

SALE OF TICKETS (SPORTING AND CULTURAL EVENTS) BILL

EXPLANATORY NOTES

INTRODUCTION

1. These explanatory notes relate to the Sale of Tickets (Sporting and Cultural Events) Bill as introduced in the House of Commons on 30 June 2010. They have been prepared by Mrs Sharon Hodgson, the Member in charge of the Bill, in order to assist the reader of the Bill and to inform debate on it. They do not form part of the Bill and have not been endorsed by Parliament.
2. The Notes need to be read in conjunction with the Bill. They are not, and are not meant to be, a comprehensive description of the Bill. So where a clause or part of a clause does not seem to require any explanation or comment, none is given.

SUMMARY AND BACKGROUND

3. The Bill seeks to address the problem of consumers having to pay substantially over the face value of a ticket to a sporting or cultural event because tickets have been purchased in large quantities by secondary retailers with the purpose of reselling them at a significant profit.
4. The Bill establishes a voluntary designation scheme through which event organisers and venue operators can apply for designation of a venue or an event. It will be an offence for an unauthorised person to be concerned in the sale of a ticket for a designated event at a price greater than 10% above the face value of the ticket.
5. The London Olympic Games and Paralympic Games Act 2006 restricts secondary ticket sales, but only in relation to the London 2012 Games. Section 166 of the Criminal Justice and Public Order Act 1994 makes it an offence for an unauthorised person to sell tickets to designated football matches. The Bill expands the area of regulation potentially to include all live entertainment.

THE BILL

6. The Bill has 8 clauses. Clause 1 creates the statutory framework for the designation scheme. Clause 2 makes it an offence to be concerned in the sale of a ticket to a designated event at a price greater than 10% above the face value of the ticket (including service charges), or to sell or advertise for sale tickets for any event (whether designated or not) before the primary retailer has released tickets for sale.
7. Clause 3 provides an exemption for registered charities. Clause 4 provides that internet service providers and website operators are not committing an offence simply by hosting sales or advertisements for sale until 24 hours after the person providing the service is notified. Clause 5 requires the Secretary of State to consult with venue operators, event organisers and ticketing agents to establish a voluntary code of conduct regarding ticket refunds or an official ticket exchange facility. Clause 6 contains the main interpretative provisions. Clause 7 covers financial provisions. Clause 8 sets out the short title, commencement and extent.

TERRITORIAL EXTENT AND APPLICATION

8. The Bill extends to England and Wales and covers events taking place in England and Wales, but will apply to unauthorised conduct regarding tickets to designated events wherever this conduct takes place.

COMMENTARY ON CLAUSES

Clause 1 – Designation of events

9. *Clause 1* sets out the broad statutory framework for the voluntary scheme through which venues or events can become designated and thereby regulated by the other provisions in the Bill.
10. *Subsection (1)* allows applications to the Secretary of State for an event or a venue to become designated.
11. *Subsection (2)* requires the Secretary of State to designate events or venues when an application has been made. In exceptional circumstances, where there is reason to believe designation is not in the public interest, the Secretary of State can either refuse an application for designation or rescind an existing designation.
12. *Subsection (3)* obliges the Secretary of State to establish the scheme's details by regulations.
13. *Subsection (4)* allows the Secretary of State to delegate functions, powers and duties regarding designation.
14. *Subsection (5)* provides that regulations under this clause – the details of the designation scheme – are subject to the negative resolution procedure.

Clause 2 – Offences

15. *Clause 2* creates two offences in relation to reselling tickets to designated events. *Subsection (1)* creates the first offence: to be concerned in the unauthorised sale of a ticket for a designated event at a price over 10% above the face value of the ticket. ‘Face value’ includes any administration or other fees incurred in the original purchase. *Subsection (2)* defines an “unauthorised person”. *Subsection (3)* provides that where nothing was paid for the ticket, only reasonable postage costs may be charged in any unauthorised resale.
16. *Subsection (4)* creates the second offence: to be concerned in the sale of *any* ticket to a sporting or cultural event either before the tickets have been released for sale by the primary retailer or in cases where the tickets have not been purchased from the primary retailer. This addresses the problem of tickets being resold in advance of their primary release.
17. *Subsection (5)* provides that the penalty on summary conviction for an offence under this clause is up to level 5 on the standard scale (currently £5,000). This matches the penalties for the similar offences under the London Olympic Games and Paralympic Games Act 2006 and the Criminal Justice and Public Order Act 1994.
18. *Subsection (6)* requires a prosecutor to consider whether it is appropriate to ask the magistrates’ court to commit the defendant to the Crown Court under section 70 of the Proceeds of Crime Act, with a view to a confiscation order being considered under section 6 of that Act. This additional penalty option is aimed at ensuring that anyone who makes considerable money from offences under this Act can have property confiscated.
19. *Subsection (7)* provides that where any monies are recovered for an offence regarding the unauthorised selling of tickets to a charitable event, the monies are to be paid to the charity for which the event was raising money.

Clause 3 – Exemption for charities

20. *Clause 3* exempts charities registered under the Charities Act 1993 from requiring authorisation to resell tickets at a price greater than 10% above the face value of the ticket. Under the Charities Act, charities may only act for charitable purposes, so any unauthorised resale which is not for a charitable purpose would fall to be investigated by the Charity Commission for England and Wales.
21. *Subsection (2)* provides that, in addition to any individual involved being eligible to prosecution under clause 2, a charity may be investigated and sanctioned by the Charity Commission, in accordance with its existing functions and powers, for any suspected or alleged wrongdoing under this Act.

Clause 4 – Sale and disposal of tickets on the internet

22. *Clause 4* is based on the provisions in section 31 of the London Olympic Games and Paralympic Games Act 2006 and makes clear that a “person who provides services for electronic communication or for the storage of electronic data” does not commit an

offence under clause 2 because of their unwitting role in facilitating an offence. However, once such a person has become aware that their services are being used to sell tickets contrary to clause 2, the person must discontinue providing those services within 24 hours and must co-operate with requests from a law enforcement agency for information regarding the identity of the vendor and other information relevant to the investigation.

23. Under *subsection 4*, the penalty for an offence of not co-operating with an investigation is a fine up to level 5 on the Standard Scale (currently £5,000).

Clause 5 – Voluntary code for refunding tickets

24. *Clause 5* requires the Secretary of State to consult with relevant persons to establish a voluntary code for consumer refunds or an official ticket exchange facility so that consumers can dispose of tickets for events they can no longer attend.
25. *Subsection (2)* requires the Secretary of State to lay a report before Parliament on the outcome of the consultations within 12 months of the Act coming into force.

Clause 6 – Interpretation

26. “Sporting and cultural event” and “event” is defined as including all live entertainment in England and Wales, but is limited to events which will take place or are taking place. Events which have already concluded are not covered by this Bill, therefore the sale of souvenir tickets to past events is not restricted.

Clause 8 – Short title, commencement, application and extent

27. *Subsection (3)* means this Bill is to apply extraterritorially to acts committed in the United Kingdom or overseas.

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