

Tipping competitions

Tipping competitions that require an entry fee, also known as football or sports tipping competitions, are defined as 'progressive lotteries' under section 4F of the *Lotteries and Art Unions Act 1901*, and include other lotteries or games of chance run in a similar way.

Participants predict or forecast the outcome or results of a sporting event or other contingency and then points are awarded for successful predictions or forecasts. The prize pool is awarded to the participant who accumulates the most points over a period of time. Periodical prizes may also be awarded to participants according to the rules of the competition.

Free-entry tipping competitions involving prizes are considered games of chance that promote trade or business under section 4B of the Act. This type of competition requires a permit. Go to the [trade promotion lotteries page](#) for more information.

All tipping competitions where an entry fee is charged:

- Can be played as a social entertainment or to raise funds for a not-for-profit organisation or both
- No authorising permit required unless total entry fees are more than \$25,000
- Total value of money prizes must be capped at \$7,000
- Spending money as part of a travel prize capped at 20 percent of the value of the prize
- No salary, wage, fee, commission, percentage or benefit can be paid
- No payment or other benefit can be asked for patrons to enter the place where the tipping competition is being held.

Rights to participate in a tipping competition can't be sold after the closing date for the receipt of entry in the tipping competition.

Two types of tipping competition involving entry fees

Social entertainment

If you run your tipping competition for social entertainment, you need to make sure that after legitimate expenses have been deducted, all money invested by the participants goes towards prizes.

Fundraising

If you run your tipping competition to raise funds for a not-for-profit organisation, you have additional requirements. The tipping competition must be managed or authorised by the organisation that will benefit.

Permit

Anyone, including minors, can conduct tipping competitions. You don't need a permit if entry fees are charged and the total tipping competition entry fees of the tipping competition will be \$25,000 or less.

Tipping competitions with entry fees

You do need a permit if entry fees are charged and the total tipping competition entry fees will be more than \$25,000. It must be played in accordance with the requirements of the *Lotteries and Art Unions Act 1901*, the Lotteries and Art Unions Regulation 2014, and any conditions imposed on the permit. Anyone aged 18 or over can apply for a tipping competition permit.

There are no fees

You do need a permit if the tipping competition is run as a free-entry game of chance to promote trade or business. Go to the [trade promotion lotteries page](#) for more information.

How to apply for a permit

- Complete and lodge [form FM2006 progressive lottery application PDF, 301.18 KB](#)
- Make sure you include a copy of any proposed advertising, plus a copy of the rules or conditions of entry.
- You need to be 18 or over to lodge an application.
- There are no fees.

Prizes

A prize pool

A prize pool is a total amount paid as entry fees by participants after any costs and expenses have been subtracted, including the cost of purchasing stationery. If the tipping competition is to raise funds for a not-for-profit organisation, you can deduct an additional amount from the prize pool as a donation to the non-profit organisation.

Maximum value of prizes

Where entry fees are charged, the total value of prizes in a tipping competition cannot be more than \$25,000, unless an authorising permit has been granted.

Limits on money prizes

The total amount of money prizes (excluding spending money) cannot be more than \$7,000 if entry fees are charged. You can award spending money in conjunction with a travel prize. The maximum amount of spending money you can award with a travel prize is 20 percent of the total value of the travel prize.

If a money prize exceeds \$2,000, you should pay the winner via a cheque or electronic transfer.

Shopping vouchers

If you want to offer a cash prize of more than \$7,000, you can offer a shopping voucher or store credit of up to \$25,000 instead. If you think a shopping voucher or store credit system won't work in your town because there is no major department store, consider forming a cooperative of all the local stores so that prize winners can redeem vouchers at any or all member stores.

Prohibited prizes

You can't offer these prizes under any circumstances:

- money prizes over \$7,000
- tobacco products in any form
- firearms or ammunition
- prohibited weapons
- cosmetic surgery or other procedure to improve personal appearance
- 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.

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

Commissions or other benefits

No salary, wage, fee, commission, percentage or other benefits (other than a prize) can be paid or given to, or taken by, anyone in connection with the tipping competition.

How much not-for-profit organisations should receive

If you are raising funds for a not-for-profit organisation, there is no stipulated amount or percentage you must donate to the benefiting organisation. The organisation should receive a reasonable return.

Notifying participants of the competition results

You should notify each prize winner within two days. If the total value of prizes exceeds \$5,000, you must also publish the results in a newspaper within seven days after the draw.

Participation

Managing sales of rights to participate

- You must make sure there is adequate control over the sale of rights to participate and the receipt of moneys.
- You must make sure that you keep all rights to participate and predictions by each participant safe until the results have been announced.
- You can't sell rights to participate after the closing time for entry in the competition.

Even if you're managing or assisting in running the competition, you can still participate and win prizes.

No more sales after the first results are determined

Rights to participate cannot be sold after the closing time for the first announcement of results. This requirement must be included in the competition rules, and displayed. This requirement does not prevent the rules of the competition from providing for later times for receiving predictions.

Charging more than the purchase price of a right to participate

You can't charge participants or accept any fees to enter the place where the tipping competition, the sporting event or anything else relating to the tipping competition is being held. If the venue usually charges an entrance fee that has nothing to do with your tipping competition, then this does not apply.

Charging for phone participation

If a person has to call a premium phone number to participate in a tipping competition, the cost of the call can't be more than 50 cents plus GST. The competition organiser must not receive, directly or indirectly, any amount paid for calling the number.

Minors and tipping competitions

A minor can participate or assisting in running a tipping competition.

Information participants need to know

You must make this information available to participants:

- the rules
- the price

- if applicable, the name of the not-for-profit organisation who will benefit
- the closing date and time for receipt of entries
- the closing dates and times for receipt of predictions
- the name, address and telephone number of the tipping competition organiser.

Advertising

The restrictions for tipping competitions are the same as for lotteries, which means you must not publish any advertising that:

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

Your competition advertising or promotion must also show the amount or percentage of the total amount paid by participants that the benefiting organisation will receive.

Competition rules

You must create rules that clearly state how people can participate in the tipping competition. They must include:

- the conditions of entry into the game, including the age of individuals allowed to participate
- if applicable, the name of the not-for-profit organisation who will benefit
- the price they need to pay for participating, and the method, if any, for discounting the charge
- the way any prizes are calculated, determined and awarded
- the way participants are required to enter and participate
- the closing date and time for receiving entries
- the closing dates and times for the receipt of predictions
- the place, time and date of the determination of the result(s)
- the method for claiming prizes, including what will happen if there are unclaimed prizes
- the way prize winners will be notified
- details of what will happen if more than one person accumulates the highest number of points
- how disputes concerning the conduct of the competition or claiming prizes will be resolved
- the name, address and phone number of the tipping competition organiser.

The rules must be displayed at the place where the rights to play are sold.

Records

Social entertainment

- If the total proceeds from the competition is less than \$10,000 and the competition is organised on the basis that all the proceeds from the competition, less costs and expenses properly incurred in connection with the conduct of the competition, are returned to participants in the form of prizes, there is no formal requirement to keep records.
- If the total proceeds are more than \$10,000 you must keep records of income and expenditure particularised under the heading 'Records to be kept'.

Fundraising

- You must keep all records or receipts, invoices and other records concerning costs and outgoings, and payments received.
- If the competition is played to raise funds for a charity, you need to follow the record-keeping requirements imposed by the *Charitable Fundraising Act 1991* in addition to those required by the *Lotteries and Art Unions Act 1901*.

The records of income and expenditure you need to keep in these cases are:

- the total proceeds of the competition
- the details of the prizes.

If the total proceeds are more than \$10,000, you must include these details in your records of income and expenditure:

- any costs and expenses (itemised as to payee, amount and date of payment, and documented by receipts and invoices)
- the number of rights to participate available for sale and, if applicable, details of the serial number, unique number or symbol of those tickets
- the number of rights to participate not sold and, if applicable, details of the serial number, unique number or symbol of those tickets
- the names and addresses of everyone who has bought rights to participate, details of the serial number, unique number or symbol of those tickets
- the names and addresses of all prize winners, together with details of their prizes
- the total amount of the proceeds of the competition paid to the benefiting not-for-profit organisation, and details of any receipts from that organisation in respect of that amount.

You must keep the records of income and expenditure particularised under the heading 'Records to be kept'. We recommend that you keep records regardless, as they will help you manage the competition properly.

Banking the proceeds

You must place all money received into an account at a bank, building society or credit union being an account belonging to the benefiting organisation as soon as practicable, preferably within two business days. All payments should be made from that account.

How long to keep records

Social entertainment: You must keep records, accounts and other documents relating to the competition for at least three months.

Fundraising: You must keep records, accounts and other documents, including computer records, relating to the competition for seven years. All records are subject to inspection by NSW Fair Trading authorised officers or police.

Responsibility for the tipping competition

The promoter or organisers are both responsible for the game. You can elect a subcommittee from within the benefiting organisation to be the organising committee or they can ask individuals outside the organisation to manage the competition. If this happens, the benefiting organisation should introduce adequate controls to oversee the organisers, including:

- insisting on reports
- ratifying all expenses and prizes awarded
- having full access to records and registers
- ensuring financial records are audited
- exercising proper internal controls over the purchase, sale and safekeeping of tickets including unsold tickets.

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<https://www.fairtrading.nsw.gov.au/games-of-chance/promoting-a-business/tipping-competition> 04-07-18

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