

## No-draw lotteries

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No-draw lotteries are also known as break-open or scratch lotteries. Players buy a ticket that contains one or more hidden symbols that they reveal by removing or scratching off some covering material. The tickets are similar to scratch lottery tickets. The total value of prizes cannot exceed \$10,000. You can only run a no-draw lottery to raise money for a non-profit organisation. You don't need a permit.

### Prizes

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The total value of prizes cannot exceed \$5,000. Prizes can be money, goods, wares, merchandise, services, vouchers for goods or services that are not redeemable for money, tickets for admission to any entertainment and tickets (with any spending money) for tours or journeys. Spending money can be given as part of a travel prize - eg: a tour or journey - provided the total value does not exceed 20 percent of the total value of the travel prize.

### **Prohibited prizes**

The following are prohibited prizes:

- prizes over \$7,000,
- tobacco products in any form,
- firearms or ammunition,
- prohibited weapons,
- cosmetic surgery or other procedure designed to improve personal appearance; and
- liquor prizes - more than 20 litres of liquor with an alcohol content not exceeding 20 percent by volume or more than 20 litres of liquor with an alcohol content exceeding 20 percent by volume

Tickets for liquor prizes cannot be sold by or to a person under 18. Also a person under 18 cannot give or collect a liquor prize.

### **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 I notify the results and arrange for the prize to be given to the prizewinner?**

If participants are not able to determine whether they have won a prize, you must try to inform each prize winner within two days after the result of the lottery is decided. Where a money prize exceeds \$2,000, the organiser must pay to the prizewinner through a cheque or electronic transfer of funds to an account nominated by the prizewinner.

### **What if a prize is unclaimed?**

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

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Reasonable expenses are:

- the purchase of the prize or prizes
- the purchase of the tickets
- hiring or operating any device used
- renting premises
- advertising and promoting the lottery, including postage, telephone, lists of names
- auditing
- salaries, wages and commission.

The total allowable expenses (including the cost of the prizes) must not be more than 60 percent of the gross proceeds.

### **Payment of commission and remuneration**

You cannot pay any commission or remuneration to a person in connection with the no-draw lottery unless there is a written agreement between that person and the benefiting organisation. The agreement must specify:

- the service to be rendered

- the remuneration to be provided
- the period of the agreement.

If the benefiting organisation is an authority holder under the *Charitable Fundraising Act 1991*, the agreement must specify other requirements. You should refer to Authority Condition 20.

### **How much should the benefiting organisation receive?**

The profit from the no-draw lottery must be at least 40 percent of the gross proceeds. If the no-draw lottery does not achieve the required minimum of 40 percent profit, you must apply to us in writing for approval to accept the reduced percentage. The application must explain the unusual and unexpected circumstances which resulted in the outcome.

## Tickets

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The charge for a ticket cannot exceed \$2.00. The sale price must be applied to all tickets sold. You can sell tickets at a discount, but only if everyone is aware of this process. No more than 3,000 tickets can be used or offered for sale in the no-draw lottery.

### **Requirements**

The tickets or cards of each lottery must be numbered consecutively. Each series of tickets or cards must be distinguished from each other series by a unique number or symbol. The tickets and cards must be produced so that the symbol or symbols cannot be detected without removing the opaque material that covers them. Each ticket or card must specify:

- the price to be paid, and
- the name of the organisation for whose benefit the lottery is being conducted.

No-draw lottery cards must have space for the names, and contact details of participants to be recorded on the cards.

### **How should ticket sales be managed?**

You cannot send no-draw tickets to any person unless you have their prior consent, even if the person is a member of your organisation. This applies regardless of whether the person will purchase the ticket or is to act as agent for the sale of the tickets. You can send letters, notices, etc., to people asking them to buy tickets in the lottery; however, you must not include tickets with the letter or notice.

If you intend to sell no-draw tickets in a street or public place in a local government area, you might need written permission from the local council. You should contact your local council for more information.

## Advertising

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You must make sure that the following information is available to potential participants:

- details of the prizes and their value
- details of how prizes may be claimed by the winners or how the prizewinners will be notified and the way the results will be published, and
- the rules.

This information can be printed on the no-draw lottery ticket or card.

### **Advertising restrictions**

You must not publish any lottery advertising that:

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

## Records

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### **Banking the proceeds**

You must make sure that all money received is paid into an account at a bank, building society or credit union to the benefiting organisation as soon as practicable, preferably within two business days after it's received. At least two people must be signatories to the account, one should be a member of the governing body or management committee of the benefiting organisation.

### **What records do you need to keep?**

You must keep all receipts, invoices and other records concerning costs and outgoings, and payments received and donations. You must also keep a record of:

- the total amount of money received
- the total value of the prizes
- the total number of no-draw lottery tickets or cards produced or acquired for the lottery (including their serial number and unique series number or symbol)
- the total number of no-draw lottery tickets or cards distributed and the total number sold (including their serial number and unique series number or symbol)

- the name and address of each agent to whom no-draw lottery tickets or cards have been distributed, together with the number of tickets or cards issued to the agent (including their serial number and unique series number or symbol)
- the names and addresses of all prizewinners together with details of their prizes the number of tickets remaining unsold (including their serial number and unique series number or symbol).

### **How long are records required to be kept?**

You must keep all records, all unsold tickets and all accounts and other documents, and all computer records for seven years. Unsold tickets must be kept for at least three years after the date of the draw. Any ticket butts or corresponding computer-generated documents only need to be kept for three months after the date of the draw.

### **Are financial statements or returns required?**

You don't have to submit a return to us unless we've requested.

## Responsibility

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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.

### **Are the records subject to inspection?**

Yes. All records can be inspected by Fair Trading officers or the police.

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<https://www.fairtrading.nsw.gov.au/games-of-chance/community-gaming/charities-and-not-for-profits-only/no-draw-lotteries> 04-07-18

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