

3 April 2007

Commerce Committee Secretariat  
Parliament House  
WELLINGTON

### **Major Events Management Bill**

This submission is made on behalf of the New Zealand Business Roundtable, an organisation comprising primarily chief executives of major New Zealand business firms. The purpose of the organisation is to contribute to the development of sound public policies that reflect overall New Zealand interests.

Our submission is largely confined to the so-called 'anti-scalping' provisions of the bill. In our view they should be dropped.

No justification whatsoever is put forward for the measures in the bill's regulatory impact and compliance cost statement. Contrary to the requirements in the Cabinet Manual, there is no indication of the magnitude of the alleged problem, no consideration of the benefits of scalping which should be part of the net benefit analysis, and merely a statement that "event organisers are also seeking statutory controls on the on-sale of tickets." These are inexcusable shortcomings, particularly as the minister of commerce has been assuring businesses in the context of the government's Quality Regulation review that the regulatory analysis process is to be made more rigorous, and in view of the fact the Ministry of Economic Development, which is to be given a quality assurance role of auditing regulatory impact statements, is the ministry responsible for the bill.

There are cogent economic arguments for opposing anti-scalping laws. We are opposed to the proposals for the following reasons:

- No case is made that the common law is inefficient or problematic in respect of scalping.
- Ticket scalping is a secondary market activity. It provides a valuable social function like other secondary markets in that tickets can end up in the hands of those who value them most highly.
- It also caters for the needs of those who cannot spare the time to queue, those who do not know whether they will be too busy to attend an event until close to the time at which it is being held, those who change their minds after an event is sold out, and those who find they cannot make use of their tickets and can offer them for resale.
- There are many ways that promoters can limit scalping activity if they wish to do so, such as making tickets non-transferable, limiting the numbers that any one individual may buy, or auctioning a block of tickets themselves.
- Such a law would be difficult and costly to enforce, given selling mechanisms such as the internet and the black market.

- There seems no logic in applying such laws solely to 'major events'. If they were justified they should apply generally.

These and other arguments against anti-scalping laws are elaborated on in the attached articles. They are also discussed more fully in the submission by Business New Zealand which we support. More generally, there is a fundamental presumption in this bill that what is in the interests of promoters is also in the best interests of New Zealanders. This proposition is dubious. We have published research that calls into question the arguments for central and local government subsidies for stadiums and events.<sup>1</sup>

We are aware that the bill requires regulatory impact statements to be produced for specific events before its powers are invoked, but we do not believe that generic legislation should be adopted on the basis of such flimsy justification.

On the basis that this submission is self-explanatory, we do not seek to appear before the Committee.

Yours faithfully



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<sup>1</sup> See Tyler Cowen (1999) *Should Governments Subsidise Stadiums and Events*, New Zealand Business Roundtable.