

Guessing competitions and raffles

A raffle is a lottery where the total retail value of the prizes – or the total value of money prizes – doesn't exceed \$30,000. A guessing competition is a form of raffle – if you sell tickets for people to enter. This is a popular way for not-for-profit organisations to raise money. Organisers usually determine prizes by drawing tickets from a barrel or other container, or by using an electronic device (often called a random number generator).

You can only run a raffle to raise money for a not-for-profit organisation. A minimum of 40 percent of the gross proceeds must go to the not-for-profit organisation.

Permit

You don't need a permit for a raffle. Raffle organiser must follow the *Lotteries and Art Unions Act 1901* and the *Lotteries and Art Unions Regulation 2014*, or if a raffle is for raising funds for a charity, an authority under the *Charitable Fundraising Act 1991* might be required. If you are unsure, [lodge an enquiry](#).

Prizes

The total retail value of prizes must not exceed \$30,000. If the total value of prizes exceeds \$30,000, go to the [arts unions page](#) for more information.

Can prizes be money?

Yes – but the total amount of money prizes (excluding spending money) cannot exceed \$30,000. If a money prize exceeds \$2,000, the organiser must pay to the prize winner the amount as exceeds \$2,000 by a crossed cheque payable to the prize winner or, if the prize winner so requests, by electronic funds transfer (EFT) to an account nominated by the prize winner.

What prizes are allowed?

Prizes can be goods, wares, merchandise, services, vouchers for goods or services that are not redeemable for money, tickets for admission to entertainment, and tickets (with spending money) for tours or journeys. Spending money can be given as part of a travel prize, e.g. tour or journey – provided it does not exceed 20% of the total value of the travel prize.

Prohibited prizes

The following are prohibited prizes:

- money prizes over \$30,000
- tobacco products
- firearms or ammunition
- prohibited weapons
- cosmetic surgery or other procedure designed to improve personal appearance
- liquor prizes – more than 20 litres of liquor with an alcohol content not exceeding 20 percent by volume or more than 5 litres of liquor with an alcohol content exceeding 20 percent by volume.

Health regulations

The offer of perishable items such as green groceries, meat and fish as prizes is regulated under the Food Act 2003. Such prizes must satisfy the same requirements that apply to food sold through normal retail outlets. These include:

- the manner of handling and packaging the food
- the manner of labelling packages of food
- the temperature at which food must be kept.

Contact [NSW Health](#) for more information. Fish prizes must also comply with the Fisheries Management Act 1994 and the Fisheries Act 1935. A special permit is required. Contact the [NSW Department of Primary Industries](#) for more information.

How should the results of the draw be notified?

Organisers should notify prize winners within two days of the draw. If the total value of the prizes exceeds \$10,000, organisers must publish a list of prize winners in a newspaper within seven days of the draw.

Unclaimed prizes

If you cannot contact a prize winner you must keep the prize for three months after the lottery. If a prize is perishable it can be sold or disposed of. The money raised after deducting the reasonable costs of sale or disposal, must be kept in trust for the winner of the prize. If a prize remains unclaimed at the end of three months, you should send a letter to us setting out full details of the steps that you took to contact the winner and have the prize delivered, and seeking permission to sell the prize.

Remuneration and expenses

Reasonable expenses can include:

- purchase of the prize or prizes
- purchase of the tickets
- hiring or operating any device used as a draw receptacle

- renting premises for the raffle
- advertising and promoting the raffle
- auditing the raffle accounts and other records
- salaries, wages or commission payable to organisers.

Remuneration or a commission is not allowed if the total value of prizes is \$10,000 or less. If the total value of prizes exceeds \$10,000, remuneration or a commission is allowed – but can only be paid to a person for services connected with the raffle if there is a written agreement between that person and the benefiting organisation.

What are the maximum allowable expenses?

Total allowable expenses (including the cost of prizes in a raffle) must not exceed 60 percent of the gross proceeds of the raffle.

How much should the benefiting organisation receive?

The benefiting organisation should receive at least 40 percent of the gross proceeds of the raffle. If the raffle does not achieve the required minimum of 40 percent profit, the raffle organisers must apply to us for approval to accept the percentage achieved. The application must explain the unusual and unexpected circumstances that resulted in the outcome.

Tickets

Is there a maximum price per ticket?

Whatever price is considered reasonable can be charged. However, when deciding the selling price of tickets, raffle organisers must weigh up the potential number of tickets that can be sold and the requirement to achieve a profit of 40 percent or more. The selling price must be applied consistently to all tickets sold. No ticket should be sold except for the advertised value of the ticket, or for some other consideration which is equivalent to the value. It is acceptable to sell tickets at a discount, but only if this is fully disclosed in all information made available to purchasers, and is offered to all purchasers consistently.

What is the format of tickets?

Tickets must have a purchaser's portion and a ticket butt. If computer-generated tickets are used, a ticket butt is not required if the computer records for a ticket contain the same information as the purchaser's portion of the ticket. The purchaser's portion of the ticket must always include the same serial number as the ticket butt. If the total value of the prizes exceeds \$10,000, the purchaser's portion must also include the price of the ticket and the full name of the benefiting organisation. A 'rubber stamp' imprint containing these details is acceptable.

How should ticket sales be managed?

A raffle must be conducted fairly. You should have a plan that makes sure that tickets are secure, distributed on a purely random basis, and are not able to be manipulated. Raffle organisers cannot send tickets to any person except with the prior consent of the person, even if the person is a member of the organisation managing the raffle.

Advertising

In advertising and promotion materials, purchasers must be informed:

- of the price of the ticket
- of the name of the organisation for whose benefit the raffle is being conducted
- of details of the prizes and their recommended retail value
- of the place, date and time of the draw
- how prize winners will be notified
- how the results of the draw will be published.

It's acceptable for this information to be provided on the ticket, and nowhere else.

Tickets and any advertising or promotional material used in conjunction with the raffle must give a detailed description of the prizes. This should include:

- **Machinery or electrical appliances** – the make, model and accessories.
- **Motor vehicles** – the make, model, accessories, and whether registration and on-road costs are included.
- **Travel** – the number of persons entitled to take advantage of the travel prize; what is included (e.g. airfares, transfers, other transport, duration, accommodation standard, meals); restrictions on when the travel must be taken; and whether spending money is included.

Advertising restrictions

A raffle organiser must not publish any lottery advertising that:

- encourages a breach of the law
- depicts children participating in a raffle
- is false, misleading or deceptive
- suggests that winning will be a definite outcome of entering or participating in a raffle
- suggests that entering or participating in a raffle will definitely improve a person's financial prospects
- is not conducted in accordance with decency, dignity and good taste.

Records

What records must be kept?

If the total value of the prizes is \$10,000 or less, the organisers must keep a record of the

total amount of money received from the sale of raffle tickets and the value of the prizes. If the total value of prizes is more than \$10,000 the organisers should also keep a record of:

- the number of tickets printed, obtained or generated (including serial numbers)
- the number of tickets sold or distributed for sale (including serial numbers)
- the name and address of each agent of the person or organisation to which draw lottery tickets were distributed for sale, together with the number of tickets distributed and the serial numbers
- the names and contact details of all persons who bought tickets (as shown on the ticket butts or computer records)
- the names and contact details of the prize winners, together with the details of their prizes
- the number of tickets unsold (including their serial numbers).

Ticket butts, draw documents and corresponding computer-generated documents must be kept for at least three months after the date of the draw at which winners are determined. If the total value of prizes is greater than \$10,000, all records including unsold tickets must be kept for at least three years after the date of the draw.

Banking of Proceeds

Organisers must deposit all money received into an account at a financial institution that belongs to the benefiting organisation. This should occur as soon as practicable, preferably within two days after it is received. If the benefiting organisation holds a fundraising authority under the *Charitable Fundraising Act 1991*, additional record-keeping requirements may apply. Check with Fair Trading if you're unsure.

Responsibility

The promoter or organisers are jointly responsible. A subcommittee can be elected from within the benefiting organisation to be the organising committee. If there are external organisers, the benefiting organisation should oversee the operation, including insisting on reports, ratifying all expenses and prizes awarded, having full access to records and registers, and making sure that financial records are audited.

Prev No-draw lotteries

<https://www.fairtrading.nsw.gov.au/games-of-chance/community-gaming/charities-and-not-for-profits-only/guessing-competitions> 04-07-18

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