Gambling Fact Sheet #40: Spot Prize Competitions

Note: While reasonable measures have been taken to ensure the quality and accuracy of the information contained in this Fact Sheet it does not replace information contained in the Gambling Act 2003 or the Racing Act 2003 or any provisions pursuant to these Acts. This Fact Sheet is for general information only and is not a substitute for independent, professional legal or financial advice.

What are Spot Prize Competitions?

Spot prizes are commonly offered at community events like home shows, fishing events and fun runs. A change in the gambling regulations in 2013 means IF a spot prize draw meets certain requirements it will not be considered gambling and will not need a licence.

A spot prize draw will meet these requirements if it is considered a Spot Prize Competition.

It is important to note that not all spot prize draws meet the requirements for a Spot Prize Competition. A spot prize draw will be considered a Spot Prize Competition under these regulations if:

- It is subsidiary to some other competition or event (the main event)
- The main event is not gambling
- The main event benefits the community
- The person is not required to pay anything to enter the spot prize competition other than to participate in the main event
- The spot prize draw is a lottery
- The outcome of the spot prize draw does not involve gaming machines.

Does a Spot Prize Competition need a licence?

Spot Prize Competitions are not gambling and they do not need a licence, but they must conform to the definition of Spot Prize Competition set out in the Gambling (Non-gambling Activities) Regulations 2013. If your spot prize draw does not conform to the definition, it may be illegal or may require a licence under the Gambling Act 2003.

Entry into a Spot Prize Competition

Participants should not pay anything to enter into a Spot Prize Competition other than that which they paid to participate in or attend the main event or competition.

Example: A sponsor of a community fun run is running a lottery at the event. The winner of the lottery will get a new mountain bike.

It will be a Spot Prize Competition, and therefore not need a licence if:

Participants pay their entry fee into the fun run, fill out an entry form and go straight into the draw to win the mountain bike. This is because the participant does not pay any more than the entry fee to the fun run to enter the draw.
It will not be a Spot Prize Competition, and therefore will need a licence if:

Participants pay their entry fee into the fun run, fill out an entry form and then pay $2 more to enter the draw. This is because the participant is paying an additional fee to enter the draw on top of the entry fee to the fun run.

Are there time limits on Spot Prize Competitions?

The Gambling (Non-gambling Activities) Regulations 2013 say that Spot Prize Competitions must form part of, or be conducted together with, during, or within seven days after the completion of the main event.

A Spot Prize Competition is defined as a lottery. This means that it is decided by a draw that takes place after all participants have entered.

Remember, the Spot Prize Competition must be subsidiary to the main event – it cannot be the main event itself.

Are there any prohibited prizes?

It is illegal to offer the following as prizes:

- A firearm, explosive (including ammunition), restricted weapon, or airgun
- Alcohol
- Tobacco products
- A taonga tūturu*
- Vouchers or entitlements to commercial sexual services
- Vouchers or entitlements to any of the other property listed above.

* Taonga tūturu means an object more than 50 years old that relates to Māori culture, history or society, and was manufactured, modified, used or brought into New Zealand by Māori.

Is my Spot Prize Competition legal?

Check your proposed activity against the Gambling (Non-gambling Activities) Regulations 2013 and the definition of ‘lottery’ in section 4 of the Gambling Act 2003.

If you are still not sure that your activity is legal or if a licence is required then we recommend that you seek independent legal advice.

A Spot Prize Competition is not the same thing as a Sales Promotion Scheme. Refer to Fact Sheet #9 for information about running sales promotion schemes and the rules to which they must adhere.

Need more information?

Ask the Gambling Compliance Group. They can provide further advice on any questions you might have.

Free phone: 0800 257 887 (New Zealand only)

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