

Fact Sheet LP08

Fundraising

and the Charitable and Non-Profit Gaming Act 1999



Purpose and Objectives

The purpose of the *Charitable and Non-Profit Gaming Act 1999* is to regulate the fundraising activities currently undertaken by non-profit entities, for example sporting organisations. The Act sets rules that must be observed in fundraising and also requires organisations to obtain a licence when fundraising activities are substantial.

Fundraising activities that are commonplace in non-profit organisations include:

1. **Art Unions** (Raffles, Silver Circles, Sweeps, Chocolate Wheels, Punchboards, Football Doubles, Lucky Dips, Lucky Door Prizes, Guessing Games)
2. **Bingo** - is a game in which each player is given a ticket with numbers printed on it and wins if their numbers match the randomly drawn winning numbers.
3. **Calcutta Sweeps** - is a game conducted on a horse race at a racing venue where each player bids for participants in the race.

Fundraising activities such as those above are referred to as "**Games**" in the *Charitable and Non-Profit Gaming Act 1999*.

Meaning of "Game"

A **Game** is a game, scheme or arrangement offering prizes (whether or not tickets are sold or distributed) in which winners are determined by:

- (a) Wholly or partly by chance
- (b) By a competition or other activity having an outcome depending on fate, for example, a guessing competition

Categories of Games

The majority of non-profit organisations conduct fundraising that falls into **Category 1 or 2**.

- **Category 1** - Total Ticket Sales up to \$2,000
- **Category 2** - Total Ticket Sales \$2,001 - \$20,000

Some non-profit organisations may conduct more substantial fundraising that falls under category 3.

- **Category 3** – Total Ticket Sales over \$20,000

Category 1 Game - "The small raffle"

The most common form of fundraising – the "Small Raffle" is an example of a Category 1 Game. Small raffles for meat trays using cloakroom tickets are typical examples.

Rules for this type of fundraising are:

- Max of \$2000 gross proceeds
- No licence needed
- Must be concluded with four months
- No cash prizes >\$10,000, tobacco or weapons
- Total value of prizes must be at least 20% of gross proceeds

Note: A person directly involved with the draw must not be an entrant

Category 2 Game

What is a category 2 game?

- Gross proceeds \$2001 - \$20,000
- No licence needed
- Must be concluded with one year
- No cash prizes >\$10,000, tobacco, weapons and alcohol (unless under \$100 value)
- Prizes must be at least 20% of gross proceeds

Note: The management committee and persons directly involved with the draw must not be entrants.

Category 3 Game

What is a category 3 game?

- Gross proceeds are more than \$20,000
- A licence is needed. The licence period is one year. Licence fees range from \$250 - \$2,000 depending on the gross proceeds.
- Must be concluded with one year
- No cash prizes >\$10,000, tobacco, weapons and alcohol (unless under \$100 value)
- Total value of prizes must be at least 20% of gross proceeds

Note: The management committee and persons directly involved with the draw must not be entrants.

Permits and licences must be sought from the Treasury Department of the Queensland Government

Important Rules regarding tickets

- Fairness - Every person who has a ticket in an art union must have a fair and equal chance of winning every prize in the art union at its drawing.
- Tickets must be sold at the same price. Selling 3 tickets for \$2 is allowed.
- Tickets may only be issued to an entrant if they have paid the right price.
- Tickets must not be sold after the closing of the art union
- Each ticket must be numbered consecutively
- The name and address of the entrant must be legibly written on the butt
- A person is not eligible to enter a category 1 art union if they are directly engaged in conducting the draw
- A marble draw is preferred but if the ticket butts are used then every ticket butt must be included.
- A person under the age of 18 must not sell tickets if prizes include alcohol.

Important rules regarding prizes

- Prizes must be kept for a reasonable period of time after the winner is decided. If not claimed the prize must be drawn again.
- Prizes must be drawn in descending order and value.
- Prizes must be delivered within one month.
- Results must be published in the way advertised on the tickets.

Record Keeping

The person responsible for the conduct of the art union must keep in a safe place the records, documents and accounts of the art union including records and forms of account correctly recording and explaining the financial operations and enabling the conduct of the art union to be properly and conveniently audited.

- **Master Register of Games** - important dates, gross proceeds, etc.
- **Ticket Register** - details of who the sellers are, the serial numbers of the tickets they have, the amount sold and unsold.
- **Cash Book** - details of all receipts and expenses pertaining to the Art Union
- **Bank Deposit Book**
- **Receipts Books**

• Statement of Art Union Receipts and Payments

Taking Care of the Money

Organising and running raffles and other fundraising activities can be a risky business.

Risk associated with fundraising

1. Insufficient funds raised to cover the expenses of the fundraising activity.
2. Insufficient record keeping, the organisation is inspected and fined.
3. The organisation breaks rules as stipulated by legislation i.e. rules related to prizes or ticketing.
4. Fundraising people embezzle the money.
5. Fundraising burns out volunteers.

Interesting Cases

McClelland v Burning Palms Surf Life Saving, 2002

Mr McClelland, a long standing member of the Burning Palms Surf Life Saving Club was expelled as a result of his involvement in fundraising activities.

McClelland regularly assisted the club with fundraising and he retained custody of money until he paid it to another club official for banking. He began to "borrow" money. Club officials took no action as he generally paid the money back within a day or two.

McClelland became unemployed and his borrowing increased. Officials of the club demanded that he repay the money, and banned him when he couldn't. McClelland then claimed that he had used the money on club business (which had not been sanctioned prior). He was told "*Bob you cannot take the raffle money. It's not right.*"

McClelland sued the club to overturn his ban from the club. He lost the case and was ordered to pay costs.

Suzanne Tuck v The Queen

Suzanne Tuck, the wife of the Treasurer of an over-50's club in Tasmania, was convicted of stealing \$53,000 in cash between Jul 1993 and Aug 1994.

Suzanne Tuck and her husband took home the proceeds of bingo sessions every Thursday and Sunday night. However no record of the actual takings was made before the Tucks went home.

It became noticeable that bingo takings were lower than previous years. The auditor suggested that there was a probable deficiency of \$40,000 - \$50,000.

Suzanne Tuck was interviewed by police and admitted that she regularly went to the Launceston Casino each Thursday and Sunday nights after returning home with the evening's takings. She lost, on average, \$1,000 per week in the first twelve months by gambling.