

Trade promotions myth busting – do you need approval for your draw system?

The winners of many ‘game of chance’ trade promotions are determined by electronic random draw.

There is some confusion in the marketplace about the need to get your electronic draw system approved by state and territory trade promotions regulators.

Until relatively recently, if you conducted an electronic draw you had to have your system approved by the South Australian, NSW and Queensland regulators.

SA

The approval requirement was removed in late 2021 in South Australia, however there is still a legislative requirement in South Australia that an electronic draw system must draw a winner at random. If requested, the promoter of the promotion must make information about the draw system available to the South Australian regulator.

NSW

The approval requirement was removed in NSW from 1 July 2020. But there is still a legislative requirement in NSW that a draw must be determined randomly so that each entry has a fair and equal chance of winning.

QLD

In Queensland, you must not conduct a draw using an electronic or computer controlled random number generator unless the equipment used is approved by the Queensland regulator.

Confusion arises because the relevant legislation (the *Charitable and Non-Profit Gaming Act 1999*) states that it does not apply to the conduct of a promotion permitted under another jurisdiction’s law, if the conduct of the promotion in Queensland consists only of advertising the promotion.

In our view most national trade promotions will be more than just advertised in Queensland – they will be conducted in Queensland in the sense that participating product purchases will be incentivised in Queensland, entries from Queensland will be encouraged and obtained, and prizes may be awarded to people in Queensland.

Given the above, we think most electronic draw systems used to draw winners in national promotions require approval by the Queensland regulator.

So does Gadens have its draw system approved by the Queensland regulator?

You bet we do!

Getting approval in Queensland

Please let us know if you would like information about how to seek approval in Queensland, which unfortunately is a somewhat involved and time-consuming process. Alternatively you can engage Gadens or another provider that has approval, to conduct your draws.

What if we don’t get approval in Queensland?

Be careful – each time you use your electronic draw system without a necessary approval from the Queensland regulator, you will commit an offence that carries a penalty of up to \$28,750.



Contact us

David Smith
Partner
+61 3 9252 2563
david.smith@gadens.com

Crystal Lee
Paralegal
+61 3 9612 8233
crystal.lee@gadens.com

Madi Sullivan
Paralegal
+61 3 9252 2576
madi.sullivan@gadens.com

Sonja Muzoska
Senior Paralegal
+61 3 9252 2529
sonja.muzoska@gadens.com

Jade Lamb
Paralegal
+61 3 9612 8215
jade.lamb@gadens.com