).

5 ABC News, 'Rolling Stones tour: Scalpers selling Adelaide tickets for \$3,000', 9 December 2013, <http://www.abc.net.au/news/2013-12-09/sa-scalpers-selling-rolling-stones-tickets-for-3k/5143280> and The Music.com.au, 'Bruce Springsteen Tickets Scalped As Pre-Sale Crashes', 22 August 2013, <http://themusic.com.au/news/all/2013/08/22/bruce-springsteen-tickets-scalped-as-pre-sale-crashes/>, (accessed 12 December 2013).

- deficiencies in the primary market that foster a secondary market and encourage ticket scalpers—corporate packages, sponsorship deals, bulk purchases of tickets and restrictions on refunds or transfers of tickets;
- efforts by promoters and event holders to improve practices in the primary market to deter ticket scalping—terms and conditions of sale, allocation and distribution of tickets;
- measures to protect the interests of consumers and other stakeholders through government initiatives including State and Commonwealth legislation; and
- the effectiveness of current legislation, industry self-regulation and consumer education.

1.7 The main issues before the committee focus on: the nature and extent of the harm caused by ticket scalping; the effectiveness of state legislation in tackling ticket scalping; and whether there is a need for a national approach, and if so, the form it could or should take.

### **Acknowledgements**

1.8 The committee thanks all those who assisted with the inquiry, especially those who made written submissions.

