



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Canadian Heritage

CHPC • NUMBER 156 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Tuesday, May 7, 2019

—
Chair

Ms. Julie Dabrusin

Standing Committee on Canadian Heritage

Tuesday, May 7, 2019

• (1535)

[English]

The Chair (Ms. Julie Dabrusin (Toronto—Danforth, Lib.)): This begins our 156th meeting of the Standing Committee on Canadian Heritage. Today we are beginning our study on the online secondary ticket sales industry.

We have with us Erin Benjamin, president and chief executive officer of the Canadian Live Music Association.

[Translation]

We are also welcoming Jean-François Brousseau, president of Outbox Technology Inc.

We will begin with your presentation, Ms. Benjamin.

[English]

Ms. Erin Benjamin (President and Chief Executive Officer, Canadian Live Music Association): Hi, everyone. Thank you very much. My name is Erin Benjamin, and I am the president and CEO of the Canadian Live Music Association.

I'll start with a bit of an introduction. Our mission is to entrench the economic, social and cultural value and power of live music, creating the conditions for concerts to thrive in every neighbourhood, town and city in Canada. We were founded in 2014. We currently represent 225—and growing—concert promoters, venues, clubs, festivals, talent agencies, ticketing companies and suppliers, businesses and organizations who facilitate access to live music for fans as well as visitors from across the country and around the world. Our members are dedicated to ensuring that the overall fan experience is the very best it can be with each and every show.

Live music is a huge part of Canada's broader music industry. It creates tens of thousands of jobs and contributes billions to GDP. It has become the primary revenue stream for performing artists. Live performance helps artists to build fans and brands domestically and internationally. Its economic footprint extends well beyond the artist, promoter and venue, and into surrounding communities. Whether it's hotels, airlines, local restaurants, taxis or corner stores, many other businesses benefit from the economics of live music, while Canadians enjoy an enhanced quality of life thanks to the injection of the cultural and social vibrancy that live music spaces, places and people provide.

This is an amazing industry. We love our fans, and every single day we work to put them in the same room with their favourite artists, but there are times when often hundreds of thousands of

people want to be at the same show at the same time, as was the case with the final Tragically Hip tour, for example. When we're talking about how we love live music, we're talking about human emotion and the rabidness of fandom. Demand can far outweigh the number of seats available. Just like any other hot product on the market, the value of those tickets naturally goes up. The commodification of concert tickets is consistent with how we as a nation desire and consume popular goods. The reality, though, is that we are not all automatically entitled to attend a concert just because we love the artist. No business or industry operates that way.

I think what is most important about the resale landscape in Canada is the reality that consumers don't always know how to “buy safe” when they're looking for tickets on the resale market, in particular these high-demand shows. There is significant obscurity in what we refer to as the “grey market”. It's ostensibly set up to dupe fans—and extract as much money from them as possible—into thinking they're safe when they may not be. The days of the dubious scalper in a trench coat outside the Gardens are pretty much gone now. At least he had a face, even if we never saw it again. Now it's the anonymous guy on Kijiji who seems nice but is selling you the 100th copy of a PDF bar code to that Taylor Swift show your daughter's been waiting to go to all year, only to arrive at the venue on the day of to be told that the ticket has already been scanned in and she is the 99th person holding the same piece of worthless paper. Let me tell you, this happens all the time.

Maybe it's the website that's skinned to look exactly like your favourite venue's box office. When you click “purchase”, though, you realize that you've been charged surplus fees in a foreign currency by a company whose exact location, let alone what country they might be in, cannot be identified. Then you look at the URL and you realize that it doesn't say, for instance, “Massey Hall box office”, the way you thought it did. Instead, it says something very close to that.

Maybe it's speculative postings, where you're urged to buy a ticket that doesn't even exist yet.

It is remarkably easy to be deceived. It happens even to the people who work in the music industry. The bottom line is that these deceitful and fraudulent practices are bad for the consumer, bad for the reputation of our members and bad for artists. They are just bad for business and no one wants that.

Thankfully, our members are actively creating solutions to build consumer trust and combat things like bots and bad guys. There are four key things they're doing to keep fans safe that I would like to underscore for the committee today. These are in addition to the fact that they are investing millions to fight the bot technology that's used to circumvent systems and scoop up mass quantities of tickets. They're also migrating towards the use of digital ticketing exclusively, in order to increase security and to help us know things like who is in the building.

• (1540)

The four things I mentioned are using ticket authentication technology, providing money-back guarantees, displaying all-in pricing and selling in local currency via secure online platforms, and listing the pre-sale opportunities like artist fan clubs, radio and venue promotions, etc., that exist to help fans better understand what their options are. Because not all events sell out, of course, these pre-sales can help an artist extend their marketing reach.

We need to stay one step ahead of the illicit market whose sole purpose is, again, to drive prices up and divert money to deceitful companies and away from the legitimate concert industry and away from our artists. This is a huge challenge, compounded, as I say, by a lack of public awareness about how to buy safely on the Internet.

Different jurisdictions in Canada and elsewhere have attempted or are attempting to find solutions through legislation; however, the ability to enforce and the unintentional consequences certain aspects of legislation can have on the genuine industry have proven to be highly problematic. They put Canadian businesses at a disadvantage and consumers directly in harm's way.

The answer is consumer awareness on this subject, and the Canadian Live Music Association would be very interested in working with this committee to explore options that amplify the "buy safe" message to help protect fans and audiences.

There will always be times when we want to be in the same room with our favourite artists, of course, but the reality is that not all of us can be. It's human nature. It's that rabid fandom, again, to do whatever we can sometimes to make sure that we are. That can include being prepared to invest in a live music experience of a lifetime at fair market value, no matter what.

The Canadian live music industry is here to help make every single concert experience, from ticketing to attending, as safe as possible for consumers.

I'd like to thank you very much for inviting us to speak to you on this important subject today.

The Chair: Thank you.

[*Translation*]

Mr. Brousseau, go ahead.

[*English*]

Mr. Jean-François Brousseau (President, Outbox Technology Inc.): Good afternoon. Thank you for inviting us here.

I represent Outbox Technology, a company based in Montreal that has been operating since 2006. We develop ticketing systems for arenas and theatres.

We are used to massive on-sales for big concerts in arenas and stadiums. We also have as a client, Cirque du Soleil in its worldwide touring shows, so we are present in multiple countries, including Canada obviously. We also have a joint venture with a promoter called AEG, Anschutz Entertainment Group, in the United States. We have deployed technology in their venues in the U.S., Canada, the U.K. and Sweden.

I have been in this business for 30 years, now as president of Outbox, but earlier as a founder of Admission Network here in Canada. We have been pioneering technology to make ticketing easy, as well as to try to limit the impact of bad actors in this business.

I've also worked for Ticketmaster, as they acquired one of our companies. I was their chief technology officer for three years in the U.S.

I am here to share my experience and answer any questions you might have.

Let me start by defining a few terms, the way we use them.

The primary inventory owner, the venue or the promoter, typically contracts with a ticket agency or a ticketing vendor to sell tickets directly to the public. That primary ticket agency is usually an exclusive provider of services to that venue in North America.

Secondary selling channels are different from ticket brokers in our vocabulary. They are platforms that allow sellers to reach buyers, to post tickets and sell to buyers, while a ticket broker is an entity that acquires tickets in bulk for resale, using these secondary channels, including their own. There is a significant difference between a secondary selling channel and a ticket broker in the definition.

B2C is a business, a broker, selling to the consumer, while C2C is an individual, or a presumed individual, selling to another individual. Some of these businesses are legal. For example, in Quebec, C2C selling is legal. B2C requires certain controls. You can imagine the interest in being perceived as a C2C channel.

I looked up the definition of a "scalper". It's a person who resells tickets at a large or quick profit. In the U.K., they call them "ticket touts", which is the same thing.

A fraudulent buyer is different. It is someone who purchases a ticket with an illicit method of payment, which will result in a chargeback by the credit card company and a loss of the revenue to the promoter, venue or artist after the show. Sometimes we can confuse "fraudulent buyer" with "scalper". If they pay their bill, they're a scalper. If they don't pay their bill, they're a fraudulent buyer.

I will outline two big differences in the secondary market between major league sports and concerts.

In major league sports, there is a natural supply of tickets for the secondary market from the season ticket holders and the bulk ticket buyers, the brokers. There is demand for single-game tickets and limited availability in the good seats, so there is a natural meeting of needs between the season ticket holder who doesn't want to attend the 40 games and the single-ticket buyer who would like to attend one event.

In concerts, the demand for concert tickets frequently exceeds supply, so seats are not sold at the optimal price on the primary market, resulting in an immediate sellout and listing at a much higher price on the secondary market. There is a very limited natural supply of tickets to resell on the secondary market for concerts. Real fans who buy tickets want to go to the show. During on-sales, other actors buy tickets, often breaking purchase limit rules.

Let me briefly describe the sports market. I understand you're probably more interested in the concert market, but I think it's important to differentiate the two.

As to the market size for major league sports, for a typical major league team, the best estimates are that about 30% of tickets for any given game have been resold. It might be much higher for certain teams, but this is a broad average. The average markup can be as high as 60%, but as many as 50% of the tickets sell below face value. The image of Super Bowl tickets selling at 10 times their value is real, but in reality for a regular hockey or basketball game, half the tickets will actually resell below face value.

● (1545)

Sellers post tickets on multiple selling platforms. There are professional sellers who buy season tickets or buy tickets in bulk directly from the teams and use advanced tools to manage these listings across dozens of selling channels, often at different prices on different channels—the same ticket at a different price on different channels. The sellers pay a fee to the platform when the sale occurs and keep the “upside”—the difference between the value they paid and the value they sold. Sales tax is sometimes, but not always, paid and remitted, depending on the quality of the seller.

Buyers select a selling platform based on their experience, or often simple search engine ads. They pay an average fee of 10% to 15% to the platform that operates the selling channel. Therefore, there is a natural, “everybody gets what they want” sort of environment in the sports resale market.

The secondary market for concerts is different. Demand for big concerts exceeds supply. This is a result of the market not being at an economic equilibrium. Seats are not sold at the optimal price on the primary market, resulting in an immediate sellout.

At the risk of oversimplification, we see this happen for concerts for several valid reasons. One, the artists do not want to charge too much and disappoint their real fans who won't be able to afford tickets. Two, the artist wants real fans in the seats. Three, artists and promoters prefer a quick sellout, securing status as a highly popular event—bragging rights. Promoters would rather sell out quickly, eliminating any financial risk and stopping further marketing expenditures on the event.

As I said, there is a limited natural supply of tickets on the concert side. This is a form of arbitrage, the simultaneous buying and selling

of commodities in different markets in order to take advantage of differing prices for the same asset—the definition in the 17th century. They try to buy beyond purchase limits and accumulate inventory to resell.

One of the roles of primary ticket platforms, like ours, is to enforce the rules of the ticket limits—the purchase rules—and stop robots. During major on-sales, up to 90% of online traffic can be robots. We have to stop them from blocking seats or buying tickets.

As a quick comment on robots and their intentions, we have to realize that they are not only used to buy tickets. They are also used to block tickets. As we sell tickets or reserve arenas, or reserve theatres, we have to put seats on hold for a few minutes for the normal consumer to check out. The robots take advantage of that and block all the seats that they can to generate a false sellout situation, forcing people to search again and find their platform to buy tickets on the secondary market, even though there are still tickets, presumably, available on the primary market, but they are being blocked by their robots.

This is a quick overview of our environment. If you have any questions, please go ahead.

I thank you for inviting us here.

● (1550)

The Chair: Thank you very much.

We are now beginning our question and answer period. For the first seven-minute round, we go to Mr. Hogg.

Mr. Gordie Hogg (South Surrey—White Rock, Lib.): Thank you very much for your submissions. I come from British Columbia, and it has recently introduced some legislation to limit or ban automated ticket sales and the software for that.

Could you comment on whether you think that is of value, or whether there is a better strategy in terms of doing that, recognizing that there are, I think, three provinces doing that—Quebec, Ontario and British Columbia—which leaves the rest of the marketplace open or different? Can you talk about what the differences will be for those marketplaces and whether you think that's an effective strategy?

Ms. Erin Benjamin: Do you mean banning bot technology? I think it has to be done. I can't imagine legislation not including that, but it's extremely difficult to enforce. It's a nod, though, to the legitimate companies to continue to work on their own technology.

We've seen that go hand in hand, in other provinces, with the right of private action, where a legitimate company can sue another company that's employing bot technology. They sort of go hand in hand. The bot technology has become illegal, so they can sue. It's two different pieces of the legislation, but they work together.

I think it's essential to have it in there. Canada and every single jurisdiction in this country should be looking at that extremely thoroughly. Has anyone on the planet figured out how to effectively enforce it? No one has yet, but every day steps are taken to try to get closer to it.

Mr. Jean-François Brousseau: We have such a law in Quebec now. As I mentioned as they were preparing the law, the problem was enforcement. These robots can come from anywhere in the world. We've seen them from eastern European countries. We've also seen them from within Montreal. If there's no ability to pursue them outside the province, they'll just move across the border and keep doing what they're doing.

Technology has a better chance of stopping it than the law, but of course, as Erin said, you have to have the law in place in the first place.

Ms. Erin Benjamin: It connects to the consumer awareness piece, too. If we, as the industry, can talk about what bots are, how they work and the fact that they're illegal, we can use that as a tool to raise awareness about how to buy safely.

Mr. Gordie Hogg: Do you see a role for the federal government with respect to secondary ticket sales, whether that's a coordination across Canada or whether it's looking at all types of copyright models in terms of what happens online?

Ms. Erin Benjamin: There's certainly a huge role for the federal government to continue to consult with the industry, and we might be able to work as effective partners with our provincial counterparts to explore existing and future legislation together.

It's a big-picture partner at this point. I can't really comment on the law, necessarily, but I think we all need to be working together. This is a global business and it's a really big one.

• (1555)

Mr. Jean-François Brousseau: One place where there is no help on the horizon is in fighting fraud. It's a different but related subject. Lots of venues and promoters lose money, as do ticket agencies, because of our inability to do anything if we have a credit card that's no longer valid. We're not even told that the card is no longer valid. By the time we find out, the show has passed and the money is gone.

For example, banks having a responsibility to divulge that the card has been declared stolen since the purchase has happened would be a great asset. We have to do it on our own. The credit card company provides us with no support whatsoever.

Mr. Gordie Hogg: Do you have any sense of how much money is being screened off by secondary sales? Do you have any sense of that quantum? Do we have some sense of the magnitude of this in Canada?

Ms. Erin Benjamin: I do not, but I expect that some of the people you'll be speaking to through this process might. I would ask that question again to some of my colleagues who will appear.

Mr. Jean-François Brousseau: I have a sense, but I think they're better informed.

Mr. Gordie Hogg: What's your sense?

Mr. Jean-François Brousseau: For sports, we know that at least 30% of the tickets get resold, so it's easy to figure out. It's millions of dollars per team.

For concerts, it's a little more obscure and the numbers are more dramatic. The prices are sometimes very high, compared with the face value. Of course, the tax component comes into play, because a lot of these entities don't collect the tax on the upside, which can represent a fair amount of money.

Mr. Gordie Hogg: Are you aware of any other jurisdictions, countries or areas that have managed this? What types of strategies are being employed in any other part of the world?

Ms. Erin Benjamin: Certainly in the U.K. and parts of the U.S., they're exploring things. We know what's not working in legislation. Things such as price caps definitely have not been proven to work or to be an effective tool to combat fraud.

In terms of all-in pricing, guaranteed refunds, being able to identify the seller and where they're located, those are some really simple things we're seeing. Again, some of my colleagues who work internationally might be able to respond to that better, but there are definitely pieces we're seeing that are consistently effective.

Mr. Jean-François Brousseau: Definitely, in the U.K., they've been very active in the last two years in pursuing those ways of addressing what they can address.

Mr. Gordie Hogg: Do they have legislation by which they're doing this?

Mr. Jean-François Brousseau: Yes.

Mr. Gordie Hogg: Can you describe a bit of what that looks like?

Mr. Jean-François Brousseau: No, I'm not an expert.

Mr. Gordie Hogg: Do you have a sense of the impact it's having?

Mr. Jean-François Brousseau: Now there is an incentive for platforms to manage an honourable secondary market with price caps and whatnot. It doesn't kill the whole market, but it creates a channel for those who are willing to stay within a certain range of prices. It provides—I don't want to say “legal”—a legitimate channel, as an alternative to the other channels.

Mr. Gordie Hogg: Erin, you described some guarantees in terms of buybacks and things. Is that in existence anywhere?

Ms. Erin Benjamin: Yes, guaranteed refunds do exist.

Mr. Gordie Hogg: How would that operate? How would that function?

Ms. Erin Benjamin: Again, I might refer to Jean-François, because I'm not—

The Chair: You're okay to answer the question.

Mr. Gordie Hogg: She's just telling me to be quiet.

Ms. Erin Benjamin: It depends on each individual ticketing company, but in some provinces, such as B.C., they're now required to provide a refund, should you not be able to use the ticket. Again, I would refer to my colleagues who actually work on the ground selling tickets to describe that process.

Mr. Gordie Hogg: Thanks very much.

Ms. Erin Benjamin: Thank you.

The Chair: We will now go to Mr. Yurdiga, for seven minutes.

Mr. David Yurdiga (Fort McMurray—Cold Lake, CPC): Thank you, Madam Chair.

I'd like to thank you guys for coming out and telling us a little about our problem. It's a huge problem.

When I was growing up, scalpers were underground at the site, so you knew who they were. It was easier to control and clamp down on them, but the digital age has changed everything. You don't know who you're dealing with, or which country they come from. Even if we change the technology, it always seems they come up with a way to get around it. That's been a challenge for many years. As we get better, they get even better, so it's always a cat and mouse situation.

From your perspective, what can we do, not only legislatively but as part of investing in the technology. I know many people who have bought fake tickets. The site looks legitimate. You can't tell the difference. All of a sudden, they buy four or five tickets for the family. They show up and it's so sad. It's a fake ticket. What kind of technology can we implement to dampen that effect? What can we do?

Education is everything, but sometimes, when you're going on a site that looks exactly like a reputable site, that becomes a problem.

• (1600)

Mr. Jean-François Brousseau: There are two aspects to this question. We can secure a ticket. We and other companies have technology today that will make a ticket your own. It will not be transferable and that way you know that you own it until you want to transfer it yourself. It cannot be shared and it cannot be duplicated.

However, not every venue or promoter is willing to engage in that, because a ticket is inherently transferable. When you ticket, it's a bearer's certificate, so there is no law. If you try to enforce non-transferability or a controlled transferability, there is no law to support it. People could claim that you're not allowed to prevent transferability. We have to make up our minds as to whether we want to put technology in place to secure the ticket, including the laws that go with that, or leave it to the market to deal with it.

Ms. Erin Benjamin: Yes, I agree. Ticket authentication is technology that some of our members are working with, and again, I would refer you to people here today and next week who are actually working on that technology. I refer to some of our members who are

spending millions of dollars trying to stay, as we say, one step ahead of the bots, or the bad guys, to figure it out. In terms of what we can do, we can understand the current landscape, where we are today and what the predictions are for tomorrow. We can take a look at global leaders, see where the innovation lies, invest in that and talk about that. Again, tie it back to public awareness.

If you Google Adele at Massey Hall, whatever, hypothetically, the first 10 links will not be the Massey Hall box office. It is just incredibly.... This is why people in the music industry have been known to buy tickets from some broker, in some foreign country, by accident. It all goes hand in hand.

Mr. David Yurdiga: Thank you.

The challenge is that it's costing the industry billions of dollars. If you look at the whole spectrum, whether it's sports, music or some other entertainment, the challenge right now is the inability of families to recuperate some of the losses when they buy fake tickets. I don't know what can be done, because these families are not going to buy the next set of tickets. They are turned off the whole thing. They have lost thousands of dollars and are not getting anywhere.

Is there any way to have a ticket authorized by another site when you buy it? Is that a possibility? How expensive is that to implement?

Mr. Jean-François Brousseau: It's not a question of expense. I think it's a question of willingness to engage in that.

There is no fraud that I know of in tickets that you buy from a legitimate box office at major venues. If you buy a ticket from us or from Ticketmaster, you're going to get in.

The problem comes when you buy it from the secondary market. There, the only way to do it is to have oversight on the transferability. If you buy from a secondary market, they have to be connected to the primary market in order to validate that the ticket can be shared, it exists and it's valid. We do that. Ticketmaster does that also.

The technology exists. It's used in the major venues but it's not used everywhere, and it's not a question of costs. It's a question of education. It's a question of willingness to engage in the problem, to recognize the problem. It's not the venue's problem, in a sense. They didn't do anything wrong. They have to engage. They have to be educated so that they can engage.

On the consumer side, they should know better than to buy from Kijiji or whatever website. I've heard hundreds of times of somebody coming into the building and they can't get in. The person behind me, let's say, the husband, has the ticket. The lady behind says, "I told you, Sam, not to buy these tickets from that source." I don't know how many times I've heard that. People know that they're taking a risk. In that sense, not all of them but some people know that they're taking a risk. Education on the public side is extremely important.

•(1605)

Mr. David Yurdiga: Is it getting worse, or are people becoming more aware? Right now we hear a lot of stories but is it getting better because a lot of people get burnt, or is it increasing?

Mr. Jean-François Brousseau: I think it's getting a little better. I like to hit Kijiji, but that's what it is. There's a lot of fraud there.

These non-ticketing channels, if you will, that are not specialized—they sell anything—are just not the right place for ticket transactions. People are starting to realize that—or have to realize that. Legitimate platforms have policies so that if you show up and there's a problem, they will reimburse you or provide you with alternate tickets that they have in case that happens. There is a cleaning-up that's happening. There's always a bad actor coming in and trying to make a quick buck, but that's unusual.

Mr. David Yurdiga: Thank you.

[Translation]

The Chair: We will now give the floor to Mr. Nantel for seven minutes.

Mr. Pierre Nantel (Longueuil—Saint-Hubert, NDP): Thank you, Madam Chair.

I thank our two witnesses for joining us.

The ticketing world has certainly evolved tremendously, Mr. Brousseau. I remember some 20 years ago, Serge Grimaux was returning from eastern countries where he had made a fortune by installing a new system.

Mr. Jean-François Brousseau: He was my client back then.

Mr. Pierre Nantel: Oh really, he was your client? How funny!

Mr. Jean-François Brousseau: He installed our system in the Czech Republic.

Mr. Pierre Nantel: So the environment has changed considerably. What I seem to be noticing here, however, is that this is a consumer issue and not a heritage or cultural issue. This is about the client's right to purchase a ticket without getting ripped off with a fake.

Ms. Benjamin, you did a good job of expressing the dismay of parents who bought their daughter a ticket for a Taylor Swift concert only to find out that the same seat was sold 100 times and that their daughter could, therefore, not attend the concert. It is frightening and it's very sad, it's true.

Even though this is a problem for consumers, I feel that it is to the benefit of producers because, as one of you said earlier, their objective is to sell seats as quickly as possible to be able to announce another show. I understand them. Even though producers want everyone to have a good ticket at a good price, at the end of the day, the problem affects the consumer.

Ms. Benjamin, I think I read something from you at some point when you talked about difficulties with the temporary stays of certain artists from abroad who were so popular that producers could schedule Canadian acts to open their shows. So I would like to hear your thoughts on other issues.

Could any other issues related to the production of live stage acts come before the Standing Committee on Canadian Heritage?

The Chair: Mr. Nantel, our study is on the online secondary ticket sales industry, and our witnesses only prepared to answer questions on that topic.

Mr. Pierre Nantel: In that case, I have no further questions and I thank you.

[English]

Ms. Erin Benjamin: I will happily give you my card, though, and we can set up a meeting.

Mr. Pierre Nantel: Thank you.

[Translation]

The Chair: The floor now belongs to Ms. Dhillon.

[English]

Ms. Anju Dhillon (Dorval—Lachine—LaSalle, Lib.): Thank you for coming today and testifying about this.

First, how has ticket resale affected artists individually and the music industry in general? Either one of you can answer the question.

Ms. Erin Benjamin: Go ahead.

Mr. Jean-François Brousseau: As Mr. Nantel pointed out, it's really a consumer issue. The artists might feel deprived of the upside, the revenue that he appears to be missing, but at the end of the day he selected the price of the ticket so he inadvertently enabled this latent markup to exist to be executed in the secondary market. While they don't like it, they're not direct victims of this, in my uneducated opinion.

Ms. Erin Benjamin: Artists...?

Mr. Jean-François Brousseau: Yes.

Ms. Erin Benjamin: I don't know. I think I would disagree a bit with that. Artists don't like it when their fans can't get in the building, and also in fraudulent resale none of that money is being directed back to the artist. They're being completely cut out of the food chain, and that is not okay.

It's hard. Artists work with promoters and venues and their management teams to try to figure out the best way when it comes to on-sales and fan clubs to make sure the tickets are getting into the hands of the actual fans. It's tricky. There is a lot of pressure on artists right now too, and you're so right about fair market value. A lot of artists do not price their tickets at what they are worth. Look at the Tragically Hip. People were selling those tickets for upwards of \$5,000 to \$10,000 for the final show in Kingston, and they were getting it, no problem. If there had been another 100,000 tickets they would have sold. If there had been 200,000 tickets they would have sold. This is the supply and demand issue, which will never go away.

Actually, Taylor Swift is a good example of an artist who has leveraged the notion of dynamic pricing and has increased her ticket prices again to attract the real fans to make sure those tickets are getting into their hands, but to also decrease the incentive for fraudulent resale.

There is a lot of pressure on artists to increase their prices and they won't do it often, and then this is part of the consequence of that. It is something that the industry has to navigate and manage, and also I would say, representing the live music industry, we don't like it at all when money leaves the industry either. It's not good for promoters and venues.

It's a hard enough business as it is. It's one of the riskiest businesses you can be in. There are never any guarantees for the promoter. There is very little opportunity for them and they are incredibly entrepreneurial, in many cases, small businesses in this country who work really hard to connect artists with fans. Ultimately we look to the partnership we have with ticketing companies and other members of the team with the artists to figure out the best strategies to decrease the potential for fraud on every major show.

I would like to add, however, it is important for this committee to note that for high-demand shows, we're talking about maybe 1% of all concert tickets sold in Canada in a year. That, of course, attracts the most attention because all of us want to go to that show, but there is a lot of concert activity that is much less impacted in this country by this issue.

• (1610)

Ms. Anju Dhillon: You said you have sat with artists and producers and other creative people in the industry. What solutions have you come up with, especially considering the advancement of technology and how easy it is to replicate these tickets? As we've heard from our colleagues and you, when somebody ends up coming to the door and they can't get in, it's very sad. I have a family of five who paid around \$900 online thinking it was real. It looked legitimate.

With the technology how do we protect people? What have you come up with within the industry?

Ms. Erin Benjamin: I would add too that the family that spent \$900 on concert tickets may have a babysitter. They may have bought airline tickets, booked a hotel room and went out for dinner, all of those things. It could be just devastating.

I'll refer to some of the things I mentioned that our members are working on. Ticket authentication technology is critical so that when you buy that ticket it actually belongs to you and can be tracked, and if there were an issue, guaranteed refunds are in place with money-back guarantees. We're making it much easier for fans and ticket buyers to understand all-in pricing, buying in their local currency. What I'm talking about is in the primary market, or even in resale, legitimate companies that are providing that service, whether it's primary or secondary, making sure that from a fan perspective you're buying from a reputable source.

On the public awareness piece, a lot of our members do that to a certain extent on their own. There is no really comprehensive campaign at this point. We need one, but in terms of educating fans I think that for venues—and I can certainly speak for some of my members—often on their websites you'll find policies and suggestions and FAQs on how to buy safely to prevent that kind of thing. Then again, there is working with legitimate ticketing companies, which are investing millions of dollars in the kinds of technologies that circumvent some of the bigger issues like bot technology.

Ms. Anju Dhillon: As a federal government, what can we do to help protect not just the consumer but the artist, who is very affected as well—you explained this in great detail—and the producers and everybody who works around them, who invest and don't get back what they have earned?

Ms. Erin Benjamin: To your point earlier about fraud, the way we look at the things that can actually prevent and then allow the industry to respond to fraud is important. Consulting with the industry is important. If this is a thing for this committee in the long term, then let's sit down and figure out all the stakeholders we need to be talking about and let's have a big think. Everyone's talking about it, but no one has really nailed it yet—and there are many stakeholders. You will be talking to a very diverse group—I've seen the list—and everyone is bringing something really important to the table.

It's a great question. Our artists in this country are incredibly important to who we are as Canadians, and we need to be doing everything we possibly can to make sure that they can make a living and that our fans can be there to support them. There will be some question marks at the end of this process. One thing we can do together is to keep talking.

• (1615)

Ms. Anju Dhillon: Thank you very much. It's fascinating.

The Chair: We will now go to Mr. Shields for five minutes.

Mr. Martin Shields (Bow River, CPC): Thank you, Madam Chair, and thank you to the witnesses for being here. It's a topic—and I thank you for suggesting it—that's going to be of interest.

We don't have some of the powerhouse Canadian entertainers. I remember Garth Brooks, when he wandered through our part of the country. He did one concert, and of course the price of the tickets was nuts. The next time back, he said, "I'm going to fix this", so in Calgary and Edmonton he did six nights each to saturate the market so that everybody could get in, and he said, "Do a reasonable ticket price."

He thus fixed it himself, but there are not many powerhouses out there who can do so.

You talked about sports. The Blue Jays have gotten themselves into a little trouble because they were just offloading tickets and getting kickbacks. That doesn't do them well in the PR sector, but how many other sports teams may be doing this? I don't know.

Do you have any thoughts? The Blue Jays can't be the only ones.

Mr. Jean-François Brousseau: In North America there is a trend to sell, basically, bulk season tickets to brokers. Most teams do it—it's legal, of course—and then these tickets flood the secondary market, sometimes at a loss, sometimes at a gain, mostly in the playoffs. It's the economic game happening, and it's adjusting—

Mr. Martin Shields: There was a kickback mechanism, though, that existed.

Mr. Jean-François Brousseau: I'm not familiar with that particular instance, but there is a market for teams to sell to brokers. I think it will adjust itself as the brokers overbuy and lose money and adjust. It's just economic law at play. Since there is no constraint, it's just the economics, which work themselves out.

Unfortunately, I'm not familiar with the details of the situation you talked about with the Blue Jays. I don't know about the Blue Jays.

Mr. Gordie Hogg: He's a National League fan.

Mr. Martin Shields: Yes, he doesn't pay attention to the Blue Jays.

Mr. Jean-François Brousseau: I'm waiting for the Expos to come back.

Voices: Oh, oh!

Mr. Martin Shields: Exactly. I hope they do, but they need a new stadium.

We have the NAC here right in town. It's interesting that if you phone over to get tickets, often you can't get tickets, but I can walk over there and get them. I find it frustrating. We have our own National Arts Centre here in town and it sells its tickets through Ticketmaster and tells you that you can't get tickets, yet you can walk over and buy the seats that they say aren't there.

I find that, as a consumer, frustrating.

Mr. Jean-François Brousseau: Absolutely. I understand.

Mr. Martin Shields: But you know it happens.

Mr. Jean-François Brousseau: Yes. There are so many channels that there's always a way to get a ticket.

Mr. Martin Shields: Yes, and this is paying a cheaper price than Ticketmaster has by walking in the door and buying them.

Being an old guy, I remember when you'd show up at the sports stadium and there would be scalpers there, but you knew when there would be no scalpers there: when the police showed up. Then, the scalpers were all gone.

You've used the word "enforcement". What do you mean by "enforcement"? It's not guys on the street with stripes on their pants who can do this anymore. How would you enforce it?

Ms. Erin Benjamin: That's the question. It depends on what piece of legislation you're talking about, but if we're talking about bot technology or finding the guy on Kijiji, it's incredibly hard, if not impossible. This is why, when we've had conversations with various provinces around ticket legislation, we steer towards things that, from a technology perspective, we can respond to.

As to the public awareness opportunity, it depends on whether government wants to invest the resources required to figure out how

to enforce it and then actually do the business of enforcing. It's extremely expensive, I would imagine, and challenging.

• (1620)

Mr. Martin Shields: Yes.

Ms. Erin Benjamin: It's a multi-billion dollar industry, and because it's so big, we'll always have these problems.

The technology changes rapidly, and again, you're going to hear from some people as witnesses who will share with you their experience. They work at the ground level and they're the ones actually trying to do this on a daily basis. You'll hear some horror stories about how it actually works.

Enforcement is just one part of the conversation. That's why I keep talking about consumer awareness, which should be more of a priority because it's simply more manageable.

Mr. Martin Shields: Thank you.

Mr. Jean-François Brousseau: When I referred to enforcement, one example would be when we know somebody who has been selling the same ticket over and over, a fraud. We know where they are, but there's no interest in legal action by anybody because nobody's bleeding; there is no emergency.

Mr. Martin Shields: Right.

Mr. Jean-François Brousseau: It's a crime without an explicit victim, so it's very hard to take legal action against somebody who we know is doing this.

Mr. Martin Shields: Its victim is the performer who can't get the revenue.

Thanks.

The Chair: Thank you.

Now we'll go to Mr. Long, for the final five minutes.

Mr. Wayne Long (Saint John—Rothesay, Lib.): Thank you, Madam Chair; and thank you to the witnesses for coming in this afternoon and presenting.

I come at this from a somewhat unique perspective. I'm a New England Patriots season ticket holder. I owned a major junior hockey team in Saint John, New Brunswick. I've bought tickets. I've sold tickets, and so on and so forth.

One of the first things I want to talk about, though, is just drilling back to the onus on the teams or the performers. As a case in point, I would venture to say that secondary ticket sales for, let's say, the Ottawa Senators this year were not very good.

Mr. Jean-François Brousseau: Or last year, or the year before....

Mr. Wayne Long: A few years ago they were pretty good.

That said, you can still go on a secondary site, whether it's StubHub or what have you, and buy tickets. However, what a lot of people don't realize is that you can just go down to the Ottawa Senators box office and buy tickets directly.

For example, I could look at upper bowl tickets on the secondary market and they would be \$65. I could go down to Kanata, walk into the Canadian Tire Centre and buy upper bowl tickets in the same section for \$39. How much onus is on the teams and on the performers to get the word out that there are tickets for their own events for sale?

I certainly think the study is extremely important. It's important for a lot of Canadian families that tend to fall into always buying tickets in the secondary market and paying more for them.

How much onus is on the actual teams? Should the Ottawa Senators be promoting much more that you can buy tickets directly from them?

Mr. Jean-François Brousseau: A lot of teams have their own secondary market now for season ticket holders. The one nuance from what you said is the quality of the seat. When you're a business person and you want to invite three people to see a game, you don't want to sit in the bleachers. Those tickets might not be available from the box office.

I don't know about Ottawa, but they wouldn't be available in Montreal, for example, for the Canadiens. However, there were seats available for a while in the higher levels—

Mr. Wayne Long: There were.

Mr. Jean-François Brousseau: —and you're correct that there's still a secondary market. You have season ticket holders who don't want to attend all the games and they list them. Remember, seeing it listed on the secondary market doesn't mean it will sell.

People sometimes confuse its being listed at x with its being sold at x . That's not quite how it happens. Tickets can sit there for a long time.

Mr. Wayne Long: Do you see the same parallels in the music industry, too?

Mr. Jean-François Brousseau: No.

Mr. Wayne Long: Is it totally different?

Ms. Erin Benjamin: There are no tickets for sale at the box office for a high-demand show.

Mr. Jean-François Brousseau: For the concerts, it's a sellout.

Mr. Wayne Long: Mr. Brousseau, earlier you talked about a distinction between ticket brokers and ticket resellers. Can you clarify that again?

Mr. Jean-François Brousseau: I talked about reseller channels.

A reseller channel doesn't own tickets. It's just a website. I think StubHub would present themselves as a channel, not as a broker. They'll speak eventually, but from my understanding of their business, they are a channel.

A broker is somebody who buys tickets and then might operate a website. I know of sellers who are also brokers in some smaller markets, but those are two different things. One has a financial risk and is probably exceeding the purchase limits when the show goes on sale to get more supply, and the other one is just a channel.

•(1625)

Mr. Wayne Long: Ms. Benjamin, do you agree they are the same?

Ms. Erin Benjamin: Yes.

Mr. Wayne Long: You also talked about secondary ticket sales and market failure. Do you think that secondary ticket sales bulk buyers are taking advantage of that failure? You're saying they should match price with demand.

Mr. Jean-François Brousseau: All I'm saying is that if there's a secondary market with three times the markup, it's clearly because the original sale occurred at too low a price for the market. It might be a voluntary decision on the part of the agent or the act, but it's just a statement. If you sell a ticket for \$100 and it sells two days later for \$300, clearly you left money on the table. You might have good reasons but clearly—

Mr. Wayne Long: Is there anything we could do as the federal government to address that market failure to regulate?

Mr. Jean-François Brousseau: I can't think of anything.

Ms. Erin Benjamin: I can't imagine right now how that would work, telling an artist what they'd have to sell their concert ticket for, and besides, market value is always changing. It's fluid and sometimes you can predict it with some certainty but other times not. Remember I said we're talking about 1% of concert tickets, so it would be weird to have something you would apply just to the high-demand shows.

This has always been the way. The reason this is an issue now in this country is technology. When you used to line up, you'd run to the pay phone and dial 1-800-Ticketmaster or whatever to get in the queue to buy your tickets with your credit card, or you'd stand in line at HMV or Sam the Record Man six blocks away, hoping you would still get in the door to buy your tickets. We can't see the lineups any more and the way technology has evolved has been a convergence of all kinds of things. This is not going away. I do not think that regulation or certainly over-regulation is the answer, or regulation that would prohibit this growth and the organic nature and the excitement, frankly, of big high-demand shows.

It's part of the culture of big shows too, whether we like it or not. There are people who have all their friends lined up with laptops, pressing control-F or whatever to refresh, trying to get in, they're all trying to just be able to buy the four tickets they're allowed or whatever. That's where we are today and Canada is certainly not alone in that fact.

Mr. Wayne Long: Thank you.

The Chair: Thank you to both our witnesses. It's been really helpful to hear a good start to the study we're doing.

Ms. Erin Benjamin: Thank you so much for inviting me.

The Chair: We're going to suspend briefly so we can get the next panel together.

•(1625) _____ (Pause) _____

•(1630)

The Chair: We'll start again.

We now have with us from StubHub Paul Nowosad, general manager, Canada, and Laura Dooley, head of global government relations .

[*Translation*]

By video conference, we are hearing from Philip Vanden Brande and Evelyne Langlois-Paquette from L'Équipe Spectra.

We will begin with you, L'Équipe Spectra. Sometimes we have technical difficulties, so I prefer that you go first. You now have the floor.

•(1635)

Mr. Philip Vanden Brande (Senior Manager, Public and Media Relations, evenko, L'Équipe Spectra): Madam Chair and members of the committee, thank you for the invitation.

My name is Philip Vanden Brande. I am the senior manager of public and media relations for Groupe CH, as well as the company's spokesperson.

Through its live entertainment divisions evenko and L'Équipe Spectra, Groupe CH is Canada's leading event promoter and festival producer, presenting over 1,500 shows and major festivals yearly, such as Osheaga Music and Arts Festival, Festival international de jazz de Montréal, Francos de Montréal, Heavy Montréal, ÎleSoniq, '77 Montréal, Montréal en lumière, Nuit blanche à Montréal and others.

Groupe CH events attract millions of happy fans every year, hundreds of thousands of whom come from outside Quebec and Canada, generating tens of millions of dollars in economic windfall for the community. Groupe CH also manages several venues in the greater Montreal region, including the Bell Centre, Place Bell, MTELUS, Corona Theatre, l'Étoile and l'Astral. With its artistic agencies, evenko and Spectra Musique, the company also devotes itself to the professional development of several Canadian artists.

Groupe CH also holds a major stake in the activities of Groupe Juste pour rire, which organizes the biggest comedy festival in the world every year. The festival Juste pour rire/Just for Laughs Festival is internationally renowned in the French and English comedy markets.

I will begin with a bit of background.

Concert ticket sales practices have evolved since the beginning of the digital era. Exclusive presales are often offered to the artist's digital community, to some credit card holders, or to the subscribers of certain newsletters.

For instance, evenko provides exclusive offers of \$20 tickets to the subscribers of its newsletter during national concert week. Subscribers of the Festival international de Jazz de Montréal newsletter also receive special offers for the indoor concert series. Digital ticketing systems have also evolved in leaps and bounds over

the last few years thanks to the innovations of technological providers, who have equipped their platforms with digital waiting lists and anti-fraud mechanisms to block bots. Generally, the scope of Groupe CH's activities allows us to work with reliable ticketing partners, who are able to invest important sums in anti-fraud research and development.

I will now share our findings with you. All these advances have made it possible to increase Canadians' access to their favourite artists. In Quebec, the access of citizens to live entertainment has notably been increased by the strengthening of the provincial Consumer Protection Act in 2011 and 2018. The company supported the additions to this new law completed in 2018 and is happy about its underlying egalitarian motivation. However, its enforcement relies on limited government resources, which deserve to be improved.

In order to comply with that law, Quebec ticket resellers must ask for producers' permission to resell tickets on their platform. However, these platforms can create confusion among buyers, by often mimicking the visual look of the original ticketing service. They hinder consumers' search for information by sometimes even appearing before authorized vendors in search engine results. The high prices displayed by these resellers may undermine the trust of Canadians towards their entertainment industry, while also affecting artists, potentially hurt by their fans' inability to find tickets at a fair price.

It is important for us that Canadians have simple, efficient access to live artistic performances. Concert tickets are experiential consumer goods that give access to unique irreplaceable entertainment. We encourage Canadians to always purchase concert tickets from the official source, which allows them to avoid fraud risks. Our company directly makes available to the public a large percentage of concert tickets via our official box office. Limited quantities must still be contractually reserved for the artist's entourage or other artistic partners. When those tickets aren't used, they are sometimes put up for sale to the public.

•(1640)

We care about the complete experience of consumers, which should be enjoyable from the purchase of tickets to the end of the performance. However, the great popularity of some artists implies that some shows can sell out very quickly. Financial and logistic considerations limit the number of performances that can be produced, even when demand is overwhelming for a popular artist.

The problem of ticket resale at inflated prices is also fuelled by fraud. Some resellers manage to bypass the anti-fraud protection mechanisms to purchase batches of tickets that are then resold for profit, with the help of bots. The latter cause inconvenience to our ticketing systems, despite the technological measures implemented by our partners.

We are also regularly faced with ticket counterfeiting, which causes distress to some consumers when they arrive at the venue with unusable fake tickets. These swindled buyers are under the wrongful impression that they got them from an authorized vendor. In reality, they were fooled by individuals or platforms that didn't clearly display their reseller status. This kind of a situation directly damages our reputation, by using our brand and our credibility for the wrong purposes. We actively collaborate with the police when such cases are discovered.

In light of our findings, here are our proposals.

First, we encourage governments to use every measure at their disposal to guarantee that Canadians can primarily deal with the official vendor of an artistic performance. Furthermore, the official point of resale should always come up first in search engine results.

Second, since denial of admission at a venue caused by fraud causes dissatisfaction and frustration for Canadians, we encourage all secondary resale platforms to adopt a full refund policy.

Third, we prompt governments to crack down on cases of fraud. This includes ticket counterfeiting and transactions with bots. If the identity of the owners of resale websites were more widely disclosed, it would certainly be easier for the police and courts to crack down on fraud.

Last, we want resale platforms to clearly indicate that they are not the original ticket source.

Thank you very much. I am available to answer any questions you may have, in English or in French.

The Chair: Okay.

Thank you very much.

[*English*]

Now we will go to StubHub, with Paul Nowosad and Laura Dooley.

• (1645)

[*Translation*]

Mr. Paul Nowosad (General Manager, Canada, StubHub): Good afternoon.

[*English*]

Madam Chair and members of the committee, my name is Paul Nowosad. I'm the general manager of StubHub Canada.

StubHub was founded in 2000 and was later purchased by eBay. Our offices are based in Toronto, where we have nearly 170 employees as part of the eBay, Kijiji and StubHub businesses.

It is my pleasure to be with the committee today to discuss our business, the global event ticket market and issues impacting fans' access to live performances. I appreciate the opportunity to present StubHub's belief that a transparent and competitive market is in the best interest of fans.

StubHub revolutionized the secondary ticket market. We took a market that traditionally operated on street corners, without consumer protection and, for the first time, provided a safe, transparent alternative for fans to buy and sell tickets online.

Today, StubHub is a global business that operates in more than 40 countries, and we are proud to provide our customers with the highest standards of customer protection anywhere in the ticket market. Our commitment to the customer interest is why we have earned the trust of fans and have more than 2.4 million registered users in Canada. Our StubHub website and customer service is available to all users in both official languages.

Our users are protected by our industry-leading fan protect guarantee, which assures that in those rare instances a problem occurs with a transaction on our marketplace, ticket buyers are provided comparable or better replacement tickets to the event or, when that is not possible, a complete refund inclusive of fees. Our fan-first philosophy is paramount to our business.

StubHub is a proud partner with major leagues, universities, teams, venues and artists around the world, including the Toronto Blue Jays. We prioritize investing in our fans, in the communities where they live, and in the music, theatre and sports landscapes. Last month StubHub enhanced our Toronto Blue Jays partnership by creating a fan experience at their exhibition games in Montreal. As part of this event, we were proud to bring the young athletes from amateur baseball associations to the game.

Today, we are hosting a free concert during Canada Music Week in Toronto. We're including in this benefit the kids from the MusiCounts program. We are a supporter of MusiCounts and their mission to bring music education to kids across Canada.

Our mission at StubHub is simple: Connect fans to the joy of live events. StubHub creates additional choice in the marketplace and enables fans to transact on their own timelines, and we provide a trusted platform to purchase tickets in cities or countries where users are less familiar. We believe that a fair, secure and competitive ticket marketplace unequivocally supports the interests of fans. Competition in the market provides fans greater access to the events they want to experience and the ability to purchase tickets at a fair and market-driven price.

As the committee studies the issues of ticket access for Canadian fans, StubHub strongly encourages you to examine the industry holistically, and to tackle a range of issues that are impacting fans today. Increasingly, the primary and secondary markets are blending. In many instances, artists' teams, venues and ticketing companies are participating in both the sale and resale of tickets. Further, there are an increasing number of anti-consumer, anti-competitive ticketing policies and restrictions in use today that infringe on a customer's rights and interests. These restrictions can come in the form of government policies, ticket issuer practices or misused technologies.

As we begin to discuss some of these issues, let's first take a look at bots to unfairly procure tickets. StubHub supports and will continue to support legislation prohibiting the use of bots. We strongly believe the legislation in this area should be comprehensive and inclusive of a range of issues impacting fans' access to tickets.

While bots are often blamed as the sole reason fans have difficulty accessing tickets, it's important to note that another major factor exists as well, specifically that a large percentage of tickets actually never are released for sale to the general public.

According to a study undertaken by the New York Attorney General in 2016, an average of 46% of tickets go on sale to the general public. The remaining tickets are held back for industry insiders, artists, clubs, credit card pre-sales and other sources. For top shows, this average falls to 25% and has been reported as low as 12%. In Canada, the National Hockey League commissioner stated that over 90% of the tickets to the 2016 World Cup of Hockey were already sold in advance of the general on-sale.

●(1650)

Providing fans information on the number of tickets available for sale, when these tickets will be offered and at what price, will create a clearer picture of event accessibility. It is a critical part of any discussion on ticket access. It will also help inform customers' purchasing decisions.

Another market trend that impacts customers is the increasing use of restrictive terms, conditions and technologies to control what fans do with the tickets they have rightfully purchased. In some instances, these restrictions prevent ticket purchasers from transferring or reselling tickets altogether, eliminating the opportunity to give tickets away or resell them, even in an effort to recoup funds if they cannot attend an event. In other instances, restrictions are designed not to eliminate transfer or resale, but to control it and eliminate competition in the ticket marketplace.

It is critical that fans have the option to purchase a freely transferable ticket at the initial point of sale. Several jurisdictions in Canada and the U.S. have proposed or adopted laws protecting this right. By ensuring that consumers have choice, they are empowering fans and protecting a competitive ticket market. When companies compete on a level playing field for the business of fans, fans win.

A final market trend that impacts Canadian consumers is the deceptive URLs to mimic the box offices of venues, teams or artists, when in fact they're actually resale sites. This practice is harmful to consumers and harmful to legitimate resale marketplaces as it perpetuates a negative image of the secondary ticket market.

In closing, StubHub is committed to an open dialogue with government, regulators and industry stakeholders to continue to improve the industry and preserve a healthy and competitive ticket market for fans.

Thank you for the opportunity to present to your committee. I look forward to answering any questions you might have.

The Chair: Thank you.

We'll now begin the question and answer period.

We will go to Mr. Long, for seven minutes.

Mr. Wayne Long: Thank you, Madam Chair.

Thank you for coming in this afternoon. It's much appreciated.

I'll start by sharing an experience I had on StubHub recently. I've had some good experiences, but this experience was a tough one.

I went to buy tickets to a Morrissey concert. I'm a big Morrissey fan. However, the show sold out across Canada, for the sake of argument, in 30 minutes or an hour, or whatever. I was on the phone. I was trying to buy my tickets. I couldn't get a ticket. When I had a chance to buy two, by that time, they were gone, and so on and so forth. I was extremely disappointed.

One hour later, there were tons of tickets available on StubHub that, I'll be honest, I was still quite happy to buy. I paid a lot more than face value for them, almost double, but I bought the tickets.

I wasn't able to go to the concert, unfortunately for me, and I went to resell the tickets. I could resell the tickets and I thought at the time, "Because I had such a hard time buying the tickets, it's going to be easy to resell them." I posted them for resale and that was all good. Then I went on the site, and there tickets all over the place for sale. I didn't sell them, because there were all kinds of other tickets for sale.

You did, too?

The Chair: No, I would have taken them.

Mr. Wayne Long: I'm heartbroken that I couldn't see Morrissey.

First, how does it happen that the venue sells out that quickly, and then one hour later, there are all these tickets for sale on StubHub? Is that a robotic buy? Is it a computer-generated buy?

I almost, just by chance, said, "For fun, I'll see what's available on StubHub for the same concert that was sold out an hour previously." There were tickets everywhere, in every section. How does that happen?

●(1655)

Mr. Paul Nowosad: Sorry about that, that you didn't get to go.

Mr. Wayne Long: Yes, I'm heartbroken. Anyway, there will be another one.

Mr. Paul Nowosad: The marketplace is dynamic it's a supply and demand marketplace, with interested parties on both the buy and the sell side, and when the opportunity for a legitimate acquisition of tickets may occur from the regular box office and individuals on the business side or the consumer side are looking to release those tickets, they're assuming that the market dynamics will create a certain amount of opportunity or wealth for them against each ticket that they purchase.

When those market dynamics don't turn out to be correct and there ends up being a large number of tickets still available, then you have softer demand, you have softer ticket prices and, like any normal reactive dynamic market, the market falls back into line.

Mr. Wayne Long: Would you think in that situation that tickets were held back or that there was just a massive buy of tickets, through a broker, a bot or whatever, that then put them back through StubHub?

Mr. Paul Nowosad: That is one of the key questions for us. The transferability of the ticket seems to be something that, we think, is in the best interests of the fans. Transparency concerning how many tickets are available, when and at what price is an area that... I can't really answer that question, because this information is not always disclosed.

Mr. Wayne Long: Do you condone this? What do you do about it, from StubHub's standpoint? You obviously recognize that it's a problem.

Would you agree that it's a concern?

Mr. Paul Nowosad: I think the role of the platform is to provide a marketplace for interested buyers who trust our brand, trust our systems and trust our guarantee, and not to control, I guess you could say, the number of tickets available for any individual show or band through gain.

Mr. Wayne Long: Let me just drill down further.

You don't agree, though, do you, that somebody should be allowed to go in and bulk buy in that way?

Mr. Paul Nowosad: No. Any significant violation of policies on a primary...or the use of bots or any of that technology, we strongly discourage. All terms and conditions of every single purchaser, primary or secondary, should always be upheld.

Mr. Wayne Long: Is there anything you can recommend? What should StubHub do to prevent that?

Mr. Paul Nowosad: From our point of view, when we discover that bot activity or malfeasance on the side of the seller has been used to secure or acquire tickets that are available on our site, we have hundreds of people on the side of our company who are working on the customer service and bot protection side to remove those tickets and ensure that such sellers are not part of our ecosystem.

Mr. Wayne Long: How often does it happen?

Mr. Paul Nowosad: I don't know how often it happens. I can tell you that we are vigilant 24 hours a day, both with technology and with individuals.

Mr. Wayne Long: Another question I had is whether StubHub.ca is the same as StubHub.com. If you go to one, is it the same as going to the other?

Mr. Paul Nowosad: From an inventory perspective, it's a global marketplace.

Mr. Wayne Long: Okay.

Can you just share with me, then, your business model? How does StubHub make money?

Mr. Paul Nowosad: The business of providing the tickets is similar to that of almost anybody else in the marketplace, primary or

secondary. There are fees associated in support of the sale of the ticket and there are fees supported in the purchase of a ticket, and those fees go towards paying for the consumer protection, the overall staffing and the customer service that goes along with providing that service on a global scale.

Mr. Wayne Long: Is it a percentage that you make by ticket price?

Mr. Paul Nowosad: Based on the dynamic market conditions, it's a percentage.

Mr. Wayne Long: Might I ask what the percentage is?

Mr. Paul Nowosad: On the sell side, the percentage is 10% of the face value of the tickets being posted.

Mr. Wayne Long: If I have a \$70 ticket...?

Mr. Paul Nowosad: It's easier if you say \$100.

Mr. Wayne Long: That's fair. I probably should say \$100. If I have a \$100 ticket—

Mr. Paul Nowosad: I can do the \$70 math. It's \$63 that you would be remitted.

Mr. Wayne Long: Just so that I'm clear, though, on the percentage, is it based on what I want to sell the ticket for?

Mr. Paul Nowosad: Yes.

Mr. Wayne Long: It's not face value—

Mr. Paul Nowosad: No. You're choosing to sell the ticket for a price.

We are charging a percentage against that price to provide this service to create access to a buyer's market.

Ms. Laura Dooley (Head of Global Government Relations, StubHub): It's important to note that the fee isn't collected at the point of listing; it's collected only at the point of sale. If you choose to list a ticket and in your experience it didn't sell because the market was saturated and perhaps it wasn't priced at a desirable rate, you wouldn't have to pay a sell fee to list on our site.

Mr. Wayne Long: Can I ask one more?

The Chair: No, I'm sorry you can't.

Mr. Wayne Long: Thank you very much.

The Chair: It's Mr. Shields now, for seven minutes.

Mr. Martin Shields: Thank you.

Wayne, ask your last question.

● (1700)

Mr. Wayne Long: I'm curious. Let's assume you have associations with sports teams. Why would a team want to have an association with StubHub? For example, I was the owner of the Saint John Sea Dogs, a major junior hockey team. I have a box office and I have ticket sellers in my organization who are responsible for selling those tickets and driving revenue for my team. If I thought—I'm asking this out of ignorance—that I needed to go to StubHub, I would fire my ticket sales people.

Can you clarify that for me?

Mr. Paul Nowosad: I wouldn't fire anybody right now.

We have partnerships globally with a large number of artists, teams and venues. The position is that we have a significant market share when it comes to buyer interest, buyer trust and buyer loyalty. We are a channel, as I think as someone described it earlier, that reaches buyers or fans. We can bring fans to events.

By virtue of someone's having a partnership with us, in some cases we are able to put those tickets into the market, aid those seats' being sold, and also help with the monetization of those tickets for the benefit of the artists or the venue.

Mr. Wayne Long: Is it safe to say “a wider market”?

Mr. Paul Nowosad: It can be. Our great success, I think, is the fact that 16% on average of our Canadian events are purchased by foreign attendees. That's bringing people to the Canadian market to experience Canadian events and Canadian culture. That's a really positive thing about a global platform.

Mr. Wayne Long: But you would never be able to buy a ticket on StubHub cheaper than at the box office—never.

Mr. Paul Nowosad: Most recently, I can give you the example of Coachella, which is a big musical festival in the States. Most of the tickets on StubHub were below face value, giving people greater access.

Mr. Wayne Long: Okay, thanks.

I'm sorry, Martin.

Mr. Martin Shields: That's fine. You ask good questions.

I'm just following up a bit because of lack of knowledge, in a sense.

Do you go and buy, or are you approached by...? I'll use the Toronto Blue Jays example. Do you approach them looking for a deal, or do they come to you, or is it both?

Mr. Paul Nowosad: I think in the Toronto Blue Jays example we have a relationship with Major League Baseball and then a subsequent relationship with each club that, based on their needs, leverages that league-level deal.

In some cases teams, venues or artists—as is the case of the concert tonight, to be fair—come to us and look for opportunities to extend their brands, ensure that seats are filled and maximize their market position. In some cases we may go to them just in conversation, as we're all in one industry.

Mr. Martin Shields: In the relationship you have with them—in a sense going back to his question—have the teams given up an area and are looking to you as a contractor?

Mr. Paul Nowosad: I wouldn't say that. More and more I think teams or primary venues or artists are understanding that this is a good, competitive, open market. My equivalent to this is the airline side of things, in which airlines sell tickets through multiple storefronts or channels that have buyer share. They wouldn't just sell them through themselves.

The ticketing market is very similar to that. Artists and teams are realizing that their own work—their own season ticket sales, their own transferability support for season ticket holders who can't go to 82 baseball games a year—along with our ability to reach a buyer group that they may not have access to regularly and to help them

earn, is turning out to be a very positive thing, as long as the market stays open, stays competitive and stays on a level footing.

Mr. Martin Shields: Is there a demographic? If I want to buy a ticket, I phone WestJet or Air Canada. My daughter, on the other hand, goes to you and buys them, and she understands why I don't go. I want to go directly to the hotel. I want to buy a room directly from the vendor. She never does.

Is there a demographic?

Mr. Paul Nowosad: No. I think it's creating choice, and we're a big supporter of fan choice. If fans prefer to go to a primary—

Mr. Martin Shields: But do you know whether there is a demographic?

Mr. Paul Nowosad: It's pretty broad. I would use the example that my parents have smart phones and my in-laws don't have phones. I think it's that, regardless of age and regardless of culture, you're seeing different people trust different channels. When they're comfortable and they understand the brand or the technology behind it, they are starting to move on their own, as long as they understand when there's a guarantee and there's trust and when they can feel that their money is going to be put to use in a responsible manner.

● (1705)

Mr. Martin Shields: I guess that's the difference between my daughter and me. I would never contact you, because I don't trust you.

Mr. Paul Nowosad: Okay.

Mr. Martin Shields: She does. That's a difference, in a sense, in consumers at this point.

You had three priorities. Would you rank those three priorities that you said you had for recommendations?

Mr. Philip Vanden Brande: We actually had four.

In order, I would probably say that the bots are definitely number one among our propositions; that's guaranteed.

The second one would definitely be helping us prove to reseller sites...or for them to show that they are reseller sites, basically, to make sure that when consumers are buying their tickets they know where they are buying their tickets and whom they're buying them from. That would be number two.

Number three would definitely be fraud.

Mr. Martin Shields: Thank you.

Thank you, Chair.

The Chair: Monsieur Nantel.

[Translation]

Mr. Pierre Nantel: Thank you very much, Madam Chair.

I thank the witnesses for joining us today.

Ms. Langlois-Paquette, Mr. Vanden Brande, one of your artists is Charlotte Cardin. Ms. Cardin is the embodiment of new contemporary success. She is something of a new gold standard.

In Ms. Cardin's case, have you faced any issues of automatic ticket resales?

Mr. Philip Vanden Brande: When it comes to Ms. Cardin in particular, I could not give you an exact answer. Of course, we are seeing a difference in the case of some popular U.S. artists compared with the rest of the industry such as the Quebec industry. It is certainly something to note and take into consideration.

However, I cannot give you an answer concerning this specific case.

Mr. Pierre Nantel: Thank you. That adds to my impression that the issue concerns the industry and consumers and less so heritage.

In addition, as we are talking about heritage issues, I will take 20 seconds to tell everyone, given the urgency at Telefilm Canada and in a spirit of cooperation, that I would like to give notice of motion for the following motion: That the Standing Committee on Canadian Heritage invite the Acting Chair of the Telefilm Canada Board of Directors, the Executive Director of Telefilm Canada, as well as representatives of the francophone film industry to update us on the many recent departures from Telefilm Canada's management team and on its expenditures and priorities in 2019-2020.

If the committee would like to vote on the motion right away, I would be delighted. It could do so if I get unanimous consent. Otherwise, we will talk about it again next Thursday.

My question is for Mr. Nowosad and Ms. Dooley.

About two years ago, Paradise Papers contained the name of a Quebecker, Julien Lavallée, and much was made of it. Julien Lavallée is a super ticket scalper. He gets his hands on thousands of tickets by just snapping his fingers. He probably took all the Morrissey tickets Mr. Long was trying to get.

I think that you tried to calm things down concerning Mr. Lavallée. Is he still one of your incumbent suppliers, even today?

[English]

Ms. Laura Dooley: In addition to selling on multiple platforms including Ticketmaster, Vivid and others, Julien Lavallée does sell on our site as well.

I want to state that we are very much against the use of bots to procure tickets. When evidence is provided to us that bots or any other malfeasance have been used to acquire tickets, those tickets will be removed from our site and those brokers or professional resellers will be suspended as well, so we have the ability to take action to stop those sales when misconduct has occurred.

[Translation]

Mr. Pierre Nantel: One would think, just like Mr. Long who wanted to get tickets for the Morrissey show, that a bunch of people have bought them, that it was very popular and so on. However, the *Globe and Mail* and CBC/Radio-Canada did a good investigation on Mr. Lavallée and found out that he was buying up thousands of tickets, at the snap of his fingers.

How can a reseller like that still qualify with you? He is still one of your resellers, correct?

Does it work on a case-by-case basis, one show at a time, be it Charlotte Cardin or the band Journey?

•(1710)

[English]

Mr. Paul Nowosad: The protections that we provide both from an automation point of view and though a hands-on review are ongoing. I wouldn't be able to say if every single individual is checked every single day, but en masse, for those with large activity, those with repetitive activity, those with signs of activity that is not something that we consider proper conduct or in line with our policies and procedures, yes, we would be on top of those issues.

[Translation]

Mr. Pierre Nantel: Ms. Dooley, do you want to add anything?

[English]

Ms. Laura Dooley: I think it's important to also understand that just because a professional reseller has acquired a large number of tickets, it does not in and of itself equate to misconduct. There are many ways, including contracting directly with teams or venues or promoters that ticket resellers can acquire a large bulk of tickets. The sheer notion that there are several tickets listed for sale by one seller on our site does not equate to bot usage.

Our user agreement prohibits the violation of any law that's in place. Again, if we learn about misconduct, we'll take the necessary actions. Through machine learning as well as through different person-to-person fraud deterrents, we are able to do a very stellar job of identifying those issues and taking them off our site, as evidenced by the fact that we have such a large user base in Canada.

Mr. Pierre Nantel: You've been bought by eBay. Is that right?

Ms. Laura Dooley: That's correct.

Mr. Pierre Nantel: Let's say that I sell parts for a 1962 Volvo P1800. I'm on eBay, and people buy through eBay and pay through it, but I remain as the seller. If suddenly, however, I have a complete car to sell in parts, that may ring a bell. Potentially, there is something....

You act, then, as a conglomerate, as a counter to unite buyers and sellers. You take a commission on each sale, so the advertised price you're talking about is the advertised price of the seller. If he bought a ticket for \$50 and sells it for \$100, you take 10% on the \$100.

Mr. Paul Nowosad: That's correct.

Mr. Pierre Nantel: Thank you.

Mr. Long asked you about StubHub.com and StubHub.ca. It's the same marketing. May I ask you, besides your 177 employees, what is the gross amount of your business in Canada?

Mr. Paul Nowosad: I'm not at privilege to disclose our exact business revenues in the Canadian market.

Mr. Pierre Nantel: I'm sure.

Mr. Paul Nowosad: We do, however, have a growing office here. As to the difference between those two properties, we recently launched a separate website, StubHub.ca, in October of last year. The inventory is equal globally on all of our StubHub platforms. Whether you're in one platform or the other, you can still purchase the same events, whether it's a Canadian event or an American event or a European one.

Mr. Pierre Nantel: Is it, then, your first year of operation in Canada officially?

Mr. Paul Nowosad: No. We've been in Canada for, I believe, 14 years and we've now decided to invest more in the Canadian market. We're adding more people to the Canadian market, and alongside Kijiji and eBay, we are strengthening the overall opportunity for people to work for the company as well as to provide a fan experience.

Mr. Pierre Nantel: I'll go and check your income tax.

Thank you.

[Translation]

The Chair: We go to Mr. Breton for seven minutes.

Mr. Pierre Breton (Shefford, Lib.): Thank you, Madam Chair.

I thank our witnesses for joining us today.

My questions will be for L'Équipe Spectra.

You said that you produce more than 1,500 shows, if I have understood correctly.

To what extent do you use resellers' services? Do you use resellers' services or do you resell your tickets yourselves?

That is my first question.

Mr. Philip Vanden Brande: All the ticket sales go through our website, at evenko.ca. Depending on the festival, we have transactional websites attached to our various properties. We work with various partners to offer ticket sales for shows, but the purchase is done directly through our platforms.

Mr. Pierre Breton: You have your own platforms. So you do not deal with the StubHubs of this world or other types of reseller companies.

Mr. Philip Vanden Brande: No.

Mr. Pierre Breton: Okay.

Tickets are purchased directly through you. People have to know exactly what they want. They go on the evenko website or the Festival international de jazz de Montréal website and, if I understand correctly, they are directed to the evenko site or, at least, to your platform. So people buy directly from you.

Is that right?

I am trying to understand.

•(1715)

Mrs. Evelyne Langlois-Paquette (Manager, Governmental Affairs, evenko, L'Équipe Spectra): I would like to make a quick comment about the jazz festival and other Spectra festivals.

We deal with various ticketing platforms, as we do not have our own box office. We deal with official platforms. We cannot at all control the resale aspect.

Mr. Pierre Breton: Which companies are those?

They are not companies you control, but other partners or suppliers.

Mr. Philip Vanden Brande: Exactly.

To give you an example, Place Bell, in Laval, deals with Ticketmaster. We work with those kinds of platforms for all of our properties.

As Ms. Langlois-Paquette was saying, as part of the jazz festival, for example, many of our tickets are for sale in various performance halls. We work with performance hall box offices, which are associated with various official ticketing partners.

Mr. Pierre Breton: I'm sorry, but I am a bit new to this. So if I understand correctly, Ticketmaster is a competitor of StubHub, for example.

Mr. Philip Vanden Brande: No, it's an official vendor.

Mr. Pierre Breton: It is an official vendor. Okay, that's different.

My next question can be for the StubHub representatives.

Could you deal with Spectra directly for resales, or do you have to deal with Ticketmaster in that context? Mr. Nowosad and Ms. Dooley, can you answer that question?

[English]

Mr. Paul Nowosad: The opportunity to work directly with any artist, venue or promoter such as evenko, or with any other, is something our business is doing globally, in many instances. It's up to them to choose who they would like to use as a channel to distribute and provide access to fans for their events.

Ms. Laura Dooley: I would add that while Ticketmaster is predominantly a primary ticket seller, meaning they're selling the first sale of tickets, they also have many offerings in the secondary market in which we directly compete with them. For example, they have a TM+ platform on which they sell resale tickets that can be sold either by professional resellers or by consumers through their initial offering. They also have interests in or own the NHL TicketExchange and the NBA ticket exchange, which are secondary platforms that directly compete with StubHub.com.

Mr. Paul Nowosad: I think you'll see from the comments we made that the marketplaces are blending faster than many of us are aware. Therefore, the transferability and the openness and transparency are vital, I think, to both sides.

[Translation]

Mr. Pierre Breton: You said that StubHub came on the market in 2000. I assume you were probably among the first in this area. Since your arrival, who has benefited from those changes and who has been disadvantaged by them?

[English]

Ms. Laura Dooley: From an advantage standpoint, the value proposition StubHub has been able to bring to the secondary market is to insert consumer protections into ticket resales. Whereas traditionally ticket resales were often done on street corners, in front of venues and whatnot, StubHub intermediates the buy and sell process and offers to our sellers and to our buyers a level of customer protection that was not available before.

For example, if you transact on our site, we have 100-plus staff who work on our trust and safety team to verify the validity of those tickets and to intermediate the payment between the buyer and seller in order to ensure that in the very rare instances that something goes wrong with our transaction or a ticket is sold that is not valid, we're able to stop the payment to the seller, discourage that type of activity and make the buyer whole—to refund them the money inclusive of fees that they spent.

StubHub actually goes above and beyond most of the industry, in the sense that our first recourse is not a refund. Our first recourse will be to try to source a ticket for that seller to make sure they get to experience the events they want to experience. Our customer service program was actually named by Newsweek in 2019 as the best customer service program for all of the ticketing market in the U.S. It's something we take very seriously. We're very proud of it and we believe it's why we've earned the trust of fans in this market.

• (1720)

[Translation]

Mr. Pierre Breton: Thank you.

The Chair: Thank you, Mr. Breton.

[English]

We now go to Mr. Yurdiga for five minutes.

Mr. David Yurdiga: Thank you, Madam Chair.

Welcome to our committee. There have been very interesting questions, and many of the best questions have already been asked. Mine is going to be quite simple.

We have talked much about bots and have talked some about fraud. In reality, who is responsible for what?

I understand fraud. It's a government issue. On the bot issue, is the industry going to take the lead and let us worry about the fraudulent cases? It's against the law; it's a criminal offence.

From your perspective, Madam Dooley, do you think we should leave things alone or ensure that governments force law enforcement to actually take a more active role in prosecuting some of these fraudulent sites?

Ms. Laura Dooley: It's a collaboration and needs to be a collaboration in order to work well. In the last panel we heard a lot about how we can best enforce the bots laws. The fact of the matter is that the governments charged with enforcing those laws don't have the information they need in order to prosecute the bad actors.

The sites that are being attacked by bots are primary ticket sellers. StubHub is attacked by bots as well. We do our own part to try to shut down that activity. It's incumbent upon all of us, however, to

collaborate with government to say, here's the information you need to go after bad actors.

Certainly there are some jurisdictional issues involved. Where are these bad actors located? When the harm is attacking Canadian consumers in whatever province they live in, however, there's an opportunity for enforcers to go after those bad actors wherever they live.

StubHub regularly collaborates with law enforcement when we detect fraud on our site, whether it be payment fraud or just fraudulent activity in general. It's a commitment we make across the entire eBay business. It's something we pride ourselves on and it's something I think we can encourage the rest of the industry to do.

Certainly there's a major responsibility from a technological standpoint. As StubHub, not necessarily in Canada but in other markets, is entering into the primary space, we're investing significant resources into learning how we can combat fraud attacks on our site as well.

Mr. David Yurdiga: From our perspective, there's legislation. That's fine, but enforcement sometimes is lacking. We have a lot of laws on the books that can deal with many of these issues, and there's always a disconnect between legislation and enforcement. I think we have laws currently in place that can deal with much of this, but there needs to be an investment on the enforcement side. We see this throughout all sectors. Whatever industry it is, there are problems.

I'm curious about how much money is spent on actively preventing bots from getting into your organization. Is it a very expensive venture to ensure that the tickets going for resale are not actually obtained through bots?

Ms. Laura Dooley: I don't have a number on that.

Mr. Paul Nowosad: Yes, I don't think we have a number. I could tell you that it is a significant investment at eBay across all of its portfolio companies, including StubHub as well as the classified businesses.

It's something we take very seriously, both building a relationship with law enforcement across this country and in any other country in which we operate and providing the best technical remedies we can—or preventions. It is tough, as somebody mentioned earlier, to stay one step ahead but I think being vigilant.... There is nothing to lose from all players in this space working together. We're all trying to seek the same remedy, which is to ensure the quality of tickets in the hands of the fans who actually want to attend the events.

Mr. David Yurdiga: Once you find out that a group or individual has been using bots to obtain a ticket, what is the process? Do you just block them, or do you go a step further and actually report this group or individual to law enforcement? From your perspective, what are you doing to combat this?

Mr. Paul Nowosad: There are usually two different layers. One is, for most companies in this industry, especially ours, putting in a layer of technology to prevent the inbound activity of foreign technology—or bots, if you will. That's one step.

The second is working with law enforcement when somebody has been disenfranchised from a purchase or sale or access point and seeing whether we can be a source of information to help remedy the situation. From time to time we can and sometimes we cannot, but we are always open to a dialogue and to providing the best efforts of disclosure we can within the confines of the law.

Mr. David Yurdiga: Have you reported something and gotten to a level where there was actually a prosecution and people went to jail or were fined? Have you ever experienced that, or am I just being hopeful that something will happen?

• (1725)

Ms. Laura Dooley: It's difficult to say in the context of bots. We've certainly been involved in enforcement actions that are related to bots, but in that activity, our partnership with law enforcement extends well beyond just the use of bots to procure tickets. We work very actively, for example, in the payment fraud industry. The use of fraudulent credit cards, for example, to try to purchase tickets on our site is something that happens quite often. That's information we share very readily with law enforcement.

I think, though, that for better or for worse, it is circumstantial. Often it's not a high enough activity level or monetary value to warrant or justify law enforcement's taking the time to do further investigation. It is, however, something we readily offer when asked, and certainly often without being asked as well.

Mr. David Yurdiga: Thank you so much.

The Chair: For the last five minutes, we are going to Mr. Long.

Mr. Wayne Long: Thanks, Madam Chair.

You are owned by eBay, which owns Kijiji. I used to always have a high comfort level when I bought from Kijiji, because I always felt I was dealing with Martin Shields or David Yurdiga directly. It was that kind of exchange.

What's the relationship between StubHub and Kijiji? Do you use each other's platforms now? One concern I have now with Kijiji is that sometimes you think you're buying from Martin Shields, but you're buying from a much larger entity. Do you have an active relationship? How does it work?

Mr. Paul Nowosad: In the ticketing space specifically on Kijiji, we do have an active relationship. Over the rest of this year, it will actually become a more dynamic relationship to remove the consumer-to-consumer, or false business-to-consumer selling cycle and run it all through StubHub, such that people can have both the quality of the service to sell and purchase, and the guarantee to protect and safety and security.

We will, then, be partnering more closely than we already are. We hadn't partnered for the last three years, but we're going to take it up a whole other layer in the last half of this year. We feel that it's very important. The ticketing space, as you have heard over the last couple of hours, is complex. This will give them the opportunity to work with a family company that is at the top of its game.

Mr. Wayne Long: Try to put this in context for me. How often has StubHub actually banned brokers or bots? Can you put it into some context? Does it happen weekly? Is it one of every thousand transactions, or is it very rare?

Mr. Paul Nowosad: To be fair, I think it's hard to put a number on it.

Most people would be very surprised if they saw the level of intrusion that's technologically driven to any machine today. It's a little unwieldy. I think the active monitoring—the active technology and human monitoring—is probably the best way to answer that. It is ongoing by both the staff as well as the technology department.

Ms. Laura Dooley: Certainly we have systems in place.

For example, our payment intermediation process is an inherent fraud deterrent. The practice of fraud on our site, once it goes detected, means that payment will immediately be stopped. We retain payment information, so if it's something that doesn't happen in real time, we can go back and penalize sellers for selling fraudulent tickets. There is thus not an incentive to defraud when you're selling through StubHub, and I think that's an important notion.

Then again, when we do learn of misconduct as far as the way tickets are acquired or what is being sold is concerned, we will take action.

We can certainly return to the committee with more information about this.

Mr. Wayne Long: Here is a final question from me. Is it true that StubHub was pleased that government dropped part of the anti-scalping law that would have had capped prices for ticket scalpers? Is it true you were pleased with that?

Ms. Laura Dooley: StubHub joined the rest of the industry, and I think you heard Ms. Benjamin say this earlier as well. We believe price controls or price caps are not an effective mechanism to address the notion of ticket resale. There are a lot of studies out there that support this notion.

We were very supportive of the proposal to remove that provision. We believe it is consistent with a better user experience overall to make sure that sales stay on secure platforms such as StubHub, and we're pleased to join the rest of the industry in that position.

Mr. Wayne Long: Okay.

I'll share my last minute, Chair.

Mr. Martin Shields: Just before that one, is there information that you might share with us and send to us?

Ms. Laura Dooley: Can we share more information about some of our fraud deterrence practices? We're happy to share more information with the committee.

Mr. Martin Shields: Okay.

The Chair: If I may, I want to quickly follow up on a question Mr. Long asked towards the beginning. He brought up the scenario of a case in which he had looked to buy Morrissey tickets directly, and then an hour later, he said, there were tickets on StubHub in a fairly large number.

I wonder whether there is any way that you have a record, for the date that the Morrissey tickets sold out, of how many tickets were listed on StubHub for, say, Toronto, if I were going to pick a city. Would you have that kind of number for how many tickets were listed on the day the initial tickets went on sale and then sold out?

• (1730)

Mr. Paul Nowosad: I think we have.

Tickets go on sale, in pre-sales, post-sales, club sales. By the time an on-sale for the general public occurs, there may be 10%, 5% or 20%. That's one of the transparency issues that we believe fully.... Not knowing how many that were already purchased or secured, those may be the ones that are now visible on our site, as compared with those that are now open to the general public.

The Chair: That's fair enough, but you would have a number of tickets that were listed for sale for that specific concert.

Mr. Paul Nowosad: Typically, for many of our events, you'll find clear disclosures of how many tickets are available for the different events.

The Chair: I was just trying to see whether you would be able to get us that number. I'm wondering whether there is a way for you to backdate it. I'm looking, for example, at Billie Eilish tickets right now. I know they sold out very quickly, and I can see, for just the Toronto location, that it looks as though there are about 200 or more tickets on sale for that venue.

I'm just curious, following up on that question, because he raised a specific one about this concert and about having the experience, an hour after it had sold out, of going on and finding that there were a bunch of tickets there. I just want to get a number, because right now we can all imagine what that number looked like. Perhaps it might help if we have clarity.

Ms. Laura Dooley: We can ask our data team if that's information that we retain. I don't know that it's information we retain. I would also suggest that the notion that the concert was sold out in that moment.... I think the other follow-up question to ask is how many tickets were released by the primary after that moment when you were told it was initially sold out.

The Chair: It's just something that we can build upon, if we can get that first, initial bit of information.

Mr. Pierre Nantel: Are people physically lining up to buy the ticket, all the individuals who go and who sell it back to you?

I'm sorry.

The Chair: Can you please find out? If you can get from the data team that day's snapshot, that would be really helpful for us.

On that note, we bring this meeting to an end. Thank you to all of the witnesses.

The meeting is adjourned.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its Committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its Committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <http://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante : <http://www.noscommunes.ca>