



ticketing mailbox <ticketing@culture.gov.uk>

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## Call for Evidence Submission

1 message

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**HODGSON, Sharon** <sharon.hodgson.mp@parliament.uk>

20 November 2015 at 17:43

To: "ticketing@culture.gov.uk" <ticketing@culture.gov.uk>

Cc: . >

Dear Professor Waterson,

Please find attached my written submission to the call for evidence for the Review of Consumer Protection Measures relating to Online Secondary Ticketing Platforms.

If you have any problems accessing any of the information, or have any questions, please feel free to contact me directly.

Yours sincerely,

Sharon Hodgson

**Shadow Children's Minister**

**Co-Chair APPG on Ticket Abuse**

**Member of Parliament for Washington and Sunderland West**

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**2 attachments****Sharon Hodgson MP Speeches.pdf**

305K

**Sharon Hodgson MP - Review Submission.pdf**

133K



**Sharon Hodgson MP**

Suites 1 and 1A  
Vermont House  
Concord  
Washington  
NE37 2SQ

Tel: 0191 417 2000  
[hodgsons@parliament.uk](mailto:hodgsons@parliament.uk)

20 November 2015

Dear Professor Waterson,

I have co-Chaired the All-Party Parliamentary Group (APPG) on Ticket Abuse for over five years, and in that time I have amassed a great deal of experience in how the secondary ticketing market works, and, more importantly, how it does not work.

I have submitted a summary of my strong arguments in favour of real reform in this market in the APPG's Group Submission to your review, however I wanted to also send you an individual submission, outlining my long-standing position on this issue, and why I believe doing nothing is not an option.

I have therefore attached copies of the speeches I have made on this issue over a number of years, and I hope these will outline the nature of my arguments.

As the co-Chair of the APPG I have had the pleasure of working alongside fans groups, the music industry, venue operators, comedians, sporting bodies, and many, many more. They have all been as committed as I am in showing just how warped the current secondary ticketing marketplace is, and in pushing for change.

I have also been contacted a great number of times by individual fans, from all across the UK, who have suffered due to the actions of touts and the complicity of the major secondary platforms. They are ordinary people who are on the receiving end of this failed market and countless numbers like them are missing out on seeing the events, bands or artists that they love through no fault of their own. These are the people who need reform more than most, and by allowing touts and major platforms to manipulate this marketplace we are placing financial barriers to culture in front of huge sections of the population, and this can only be bad for us as a society.

I hope this submission, plus the submission from the group and the very many bodies with whom we work, will shine a light on the very real issues that are blighting this marketplace, and it is my long-established belief, and my sincere hope, that your review will recognise the need for change, and recommend how best we can achieve this.

Yours sincerely,

**Sharon Hodgson MP**

Labour Member of Parliament  
Washington and Sunderland West



Armed Forces (Service Complaints and Financial Assistance) Bill [Lords]: Secondary ticketing platforms (9 Mar 2015)

**Sharon Hodgson**

As many in the House are aware, I have been interested in the secondary ticketing market for many years now, and, alongside Mike Weatherley, I have co-chaired the all-party parliamentary group on ticket abuse, the report of which spearheaded the former amendments to those we are debating today.

It is my long-standing belief that for a long time things have needed to change in the sector, as more and more fans are being ripped off and exploited by unscrupulous touts, and ordinary people are being priced out of seeing the artists, shows, or teams that they love. The full extent of the problem was clear last week when the Competition and Markets Authority, after consulting the major ticket re-sellers, published a new code of conduct—an agreement for which the CMA was happy to take all the credit, somewhat ignoring all the hard work and campaigning over many years of Members, peers and other industry bodies, and on which we are now legislating.

However, that small gripe aside, on the very same day that the new code of conduct was announced, a person could go on some of those companies' websites and find tickets, guaranteed, for the upcoming boxing match between Floyd Mayweather and Manny Pacquiao in Las Vegas. On one site, the cheapest came in at just under £4,000, and the most expensive floor seats at more than £32,000. That was despite the fact that last week there were no official tickets yet on sale and original ticket prices had not even been agreed. That is a ludicrous situation which leaves the public totally misinformed about the marketplace and serves only further to inflate prices when the tickets become available.

**Mike Weatherly**

Does the hon. Lady agree that it was bizarre that the CMA came out with guidance only days before Parliament was debating the issue and passing laws in this House? It seemed almost to usurp what we are doing.

**Sharon Hodgson**

I totally agree. As I have mentioned, I was surprised that in the press coverage the CMA was taking all the credit for the new measures given that Parliament has been pushing for this in both Houses. As the new authority, which is replacing the OFT, has now agreed with Parliament, the CMA should perhaps have mentioned that fact in some of its press coverage.

Sadly, the example I have given is one of many hundreds of thousands that routinely happen every day. It is only through measures such as the Lords amendment that we can hope to tackle the worst excesses of the industry and put the genuine fans first.

Let me be clear that the argument and the fight have never been about stopping the resale of tickets. The legitimate resale of tickets is not the problem and those who

have claimed that clamping down on ticket touts and increasing transparency will harm true fans know very little about the problems and even less about what needs to be done to address them. Greater transparency is never a problem for a market operating properly and it is only in the interests of illegal ticket touts to sit back and do nothing to change the law. Others say that this is a licence for event organisers to cancel tickets, but the amendment clearly sets out that event organisers cannot cancel tickets simply because they have been resold, and can do so only in very specific circumstances. I am glad that that safeguard is in the Bill.

Philip Davies has tabled a characteristically unhelpful amendment that would insert a sunset clause for the provision—an act that is as misguided as it is obstructive. I know that the Opposition will vote against it and I am sure that the Government will too, as it is our intention to work on behalf of the fans and not the touts. Any further debate on that point gives it merit that it simply does not deserve.

Before I consider the specifics of the amendments proposed in the other place, let me praise Lord Moynihan for his diligent cross-party work and for succeeding in achieving such an important step towards strengthening the regulations in the sector. As a former Sports Minister, he knew first-hand how pernicious the practice is. It has been an extremely productive experience working with him, as it has been with many other colleagues in both Houses who care just as passionately about the rights of fans as he, the hon. Member for Hove as my co-chair on the all-party group, the members of the all-party group and I do. I know that Lord Moynihan worked tirelessly over the last recess to secure a compromise with Ministers across two Departments—a feat few could accomplish—and event goers and fans across the country owe him a debt of gratitude for the amendment.

As has been said, the amendment will do three key things to help stop the exploitation of fans. First, it will boost transparency, as from the time the Bill is enacted, ticket resellers will have to provide a seat number, any restrictions or limits on the ticket and the original face value of the ticket to all those they hope to sell it to. That will give fans far more knowledge about what they are buying and will give event managers more information about the tickets that are being resold.

Secondly, the amendment will place a duty on ticket resellers to report criminal activity if they suspect it, making the enforcement of the law much more proactive and effective and discouraging the secondary market platforms from turning a blind eye and letting the worst excesses of these practices continue.

Finally and crucially, the amendment compels the Secretary of State to review measures relating to the industry in a report to Parliament after 12 months, and that is what I would like to use the remaining time to speak about. The improvements in the amendment are a crucial first step, but they do not solve all the problems we can see in the sector. The review process will be absolutely vital in taking representations from the industry and making proposals that can build on the legislation and get to the heart of what is wrong with how things operate.

There is much that needs to be considered in the review, but I shall limit myself to a couple of key points that must be investigated if we are ever properly to understand

why the problem is so persistent and deep-rooted. The first is the speed at which secondary ticketing sites get access to tickets in the first place. Secondary ticketing platforms can have hundreds if not thousands of tickets on their sites and ready to be sold within minutes of their first going on general release and in some cases even before they have gone on sale. How can that happen without sophisticated software, such as bots, harvesting them, without certain so-called power sellers working alongside the platforms to get tickets on their behalf or without inside trading, such as behind-the-scenes deals in which premium tickets are not sold on the primary market but given straight to the secondary market to be sold at huge mark-ups?

**Mark Tami**

Does my hon. Friend agree that in some circumstances those people never have tickets in the first place but are chancing their arm to see whether they could get inflated prices?

**Sharon Hodgson**

I agree. Sometimes they are following through on a fraudulent transaction and sometimes the listing is speculative, as they might try to get a ticket later and want to see how much they can sell it for.

Given that there is no lawful way to harvest large numbers of tickets and that behind-the-scenes deals are at best duplicitous and immoral, we must ask just how the situation can take place and continue. Further to that point, if the tickets showing on the system have not been acquired, how can the sellers guarantee their sale on their sites? An investigation of those guarantees must be central to the review, because if that approach is found to be misleading, it would directly go against consumer rights, which are of course the entire purpose of the Bill. One way the all-party group on ticket abuse thought of to solve that would be to publish the seller's identity when reselling tickets. I am sure that that will also be considered in the review.

The duty under the new amendment to report criminal activity is welcome, but we must also ask why past instances of criminality have been so largely unreported in the sector, even when the secondary platforms have been the victims and have had to pay out large sums in compensation. Has that been seen simply as collateral damage? It cannot be a continued coincidence and questions must be asked in the review.

In conclusion, the review is crucial and much needed and will have to be handled carefully and expertly so that we understand how best further to protect the public. That is why the choice of chair is so important. The marketplace is so complicated that it will need somebody who understands it but who is fair minded enough to listen and engage with all parties while keeping the rights of the fans at the heart of the entire process. If I may be so bold as to venture a suggestion, I think that my all-party group co-chair, the hon. Member for Hove, would be an ideal candidate to take up the challenge after he leaves Parliament. I do not know what his plans are—he might be hoping to travel the world and have a normal life for a while—but I can think of no one better. Whoever is chosen, however, I am confident that they will ensure

that the right questions are asked, the right leads are pursued and the right outcome is achieved so that at last we can be sure that the market will put fans first.

**End**



Consumer Rights Bill (Programme) (No. 3): Secondary Ticketing Platforms (12 Jan 2015)

What we are asking for would not put secondary ticketing platforms out of business; if anything, it would increase consumer confidence in them. What we are asking for would not drive legitimate resale underground, but it might drive some illegitimate resale underground. Why would the Government and this House want to take decisions that benefited illegitimate enterprise? If that part of touting is driven underground, then it will be nowhere near as successful as it is now, given that it is able to hide behind the legitimate veneer of platforms that are supposed to be about fans selling unusable tickets to fellow fans. What we are asking for would not leave consumers who bought a ticket they can no longer use out of pocket if the event organiser does not allow refunds; there are sometimes very good reasons for many of them not doing so.

Let me make this extra clear, because that might clear up some of the points that Members are trying to make—if not, I will let them intervene. We have tabled a small amendment to the clause that the Government could easily adopt today to allay their own fears. This is simply about transparency—that is all. Who could argue against creating a more transparent marketplace other than those who benefit from the murkiness and muddiness that we have at the moment?

**John Redwood**

I want to clarify the hon. Lady's point about the event organiser's right to cancel tickets. Under her amendment, in which conditions could the event organiser cancel a ticket if it had been resold?

**Sharon Hodgson**

If the ticket clearly states that it is not for resale—that it is non-transferable—then that is part of the terms and conditions that it was sold under.

In the new model that we are hoping to create, with a new level of transparency, there would be less need for that.

The reason event holders put it on their tickets is to try to do something about the murkiness and market failure that we see at the moment with the resale of tickets on the secondary market. Under our proposal, that need would not be there because there would be full transparency and people would be able to see who was reselling the tickets. There would be fewer abuses of the system so there would be less need to put "Not for resale" on tickets, because genuine fans would be able to resell to other genuine fans tickets for events they could no longer attend.

**Mike Weatherly**

Does the hon. Lady agree with me and the Secretary of State for Culture, Media and Sport, who has said that, when a person wants to sell something, terms and conditions should be respected?

**Sharon Hodgson**

I agree that people should abide by terms and conditions. The fact that the lack of transparency allows platforms to resell against terms and conditions is certainly not in the interest of consumers.

If the Minister does not want to take my word or that of Members in the other place on why we need transparency, perhaps she will listen to those who are actually involved in our crucial cultural and live sector. As she may know, more than 85 prominent organisations and individuals signed a letter to The Independent on Sunday yesterday calling on her and the Government to adopt the proposal. Those signatories included UK Music, the voice of the live and recorded industry; the Sport and Recreation Alliance, the voice of sporting governing bodies in the UK; the Rugby Football Union; the Lawn Tennis Association; and the England and Wales Cricket Board. They have all gone to great lengths over the years to try to ensure that tickets reach the hands of grass-roots fans.

**Pete Wishart**

May I congratulate the hon. Lady on the diligent way in which she has approached the issue and her determination to get justice for music fans, which is what we are talking about? UK Music's music tourism forum found that live music generates £2.2 billion. Surely we have a right to expect that live music fans are protected and not ripped off.

**Sharon Hodgson**

I agree with the hon. Gentleman and thank him for that valuable contribution. He is not only a creator of music—he remains one to this day—but a huge supporter of the music industry.

Other signatories to the letter included probably the world's most pre-eminent promoter, Harvey Goldsmith CBE; the operators of west end and regional theatres; a host of individual music managers who look after some the country's leading performers, including Iron Maiden, Muse, Arctic Monkeys and even One Direction; and most other industry umbrella bodies, which represent countless businesses contributing to the vitality of our creative sector, such as the Association of Independent Festivals and the Event Services Association.

All those bodies, and more, joined together to call on the Government to make one simple change. Would the Government rather listen to that collective call from the live event sector: the people whose hard work, talents and investment create the demand that the touts exploit? Alternatively, would they rather listen to the four companies that have been lobbying so intensely—I have with me reams of letters they have been sending out lately—against opening themselves and their relationships with big-time touts up to scrutiny?

**Nick Smith**

May I also praise my hon. Friend's leadership? She has done a cracking job raising the important point she is making. Does she agree that we need to get at the touts?

Those internet spivs are ripping off fans across the country, rigging the market and preventing real fans from going to gigs by exploiting them through the hugely overpriced tickets that they have harvested.

**Sharon Hodgson**

My hon. Friend makes an excellent point. If the Minister does not want to listen to him, me, Members from both Houses or the creative industry, she should at the very least listen to the police.

The "Ticket Crime: Problem Profile" report by Operation Podium has, of course, been quoted in this place before—several times by me, in fact—but it bears repeating. This was, after all, the unit that was set up to tackle organised crime affecting the Olympic games, and it spent about seven years looking at the workings of the ticket market. In particular, it looked at the major ticket touts—the very people my hon. Friend Nick Smith spoke about—because of the links that many of them have to serious and organised crime and money laundering, and because it was likely that the same people would try to tout Olympic tickets.

After spending so much time looking at the ecosystem that exists behind the veneer of legitimacy provided by the secondary platforms, the Metropolitan police's Operation Podium unit produced a final report on ticket crime in February 2013. It found that:

"Due to the surreptitious way that large numbers of 'primary' tickets are diverted straight onto secondary ticket websites, members of the public have little choice but to try to source tickets on the secondary ticket market."

It concluded that:

"The lack of legislation outlawing the unauthorised resale of tickets and the absence of regulation of the primary and secondary ticket market encourages unscrupulous practices, a lack of transparency and fraud."

It made the following recommendations:

"Consideration must be given to introducing legislation to govern the unauthorised sale of event tickets. The lack of legislation in this area enables fraud and places the public at risk of economic crime.

The primary and secondary ticket market require regulation to ensure transparency, allowing consumers to understand who they are buying from and affording them better protection from ticket crime."

Will the Government listen to the police, who have nothing to gain either way, or to those who have gained and continue to gain from the lack of the regulation that the police say is needed?

One public agency that might have something to gain from the change is Her Majesty's Revenue and Customs. One effect of the new clause proposed in Lords

amendment 12 is that it would be possible to see which individuals were reselling tickets as a commercial enterprise, and therefore who should be paying tax on the sales made through the websites.

At the moment, when somebody buys a ticket on such platforms, they are led to believe that they are buying from another fan, and the only VAT that they see on the final statement is the VAT on the service charge levied by the platform. If they are, in fact, buying from a third party business—or even from the event organiser, or, as in some cases, the performers themselves—VAT should be paid on the ticket price, as well as, obviously, on its profits as a company. That point was raised last weekend with the Secretary of State for Culture, Media and Sport in an e-mail from a live music agent that I was copied into. They made the point that PRS for Music, which collects royalties to distribute to artists and music publishers, is also being deprived of its lawful entitlement.

I wrote to HMRC following the “Dispatches” documentary, “The Great Ticket Scandal”, in 2012; I have also referred to that in the House countless times. That programme clearly showed how tickets were being bought up and resold in huge quantities—indeed, channelled directly but surreptitiously to the secondary market by promoters and managers. The response that I received from HMRC was that no investigation could be made unless there were specific questions about specific individuals or businesses. Of course, we did not have those then and we do not have them now, precisely because we cannot see which individuals or businesses are selling the tickets and in what quantities. If that transparency is brought into the market through the proposed new clause, perhaps the Treasury’s coffers will see a much bigger slice of a market that is estimated to be worth between £1 billion and £1.5 billion a year—that is the secondary market alone and does not include the primary market.

The same principle could be applied to the problem of botnets, which GET ME IN! has been saying is the biggest problem and should be the focus of any legislation. There is certainly a case for keeping the law on the misuse of computers under review. The hon. Member for Hove and I have met the Under-Secretary of State for the Home Department, Karen Bradley, who has responsibility for organised crime, to discuss this matter.

It is welcome that primary ticketing companies, such as GET ME IN!’s parent company Ticketmaster, invest in their own software to try to stop people scooping up large quantities of tickets automatically. However, let us be clear that touts use botnets only because they know that they can shift all the tickets they manage to buy from the primary market through the secondary market with the benefit of complete anonymity, with no questions asked by the platforms about how they got them. The secondary platforms are best placed to detect ticket crime at the moment, but they do nothing, because that is to their benefit. If we make the market transparent, it will be clear for everyone to see who has an abnormally large number of tickets, and I bet that the use of botnets would drop off sharply as a result.

This entire debate boils down to a simple divide: it is about whose side we are on as legislators. Are we here to pass laws to protect and enhance the rights of ordinary

consumers, or are we here to block laws that might make individuals and companies more open and accountable to those consumers? It is about whose interests we are here to serve. Are we here to serve those who elect us, or are we here to be spin doctors for those exploiting them and apologists for those who know full well that they are lucky to be getting away with what they are doing? It is about whose opinions we value most highly. Do we listen to our constituents, the police and those in the live events sector, who all tell us that there is a problem and a gap in the law that needs to be closed, or do we listen to the few who benefit from that gap in the law? I know whose side I would rather be on, whose interests I am here to serve and whose opinions I value most.

Nobody operating honestly in the secondary market has anything to fear from transparency, and no consumer will be left out of pocket. If anything, the secondary platforms should be embracing the opportunity to build confidence in their sector and limit their exposure to criminal activity. I hope that Members of all parties will think on those points when they go through the Division Lobby later tonight; I am minded that the amendment will have to be pressed to a Division. Let us finally do the right thing and put fans first.

**End**

Prohibition of Unpaid Internships: New Clause 8 — Right to supply tickets to events of national significance (13 May 2014)

I am delighted to be able to speak on new clauses 18 to 21, which stand in my name and those of Mike Weatherley and other hon. Friends. I add my support to new clauses 8, 16 and 17, which were tabled by my hon. Friends on the Opposition Front Bench and ably argued for by my hon. Friend Stella Creasy this afternoon and in Committee.

New clause 18 follows directly from the conclusions and recommendations of the recent excellent report by the all-party group on ticket abuse. I want to put on the record my thanks to colleagues across the House and all the outside experts who contributed to that excellent report. We found that the existence of a secondary market for event tickets is justified by the need of genuine consumers to pass on tickets that they can no longer use. To some extent, that is because event holders are not very good at facilitating refunds or exchange mechanisms, even though they sell tickets many months in advance of the event.

On that point, I will speak briefly to new clause 12. It is a shame that Philip Davies—he is not listening now—would not allow any interventions, because I wanted to correct for the record some of the errors in what he said. He is right that we have regularly locked horns on the issue, but that does not mean I will sit back and not seek to correct him when I think he is wrong. First, the Opposition are seeking not to ban the resale of tickets, but to regulate and reform the market in the interests of consumers through these very sensible cross-party proposals. My hon. Friend the Member for Walthamstow did not “allude”—I think that was the word he used—to trying to ban the resale of tickets.

Secondly, the hon. Member for Shipley was incorrect to claim that no one gives refunds at the moment. The Rugby Football Union guarantees full refunds for high-demand matches—I am sure that the World cup would qualify—up to an hour before kick-off. It also provides legitimate resale platforms. This ensures that any investment goes back into the sport of rugby. The England and Wales Cricket Board has established ticket exchanges at each venue and centrally so that a supporter who can no longer attend a match or has a spare can legitimately re-sell their ticket. Those are just two examples among many more that are out there.

**Nick Smith**

Does my hon. Friend agree that new clauses 16 and 18 are particularly powerful, because they would enable us to identify the power sellers—the people who buy tickets on an almost industrial scale, and by doing so corner the market, rip off consumers and push up prices? Unless we do so, it is more likely that £250 tickets for the rugby world cup can be sold for over £1,000, as is happening at the moment. That has to be a bad thing, and we must stop it.

**Sharon Hodgson**

I agree with my hon. Friend. I thank him for his work in the all-party group in producing the report that has led and informed us in tabling the new clauses.

Our report recommended that the live event industry should do more to provide refunds. The new clause tabled by the hon. Member for Shipley could be ruinous for the live event industry while removing all the risk for the industrial touts of whom my hon. Friend Nick Smith spoke. Most touts will aim to sell their tickets on the internet about four days in advance, so under the hon. Gentleman's plans, any they do not manage to sell for a profit they could simply give back to the promoter for a full refund the day before, by which time the promoter will be unlikely to be able to sell them all on again. I fear that rather than helping ordinary consumers, as the hon. Gentleman has no doubt argued, that would mean more tickets being acquired by ticket touts who no longer face the uncertainty of whether they will be able to shift them, thereby manipulating the supply even more than they already do. A better balance would be to give refunds up to a reasonable point before the event, with facilitated resale after that if the event has sold out—as we set out in our report, which I hope the industry will take on board.

While accepting that there is a role for a legitimate secondary ticket market, the all-party group found considerable problems with how this market, which is estimated to be worth about £1 billion a year, works at present. In particular, we found that it does not adhere to the same principles of transparency and consumer protection that other markets are held to. To address these shortcomings, we have put together some modest proposals which, far from driving ticket resale underground, as some of those involved in it have claimed, would increase consumer confidence in the secondary market and therefore be very good for business.

Our first two new clauses address the lack of transparency. New clause 18 is about who is selling the ticket. It would place a duty on secondary ticketing platforms to provide basic identifying information about the individual or business offering a particular ticket or set of tickets for sale. It would allow consumers to say how prolific and reliable a particular seller is—in other words, whether they are a tout or a fellow fan and, if they are a tout, whether the tickets they have sold in the past have been as advertised. That would make the secondary ticketing platforms a lot more like the other internet marketplaces that many of us use regularly and with confidence, such as eBay, Amazon and Play.com.

Importantly, the new clause would also require secondary ticketing platforms to be transparent in cases where the seller is also the event holder. The practice of event organisers secretly allocating whole blocks of tickets directly to the secondary market has been on the rise, due to the failure of successive Governments to intervene in the market on behalf of consumers or the creative sector. It was exposed in the Channel 4 "Dispatches" programme, "The Great Ticket Scandal", broadcast in 2012. I cannot blame those who do this. They cannot stop the touts, who have not contributed in any way to the event—unlike the artist, the venue, the agent, the promoter, and so on—from making huge profits off the back of their hard work, so why not try to make some of that money for themselves, or, as I like to see it, have a piece of the poacher's pie? That is their decision, but they should have to be transparent about it. Hiding behind the secondary market and allowing fans to believe that the ticket they are buying has been sold at face value before and they are buying from a third party is simply dishonest.

There is also a dishonest practice whereby a secondary ticketing platform or its employees or shareholders buy and sell tickets themselves, as the “Dispatches” programme also exposed. Employees of the platforms featured were shown with catalogues of credit cards, trying to buy as many tickets as possible to gigs. A leaked operations manual sent to me shortly after “Dispatches” aired showed that that was also a key part of the viagogo business model. The manual showed, among other things, that a company called Andro Capital, which was linked to viagogo’s then chief executive, Eric Baker, was also its most favoured power seller. Interestingly, a box at the start of the chapter explaining such dealing to employees stressed:

“Not only do we have private and power sellers, we also sell tickets on the website. PLEASE NOTE THAT NEITHER SELLERS NOR BUYERS SHOULD KNOW THAT WE ARE THE SELLER OF CERTAIN TICKETS. NOR SHOULD ANY OF THE INFORMATION BELOW BE DMULGED TO OUR POWER SELLERS!”

Viagogo has since said that it has abandoned that practice, and Christoph Homann of GetMeIn! also assured the all-party group in his evidence that it does not itself buy tickets, either. In that case, they will not be affected by the new duty and have no reason to oppose it. Even if they or other secondary ticketing platforms still engage in such dealing, I can see no good reason why the law should permit them to keep that information secret from their consumers when it may make a material difference to a buying decision. I hope, therefore, that the Minister will consider adopting the measure.

I have mentioned the Channel 4 “Dispatches” investigation into the problems and I am also pleased to inform the House that the BBC’s “Watchdog” is also very keen on highlighting them. Indeed, they will feature in its shows on 21 and 28 May, and I am sure that hon. Members on both sides of the House will be glued to their TVs, watching them. “You and Yours” on Radio 4 also runs regular features on the issue, as do numerous national newspapers, including The Mirror, the Daily Mail and The Times, as well as trade magazines, such as the excellent Audience.

New clause 19 relates to the transparency of the product itself—that is, the ticket. Knowing the characteristics of a ticket would in many cases make a material difference to a buying decision, particularly in the case of seated events, in which a person’s position in the venue can make a significant difference to their enjoyment of the performance or the experience. Providing that information —or, indeed, the ticket number when there is general admission to the event—would also give consumers the confidence that the individual or company selling the ticket actually has tickets in hand and is not just speculating that they will be able to provide them at a later date. When a consumer wants to buy a number of tickets, the information will help them to ensure that they get seats together or at least close by.

The secondary platforms themselves were asked about that as part of the all-party group’s inquiry. StubHub said in its evidence that it requires seat information to be provided, but an investigation of its website shows that such information appears to be hit and miss. On the whole, it tended to be single tickets, which were probably being sold by ordinary fans, that had full information, while listings of two, four, six or more tickets, which were probably being sold by a professional, did not.



One of the other key pieces of information of which a consumer should be aware is a ticket's original face value, which in many cases is another indicator of the quality of the product. In their evidence to the inquiry, representatives from the Rugby Football Union said that the cheapest tickets at Twickenham—those they keep cheap to try to get families to come along and to encourage grass-roots participation—often end up being resold at higher prices than some of their premium tickets, some of which may still be available.

Many consumers who are less conscious of how these secondary markets work think that because they are paying more for a ticket, they will get a premium service or seat. Many others do not even know that the website they are using is a secondary market rather than the primary or official source, given that such sites pay significant sums to show up first in Google rankings. Making sure that consumers are made aware of the original price of the ticket they are buying at the earliest opportunity, not just on the last screen—if at all—therefore gives them another piece of the information that they need to make an informed choice about whether to enter into such a purchase.

I do not think that any genuine fans who needed to sell on their tickets would have a problem with providing the basic information about the product they are selling, and I cannot see why any professional reseller would either. Even a street tout shows people a ticket—and therefore the seat number and face value—before they buy it. The secondary ticketing platforms, which claim to have higher standards, should therefore have no problem adapting to the new provisions.

Moving on from transparency, more of which should reduce the chances of things going wrong in the secondary market in the first place, new clause 20 concerns the recourse available to consumers when they do. There have been numerous recent reports of thousands of event goers being turned away with counterfeit or invalid tickets that they had bought via the big four secondary ticketing websites, all of which heavily promote their reliability, with prominent guarantees that tickets are genuine. The latest example to make the news involved the hundreds of Drake fans turned away from the O2 arena in north Greenwich.

It is welcome that all the big four companies say that they offer refunds, although over the years I have received a handful of complaints about their being less than prompt in doing so. As Reg Walker from the Iridium Consultancy pointed out during our second evidence session, people who turn up at venues with unusable tickets have all incurred at least some travel costs getting there, and in some cases they have come from abroad for the express purpose of using the ticket. That echoes the findings of the recent UK Music report on music tourism, including that ancillary spending just from music events is worth more than £2 billion a year to the country's economy.

For such people, a full refund on the ticket, while welcome, will still leave them out of pocket. New clause 20 would, therefore, allow those consumers to claim back the extra costs associated with attending an event up to a reasonable level, which we

suggest should be 200% of the total purchase price paid to the platform. The new clause would place responsibility for that initial payback on the secondary ticketing platforms, because they offer guarantees that they say consumers pay for in their significant service charges. However, having paid out that money, the new clause makes it clear that the secondary ticketing platform may recover it from the seller of the ticket. The payback should be made promptly, unless the police or other relevant authorities are investigating the buyer or seller for committing or trying to commit fraud. The only individuals or businesses that the new clause would hurt, therefore, are those who have sold dodgy tickets and consequently caused financial loss to the consumer.

The new clause would have the positive benefit of giving consumers the confidence that they will not be left out of pocket when they purchase tickets through the secondary market if those tickets turn out to be counterfeit or invalid. Again, far from driving the trade in tickets underground, it would have the effect of driving consumers to use websites that offer such protections, instead of those that do not and, in particular, instead of blokes outside the venue on the night.

Our last new clause, new clause 21, simply defines terms used in the previous three new clauses, so I will not detain the House by explaining it.

The proposals are not radical. If the Minister or hon. Members who have spoken against them asked their constituents whether they want to know what they are buying and who they are buying it from when they spend what are often significant sums, they would find that most of them said yes. The proposals would not abolish the secondary market or drive it underground; in fact, they would bring it out of the shadows into the mainstream. No longer would so many people still see it as a murky market; it would be a legitimate secondary market that works—as all markets should—in the interests of consumers, with full transparency and adequate protection. The only people who have opposed the proposals are those making large amounts of money from the status quo. It is time that this House and this Government stopped standing up for the interests of such people, and finally put fans first.

#### Oral Answers to Questions — Prime Minister: Engagements (30 Apr 2014)

I am sure that the Prime Minister has read last week's excellent report by the all-party group on ticket abuse, which set out how consumers are getting a raw deal from the secondary market. The question is, whose side is the Prime Minister on—that of his new Culture Secretary, who praised ticket touts as "classic entrepreneurs", or the millions of ordinary fans who are sick and tired of being ripped off?

**End**

## Oral Answers to Questions — Treasury: Consumer Rights Bill (28 Jan 2014)

Colleagues who remember my speech during the debate on the Queen's Speech at the start of this Session will know that I see this Consumer Rights Bill as an opportunity to address the serious failings in the secondary ticketing market. I want to explore that opportunity in my speech today. I was pleased to hear my hon. Friend Stella Creasy agree with my views on this in her excellent speech, and I am pleased that she is drafting amendments to the Bill accordingly. I know that a growing number of Government Members also agree with me.

Many colleagues will know that I have campaigned on this issue for a long time. I secured a Westminster Hall debate on the subject only last week. I see that one of my sparring partners, Mr Nuttall—who is often on the opposite side to me on this issue—is in the Chamber today. That debate was intended as a curtain-raiser for an inquiry that is being undertaken by the newly-formed all-party parliamentary group on ticket abuse, which I am pleased to co-chair with the hon. Member for Hove (Mike Weatherley). He is also a long-term campaigner on this issue. That inquiry is intended to inform the thinking on amendments to the Bill that could be tabled in order to enhance the rights of consumers in a market that has had precious little scrutiny thus far, despite being worth around £1 billion a year.

I hope that the Government's timetable for the Bill will allow us to conclude our evidence-gathering in time to present that evidence to Ministers in time for the Report stage, although, for my money, there is plenty already out there that makes the case for intervention, some of which I will skim over in my speech today. If Ministers want a more detailed case, I would be happy to send them the Official Report of the debates on my Private Member's Bill in 2011 and of last Tuesday's Westminster Hall debate.

Like all markets, the secondary ticketing market serves a purpose. It meets a need, and that need is for people who have bought tickets for an event they can no longer attend to sell on those tickets, and for people who decide late that they want to go to an event to purchase tickets nearer the time. However, the refusal of successive Governments to get involved in this issue means that the market has moved far beyond simply performing that role, and it is now fundamentally failing consumers.

If anyone needs proof that these secondary ticketing websites are not about legitimate fans selling tickets they cannot use, they need only watch what happens on the day that tickets for a major sporting event, concert, or stage show go on sale. Within minutes—sometimes even seconds—an event or series of events for which there are thousands of tickets completely sells out on the official market, only for thousands of tickets to appear instantaneously on the secondary market at a significant mark-up. Nobody buys a ticket at 9 o'clock in the morning, only to realise at 9.5 am that they cannot go to the event. Those are tickets that are harvested in vast quantities, by fair means or foul—the foul means involve the misuse of computers or back-channel dealing—and then either dumped or drip-fed on to the secondary market for profit by industrial touts.

Just last week, the BBC highlighted the resale of state-subsidised theatre tickets at the Donmar Warehouse and the National Theatre for up to 10 times their face value. Those tickets are rightly subsidised to increase access to the arts, but those arrangements are being exploited by faceless individuals who are pricing out the very people the tickets are supposed to be for. The same happens with art tickets—the Da Vinci exhibition in 2012 and the David Bowie exhibition last year are prime examples. This applies to more commercial enterprises as well. The last big example of that was tickets for the Monty Python reunion being snapped up and resold at eye-watering mark-ups within minutes.

I do not know whether the Secretary of State for Business, Innovation and Skills is a fan of the Arctic Monkeys—it is not exactly ballroom dancing music—but that band has done more than most to try to stop touts cashing in on its hard work. Even it cannot stop the practice, however, despite trying to do so and despite doing nothing to encourage it, as some bands and promoters are accused of doing. If the Secretary of State wanted to see the Arctic Monkeys at Finsbury Park in May, the minimum he would have to pay for a ticket on the secondary market would be double its face value. On one of the websites, I counted seven pages of listings, with some entries allowing up to 10 tickets per applicant.

This is not about random gig-goers; this is large-scale manipulation of a market, and an exploitation of copyright and intellectual property by individuals who put nothing into the industry that they are capitalising on. It is a parasitic market that is now out of control. In many cases, the practice severely undermines the strategic objectives that are factored into ticket pricing decisions, such as the need for artists or sports to develop long-standing relationships with fans or, as in the case of National Theatre and exhibition tickets, access to the arts.

More importantly for me, this practice is obviously bad for consumers. Many never get a chance to buy a ticket at face value, and if they can bear the cost of going to the secondary market, they do not know who they are buying from or whether the ticket will be genuine or still valid, as event holders have the right to cancel tickets they identify as having been resold. They cannot even be sure whether the ticket was ever available on the primary market at the face value printed on it, as more and more event-holders try to cash in on the secondary market by directly allocating tickets to it, passing themselves off as fans selling to fans so as not to damage their reputation with fans.

The report from Operation Podium, the Metropolitan police unit set up to monitor crime related to the Olympic Games, shows that the complete and intentional lack of transparency in the market creates a front for fraud and large-scale money-laundering. The market is therefore attractive to organised criminal networks, which are of course more likely to use illegal means such as botnets to harvest genuine tickets, making it even harder for consumers to buy tickets at face value. The report, "Ticket Crime: Problem Profile", clearly states:

"The lack of legislation outlawing the unauthorised resale of tickets and the absence of regulation of the primary and secondary ticket market encourages unscrupulous practices, a lack of transparency and fraud."

Those are not my words but those of the Metropolitan police report.

I hope that the Government will have heard the excellent exposé that Radio 4's "You and Yours" produced in conjunction with ticketing expert Reg Walker last summer, which uncovered a large-scale fraud being perpetrated through the main secondary websites by their so-called power sellers, whose privileged status allowed them to do that. This was able to happen precisely because of the opaque nature of the market and the way in which those websites operate.

What better way of addressing this kind of problem than through the Consumer Rights Bill? At the very least, the Government need to ensure that there is a right to transparency. After all, there are very few markets in which we think that it is fine not to have at least some basic knowledge about who we are buying from. To ensure that consumers have the information they need to make an informed choice, these websites must ensure three things. First, they must ensure that all ticket listings display the face value, and seat number where appropriate, of the tickets being purchased. That would prove that it was a real ticket that was already in existence.

Secondly, websites selling tickets that they have acquired themselves, or that have been directly allocated to them by an event-holder, must disclose that clearly to buyers, instead of passing the tickets off as being sold by fellow fans. Thirdly, individuals selling tickets via the websites must be able to provide proof that they actually own the ticket. When we buy from eBay or Amazon, we are at least able to see a profile of the individual or company we are buying from. We can see what they have sold in the past, and what other consumers are saying about them. The secondary ticket market could learn a lot from that approach.

Those measures would cover the right to information, but there must also be a right to recourse when the market lets consumers down. As I demonstrated earlier, the way in which the market works at the moment is allowing fraud to be perpetrated under the anonymity that the secondary websites offer to sellers. When someone turns up at a venue and finds that they cannot get in because they have been sold a fraudulent or invalidated ticket—or a ticket that has rightly been cancelled because it has been resold without permission, in contravention of its terms and conditions—it is not just the price of the ticket that that person loses.

#### **David Nuttall**

The hon. Lady has mentioned the word "fraud" twice now. If a fraud has been committed, does she not agree that a crime will have been committed and is therefore actionable by the police as a crime?

#### **Sharon Hodgson**

I do agree, but people who report fraud or illegal activities to Action Fraud are finding that the offence is not being taken forward. Perhaps it is because it is seen as a minor fraud or a minor criminal offence. The Metropolitan Police have recommended that we pass legislation to ensure that we take forward such offences as criminal activity. We need to put such a measure in the Bill so that we can follow their recommendations.

A new report by UK Music on music tourism and its value in our economy calls on the Government to tackle the problems of the secondary market. It says that people who travel from one country to another or from one end of the country to another for the sole purpose of going to a gig or seeing a show incur substantial costs, such as those for travel, airfares, accommodation and subsistence. Consumers who are sold fake or invalid tickets should not expect to have just the cost of the ticket refunded promptly. That guarantee, which they actually pay for as part of the service charge that is slapped on the tickets when they buy from these sites, is not always honoured judging by some of the stories that people have sent me over the years. Consumers should also have the right to be able to reclaim all of the associated costs they have incurred where they can be proven with receipts.

Such measures would not prevent the secondary market from functioning, but it would ensure that it is focused on the rights of consumers, rather than on the rights of a handful of industrial touts who want to make unlimited amounts of money off the hard work and investment of others. Personally I would like to go even further, and allow rights holders properly to protect their tickets from being resold without authorisation. I hope that a future Government would look more favourably on such a measure than the current Government do.

It is ludicrous that the Government have ignored the calls of the Rugby Football Union and England Rugby 2015 to ban the unauthorised resale of world cup tickets as they did for the Olympics. I hope that when the world cup comes around, our streets are not littered with those who have, in all innocence, bought counterfeit tickets, because they are being sold all over the place and are available from unofficial outlets, and fans have not been able to tell the difference.

Given that two of the four secondary ticketing platforms are already listing tickets for the final and for numerous other games and were doing so as far back as December, despite the fact they do not go on general sale until October, there is clearly a question about whether every ticket that is listed on those sites actually exists. However, the best should never be the enemy of the good. The measures I propose are very much in keeping with the spirit and intentions of this Bill, and will be widely supported by the live events industry and consumers alike. I hope that Ministers and other Members will look on them favourably—perhaps they can be incorporated into the Bill before its later stages—and take action to put consumers of live ticketed sporting and cultural events first and to tackle once and for all the parasitical ticket touts who prey upon them.

**End**

Ticket Abuse — [Mr David Crausby in the Chair] (21 Jan 2014)

We have not already made up our mind—obviously that is the purpose of the inquiry—but we have already received evidence from the Metropolitan police that has proved that abuses are taking place. We are looking for solutions, as Ministers asked us to do when we met them. I hope that the inquiry will uncover solutions to some problems that have already been identified. We are not self-selecting, and if the hon. Gentleman wants to come to give evidence, we will be happy to hear from him.

The Minister and hon. Members are no doubt aware of where I come from on this issue. In 2010, I promoted a private Member's Bill, the Sale of Tickets (Sporting and Cultural Events) Bill, which was debated on Second Reading on 21 January 2011. I will try not to repeat the speech I made that day, because it was around an hour in length, but many of the points I raised then are as true and as worthy of being made today. Other hon. Members who attended that debate are present today, and I hope that they do not use the same arguments—they might have come up with some new ones. Perhaps this debate will convince them to change their minds.

I am going to go through what has happened since that debate and what should happen in the future. It is worth restating first, however, why I embarked on this campaign all those years ago and what has sustained me, despite the continued stonewalling of the current

Minister's predecessors. My daughter is a second-generation Take That fan—I being the first generation—and I was alerted to this scandalous practice by her sense of great unfairness that she had not been able to acquire Take That tickets for us, despite being ready to buy them online the minute the tickets went on sale, only to see them moments later on other websites for many times the original price.

I looked into the practice further and found that neither my daughter nor Take That were alone. In fact, that day I found just the tip of the iceberg, because this happens week in, week out with music, comedy, sport and theatrical events up and down the country. The same situation affects not only Wembley arena gigs and international matches, but small and medium-capacity concerts in provincial towns and cities throughout the country. It even affects art exhibitions; someone would have been very lucky to pay face value to see the recent David Bowie exhibition at the Victoria and Albert museum at a convenient time or, similarly, the da Vinci exhibition at the National Gallery last year. The Chelsea flower show regularly makes the news when its tickets hit many times face value on secondary sites. The most recent example to hit the headlines and inspire columns and features about the secondary market was the Monty Python reunion, probably because lots of journalists and editors wanted to go themselves.

My daughter's experience started me on this crusade, but I have kept fighting in the light of the experiences of countless other fans of all kinds of events who are disgusted by this practice. I thank all those people who have e-mailed and tweeted me over the past few years for their support.

This is not just an emotive issue, however, although that is often the case—bear in mind that famous line about football being not a matter of life and death, but more important than that. As I did my research and more people supported my campaign, I met more stakeholders in the live events industry and became increasingly aware of the real concern that this kind of parasitical practice is detrimental to our creative industries. It stands to reason that if someone is creaming off money from the sector without putting anything in, the industry will suffer. In the case of the creative and live events sector, it would make sense for the Government to do everything possible to protect and support it, given that it sustains more than 1 million jobs and accounts for a significant proportion of our exports to the rest of the world, especially with regard to music.

Tourism is important to the UK economy as well, and our creative industries are particularly important to tourism. How many tourists come to the UK to see a show in the west end, to attend one of our many excellent festivals or to see a gig at one of our growing network of regional stadiums, such as the Stadium of Light in Sunderland? According to a UK Music's recent report "Music Tourism: Wish You Were Here", music tourism is worth £2.2 billion to the economy, with each overseas tourist spending on average more than £650. Those tourists will not come over here to spend all that money in our service and retail sectors if they cannot get a ticket for a fair price.

In the same vein, domestic event goers with limited funds are not likely to go to other events, or to spend a great deal at or around an event for which they do have a ticket, if their ticket has cost them many times what it should have. Even worse, if people are priced out of going to a gig, game or comedy show, that could be the end of their relationship with the band, sport or comedian that they were planning to go and see, thus harming long-term sustainability. Ticket touting is bad for not only fans, but the live events business, which was why the fifth recommendation in the UK Music report was that the Government address the issue, including through legislation if necessary, to ensure that the sector keeps going from strength to strength.

Many within the industry have had to adapt their business models to fit the market following what I would call the green light that the secondary market got from the previous Government—I am sorry to say—and the Culture, Media and Sport Committee back in 2008. Both said that the secondary market served a purpose for fans and that it could regulate itself.

### **Kerry McCarthy**

I congratulate my hon. Friend on her work, about which I know that she is absolutely passionate. She highlights a point that is made over and over again by people who seek to defend the practice. Yes, there is a value to secondary ticketing when people want to offload tickets because they happen not to be able to make an event, or if people are able to snap up tickets at the last minute after thinking that they would not be able to attend. However, there is a big difference between those practices and the market manipulation that is taking place on a huge scale, and that is what my hon. Friend is talking about.



## **Sharon Hodgson**

That is exactly the point that I want to expand on. We all agree that the secondary market can serve a purpose—if we have tickets to an event that we thought we could go to, but then find that we cannot attend because of a change in work patterns or whatever—but the exponential growth in online resale that we have seen since 2008, with major players coming from America to get a slice of the growing pie, proves my “green light” point. If the brakes were on before 2008, while we were waiting for the decisions, they were certainly smashed to pieces afterwards, and people in the industry have seen touts making more and more money from their work and investment without putting anything in. After all, when a ticket sells for double its face value, the tout makes more money than everyone involved in putting on the show.

People in the industry tried unsuccessfully to convince the Government and Parliament to do something about the situation. Having failed in that attempt, they decided—reluctantly, in my opinion—that if someone was going to make that money, it might as well be them. Some are doing so openly by selling premium packages or appointing a secondary website as an official partner, as Jessie J did recently. Some, however, are doing it through back channels because they do not want their fans to know that they are effectively being ripped off by the artiste they admire, as that would inevitably hurt their relationship.

The practice of allocating blocks of tickets directly to the secondary market was exposed by a “Dispatches” documentary in 2012, which I took part in. I hope the Minister watched it—I have a copy in my office that I can pass on to her if she did not. Such under the table dealing is a direct consequence of successive Governments failing to do anything to protect fans. At the very least we need to bring those dealings out into the open.

It is not as if there is no precedent for protecting fans, as we protected Olympic tickets from being exploited by touts. I am aware that doing so was a condition of being granted the games by the International Olympic Committee, but I would like to think that that would have happened anyway, given the national significance of the games and the obvious security considerations.

I note from the excellent Library debate pack—I put on record my thanks to our exceptional Library researchers for putting it together in such a short space of time—that the Scottish Parliament has passed legislation protecting tickets for the Commonwealth games, which is welcome. Colleagues will know that the unit set up to monitor Olympic touting and other crimes associated with the games, Operation Podium, also looked at the wider secondary market in the years it was in operation—from 2005 to 2013. It estimated that that market was worth £1 billion, and its initial findings resulted in the fine for touting Olympic tickets being quadrupled. I sat on the Public Bill Committee that considered the legislation that put that in place, and during our proceedings, a representative from the Metropolitan police told us that the people they were tracking who were trying to tout Olympic tickets were the same players who control most of the inventory on sale on a day-to-day basis. During our

questioning, I nearly coaxed him into agreeing that action was needed to regulate the wider secondary market, but he stuck to his brief very professionally.

I might not have been successful on that occasion, but the recommendations in the report on ticket crime that Operation Podium published shortly before it was disbanded last year could not have been clearer. "Ticket Crime: Problem Profile" found:

"Due to the surreptitious way that large numbers of 'primary' tickets are diverted straight onto secondary ticket websites, members of the public have little choice but to try to source tickets on the secondary ticket market."

Its findings led the unit to conclude:

"The lack of legislation outlawing the unauthorised resale of tickets and the absence of regulation of the primary and secondary ticket market encourages unscrupulous practices, a lack of transparency and fraud." The unit therefore recommended:

"Consideration must be given to introducing legislation to govern the unauthorised sale of event tickets. The lack of legislation in this area enables fraud and places the public at risk of economic crime... The primary and secondary ticket market require regulation to ensure transparency, allowing consumers to understand who they are buying from and affording them better protection from ticket crime."

The Minister's predecessor, Hugh Robertson, told me repeatedly that if we provided evidence of market failure he would reconsider his position; I refer Members to Hansard, volume 551, column 997W from 25 October 2012, and volume 542, column 66WH from 13 March 2012. The latter refers to the long-awaited report from the Office of Fair Trading, which I hope we will see later this year.

Even given the damning report from Operation Podium, the Government have still refused to engage on how to protect fans. I hope that the new Minister will differ on that and agree with me and other colleagues that, when the police say that a market needs to be cleaned up because it is acting as a front for organised crime and fraud, we should probably listen to them.

If we needed confirmation that the secondary market is allowing fraud to be perpetrated, we got it in July last year, when it emerged through an investigation by Radio 4's "You and Yours" programme, working with security expert Reg Walker, that thousands of counterfeit tickets had been sold through the major secondary market platforms. Those platforms tell people that tickets are guaranteed because sellers receive their money for a ticket only once the buyer has been to the event without incident. That would be the case if someone were to try to shift a few tickets for an event they could not attend or if they were small-time casual touts. However, the fraud could be perpetrated because the restriction does not apply to the big players, otherwise known as power sellers or brokers—although I would call them industrial touts.

The secondary platforms compete for inventory from those major players and the commissions from their sales, so they bend over backwards to win their business. That means preferential rates and premium services, and even the odd party, with

drinks and networking opportunities; but importantly it also evidently means disbursing money paid for tickets before those tickets have been verified by the end user.

Unscrupulous individuals—they would be called “gangsters” or “organised criminal networks” in common parlance—were able to establish themselves as power sellers by selling large amounts of genuine stock, although we do not know from where they got it. When they then carpet-bombed the market with false tickets, they had ensured that they got their money within days of the sale. By the time the reported thousands of fans were knocked back from concerts by the likes of Beyoncé and One Direction, those criminals were long gone.

I am not saying that the four major secondary platforms that were stung by that fraud were complicit in any way, although my understanding is that they did not exactly run to the police about that criminal activity, probably because it would harm their reputation; it was an issue of damage limitation. However, the fact that their processes allowed the fraud to happen shows that the market is not foolproof—or gangster-proof—and desperately needs reform and transparency. I have heard it argued that if those websites did not exist, all those fans would be out of pocket, whereas now they will be reimbursed eventually, if they are tenacious. However, without those websites, with their aggressive marketing and their promise of safe transactions, the criminals or criminal organisations would not have been able to sell nearly as many counterfeit tickets in the first place.

The Minister will be well aware of the trouble that rugby union has had with the resale of tickets for high-profile games. Some have credited the Rugby Football Union with driving viagogo out of the country to the safety of Switzerland, after it won a High Court battle to be told the identities of people who had broken its terms and conditions by reselling tickets to high-profile games. Of course, it is only the company address that has moved abroad; the business retains an operation in London and trades here as before. However, we have to ask ourselves, why did viagogo run away if it has nothing to hide?

Like many national sport governing bodies, the RFU is conscious of the need continually to feed the grassroots and drive participation at every level of the game. That is not all altruistic; if the grassroots are neglected, every level of the game suffers very quickly—gate receipts fall and talent does not come through, meaning that our clubs and national teams are not as competitive. That then feeds back again, damaging interest in the sport.

For that reason, the RFU ensures that a significant number of tickets for high-profile games are distributed to the 2,000 or so rugby clubs across the country. Indeed, it even announced before Christmas that that would include at least one ticket per club for the rugby world cup final in 2015. The RFU knows that it could get much more for those tickets—indeed, for all the tournament tickets—on the open market, but that is simply not the point. It wants to ensure that not just wealthy individuals and corporate buyers can afford to see the best rugby teams and players in the world.

The RFU wanted the identity of those reselling tickets to be known to ensure that they contribute to the long-term fostering of grass-roots participation, instead of making some individual a nice wad of cash. That is why the RFU and England Rugby 2015 have continually asked the Government to legislate to protect tickets for the 2015 rugby world cup from being touted. It is disappointing that, so far, the Government have refused to do that.

I hope that when the World cup comes around, our streets will not be littered with counterfeit tickets bought innocently from people who were selling them all over the place, or because they were available from unofficial outlets and fans could not tell the difference from legitimate tickets. The World cup organisers must do as much as they can to limit the number of tickets that fall into the hands of touts and to educate consumers about the official resale mechanism through which they will be guaranteed genuine tickets, as happened for the Olympics.

I am sure the Minister will be aware that touts cannot be blocked completely. She will be aware, from the last Department for Communities and Local Government questions, that if someone is desperate to secure a ticket now for the World cup final, they could do so today, on at least one of the secondary websites, for around 10 times the face value of one of the lowest priced seats. Some of the posh seats in the west lower tier would set them back almost £18,000 a pair, and that is despite the tickets not yet having gone on sale to the public; that will not happen for a further eight months. The touts obviously know that they will be able to obtain tickets, so they are selling them in advance at huge profits.

Does the Minister recognise that the situation is a direct consequence of her Department's choosing not to get involved? The problem does not apply only to rugby; the governing bodies and major event holders in cricket and tennis have been at pains to try to enforce the non-resale clauses that they put on their tickets, for much the same reason. Alienating fans with ordinary means from prestigious events means risking the loss of their continued involvement with and patronage of the sport.

Top-flight football is the one sport in which there has historically been some protection for fans, but legislation introduced in 1994 to tackle hooliganism is increasingly being circumvented by people doing deals and accepting money from the secondary websites to authorise them to resell their tickets. That loophole must obviously be closed immediately, and there are growing calls from fans—including Spurs fans, as reported in local papers yesterday—in favour of that happening.

The websites are always at pains to point out that it is individuals, not them, who are selling the tickets. In that case, is it all right for someone to buy a season ticket for a premiership club, never to attend a match, and to make a fortune reselling their 19 home tickets on an "authorised" secondary market, when it would be illegal for a genuine fan who cannot go to one match to sell a single ticket at face value to their mate?

I asked in a written question a few months ago what conversations the Department had had with the football world about this issue, and the answer was "none". I hope

that the issue is now on the Minister's radar, that she will give us her opinion on the practice and that she will have conversations with the football world. Does she think what is happening is in the spirit of the original legislation and will she close the loophole?

When the hon. Member for Hove secured a short Westminster Hall debate on this issue back in March 2012, Tracey Crouch intervened on him and perfectly distilled the problems in the market. She asked:

"Does my hon. Friend agree that we should be putting the fan, not the salesman, at the centre of the ticketing process for live music and other events?"— [Hansard, 13 March 2012; Vol. 542, c. 59WH.]

That is exactly what we should be doing. We should put our constituents first, closely followed by the legitimate and important businesses that employ them and generate wealth for the UK. We should put last those who seek only to exploit. We can do that by legislating to make the secondary market more transparent and making people who profit from it more accountable to both the end consumer and those who own the intellectual property, on the back of which they are getting rich.

The all-party group will hear evidence on the best way of doing that. The intention is to table new clauses to the Consumer Rights Bill when it comes before the House later in the year. I will not prejudge the results of that process and the ideas that it will no doubt turn up. However, I suggest that the following is the minimum the Government can do to shut me and others up. Websites facilitating the unauthorised resale of event tickets should be made to reimburse a buyer for all costs incurred when tickets purchased through their service are found to be fraudulent. That should include all fees involved in purchasing the ticket, travel to and from the venue, and any accommodation and subsistence costs when evidence can be provided.

**David Nuttall**

Does the hon. Lady fear that if she introduced that proposal it would just send those websites offshore?

**Sharon Hodgson**

They are already on the internet. Viagogo's head office is in Switzerland, so they are offshore.

**David Nuttall**

How does the hon. Lady propose that the law should be enforced?

**Sharon Hodgson**

It should be enforced in the same way as we enforced the regulations on Olympics ticketing. Tickets could be sold abroad under different rules, but the number of tickets held here that had to go to UK fans had to follow UK legislation and the laws that we made.

**Clive Efford**

Does my hon. Friend agree that if the details of tickets were provided to the organising body and they were being sold illegally, it could then cancel them? That information would be important in enforcing the proposal.

**Sharon Hodgson**

My hon. Friend is right. That already happens with some events, including those at the O2. If a ticket is found to have been resold illegally and can be traced, it can be cancelled. That is one mechanism that can be used. My proposal would give consumers the peace of mind that they will not be left out of pocket if they are the victim of ticket fraud. The websites that make money facilitating ticket touting say they currently aim to make that happen now, so I hope that my proposal will not be considered too much of a stretch.

To bring to the market the much-needed transparency that the police and many others say is needed, the websites should ensure that all ticket listings display the face value and seat number, where appropriate, of the tickets being purchased. That would prove that the tickets were real and already in existence. Websites selling tickets they have acquired themselves, or through direct allocations from an event holder, should disclose that clearly to buyers, and individuals selling tickets via these websites should be able to provide proof that they own the ticket they are selling.

EBay was probably the original platform for web-based touts. The main websites these days could learn a lot from the information about a seller that it allows to be seen. EBay no longer allows tickets to be sold; that part of its activity has been moved to StubHub, through which it makes commission from the buyer and seller. However, providing information could still apply to other listings, so that the number of tickets sold to other events, the number currently for sale, feedback from previous purchasers, and the record of any previous accounts held by the individual when possible could be detailed. That would allow consumers to make an informed choice about whether to buy from a tout who sells hundreds of tickets, or from a genuine fan who is selling tickets because they cannot go to the gig or event.

There is a serious problem with how some touts acquire tickets through the use of botnets and sophisticated software programmes to circumvent restrictions placed on sales by primary ticketing websites, but that is arguably more a case of detection and properly enforcing existing laws and regulations, rather than making new ones.

The secondary websites have a role to play in questioning the legality of the methods employed by their power sellers to acquire the vast inventories that some of them have. I hope that that will be explored more during the APPG's inquiry.

I have given the Minister and the other Members here a lot to think about this afternoon, but I hope she will try to respond to as many of the different points as possible. If she cannot, I hope she will simply tell the House whether she thinks her Government should carry on entrenching and exacerbating the situation. Even the chair of the Association of Secondary Ticketing Agents admits that

"the ordinary fan is screwed. The decks are stacked against them."

Please do not say that the previous Government and the Select Committee looked at this issue years ago, so it is all okay. I have spent the past 30 minutes explaining why that just does not wash any more and why everything that has happened in the past six years shows that the wrong decisions were made.

I could have spent much longer speaking, but I will not. I have had lots of material sent to me over the past few years, which I will present to Parliament in due course to back up the case. If, as I hope, the Minister does not want her Government to reach the end of their tenure having made the same mistakes, I will be delighted to work with her and colleagues from all parts of the House to come up with a solution that tips the balance back in favour of the fans.

As I have said before in debates on this subject, tickets give access to an experience—sometimes, a once-in-a-lifetime experience—and the normal market rules of supply and demand do not apply. The tickets should not go just to those with the deepest pockets, access to back-channel deals or criminal methods of acquiring them, unless that is what the person putting on the event wants. The Government's job is to legislate to prevent such market failure and to ensure as far as possible that everyone has a fair and equal chance of purchasing a ticket to their dream event, at the price those putting on the event intended.

**End**

### Jobs and Business (10 May 2013)

Having said all that, I am hopeful about one Bill. The consumer rights Bill announced in Her Majesty's Gracious Speech has, of course, been long anticipated; indeed, time is running out for it to be introduced. As Members will be aware, the European directive on which it is based needs to be implemented by December, so the Government will no doubt be in a rush to make significant progress on the Bill before the House rises for the summer.

During that rush, I hope to make my case for the Bill to include measures to reform the secondary ticketing market to ensure that fans get a fair deal. I was very encouraged to hear the shadow Secretary of State for Business, Innovation and Skills, my hon. Friend Mr Umunna, confirm in response to my intervention during his opening remarks that, if the Bill introduced by the Government contains no such measures, he will seek to make amendments to ensure that the wild west that the secondary ticketing market has become is reined in and regulated.

Members, and certainly Ministers from the Department for Culture, Media and Sport, will remember that I introduced a private Member's Bill in the first Session of this Parliament that attempted to start this process. It would have established a scheme whereby those who are putting on a ticketed event—whether that is a gig, a west end show or even an art exhibition—could, if they wanted, protect those tickets from being resold by unauthorised individuals or companies for a mark-up of more than 10%. People would still be able to resell their tickets if they could no longer attend an event, but not for a huge profit.

Members might have noticed that I said, "even an art exhibition". There is actually a roaring trade for such tickets. The Da Vinci exhibition at the National Gallery hit the headlines last summer because tickets were being snapped up by touts, much to the annoyance of the National Gallery, which felt absolutely powerless to do anything to prevent it. Anyone who wants to see the exhibition on David Bowie that is on at the Victoria and

Albert museum will find themselves having to fork out at least £60 for a weekend ticket, which is more than four times the face value.

Back in 2010, I thought that my Bill was a sensible way to empower artists and event-holders to protect their fans from the rampant profiteering that we see on a regular basis. I believe that even more now. However, I also believe that the market needs to be much more transparent, as consumers should know who they are buying from and the provenance of the ticket. That is how any market should work.

There are a number of reasons why I am more convinced than ever that we need action. Since my Bill was talked out by the usual suspects on the Government Benches, we have had an excellent exposé by the "Dispatches" programme of how websites such as viagogo and Seatwave, through which the vast majority of secondary tickets are now sold, operate. Surprisingly enough, that differed greatly from the image that they used to portray of themselves of being fan-to-fan



exchanges. They used to have that description on their websites, but since they have been exposed they have taken that down. We saw tickets being sold as if by fans when those companies were receiving allocations of tickets directly from promoters, or using banks of phones and batteries of credit cards registered to multiple addresses. We also saw how those companies court what we call "power sellers"—professional touts who manage to secure huge inventories of tickets to events by highly dubious means such as botnets, which Chris Stewart of Ticket Hut was recently found by the Daily Mirror to be using to secure vast swathes of One Direction tickets. I am sure that there are a number of One Direction fans in the Chamber today.

What makes me more concerned about the murkiness of this industry is that football tickets are now being sold through those websites, with clubs exploiting their right to authorise resale by saying that the likes of viagogo and StubHub can do that, even though it is actually random season ticket holders who are doing so. The resale of football tickets through other channels is understandably banned, due to safety concerns, and many people might think that the resale of football tickets is illegal, because there is supposed to be legislation. The purpose of the ban is to ensure that hooligans cannot get their hands on any tickets, and that fans of each team are segregated.

**Steven Pound**

Every word I hear from my hon. Friend makes me all the more furious that her excellent Bill was talked out. Is she aware, as many of us are in the House, that Sir Alex Ferguson's last match in charge of a certain team from up north is already attracting ticket prices of £3,000? Surely, under those circumstances, action must be taken.

**Sharon Hodgson**

I agree. There is obviously the unfairness, but there is also the fact that there was supposed to be legislation to protect football audiences from unscrupulous fans. Nothing stops any of those fans who might be able to get hold of that amount of money going along and ruining an amazing occasion such as the last match that Sir Alex will be in charge of. I certainly do not have any confidence in the websites that are now authorised by the clubs to sell tickets, because their ultimate aim is to make profits and I do not think that they are best placed to uphold the principles with regard to hooligans and segregation.

**Lyn Brown**

What did my hon. Friend think of the Olympic ticketing system? That seemed to work quite well.

**Sharon Hodgson**

As my hon. Friend knows, we introduced legislation to protect the Olympic tickets. It was a proviso of the International Olympic Committee that the country that hosted the Olympics must protect the tickets, and it worked very well. Although the tickets were really hard to get hold of, the allocation was made fairly and they did not go to

the highest bidder. Later I shall mention Operation Podium, the Met unit set up to police that legislation.

Despite the clear evidence in the “Dispatches” programme, and in a number of Penman and Sommerlad columns in the Daily Mirror since then, the sports Minister, the Minister of State, Department for Culture, Media and Sport, Hugh Robertson, has remained steadfast in his opposition to such a move. So I am now looking to the Secretary of State for Business, Innovation and Skills to look more favourably upon such measures in his forthcoming consumer rights Bill. The sports Minister has, however, always been at pains when we have debated this issue to say that his mind could be changed. Indeed, in a Westminster Hall debate on secondary ticketing secured by Mike Weatherley, who also campaigns on the issue and who supported my private Member’s Bill—he was the only Conservative Member who did—the Minister said:

“Purely in my own opinion, the moment that the security services or the police say the activity is becoming a proxy for large-scale criminal activity, and that large amounts of money are being laundered through the system, the case for legislation will become much easier to make.”—[Hansard, 13 March 2012; Vol. 542, c. 65WH.]

Well, now the police have that evidence. Operation Podium, which Members may be aware was the Metropolitan police’s dedicated response to the serious and organised crime affecting the economy of the London Olympic and Paralympic Games in 2012, in a report entitled, “Ticket Crime: Problem Profile”, published in February to coincide with the unit’s abolition, set out the extent to which fans are being “ripped off” through dodgy practices. It also laid bare the involvement of organised criminal networks, which will always be involved where there are large sums of money to be made in a semi-legitimate way. As for large sums, the Met estimates that the “industry”, if we may call it that, is worth £1 billion a year—a not insubstantial sum of money.

### **Lyn Brown**

So my hon. Friend is basically making the case that it would be harder to launder money from drugs, for instance, if we had better legislation on this issue.

### **Sharon Hodgson**

That is exactly the point, and it is well made.

For the benefit of the House, I shall quote some highlights from Operation Podium’s report. It makes very interesting reading. It found that

“due to the surreptitious way that large numbers of ‘primary’ tickets are diverted straight onto the secondary ticket websites, members of the public have little choice but to try to source tickets on the secondary ticket market.”

It concluded that

“the lack of legislation outlawing the unauthorised resale of tickets and the absence of regulation of the primary and secondary ticketing market encourages unscrupulous practices, a lack of transparency and fraud.”

This is the Metropolitan police recommendation:

"Consideration must be given to introducing legislation to govern the unauthorised sale of event tickets. The lack of legislation in this area enables fraud and places the public at risk of economic crime."

They went further still by saying:

"The primary and secondary ticket market require regulation to ensure transparency, allowing consumers to understand who they are buying from and affording them better protection from ticket crime."

In short, the report sets out how this market is failing, and how it works in the interests of a handful of professional touts, middlemen and the criminal underworld, with dubious practices and tax arrangements. As an example, in the wake of the "Dispatches" documentary, it emerged that viagogo had transferred its formal head office for legal and tax purposes from the UK to Switzerland, despite the fact that all its staff are still working right here in London. One must ask why.

The Government could take action in the Bill to make the secondary market work in the interests of the consumer, which is to say the genuine fans and event-goers who want to enjoy and patronise the arts. In doing so they would also make the market work in the interests of those who are investing time, energy and resources, as well as talent, of course, who at present have to make the invidious choice between being leeches off by touts or getting into bed with them to get a little piece of the poacher's pie.

This pie, as I said, is estimated by the Met to be worth in excess of £1 billion a year. No wonder there is such interest from the criminal world. We are talking about huge amounts of money to be made from doing very little. But this is not a victimless abuse. I get e-mails from dozens of victims every week. They are law-abiding regular citizens, adults and children, who have found themselves drawn into this murky world because they just want to see their idol play a gig or go to the theatre or an art exhibition. They end up feeling that they have no choice but to buy their tickets from the secondary market because that is the only place where the tickets are. Some realise that they are being fleeced and some do not, but all feel they have no choice.

These tickets end up changing hands for four, five or even more times their face value, as we heard—sometimes thousands of pounds. Who gets all that profit? The tout does, mainly, but as I mentioned, the situation is now much more complicated, as the Met made very clear in their excellent Operation Podium report.

Leaving aside the criminality, murkiness and lack of transparency, I am doing this for the fans—for the millions of music, sport, art, comedy and theatre fans out there who are routinely priced out of this wild west of a marketplace. It is not fair. I read all the e-mails I get. Some are heartbreaking, especially those from children. These are tickets to an experience, sometimes a once-in-a-lifetime experience. This cannot and should not be compared to the usual rules regarding supply and demand. As someone once said about football, "It's not a matter of life and death; it's more important than that." I really believe it is. Other countries have chosen to regulate the

market, most recently France under Sarkozy, who is hardly a left-winger. It did so because that is the right thing to do and we should do it as soon as possible.

The Bill is fundamentally a consumer protection Bill, so let us take the opportunity to protect live event consumers. Let us bring some transparency to a very murky market. Let us give those whose talent and investment create this demand in the first place greater control over the supply of their tickets. But most importantly, let us put fans first and let us take action on ticket touts now.

**End**

## Sale of Tickets (Sporting and Cultural Events) Bill (21 Jan 2011)

I beg to move, that the Bill be now read a Second time.

The reason for my bringing forward the Bill should be obvious to hon. Members who have turned up today, even those who have done so perhaps only to oppose it. To demonstrate the problem, I will paraphrase from an article in *The Times* of 25 September 2010. At 8.50 am, Rachel Still switched on her computer and waited. At 9 am precisely, tickets for a gig by Brandon Flowers in London were to go on sale. A few minutes before 9, Rachel logged on to the ticket website and began the repetitive formula for buying tickets. At 9.1 am she was told that the gig had sold out. Her friends told her that they had received the same message at 8.57 am, before the tickets were even officially released. Within minutes those same tickets were appearing on secondary websites at prices way above the £25 face value, the cheapest one being £74. A survey showed that of the 2,300 tickets sold, 616 were instantly re-advertised—more than a quarter. No doubt there would be more to follow closer to the date too, as it is common practice to drip-feed more tickets on to the market at a sufficiently slow pace to keep the prices high.

That situation plays out time and again in homes up and down the country—ordinary fans trying in vain to get tickets, only to find that they have sold out within minutes. The disappointment is then compounded when they see that the touts do not have the same problems as they do in finding large numbers of tickets. I know all this because it has happened to me and to my teenage children, and I know we are not alone.

When I first tabled the Bill, after the private Member's Bill ballot, the media attention prompted lots of people to write to me, expressing their support for action to tackle ticket touting. They ranged from academics to ordinary fans, and all had a story to tell. The story that stood out most prominently was that of a gentleman who used to work at a media event venue, which I will not name. He told me that it was common practice for the box office managers to cream off all the best seats to sell to touts at a mark-up of 50% before they even went on sale. Then, when the tills opened, they would simply put in the face value and issue a receipt for them all. I suspect security has improved since those days, but there is no doubt that the levels of reward on offer and the lack of regulation mean that many tickets never even reach the legitimate market at face value.

Even the big players in the secondary market recognise that, from the consumer's perspective at least, there is a massive problem with this market. I quote Graham Burns, chairman of the Association of Secondary Ticket Agents, who said in a *Sunday Times* article in November:

"The ordinary fan is screwed. The decks are stacked against them. Try and buy a front-row seat at a bestselling concert at face value. It can't be done."

The aim of the Bill is to redress that balance-to give consumers back the power and to help event organisers choose how they want their tickets to be available and for how much.

While I initially approached the Bill from a fan's perspective, I quickly got a better picture of the industry's perspective as I met people who had got in touch about it, but I think the most strikingly unjustifiable part of the secondary market is the resale of charity tickets. Later in my speech I will go into some detail about the experience of the Teenage Cancer Trust, but I came across another, briefer example in The Sunday Times. Like the Minister's boss, I too am a fan of some of Rupert Murdoch's news output.

That example was the sale of Help for Heroes tickets. The gig was at Twickenham in September, and featured Robbie Williams, Gary Barlow and Tom Jones, who had freely given their time and names to support an incredibly worthy cause. Tickets for the event were being touted on secondary websites at an average of £106, despite the fact that the face value of an ordinary ticket was £46.75 and that the tickets clearly said on the back that they were not to be resold. The touts are earning more than the charity here, and if any hon. Member can convince me that that is right, I will happily withdraw my Bill and sit down.

#### **Philip Davies**

I wonder who the hon. Lady sees as the victim. If a charity wants to sell tickets at £46 each and someone pays £46 each, the charity gets all the money that it expected to get. The fact that someone is prepared to pay more to someone else for that ticket does not take any money away from the charity. It still gets exactly the same amount as it bargained for when it sold the tickets. It makes no difference to its income whether the person who paid £46 for the ticket uses it or sells it on to someone else.

#### **Sharon Hodgson**

The charity does not get the whole £46. On average, with overheads and so on, charities reckon that they get about half the ticket money. The tout or whoever sells on the ticket, which clearly states on the back that it must not be resold, makes six or eight times more than the charity. The artists, who have given their time freely, intend that any money that comes on the back of their time and from the ticket should go to the charity. I find it quite shameful that the hon. Gentleman can say that such a practice is fair when the charity intends to help teenage victims of cancer. [ Interruption. ]

#### **Jacob Rees-Mogg**

I thank the hon. Lady for being both gracious and generous in giving way a second time so quickly. If the charity fails to sell its tickets for the market price, which is £106, that is its fault. It ought to investigate other ways to sell its tickets, such as eBay, to maximise its return, rather than our introducing a harsh legislative measure.

#### **Sharon Hodgson**

The charity decides on the price based on the genuine, ordinary fans whom it wishes to attract. It is often aware that the price is sometimes below the market value, but the reason is that it does not want to attract only people who can afford to pay £106. It wants to attract a broad cross-section of people. It does not just want elite people in the audiences at such events. I will give further examples in due course.

**Ian Austin**

Does my hon. Friend share my surprise that Government Members support a system that excludes their constituents from having access to a free and open market, in which they can compete with other people to have proper access to tickets? Why does she think that they are in favour of their constituents not being able to buy tickets when they first go on sale?

**Sharon Hodgson**

That is an interesting point. Government Members have a lot of good arguments on the free market, but with regard to charity tickets, none of those arguments hold up. They should want such access for all their constituents, not just the ones who can afford to pay premium prices.

I am, of course, aware that the issue has been considered on a number of occasions over the past five years. To be honest, the fact that it has been revisited so many times is testament to the fact that those who look at it keep coming to the wrong conclusions. Although I have read some of the contributions to the Culture, Media and Sport Committee's inquiry, I still cannot understand how it arrived at its conclusion. The Select Committee and the then Government both concluded that fans wanted a forum in which they could buy tickets closer to the date of an event or sell them if they could not make it. I absolutely agree with that statement, but I disagree that that conclusion should allow the secondary market to carry on unregulated.

The key thing that both the Government and the Select Committee missed is that consumers also want a fair chance to get tickets at face value, and they do not want to be ripped off. I have a quote from a letter that my right hon. Friend Mr Woodward sent in his capacity as the then Minister with responsibility for the creative industries in response to my hon. Friend John Robertson, who is not in his place today, when he was campaigning on the issue way back in 2007. My right hon. Friend said:

"While consumers want a secondary market, they do not want to be exploited by individuals or businesses at their personal expense."

But he then suggested that it was not in the public interest to legislate. I know my right hon. Friend the Member for St Helens South and Whiston; he is an intelligent man, so I can only think that once one becomes a Minister, there is sometimes a tendency to trust what the civil servants are saying a little too much.

Will the Minister tell us what his civil servants advised him ahead of this debate? I know my office provided them with advance sight of the Bill, so I hope they had

enough time to come to a considered view. I look forward to hearing the Minister's response-if his colleagues allow him to get in.

Coming back to the point, the Bill does not aim to do away with the secondary market. It aims to make the secondary market work in the interests of genuine fans, by forcing out the people who are there simply to profit from the hard work, investment and creative talent of the live entertainment industry, a sector that I am sure the Minister will agree has become extremely valuable to the UK's economic vitality.

The role of the Government and of the House is to legislate in the public interest. The public interest does not lie in a few touts and the channels they sell through continuing to make obscene profits at the expense of the general event-going public and of the live entertainment industry. The public interest lies in the Government providing a statutory framework for the industry to use in the interests of fans where needed. That is exactly what the Bill provides for.

Before I come to the substance of the Bill and go through its various clauses, I take this opportunity to thank my fantastic and hard-working team who have helped me on my route to introducing the Bill to the House. In particular, I thank two people: Mike Forster, my researcher, who only started in August, so the Bill has been a huge part of his job; and David Hopper, previously my intern but now studying to be a solicitor, who did a lot of the groundwork behind the scenes on legislation around the world.

The Bill addresses the problem I laid out. It creates two new offences, but that is not the starting point. The starting point is the creation of a voluntary designation scheme under which those involved in putting on live entertainment events can apply for protection from the unauthorised resale of their tickets. If they apply for protection, it would be an offence for an unauthorised individual to be concerned in the sale of a ticket for that event at a price greater than 10% above face value. For such purposes, face value is the printed value plus any service charges levied by the appointed ticket agent.

Such an approach broadly follows that set out in the Queensland solution, of which hon. Members on the Select Committee on Culture, Media and Sport will be aware. In Queensland, tickets for any event held at certain major venues are subject to price caps on unauthorised resale. I want to broaden that provision out, because it would not touch a large part of the market, such as theatre or mid-sized and small gigs, which are just as lucrative for touts as stadium events-if not more so, because they occur on almost every night of the year in towns and cities throughout the country.

Clause 1 sets out how that system of designation could work. I am open to its refinement or to alternative suggestions from the Government or other hon. Members in Committee should the Bill be successfully voted through today.

Clause 2 sets out the offences, the first of which I have already mentioned. The second offence is the advertisement for sale and taking of payment for tickets that have not yet been released by the primary retailer. The issue is separate from that of the secondary market, coming as it does before even the primary market. Websites



spring up offering concert tickets—a recent example is the Take That tour—that the person running the site obviously does not even have. It is a risk-free business, because the person gets a lump sum of cash to buy as many tickets as possible to satisfy the orders, and simply refunds any orders that cannot be satisfied. In some cases, such sites have simply not delivered the tickets and done a bunk with the money. Other laws cover such activities, but why is it still legal for those sites to offer tickets that they do not have, at the risk of many consumers being left short-changed and without tickets?

Clause 2 sets out the sanctions for the offences, which include a fine up to the level 5 limit on the standard scale. There was a case for going higher than that, as for many major operators, £5,000 represents a drop in the ocean of their business.

**Lyn Brown**

As my hon. Friend knows, I am particularly concerned about the issue of tickets touts and the Olympic Games. I do not feel that £5,000 is enough of a fine to deter unscrupulous touts. Does she agree?

**Sharon Hodgson**

I certainly do, and I shall come on to the Olympic games shortly. One of my suggestions is that we work with the Metropolitan police unit set up to tackle the issue. I am sure that my hon. Friend will meet it in the course of her work as a local MP. That unit also feels that £5,000 is nowhere near a big enough deterrent. There are measures in place, which I will come to in due course, but perhaps my hon. Friend will intervene on me again if I do not cover her point in detail.

I want to state explicitly that for the worst cases, the confiscation, under section 70 of the Proceeds of Crime Act 2002, of assets and cash thought to have been garnered through this activity should be considered. Clause 3 assumes an exemption from the limitations where the proceeds of an auctioned ticket are to be used for, or donated to, charitable purposes. Any exploitation of that assumption would obviously be investigable under the Charities Act 1993.

**Philip Davies**

The hon. Lady talks about her constituents and mine being exploited by ticket touts, but does she not accept that one of the worst exploitations in the whole ticketing market is carried out by promoters who sell tickets and then refuse to exchange them or give refunds? Somebody who buys a ticket and then finds that they cannot go to the event may not get a refund. In the secondary market, viagogo has a viagogo guarantee; if anything goes wrong, it guarantees people their money back. Surely that is giving people a better service than the primary ticket market does.

**Sharon Hodgson**

I shall come to that point, too; I shall mention that I encourage primary sellers to offer a refund service within a certain period—a cooling-off period, as it were. A lot of other online purchases are covered by these periods—a certain amount of time in which purchases can be returned. I met Rugby Football Union representatives, and that

body accepts returns of all its tickets; the same is true of most tickets from the All England Lawn Tennis Club for Wimbledon finals. Most of these places will happily accept the tickets back and give a full refund, because they know that the tickets are highly sought after. [Interruption.] Not all are, but some key tickets are accepted back; the Minister is nodding.

**Philip Davies**

Some.

**Sharon Hodgson**

Some are, and later in my speech I shall say that as part of the legislation, there could be discussions with primary ticket sellers and event organisers about ensuring that they offer a refund facility.

Let me come back to the clauses of the Bill. Clause 4 relates to the sale of tickets on the internet by touts. It is not my intention to require the active monitoring of adverts placed on websites by sites' administrators; after all, the practicalities involved would be prohibitive. However, where that monitoring is done, either by the event organisers or the police, the Bill places a duty on the administrators of those websites to take down in a timely manner any adverts thought to be in contravention of clause 1—that is what will happen with regard to Olympic tickets—and to co-operate with any investigations of touts who have been using their services. Again, failure to comply would incur a fine up to the level 5 maximum.

Clause 5 places a duty on the Secretary of State to consult the industry on two things. The first is the establishment of a voluntary code, under which primary ticket agents would offer refunds on tickets within a certain time frame, just as other internet retailers are subject to distance-selling regulations; that exactly covers the point mentioned by Philip Davies, who is now not listening to the debate. Secondly, the Secretary of State should consult the industry on whether the creation of an official ticket exchange facility would be beneficial for consumers—both those who have spare tickets to sell, and those who want them. Primary agents and sites through which the secondary market operates would be happy to engage in that process and work towards creating a fairer marketplace for fans. The remaining clauses relate to interpretation provisions and the commencement and jurisdiction of the Bill, and require no explanation.

The House will be interested to learn that, in drafting the Bill, I consulted officers from Operation Podium extensively, and I thank them for their input. Members with an interest in preparations for the Olympic games—my hon. Friend Lyn Brown has such an interest as a constituency MP—may be aware that Operation Podium is being carried out by a team in the Metropolitan police dedicated to tackling crime associated with the games. Half of that taskforce is concerned primarily with working with Olympic organisers and the industry to tackle touting of Olympic tickets under the powers set out in section 31 of the London Olympic Games and Paralympic Games Act 2006, which builds on provisions relating to football tickets in section 166 of the Criminal Justice and Public Order Act 1994. The 2006 Act decrees that no reselling may take place by unauthorised retailers, and sets up a ticket exchange

facility whereby genuine fans can sell tickets on to other fans at face value. That is the ideal model, and could easily be replicated if the political will was there.

Officers from Operation Podium told me that the secondary market is estimated to be worth up to £1 billion a year-money that is not being used to support grass-roots sports, artists or investors in live entertainment. Much of it will not go to the Treasury, save for a bit of VAT on charges levied by the websites that the touts use. They also told me that as the previous Government and the then Select Committee on Culture, Media and Sport had effectively given the measure the green light, it has been increasingly exploited by organised criminal networks, both UK-based and international, as a result of the vast sums of money on offer. The implication is that a large portion of that estimated £1 billion is being used to bankroll other crimes, such as drugs, trafficking, money laundering and so on. Tackling touting would therefore choke off a stream of income for those networks, which is just one reason for the measure that has been suggested to me since I began work on it.

### **Hugh Robertson**

I looked at this issue carefully when we were in opposition. It was alleged that ticket touting was used as a means to launder the proceeds of crime. I specifically asked the Metropolitan police about that about 18 months ago, when the then Select Committee and the previous Government were looking at it, and they said that there was no firm evidence to support that allegation. If the hon. Lady has that evidence, I urge her to bring it forward.

### **Sharon Hodgson**

I certainly will do so, and I will pass on all the correspondence that I have received from the senior Operation Podium officer. I do not think he would want me to name him on the Floor of the House, but he has met officials from the Home Office-I know that that is not the Minister's Department-to discuss the issue. I am sure he would be delighted to meet the Minister and explain how things have moved on quite considerably since the then Government and Select Committee looked at them. I have used the term "green light". The decision that my Government, I accept, and the cross-party Select Committee made was seen as a green light to the criminal fraternity to begin to exploit the whole market. I am sure that the officer would meet the Minister in a flash, because the police need to get the situation right before the Olympic tickets go on sale in March. He would be thrilled to know that the Minister wanted to meet him.

Given the large amounts of money that could be made on premium tickets for major finals, the police do not believe that the sanction for individuals caught touting tickets for the Olympics-a level 5 fine, as I mentioned-is a sufficient deterrent. As I said, many people would regard it as just an occupational hazard, pay the fine and carry on straight away selling more tickets. That issue is addressed by clause 2(6), which emphasises prosecutors' ability to consider whether the case should be looked at by a Crown court under section 70 of the Proceeds of Crime Act 2002, so that touts know that £5,000 is not the absolute maximum that they can be fined.

### **David Nuttall**

Is the hon. Lady saying that she has decided to restrict the offence to level 5 because of an order under the Proceeds of Crime Act? Why not a higher level?

**Sharon Hodgson**

It could be higher, but a level 5 offence is laid down in the Olympics legislation, which I have used as the basis for the legislative framework of the Bill. It was deemed an appropriate level. However, as I said, officers at Operation Podium have said they do not consider that strong enough. They would like to talk Ministers about the current legislation and the possibility of extending it to other entertainment industries, such as those I am speaking about.

Officers have also pointed out that the mainstream secondary marketplace-the websites that consumers tend to trust, such as viagogo, Get Me In! and eBay, as we have just heard-do not prevent professional touts from selling on their websites. A member of the public contacted me on Twitter when they heard about the Bill to say that they had once received an e-mail which was obviously intended for regular sellers on one of those sites, recommending that they buy tickets for certain events from the primary retailer purely in order to sell them on through such a site.

Whether that is true I cannot be certain, but there seems no reason for that person to lie to me. If it is true, it shows that at least one of those websites actively encourages touting and sees itself more as a broker than as a fan-to-fan exchange. Many of these organisations now call themselves ticket brokers. viagogo is the only one of those sites to get in touch with me about the Bill. Unfortunately I was not able to meet its representatives, but a member of my office, Mike Forster, did. They told him that a majority of their sellers sell fewer than six tickets a year so could not be considered big operators.

That is fair enough, but I still question whether a person selling tickets to six events a year is doing so as a genuine fan who cannot go to those events. Perhaps some of them might have been unlucky, and things seem to crop up whenever they buy tickets for a gig, but I would hazard that many of them are simply amateur touts without the time and infrastructure enjoyed by some of the bigger operators. That leaves the rest of the traders who are selling tickets to more than six events a year-there can be little doubt that those people are doing it as a deliberate money-making exercise, rather than just disposing of surplus tickets.

The police officers I met also raised the issue of how some of the big operators acquire so many tickets. What they said echoed some of the reading that I have done on the subject. The more IT-literate Members among us will know what I mean by a botnet. For those who do not, it is a network of computers-maybe the ones that we all have at home-which have been infected by a virus that allows the originator of that virus to control the terminal. It is a valuable commodity for hackers. Sometimes they are hired to carry out denial of service attacks on websites, and direct so much traffic to a particular website that it buckles under the strain. Members may remember that an anonymous group used this tactic to bring down sites such as PayPal and MasterCard after these withdrew their services to the WikiLeaks website just before Christmas.

The same method can be used in conjunction with numerous credit cards and bank accounts to evade the systems that primary retailers have put in place to stop one person buying up lots of tickets. I read an article on the technology news website The Register in November, which chronicled the case of a gang of touts in the US using Bulgarian hackers to buy scores of tickets automatically to gigs such as Bruce Springsteen, as well as Broadway musicals and major league baseball games. They were eventually indicted on charges of hacking, but by that time they had been operating for seven years, selling an estimated 1.5 million tickets, earning them \$25 million. That is not small change.

This practice is of course illegal, but the vast profits to be made mean that it is an attractive and simple way for professional touts to do business, and it is very difficult to detect amid the usual high levels of traffic that a primary ticketing website gets when it first releases tickets for a major event. That illustrates that fans and touts are not competing on a level playing field when buying tickets, which is why such large numbers of tickets reappear almost instantly on the secondary market. That also illustrates why it is difficult for primary ticketers to take the lead in preventing touting. They already do a lot that they should not have to do, such as limiting the number of tickets that can be bought in one go and using word-recognition software, but the problem keeps getting worse. If computer whizz kids can hack into the Pentagon and GCHQ, finding a way around security on a ticket website is child's play.

Those involved in Operation Podium have welcomed the Bill and see it as a necessary measure to tackle the criminal and organised elements that dominate the secondary market. They know that it can be policed—a point that I am sure Government Members are ready to bring up—because they are policing it now in preparation for tickets for the Olympics going on sale. They know that they can police it across borders because they are doing so now. The Olympics legislation does not limit jurisdiction to processes that happen solely on British soil, because the internet allows people to get around that easily. The Bill will follow that precedent. Those working in Operation Podium know that this is the right way to go, and I hope that their professional judgement will be taken into account by the Members.

### **Philip Davies**

Does the hon. Lady not see that there is a potential problem with restricting the resale value to just 10% of the original ticket price? It is much easier to manage that on the internet than to do so for touts standing outside stadiums. There is no way to tell how much people in a local pub might have sold a ticket on for, so that the safeguards of the secondary market on the internet would be lost as the tickets were resold. We are not going to get rid of the secondary market-like prostitution, it will always be there—but it will just shift from the internet to the street, where there will be fewer safeguards for the purchaser.

### **Sharon Hodgson**

As the hon. Gentleman says, we cannot get rid of the secondary market, just as we cannot stop people selling stolen goods, but because legislation says that receiving stolen goods is illegal, the vast majority of the general public do not participate in

such activity. Once legislation makes it clear what is allowed and what is an underground activity, public opinion and hearts and minds will change. That will happen with the Olympics tickets and the Bill.

The hon. Gentleman suggested that 10% is not fair, but the tickets for the Olympics that will go on sale will have no mark-up at all. They can be refunded through the Olympics authorities, in which case they will go to a fan on a waiting list and no mark-up will be allowed at all. The Bill recognises that there are sometimes other associated costs, such as postage or credit card fees, which is why it would allow the 10% level, which is what Queensland permits, too. If we were right to do that for the Olympics tickets, I cannot see why it is not the right thing to do for other ticketed events.

**Sajid Javid**

I am intrigued to know why the hon. Lady selected 10%, rather than 20%, 30% or 40%.

**Sharon Hodgson**

We had a long debate about that, and 10% was deemed to be sufficiently small that there would be no profit. The people we are talking about buy huge numbers of tickets, and I am sure that the hon. Gentleman can work out that the bigger the percentage, the more lucrative it is for the number of tickets they buy up. Keeping the percentage small restricts the amount of extra money they can make on top and so removes the incentive for touts to participate in that activity.

I must return to the substance of my speech, if hon. Members will allow me. The Bill also has wide-ranging support from the live entertainment industry. Mike Weatherley and I met several people involved in the business last night. In particular, I spoke to Ron Smallwood-the manager of Iron Maiden, no less-who has been trying to push the matter up the agenda for many years. He said:

"When Iron Maiden tickets went on sale late last year for an extensive arena tour of the UK this coming summer, thousands upon thousands of tickets at much higher average price than face value appeared across these secondary sites within days... Do they really expect us to believe that even a small number of these were bought by people who suddenly-the day after they bought the ticket-found they couldn't go to a concert some 9 months away?... This is one story of many...it is sheer piracy and must be stopped to protect the real fans and the performers."

Last night I also met the manager of the Arctic Monkeys, Ian McAndrew-

**Philip Davies**

Name-dropper!

**Sharon Hodgson**

I know. It was very enjoyable, and Mr McAndrew, who welcomed the Bill, summed up the situation succinctly, saying:

"Ticket touting is a substantial and thriving parasitical economy, which exploits both music fans and those stakeholders who are investing in putting on live entertainment."

I could not have come up with a better soundbite myself, and I like to think that I am a fully fledged politician.

I have also been working extensively with the Sport and Recreation Alliance, formerly known as the Central Council for Physical Recreation, because the issue affects sport as much as, if not more than, musicians and other artistes, and I thank Dom Goggins and James MacDougall for their help in putting the Bill together. For those Members who do not know, the Sport and Recreation Alliance is the umbrella organisation representing the national governing and representative bodies of sports in the UK, including the Football Association, the Rugby Football Union, UK Athletics, the Ramblers and the Royal Academy of Dance.

Touting mainly affects the big sporting showpieces, such as international games and tournament finals, which national governing bodies run, investing any surplus they make in promoting grass-roots and associated programmes that are aimed, in particular, at increasing participation and instilling healthy lifestyles among school-age children. Such bodies want those children to be able to experience top-class sport, like most live events, with their families, and that is why-to respond again to Jacob Rees-Mogg and his point about the market price-they set the majority of their ticket prices artificially low.

**Philip Davies**

I am very interested to hear the hon. Lady say that sporting bodies set their tickets at ordinary prices that fans can afford. Does she not accept, as it emerged a couple of years ago, that the Rugby Football Union did not put any tickets at all on sale to the general public for the Six Nations matches? For someone who was not part of a local rugby club or one of the sponsors, there were no tickets available. There were no tickets for ordinary rugby fans to buy on the open market. That is hardly delivering much of a service to genuine fans.

**Sharon Hodgson**

I contest that point, because the reverse is true. That body would have released tickets to clubs throughout the country, and they are full of genuine fans-and full of genuine fans who participate in the sport. So that does give people the chance to access tickets and gives kids who play the sport the chance to watch their heroes, without the tickets going on to the open market, where the touts buy them up and sell them on to the highest bidder.

**Ian Austin**

Is my hon. Friend as perplexed as I am why Government Members would rather see touts buy up tickets in bulk, excluding ordinary fans from the market, than see those tickets available to ordinary fans through clubs? Is that not bizarre?

**Sharon Hodgson**

It is bizarre-but not surprising. I know that not all Government Members will agree, and if any who do not would like to intervene I shall be more than happy to give way.

**Mike Weatherly**

Does the hon. Lady agree that what my hon. Friend Philip Davies just said reinforces the point that those who have the creative talent should be the ones who utilise the tickets in such situations? That is an exact example of our point regarding ticket touts: the person who provides the creative talent should have some control over who goes to watch such events. I am grateful to my hon. Friend for making that point on our behalf.

**Sharon Hodgson**

Definitely. I do not think that Philip Davies quite realised he was helping our cause when he made that intervention, but I thank him for doing so.

The situation to which I referred opens up the market to touts. They buy tickets at the low price that the governing body has decided to sell them at, and by selling them on at a profit they deprive fans of lesser means of the opportunity to enjoy top-class sport.

**Sarah Newton**

Does the hon. Lady agree that in this House we sometimes struggle to find issues of relevance to young people and their families? Here we have an issue that is incredibly important to teenagers who are passionately involved in sport, which we hear many Members applauding and wanting to promote. Those interested in the creative industries are also relevant. Is it not vital that we listen to and encourage those young people and reflect their concerns in the legislation that we make in the House?

**Sharon Hodgson**

Definitely; I certainly agree. I am so grateful for that intervention. If the hon. Lady wants to make any further interventions, so that it is not just my voice that everybody hears today, I would be grateful.

Faced with this situation, it would be no surprise if sports simply put up their prices to squeeze the touts out, but they do not want to do that-and as we have heard, we do not want them to do that and teenagers do not want them to do that. Sports need to create a sustainable level of interest, and pricing the vast majority of families out of top events would certainly negate that ambition.

What sports want is to be protected by a regulatory scheme such as the one set out in the Bill. Only the sports that experience problems with touts would opt in to be covered. That would mean that it would not be the overarching, top-down imposition on the industry that some Government Members may try to argue it is. It would mean the Government doing what the Government should do: stepping into the market when they are needed to ensure that it operates in the best interests of the majority, especially of young people.



Tim Lamb, chief executive of the Sport and Recreation Alliance, summed up the position from the perspective of the sports that he represents. He said:

"Ticket touts are simply exploiting sport and their gain is everyone else's loss."

He could not be more right. I have also had positive feedback from Festival Republic, best known for putting on the Reading and Leeds festivals every August, which has been campaigning prominently on this issue for years, and from See Tickets, a major primary ticket agent. See has worked with the organisers of the Glastonbury festival to ensure that passes for the festival are impossible to sell on, by requiring pre-registration and photographs of the ticket holder to be printed on the ticket. That is effective, but completely impractical for the vast majority of live events and not something that organisers should have to invest in.

The interesting thing about See is that it has nothing to gain from the Bill. It gets paid for selling tickets, whether to touts or genuine fans, yet it still sees the huge unfairness in how the secondary market has developed. Rob Wilmshurst, See's chief executive, said:

"The live entertainment industry provides cultural and economic benefit to the UK and needs support. Ignoring this issue again will further diminish customer trust in the market and therefore the contribution the industry makes in general to the country."

Again, that is an insightful comment from someone who knows the industry better than any of us in the Chamber, as has been the case with all the feedback that I have relayed to hon. Members today. If those figures and their peers support the Bill or any action to make the situation fairer, it is incumbent on the Government to listen to those calls and at least re-examine the impact that the secondary market is having on live entertainment.

Simon Davies, chief executive of the Teenage Cancer Trust, was also at the meeting that I had last night. I also met him and his team late last year to discuss the Bill. I put on the record my sincere thanks to them for their support and input into the process. For those Members who are unaware of the work done by the Teenage Cancer Trust or who think that it is fair for touts to take money away from such work, I shall explain. The trust funds and builds specialist units in the NHS that cater for the specific needs of young people and teenagers who suffer from cancer, bringing them together so that they can socialise with and support each other through the most difficult time that one could ever imagine. On top of that, the trust funds a network of teenage cancer specialists and nurse consultants, to pool knowledge and expertise and provide tailored support to the young people. I am sure that all hon. Members would agree that it is an exceptionally worthy cause.

**Philip Davies**

May I intervene on that very point?

**Sharon Hodgson**

I shall be interested to see how the hon. Gentleman is going to explain his opposition to that.

**Philip Davies**

The hon. Lady talks about the Teenage Cancer Trust, but as she is probably aware from her research, where tickets are sold for a charity event and the charity contacts a company such as eBay to point out how much money is going to the charity, it can request that eBay insists that the seller passes at least 20% of the profit back to the charity. The Teenage Cancer Trust is one charity that has done that with eBay, gaining a kick-back and an increase in its income from the secondary market-more than it would have done if the tickets had simply been sold on the primary market.

**Sharon Hodgson**

They should not necessarily have to raise that issue with eBay to get the money back. What is more, the charity told me last night that it does not want venues to be full of people who can afford to pay the prices that the touts charge for tickets. That is not the purpose. It wants genuine fans to come along-not venues full of elites, paying hundreds and hundreds of pounds.

A large part of the fundraising activities to support the trust's wonderful work is the running of a series of live entertainment events at the Royal Albert hall, featuring major artists and comedians who give their time for free to support the trust. Last summer, in its 10th year at the Royal Albert hall, it put on nine spectacular gigs featuring Suede, the Who, Noel Gallagher, the Arctic Monkeys, Jimmy Carr and Noel Fielding. As a big fan of talent TV shows, I would particularly have enjoyed seeing JLS, Diana Vickers and Lemar perform on the same night. I see that some Conservative Members are looking confused about some of these names. If they see me afterwards, I will certainly explain any pop culture references that they do not get. I might even be able to put together a compilation CD for them.

All these artists freely give their time-as well as that of their support crew-their energy and their talent to support what they view as a worthy cause, but it is not simply a case of artists giving up a night off. Doing a gig in London lessens demand for any other gigs in London that they might have planned close to that date. It could be that they cannot perform in London again for a few weeks or even months, so their participation is a genuine expression of their desire to help the cause. These big names could easily have done other things to earn money on the night they performed. The very fact that they are involved means that demand for tickets is huge.

Even though the Teenage Cancer Trust knows that demand for its events could allow it to sell the tickets at a higher price, it wants the events to be affordable to the average fan. As at almost all live entertainment events, tickets are sold at a price below what the market will bear, because organisers recognise the fact that the sustainable approach to putting on live events is to allow as many genuine fans as possible-and especially as many young people as possible-to attend. Quite apart from any moral or ethical consideration, that makes good business sense, building a

long-lasting relationship with fans, which could not be achieved if they felt that they were being ripped off or could not even begin to get on the first rung of the ladder.

Regular-priced tickets to extraordinary events run by the Teenage Cancer Trust are put on sale with all the standard technological measures in place to combat touts. Like all other big events, they sell out in the space of a morning-sometimes in an hour or two. On the same day, without fail, hundreds of those tickets reappear on secondary websites at massive mark-up prices-well over double their face value.

Assuming that about half the face value of the ticket represents the profit that the Teenage Cancer Trust makes on these events-by profit, I mean, of course, the money that goes to help young cancer sufferers-we can conclude that a tout selling for double the face value is making double the amount that the charity is making. Double face value, of course, is a conservative estimate. That price might be got by buying from a tout outside, part way through the gig, but anyone buying through internet channels either just after the tickets go on sale or just before the gig would be extremely lucky to get one for just double the price. Simon Davies said last night that some of the premium tickets went for four times their face value, meaning that the tout got six times the amount raised by the charity.

Do hon. Members really think that a situation in which private touts can earn more than the charity is satisfactory? Do they really think it right for individuals to be able to exploit the demand created by freely given hard work, the good will of a charity and the selfless giving of artists? I do not, and I would be interested to learn whether any hon. Members can intervene to explain why that is right, other than by just repeating what they have already said, which is, "It's the free market."

On that basis alone, I ask any hon. Members who have turned up to talk out the Bill with frivolous and self-indulgent speeches to think again. I ask such Members whether any of them have talked to their constituents about their intention to block this Bill. If they have, I would be interested to know what they heard. If they spent their Fridays out and about meeting their constituents, rather than habitually causing parliamentary mischief, they might have a better idea of what their constituents sent them to Parliament to do.

#### **Philip Davies**

I commend the hon. Lady for leading with her chin on that particular point, because all the surveys carried out on this issue fly in the face of what she thinks. I do not know whether her constituents are a rare breed compared with the rest of the country, but in an ICM poll of 1,000 people, 86% agreed that if they have a ticket to a sporting event, concert or other event, then they should be allowed to resell it. It is therefore the hon. Lady who is flying in the face of public opinion, not me.

#### **Sharon Hodgson**

My Bill would not stop them from being able to resell a ticket. My Bill would allow them to resell that ticket if they have genuinely bought it and genuinely cannot go to that gig or other event, and it would even allow them to resell it with a 10% mark-up for their trouble.

To bring my speech to a conclusion, my Bill sets out a blueprint for addressing the pernicious issue of ticket resale.

**Graham Jones**

I have wanted to make the following point for quite a while. There is a tax revenue issue in respect of secondary selling that needs to be addressed. A lot of the people concerned are operating in the black economy, making substantial amounts of money. The secondary market needs to be dealt with; we need to do something about it. Some of these people can be very friendly, but they are making an awful lot of money, and I make the assumption that certainly those who sell tickets outside venues do not pay any tax; rather, they are simply operating for themselves, cash in hand.

**Sharon Hodgson**

I thank my hon. Friend for raising that point. I did not address it at length, although I did touch on the fact that the Exchequer was not receiving any revenue from this billion-pound industry, apart from a small amount of VAT that some of the exchange sites levy. Every working person in the country has to pay tax through Pay-as-you-earn, but these touts, some of whom are making huge sums of money, are certainly not paying any of it.

**Sajid Javid**

I thank the hon. Lady for being so generous with her time and giving way for a second time. First, I want to say that this is the first Friday on which I have turned up. I am not going to make a habit of it, but I am very glad that I am present today, because the hon. Lady has made this a very exciting afternoon, whereas I was a bit worried that I might have been bored.

I want to say what my constituents might think of this proposal. I think they would believe that if they have genuinely and honestly come by a ticket and they wish to sell it, Government should impose no restrictions on what price they can sell it for, and on how they can sell it.

**Sharon Hodgson**

Well, such restrictions are law of this land now; that is what will happen for Olympics tickets. Someone who buys an Olympics ticket will not be able to sell it on for however much they choose, even though it is theirs. The Government have decided that those are premium tickets which are so desirable that they cannot just go to the highest bidder, and that instead they must be redistributed. A precedent has already been set, therefore.

**Hugh Robertson**

On a matter of fact, for a small number of major international tournaments it is a requirement of the bid that ticket touting is outlawed. For the Olympics, it is an International Olympic Committee regulation that has to be agreed to as part of the bidding. I am pretty sure, although we have not bid formally for a cricket world cup, that the same regulations would apply to an International Cricket Council 50-over

cricket world cup. The same applies to football competitions, but that is for reasons of security, not ticket touting.

**Sharon Hodgson**

I thank the Minister for that clarification. If the IOC made that stipulation, it will have been for very good reasons. I sincerely hope that Members and the Government will consider those reasons, because they are as valid for the IOC as they are for this great country of ours.

We should remove the financial incentive that drives the activities of the major operators and give the police a way to go after those whom they suspect are involved in other criminality. The Bill is sufficiently light touch, I believe, not to harm any promoter, artist or other investor who does not wish their event to be covered. If they do not opt in to the scheme, or if they come to a commercial arrangement with a secondary retailer, the fans will know that that is an active decision. Nobody will be forced to opt in and have such regulation covering an event. If a commercial arrangement with a secondary retailer were made, at least some of the mark-up would go back to the artists or the sport.

**Graham Jones**

When it says on a ticket that it is not transferrable, can that be enforced in law? If that is the case, are the Conservative Members who have spoken encouraging people to break the law? The tickets that I buy pretty much always say, "This is not transferrable." Can my hon. Friend clarify?

**Sharon Hodgson**

As far as I am aware, tickets for the major charity events all have on them "not to be resold" or "not for resale". Some will say that they are non-transferrable. Yes, such people probably are breaking the law—certainly in the case of charity tickets—but there is no mechanism for bringing them to book.

**Philip Davies**

Graham Jones has made a fair point. Some tickets do say that they are non-transferrable and it is for those promoters, if they wish, to take to court anybody who they find in breach of that to enforce the non-transferrable status. The hon. Lady and the hon. Gentleman might want to reflect on the reluctance of promoters to do so. They might discover that that reluctance is born out of the fact that a court would probably find such an approach to be a restriction in trade and that the term "non-transferrable" was not enforceable.

**Sharon Hodgson**

That would be because there is no legislation on the statute book to say that that is a criminal offence. That is why people feel that they are powerless, and they are looking to us to do something about it.

Of course, I would prefer a blanket ban, like the one for Olympics tickets, but having consulted as widely as possible, I accept that it should be for individual stakeholders

in the sector to decide how they want their tickets to be sold. I accept that there is a role for a secondary market, but that secondary market must operate in the interests of fans, not touts. Should the Bill go into Committee, I would be more than happy to talk to the Government about whether a different approach might work better. After all, the Minister has vast resources and scores of able minds, including his own, at his disposal. I am certainly open to working with him and his officials on a way forward, provided that the outcome is fairer to fans, artists and everyone else who invests in the live entertainment industry. I hope that he will not reject their concerns out of hand today.

If the Minister does reject those concerns, and if this Bill is not successful, the bad feeling about the secondary market, which is damaging the reputation of the entire sector, will not go away. The situation will not get better without Government intervention-and that of the Minister, I hope. I know that because I have seen how far the situation has developed since the Labour Government and the Select Committee last considered it and effectively, as I have said before, gave the touts a green light to continue by doing nothing to stop them. The Government and Parliament were wrong to come to that view, and I hope that a fresh set of Ministers will come to a different conclusion.

As touts got that green light, the primary market has naturally adapted to step in to the secondary marketplace -and why should it not do so? I do not condone the practices of Get Me In and Ticketmaster, if they are true, and I do not like the fact that artists such as Madonna auction premium seats or that some sports give their premium seats directly to secondary retailers, but one cannot blame them given the situation. If a tout can make that money, why should it not go to the people who put on the event? Indeed, it would be preferable to have it that way, particularly in the sporting world, where extra money means extra grass-roots investment. That is not an abstract hypothesis about how the primary market will go. That is what is happening right now, with many events at the O2 arena selling premium tickets at much higher prices than regular tickets.

My Bill seeks to limit the involvement of touts in the ticket market, which will provide less of a reason for anyone in the industry to feel that they must resort to such practices, thereby increasing the likelihood of a genuine fan being able to buy a ticket at face value with their saved-up pocket money. The only people who benefit from the current situation are a few professional touts. Whether they are linked to other crimes, and whether they use hacked computers or other underhand methods to buy their tickets, is beside the point. However they do it, they are manipulating the supply of tickets to exploit demand created by the talent, hard work, good will and investment of everyone involved in putting on live entertainment. Despite contributing nothing, they reap vast sums. As the manager of the Arctic Monkeys has said, it is "a parasitical economy". It is the most distasteful expression of free market capitalism, because it creates a few big winners and countless big losers. If enacted, the provisions would be popular, because they are a proportionate attempt to redress that imbalance. I commend the Bill to the House.

**End**