

Fact sheet

Promotional raffles in registered clubs

This fact sheet outlines the applicable requirements and best practice of running promotional raffles in registered clubs.

What is a promotional raffle?

A promotional raffle can only be conducted at a club registered under the *Registered Clubs Act 1976* for the purpose of entertaining patrons.

Usually minimal or no profit is received from the sale of tickets in a promotional raffle.

This is different to a raffle which is organised to raise funds for a registered club. A raffle organised to raise funds for a club must produce a profit of at least 40% of the gross proceeds.

For more information about fundraising raffles refer to the 'Raffles' fact sheet at fairtrading.nsw.gov.au.

A promotional raffle is different to a trade promotion lottery, which is a free-entry promotion organised to promote patronage (e.g. member badge draws, instant win promotions, spin and win, and prize draw game shows). An authorising permit is required before conducting a trade promotion lottery. For more information about trade promotion lotteries refer to the 'Trade promotion lotteries' fact sheet at fairtrading.nsw.gov.au.

Quick facts

- ▲ Can only be conducted on the premises of a registered club
- ▲ Number of sessions limited to 7 a week
- ▲ A session cannot be more than 3 hours duration
- ▲ Total value of a single prize capped at \$100
- ▲ One prize valued at \$500 can be awarded each session
- ▲ One prize valued at \$50 can be awarded each session in a clean-up scheme
- ▲ Cash prizes are not permitted
- ▲ Vouchers offered as prize cannot be redeemed for cash

Is a permit required?

No. A club does not need a permit for a promotional raffle. But the club must comply with the *Lotteries and Art Unions Act 1901* and the *Lotteries and Art Unions Regulation 2007*. This fact sheet outlines the applicable requirements and best practice.

When can a promotional raffle be conducted?

One or more promotional raffles can be conducted any day of the week – either as a one-off event or in a session.

What is a session?

A session is an unbroken period of time during which a series of promotional raffles are conducted.

How many sessions can be conducted?

No more than seven promotional raffle sessions can be conducted each week.

How long can a session run?

A session cannot last longer than three hours. The three hour period includes time set aside for selling tickets and conducting all draws for prizes.

What is the maximum value of prizes?

During a session of promotional raffles, a prize with a total value not exceeding \$500 can be awarded. This is allowed only once per session.

In all other situations, the total value of a single prize cannot exceed \$100.

At the end of a session, a bonus prize valued at \$50 can be awarded as part of a ticket clean-up scheme.

In this scheme, patrons of the session write their name on the back of their used tickets. The tickets are placed in a receptacle, a draw is held, and the winner awarded the bonus prize.

Prize values must be at normal retail value.

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 and tickets for admission to entertainment.

Winners of shopping vouchers can redeem their voucher or store credit up to the value specified for products and services.

What prizes are prohibited?

Some prizes are prohibited:

- ▲ money prizes (e.g. cash, cheques)
- ▲ tobacco products
- ▲ firearms or ammunition
- ▲ weapons

- ▲ cosmetic surgery or other procedure designed to improve personal appearance
- ▲ liquor prizes more than 20 litres.

Is there a maximum price per ticket?

Yes. Tickets cannot cost more than \$5 each.

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

No.

Is there a limit on the amount of profit?

No. But a session of promotional raffles is mainly intended for entertainment. The ticket price is meant to offset the cost of conducting the raffle, breaking-even, or making a small profit.

What is the format of tickets?

There is no specific rule about the format of tickets used for a promotional raffle. However, proper internal controls should be implemented to avoid purchasers fraudulently claiming a prize – e.g. by using a ticket from a previous session; by using a ticket without any identifying or other unique features etc.

Are House Rules required?

Yes. A club must formulate House Rules under which persons can participate in a promotional raffle. The rules must cover:

- ▲ the conditions of entry (including the minimum age of the participants)
- ▲ the charge, if any, to be imposed for participating in a promotional raffle
- ▲ how prizes will be calculated, determined and awarded
- ▲ the place, date and time of a promotional raffle
- ▲ how prize winners will be notified
- ▲ the method for claiming prizes (including the course of action to be adopted if a prize is unclaimed)

- ▲ how disputes over the conduct of a promotional raffle, or claiming a prize, will be resolved
- ▲ a statement banning persons conducting or participating in a promotional raffle from participating as a player.

The rules must be displayed prominently at the place where a promotional raffle is conducted.

How should a promotional raffle be advertised or promoted?

The rules must be clearly advertised and readily available to participants.

Patrons must be fully and clearly informed of the rules, thus minimising the prospect of complaints about the integrity of the promotional raffles and the promoter.

Participants must also be clearly informed of:

- ▲ the cost of tickets
- ▲ details of prizes and their value.

Are there advertising restrictions?

Yes. A club must not publish, or cause to be published, any raffle 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 the raffle
- ▲ suggests that entering or participating in the raffle will definitely improve a person's financial prospects
- ▲ is not conducted in accordance with decency, dignity and good taste.

'Publish' means disseminate in any way – whether by oral, visual, written or other means (e.g. cinema, video, radio, television or the Internet).

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

How should ticket sales be managed?

A promotional 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 capable of manipulation.

Tickets must be only issued on a club's premises.

Tickets for liquor prizes cannot be sold by or to a person under 18 years of age. Also, a person under 18 cannot give or collect a liquor prize in a promotional raffle.

Who can play?

Only members of the host club and their guests can participate in a promotional raffle.

No person conducting or assisting in the conduct of the promotional raffle can participate as a player.

It is unwise for club directors, management and employees to participate in a promotional raffle at their club - because involvement arouses suspicion among other entrants if a director, manager or employee wins a prize.

How should the draw be conducted?

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

All prizes must be distributed by the drawing of ticket butts or numbered marbles from a barrel or other suitable receptacle. 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. If deciding to conduct the draw in

another manner, organisers must describe in the rules the method used to decide the results.

Sellers of tickets should return to the organisers all documentation relating to tickets sold by them, the proceeds of sales, and all unsold tickets issued to them before the time fixed for the drawing of the prizes or at any earlier date that the organiser may require.

The draw must be undertaken in an area of the club where members are permitted access.

The draw must be made in the presence of and under the supervision of two or more persons engaged in the management of the promotional raffle and/or the club.

Organisers can change the place, date and time of the draws if notice of the change is prominently displayed for at least 24 hours immediately before the new place, date and time of the draw.

Organisers must use best endeavours to ensure that a promotional raffle session takes place:

- ▲ in accordance with the information provided to the purchasers, or
- ▲ if notice of a change to the place, date and time of the draws is displayed – as specified in that notice.

How should the results of the draw be notified?

The results of a draw must be prominently announced to the purchasers present at the draw and throughout the club by using the club's public address (PA) system, closed circuit television (CCTV) system and/or electronic notice board.

What if a prize is unclaimed?

If a prize winner does not claim the prize within a reasonable period of time after the result is first announced, the result must be announced at least three more times (if not claimed before then). If the prize is unclaimed after the fourth announcement, a redraw can take place.

What if a prize is not available?

If a prize is not available for collection after a draw, or is found to be damaged and unreplaceable, the prize winner can accept an alternative prize that has a similar value to the original prize.

The prize winner and the club must negotiate a fair and reasonable outcome.

Can other lotteries be conducted with a promotional raffle?

Yes. One fundraising raffle can be conducted during each promotional raffle session provided a minimum profit of 40% is attained and the total value of prizes in the fundraising raffle does not exceed \$5,000.

For more information refer to the 'Raffles' fact sheet at fairtrading.nsw.gov.au.

Trade promotion lotteries conducted by the club can include a promotional raffle component. This is permitted only if we have issued a permit authorising the trade promotion lottery and if the promotional raffle component is not the dominant part of the trade promotion lottery.

Other lotteries and games of chance (including club bingo, lucky door prizes, free-entry raffles and other competitions) are not permitted before, during or after a promotional raffle session.

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 amounts received as payments for tickets.

The income and expenditure records must show:

- ▲ the gross proceeds from promotional raffles, and
- ▲ any costs and expenses of the raffles.

The income and expenditure records can be kept for a session of promotional raffles rather than for each raffle in the session.

How long must records be kept?

Ticket butts, draw documents and corresponding computer-generated documents must be kept for at least three months after the winner(s) are determined.

Are financial statements or returns required?

A club conducting a promotional raffle does not usually have to lodge information or returns with us.

Who is responsible?

The club's management must accept full responsibility for all aspects of a promotional raffle and for ensuring that prizes are awarded.

The club can authorise other persons to conduct a promotional raffle for the club. Where this occurs, club management should satisfy itself as to the good standing and competence of the persons organising the promotional raffle.

Can the records be inspected?

Yes, by our authorised staff or police officers

Do penalties apply?

Yes. There are penalties for conducting a promotional 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.

For further information

This guide is designed to provide accurate and authoritative information in regard to the subject matter covered, and with the understanding that NSW Fair Trading part of NSW Department of Finance, Services and Innovation, 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 adviser.

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 legislation.nsw.gov.au