

Raffles



What is a raffle?

A raffle is a lottery where the total value of prizes does not exceed \$30,000.

Prizes are determined by a draw of tickets or marbles from a barrel or other receptacle, or by an electronic device (often called a random number generator).

Who can benefit from holding a raffle?

A raffle can only be conducted to raise funds for a not-for-profit organisation.

A not-for-profit organisation is a body of persons that is not formed for private gain – eg. charities, sporting clubs, social clubs, registered clubs, political parties, trade unions and incorporated associations.

Is a permit required?

No – a permit is not required for a raffle.

But the raffle organiser must comply with the *Lotteries and Art Unions Act 1901 and the Lotteries and Art Unions Regulation 2014*. This fact sheet outlines the applicable requirements and best practice.

If a raffle is conducted for raising funds for a charity, an authority under the *Charitable Fundraising Act 1991* may be required. If you are unsure, please contact us at charities.inquiries@olgr.nsw.gov.au

What is the maximum value of prizes?

The total retail value of prizes must not exceed \$30,000.

If the total value of prizes exceeds \$30,000, see our Art Unions fact sheet.

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 prizewinner or, if the prizewinner so requests, by electronic funds transfer (EFT) to an account nominated by the prize-winner.

What prizes are allowed?

Prizes can consist of or include anything except a prohibited prize.

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 eg: tour or journey – provided it does not exceed 20% of the total value of the travel prize.

What prizes are prohibited?

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% by volume or more than 5 litres of liquor with an alcohol content exceeding 20% by volume.

Quick facts

- Conducted for the purpose of raising funds for a non-profit organisation
- No permit is required
- Total retail value of prizes capped at \$30,000
- Total value of money prizes capped at \$30,000
- Spending money with a travel prize capped at 20% of the value of the prize
- Tickets must be numbered consecutively
- Expenses (including prizes) capped at 60% of the gross proceeds

What expenses can be incurred?

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 rendered in connection with the raffle if there is a written agreement between that person and the benefiting organisation.

The agreement must specify the service to be rendered; the remuneration or commission to be provided; and the period of the agreement.

If the benefiting organisation holds a fundraising authority under the Charitable Fundraising Act 1991, the agreement must specify other requirements as stipulated by conditions imposed on that organisation's fundraising authority. If unsure, check with us.

What are the maximum allowable expenses?

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

How much should the benefiting organisation receive?

The benefiting organisation should receive at least 40% of the gross proceeds of the raffle.

If the raffle does not achieve the required minimum of 40% 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 <40% outcome.

Is there a maximum price per ticket?

No. 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% 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.

Is there a maximum number of tickets that can be sold?

No.

What is the format of tickets?

Tickets must consist of a purchaser's portion and a ticket butt. However, 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.

Ticket-butts must be numbered consecutively in the same series as the ticket. If the total value of the prizes exceeds \$10,000, ticket-butts must also contain space for the name and contact details of the purchaser to be written.

Quick facts

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 Department of Primary Industries for more information.

How should ticket sales be managed?

A raffle must be conducted fairly.

A procedure must be adopted which ensures 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 conducting the raffle. This applies even if the person is to purchase the ticket or is to act as agent for the sale of the tickets.

Organisers can send letters, notices, etc to people asking them to buy tickets in the raffle. However, tickets must not be

included with letters, notices etc unless the recipient has consented beforehand.

If organisers intend to sell tickets in a street or public place in a local government area, written permission from the local council may be required. Check with the local council.

If the total value of the prizes is greater than \$10,000, the person selling the ticket must at point of sale record the name and contact details of the purchaser legibly on the ticket-butts (or, if it is a computer-generated ticket, record these details in the computer database).

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.

How should a raffle be advertised or promoted?

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 publicised.

It is acceptable for this information to be provided on the ticket, and not elsewhere.

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

This should include the following:

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. air fares, transfers, other transport, duration, accommodation standard, meals); restrictions on when the travel must be taken; and whether spending money is included.

Are there advertising restrictions?

Yes. A raffle organiser must not publish, or cause to be published, 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.

'Publish' includes disseminate in any way, whether by oral, visual, written or other means – eg. cinema, video, radio, television or the Internet.

Advertising or other publicity must not state or imply that the raffle is authorised or approved by the Government or by any government agency.

How should the draw be conducted?

Every person who has purchased a ticket in a raffle must have a fair and equal chance of winning every prize in the raffle when drawn.

Raffle organisers cannot impose a condition requiring a ticket-holder to be present at the draw to claim a prize in the raffle.

All prizes must be distributed by the drawing of ticket-butts or numbered marbles from a barrel or other suitable container. The receptacle should be large enough to allow all butts or marbles to be included and mixed freely.

An electronic drawing machine may be used, if the program used to draw the numbers is in fact random, and every number entered into the draw has a fair and equal chance of being drawn. If unsure, contact the supplier.

If more than one prize is offered, the major prize should be the first drawn. Then the other prizes should be drawn in descending order according to number and value.

Sellers of tickets must return to the organisers all ticket-butts (or appropriate computer-generated document) relating to tickets sold by them, the proceeds of sales, and all unsold tickets issued to them before the date fixed for the draw of the prizes or at any earlier date that the organisers may require.

If a ticket is not included in the draw, the organisers must use best endeavours to refund the price to the ticket owner within 7 days after the draw is held.

The draw should be conducted at the place, date and time shown in any information provided to purchasers.

If a ticket purchaser or other person wants to attend the draw, the organisers should facilitate this.

Can the draw be postponed?

Yes, if ticket sales are low. Organisers should advertise the new draw date, time and place in a local newspaper, or in point-of-sale material, or on a website, so that ticket purchasers are fully informed. The notice should give reason(s) for the postponed draw.

How should the results of the draw be notified?

Organisers should notify prize-winners within 2 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 7 days of the draw.

What if a prize is unclaimed?

If despite every reasonable effort organisers cannot contact a prizewinner, the organisers must retain the prize for 3 months after the draw.

However, if a prize is perishable (eg a tray of meat or other perishable food), the prize can be sold or otherwise disposed of in a way that will immediately bring a reasonable price. The money realised (after deducting the reasonable costs of sale or disposal) must be held in trust for the winner of the prize.

If any prize is unclaimed after 3 months, organisers should send us a letter setting out full details of the steps taken to contact the winner and to deliver the prize, and seeking permission to sell the prize.

After receiving written approval from us, the prize must be sold and the proceeds of sale deposited to the organisation that the raffle was conducted for.

What records must be kept?

Proper and prudent records must exist. This means keeping all receipts, invoices and other records concerning costs and outgoings, and payments received as payments for tickets.

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).

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 2 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 us, if unsure.

How long must records be kept?

Ticket-butts, draw documents and corresponding computer-generated documents must be kept for at least 3 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 3 years after the date of the draw.

Is a financial return required?

No. However, the benefiting organisation must ensure that its financial statements detail the gross proceeds and expenses of raffles.

Who is responsible?

The promoter or organisers are responsible for the proper management and conduct of a raffle.

A subcommittee can be elected from within the benefiting organisation to be the organising committee. Alternatively, the benefiting organisation can authorise persons outside the organisation to conduct the raffle on its behalf. Where a committee or outside people conduct the raffle, the management committee of the benefiting organisation should satisfy itself as to the good standing and competence of the organisers.

Raffles

The benefiting organisation should introduce adequate controls to oversight 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.

Can the records be inspected?

Yes, by our authorised staff or police officers.

Do penalties apply?

Yes. There are penalties for conducting a raffle contrary to requirements, including:

- failing to award the winner the prize
- conducting the raffle fraudulently
- misappropriating funds or prizes
- making false statements
- failing to keep books and records
- awarding prohibited prizes
- unlawful advertising
- hindering or obstructing authorised officers or police.

This guide is designed to provide accurate and authoritative information in regard to the subject matter covered, and with the understanding that the NSW Office of Liquor, Gaming & Racing, part of NSW Trade & Investment, is not passing legal opinion or other professional advice. If you require a more detailed understanding of the legislation, it is recommended that you contact a specialist advisor.

The law governing the conduct of this lottery or game of chance is the *Lotteries and Art Unions Act 1901* and the *Lotteries and Art Unions Regulation 2014*. Online access to the legislation is available at www.legislation.nsw.gov.au



Trade & Investment
Office of Liquor, Gaming & Racing