

Art unions

An art union is a lottery where the total value of prizes exceeds \$30,000. An art union can raise funds for a non-profit organisation. Prizes are distributed by a draw of tickets or marbles from a container, or by an electronic device.

Permit

To play an art union, you must have a permit. If an art union is played to raise funds for a charity, an authority under the *Charitable Fundraising Act 1991* may be required. If you are unsure, [lodge an enquiry](#).

Anyone representing a not-for-profit organisation can apply for a permit. However, the application must be signed by a nominee (director, member of the management committee, or an employee) of the not-for-profit organisation.

Complete the [games of chance – art union application form PDF, 151.64 KB](#) and include the following:

- A prototype ticket
- invoices that describe each prize and show the retail value and cost of prizes
- if a prize is real estate (e.g. house and/or land), include the additional information listed in Table A
- a statement describing any proposed salary, wage, bonus, commission or other remuneration, and expenses payable to the promoter, manager or any other person
- the proposed financial budget
- information on any early-bird draw component of the art union.

Table A - real property prices

The following information must be submitted when the prizes are real property prizes:

- independent written valuation by a licensed valuer
- details of any covenants, easements etc. to which the title to the land may be subject.

The following additional information must be submitted where the prize is a house:

- invoices for any furnishings, fittings, etc. not included in the valuation, setting out both the normal retail value and the actual net cost
- a building certificate under the *Environmental Planning and Assessment Act 1979*
- a Certificate under section 131 (a) of the *Home Building Act 1989*.

Where the house is not complete at the time of submission, include:

- plans and specifications of the house and any other improvements
- a copy of the contract with the builder.

Note: the house and any other improvements must be completed no less than four weeks before the draw so an inspection can be carried out if necessary. All legal expenses, stamp duty, fees, etc. must be paid from the funds of the art union.

Duration of an art union

We recommend that an art union be commenced and completed within six months. The date, place and time of the drawing for the prizes, as printed on the face of each ticket, cannot be altered without written approval from us. Supply us with detail about the proposed new arrangements, and reasons why the alteration is wanted.

Prizes

The total amount of money prizes (excluding spending money) cannot exceed \$30,000. If a money prize exceeds \$2,000, the organisers must pay to the prize winner the amount as exceeds \$2,000 through a cheque or electronic funds transfer (EFT) to an account nominated.

Other goods

Prizes may 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 e.g. tour or journey provided the spending money does not exceed \$30,000 and does not exceed 20 percent of the total value of the travel prize.

Prohibited prizes

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 20L of liquor with alcohol content not exceeding 20 percent by volume or more than 5L of liquor with alcohol content exceeding 20 percent by volume.

Substituting a prize

You can only substitute a prize if we approve of that. We'll only give approval if the prize has been lost, destroyed or for any other reason cannot be allotted or distributed. The substituted prize must be similar to the original prize, and not less than its value. If the substituted prize is more than \$100,000 art union organizers are required to notify all entrants of the prize substitution and be given the opportunity of a refund.

Taking care of the prizes

Each prize must be carefully preserved until the winner can take possession. If a prize is real estate, the art union organisers must pay all taxes and other outgoings, maintain the property in good order and condition and keep the property insured against loss or damage until the date the prize is transferred to the prize winner. Any rents and profits received by organisers after payment of rates, taxes, etc. must be added to the income of the art union.

Unclaimed prizes

If you cannot contact a prizewinner you must keep the prize for three months after the lottery. If a prize is perishable it can be sold or disposed of. The money raised after deducting the reasonable costs of sale or disposal, must be kept in trust for the winner of the prize. If a prize remains unclaimed at the end of three months, you should send a letter to us setting out full details of the steps that you took to contact the winner and have the prize delivered, and seeking permission to sell the prize.

Remuneration and expenses

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 art union
- advertising and promoting the art union, including postage, telephone, lists of names
- auditing the art union accounts, other records and processes
- salaries, wages or commission payable to organisers.

Maximum allowable expenses

Total allowable expenses (including the cost of the prizes in an art union) must not exceed 70 percent of the gross proceeds of the art union.

How much should the benefiting organisation receive?

The benefiting organisation should receive at least 30 percent of the gross proceeds of an art union. If the art union does not achieve the required minimum of 30 percent profit, the art union organisers must apply to us for approval to accept the percentage achieved. The application must explain the unusual and unexpected circumstances that resulted in this outcome.

Tickets

Whatever price is considered reasonable can be charged. 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's acceptable to sell tickets at a discount, but only if it's fully disclosed.

Format of tickets

Tickets must have three portions – a purchaser's portion, drawing docket and ticket butt. If computer-generated tickets are used, a ticket-butt and drawing docket is not required if the computer records contain the same information as the purchaser's portion of the ticket. Ticket butts must be numbered consecutively in the same series as the ticket. Ticket butts must also contain space for the name and contact details of the purchaser to be written. The purchaser's portion of the ticket must include:

- the name of the art union
- the name of the benefiting organisation
- the price of the ticket
- details of the prizes and their recommended retail value
- the place, date and time of the draw
- details of where the results will be published
- the number of tickets in the art union
- the name and address of the promoter
- the number of the permit we issue for the art union
- the serial number of the ticket
- the total number of tickets in the art union.

Tickets cannot be printed until we have issued a permit for the art union.

Advertising

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 art union 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 published.

This information can be printed on the ticket. Tickets and any advertising or promotional material used in conjunction with the art union 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. airfares, transfers, other transport, duration, accommodation standard, meals); restrictions on when the travel must be taken; and whether spending money is included.

Advertising restrictions

An art union organiser must not publish any lottery advertising that:

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

The draw

- Must take place in Australia.
- Every person who has purchased a ticket in an art union must have a fair and equal chance of winning every prize in the art union when drawn.
- Art union organisers cannot impose a condition requiring a ticket-holder to be present at the draw to claim a prize in the art union.
- All prizes must be distributed by the drawing of ticket butts or numbered marbles from a barrel or other suitable container.
- 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.
- 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.

Postponing the draw

You can delay the draw if ticket sales are low and we approved the new date. If we approve the change of date request to delay the draw, organisers must advertise the new draw date, time and place, so that ticket purchasers are fully informed. The notice should give reason(s) for the postponed draw. The draw must be made by a person who has been approved by us. That person cannot be an organiser of the art union.

Using a computerised system

A mechanical or electronic device must be approved by a suitably qualified, independent person. The person must be able to:

- control and security features (login, passwords)
- operating procedures
- whether the system is tamper-proof
- whether all entrants have an equal chance of winning
- technical data and promotional material
- whether a hard-copy of the prize winners' list is provided.

Records

You must keep all receipts, invoices and other records concerning costs and outgoings, and payments received as payments for tickets. You must also keep a record of:

- the total amount of money received from the sale of tickets
- the total value of the prizes
- 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 person to whom tickets were distributed for sale, together with the number of tickets issued and the serial numbers
- the names and contact details of all persons who applied for a ticket
- 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).

Organisers must deposit all money received into an account at a financial institution that belongs to the benefiting organisation. This should occur within two days after it's received.

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 date of the draw at which winners are determined. Unsold tickets must be retained for at least three years after the date of the

draw.

Is a financial return required?

Art union organisers must send us an audited statement of income and expenditure, a balance sheet, and a statutory declaration within two months from the date of the draw. You must also send us a receipt from the benefiting organisation for the net proceeds made.

Who is responsible?

The promoter or organisers are responsible for the proper management and conduct of an art union. A subcommittee can be elected from within the benefiting organisation to be the organising committee. The benefiting organisation should oversee the organisers and:

- insist on reports
- ratify all expenses and prizes awarded
- have full access to records and registers
- make sure financial records are audited
- exercise proper internal controls over the purchase, sale and safekeeping of tickets including unsold tickets.

Next Mini-numbers

<https://www.fairtrading.nsw.gov.au/games-of-chance/community-gaming/charities-and-not-for-profits-only/art-unions> 04-07-18

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