



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## **Standing Committee on Canadian Heritage**

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CHPC • NUMBER 158 • 1st SESSION • 42nd PARLIAMENT

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**EVIDENCE**

**Tuesday, May 14, 2019**

**Chair**

**Ms. Julie Dabrusin**



## Standing Committee on Canadian Heritage

Tuesday, May 14, 2019

• (1530)

[Translation]

**The Chair (Ms. Julie Dabrusin (Toronto—Danforth, Lib.)):** Welcome to the 158th meeting of the Standing Committee on Canadian Heritage. We are continuing our study on the online secondary ticket sales industry.

[English]

Today we welcome Patti-Anne Tarlton, chairman of Ticketmaster Canada.

From Vivid Seats, we welcome Ryan Fitts, vice-president, legal affairs; and Jonas Beallor, chief operating officer of Fanxchange.

We are going to begin with your presentations.

Ms. Tarlton.

**Ms. Patti-Anne Tarlton (Chairman, Ticketmaster Canada):** Thank you, Madam Chair, and members of the committee.

Thank you for this opportunity. I want to express my sincere appreciation to all members for this invitation to join you today for an open discussion about the Canadian vibrant live entertainment industry.

In the business of event ticketing, the role of primary ticketing companies, such as Ticketmaster, is to facilitate the sale of tickets between event producers, attractions, teams, promoters and venues and their fans.

In this business, Ticketmaster's top priority is getting tickets in the hands of real fans. We succeed only when true fans get tickets to the events they love. I want to be clear from the outset that some myths and misconceptions do exist in the live entertainment ticketing business and about Ticketmaster in particular.

First, Ticketmaster does not own the tickets. Ticketmaster does not decide the pricing of the tickets, nor do we decide how many tickets will be made available for sale. These decisions are made at the sole discretions of those rights holders I mentioned: the attractions, the artists, the teams, etc. These are the artists and producers who are staging the event.

Ticketmaster is a technology platform that effectively connects the attraction to the fans that want to see them live. Our platform clearly displays, in Canadian currency, both primary and resale seats that are sold on a single integrated seat map. It is the only platform compliant

with all provincial legislative ticketing requirements, including the upfront all-inclusive fee displays across the country.

In recent years—and I think central to the mandate of this committee—important challenges have arisen in online commerce and for ticketing platforms such as ours. The challenge, simply put, is that there are now two competing groups to buy tickets in Canada, fans and cheaters.

As ticketing has moved online and away from box offices, computing power and artificial intelligence has given unscrupulous professional ticket resellers an advantage over ordinary fans in securing the best available tickets. We call these cheaters, because their goals are, simply put, to deceive or to use illegal practices to beat fans at on-sale and take advantage of them in the resale marketplace.

The reality is that the tickets of the gross majority of concerts in this country go unsold. Our mandate, and the tools that we develop to help support that, is to actually help artists and attractions sell tickets, and to market and promote their events and careers.

These cheaters, however, are using bots to rapidly search, hold and purchase tickets faster than a human and at the detriment of fans. At Ticketmaster we have zero tolerance for bots and the cheaters that use them. Last year we blocked 60 billion bots in North America. Not long ago, that number was at five billion. We're effectively blocking five billion bots a month. There's no sugar coating it. It's an arms race and we'll continue to invest in this new norm.

Fortunately, there are ways to combat cheaters. We are the proud champion of some new tools and an ongoing innovation to help block and stop these rule breakers.

At Ticketmaster we're investing millions to develop new tools to fight these cheaters. Using bots and the complement of our ongoing innovations, it's yielding results. We are implementing tools and technologies ourselves, but we're also working with provincial governments across the country to implement pro-consumer and anti-cheater legislation. As cheaters are evolving, we must evolve to compete, and we do that together.

We are concentrating on new technological approaches that create a fundamentally different level of personalization and security, while not impacting and impeding the direct connection between the fans and the attractions they wish to see.

For example, Ticketmaster Presence is a new access control platform that replaces the physical paper ticket with a non-duplicable digital token, similar to the modernized token payment systems that you may see with Apple Pay. This platform combats fraud by eliminating the PDF ticket, which is copied and often sold multiple times. In markets where Ticketmaster Presence has been fully implemented, instances of ticket fraud have plummeted to zero. When fully integrated, Ticketmaster Presence will also allow an event producer to have better visibility and control where and how tickets are transferred and resold, and who is physically in their venues.

• (1535)

We've also launched a tool we named Ticketmaster Verified Fan. This is a technology that validates the identity of each purchaser before the on-sale. We call this a pre-registration process. Through this model, basic identity, such as name, email address and mobile phone number, is collected prior to the on-sale, and we use that information to predict the propensity of that individual actually going to the event as opposed to buying that ticket to resell it on any marketplace. Verified Fan has been deployed to over 100 concert tours since its first launch in 2017 and has proven highly effective. The average volume of resale postings for shows that have deployed this tool is less than 10%. This has been compared to probably north of 70% on a comparable tour that wouldn't use that tool. Springsteen on Broadway is a great example of the success of this tool.

It isn't all about technology. It's about collaboration with legislators as well. Ticketmaster has had a strong voice with the legislative bodies across the country finding solutions that protect fans. We're currently working with the B.C. government, Alberta, Ontario and Quebec, and we have successfully championed strong anti-cheater legislation that has helped ban bots, introduce strong measures to protect fans in the primary market and, importantly, the resale market.

With regard to the motion in front of this committee, and in particular the media reports of last fall, I wanted to respond directly to the false allegation that Ticketmaster has a secret broker program and that we are somehow facilitating cheaters. The claim is categorically false. It is based largely on limited understanding of a Ticketmaster product called TradeDesk.

Most people reading these reports likely thought that Ticketmaster was selling software to help scalpers buy tickets ahead of fans. Let me be absolutely clear and definitive. Ticketmaster does not have, has never had and will not ever program or build a product that helps professional resellers gain an advantage in buying tickets ahead of fans. Period. This would be categorically against the core of who we are and where we sit within our vibrant live entertainment industry in Canada, and it's simply not what TradeDesk is.

TradeDesk is Ticketmaster's version of an inventory management tool for professional sellers, oftentimes called brokers. It is neither secret nor unique to Ticketmaster. Like StubHub's product called Ticket Utils or Vivid Seat's SkyBox, TradeDesk is used by brokers to manage tickets that they already have.

All of these tools organize a broker's ticket inventory so tickets can be priced and listed for sale on various marketplaces, not just on Ticketmaster, as has been suggested. These tickets could have come

from Ticketmaster; they could have come from other ticketing systems, or they could have been purchased directly from a team, venue or another reseller. TradeDesk is overwhelmingly used and managed for season seat holders in the sports industry.

Fans and attractions are deeply frustrated by cheaters, and we are frustrated, too. Ticketmaster is focused on one thing, and that is getting tickets into the hands of the real fans on behalf of artists and attractions.

Thank you very much.

• (1540)

**The Chair:** Thank you very much.

We will now go to Ryan Fitts and Jonas Beallor of Vivid Seats.

**Mr. Jonas Beallor (Chief Operating Officer, Fanxchange, Vivid Seats):** Good afternoon, everyone.

Madam Chair and members of the Standing Committee on Canadian Heritage, thank you for the opportunity to speak to you regarding the ticketing industry.

My name is Jonas Beallor. I am an executive from Vivid Seats, one of the leading ticket resale marketplaces in North America. I'm joined today by Ryan Fitts, our vice-president of legal affairs.

Prior to joining Vivid Seats, I was the chief operating officer of Fanxchange Limited, which Vivid Seats acquired just last month. Fanxchange was a Toronto-based ticket marketplace focused on enterprise and distribution, powering live event ticketing solutions for major loyalty programs, financial institutions, travel and hotel operators and e-commerce marketplaces. Our Toronto office currently employs 43 people, with plans to accelerate that growth over the next few years.

We are very excited to now be part of the Vivid Seats family. Their acquisition of us is a testament to the vision and commitment to invest in the Canadian market and thriving tech ecosystem.

It's a pleasure for us to be here today, because we are certainly proud of the work we do in ensuring that cultural enthusiasts and sports fans have access to the events they want to attend, even when box offices and venues are sold out.

Founded in 2001, and based in Chicago, Vivid Seats processes millions of tickets per year, sending thousands of fans to live sports, concerts and theatre events every day. Central to our philosophy is the fan experience. Sports, concerts and other live events provide memorable human experiences that inspire all of us.

Historically, access to in-demand, live events was limited to those lucky enough to be able to purchase tickets the moment they went on sale. Fans who were not lucky enough to score tickets had no safe, legal or reliable way to obtain tickets, and fans who could not use their tickets had no safe, legal and reliable way to sell their property. Vivid Seats was created to solve this problem and open the door to buyers and sellers, providing fans with a familiar, safe and secure resale market destination and best-in-class buying experience for a huge variety of events across North America, from sporting events, to concerts, theatres, festivals and everything in between.

Vivid Seats is a trusted provider of transparency, accountability and choice. We hold sellers to the highest standards and increase fan participation and satisfaction in live entertainment by providing highly personalized and exceptional experiences for consumers. We provide an in-house call centre of 300-plus representatives who are available to deliver premium customer support over extended business hours. We provide a 100% buyer guarantee for all tickets sold on our site. We guarantee that you will receive a valid ticket on time for your event, or your money back.

To continue providing fans with peace of mind to purchase tickets at a time and a place of their choosing, Vivid Seats is committed to two core principles: first, every fan should have a fair chance to purchase tickets on the primary and resale markets; and second, tickets should be treated as the consumer's property, with no undue restrictions on their freedom to dispose of their tickets when and how they see fit.

Regarding fair access to tickets, we have strongly favoured bans on bots in other jurisdictions, as we believe it protects consumers, improves transparency and helps eliminate black market ticket sales. Taking it a step further, we also encourage governments in all jurisdictions to enforce these bans. At the provincial level, both Ontario and British Columbia have taken actions to ban bots, which we fully support.

However, bots aren't the only issue to keep in mind when talking about ticketing techniques that limit access for the general public. The use of holdbacks by the primary market also needs to be discussed. While we understand that this hearing is part of a study on the online secondary ticketing industry, it is essential that the committee understand that ticketing is one ecosystem, and that ticketing strategies used by the primary marketplace play a significant role in causing the frustration that fans feel when events seem to sell out instantly.

Some primary ticketing providers use holdbacks as the initial on-sale, meaning tickets are often held back for artists, sponsors, fan clubs, etc., leaving only a limited number of tickets to be resold or released to the public. This practice leads to significant consumer frustration. I'm sure that you, as legislators, hear this complaint from your constituents. The Toronto Star published an article on September 18, 2018, which described this practice in great detail. We recommend that the committee review this article.

• (1545)

We believe there needs to be more transparency concerning initial ticket sales. In other jurisdictions, Vivid Seats has encouraged governments to require the disclosure of the number of tickets that are placed on sale from the primary ticket seller at any one time.

Ontario has recently introduced legislation requiring the primary market to share this information and Vivid Seats is supportive.

Regarding ticket transferability, we believe that fans should have the right to use or sell their tickets as they see fit. As the ticket sale market is almost entirely online, consumers require choice and flexibility to manage their tickets, whether that's being able to easily email a PDF file of a ticket to a friend or family member or have the ability to print the ticket on a piece of paper for someone who wants that ticket in their hand. Vivid Seats fully supports efforts to ensure that consumers have this ability.

Ticket transferability upholds a consumer's right to transfer tickets to friends and family or sell extra tickets on the open market. It also prevents anti-competitive behaviour and fosters competition in the ticketing industry.

It is the competition that encourages companies to innovate and maintain high service standards. Consumers should be able to use the ticket platform of their choice and be protected from anti-competitive conduct and artificial restrictions that interfere with their ability to discover and sell tickets in an open, competitive market place. That's why Vivid Seats believes that ensuring ticket transferability is essential to any effective regulatory framework.

These are the kinds of issues that Vivid Seats is engaged with and this is why we are pleased to be here today to speak about them with you. Canadians have been engaged in these issues as well. The Government of Ontario has recently brought in amendments to the Ticket Sales Act in Ontario that strongly balance acting against bots and lack of transparency in the initial on-sale process with encouraging innovation and consumer protection.

We are committed to working with legislators like yourselves, government, regulators and industry to ensure a fair and safe online ticket marketplace.

Thank you for giving us the opportunity to speak with you today about Vivid Seats and our approach to working responsibly in this industry. We would be pleased to answer any questions you may have.

Thank you.

**The Chair:** Thank you.

We will now begin our question and answer period. We'll begin with Mr. Long, for seven minutes.

**Mr. Wayne Long (Saint John—Rothesay, Lib.):** Thank you, Madam Chair.

Good afternoon and thank you for coming in this afternoon.

It's very interesting. I do come at this from a unique perspective. I was a major junior hockey owner. I also am a New England Patriots season ticket holder. I have lots of different perspectives on this.

I want to start with you, Ms. Tarlton.

When you go on Ticketmaster, are Ticketmaster.com and Ticketmaster.ca the same? Are they intertwined? Is there a Canadian presence versus a U.S. presence? How are the two sites separated?

**Ms. Patti-Anne Tarlton:** They're two different sites—

**Mr. Wayne Long:** Actually, let me just follow up if you don't mind. Can you just talk about your presence in Canada versus in the United States?

**Ms. Patti-Anne Tarlton:** The URL of the website itself is Ticketmaster.com in America and Ticketmaster.ca in Canada. They are distinct.

• (1550)

**Mr. Wayne Long:** When I go on Ticketmaster.ca, it's a totally separate site from Ticketmaster.com.

**Ms. Patti-Anne Tarlton:** It is a separate infrastructure, but we can also share resources. We are trying to also scale the features that are being developed south of the border.

**Mr. Wayne Long:** With respect to you guys, is it the same with .com and .ca? What's the presence in the United States versus Canada?

**Mr. Jonas Beallor:** For us, they're slightly different in the fact that we're a B2C and a B2B play. We're .com. At the same time, our partnerships in Canada would be .ca or .com.

**Mr. Wayne Long:** Okay.

Ms. Tarlton, I was reading some articles and there was one where Irving Azoff, former CEO, was at a congressional hearing in the States. I'll just quote what we said with respect to secondary ticket sales. He said, "I never would have bought it. The whole secondary sales area is a mess. In a perfect world, I personally would hope that there be a more transparent, accurate primary that would do away with the need for...secondary [sales] whatsoever."

Can you comment on that? Can you talk to me about Ticketmaster and the number of secondary sales that you go through?

**Ms. Patti-Anne Tarlton:** Yes, thank you. That quote is probably 10 years old. The innovation since that time has been exponential. Also the movement and the build-out of the features and tools and the transparency for consumers is exponentially better as well.

Today, when I spoke of interactive seat maps, that's the visibility to see what your choices are. They're distinct. There are two colours. One would be for a primary ticket sold and the other is a resale. Those are giving the consumer a good understanding of what they're purchasing. The price point is there. It's on for Canadian requirements in B.C., Ontario and Quebec. The fee displays are all in as well.

**Mr. Wayne Long:** Correct me if I'm wrong, but Ticketmaster represents some sports organizations and sells their tickets.

**Ms. Patti-Anne Tarlton:** Right.

**Mr. Wayne Long:** It sells tickets for performances in the arts and bands and all that kind of stuff. Those are two separate markets, I recognize.

For example, with respect to the New England Patriots, is it safe to say that you're the official ticket seller for the Patriots?

**Ms. Patti-Anne Tarlton:** That's correct.

**Mr. Wayne Long:** How does Ticketmaster proceed that way? Does Ticketmaster approach sports teams or musicians and ask to be their ticket seller? Do you aggressively go after teams? Do teams come after you? How does that dynamic work?

**Ms. Patti-Anne Tarlton:** Ticketmaster is unique in that we build partnerships with the rights owners. It could be a team and we also have relationships with venues themselves, but absolutely, our goal is to deliver them tools so they have an attachment between their business and the fans they're looking to bring into their business.

**Mr. Wayne Long:** Is there any instance whatsoever, whether it's a musician, band, or a sports team, where you would ever hold back tickets and manipulate that market? Do you do that?

**Ms. Patti-Anne Tarlton:** As I said in my remarks, that is not the role of the ticket technology. Those decisions are in the hands of the content owner.

**Mr. Wayne Long:** When you say the content owner, you mean—

**Ms. Patti-Anne Tarlton:** It could be the team. It could be an artist. The artist may make an arrangement with a promoter; it could be a tour promoter, those who have the rights to the live entertainment. It would be anyone other than Ticketmaster or the ticketing technology.

**Mr. Wayne Long:** Okay.

Is there any instance where Vivid Seats would hold back tickets?

I had an experience I talked about at the last meeting, whereby through StubHub, I was to buy some Morrissey tickets and I couldn't get the tickets. Then all of a sudden the tickets were for sale on StubHub at twice the price. Three weeks later, it seemed a lot of tickets were back on the site.

Are there instances where your organization will pull back or hold tickets to inflate a market price and then depending on demand or need, release tickets back in?

**Mr. Ryan Fitts (Vice-President, Legal Affairs, Vivid Seats):** Absolutely not. We are a resale marketplace, so for the most part, we don't own or control any of these tickets as third party sellers. We have all the inventory at our marketplace available on the website at all times. That's one of the appeals of resale. You can see the entire seating chart and you can make a selection depending on where you want to sit. There are no holdbacks on the resale market.

• (1555)

**Mr. Wayne Long:** Do you allow scalpers to buy the larger volumes of tickets and then resell them?

**Mr. Ryan Fitts:** We don't have large-scale buyers on our site. The buyers are usually individual fans. There are not a lot of broker-to-broker transactions on our website.

**Mr. Wayne Long:** What safety nets do you have in place to make sure that doesn't happen?

**Mr. Ryan Fitts:** We have technology to prevent unusual transactions and stop them before they happen. Security is important to us. We make significant investments on that front.

**Mr. Wayne Long:** Have you caught and blocked a sale?

**Mr. Ryan Fitts:** I could look into that. None that I'm aware of, as I sit here right now, as far as some sort of a massive attack on the site.

**Mr. Wayne Long:** Okay.

**The Chair:** Unfortunately, that's all your time.

We will now go to Mr. Yurdiga, please.

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

I'd like to thank Ticketmaster and Vivid Seats for joining us. This study has been a long time coming. There are a lot of concerns out there.

I have never heard about the secondary market from any of my constituents. I hear quite a bit about things like fraudulent sites selling tickets that don't exist. I think it's an education process and the consumer will eventually learn that there are trusted sites and we should all be very vigilant as to where we buy our tickets.

Ticketmaster and Vivid Seats, from your perspective what needs to be done? You mentioned the primary holdbacks. Do you think that's hindering the market? Do you think that practice has to stop? Is it okay the way it is?

**Mr. Jonas Beallor:** From our perspective, holdbacks have the potential to create a false demand. They can potentially inflate the price on the secondary market with the perception that tickets are no longer available.

If the tickets are available from the outset, and if the number of shows are communicated at the forefront, then I believe that makes a difference as it relates to the impact it has on the secondary market.

**Ms. Patti-Anne Tarlton:** I would say that that's too specific a view on the issue in that the artist.... Even if you look at sports independently from touring attractions, in the sports example, the team ownership has a goal to sell out all tickets throughout the whole season. They may first try to sell them in a series as a season bundle, or if they can't sell out the entire season to season seats, they may choose to bring it into bundles and then to singles. That might account for why the inventory looks different over time. Then, in touring attractions, every one of these attractions is their own business. They make their own decisions. Really, as an industry, we should update our nomenclature in that we've called them pre-sales, but gone are the days that you would call that any different. A fan is no less important if they're a loyal member of the fan club, a radio station, a sponsor, a venue, etc., than someone who understood this by talking to their neighbour.

The idea that we're somehow grading fans is what is missing there, because those are really direct marketing channels trying to get the word out with clutter and traffic in people's everyday marketing pings in the digital space. The idea that those are holdbacks isn't actually.... That's not across the entire board, and the scope of that, I

guess, just for context, is that technology can sell stadiums out in minutes, so 100 tickets or 50,000 tickets can be sold in a millisecond.

Again, I think collectively our goal is awareness about buying safe. Consumers wouldn't tend to go to somewhere on the street and use cash to buy a pair of shoes. Maybe that's different, a bad example, but the idea is that you wouldn't, in other spaces, think about not knowing who you're buying from. Maybe shoes on the street is a bad example, because maybe you do that, but the idea is to go to a trusted place where you know that there's, if not a guarantee to get you into the venue that you want to get into, at least there's a money-back guarantee. It isn't necessarily possible for every secondary marketplace to have a guarantee to get you in, but it is possible for every site to have a money-back guarantee.

• (1600)

**The Chair:** I'm sorry, but I'm going to have to interrupt. We have 15-minute bells right now for a vote, unless they just stopped. It was a quorum call. The bells are no longer ringing. We're back on. We're fine. I'm sorry.

**Mr. David Yurdiga:** From my personal experience, I don't even go to a primary market anymore because I'm wasting my time. I'm quite familiar with Ticketmaster because it's easy. I go there and I get what I want. That is easier for me. Why waste all that time because tickets are being held back; they are bots that have taken them all up or whatever it may be.

Has there been an increase in people forgetting about the primary ticket sales and just going directly to someone they're familiar and comfortable with, even though the price may be higher, but they're more comfortable that they're going to get a seat? Vivid Seats, can you—

**Mr. Jonas Beallor:** Yes, I think this is why Vivid Seats and Fanxchange was the perfect fit. For the Fanxchange company out of Toronto, our whole view, vision and mandate was to expand accessibility to tickets, and we did that through commercial partnerships, distribution commerce, with financial institutions. With U.S. Bank, for example, you can use your loyalty points. You're not required to use cash in order to acquire tickets, or if you have an affinity to a particular loyalty brand, you can purchase those tickets there and then receive points as a recognition for purchasing. The Groupon base tends to be mothers who feel comfortable and familiar shopping on the Groupon platform, so we have a partnership that allows for tickets to be purchased through Groupon.

Again, to your point, yes, that's an avenue where people.... I can't tell you what people would prefer to do. What I would say here and feel comfortable saying is that we believe strongly that people have a connection to different brands and different companies, and what we've done is give them an opportunity to acquire access to live event tickets through those avenues they choose fit. This goes to the whole idea of accessibility and why we think it's so important.

**Ms. Patti-Anne Tarlton:** I would say what's even more important is to provide an ecosystem where the revenues generated from that ticket opportunity are going back to those who are in the ecosystem: the artists, the attractions, the teams. So, yes is the answer to whether you see a proliferation of consumers going to third party sites because they think they can get tickets better. But their real goal is to be in a place where the tickets are always available. That's where the legislation that opens up resale allows us, for example, to have an integration between primary and secondary. Those consumers can still go then to Ticketmaster, for example, to find a ticket that's available, and those revenues that are being generated are then kept in the artists' or the teams' or the promoters' hands.

[Translation]

**The Chair:** Mr. Nantel, you have the floor for seven minutes.

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

Thank you to the witnesses for being here.

Ms. Tarlton, I missed the beginning of your statement, unfortunately, because I was with a journalist outside. If she had only known how much I wanted to hear what you had to say!

I don't know if everyone knows this, but you are from a long line of Tarltons in the music field in Canada. I want to thank you for everything you have done, and I think that your family has earned a good living from it. The vision you have had over all of that time, both at the family and personal level, was about the production of shows. I think that it was for that reason that you were inducted into the Canadian Music Hall of Fame. I'm very happy to meet you here at the Standing Committee on Canadian Heritage.

You were also instrumental in the building of a network of show venues and to putting procedures in place. You introduced the concepts of the production and dissemination of shows to that environment, among other things. I just want to ask you if you think that the users are well served. Is this to their advantage? Are you able to give me a fairly objective view of the situation?

In my opinion, any type of arrangement—for instance we hear that it's become easy to buy tickets; you can exchange your AIR MILES for them—seems a bit beyond the pale. But what I mostly hear is that the cost of tickets is going up.

I'd like to hear your thoughts on all this.

• (1605)

[English]

**Ms. Patti-Anne Tarlton:** As it relates to the fan, the consumer, if we don't lose sight that it's their disposable income, it's their choice to take the money out of their pockets and not pay for dinner or a mortgage, to go to an event, so the competition is everything else that fans could be investing in, and the friction that's between them and their chosen attraction. Yes, there's more friction. Yes, expenses could be higher. The pricing of tickets is higher, but we also can be stuck in the high echelon of the top 10% of the industry—

**Mr. Pierre Nantel:** Who can't afford a ticket....

**Ms. Patti-Anne Tarlton:** But also there's the gross majority. We're talking about the over 60%, 70% of tickets that don't go on sale. What we're trying to do is help those attractions get found.

Those prices may not be as high as the Taylor Swifts of the world, The Who, Elton John, but there's great talent out there. Really, the balance is to collectively—industry with technology, government with legislation, the whole ecosystem of the stakeholders in the industry—accrue to generating great opportunities for talent, for the talent to be delivered to Canadians in Canada, to pay taxes in Canada, and to continue to feed on itself.

**Mr. Pierre Nantel:** Knowing your past, I'm confident that you're very sincere about it, and that there are for sure opportunities for Canadian content, Canadian artists, to come as opening acts, for example, for these big shows.

Mr. Beallor and Mr. Fitts, would you be comfortable mentioning the importance in dollars of your market here?

**Mr. Ryan Fitts:** As I'm sure you'll understand, it's hard to divulge competitively sensitive information in this public setting. I will say that we acquired Band Exchange last month and we're very excited to make this investment in the Canadian market. We're excited to be here, in part, for the excellent software engineering that we can now access in Toronto.

**Mr. Pierre Nantel:** I also expect that you would not be comfortable divulging how much income tax you paid in Canada, but I would like to ask you this. Are your profits, your economic activities, registered in Canada, or are the sales actually done in the States?

**Mr. Ryan Fitts:** I believe our sales are in the States.

Pardon me?

**Mr. Pierre Nantel:** Do you believe that?

**Mr. Ryan Fitts:** I think our sales are registered in the States, yes.

**Mr. Pierre Nantel:** Yes, I believe that too.

This is my main problem. If I import a car by myself, I have to go through customs and make sure the bumpers are correct, the seatbelts are okay, the airbags are compatible with our regulations and stuff. Importing stuff is a complicated thing. My concern here is that this “new solution” can be something good. Maybe I'm an old guy, an old angry white guy who is not happy with new technology.

I'm sorry, I took your role, man. Can I sub in for you for a second?

**Mr. Martin Shields (Bow River, CPC):** Okay, I'll let you, but I won't charge a fee.

**Mr. Pierre Nantel:** Thanks for that. What's the commission? No, it's okay.



The reality here is that this is my biggest problem. In all these new ventures coming into our market, you guys—not “you guys”, I’m sorry—come in from other countries or just south of the border. They come in and grab some economic activity, which is totally fair. It seems to meet the needs of the audience, the needs of the consumers, but what stops you from, let’s say, at least incorporating and declaring all the sales, as Ticketmaster does?

I don’t think I’m crazy about all this resale stuff, to tell the truth, but it’s a tendency. I think for taxi drivers, Uber is a real storm and it shook the situation a lot and there are some good things about Uber. But the first thing is this. If you do business in Canada, do you plan to incorporate in Canada and declare your income tax, as companies in Canada pay income tax, hire Canadian employees, contribute to the hospitals and roads?

• (1610)

**Mr. Ryan Fitts:** We plan to significantly grow the size of that office, and the income that is attributed to that office will certainly be paying Canadian income tax. I can’t comment on the overall market trend, but we’ve made an investment here. Our intention is to be here.

**Mr. Pierre Nantel:** Thank you. I can’t wait to see that.

[Translation]

**The Chair:** Your speaking time has elapsed, Mr. Nantel.

I now yield the floor to Mr. Breton for seven minutes.

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

I thank the witnesses for being with us today.

My next question is for Ms. Tarlton.

According to your purchasing policy, you want to limit the number of tickets that can be bought through this type of transaction, in order to discourage unfair ticket purchasing practices. I am using the Ticketmaster terms here.

Last September, CBC/Radio-Canada and *Toronto Star* reporters attended a conference where they met Ticketmaster representatives. They were promoting a tool known as TradeDesk. It seems that that tool helps the resellers to purchase several hundreds or even thousands of tickets at once. This made the first page of the newspapers. If one looks at the service fees applied to each sale or resale of tickets, one can conclude that that practice is very lucrative.

I have two questions for you. What is Ticketmaster’s position regarding the resale of show tickets? How does the TradeDesk tool work?

[English]

**Ms. Patti-Anne Tarlton:** I’ll answer the second question first.

TradeDesk is an inventory management tool. The allegation that it is a tool that’s used to purchase tickets is false. That’s not the purpose of the tool whatsoever.

I go back to my remarks as well, in that Ticketmaster does not have a tool that facilitates the mass purchase of tickets for brokers or anybody else for that matter. The technology that we have in our primary system is deployed by content owners, for example, artist tours, venue operators and promoters. They will set the rules as to

how many tickets to a given event can be purchased. Largely, it’s high-demand events, so we’re talking about six, eight or 10 tickets. At that point, our responsibility as the primary ticket seller is to block those bots that I spoke of, at the rate of five billion bots in North America a month. We block them from infiltrating the system and from trying to access more than that. We have had success to the tune of those kinds of numbers and the magnitude of blocking the bots. If we have determined that those tickets have been purchased by a bot that somehow infiltrated the system and pulled the larger tickets, the complement of provincial legislation that makes the use of bots for purchasing tickets illegal is helpful. It allows us to cancel those tickets and put them back into the hands of fans. To answer the TradeDesk question, it’s not a tool used to purchase tickets. From Ticketmaster’s perspective, we follow the rules of the content owner on any given event.

Your second question was about our position in the resale space, if I understood you correctly. Our position is to integrate primary and secondary in order to offer choice to that consumer and to give them full visibility into their options to buy safely. If they buy a ticket from a fan who posts on our site, beside the other ticket that could be sold by the venue, that ticket is guaranteed to get them in because we’ll cancel the original ticket and issue them a new ticket. Today we use bar codes; in the future we could use security tokens of another sort.

[Translation]

**Mr. Pierre Breton:** How do you explain the fact that these reporters talked with the Ticketmaster representatives about the fact that they were promoting the tool in question, which allows users to purchase hundreds or thousands of tickets?

[English]

**Ms. Patti-Anne Tarlton:** They have that wrong. That’s my response to that.

[Translation]

**Mr. Pierre Breton:** So you do not agree, if I understand correctly.

[English]

**Ms. Patti-Anne Tarlton:** Correct.

They would not be onside with our terms and conditions.

[Translation]

**Mr. Pierre Breton:** You explained that you monitor ticket purchases on your platform with a system to prevent robots from buying them.

Is that correct?

**Ms. Patti-Anne Tarlton:** Could you repeat that, please?

**Mr. Pierre Breton:** You talked about robots earlier.

**Ms. Patti-Anne Tarlton:** Yes, okay.

**Mr. Pierre Breton:** You talked about a system used to prevent that.

Did I understand you correctly?

**Ms. Patti-Anne Tarlton:** Yes.

• (1615)

**Mr. Pierre Breton:** What are the service fees included in the cost of resale tickets?

What are the fees, per ticket?

Are there agreements involved? Do you decide on the amount of the service fees you will charge, according to the shows or events?

[English]

**Ms. Patti-Anne Tarlton:** Again, I'll rephrase it to make sure I've captured the question.

The service charges that are on a resold ticket are also commercially negotiated with the venue, the promoter, the team, etc. In large measure, those are on a percentage basis. There will be other costs included in those service charges to pay off advertising acquisition charges, etc.

[Translation]

**Mr. Pierre Breton:** My next question is addressed to Mr. Beallor and Mr. Fitts.

I know less about your business. How do you keep this sort of transaction, like the bulk purchasing of tickets, out of your business?

[English]

**Mr. Ryan Fitts:** Well, I'd offer that we have supported anti-bot legislation whenever it comes up. We're supportive of bans on that practice. We don't think it's a good experience for anybody. We have a security team and we review transactions. We're mindful of that topic and we prepare for it.

[Translation]

**Mr. Pierre Breton:** Is the team made up only of human beings, or is there a system in place?

How does it work?

[English]

**Mr. Ryan Fitts:** No. We use anti-fraud technology to carefully vet our sellers. Vivid Seats is very careful with who we let sell on our website. For example, if we have a new seller, we require a proof of purchase from them and we also check references. We don't actually pay that seller until after an event has happened. Fraudulent tickets are very rare on the site and we discourage bad actors.

[Translation]

**Mr. Pierre Breton:** Thank you, Mr. Fitts.

I have no further questions, Madam Chair.

[English]

**The Chair:** We're now going to Mr. Shields, please, for five minutes.

**Mr. Martin Shields:** Thank you, Madam Chair.

I appreciate your being here today. This has been an interesting study.

I really appreciate the words "choice" and "consumer" and the old "consumer be aware" type of thing. I think I've heard that a bit. Also, I think I hear that a lot of policing is going on by both your groups in

the sense of bots and getting away from the paper to try to control the fraud out there.

You both mentioned provinces and what they have done in legislation. When things seem to go sideways with consumers, people start poking at governments and wanting them to do something, and then industry responds to try to keep the government out of doing something. I guess it's my preference to stay out, but obviously we've had some provinces doing something. What do you think about what the provinces have done? Can you maybe relate it to what we might do?

**Ms. Patti-Anne Tarlton:** That's a very fantastic question, in that the provinces have acted on ticketing legislation in large measure as an outcropping of the Tragically Hip tour in 2016, where it was very obvious that there was more demand than supply. From there, it opened a dialogue across the country on what we can do about this, because it is a global issue. In part, we talk about the productivity of bot legislation. The taxpayers don't expect governments to go and find the cheaters who are out there in foreign countries, but to have that level of language in the legislation allows us, as industry, to combat it and to at least cancel, for example, if they do infiltrate the system.

As for what we can do in sync at the federal level, in the United States, for example, there is the federal BOTS Act. We could maybe become more consistent across the country with some of this language, so that it goes at a more macro scale as opposed to trying to combat a global issue on a regional scale. Bots would be an example.

The speculative posting is another real problem for consumers. By that, as I think we mentioned earlier in the conversation, we mean looking for a ticket that doesn't exist. We do see a lot of that. Even as the primary ticket company, we may get asked a question by a consumer about why a ticket is available on this site and is not available on ours or is not on sale yet. It's because that ticket doesn't exist. The language around speculative postings is very valuable.

There's another interesting thing to think about from a heritage perspective. I reflect on how in Ontario there was a temporary portion of time before the tax was harmonized when there was an element of an exemption on the amusement tax if you had Canadian content opening for a major attraction. That's an interesting thing for us to maybe consider elaborating on. What could Heritage Canada do? What could it benefit? How do we continue to build out Canadian content?

We can think about it in the opposite sense in terms of provincial legislation if done wrong. Arguably, we would have a different position than Vivid does on the most recent regulations in Ontario, in that it looks like the unintended consequences of some of these new regulations actually enhance the cheaters market and are not pro-consumer. The idea is that if you put too much restriction on a free market, a global market, then touring attractions may just choose not to come to Canada. We've come at it more on keeping it open. Let the best technology and the best attraction attract the most consumers.

We think about it that way, but if you flip it around, the negative consequence of less touring traffic is less opportunity for Canadians, and maybe we can enhance that by saying that we'll put some Canadian content in front of the American attractions or the international attractions that are coming.

• (1620)

**Mr. Martin Shields:** Thank you.

You have a few seconds to see if you can answer.

**Mr. Ryan Fitts:** Sure. I guess I want to push back about the new regulations in Ontario facilitating cheaters; I think she might be referring to the possibility for ticket transferability. I don't think somebody who can't make an event and needs to resell their ticket is a cheater. This new language would help fans resell tickets.

The Ontario legislature has required the disclosure of holdbacks, and while venues certainly have the right to offer their tickets for sale as they see fit, I think it causes a frustrating experience for fans when they don't understand that only half of the seats in a venue are being put up for sale. I want to talk about that very briefly.

Generally speaking, I think it's been a bit of a mixed bag. For example, Ontario initially had a price cap, and I feel that a price cap is a mistake for a free market. I think that pushes people off websites like Vivid Seats, which have a 100% buyer guarantee and a high fulfillment rate, and onto street corner transactions, so I think price caps are a mistake.

However, we do support the anti-bots legislation. We strongly support that. We also support the requirement that all resale marketplaces offer a buyer a guarantee that they'll be delivered a valid ticket on time or their money back. We think that's the right move, and we support that.

**Mr. Martin Shields:** Thank you.

**The Chair:** Thank you.

Now we are going to Mr. Boissonnault, for five minutes.

**Mr. Randy Boissonnault (Edmonton Centre, Lib.):** Thanks very much.

Sadly, I have five minutes.

You're from broadcasting, so this is the rapid fire round. Here we go.

Ms. Tarlton, how many minutes, using AI and ML, does it take to block a billion bots?

**Ms. Patti-Anne Tarlton:** Instantly.

**Mr. Randy Boissonnault:** Exactly, so 60 billion bots blocked could happen in five minutes.

**Ms. Patti-Anne Tarlton:** It could, yes.

**Mr. Randy Boissonnault:** How many did you miss in the last year? How many billions of bots got through your defence systems?

**Ms. Patti-Anne Tarlton:** Many. I mean, that's an ongoing arms race. We'll continue to try to fight it.

**Mr. Randy Boissonnault:** What are your investments as Ticketmaster—and I'm going to Vivid Seats next—to build up that arms race?

**Ms. Patti-Anne Tarlton:** It's a multi-million dollar investment annually, and it will continue.

**Mr. Randy Boissonnault:** How many millions—10, 20, 100?

**Ms. Patti-Anne Tarlton:** Hundreds.

**Mr. Randy Boissonnault:** Hundreds?

**Ms. Patti-Anne Tarlton:** Hundreds.

**Mr. Randy Boissonnault:** How much has Ticketmaster spent in the last year on that issue? Hundreds?

**Ms. Patti-Anne Tarlton:** That's what I mean.

From our investment, North America largely, and then we expand it to global operations where we can win there, as in we can try to stay ahead of the bad offers—

**Mr. Randy Boissonnault:** I'm with you.

Vivid Seats, how much money would you spend on that issue?

**Mr. Ryan Fitts:** We have a significant anti-fraud team, and we continue to grow.

However, I want to pump the brakes a little on the bots discussion. It's a problem. There should be anti-bots legislation, but on the other hand, I haven't seen any prosecutions brought under the BOTS Act in the U.S. So if it was this rampant, I'm wondering why that hasn't happened.

**Mr. Randy Boissonnault:** Okay, that's fair.

What is the industry prepared to do before government legislates?

I think your industry lies parallel to the privacy industry. If I am Zuckerberg right now at Facebook, and I'm staring down \$2.5 billion to \$5 billion in fines because every privacy breach is \$40,000 U.S., and here in Canada, we have a privacy framework that fines companies \$100,000 or individuals \$10,000, something is out of whack.

If we were to look at legislation that would fine individuals who are responsible for running bot companies or for scalping \$40,000, or held you responsible for \$40,000 per ticket that was sold more than 50% over the list price, I'm pretty sure the industry would move fast.

What is the industry prepared to do to prevent that sort of thing from happening?

**Ms. Patti-Anne Tarlton:** You'd be surprised that the Canadian industry has rallied around this already.

There are two different things. I would agree that putting a lid on resale isn't a customer-friendly approach. It won't stop the behaviour. Technology-wise, you can do that, but it's not a great outcome for consumers.

However, from a sporting industry and from a Canadian live music industry perspective—I think the executive director of the Canadian Live Music Association spoke last week in front of the committee—the industry wants the enforcement.

So, they will help. We will help. We are investing already. In large measures, and maybe even different from the United States, the industry is there to help artists and help bands.

• (1625)

**Mr. Randy Boissonnault:** I have two minutes left so let me pause you there.

Both of your companies take a fee for every transaction, regardless of how much the ticket costs. Is that correct?

**Ms. Patti-Anne Tarlton:** Correct.

**Mr. Randy Boissonnault:** It doesn't really matter whether the ticket is sold at 100% of its original value, or two, four or 500 times, you still get paid. Is that correct?

**Ms. Patti-Anne Tarlton:** Correct.

**Mr. Randy Boissonnault:** Okay.

Should we then be looking at a report and takedown system? That's a possible thing we can do with hate speech. It happens in France, in Germany. When we know there's a hate-based organization, we target them and we take their website down.

Should we be doing that with organizations that are wildly inflating the ticket prices of the artists you want to support?

**Ms. Patti-Anne Tarlton:** I couldn't agree with you more, in that historically, we haven't been pointing fingers at others. We just try to be the best that we can be. An enforcement mechanism that can include the industry that's living it and breathing it every day, bringing that forward for enforcement, would be welcomed.

**Mr. Randy Boissonnault:** I'm putting out some Armageddon-type scenarios here, because this is what's in the arsenal of governments to do. We could literally pass legislation that would heavily fine scalpers or could throw them and their corporate owners in jail. That is a tool that the state could use.

How does the industry move into a space before we're compelled...? Because I can say that people in my riding are irked. That's parliamentary language for hopping mad.

Mr. Fitts.

**Mr. Ryan Fitts:** I think it's very important that government certainly enforce the laws that are on the books and available to them.

It's difficult for corporations and marketplaces to be responsible for the criminal conduct of third parties. However, we always cooperate with law enforcement when we're contacted, and we certainly have drafted our privacy policy in such a way to make it very clear that we will do so.

**Mr. Randy Boissonnault:** I guess my message to you, having come from business before politics, is to be part—and you are—of the solution before government is impelled by people to step into this space.

I know you have very smart government relations people with you in the room. I think that a combined solution makes a lot of sense.

Thanks.

[Translation]

**The Chair:** Mr. Blaney, I can give you two minutes, if you wish.

**Hon. Steven Blaney (Bellechasse—Les Etchemins—Lévis, CPC):** Very well.

We're getting to the end of the hour, and first I'd like to thank the witnesses. I found the discussion extremely interesting and very instructive.

[English]

I would offer you the opportunity to have some closing remarks, especially in the context of Mr. Boissonnault's questions. As you know, we are the federal government. You've exposed whether sellers are primary or resellers.

What would be your final message to the committee, in regard to how to protect fans, and let the industry still be profitable?

**Mr. Ryan Fitts:** First of all, it is important to have a discussion about this. That's why we're here today. We appreciate the opportunity. Thank you very much.

We think it is important that resale marketplaces offer accountability and choice to consumers. It's important that they offer buyer guarantees. It's important that you are guaranteed that your tickets are going to work when you get to the venue. We look forward to working with governments to ensure things like buyer guarantees and anti-bot legislation.

It's also important to realize that the resale marketplace is valued by consumers because of the flexibility in how you can buy tickets, at a time of your choosing, and in a manner of your choosing. It's a very important tool that should be available for consumers. We're dedicated to working with government to come up with a workable marketplace.

**Hon. Steven Blaney:** Ms. Tarlton.

**Ms. Patti-Anne Tarlton:** I thank you, as well.

I would speak on behalf of the Canadian industry, from the entire stakeholder base. Canadian companies are following the rules across the country. They would welcome opportunities to find ways to enforce those rules and enhance other opportunities to have the outcomes of legislation and consumer protection benefit artists and fans.

**Hon. Steven Blaney:** Thank you.

**The Chair:** Thank you very much.

That brings us to the end of this first hour.

We're going to suspend briefly, while we switch panels.

Thank you very much, to all of the witnesses.

• (1625)

(Pause)

• (1635)

[Translation]

**The Chair:** We are continuing our meeting.

[English]

Thank you for joining us by video conference. We have Catherine Moore, adjunct professor, music technology and digital media, from the faculty of music at the University of Toronto.

We also have Jesse Kumagai, director of programming at the Corporation of Massey Hall and Roy Thomson Hall.

We will start with Catherine Moore, please.

**Ms. Catherine Moore (Adjunct Professor, Music Technology and Digital Media, Faculty of Music, University of Toronto, As an Individual):** Thank you.

I'm going to focus on three areas in my opening comments. The first is about the user considerations, the second about business considerations and the third about how, possibly, to expand the market and access.

First of all, I'll talk about improvements and consistency in the user experience.

User frustration is caused by many things, most of which relate to the speed at which the tickets are sold and the high competition for these tickets, which brings the price, sometimes, very high. This is, of course, for the most popular shows. There will never be enough tickets to meet demand for these shows.

Online ticketing has many aspects, and prices change rapidly, going both up and down. On websites, there is sometimes indication that the price will vary. Sometimes that's in pop-up windows on screen, sometimes it's in the terms and conditions of purchase and sometimes it's in other places, but this is inconsistent. The user experience is not consistent, and having a persistent reminder that this change in pricing is the nature of ticket pricing would help users remember that this is a very competitive market.

Users have some methods to shape their own user experience. For instance, if there were legislation that said there had to be pop-ups, users can choose on their own to block pop-ups.

I have some screenshots if they're useful for the conversation later and for your questions, but you can easily see by looking at these sites that if you'd looked on, for instance, Ticketmaster for the Raptors game seven the other night, you'd have seen there were no tickets available. However, if you'd looked at StubHub for the same game, you'd have seen there were tickets available. Even the StubHub Canada site has prices in U.S. dollars. These are all things that can be addressed to make the user experience more consistent and clearer.

The second area I'd like to look at is the business considerations: operational concerns for live business promoters and for ticketing companies. The term "slow ticketing" has come into use. This term is used to describe a practice where the instant gratification aspect of online shopping is intentionally slowed down so that the event organizers can have some control over which category of ticket buyer can be first to purchase tickets for an event. By using slow ticketing, the event organizers understand that, by slowing down the sales process, they may make less money on the event than if they let sales happen at the fastest rate set by ticket demand.

In order to decide whether to continue using a slow-ticketing strategy, one question I raise is how businesses would measure the slow-ticketing strategy's success. For example, there would probably be fewer sold-out shows, but the total revenue might be higher because the top ticket prices might be higher.

Also, the slow-ticketing strategy may lead to more show cancellations by promoters because of low ticket sales, since buyers may think they should wait, in case prices go down. This type of cancellation might reduce the overall number of ticketed events and might reduce the overall revenue for the industry.

If improved and targeted artificial intelligence increasingly personalizes online ticket selling, what's the most important future benefit for ticket sellers, and where do online ticket sellers see the greatest value in developing new artificial intelligence tools for their industry? This relates to ways in which the government might support advances in AI in this business.

Another thing to look at is what the main behavioural differences are between sports and music ticket buyers. How could or should an online ticket seller tailor the buying experience differently?

• (1640)

Finally, in this section about operational considerations for visual art, in some countries there's a resale right. What this means is that every time a work is resold, the original artist receives payment. Information about this type of resale right is available on the CISAC website. We could think of this right to be eventually applied to the resale of concert tickets.

The third area I'd like to look at in my opening statement is expanding the market, expansion of access. Since there won't be enough seats for everyone who wants to attend a blockbuster event, the live industry could look at ways to expand access, for instance, simultaneous broadcast into theatres where people could gather with friends to enjoy a communal experience with high-quality sound and wide-screen image. Ticket sales for the in-theatre experience would go back to the performers and presenters of the show.

For sports, there already is an infrastructure for this that provides, via TV networks and sports leagues, both in-home and in-group, such as sports bars, those types of locations for people to enjoy the event live. The one thing to think about would be, how could this work for the non-league entertainment industry that is live music?

Thank you.

**The Chair:** Thank you.

Mr. Jesse Kumagai from the Corporation of Massey Hall and Roy Thomson Hall.

**Mr. Jesse Kumagai (Director of Programming, Corporation of Massey Hall and Roy Thomson Hall):** Thank you, members of the committee, for the time and opportunity to speak to you today.

As mentioned, my name is Jesse Kumagai. I'm the director of programming for the Corporation of Massey Hall and Roy Thomson Hall. We are a charitable, not-for-profit arts presenter in Toronto. We present concerts in our two iconic concert halls and in other venues throughout the market we serve.

In addition to being a concert promoter, we also invest in the future of our audiences and artists, with significant investments in our education and outreach initiatives as well as in several artist development programs.

In addition to my professional work, I also want to share that I serve in a volunteer capacity for a number of Canadian music organizations, including the Unison Benevolent Fund, which provides emergency relief for members of the music community, especially musicians, experiencing times of crisis. I'm on the board of the Polaris Music Prize which, through a juried process, celebrates and recognizes great Canadian recordings based entirely on artistic merit, with no concern for commercial success. I'm the board chair of the Canadian Live Music Association. You heard from our president and CEO, Erin Benjamin, earlier in these proceedings.

The reason I give you this additional context about me is to hopefully underscore the fact that I'm coming at this from a perspective in which we value the artists and the fans in a very significant way.

In terms of the ticketing world, I believe there are really two issues at the forefront of this discussion. The first is the accessibility of tickets on the primary market. The second is the high occurrence of fraudulent and deceptive activity on the secondary market.

Speaking about the primary market first, we recognize that there is at times an imbalance between the supply and demand sides of the equation. We also recognize that at times there's a gap between the listed ticket price and what the market will actually bear. Both of these issues in many ways can be traced back to what I refer to as the artist's dilemma. A great number of artists who are ultimately very much in control of the initial ticket pricing for their events are interested in ensuring that their fan base—all of their fan base—can have access to fairly priced and accessible tickets. The problem with this is that it creates the pricing gap that fuels the secondary market.

You've likely heard from a lot of people about some of the interventions that can be used to address these issues. I don't want to spend too much time on these, other than to say that in my experience and from what I've seen internationally, the most effective solutions are those that are technological or operational and are developed and implemented by the sector. The least effective—especially internationally, when we take a look at other examples—are the solutions that are legislated, not because the laws are bad, but because they are not enforced. As we all know, unenforced laws are toothless laws.

The more significant issue, as far as I'm concerned, and the one we deal with on a regular basis on the front lines, is the regular occurrence of fraud and deceptive activities on the secondary market. These include such actions as the sale of fake tickets; people paying in foreign currencies without realizing it; being duped into thinking that they're purchasing from a primary official seller when really they're buying from a secondary seller; and hidden charges and fees.

The truth is that a great number of these operators exist outside of local jurisdictions, making any sort of recourse or attempted enforcement of law very difficult or impossible under the circumstances.

You've heard this, however, from a number of people. If you'll indulge me, I've brought a few real world examples of some messages we've received from patrons. I'll omit any identifying information but would be happy to validate the authenticity of these with the committee at any time.

I'll start on the subject of supply and demand. Once again, these are the exact words of the patron and not my own, so forgive me. It is emotional.

At the end of June last year, we promoted three concerts with Gordon Lightfoot. They were the final three concerts at Massey Hall before we closed for our two-year renovation. Obviously, those concerts were in very high demand. This is the email:

You pricks. Last time I looked Gordon Lightfoot tickets weren't on sale yet. Now he's sold out. Go fuck yourselves.

● (1645)

I share this not so much for the drama, but just to indicate that it is a very passionate subject for people and they tend to respond in equally passionate ways. This poor patron, of course, was not able to attend those concerts.

Again, in attempting to juxtapose the difference between the disappointment and upset around not being able to access tickets and the actual harm that can come to Canadians through fraudulent activity, I will share another one. This one has a happier ending, but from very different circumstances.

This email says:

Hi,

I wanted to write to say thank-you very much to Massey Hall and its team for helping us out yesterday at the Blue Rodeo concert and making it a great experience.

The show was sold out, so I purchased tickets on Stub Hub. When my wife and I got into the Hall we discovered that the tickets were fakes which was such a disappointment. The staff were sympathetic and the manager (whose name I wish I'd taken to name him personally in this email), busy as he was dealing with the beginning of the show, checked on the tickets for us and gave us a complimentary pair for the show! He really saved the day!

Our inboxes are filled with stories like this. I have another example here of a grandparent of a child performing in our annual Toronto Children's Chorus Christmas concert at Roy Thomson Hall who had promised her grandson that she would attend the concert. She mistakenly ended up on a secondary ticketing site and purchased three tickets. Those tickets, which were still available on our site for \$45.50 each, were sold to her in U.S. funds for \$146 each, with service fees of \$44.53 per ticket and a delivery charge of \$7.95. The total was \$579.54 for this grandmother to attend her grandson's Christmas concert. Those tickets, had they been purchased through the official box office, would have come in, with fees and everything included, for well under \$200.

These examples really demonstrate the harm that does come to Canadians and why we on the front lines are significantly concerned about those shady practices and the deceptive activity and fraud that occurs on the secondary market.

Considering all of this, and recognizing that legislating this subject matter is largely the domain of the provinces and territories, I do have three recommendations to bring forward to this committee for things that the Government of Canada can do to help address some of these issues.

The first is to invest in a national awareness campaign that educates consumers on the tricks employed by the secondary market. This will result in fans being empowered to avoid fraudulent activity, being able to recognize the legitimate sources of tickets and hopefully avoid becoming victims of fraud.

The second is to invest in the technological solutions that will ensure the tickets end up in the hands of the fans for whom they are intended and not the secondary market. This is a global problem. If we can come up with a made-in-Canada solution, we will be leaders in the sector and we will all prosper as a result.

The third recommendation addresses the fact that a lot of our attention is based on the high-demand events where we do have considerable action on the secondary market and a lot of that fraudulent activity. There are so many fantastic opportunities for Canadians to experience music. We believe that the Canadian government can invest more in the live sector to improve that accessibility, to improve the quality and quantity of presentations throughout the country and generally make the opportunity for Canadians to attend live music events easier and safer.

Thank you very much. I would be happy to answer any questions.

• (1650)

**The Chair:** Thank you for that colourful presentation.

We are going to begin with Mr. Long, for seven minutes, please.

**Mr. Wayne Long:** Thank you, Madam Chair.

Thank you to our witnesses this afternoon. It is very interesting.

Mr. Kumagai, how much responsibility would you place on the actual performers or artists to try to bring control to ticket pricing? We have certainly heard examples. My friend and colleague MP Shields talked about a performer in Calgary who did five shows instead of just one because there was such high demand to flush out secondary sales. We've certainly read and heard about different artists and performers who have stepped in.

Can you give me your thoughts on that? How much onus should be on the actual performers?

**Mr. Jesse Kumagai:** Yes.

In the music space, I believe a lot should be on the artist. The reality is that in a great many cases they are entirely responsible for dictating the ticket prices. Usually there's a degree of collaboration with those who are promoting the concert and respect for their intelligence with respect to a local market and what they believe appropriate pricing would be, but more often than not it's the artist who's dictating it. The concert producer and promoter go along with that.

I think that's the correct approach. It's the artist's career. It's their creative content. They're the ones who are ultimately maintaining that relationship with their fans. I understand it and appreciate it.

**Mr. Wayne Long:** Thanks for that.

I was part of an organization that brought in a premier CHL hockey event. We were disappointed that the promoter actually held tickets back. We told the promoter that they shouldn't hold tickets back and to put them on sale, but they didn't. They held them back and released them later.

Do you see that happening often?

I guess our frustration was that we felt we knew our market and we felt we knew what would be fair. The promoter basically said that if we want to have this event or show in Saint John, New Brunswick, this is what they're going to do. They're going to hold these tickets back. Then at the very last moment—literally a day before the event—all of sudden these hundreds of tickets became available.

How chronic a problem do you think that is?

**Mr. Jesse Kumagai:** I would say there are two things to address here.

First is the motivation for holding back those tickets. There are many legitimate reasons why you might not put a ticket up for sale. It might have to do with production requirements of the event. You're not sure if the patron would be able to have a clear view of the stage for example. There are a variety of practical considerations.

There are practices in the industry of holding back tickets to manage the pricing. Fundamentally—

**Mr. Wayne Long:** Let me jump in.

You said there is a bit of a practice of holding back tickets to manage the pricing. Is that manipulation? Are you falsely creating a sellout and then releasing tickets?

• (1655)

**Mr. Jesse Kumagai:** Sure.

For starters, let me say that it's a very small percentage of the activity, certainly in the concert world, where that happens. It does happen, but it's almost always at the direction of the artist—as part of your question there. Just about everything we do, especially from a ticketing standpoint and from a marketing standpoint, involves artist approval. We send all of this back to the artist to review and update.

In terms of that practice of holding back tickets with an interest in understanding that what's going on with the marketplace is responding accordingly, it's a very small percentage that do that. Far more often than not it's either artist-directed or coming from somewhere within the artist world.

**Mr. Wayne Long:** Ms. Moore, you commented when you presented about how sports and music venues were different.

Can you elaborate on what you meant by that?

**Ms. Catherine Moore:** Yes, of course.

I think the difference is that the sports events will go ahead regardless, whereas with a music event, even with a top artist, if tickets don't sell, the show will be cancelled.

**Mr. Wayne Long:** Does that happen often, though, where you see venues come in that are cancelled?

**Ms. Catherine Moore:** There were examples. I think it was last summer there were a couple of high-profile tours—one was the Jay-Z tour—where ticket prices were very.... The euphemism is soft. Some of those shows were cancelled. It can even be big venue and big artist shows. Promoters are taking a risk. They are assuming their ticket prices are right and their venues are right, but sometimes they get it wrong.

**Mr. Wayne Long:** Ms. Moore, if you could wave a magic wand and you were with the federal government, what would you recommend we do? How involved should we get with this problem?

It's obviously a problem across the country at different times. What would you recommend we do?

**Ms. Catherine Moore:** To the extent that the federal government can have best practices and consistency in user protection, that is where the federal government has a role. By user, I mean the ticket buyer. It could help to have ways for the industry as a whole to identify legitimate tickets, to consistently keep telling users the price may go up, and technologically personalizing and having a way that users can go to the same vendor consistently.

I think enforcement is very hard when things are offshore. For governments to essentially try to manipulate a market is a slippery slope.

**Mr. Wayne Long:** Thank you.

[*Translation*]

**The Chair:** I now give the floor to Mr. Blaney for seven minutes.

**Hon. Steven Blaney:** Thank you, Madam Chair.

Welcome, witnesses.

I liked Mr. Kumagai's presentation and what Ms. Moore just said about the need to inform the "user", the "ticket purchaser". I think I understand that from the moment when someone goes to a fraudulent site to purchase tickets, it's all over. In other words, the artist will not get paid. The owner of the show venue will not get paid either, and the user will not have a ticket. It seems very difficult for law enforcement to track those fraudsters.

My questions are for Mr. Kumagai or Ms. Moore. If I understood correctly, money is then lost. Does that represent a lot of lost money?  
[*English*]

Are a large number of people buying virtual tickets that don't get them anywhere?

• (1700)

**Mr. Jesse Kumagai:** I can respond. It's a common problem. We see it all the time.

The jurisdictional piece is a very serious one. In addition to the funds not going to the creator and not going to those who are taking the financial risk, I'll note that when the money does leave the jurisdiction, it also means it's no longer part of our tax base. There

are all kinds of considerations that come into play. We lose our ability to provide customer service. If an event is cancelled or postponed for any reason, or we have to provide specific instructions for patrons, we have absolutely no ability to find them and work through that.

The challenges are numerous.

We recognize that the secondary market exists, and in the absence of enforcement, we recognize that it will continue to exist. Our interest is very much in protecting the consumer and ensuring the transaction is a safe one and that the patron will get into the venue.

There are basically three realities out there right now.

There's the reality of purchasing on the secondary market from a reseller that has the ability to authenticate the ticket. For example, Ticketmaster's platform can do that, if they are the original seller of the ticket.

Then you have the platforms that can't guarantee it's a real ticket but that offer you a money-back guarantee. StubHub is a good example of that. They cannot guarantee that you will get into the event, but if you can't, you will get your money back.

Then there's the third, which is represented by the out-of-region resellers or the person on Kijiji who took a print-at-home ticket and photocopied it 50 times to sell it.

**Hon. Steven Blaney:** From a heritage perspective, when this money is not going into the system, the artist is the biggest loser.

Madam Moore, in your presentation you gave the example of a Raptors event, where tickets were not available on Ticketmaster but were on StubHub, and we just had Ms. Tarlton, from Ticketmaster, say that was not possible.

Can you explain what happened and how it turned out?

**Ms. Catherine Moore:** That's why I took screenshots. They do say that this can't happen, but within a few seconds of each other, I looked for exactly the same game on StubHub and on Ticketmaster. Companies say that this is impossible, but it clearly is possible. Did I go through the system and buy a \$6,300 ticket? No, I did not. I was going by what it was showing on the website.

To continue with another part of your question, this right of resale that exists in visual arts ensures that some of the money from the resale goes back to the presenting organization. In that case, the presenting organization is a visual artist. I would recommend the government look at a possible adaptation of that for the live business.

Another thing with the live business is that when there is high demand, it justifies higher face value ticket prices. A lot of artists, for the reason we've talked about, don't want to have those higher ticket prices, but that does perpetuate the situation we're in now.

[*Translation*]

**The Chair:** Mr. Blaney, you have two minutes left.



[English]

**Hon. Steven Blaney:** Madam Moore just gave the example, but to get back to the example with StubHub, it doesn't work with what we were told, but from what I understand, if they don't get into the sports event, they have a guarantee of being reimbursed. Is that correct?

**Ms. Catherine Moore:** Yes, if they showed up at the arena and couldn't get in, they would get reimbursed if they paid that money.

**Hon. Steven Blaney:** Okay.

**Ms. Catherine Moore:** I did not do that purchase, but my understanding is that those tickets were available for that game on StubHub.

**Hon. Steven Blaney:** Thank you.

How much money is lost by consumers on those kinds of secondary resale fake tickets? Do you have any insights or comment on that?

**Mr. Jesse Kumagai:** My understanding is it's in the billions of dollars globally. I don't think we have completed the study to identify a number for Canada, but we'd be happy to research that. It's been researched internationally, so those numbers are available. I just don't have them.

• (1705)

**Hon. Steven Blaney:** Thank you very much.

[Translation]

**The Chair:** Thank you very much.

I once again yield the floor to Mr. Nantel.

**Mr. Pierre Nantel:** Thank you very much, Mr. Kumagai and Ms. Moore.

[English]

Madam Moore, I think your background as described in our documentation here explains why you brought up an interesting artist's point of view, talking about resale rights. I think it's not that simple, but I also appreciate the fact that since we're at the heritage committee, we always have to see it first from the artist's, creator's and rights holder's point of view.

What seizes me now is that since we see it from the artist's point of view, as Mr. Kumagai says, I think that everybody involved in this ecosystem of artistic creation, of publishing, of show producing is taking risks. The artists take the risk of not being at work in some regular job, hoping to finally get to meet their audience and make piles of money if they're super lucky, and just make an average living, or like most artists, have to work a job on the side. The producers risk that they think this person has talent and they're going to produce their record or their show. I'm not sure, but I guess Massey Hall also produces shows sometimes.

Sometimes you just buy the show and offer the venue. Sometimes you produce the show and everybody involved in this situation is taking a risk. Even the consumers are taking a risk because they say they don't know about the artist's next album, but they loved the previous album and they hope it will be a great show, and then the artist sings all new songs and none of their classic stuff and people are disappointed. So everybody's taking a risk.

The one damn organization that's not taking a single risk here is these ticket resale hubs. Worst of all is they are making billions of dollars tax-free. I can't wait to see the study we'll have on this. If there is any income tax, it's going to be paid in the States.

My concern is that it's okay, it's human to think you're going to buy this and you think you can resell it for a profit. I did it with an MGB, and I did it with a collector's edition of Mr. Potato Head, and it's still in my basement, still wrapped. I bought it 12 years ago. Is anybody interested?

**Hon. Steven Blaney:** No, I'm not.

**Mr. Pierre Nantel:** Still, if suddenly all the old folks like me go to toy stores and buy limited editions of stuff and no kids can play, it's uncool. It's an individual thing, but if it becomes standardized by some company, what does it give us as a country to have an opportunistic company come in here and say there's a percentage on every transaction? Maybe they are robots.

To me, in the music scene, the arts scene, everybody's taking risks, even the government. I think you were right to read these comments from frustrated customers, because they are not customers. They are fans. On that aspect, we're into heritage.

Wouldn't you agree that the first thing to do, besides creating new regulations on these international...is first of all, respect the Income Tax Act. If I want to work in the States, I'll have to have a work permit of some sort. Wouldn't the first thing be to make sure these companies act legally? I don't know your perception of Ticketmaster, but at least they're Canadians, and if I'm not mistaken, they're in the market. They wouldn't be if there was no U.S.-based StubHub. Wouldn't you say that the first thing to do is to take responsibility and ask these guys to at least declare the sales they make in our country?

**Mr. Jesse Kumagai:** I certainly can't speak to the tax practices of some of those companies. I know some are multinational, with offices here. Some are based externally. I would assume that companies like Ticketmaster are paying their taxes appropriately in Canada.

**Mr. Pierre Nantel:** I guess so.

**Mr. Jesse Kumagai:** Where you start to see a lot of the erosion of that tax base and a lot of activity moving elsewhere are at the smaller brokerages and the companies that are in.... You'll find them in Rochester, or in the Czech Republic or in Brazil. They're all over the world. They're everywhere.

In the reality of an Internet economy, it's very difficult to do anything to prevent or track sales. As a locally based industry in Canada, all of us as responsible operators do what we can to keep the activity here. I'm not sure what I could offer up in terms of recommendations to the government for resolving that issue around taxation.

• (1710)

**Mr. Pierre Nantel:** Can I ask you this? We've learned through this study that many provinces have taken initiatives. Just the fact that they are selling their tickets in U.S. dollars is totally against the law. Am I right to say that?

**Mr. Jesse Kumagai:** I'm not a lawyer, so I wouldn't be able to comment on it.

**Ms. Catherine Moore:** I don't know.

**Mr. Pierre Nantel:** I'll ask my colleagues—

**Mr. Jesse Kumagai:** I think it's deceptive, certainly.

**Mr. Pierre Nantel:** —because they should know.

If I'm not mistaken, it's a bilingual country. All of these websites just started to be in French. I think StubHub just started, and it's been in business for 12 or 13 years. Are you under the impression that we could do something to make sure that, for example, Ontario's regulations are respected? What would it be?

**Ms. Catherine Moore:** Again, I can't speak to the tax situation, but I think technology might be helpful here. If technology could be as fast as the so-called bots that buy tickets to keep scanning these sites, that \$6,300 Raptors ticket goes away. We know that sale went through StubHub, to at least get an idea of what... When tickets disappear, the assumption is that they're sold. Tally that up, in more or less real time, and say to StubHub, a public company that has to answer to shareholders, "By tracking your sales, we say that your business in Canada is this amount, and therefore, we are going to levy this tax."

Collect the data. Don't wait for them to give you the data, because they won't, unless you make them. Then you have to verify it.

**The Chair:** Okay. Thank you very much.

We'll now go to Mr. Hogg, for seven minutes.

**Mr. Gordie Hogg (South Surrey—White Rock, Lib.):** Well, thank you. After hearing this testimony, and testimony from so many others, I am ever more confused than I was when I started. I tried to think of what values we're trying to reflect. In the testimony we've heard over a long period of time—I don't know how many witnesses we've heard from—there's great variance in the values being reflected.

Some were talking about ensuring we have an open marketplace, with supply and demand organizing it, and wanting value for artists and fans, Canadian content and revenue to Canada. Tickets should remain the property of the customer or the owner. Internet sales are important. How do you keep yours safe, and authenticate them? Those are the values I've heard reflected, but the problem, I think, is focused around the sales of tickets that don't exist: the fraud and holdbacks perhaps creating a false marketplace. It is a marketplace that, with the Internet, is broadly expanding to places we can't even anticipate at this time, and bots are a challenge within that.

Given those values and problems, and that the practices we've implemented so far are minimal, I'm not sure what the solutions are. Some of the solutions suggested have been selling the right ticket for the right price, whatever that means, but legislation and enforcement, simple resales and not holdbacks.

There were attempts from Ontario, which was going to put a cap on prices. I think the newly elected government has withdrawn all that legislation so that there's no cap. They seemed to see that as a solution. Quebec and B.C. have implemented some things.

Given that context—and you've given one example of strategies we could look at, which include tracking sellers' sales and taxation—do you have any specifics and answers we could be turning to? Given the wide range of testimony we've heard—and we're getting close to the end of that—and some of the values you're reflecting, and that we've heard, where does that lead us, in terms of practices and legislation? We've taken this on, and with the stories you've told, and the challenges there, I'm pretty confused. I'd like you to enlighten me.

• (1715)

**Mr. Jesse Kumagai:** Perhaps I could offer some thoughts.

One of the recommendations I brought forward, which echos what my peer here had to say, is investment in technology. As I said, this is a global problem. It's a problem that's trying to be addressed by the private sector and governments around the world.

We're moving in the right direction. You can compare with other industries. If you take a look at the airline industry, you don't have a problem of transferability of tickets, because there are safeguards in place to prevent you from doing that. I could not buy an airline ticket and sell it to somebody else and have that individual get on the airplane and travel. One of the issues for us in the concert industry is that we're trying to process a lot of humans into a very small space in a very short amount of time. For anybody who is lined up to go through a check-in at the airport, it would simply be impractical if I were doing it in a 2,500 capacity concert hall.

However, we're getting there. Technology is moving forward. Various biometric tools and a variety of different things are improving our ability to provide some technological controls over what happens with a ticket after it leaves our system. That addresses a lot of the concerns. It addresses the customer service concerns. It addresses the transferability. There are a number of positives that come with it. The technology is just not quite there yet or hasn't been implemented sufficiently. I prefer those sorts of solutions rather than the legislated ones for some of the reasons I discussed earlier.

For example, some of the values we've heard about and some of the things that have just been referenced would suggest you might want to influence what people can sell tickets for, and have a much heavier hand in controlling that side of the world. Again, at least in my world, this really does all go back to the artist and the artist's intentions. I'll remind the committee that for the popular music world in Canada, we are certainly host to a lot of international artists coming through. Even many of our own artists are represented internationally by management, booking agents and others.

At the same time, they're trying to come up with their own solutions to these problems. They're implementing them on a tour-wide basis. You have some artists like Adele or Mumford & Sons, very popular artists who are very much in control of their ticketing world. They have very specific demands for how their ticketing rolls out and what they do to curb the secondary market.

I'm of the belief that if we as a country or as a series of provinces and territories start legislating too much, restricting control over who, what, where and when of the ticketing industry, that will alienate some of those international artists, maybe limiting the number of times they'll come to Canada, limiting the number of cities they'll perform in. Those artists, in many ways, including a number of our own domestic artists, are responsible for an incredible amount of economic impact. I would just caution us against going too far.

**Mr. Gordie Hogg:** You referenced some artists that have managed things extremely well. Mr. Shields referenced the Garth Brooks method of solving the issues in Alberta. You say to invest in technology, which sounds like a wonderful idea, even though technology is not there. Are you suggesting that government should invest in technology? Where do you think that investment should come from and who should be managing that?

**Mr. Jesse Kumagai:** I could see it very easily as a public-private partnership. The problem is so grand that... The larger companies—and I'm sure the representatives from Ticketmaster may have mentioned this—make a considerable investment in technologies to combat this issue. Then there are companies like mine, a charitable non-profit, where we simply do not have the resources to advance that kind of initiative. We have the subject-matter expertise, but we need partnerships and assistance in funding that. I see it as a collaborative effort, something on a larger scale that addresses the issue. There are a million different ways to approach it.

**The Chair:** Thank you very much.

Mr. Shields, for five minutes.

**Mr. Martin Shields:** Thank you, Madam Chair.

I appreciate your being here as witnesses today. I'm somewhat like Mr. Hogg. We've heard a lot of different opinions and questions like, where do we go with this? When you get more witnesses, you hear it all. However, I heard a couple of different things today, which was great. One of them was the slow ticketing concept you mentioned.

I remember when governments got involved with gambling and slot machines. One of the things they did was to slow down the machines, so people couldn't spend money so fast. They really knew how fast to run those machines. You talked about that concept. Could you touch on it again?

• (1720)

**Ms. Catherine Moore:** Sure. It's partly what Garth Brooks does and what Adele does. It's a type of holding back of tickets. That's where it gets complicated, because as we talked about before, holding back tickets is artificial. It means that whoever is selling the tickets can control who gets priority in buying tickets. Sometimes this is fan clubs, so if you're a member of the Taylor Swift fan club, you get further up in the queue to buy tickets. If you buy her album, you get further up in the queue to buy tickets. There isn't a guarantee that you will get the ticket, but you move further up in the queue.

Sometimes it's with a sponsor. A lot of live events have sponsors, whether it's a bank, for instance, or whether it's a credit card company that, if you hold a credit card, you can sometimes get an advance purchase. It's a way to have windows and phases of ticket purchase before it's just this free-for-all and every single ticket goes out into the world, because that's when the bots can sweep them up from the world.

**Mr. Jesse Kumagai:** If you don't mind my adding to that, in terms of a lot of those pre-sale programs, fan club activities and so on, some have certain requirements to participate. Some do not. Some are simply a matter of liking something on Facebook, and you'll automatically get a code for the pre-sale. The industry views it as a marketing tool. It's a free way of reaching a great number of fans, and in many cases, such as an artist's pre-sale, reaching the most dedicated fans who that artist already has a relationship with and prioritizing them. The artists themselves have a vested interest in seeing those programs continue, and again, there's international pressure on that as well.

**Mr. Martin Shields:** Great.

Sir, when you listed recommendations, you mentioned investing in a national awareness campaign. I find that concept interesting. Would you like to expand on it a bit?

**Mr. Jesse Kumagai:** Absolutely. There's so much misinformation surrounding this subject matter. I can't remember whether it was the province or the federal government that ran a consumer feedback poll on the ticketing question and saw record numbers of responses.

However, as I hope was demonstrated by some of what I shared with you, part of the problem is that a lot of the fans out there want to buy an official ticket from the primary source and there are a number of obstacles that get in their way to doing so.

It's a simple matter of educating the public that will address a lot of the concerns that exist here. We know when we receive patron complaints for a variety of purposes, oftentimes we're accused. They say they went to our website and bought a ticket and it turned out to be in American funds, and how dare we do this, and so on. It takes us a while to be able to get them to calm down enough to hear us and let us demonstrate that they actually bought from someone posing as our box office.

If you search on Google for Massey Hall tickets, you will probably find a half dozen or a dozen different companies, some of which might have websites that say “masseyhallticketoffice.com” but have absolutely nothing to do with us. As was the case with that Blue Rodeo example or the Toronto Children's Chorus example, you end up with scenarios where people are taking actions that they believe to be legitimate, safe and transparent and are finding out that's not the case.

Rather than trying to enforce legislation that would track down those people and prosecute them, because we know that law enforcement has more important things to do, we think the easiest way and the cleanest and most efficient path forward is simply to educate the public on what safe practices are and help them identify the unscrupulous actors that are out there.

**Mr. Martin Shields:** Thank you. I appreciate your answers.

**The Chair:** Thank you.

For the last few minutes, we have Ms. Dhillon.

**Ms. Anju Dhillon (Dorval—Lachine—LaSalle, Lib.):** Thank you to our witnesses for testifying today.

Since the launch of StubHub in 2000, the first major secondary ticket sales website, how has the marketplace for tickets to live performances and events changed? Who has the advantage and who has the disadvantage when it comes to that?

The question is for either of you.

• (1725)

**Mr. Jesse Kumagai:** I'll go first.

The reality is that this marketplace has existed for decades. This is not something that was proliferated at that time. We have seen two categories of resellers out there, and again these have existed since the beginning of the concert industry. You have the professional resellers and you have the individuals who can't use their ticket, for whatever reason, and are trying to get rid of it because the industry generally has a no-refund policy. Sometimes those are people, these days, who will buy four tickets knowing they will only use two, and hope that by selling two they will cover off most of the expense of the first pair. It happens. But I don't think we've seen a proliferation of the secondary market. We've just seen it come to the surface, because it's been democratized in a way that wasn't really the case before. It used to be the guy in the trench coat standing on the corner, yelling at you as you went by. Those people used to circumvent systems by doing things like engaging homeless people to line up for them outside the record store before the on sale.... The technology and the practices have evolved. Instead of those people in line outside the record store, we have bots, and there are all kinds of other things that are trying to circumvent the control that our industry is trying to put in place.

I don't think it's a new problem. When you take a look at it with that larger lens, looking at a longer stretch of history, you recognize that there have been countless legislated interventions over the years. In this province, Ontario, up until a few years ago it was entirely illegal to sell a ticket above face value. As we all know, that did nothing to stop the secondary market, because of the lack of enforcement.

The marketplace is evolving, but I don't think the arrival of StubHub necessarily changed it that much.

**Ms. Anju Dhillon:** Okay.

Ms. Moore, would you like to add anything?

**Ms. Catherine Moore:** It's just much faster. The online ticketing is the big change. There wasn't very much online ticketing, and now it's instantaneous and international. There's a lot more money to be made.

**Ms. Anju Dhillon:** What kinds of best practices would you recommend to our committee? What would you like to see when it comes to secondary ticket sales that other countries are doing?

**Mr. Jesse Kumagai:** As I said before, a lot of the technology is advancing now as people are getting further along. Biometrics is a great example. The technology exists in some places now for you to walk through a gate, and computers will be able to identify you as an individual, just through cameras, and associate you with a ticket. You wouldn't have to go through a turnstile or show a ticket or anything. If you try to go through without that recognition, then a security guard can be alerted and come to resolve the issue with you.

I think the solutions, from the technology standpoint, will eventually come. They need, as I was suggesting earlier, some encouragement and some support to get them accelerated, but really that's it. Take a look around internationally. There are not a lot of legislated solutions that work. There are a lot of studies that show a number of interventions that have failed, price caps being one of them, but there are not a lot of great examples of ones that work, unfortunately.

**Ms. Anju Dhillon:** If you speak about biometrics, do you not believe there would be a violation of privacy? Just to watch a show, you're going to have your face recognized, and then it's going to be put in some computer. People are not going to find that worth their.... I wouldn't go, if that's the case.

**Mr. Jesse Kumagai:** Sure.

I just cite that as one example of many. RFID Solutions technology on mobile phones is a great one. That technology is already literally at our fingertips. There are a number of things that could be advanced, but there is a bit of a lag on adoption, and people need to have the resources in order to implement it well, to develop the technology and make it robust and reliable, so that they can process an arena's worth of people into a building in an hour, and have it work.

We're getting there.

**Ms. Anju Dhillon:** Okay.

**Ms. Catherine Moore:** I would add one thing to that. The business is a location-specific business, and even if tax law can be applied to where the event takes place, that might keep some of the money in Canada.

• (1730)

**Ms. Anju Dhillon:** Thank you very much.

**The Chair:** Thank you very much to both of you. That was very informative and helpful, and a great way to cap off some of the study on secondary resale.

That will bring this meeting to an end.

The meeting is adjourned.

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