



A CHECKLIST FOR HOLDING RAFFLES

Background

Many community groups, including our parishes use raffles to raise funds but this approach to fund-raising can be a costly trap if the rules aren't followed. In New Zealand, raffles are classified as gambling and there are rules to follow to ensure a raffle complies with the Gambling Act 2003, which exists among other reasons to ensure the integrity and fairness of games and to ensure that money from gambling benefits the community. This checklist covers the rules for class 2 gambling as this is the class of gambling activity that community groups are most likely to undertake.

Raffles, the Gambling Act 2003, and the Gambling Act (Lottery) Games Rules 2004

The Gambling Act 2003 defines a lottery as

- a) *a scheme or device involving multiple participants for which:*
 - (i) *A person pays consideration to participate, directly or indirectly; and*
 - (ii) *Prizes of money are distributed according to a draw that takes place after all participants have entered; and*
- b) *Includes lottos, raffles, and sweepstakes.*

If you are running a raffle, then it is a form of gambling that is subject to the provisions of the Gambling Act 2003, which sets out the law controlling gambling, and the Gambling Act (Lottery) Games Rules 2004, which sets out the specific rules that every raffle must follow.

Classes of gambling

The Gambling Act divides gambling into six legal classes. The raffles that our community groups are most likely to run fit into Class 2 gambling where:

- a) the total value of prizes offered or awarded to the winners of the gambling activity is more than \$500 and less than \$5,000; and
- b) the potential turnover involved in the gambling activity is more than \$500 and less than \$25,000

If the total retail value of prizes is greater than \$5,000 then the raffle operator must apply to the Department of Internal Affairs for a licence to run the raffle.

Penalties

Offences committed against the Gambling Act 2003 are liable:

- in the case of an individual who is convicted, to imprisonment for up to one year or a fine of up to \$20,000, or
- in the case of a society which is convicted, to a fine of up to \$50,000.

Checklist

The checklist on the following pages has been created as a guide to help you check that you have considered all the rules of running a raffle in line with the Gambling Act. It is not an exhaustive list and you should also check out the official Act on the government's legislation website to confirm that raffle rules are being followed to protect you and those participating in your raffle.

If you **cannot** answer **YES** to each of the following questions, then your raffle is not legal:

YES

Do you clearly explain the rules and requirements by which the raffle will be conducted?

- The organiser must clearly indicate to all participants the rules and requirements by which the lottery will be played.

Is the ticket the only way to participate in the raffle? Is it the only way to win?

- The ticket must be the only valid way to participate in the raffle and must be the only valid way to win a raffle prize.

Is the closing date of the raffle clearly indicated?

- The closing date for buying raffle tickets must be clearly indicated at the point of sale.

Is the date, time, and location of the raffle draw clearly indicated? Has it been published?

- The date, time, and location of the draw must be clearly indicated at the point of sale and in communications.

Is the draw open to the public?

- If the general public can buy tickets, then the draw must be open to the public.

Does each ticket have an equal chance of being drawn?

- Each ticket sold must have an equal chance of winning.

Does the draw include only the tickets that have been sold?

- Only the tickets that have been sold can be included in a prize draw.

Have you checked that your prizes are legal?

- It is illegal to offer certain prizes, such as alcohol, tobacco, or firearms, or vouchers for these. A comprehensive list of prohibited prizes can be found at <https://www.dia.govt.nz/Services-Casino-and-Non-Casino-Gaming-The-Rules-for-Running-a-Gambling-Activity#eight>

Will prizes only be given to winners who are drawn?

- Prizes cannot be given to people who don't have valid tickets in the raffle or to people whose tickets are not drawn in the prize draw.

If there are any conditions attached to a prize, have those conditions been clearly indicated?

- Ticket buyers must be able to know before they buy if there are any conditions attached to the prize(s), and if there are conditions then these must be clearly explained.

Are the retail values of all non-cash prizes clearly shown?

- The retail value of each prize must be clearly stated whether the prize is a cash prize or not.

Is the total prize pool worth more than 20% of the planned ticket sales?

- The retail value of the prizes must be at least 20% of the total gross value of the potential ticket sales. For example, if you are planning to sell 500 tickets at \$20 per ticket, the total potential sales will be \$10,000 and the total prize pool must be at least \$2,000.

YES

Is the organiser's name and address printed on the ticket in addition to the organisation's name?

- In a class 2 raffle the name and address of the organiser must be published at the point of sale (not just the organisation's details). The organiser must be a 'natural person' – a living human being with their own legal personality.

Winners must be given up to 3 months to collect their prize. Have you allowed time for this?

- The prizes must be able to be claimed up to 3 months following the declaration of a winner before it can be otherwise disposed of.

Will the prizes stay the same after ticket sales have begun?

- Prizes cannot be changed after ticket sales have begun.

Does the purpose of the raffle stay the same after ticket sales have commenced?

- The proceeds must benefit your community as an 'authorised purpose' which cannot change once ticket sales have begun.

Is each ticket individually numbered?

- Each ticket must be individually numbered. This is important for claiming prizes, but also in case ticket sales have to be refunded.

Do buyers have to get their tickets in person? (You can't sell tickets online.)

- it is illegal to sell raffle tickets by any electronic interactive method.

Are you keeping records of ticket sales and costs that have been incurred?

- The Department of Internal Affairs may ask to see your raffle records for up to six months after the draw. Records should include the seller's name, the buyer's name, the amount sold, the price, the location, the ticket number(s), and date(s) of sale.

Have you ensured that neither the society nor the raffle organiser hold tickets in the raffle?

- Neither the society promoting the raffle nor the organiser(s) managing the raffle are allowed to hold tickets in the raffle.

Links:

If you are planning a raffle, then please check out the following sites for more information:

Gambling Act 2003 <https://legislation.govt.nz/act/public/2003/0051/latest/DLM207497.html>

Gambling Act (Lottery) Game Rules 2004 https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Services-Casino-and-Non-Casino-Gaming-Lottery-Game-Rules

Department of Internal Affairs Gambling Fact Sheets [https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Services-Casino-and-Non-Casino-Gaming-Fact-Sheets-\(Gambling-Act-2003\)](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Services-Casino-and-Non-Casino-Gaming-Fact-Sheets-(Gambling-Act-2003))