



Study on the funding of grassroots sports in the EU

With a focus on the internal market aspects
concerning legislative frameworks and systems of
financing

Final report

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Amnyos

CDES

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1 Introduction

This volume presents the economic and regulatory framework for grassroots sport in each EU Member State, along with the general information on the resources allocated to sport. Unless otherwise stated, all the revenue figures presented refer to the sport system in general: it was, indeed, not possible to systematically single out the revenue allocated to grassroots sport within the total amounts allocated to sport in general.

The information presented is based on a number of sources, the primary one being the responses made to the questionnaires sent by Eurostrategies and Amnyos to the Ministries in charge of sport, as well as the National Olympic Committees (NOCs) and the national sport organisations members of ENGSO. These questionnaires, sent in the first phase of the study and complemented with further requests later on, requested information on the regulatory and fiscal framework applying to sport in each country, as well as detailed data on the revenue flows that are allocated to sport, and the channels through which these funds are allocated to sport.

Where no answer was received, or when the responses provided were incomplete, the study team sought to fill in the missing information by identifying other sources, including research on official internet web-sites (for the regulatory environment and the revenue data) and academic or other studies on sport in those countries. In general, the data presented in these country reports do not systematically refer to 2008, the year selected as a reference for the analysis in Volume I¹. The data presented in this Volume is that which was collected (or estimated by the study team) for the year for which most data was available in each country (often, 2007, and in some cases 2005).

Each country report starts with background information on the demographic and economic situation of the country: as indicated in Volume I, the level of development of the country and the past and future trends in the economic situation, in particular in the state of public finances, influence the amount of funding that goes into the sport sector in each country. Information on population density is also relevant due to its influence on the average size of clubs which, as explained in Volume I, also influences the revenue structure: large clubs can more easily generate economies of scale than smaller clubs, and the role of local authorities, crucial everywhere, is even more important for clubs located in rural areas, than for clubs located in urban or densely populated areas. The information on the relative weight of the public sector debt sets the context for future trends in public sector policies in all areas, hence also in the area of sport. It does not provide any signal on the future priorities of public policies, but gives an idea of the relative importance of the future budgetary constraint.

The monetary equivalent of the contribution of the work done by volunteers in sport was calculated on the basis of the estimated number of volunteers involved in the sector and the average number of hours worked per volunteer, multiplied by 70% of the average gross hourly wage rate in the country, using data from Eurostat. The 70% figure was applied to take into account the fact that the volunteer hours are not always as productive as paid salaried work, therefore the replacement of voluntary workers by salaried personnel would likely lead to the recruitment of fewer people than are presently working as volunteers in the clubs. It also reflects the fact that the required skill mix is highly variable, and that the average effective salary is likely to be less than the national gross average hourly wage rate.

¹ In Volume I, to allow cross-country comparisons, all the data presented in the country reports was updated to the year 2008 using as a guideline the trend in nominal GDP in local currency in each Member State.

2 Austria

2.1 Economy and demography

GDP at constant prices, bn € (2008)	246.3
Average annual growth rate (2003-2008)	2.8 %
GDP per capita, € (2008)	29,611
GDP per capita, PPP, thousand \$ (2008)	36,468
Population, thousands (2009)	8,355
Share of urban population	67%
Share of population in 15-64 age range	68%
Unemployment rate (2008)	3.8%
Public debt (as a % of GDP) (2008)	62.5
Government deficit (as a % of GDP) (2008)	-0.4
Member of the Euro Area	Yes

Austria extends over an area of 83,870 km². It has a population of 8.3 million, which corresponds to a density of 100 people per km². Approximately 67% of the population lives in an urban area. Austria's per capita GDP (not in PPS) was equal to € 29,600 in 2008, nearly 37% above the EU-27 average. Corrected for differences in purchasing power parity, the country's per capita GDP was \$36,500 in 2008, 30% higher than the EU-27 average.

Austria's GDP represents 2.3% of the EU-27 GDP. Between 2003 and 2008, the country's GDP grew at an average rate of 2.6% per year, compared with 2% in the Euro Area and 2.2% in the EU as a whole. Exports were the main driver of growth.

As a consequence of the global economic and financial crisis, the economic situation deteriorated significantly in 2009: after the 2.2% growth recorded in 2008, GDP fell by 3.9% in 2009, and the unemployment rate increased from 3.8% in 2008 to 5.1% in the third quarter of 2010. As elsewhere, the recovery is sluggish and lengthy, partly due to the country's strong linkages to the Central and Eastern European countries, many of which were severely hit by the crisis.

In 2008, the government debt in Austria was equivalent to 62.5% of GDP, a level slightly above the EU-27 average. The public debt to GDP ratio has, however, fallen gradually thanks to a continuous fiscal consolidation. It deteriorated in 2009 and 2010 due to the economic downturn. Thus, the necessary correction of the government deficit and the required reduction of the debt burden will weigh on future public spending decisions, and on the government's ability to raise expenditures on sport.

Austria adopted the euro in 1999.

2.2 Sport participation

According to the 2009 Eurobarometer survey², 38% of the Austrian population practices sport at least once a week, a figure close to the EU 27 average of 40%.

Concerning overall physical activity, 77 % of the Austrians aged 15 and above are considered to be “physically active”³.

Based on information from the sport movement, 40.3% of the population was member of a sport club in 2005. The figure increased by 2.7 percentage points between 2000 and 2005. In the Eurobarometer survey, 17% of the respondents reported being member of a sport club, 13% to be member of a health or fitness club, 8% to be a member of a social club offering sport activities amongst other activities, and 11% to be member of “another” type of club. Because respondents could provide several answers, these percentages cannot be summed, yet they confirm that a high percentage of Austrians regularly practice a sport in an organised structure.

Among the most popular sport disciplines are football, tennis and ski, as indicated in the table below which reports the number of members per sport federation.

Disciplines with the highest number of members (2006)

Sport	Members	Sport	Members
Football Association	525,000	Gymnastic Association	91,888
Tennis Association	169,688	Swimming Association	65,410
Skiing Association	152,059	Fédération Equestre National	47,550
Federation icestock sport	123,350	Cycling Association	45,307
Golf sport Association	95,833	Athletic Association	31,772

Source: Federal Chancellery of the Republic of Austria (2006). Twentieth Sporting report. Demand 13/11/2009 at <http://www.sportministerium.at/files/doc/Stand-bis-02-2009/Sportbericht/Sportbe-20052006.pdf>

2.3 Allocation of responsibilities for sport policy

The federal structure of the country is reflected in the organisation of sport policy. As per Art 15 of the Constitution, sport policy is of the responsibility of the nine provinces⁴ (Länder). Only sport matters of national interest are handled at federal level by the Chancellor, the Federal Ministry for Education, Arts and Culture and the Ministry of Defence and Sport.

The federal government’s main responsibility in the area of sport is to promote sport-for-all. This is done through programmes such as « Sportleistungsabzeichen », « Fit für Österreich », « SportKids », « Fit for Business » or « Fit für 50 plus » which aim at increasing sport participation rates and strengthening the grassroots sport structures⁵ - i.e., the sport clubs.

² Eurobarometer, Sport and Physical Activity, European Commission 2010.

³ Tuyckom, C. van & Scheerder, J.(2008). Sport for all? Social stratification of recreational activities in the EU-27.Kinesiologia Slovenica, 14(2), 54-63

⁴ Tokarski, W., Petry, K. , Groll, M. & Mittag, J. (2009). A Perfect Match? Sport and the European Union. Aachen: Meyer & Meyer Sport

⁵ Federal Chancellery of the Republic of Austria (2006), Twentieth Sporting Report. Demand 14/12/2009 at <http://www.sportministerium.at/files/doc/Stand-bis-02-2009/Sportbericht/Sportbe-20052006.pdf>

2.4 Organisation of the sport movement

Austria counts:

- Approximately 14,400 sport clubs;
- 59 national sport federations;
- 3 umbrella organisations.

The average sport club has 280 members. Although more than half of the clubs have less than 200 members, there are very large clubs with over 1 000 members⁶.

The **Austrian Federal Sport Organisation** (Österreichische Bundes-Sportorganisation or BSO) is the country's supreme self-governing sport body. It was created in 1969 and is a not-for-profit association. Its role is to promote sport in the interest of all citizens and to act as a service facility for its members. BSO distributes the funds allocated to sport from the federal budget as well as the special federal funds for the promotion of sport coming from the compulsory levy on the Austrian Lotteries.

BSO's ordinary members are the 59 national sport federations plus three umbrella organisations. The Austrian Handi-Sport Federation is a member of the BSO "with special objectives". BSO also has a number of extraordinary members: these are different organisations and institutions involved in sport such as the Austrian Olympic Committee (ÖOC) and the 9 provincial sport organisations. The three umbrella organisations that are member of BSO are: the Austrian Association for Sport and Physical Education (ASKÖ: Arbeitsgemeinschaft für Sport und Körperkultur Österreichs); the Austrian Gymnastics and Sport Union (Österreichische Turn- und Sportunion); and, the General Sport Federation of Austria (ASVÖ: Allgemeiner Sportverband Österreich) which focuses on sport for all and leisure sport.

2.5 Legal framework

2.5.1 Specific Laws on sport

The allocation of financial support to sport is regulated by the Austrian Federal Sport Funding Act.

At the level of the Länder, there are different laws and provisions in the field of sport. The local authorities' support includes the provision of sport infrastructure such as sport facilities, sport fields, equipment and other.

The Austrian law which organises sport activities is the **Federal Sports Promotion Act** of 1969 (Federal Sport Act).

2.5.2 Allocation of revenue from gambling services to sport

The **Austrian Lotteries** is a public monopoly, with the Federal Republic of Austria as the owner. The business purpose of the Austrian Lotteries was enshrined in the **Austrian Games of Chance Act** and the legislator's explanatory comments thereto. The law provides for a quasi state monopoly for the organisation of lotteries, as only one license may be granted by the Ministry of Finance to a private company domiciled in Austria for the exploitation of the national lottery. The single license is

⁶ Source: Tokarski, W., Petry, K., Groll, M. & Mittag, J. (2009). *A Perfect Match? Sport and the European Union*. Aachen: Meyer & Meyer Sport

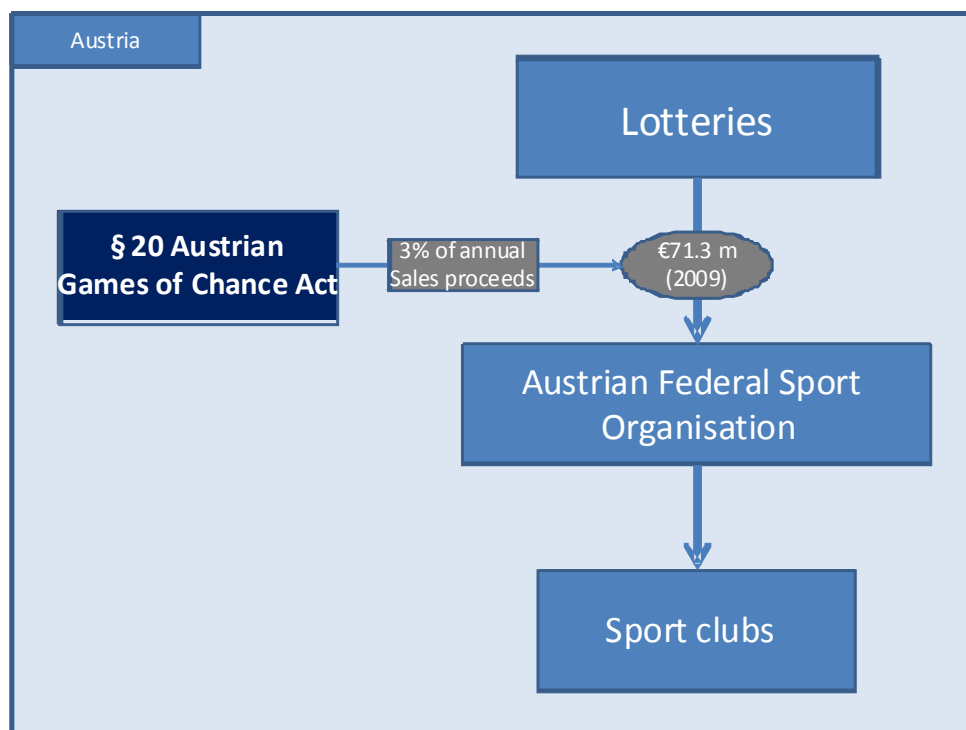
granted for a period of 15 years and is currently in possession of the *Österreichische Lotterien Gesellschaft mbH* until 2012⁷. Sec. 14 of the *Games of Chance Act* describes the requirements to be filled by the licensee for running games of chance. Among other, the licensee “...shall attain the optimum yield of game-related duties (license fee and betting fee) for the national revenue intake of the Federal Republic.”

The distribution of the lottery money is governed by § 20 of the Austrian *Games of Chance Act*. The funds are managed by the Austrian Federal Sport Organisation and distributed according to a set formula. The amount of revenue channelled from the lotteries to sport has varied over time. The latest amendment of the *Games of Chance Act*, on 10 December 10, 2004, stipulates that, from January 1, 2005, 3 % of the annual sales proceeds of the Austrian Lotteries are to be earmarked for the promotion of sport practice. Now, there is a minimum amount to be paid annually of € 40 million, and the maximum threshold which existed previously has now been dropped. As a result, the total funding available for sport from the public sector budget increases in line with the lotteries’ revenue.

Given the rapid development of online sport betting, the amount of money allocated to the promotion of sport has steadily increased in the past years, from € 33.4 million in 2000 to €71.3 million in 2009. This represents a rise by more than 100%, and 17% of all revenue for good causes from the state lottery operations.

The graph shows the redistribution system. On average, 16.3% of the lotteries’ turnover has been channelled to the Austrian Federal Sports Organisations through this mechanism.

Allocation of revenue from gambling services to sport



Source: Eurostrategies' consortium

⁷ The European Charity Lotteries' Association, Report on Austria (2010).

In addition to this compulsory levy, the Austrian Lotteries contributes to the development of football by supporting many projects for young football players, among which:

- The Toto Youth League;
- The International Youth Toto Cup;
- Challenge 2008

2.5.3 Laws with an indirect impact on grassroots sport

There is a legal ban on advertising of spirits on television and radio and on sponsorship of television and radio programmes by alcoholic beverages' producers, under the Austrian Advertising Council.

2.6 Resources allocated to sport

2.6.1 Financial resources going into sport

The table below provides information on the key sources of revenue allocated to sport in Austria. The data presented is for 2007.

Revenue from (2007):	Million €	Share of total	€ per capita
General government	717,1	17,3	86,4
of which:			
- Central government	578,3	13,9	69,7
- Ministry in charge of sport	99,1	2,4	11,9
- Other governmental entities	479,2	11,5	57,7
- Local authorities	138,8	3,3	16,7
Private stakeholders	3437,1	82,7	414,1
of which:			
- Household's expenditures on sport	3081,7	74,2	371,3
- Companies (sponsoring, donations, others,...)	355,4	8,6	42,8
Total revenue	4154,3	100,0	500,5

Sources: Eurostrategies' consortium, from national sources and surveys

Households spent € 371 per capita on sport⁸ in 2007. The value of household expenditures on sport in 2007 is estimated on the basis of the 2004 household budget survey⁹, which reports that 2.3% of consumer expenditures, and 18.1% of consumer expenditures on recreational and cultural services, are sport-related. These percentages have been applied to the 2007 household consumption figure.

⁸ Data on sport expenditure is based on STATISTICS AUSTRIA, Household Budget Survey 2004/05:

Item	Estimate	Hypothesis
Equipment for sport, camping and open-air recreation	€112/year	25,7% of Other recreational items and equipment, garden and pets (€37/person/month)
Recreational and sporting services	€232/year	44% of Recreational and cultural services (€44/person/month)

⁹ Source: Austrian national statistics institute.

The federal government's direct contribution to sport is € 69.7 per capita. This represents a little less than 14% of the whole budget of the sport system. Other sources of funding include local and provincial governments, which account for 3.3% of all resources allocated to sport, and companies, through sponsorships, donations and other.

The precise contribution by companies (sponsorships, donations) could not be identified. The estimate presented here is based on the average share of sport sponsorship in GDP in the Netherlands, Germany and France.

The revenue from the lotteries is channelled to sport via the Austrian Federal Sports Organisation. Because the Austrian Lotteries is a state-owned public monopoly, however, the € 61.2 million generated in 2007 are covered under the "other governmental entities" heading in the table on the previous page.

2.6.2 Estimated contribution of voluntary work

There are an estimated 496,815 volunteers working in the sport sector, who work an average of 3 hours per week¹⁰. This corresponds to 37,261 full time equivalents (FTE), and to a net funding of €682 million¹¹, 22% of total expenditures on sport by households.

2.7 Solidarity systems in favour of grassroots sport

No regulated solidarity system was identified, and no information was provided on the organisation of solidarity mechanisms within the sport movement.

¹⁰ Study on Volunteering in the EU, a report by GHK for the European Commission, 2010.

¹¹ Based on the gross average hourly wage rate (Eurostat)

3 Belgium

3.1 Economy and demography

GDP at constant prices, bn € (2008)	291
Average annual growth rate (2003-2008)	2.3%
GDP per capita, € (2008)	27,281
GDP per capita, PPP, thousand \$ (2008)	33,705
Population, thousands (2009)	10,750
Share of urban population	97%
Share of population in 15-64 age range	66%
Unemployment rate (2008)	7%
Public debt (as a % of GDP) (2008)	89.6
Government deficit (as a % of GDP) (2008)	-1.2
Member of the Euro Area	Yes

Belgium extends over an area of 30,528 km². It has a population of 10.8 million, which corresponds to a density of 354 people per km². Approximately 97% of the population lives in an urban area. Belgium's per capita GDP (not in PPS) amounted to € 27,300 in 2008, 26% above the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$ 33,700 in 2008, 21% higher than the EU-27 average.

Belgium's GDP reached € 290.4 bn in 2008, 2.8% of the total EU-27 GDP. Between 2003 and 2008, the country's GDP grew marginally faster than the European average, at 2.3% per year, compared with 2% for the Euro Area and 2.2% in the whole European Union. Exports were the main driver of growth.

Even though much progress has been achieved in the past decade, Belgium remains one of the most indebted countries in the EU: in 2008, the government debt in Belgium was equivalent to 89.6% of GDP, a level well above the EU-27 average. The public debt to GDP ratio has, however, been falling gradually over the past years thanks to a fiscal consolidation. A further deterioration in the share of public debt in GDP is nevertheless expected in the coming years, as a result of the government's initiatives to support the banking system, and to limit the impact of the 2008/09 economic downturn on the overall economy. Thus, the necessary correction of the public sector deficit and the required reduction of the debt burden will weigh on public spending decisions in the coming years. This will limit the government's ability to raise public expenditures in areas such as cultural activities or sport & leisure.

Another consequence of the crisis is the strong turnaround in growth in 2009: after having grown by 0.8% in 2008, real GDP fell by 3.9% in 2009, slightly less than the average decline of 4.2% in the whole of the EU. As a result, the unemployment rate rose from 7% in 2008 to 8.3% in the third quarter of 2010.

3.2 Sport participation

According to the 2009 Eurobarometer survey¹², 50% of the Belgian population practices sport at least once a week. This is more than the EU-27 average of 40%. Belgium is the fifth country with the highest sport participation rate in the EU.

¹² Eurobarometer, Sport and Physical Activity, European Commission 2010.

In the 2009 Eurobarometer survey, 14% of the respondents said they were member of a sport club, 7% of a health or fitness club, 4% of a club organizing sport activities, and 3% said they were part of “another” type of club. These figures are low in comparison with those of other countries with similar participation rates, indicating that most Belgians practice sport and physical exercise outside an organised structure.

No information was provided on participation or membership rates per discipline.

3.3 Allocation of responsibilities for sport policy

In Belgium, the three communities (Flanders, Wallonia and Brussels) are autonomous when it comes to sport-for-all. Each community has its own administration responsible for sport.

In the Flanders’ region, the elaboration of policies in the field of grassroots sport is the responsibility of local authorities, through the Flemish Provinces and Municipalities. Although the local authorities have autonomy in this policy area, they receive funding from the regional government to cover human resource costs and finance their actions. In 2004, the total amount of funding was €5,755,000. The regions then decide how they allocate this to the local sport sector. In 2004, local sport clubs and organisations received € 228.5 million from the municipalities, partly funded from the regional government’s budget. Infrastructures received €4,129 million from the Flanders’ government budget, and €71 million from the municipalities: since 2008, indeed, the new decree on local sport policy obliges the local authorities to “co-finance” sport initiatives.

- In Flanders, Bloso¹³ (**the Administration for Sport and Outdoor Recreation**) is responsible for the general organisation, coordination and promotion of sport practice, sport recreation and outdoor recreation. More specifically, Bloso is responsible for:
 1. The supervision and implementation of regulations in the areas of sport and outdoor recreation;
 2. The organisation and co-ordination of international relations, and cooperation in the areas of sport and outdoor recreation, at home and abroad;
 3. The provision of information and documentation concerning technical aspects of sport;
 4. Providing counselling, co-ordinating and supporting activities organised by national, provincial and local institutions and/or associations;
 5. Promoting the practice of sport through:
 - o *The organisation of sport classes, sport camps, etc....,*
 - o *The organisation of national promotion campaigns, assistance initiatives and support activities,*
 - o *Support to sport in school;*
 6. Training (through training programmes for technical and executive sport staff);
 7. Granting subsidies to private and public initiatives in the area of sport;
 8. Collaborating in the development of a solid top-level sport policy;
 9. Administering and supporting existing or planned sport centres and facilities;

¹³ <http://www.bloso.be/>

10. Controlling the Sport Fund (finances and expenditures).

- In the French-speaking Community, the central administration responsible for sport is the **Administration Générale du Sport**, better known under its former name ADEPS¹⁴ (Administration de l'Éducation Physique et des Sport), part of the Ministry of the French Community since 1983. The Administration Générale du Sport is in charge of creating, managing and promoting a variety of sport activities. It is present at local level through 18 sport centres, 6 centres of advice on sport and through its collaboration with about 60 sport federations, local authorities and 60 certified sport centres. Its missions are to: (1) promote physical activity and the practice of sport by the French-speaking population by organizing activities for children and youth, and for the general public (« Sport for All »); (2) organise sport holidays in its 18 sport centres; and, (3) provide financial support to sport activities organised by the public administrations or by youth associations, to the sport federations and their 6,250 member clubs, and to high level sport practices by French-speaking athletes and women - through the provision of jobs contracts and scholarships to sport elite; (4) support the National Olympic and Interfederal Committee of Belgium.
- For the German-speaking community, the Ministry of the German-speaking community (**Division of Cultural Affairs**)¹⁵ is the institution responsible for sport. One of the cornerstones of sport policy is the ongoing support to, and improvement of, trainers and coaches. To this end, the Ministry works with recognized sport associations and with the region's clubs on the implementation of training and advancement programmes.

The overall state budget for sport has grown from €70,873 million in 2004 to €104,084 million in 2008, a growth by almost 47%. The funds allocated to sport-for-all increased from €37,569 million to €50,861, while the amount allocated to high-level (elite) sport increased from €6,060 million to €16,840 million between 2004 and 2008.

3.4 Organisation of the sport movement

The **National Olympic and Interfederal Committee of Belgium** is the organisation in charge of sport. Its main goal is the selection and preparation of athletes for the Olympic Games. It represents Belgium in the Olympic movement and acts as the non-governmental sport representative for the whole of Belgium.

In parallel, there are regional sport federations in each community, all of which benefit from the governmental support system:

- In the Flemish community, the umbrella sport organisation is the Vlaamse Sport Federatie (VSF);
- In the French-speaking community, it is the Association Interfédérale du Sport Francophone (AISF);
- In the German-speaking community, it is the Sportrat, which was founded in 2002.

Both VSF and AISF have around 80 member federations. Members of Sportrat are representatives of the sport federations, the local Sporträte (sport boards) and the sport clubs not organised in federations¹⁶.

¹⁴ <http://www2.adepts.cfwb.be/index.asp>

¹⁵ http://www.dglive.be/en/desktopdefault.aspx/tabid-1265/2245_read-28082/

¹⁶ Organisational aspects of sport in the European Union, German Sport University Cologne, Institute for European sport-development and Leisure studies, September 2008

3.5 Legal framework

3.5.1 *Specific Laws on sport*

As indicated above, in the area of sport most remits are the responsibility of the three cultural communities.

The **general Law on sport** in Belgium the Law of June 26, 1963 relating to the encouragement of physical education, to the practice of sport and life in the open air as well as to the supervision of companies which organise betting on the results of sports events.

Article 10 of the Law of June 26, 1963 introduces a **National Sport Fund** managed by the ministries responsible for physical education and sports. This is funded by:

- The product of dues on the proceeds of sporting events;
- Payments, registration fees and other income from the Fund's activities;
- Budget subventions;

The fund's resources must be assigned to:

- The activities of associations for the encouragement of physical education and the practice of sport;
- The organisation of sport events, both nationally and internationally;
- The publication of documents, studies and reviews relating to physical education and sports;
- The promotion of the practice of physical education and sport among the population.

For the French community, the applicable regulatory text is the *Décret-Programme* of 15 December 2010 laying down various measures relating to sport in the French community.

In the Flanders region, the Flemish decree on local sport policy sets the priorities in this area. These include the support of sport clubs and of non-organised sport, the promotion of diversity in sport and sport for-all and the development and maintenance of sport facilities. In order to receive subventions, local authorities need to develop a sport policy plan which takes these priorities into account. They then receive funding based on the population size (€ 1.5 per inhabitant), under an obligation to co-finance. A minimum of €2.25 per capita is invested annually in sport in the municipalities.

In the German speaking community, the Sport Decree applies. This law reduces the administrative burden for registered sport organisations to a minimum, while giving a legal status to the Sport Council and Sport Commission.

In addition to the general law on sport, a number of statutory provisions relating to sport are in place, which vary according to the language community. Among these are regulations governing the recognition of sport federations and the provision of financial support to the federations. Among the tasks of the communities are the promotion of participation in sport and the support of sport initiatives and projects.

3.5.2 *Allocation of revenue from gambling services to sport*

The Law on Lotteries from 1851 prohibits all lotteries in Belgium unless they have the public benefit as their principal aim. Since 1991, the National Lottery (Lotterie Nationale in French, Nationale

Loterij in Dutch) has the exclusive right to organise lotteries. Small-scale lotteries may, however, also be arranged at the local level. These are carried out under the control of the provinces or the municipalities¹⁷.

The current legal framework for the lottery system is the **National Lottery Act**, of April 19, 2002. The Law defines an annual allocation of the Lottery's revenues, based on a proposal by the Ministry in charge of sport. Under the terms of Article 22 of the Law of 19 April 2002 relating to the national lottery, the national lottery management contract fixes the terms of calculation and payment of the monopoly rent, as well as the special contributions and percentage of pre-tax profits to be levied annually for purposes of public interest. Among the "public interest" areas is the promotion and development of sport.

The "Charte des subsides"¹⁸ defines the redistribution of revenues from the National Lottery. In order to fulfil the criterion of a lottery for public benefit, the Nationale Loterij must reserve a set amount for subsidies every year¹⁹. In 2009, the amount was €225.3 million (20% of turnover 2009). Of this amount, 27.44 % goes directly to the three communities' budgets, and 72.56 % is allocated to the Federal Government. In 2009, sport received 3.3% of the federal part of the redistributed funds (€5.4 million out of €163 million)²⁰. Expenditures focus on youth and education, high-level sport and the funding of the National Olympic Committee. Concerning the part of the revenue which is transferred to the communities (27.44%), there is no data available the share that goes to sport.

Prices awarded by the national lottery are exempt of all taxes levied in favour of the State.

Gambling and games of chance are not subject to VAT in Belgium.

The Belgian law makes a distinction between games of chance and lotteries. As a consequence, the Belgian Gaming Commission established in 1999 supervises all sorts of games of chance, but not the National Lottery. A new **Gaming Law** is expected to enter into force in 2011, which will cover all kinds of games of chance except for lotteries, whether such games of chance are provided offline or online. A licensing system will be imposed for all kinds of games of chance. In order to offer *online* gambling services, the New Gaming Law requires operators from other Member States to hold a license for land-based gambling operations in Belgium and to (re)locate their server(s) in a permanent establishment in Belgian territory.

With respect to the code covering taxes with similar effect to income tax [CTA] mentions, in headings III and IV, a tax on gaming and betting which deals with regional taxation (articles 43 to 91): regional administrative jurisdiction is limited to determination of the basis and rate of tax assessment. On this basis, a tax of 15% on gross gambling revenue is established in the Flanders' region, whose revenue is allocated to the region's budget. The rate is 11% in Wallonia and in the Brussels-Capital regions.

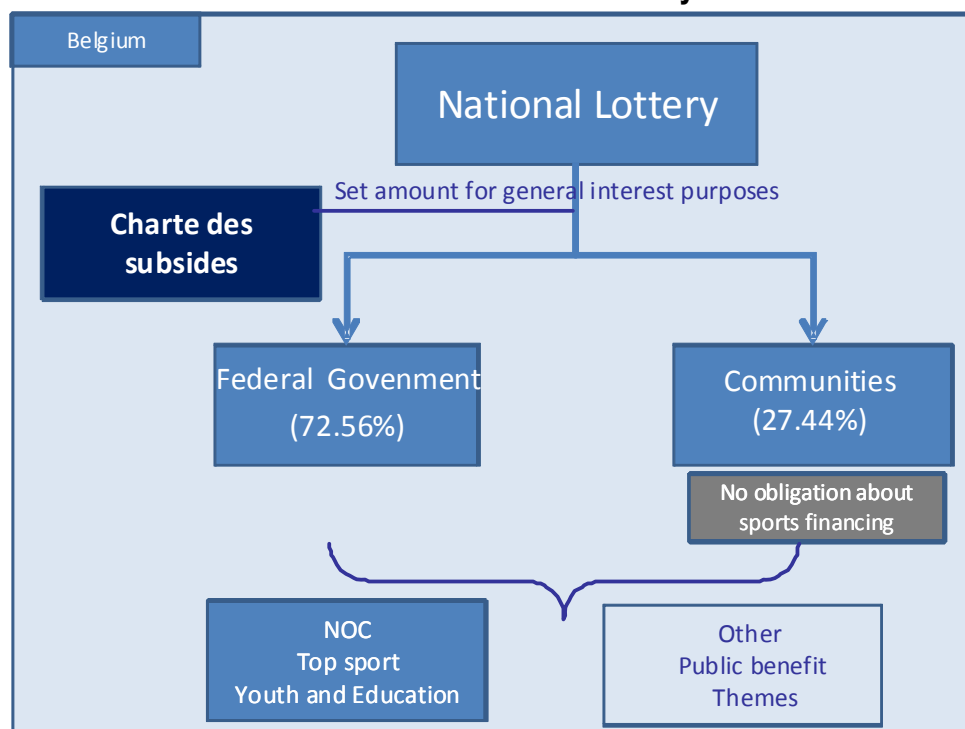
¹⁷ The European Charity Lotteries' Association, Report on Belgium, 2010.

¹⁸ http://www.loterie-nationale.be/Images/FR/CHARTE%20version%202009%20F_tcm8-4990.pdf

¹⁹ The European Charity Lotteries Association, 2010.

²⁰ In 2008, the European State Lotteries and Toto Association estimates that the total revenue going to good causes from the state lottery in Belgium amounted to € 360,9 bn, and that it decreased to € 340,1 bn in 2009. The revenue that was allocated to sport is, however, estimated at € 3.5 bn in 2008, and € 3.2 bn in 2009. This figure underestimates the reality, given that the figures do not take into account the share of net revenue from the lottery allocated to sport via the regional governments.

Allocation of the revenue from the National Lottery



Source: Eurostrategies' consortium, based on national sources

3.5.3 Laws with an indirect impact on grassroots sport

Under the terms of Article 44 §2- 3° of the **Belgian VAT Code**, the provision of services to persons practising physical culture or sport by operators of physical education establishments or sport installations are tax exempt, where such operators are not-for-profit making organisations and the proceeds from the exempted activities serve exclusively to cover costs.

Sports clubs do *not* seem to be exempt from **income tax**.

There is a legal ban on spirits advertising on commercial TV and radio.

With respect to the fiscal regime applying to revenue allocated by sponsors, the notion of sponsoring does not appear explicitly in Belgian tax legislation. The two decisive elements are the returns generated by the sponsored party, and the sponsors' outlays. The latter are considered as costs, implying the possibility of deducting these from income before taxation. Article 49 of the **Income tax Code** stipulates that: "expenses are deductible as being professional expenses, those costs which the taxpayer has paid or borne throughout the taxable period with a view to acquiring or keeping the taxable expenses" Article 52 of the Code includes a list of the costs which may be considered as deductible professional expenses. The list includes advertising costs.

Articles 24, §3 and 50 bis, 2° of the Income tax Code, however, reject the admissibility of certain costs as deductible where they are "beyond reasonable professional requirements".

There does not seem to be in Belgium any specific taxation of intellectual property rights related to the broadcast of sport events.

3.6 Resources allocated to sport

3.6.1 Financial resources going into sport

The table below shows the revenue sources that contribute to the funding of the sport system. The figures only related to the Flanders region, for the year 2005.

Allocation of resources going into the sport system in the Flanders' region, 2005

Revenue from (2005):	Million €	Share of total	€ per capita
General government	510,9	32,0	47,3
of which:			
- Central government	171,9	10,8	15,9
- Ministry in charge of sport	72,6	4,5	6,7
- Other governmental entities	99,3	6,2	9,2
- Local authorities	339,0	21,2	31,4
Private stakeholders	1088,1	68,0	100,7
of which:			
- Household's expenditures on sport	915,0	57,2	84,7
- Companies (sponsoring, donations, others,...)	173,1	10,8	16,0
Total revenue	1599,0	100,0	148,1

n.a. means "not available"

Sources: Eurostrategies 'consortium, from national sources and surveys. Amnyos (2008)

In Flanders, households are the main contributor to sport' financing: their contribution accounts for 57.2% of all revenues allocated to the sport sector. This consists of membership fees as well as the purchase of goods and equipment, of sport lessons, and other sport related expenditures.

There is no estimate available of the amount allocated by companies (through sponsorship contracts or other) to the funding of grassroots sport in Flanders because of the complex institutional situation (with the three regions and the three communities). The only available information is that, in view of the high and growing share of revenue from the media (associated with the payment of sport rights), the overall revenue from companies tends to grow over time. The figure in the table above (€ 173.1 million) is estimated based on the share of sponsorship revenue in GDP in the Netherlands, Germany and France.

Concerning the subventions coming from the state, regional and local budgets, local authorities contribute twice more than the federal government to the funding of sport. Although the Flemish Community does not have detailed data on sport expenditures by the local authorities, the 2008 decree on local sport policy gives some information on the latter's expenditures in the field of sport:

- The average public expenditure per capita in Belgium is € 47.3 per capita;
- 75% of the funding of sport by the local authorities goes to the sport clubs; the remaining 25% is allocated to the financing of sport facilities;
- The average annual household expense is €84.7 per capita²¹ (56% of goods, 44% of services). It increases with the level of income.

²¹ www.statbel.be

The revenue which is allocated to sport from the state lottery is channelled via the public sector accounts.

3.6.2 Estimated contribution of voluntary work

In the Flanders' region, there are around 313,170 volunteers involved in sport, working an average of 3.5 hours a week (5 hours during 35 weeks)²². Extrapolating this to the national level, this is equivalent to 28,087 full time equivalents (FTE) in the whole of Belgium, which represents a contribution of about € 617 million²³ (of which € 370 million in the Flanders' region).

3.7 Solidarity systems in favour of grassroots sport

No regulated solidarity system was identified, and no information was provided on the organisation of solidarity mechanisms within the sport movement.

²² Study on Volunteering in the EU, a report by GHK to the European Commission, 2010.

²³ Based on the average hourly wage rate in Belgium (Eurostat)

4 Bulgaria

4.1 Economy and demography

GDP at constant prices, bn € (2008)	21.5
Average annual growth rate (2003-2008)	5.8%
GDP per capita, € (2008)	2,812
GDP per capita, PPP, thousand \$ (2008)	11,310
Population, thousands (2009)	7,607
Share of urban population	71%
Share of population in 15-64 age range	70%
Unemployment rate (2008)	5.6%
Public debt (as a % of GDP) (2008)	14.1
Government deficit (as a % of GDP) (2008)	1.5
Member of the Euro Area	No

Bulgaria extends over an area of 111,910 km². It has a population of 7.6 million people, which corresponds to a density of 68 people per km². Approximately 71% of the population lives in an urban area. Bulgaria's per capita GDP was equal to € 2,800 in 2008, the lowest level in the European Union (nearly 87% below the EU-27 average). Measured in purchasing power parity terms, the country's GDP per capita approached \$11,300 in 2008, 60% of the EU-27 average.

Bulgaria's GDP reached € 20.9 bn in 2008, 0.2% of the EU-27 GDP. Between 2003 and 2008, the country's GDP grew at an average annual rate of 6.3% per year, much faster than the European average of 2.2%. Domestic demand was the main driver of growth.

As a consequence of the global economic and financial crisis, real GDP decreased by 5.2% in 2009, slightly more than the average decline of 4.2% in the whole of the EU. As a result, the unemployment rate rose significantly, from 5.6% in 2008 to 10.1% in the third quarter of 2010.

In 2008, the public sector debt in Bulgaria was equivalent to 14% of GDP, a level well below the EU-27 average. The public debt to GDP fell noticeably over the years which preceded the global crisis, thanks to prudent fiscal and monetary policies, reflected in many years of fiscal surpluses. The debt to GDP ratio has nevertheless increased somewhat in the wake of the 2008/2009 economic downturn. Still, the country's public finance situation should not significantly constrain the government's ability to raise its expenditures on sport & leisure equipment, infrastructure development or services offered.

The private sector's high level of indebtedness in foreign currency and the uncomfortable levels of the current account deficit and of the external debt are nevertheless causes of concern about banking sector stability and exchange rate risk.

Bulgaria's currency is the Lev (BGL). In this report, conversions have been made at the average annual exchange rate of the year of the data, most often 2005. In that year, the exchange rate was 1.956 Lev to the euro.

4.2 Sport participation

According to the 2009 Eurobarometer survey²⁴, only 13% of the population practices sport at least once a week. This is one of the three lowest sport participation rates in the EU. In 2009, only 4% of the respondents said they were member of a sport club, 3% of a fitness club and 3% of another type of club. 73% of the respondents to the Eurobarometer survey declared not being a member of any type of club in 2009.

Sport club membership (2005)	85,730
Sport club membership trend (2000-2005)	58.6%
Sport club membership rate (2005)	1.1%
Number of clubs	3,286
Share of the population which practices sport at least once a week ²⁵	13%

Source: 2009 Eurobarometer Survey, Bulgarian Olympic Committee, Amnyos (2008)

Although the club membership rate is low, the trend is reported to be increasing.

The most popular sport is football, as indicated in the table below, which refers to the year 2005. Next come basketball, wrestling, volleyball and athletics.

Sport	Members
Football	31,178
Basketball	2,600
Wrestling	2,550
Volleyball	2,510
Athletics	2,480

Source: Bulgarian Olympic Committee, Amnyos (2008)

4.3 Allocation of responsibilities for sport policy

In the Republic of Bulgaria, **the Ministry of Physical Education and Sport** defines the general government policy in the field of physical education, sport and social tourism, through the **State Agency for Youth and Sport** (SAYS). Art. 8 of the Law for Physical Education and Sport states that *“the Chairperson of the State Agency for Youth and Sport shall manage, coordinate and control the implementation of the government’s policy in the field of physical education, sport and social tourism [...] ; manage and represent the State Agency for Youth and Sport State”*. One of the current priorities is the optimisation of SAYS’ regional policy through regional structures: *« The State Agency for Youth and Sport shall have its territorial structures according to the territorial division of the country.”*(Art.8.a)

The Law for Physical Education and Sport also establishes provisions concerning sport for people with disabilities and for social tourism. Physical education and sport are also aimed at the improvement of

²⁴ Eurobarometer, Sport and Physical Activity, European Commission 2010

²⁵ Eurobarometer, Sport and Physical Activity, European Commission 2010

the quality of living and contribute to the rehabilitation and social integration, of people with disabilities.

SAYS also financially supports the preparation and participation of athletes with disabilities to the Olympic Games, as well as to the World and European Championships. The athletes with disabilities can use the state and municipal sport grounds free of charge and do not pay fees for competitions.

The other key (national) stakeholder in the governance of sport is the **Council of Ministers** which has a decisional role in the development of physical education. According to Art. 7 of the Law for Physical Education and Sport, the Council of Ministers:

- approves the national policy guidelines in the field of Physical Education and Sport;
- adopts a four-year programme and reports on its implementation to the Parliament;
- provides financial support for the development of physical education and sport pursuant to the State Budget Law of the Republic of Bulgaria.

The Council of Minister also defines the sport infrastructures, facilities and sites to be made available to public authorities in order to make it possible for them to implement their missions in the field of physical education, sport and social tourism, and defines the minimum financial resources that are to be allocated to physical education and sport for children in preschools, primary and secondary schools, and for university students. The funding comes from the state budget and the municipalities' budgets.

The municipalities are responsible for providing suitable conditions for using the municipal sport premises, developing physical education, supporting the development of sport for all and of social tourism by creating and maintaining rest areas, health routes, children's sport grounds, bicycle-routes and suitable infrastructure to the mountain and high-mountain huts, camping lots and shelters.

The municipalities and the sport organisations, using state or municipal sport grounds, provide coaches, methodological and medical aid to the citizens who practice physical exercise or a sport discipline under conditions determined by the respective administrative bodies.

At the local authorities' level, **the town and city councils** define the conditions under which the municipal sport sites and facilities are to be placed at the disposal of sport organisations. They make decisions about the allocation of sport sites that are municipal property. The State Property Office and the Municipal Property Office notify SAYS about eventual violations made by sport organisations when using state and/or municipal sport estates.

In Bulgaria, grassroots sport is linked with social tourism: the development and management of facilities and infrastructures for tourism are policy priorities for both the State and the municipalities, particularly in high-mountains areas.

Social tourism can be carried out individually or through membership in tourist associations allowing the use of various types of facilities such as tourist huts, dormitories and training centres, as well as markings or other.

The Council of Ministers, the respective ministries, the competent state bodies and other public organisations encourage the practice of social tourism by all citizens of the Republic of Bulgaria. The Minister of Education and Science determines, in coordination with the Chairperson of the SAYS, the

compulsory requirements applying to the practice of social tourism by children in kindergartens, schools and other.

4.4 Organisation of the sport movement

The sport movement in Bulgaria comprises nearly 3,600 sports organisations.

According to Article 10 of the Law for Physical Education and Sport:

“The sport organisations (sport clubs, sport federations and national sport organisations) shall adopt and implement programmes for the development of sport in conformity with the National programme for the development of physical education and sport.”

To this effect, sport organisations:

- support the practice of sport by citizens, and organise physical exercises and sport activities for them;
- organise courses as well as trainings and competitions;
- organise and administrate sport events;
- build and manage sport sites and facilities;
- train athletes;
- implement other activities related to the development and promotion of sport.

The Bulgarian sport federations are associations of sport club and/or federations which coordinate activities in their relevant area within the system of physical education, sport and social tourism. They interact with the state and the international sport organisations in drafting and implementing the national sport policy, and represent their members in national and international sport organisations.

4.5 Legal framework

4.5.1 Specific Laws on sport

The **Law for Physical Education and Sport** establishes the general regulatory framework for sport in Bulgaria, through thirteen chapters. Promulgated in 1996, the law has regularly been amended since, the last time in July 2010.

Chapter 1 defines the purpose of physical education and sport to be « the improvement of the health and physical development of the nation by systematic physical exercises and sport by people of all ages » and establishes the basic principles of the system of the sport and physical education system.

It also states that:

- The State shall encourage the development of physical education and the practice of sport;
- The municipalities shall encourage the development of physical education and the practice of sport (Article 4a);
- The State and the municipalities shall encourage the involvement of young people in voluntary activities and create conditions for the preparation and qualification of coaches and trainers to work with young people;

- The citizens participate in physical education and sport activities individually or through sport organisations (sport clubs);
- The provision of sport services must be carried out by professionally competent and qualified persons.

Chapter 2 defines the organisation of the governance of Physical Education and sport by:

- The Council of Ministers;
- The State Agency for Youth and Sport (SAYS);
- The ministries and the other state bodies.

Chapter 3 defines the status and responsibilities of sport organisations (sport clubs, sport federations, national sport organisations and the Bulgarian Olympic Committee), and the interaction between the state, the local authorities and the sport organisations.

The other chapters deal with:

- Physical education and sport in schools and in the armed forces;
- Physical education, sport-for-all and social tourism;
- Elite and high-level sport;
- Scientific and research activity, and the training of specialists;
- Sport ethics;
- Medical control;
- Sport grounds and facilities;
- The state lottery (Bulgarian Sport Totalizator): this chapter was repealed in 1999;
- The funding and supervision of the activities organised by the sport organisations;
- Administrative provisions and sanctions.

As legal entities, grassroots sport clubs have to be registered as not-for-profit organisations. Professional sport clubs may either be not-for-profit organisations or joint stock companies (such as all the premier league football clubs).

Not-for-profit organisations are usually not entitled to carry out economic activities. However, in certain cases, they may be allowed to do so if the activities that they undertake are related to the aims of the entity and the income generated therefrom is used to achieve those aims.

The funding sources of sport organisations are stipulated by law. They consist of:

- membership fees;
- fees from the transfer of athletes from one club to another;
- prizes from participating in competitions;
- income from sport services performed in favour of individual citizens;
- income from advertising, TV broadcasting rights, etc.;
- donations and sponsorship;
- government subsidies and grants;
- income from exploitation of the club's property;
- grants from international sports associations;
- other incomes from activities related to sport and physical education.

The general law on sport includes no tax provision with regard to sport, but makes a general reference to the fact that a special taxation system “shall be implemented” in order to promote the development of sport.

4.5.2 Allocation of revenue from gambling services to sport

The 1999 **Act on Gambling** states that games of chance may be organised by Bulgarian or other EU/EEA commercial companies, or by Bulgarian or other EU/EEA not-for-profit organisations. All need a license from the state. Not-for-profit organisations may organise occasional lotteries and raffles for charity purposes only. The state may also arrange lotteries through state-owned enterprises, but solely to the benefit of sport, culture, health care, education and social welfare²⁶. The supervision of gambling is exercised by the State Gambling Commission with the Minister of Finance (article 14).

There are currently two state operators in the lottery, betting and gambling market: the **Bulgarian State Lottery** and the **Bulgarian Sports Totalizator**. The two operators’ capital is wholly state-owned. In 2003 and 2004, a public tender for the execution of the State Lottery failed²⁷.

The Bulgarian State Lottery offers number lotteries and instant lotteries. Its profits are destined for culture, education, healthcare and social welfare. A priori, sport does not receive revenue from this source.

The Bulgarian Sport Totalizator is a state enterprise created in 1957 which offers lotto and toto games. It is under the authority of the State Agency for Youth and Sports (SAYS) which raises funds to support physical education and sport.

According to the Act on Gambling, sport competitions are not treated as games of chance which can only be organised and conducted by virtue of a license granted by the state Gambling Commission.

The state may only organise lottery and lotto games and betting on the outcome of sport competitions through state-owned enterprises.

The revenue received from the games organised by the Bulgarian Sport Totalizator (i.e. turnover less taxation and deduction of expenditures and winnings paid out) are allocated via the Ministry of Finance to the State Agency for Youth and Sports (SAYS), which in turn uses the revenue in accordance with the policy objectives defined by the Ministry of Education and Science. The funds are allocated as follows to:

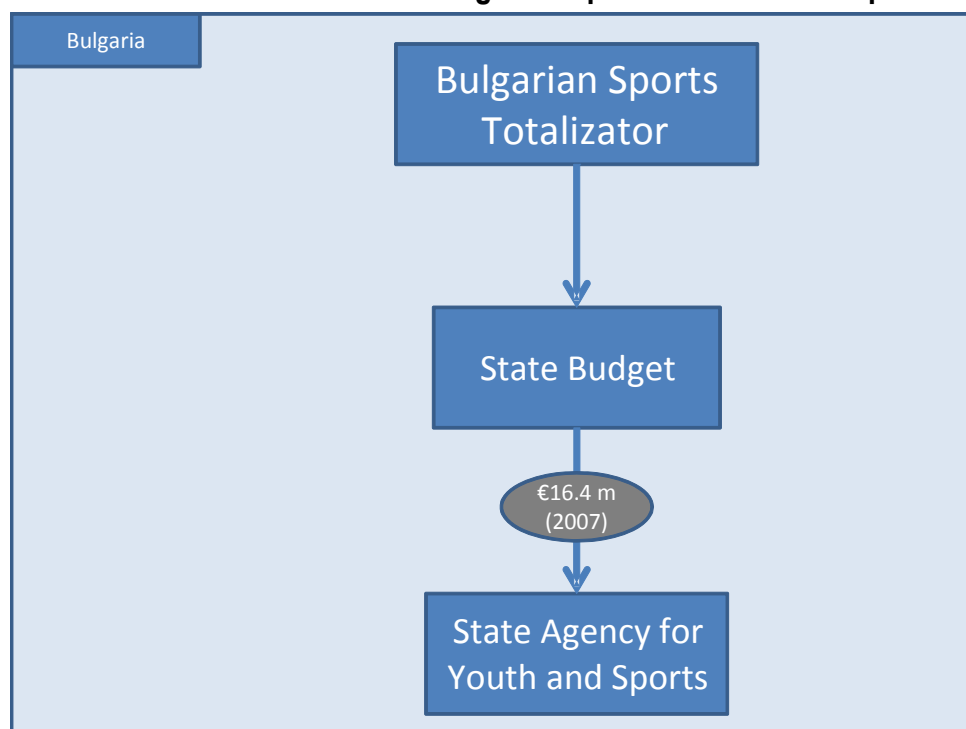
- The construction, renovation and management of sport venues and sites for social tourism of national importance;
- Activities of licensed sport organisations, sport clubs, members of licensed sport organisations;
- Organisation of local, national and international championships on the territory of the country, included in the National Sport Calendar.

In 2007, the Bulgarian Sport Totalizator paid an estimated 32 million leva (€16.4 million), or 27% of the global sport funding, 35% of the public sector funding and close to 80% of state sport funding in that year.

²⁶ The European Charity Lotteries Association, Report on Bulgaria (2010).

²⁷ Idem

Allocation of revenue from the Bulgarian Sports Totalizator to sport



Source: Eurostrategies' consortium

4.5.3 Laws with an indirect impact on grassroots sport

Concerning the VAT regime applicable to sport organisations, the exemptions provided for in Art. 132 of the VAT Directive²⁸ are transposed in the Bulgarian VAT Act. However, in some cases, the Bulgarian VAT rules deviate from the VAT Directive.

Under the Bulgarian VAT Act, in order to qualify as VAT exempt, the services of the sport organisation should be:

- directly linked to sport or physical education;
- provided by a recognized sport organisation, as per the Physical Education and Sports Act;
- the sport organisation should be legally registered as a not-for-profit organisation designated as organizing activities for the benefit of the public.

Compared to the VAT Directive, the Bulgarian VAT Act extends the exemption to services that are not provided to persons taking part in sport or physical education. This means that the VAT exemption applies to services and the supply of goods closely linked thereto, to persons other than the members of the sport organisation. As a result, the revenue from the sale of tickets to sport events is exempt from VAT.

The VAT exempt-activities do not count as turnover for mandatory VAT registration in Bulgaria. However, sport organisations are subject to VAT if they make taxable supplies of goods or services: the sport organisations have to register for VAT if the turnover from these taxable supplies is above the VAT registration threshold (approx. € 25,500 for a 12 months period).

²⁸ Council Directive [2006/112/EC](#) of 28 November 2006 on the common system of value added tax.

There does not seem to be any particular exemption from other taxes or contributions (corporation taxes, social contributions to be paid on salaried employees), nor tax benefits for sponsors or donors. Commercial advertising on State TV is not allowed, and there is a legal ban on spirits advertising on Commercial TV. Also, there can be no alcohol advertising on radio. In other media, voluntary guidelines prohibit the encouragement of 'drinking to excess' and advertisements are targeted at those less than 21 years of age.

Concerning media rights, Articles 13 and 19 of the Law for Physical Education and Sport stipulate that sport organisations hold the rights of advertising, TV and radio broadcasting of sport events organised by them by submitting, *on a contractual basis*, a percentage of the receipts to the sport clubs that participate in the event. We found no specific legislation on the taxation of broadcasting rights.

4.6 Resources allocated to sport

4.6.1 Financial resources going into sport

The public sector is the main contributor to the funding of sport in Bulgaria. It accounts for 77.4% of total expenditures in the field of sport, whereas private contributions only account for 22.6% of the total revenues going into the sport sector.

For reminder, the public sector funding presented in the table includes the revenue generated from the Bulgaria Sport Totalizator.

More than 50% of the Sport Ministry's budget is estimated to be allocated to high-level sport or allocated to the national sport federations²⁹.

Revenue from (2005)	Million €	Share of total	€ per capita
General government	46.3	77.4	6.1
of which:			
- Central government	20.8	34.8	2.7
- Ministry in charge of sport			
- Other governmental entities			
- Local authorities	25.5	42.6	3.4
Private stakeholders	13.5	22.6	1.8
of which:			
- Household's expenditures on sport	11.6	19.4	1.5
- Companies (sponsoring, donations, others,...)	1.9	3.2	0.3
Total revenue	59.8	100.0	7.9

Sources: Eurostrategies & Amnyos, from national sources and surveys

Local authorities account for 42.6% of sport funding whereas the state budget contributes 34.8% of public expenses dedicated to sport. The high contribution of local authorities reflects the legal competences of municipalities in the implementation of sport policies.

²⁹ Source: response of the Olympic Committees to the questionnaires sent by Amnyos as part of its study for the French Presidency in 2008.

The average amount spent on sport by the public sector in 2005 was € 6 per capita, of which € 3.3 came from the local authorities. The average household expenditure is € 1.5 per capita.

In 2008, the total funding that went to the federations³⁰ was estimated at € 14.54 million: of this, 43% was allocated to the funding of general activities, 32% to the preparation of the Olympic Games, 22% to the purchase of equipment and 2% to the training of young athletes.

4.6.2 *Estimated contribution of voluntary work*

According to the study on volunteering in the EU³¹, there are an estimated 403,000 volunteers in Bulgaria, in all sectors and organisations. Sport is not among the three main activities of volunteers, however (the main three activities being social services, community development and the environment). No statistics on the number of volunteers in sport has been identified in order to quantify the contribution of voluntary work.

4.7 Solidarity systems in favour of grassroots sport

There is no regulated solidarity system between high-level sport and grassroots sport.

Nevertheless, the professional clubs develop junior sport and sport for children. Art. 57.a.2, which was then declared anti-constitutional, stated that: « *A three percent deduction from the sums obtained from the transfer of athletes shall be deposited by the sport organisations which cede the competition rights of athletes. For the transfer of athletes that are foreign citizens, the deductions shall be deposited by the Bulgarian sport organisation; these resources shall be used to finance activities with children and young people in the respective sport from which the transfer instalments have been made* ».

³⁰ http://www.sportdep.com/document/docs/finace_bos_2008.pdf

³¹ See the Study on Volunteering in the European Union, a report by GHK to the European Commission, 2010.

5 Cyprus

5.1 Economy and demography

GDP at constant prices, bn € (2008)	13.3
Average annual growth rate (2003-2008)	4.1%
GDP per capita, € (2008)	16,858
GDP per capita, PPP, thousand \$ (2008)	26,512
Population, thousands (2009)	797
Share of urban population	70%
Share of population in 15-64 age range	71%
Unemployment rate (2008)	3.6%
Public debt (as a % of GDP) (2008)	49.1
Government deficit (as a % of GDP) (2008)	0.9
Member of the Euro Area	Yes

Cyprus extends over an area of 9 250 km². It has a population of 800,000, which corresponds to a density of 86 people per km². Approximately 70% of the population lives in an urban area. Cyprus' per capita GDP was equal to € 16,900 in 2008, 20% below the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$26,500 in 2008, 5% less than the EU-27 average.

Cyprus' GDP amounted to € 13.2 bn in 2008, 0.1% of the total EU-27 GDP. Between 2003 and 2008, the country's GDP grew much faster than in the rest of Europe: 3.8% per year in Cyprus, compared with an average annual growth rate of 2% in the Euro Area and 2.2% in the whole European Union. Tourism and financial services were the main drivers of economic growth.

As a consequence of the global economic and financial crisis, the Cypriot economy entered recession: after the 3.6% growth recorded in 2008, GDP decreased by -1.7% in 2009, still a modest downturn compared with the average decline of 4.2% recorded in the EU as a whole. Meanwhile, the unemployment increased from 3.7% in 2008 to 7% in the third quarter of 2010.

In 2008, the government debt in Cyprus was equivalent to 49.1% of GDP, a level below the EU-27 average. The public debt to GDP has been falling over the past years thanks to government's commitment to budgetary consolidation. The public deficit is nevertheless expected to edge up slightly in the coming years as a result of the economic slowdown. Still, its level does not raise concerns and should not impact future public spending decisions.

Cyprus adopted the euro in 2008.

5.2 Sport participation

In 2009, 41% of the population practiced sport at least once a week³², a figure close to the EU average of 40%. In 2009, 5% of the population was member of a sport club, 11% of a fitness club and 2% of another type of club. 82% of the respondents to the Eurobarometer survey said they were not a member of any type of club in 2009.

³² Source: 2009 Eurobarometer survey

Sport club membership (2007) ³³	40,000
Sport club membership trend (2000-2005)	2.4%
Sport club membership rate (2005)	10%
Number of clubs	310
Share of the population which practices sport at least once a week ³⁴	41%

Source: Cyprus Olympic Committee

Between 2000 and 2007, sport club membership has increased by a little more than 11%. This is attributed to the effect of sport advertising on TV and media, to people's desire to have a healthy lifestyle, and to the success of high-level athletes in European and international competitions. For example, tennis saw a large increase in the rate of practice thanks to the successes of the tennis player Marcos Baghdatis.

The table below shows the disciplines with most members in 2007.

Sport	Members	Sport	Members
Soccer	5,703	Basketball	2,100
Swimming	4,900	Taekwondo	2,000
Track and Field	4,000	Tennis	1,500
Volleyball	2,500	Gymnastics	1,200
Handball	2,200	Shooting	1,100

Source: Cyprus Olympic Committee

5.3 Allocation of responsibilities for sport policy

The Ministry of Culture and Education is the Ministry in charge of Sport. Its mission is to develop and expand sport practice and to develop the practice of sport within schools.

The objectives of public policies are to develop both grassroots and elite sport notably through the funding of training and the preparation of athletes for international competitions. This has led to a rise in the (public) funding of sport federations in the past years.

The Cyprus Sport Organisation (CSO) is one of the key stakeholders in the governance of sport. Founded by Law 41/1969, this semi-governmental organisation is the Supreme Sporting Authority in the Republic of Cyprus. CSO has a supervisory and advisory role with regards to the sport federations and sport clubs. It provides economic and technical assistance to the sport organisations, finances and manages sport centres, and finances the Cyprus Olympic Committee through the Olympic solidarity programmes and educational seminars. The funding mainly aims to educate new coaches involved both with grassroots and high-level sport.

³³ The total number of members reported here is based on the responses to the Eurobarometer survey, i.e. 5% of the population. The Olympic Committee reports 10,000 members of the sport federations.

³⁴ Eurobarometer, Sport and Physical Activity, European Commission 2010

According to CSO, 50 % of the sport Ministry's funding of sport is specifically targeted at grassroots sport. All the financial support provided by other ministries to sport is destined to grassroots sport. The government's financial support (channeled to the sport organisations via CSO) is aimed at helping the sport organisations to cover their operating expenses and to financially support the participation of high-level athletes in international competitions. There is also a programme specifically targeted to grassroots level sport and to the identification of talents.

The local authorities do not have a legal obligation to perform a mission in the field of sport, and do not contribute to the governance of sport. They nevertheless financially support sport clubs both directly and indirectly (for example by making available infrastructures and facilities to the clubs for free or at a low cost), but there is no data available on the amounts involved.

5.4 Organisation of the sport movement

Beyond the CSO³⁵, the other key stakeholders in the area of sport are the Cyprus Olympic Committee (COC), the sport federations and the sport clubs³⁶.

COC has a sport-for-all programme which supports the practice of sport for children, adults, senior citizens and the disabled, and organises sport events at regional and district level in certain disciplines.

5.5 Legal framework

5.5.1 Specific Laws on sport

There are no specific laws regulating grassroots sport financing. The Republic of Cyprus applies non-interventionist legislation in sport matters. The only reference law identified is Law 41/1969 creating the Cyprus Sports Organisation (CSO).

Grassroots financing is regulated by the Laws that govern CSO and by the regulations issued by CSO.

5.5.2 Allocation of revenue from gambling services to sport

Only one lottery operates in the country: the Cyprus Government Lottery. Indeed, Cyprus has a state monopoly on lotteries. The lottery is executed by the Ministry of Finance. Games offered are lotto, toto, instant lotteries and number lotteries. The state lottery is not subject to any specific levy or tax, but all its *net profits* are transferred to a Consolidated Public Fund. Sales in 2009 amounted to €260.9³⁷. The European State Lotteries and Toto Association reports total net revenue for good causes from lottery operations in Cyprus of € 23.2 million in 2009, i.e. just under 9% of the turnover in that year. This revenue was allocated to good causes such as culture, education, health and other social programmes, not only sport. The amount specifically allocated to sport is not known. It is, however, estimated that approximately 60% of the funds allocated by the state to CSO (which represent half of CSO's budget) comes from the net revenue from the lottery.

³⁵ <http://cyprussport.org>

³⁶ Vocasport Study, DG Education and Culture, 2003

³⁷ Source: the European Charity Lotteries Association, Report on Cyprus (2010).

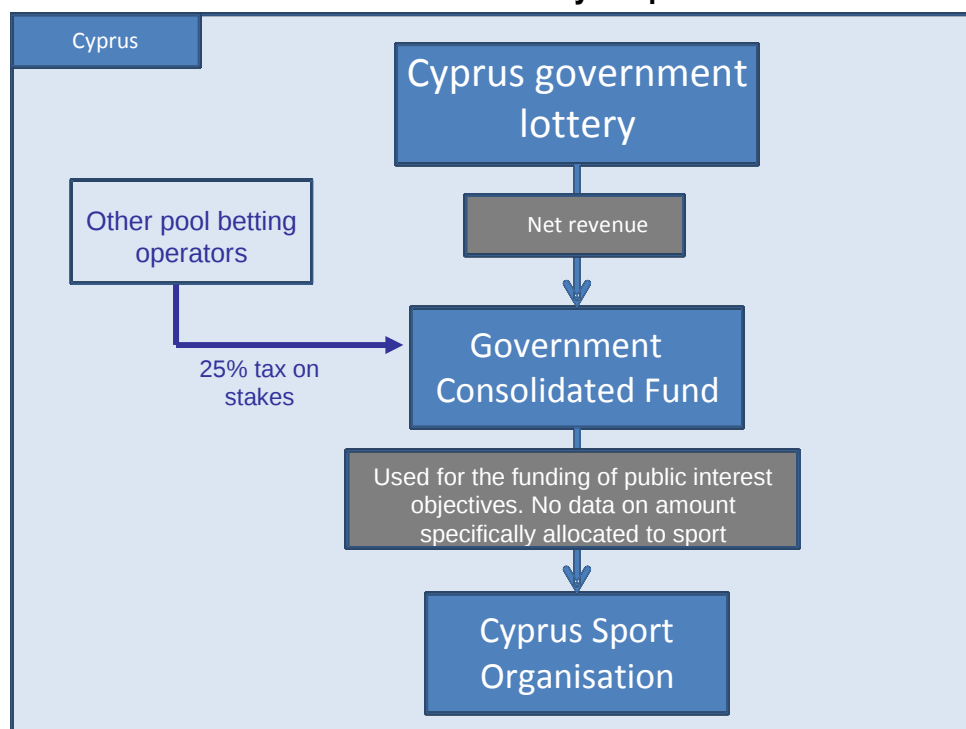
Note that the net revenue figure reported by the European State Lottery and Toto Association for 2009 for all types of good causes (€ 23.2 million) is particularly high, and represents a major increase from the € 15.7 million reported for 2007, and € 7.6 million in 2008. In 2007, this revenue, paid into the Government Consolidated Fund, represented 37% of the budget allocated by the central government to sport. Not all of this went to sport, however: the share effectively allocated to sport is not known.

Beyond the state lottery, the Nicosia Race Club organises horse races and accept sport bets on them. It is the only organisation authorized to do so. The Nicosia Race Club is managed by the Committee of Management elected every three years by its members.

Other betting and gambling activities, such as sport betting and internet betting, can operate in Cyprus without a license. This is for example the case of bingo and other betting services organised by sport associations or charity lotteries. Charitable societies and sport associations are exempt from lottery duty and other taxes on the proceeds of charitable lotteries. Hence, the revenue generated by the sport organisations from own lotteries contributes to their budget, but they amounts involved are not known, hence not accounted for in Section 5.6.1.

The Greek national gambling and football prognostics organisation OPAP, which is permitted to operate in Cyprus through a local subsidiary company, also pays a substantial part of the net revenue generated from pool betting on the outcome of football matches in Cyprus into the Cypriot public consolidated revenue fund. Under subsection 8(2) of the Collective Bets (Regulation and Taxation) Law 1997, all other lawful pool betting is subject to taxation at the rate of 25% of the gross amounts staked.

Allocation of revenue from the state lottery to sport



Source: Eurostrategies' consortium based on information provided by COC and CSO

5.5.3 *Laws with an indirect impact on grassroots sport*

a) *Tax incentives*

In Cyprus, sport clubs with a total revenue of less than € 15,000 annually are exempt from VAT. Clubs with a turnover above € 15,000 can apply the reduced VAT rate (5%) on membership fees³⁸ and on entry fees at sports events (all events, not just grassroots³⁹ (see the Value Added Tax Act). Other activities and revenue sources are subject to the normal VAT rate (15%).

Donations and sponsorship contracts related to sport are not considered as deductible expenses in the calculation of income tax.

b) *Regulations concerning alcohol and tobacco*

The Cyprus law does not allow the sale of alcohol and tobacco within the sport club's premises. Advertising by alcohol (and tobacco) companies is also prohibited on sport premises or on equipment and club' sportswear.

5.6 Resources allocated to sport

5.6.1 *Financial resources going into sport*

In Cyprus, households and companies are they main revenue sources of the sport sector. Households' contributions represent close to 80% of all resources allocated to sport. Sponsorship and donations represent approximately 1% of the total budget of the sport system. The public sector accounts for the remaining 20% of the total: this figure includes the revenue generated by the lottery, part of which is channeled to sport via CSO. The amount involved is, however, not known.

Most of the financial support coming from the public sector actually comes from the state budget through the Ministry in charge of sport. Local authorities' funding appears to represent only a small share (0.1%) of all financial resources allocated to sport: in 2005, the municipalities contributed €170,000⁴⁰ to grassroots sport.

Concerning the financing of infrastructures and sport facilities, the state is the only contributor. This is due to the fact that local authorities in Cyprus are traditionally not much involved in sport policy. However, recently, a number of local authorities (municipalities) have started subsidizing the participation of their citizens in sport in programmes/competitions organised by the sport organisations.

The average subvention allocated by the public sector as a whole (i.e. central government and local authorities taken together) to sport was, in 2007, just under € 54 per capita. This compares with an average household expense on sport of €210 per capita in that year.

Grassroots sport funding is perceived to have been negatively impacted by the economic crisis, due to its high reliance on household expenditures and sponsoring⁴¹: the financial crisis has, indeed, severely impacted many companies that are traditionally important sponsors of sport. The economic

³⁸ Since 19 October 2007, the membership fees in sports clubs are subject to the reduced rate of 5 percent (previously subject at the standard rate of 15 percent)

³⁹ Source: COC response to the questionnaire sent by Eurostrategies within the context of the study.

⁴⁰ Study of public and private sport financing in Europe, Ministry of health, youth, sport and community life of France, AMNYOS Consultants, May 2008. No update for 2007 has been made available, hence the 2005 figure was updated based on price inflation.

⁴¹ Source: COC.

and financial crisis of 2008-09 probably also had consequences on the public sector' contribution to sport.

Revenue from (2007):	Million €	Share of total	€ per capita
General government	43,0	20,1	53,7
of which:			
- Central government	42,8	20,0	53,4
- Ministry in charge of sport	42,0	19,7	52,5
- Other governmental entities	0,8	0,4	0,9
- Local authorities	0,2	0,1	0,3
Private stakeholders	170,6	79,9	213,3
of which:			
- Household's expenditures on sport	168,0	78,7	210,0
- Companies (sponsoring, donations, others,...)	2,6	1,2	3,3
Total revenue	213,6	100,0	266,9

Sources: Eurostrategies consortium, from national sources and surveys

5.6.2 Estimated contribution of voluntary work

2010 questionnaire	Data	Source, comment
Number of sport volunteers	12,500	CSO estimates 2004
Estimate of volume of activity (in hours or days' worked)	4m hours per year	CSO estimates 2004

There is no official data available on volunteering in sport, apart from that collected by CSO in 2004. The figures used in the study rely on this source. Assuming that 12,500 volunteers worked in this sector in 2007 for 9 hours per week on average, this corresponds to 2,813 full time equivalents (FTE), and a monetized contribution of €41 million⁴².

5.7 Solidarity systems in favour of grassroots sport

No regulated financial solidarity mechanism between professional and grassroots sport was identified. Note that the only professional sport in Cyprus is football.

Despite the existence of both lottery and gambling operators in Cyprus, there is currently no regulated scheme defining the share of the revenue that is allocated specifically to sport. There is also no regulated mechanism defining how public financial support is allocated across sport federations and sport clubs. The revenue from the state lottery is channelled via the government budget and CSO. Revenue may also be allocated by OPAP if the board of directors of the national gambling and football prognostics organisation (OPAP) decides to do so, but it does not cover all the federations⁴³.

⁴² Based on the average hourly wage level in Cyprus (Eurostat)

⁴³ Cyprus Olympic Committee.

With respect to the revenue allocated to sport by CSO, the use of funds is decided by the executive board of the CSO. The COC, however, indicates that the amounts received are not sufficient to cover all the needs of the sport organisations, so that other revenue sources need to be found, for example from sponsors.

With respect to media rights, each club negotiates its own media rights following a decision by Cyprus' antitrust board. As a result, revenues from media rights mainly benefit to professional sport.

The IOC contributes to the funding of COC through the Olympic Solidarity programmes and educational seminars. These focus on the training of coaches at both the grassroots and elite level.

6 Czech Republic

6.1 Economy and demography

GDP at constant prices, bn € (2008)	86
Average annual growth rate (2003-2008)	5.3%
GDP per capita, € (2008)	8,282
GDP per capita, PPP, thousand \$ (2008)	23,318
Population, thousands (2009)	10,468
Share of urban population	74%
Share of population in 15-64 age range	71%
Unemployment rate (2008)	4.4%
Public debt (as a % of GDP) (2008)	29.8
Government deficit (as a % of GDP) (2008)	-1.5
Member of the Euro Area	No

The Czech Republic extends over an area of 78 866 km², and has a population of 10.5 million, which corresponds to a density of 133 people per km². Approximately 74% of the population lives in an urban area. The GDP per capita of the Czech Republic was equal to € 8,300 in 2008, 62% below the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$23,300 in 2008, 17% lower than the EU-27 average.

The Czech Republic's GDP reached € 86 bn in 2008, 0.8% of the total EU-27 GDP. Between 2003 and 2008, GDP grew faster than the European average, at an average annual rate of 5%, compared with 2% in the Euro Area and 2.2% in the EU as a whole. Exports were the main driver of growth.

As a consequence of the global economic and financial crisis, real GDP fell by 4% in 2009, slightly less than the average decline of 4.2% in the whole of the EU. Meanwhile, the unemployment rate rose significantly, from 4.4% in 2008 to 7.1% in the third quarter of 2010.

In 2008, the ratio of public debt to GDP was just under 30%, a level well below the EU-27 average. The public debt to GDP ratio has been virtually stable in recent years, thanks to prudent fiscal and monetary policies. It is nevertheless expected to increase in coming years as a result of the government's initiatives to limit the impact of the 2008/09 economic downturn. This could put some pressure on future public spending decisions and on the government's ability to raise its spending on cultural or sport & leisure activities.

The Czech Republic has not yet adopted the euro. The country's currency is the Czech Koruna (CZK). In the text below, the conversions from CZK to euros have been made at the exchange rate of 24,946 CZK/€, i.e. the average 2008 exchange rate value (since this is the value of most financial data quoted).

6.2 Sport participation

According to the Eurobarometer Survey, 28% of the population practiced sport at least once a week⁴⁴ in 2009, compared with a figure of 40% in the EU as a whole. In 2009, 7% of the population was member of a sport club, 6% of a fitness club and 4% of another type of club. 81% of the respondents to the Eurobarometer survey said they were not a member of any type of club in 2009.

⁴⁴ Source: Eurobarometer, Sport and Physical Activity, European Commission 2010

The table below indicates the membership numbers and rates communicated by the national sport federations.

Sport club membership (2008)	2.5 million
Sport club membership trend (2000-2008)	Stable
Sport club membership rate (2008)	24%
Number of clubs (2008)	Approximately 20,000
Sport participation in the population % (once a week or more) ⁴⁵	28%

Source: Czech Statistical Yearbook, CSTV, Eurobarometer 2010

As indicated in the table, there were an estimated 2.5 million registered members of sport organisations⁴⁶ in 2008, for a population of 10.5 million. This implies a membership rate close to 24%, well above the membership rate reported in the Eurobarometer survey, which reflects spontaneous responses from those being asked.

The figures on sport membership in the above table, however, may include multiple-counting of some members, as the data refers to the sum of the members across disciplines and across the different sport organisations which exist in the Czech Republic. A given individual can be a member of several organisations⁴⁷ (for example, he/she can simultaneously be a member of CSTV, of Sokol and of Orel, or even be only a member of CSTV but practice several disciplines within that organisation⁴⁸).

During the 1990s, the Czech sport federations experienced a sharp fall in sport participation. Since then, membership rates have stopped falling. Recently, an increase in the registration of young athletes (+ 5% in comparison to the pre-1990 period) has been observed.

The number of people who practice sport *outside* a club is estimated to have increased in the past years⁴⁹. It is, however, difficult to assess the number of sports participants who are *not* members of a sport organisation. The number is potentially very high if all those practising sport during their leisure time (cycling, jogging, cross-country and alpine skiing, volleyball, football and in-line skating) are included.

According to the Czech sport organisations, this upward trend in the rate of practice *outside* a club is explained by several factors such as the recent upgrading of public infrastructure, including new cycling and cross-country paths. People also seek to have healthy lifestyles. This explains the development of sport activities such as cycling, in-line skating, snowboarding (for the latter two, mainly among the young generation), and the development of commercial training and fitness centres for all ages.

⁴⁵ Source : Eurobarometer, Sport and Physical Activity, European Commission 2010

⁴⁶ Including possible double counting of members affiliated to several clubs/sport organisations.

⁴⁷ Ignoring the problems of double-counting, and given the number of members of CSTV and number of clubs within CSTV, one deducts that the sport clubs that are members of CSTV have an average of 173 members per club, whereas the clubs of other umbrella organisations have 84 members per club on average. This is not an unreasonable figure, given that some of the other sport organisations only represent one discipline, such as shooting.

⁴⁸ Source: CSTV. According to CSTV, this multiplicity of membership is a specificity of the Czech sport system. Beyond the fact that there are several "umbrella" organisations for sport, the administration of membership is also specific so that every sport federation has its own statistics. Hence, members could be from CSTV sport clubs as well as from SOKOL and Orel sport clubs. CSTV collects data from the sport federations and also gathers statistics directly from the sport clubs, as not all their members take part in competitions organised by the sport federations.

⁴⁹ Source: CSTV.

Sport participation trend within CSTV

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Number of members (in thousands)	1,275	1,306	1,358	1,429	1,450	1,475	1,504	1,533	1,559
Number of sport clubs	8 413	8 595	8 763	9 062	9 101	9 171	9 231	9 222	9 240

Source: CSTV

The table above reports the number of members in CSTV, the largest grassroots sport organisation in the Czech Republic. CSTV estimates its share of total sport membership in the Czech Republic at approximately 75% in 2008⁵⁰.

The table below shows the number of CSTV members by discipline in 2009. Based on this data, the leading sport discipline is football (soccer) with tennis a distant second. However between the two, the table reports “recreational sport and sport-for-all” as the second most practiced discipline in terms of membership. This covers a number of disciplines as it reflects the practice of multiple sports by a given individual in a club⁵¹.

Both football and tennis get much attention from the media and from their fans and supporters. Ice hockey is also a very popular spectator sport. Among the other disciplines with professional leagues and structures are basketball, volleyball, team handball, athletics and floorball.

CSTV members by discipline, in 2009

Sport	Members	Sport	Members
Football	557 165	Volleyball	53 677
Recreational sport and sport for all	285 763	Golf	47 523
Tennis	64 028	Field hockey	37 365
Ice Hockey	60 723	Track and field	35 068
Floorball	55 215	Skiing	33 036

Source: CSTV

6.3 Allocation of responsibilities for sport policy

At the national level, the Ministry of Education, Youth and Sport is in charge of government policy in the area of sport, including international cooperation in general, and European programmes.

6.4 Organisation of the sport movement

There are nine “umbrella” sport organisations in the Czech Republic. As indicated above, the largest is the Czech Sport Association (CSTV).

The CSTV was founded in 1993 after the dissolution of Czechoslovakia on 1 January 1993. It represents the various sport federations, sports clubs and their civic unions established in compliance with the Act of Citizen Associations NR. 83/1990 CL. The goals of CSTV are to support

⁵⁰ CSTV's share is only 62.4% if one retains the figure of 2.5 million sport club members in the Czech Republic, however, again, this entails multiple counting of individuals participating to several sport organisations.

⁵¹ As reported by CSTV, many people do not choose to practice a single discipline within a club, but rather prefer to practice several disciplines. These people are recorded by CSTV in the “recreational sport” category; the “sport-for-all” category includes fitness practiced in not-for-profit associations.

sport, physical education and tourism, represent the Czech Republic's sport movement internationally, represent and protect the rights and interests of its member organisations, offer them a range of services and constitute a platform for collaboration.

CSTV includes 77 regional sport associations which were founded by sport clubs in the former regions (there are now 14 counties in the Czech Republic). Altogether, CSTV covers 118 sport disciplines⁵².

The members of CSTV (93 sport federations grouping 9,222 sport clubs with a total of 1.56 million members) are independent and politically non-partisan organisations. The organisational structure of CSTV corresponds to the European standards of ENGSO: CSTV is a democratic, non-political, autonomous organisation respecting the full independence and responsibilities of its members.

The national sport federations affiliated to CSTV:

- manage and organise sport activities in their respective discipline, covering the entire territory of the Czech Republic;
- defend the interests of their members;
- organise the training of managers, coaches, referees, etc.
- award sport licences.

Another umbrella organisation is the **Czech Association of Sport for All**. The Czech Association of Sport for All is an association of sport clubs, institutions and civic associations which focuses on the organisation of recreational and physical activities for people of all ages, including commercial activities.

The other organisations involved in sport are Sokol, the Autoclub of the Czech Republic, the Association of Sport Union of the Czech Republic, the Czech Shooting federation, the Association of Sport Unions and Clubs of the Czech Republic and Orel.

This multiplicity of sport organisations is specific to the Czech Republic. It makes the analysis of data on the numbers of practitioners, trends in membership, and of financial flows going to grassroots sport, particularly difficult.

6.5 Legal framework

6.5.1 *Specific Laws on sport*

No new legislation dealing specifically with sport was adopted between 1990 and 1999. The first attempts to regulate the field emerged in 1999. After 11 years without reform, a **General Act on Sport** (Act No. 115, 2001) was published in 2001. It was updated in 2005. The update has not impacted the organisation or support of sport, but has changed the terminology applying to elite sport centres that are established by the Ministry of Interior. The General Act on Sport declares sport as a “general interest activity”, promotes sport in general and defines the role of each of the stakeholders in the field of sport. The definition and implementation of public policies in the field of sport is assigned to the Department of Education, Youth and Sport.

The General Act on Sport has consequences for the financing of sport by non-governmental organisations. Associations of citizens in civic associations, such as sport clubs, are now legal bodies,

⁵² Source: CSTV Annual Report, 2009.

and there is no more direct involvement of government representatives in the governance of sport clubs.

Two other rules were established, in the form of governmental resolutions. These concern the state's sport representation (national teams in Olympic and non-Olympic sports, the training and support of talented youth), and the national programme for the development of sport-for-all (for more details on this, see Chaker (2004)).

6.5.2 Allocation of revenue from gambling services to sport

In the Czech Republic, the lotteries, betting and gambling operators are major contributors to the revenue flows going to sport. The legal framework for gambling services is defined by **Act No. 202/1990 of Collect., On Lotteries and other Games of Chance**. This Act opened the market to private lotteries and private gambling services' operators, conditional on obtaining an appropriate licence (until 1990, the national lottery SAZKA was a state monopoly). The Ministry of Finance is responsible for licensing betting and gambling operators. Operation from foreign lotteries in the Czech Republic and mediation bets on betting games operated abroad are prohibited.

Nowadays, there are over 100 operators in the lotteries, betting and gambling market in the Czech Republic, of varying sizes⁵³.

About SAZKA

SAZKA is the largest lottery operator in the country, and is by far the largest non-governmental provider of funds to good causes. Yet, with a total turnover of CZK 8 bn (approximately € 320 million⁵⁴), its share of the total gambling services' market is only about 7-8%⁵⁵. SAZKA's main mission is to generate funds to finance good causes in sport and physical education. It was founded in 1956 as a state monopoly, and became a joint-stock company in 1993. Its shareholders are nine civil associations engaged in sport ("umbrella organisations") and physical education, as indicated in the table below.

SAZKA Shareholders

Czech Sport Association	67,983%
Czech Sokol Organisation	13,542%
Czech Association of Sport for All	5,563%
Autoklub of the Czech Republic	4,000%
Association of Sport Union of the Czech Republic	3,563%
Czech Olympic Committee	2,000%
Czech Shooting Federation	1,445%
Association of Sport unions and Clubs of the Czech Republic	1,022%
OREL	0,882%

Source: <http://web-nlb.sazka.cz/LoterieAHryEN/docDetail.aspx?docid=19015600>

⁵³ In 2009, there were 117 private entities operating in the betting and gambling market (source: Jiri Novotny).

⁵⁴ The CZK/€ conversion has been made at the exchange rate of 24,946 CZK per euro, i.e. the average annual exchange rate in 2010.

⁵⁵ Although Sazka's total turnover is approximately CZK 8 bn (€ 321 million), the market for slot machines for example generates CZK 63,3 bn annually (€ 2.54 bn).

SAZKA⁵⁶ sells a variety of products such as number lotteries, instant lotteries, odds and sport betting, and operates the StarPort product, the central lottery system with interactive video lottery terminals. It is also involved in a variety of non-lottery activities such as topping up pay-as-you-go mobile phones, payments by paying-in slips, invoice and insurance premium payments, or ticketing. It offers its products on the market via business partners.

According to **Act No. 202/1990 of Collect.**, on Lotteries and other Games of Chance, the lotteries, betting and gambling operators are not taxed in accordance with the Czech Act of Income Tax. They are subject to a levy applied on the revenue proceeds from their activities⁵⁷. The levy must be paid to a publicly beneficial purpose (PBP) in social, humanitarian, health, sport or related areas. The lotteries and betting and gambling service-providers are free to support any kind of not-for-profit organisations they choose – not only organisations involved in sport.

The rate of the levy varies according to the amount of revenue generated, as follows:

- 6% for revenue less than CZK 50 mil. (€ 2 million);
- 8% for revenue between CZK 50-100 mil. (€ 2-4 million);
- 10% for revenue between CZK 100-500 mil. (€ 4 – 20 million);
- 15% for revenue between CZK 500-1,000 mil. (€ 20-40 million)
- 20% for revenue above CZK 1,000 mil. (€ 40 million).

The levy is applied to the revenue proceeds from lotteries, betting and gambling, equivalent to gross gambling revenue (turnover less winnings).

Until 2000, the revenue from the levy was channeled to the government accounts, and the distribution of the revenue was done by the Ministry of Education, Youth and Sport. A Physical Education advisory body reporting to the Ministry made all the decisions regarding the allocation of revenue from the lottery. Since 2000, to ensure greater transparency and objectivity in the sport financing procedure, the lotteries, betting and gambling operators distribute the earnings directly to the sport organisations.

In 2008, the total revenue from the levy on lotteries, betting and gambling operators was CZK 3.46 bn (€ 138.5 million), out of a total turnover on games of chance of CZK 128.52 bn (€ 5.15 bn)⁵⁸, which implies an implicit tax share on turnover of 2.69%. As a share of gross gambling revenue (turnover minus winnings) the implicit tax rate is 11.6%, as indicated in the table on the next page. Of this amount, only 45% (i.e., € 62.3 million) is estimated to have been allocated to sport⁵⁹ (high-level and grassroots combined). The remaining 55% was allocated to other general interest / good causes activities.

⁵⁶ SAZKA is a full member of the World Lottery Association (WLA) and the European State Lotteries Association (ESLTA). The company's Chairman of the Board and Chief Executive Officer, Ales Husak, is second Vice President of the ESLTA.

⁵⁷ In § 1, amount of section 6, it is stated that: “..the operator of lotteries or other games may be a legal person established in the Czech Republic [to which] the appointing authority issued a permit to operate a lottery or other games”. It is a very liberal condition. In § 4 amount of section (2) it is stated that: “The permit shall be issued when the operation of lotteries and other similar games will take place in accordance with the law, does not disturb public order or does not endanger national security, natural or legal persons, nor otherwise inconsistent with the laws of the Czech Republic.” There is a condition that a part of the proceeds, at least 6 to 20 %, must be paid to a publicly beneficial purpose (PBP) in social and humanitarian, health, sports, etc.⁵⁷ By proceeds, is meant the mean income of one operator formed by all sums related to the games operated under this Act. In this paragraph, there is another condition (section 12), stating that the operation by foreign lotteries.... or mediation bets on betting games operated abroad is prohibited.

⁵⁸ Source: Ministry of Finance.

⁵⁹ Source: “The liberalisation of Sport Betting Market in the Czech Republic”, powerpoint presentation by Jiri Novotny, University of Economics in Prague, 2010.

This estimate of € 138.5 million differs from the figure for the Czech Republic provided to the consortium by the World Lotteries Association (WLA)⁶⁰. The WLA reports total revenue from lotteries and gambling operators to good causes from specific levies of € 46.2 million in 2009, down from € 48 million in 2008 and €51.9 million in 2006⁶¹. According to the WLA, the share of revenue going to sport increased from 75.1% in 2006 to 77.1% in 2008, before falling to 71.2% in 2009. This is a higher figure than that quoted by J. Novotny, but the share applies to a lower revenue base. Hence, according to the WLA, the revenue which was allocated to sport from the compulsory levy on lotteries, betting and gambling was € 32.9 million in 2008, well below the figure provided by J. Novotny and presented in the table below.

Key numbers for lotteries, betting and gambling in the Czech Republic, 2008

	CZK, bn	€ million
Total stakes (turnover)	128.50	5151.1
Minus:		
- Winnings	98.60	3952.5
- Administrative charges	2.87	115.1
- State supervision	0.13	5.1
- Local charges	1.23	49.2
Gross revenue (=total stakes minus winnings)	29.90	1198.6
Net revenue (=gross revenue minus other expenses)	25.68	1029.3
Revenue allocated to public beneficial purposes	3.46	138.5
Share of total stakes	2.7%	2.7%
Share of gross revenue	11.6%	11.6%
Share of Net revenue	13.5%	13.5%
of which: revenue allocated to sport (Novotny)	215.46	62.34

Source: Jiri Novotny (2010), based on Ministry of Finance (http://www.mfcr.cz/cps/rde/xchg/mfcr/xsl/loterie_statistika.html)

Although the lottery operator SAZKA pays more than the 20% levy on its activities, as per a decision by its shareholders (which are the sport organisations), the other betting and gambling operators generally pay less than this levy⁶². The result is an average implicit tax rate of 11.6%.

As indicated above, the gambling operators can freely decide how to allocate revenue from the levy, so that only part of it goes to sport. The share of revenue from the levy applied to the lotteries, betting and gambling activities that is allocated to sport (high-level and grassroots combined) has decreased significantly in recent years: from 61.1% in 2003, it fell to 55.6% in 2007 and 45% in 2008⁶³, mainly to the benefit of "Community" purposes.

⁶⁰ The European State Lotteries and Toto Association (The European Lotteries, EL) has collected the mandatory payments made to society by its members for four consecutive years. The difference between the figures provided by the EL and J. Novotny, who uses data from the Ministry of Finance, may be explained by the fact that the EL data does not cover ALL the lotteries, betting and gambling operators in the Czech Republic.

⁶¹ The figures were provided in Euros. The data was converted by EL using the exchange rate of the first trading day of the following year.

⁶² One possible explanation is that the betting and gambling operators fragment their operations in several units forming individual companies in order to fall into the lower tax rate brackets. Another explanation offered is insufficient controls by the Ministry of Finance.

⁶³ Source: "The liberalisation of Sport Betting Market in the Czech Republic", powerpoint presentation by Jiri Novotny, University of Economics in Prague, 2010.

With respect to the lottery operator SAZKA, 100% of the revenue from the levy goes to sport as its shareholders are the sport organisations. Yet, future funding flows from this source may be at risk due to the financial difficulties experienced by SAZKA. At the request of the government, the lottery contributed to funding the construction of the ice hockey arena built in 2004 for the world championships, by subscribing to a bond issue for an amount of € 190 million. According to some estimates, this has reduced the annual budget that SAZKA can allocate to grassroots sport by 30-50%. The planned compensation for SAZKA was a VAT exemption plus an exclusive license for the lottery terminal. However, this did not happen: 40 companies now have licenses, and the monopoly position of SAZKA will end in 2011 since the Ministry of Finance has issued a lottery license to the company FORTUNA⁶⁴. Moreover, the proposed VAT exemption did not materialise⁶⁵: the new VAT act did not make an exemption for SAZKA.

According to the Ministry in charge of sport, the amount transferred to *grassroots* sport from lottery, betting and gambling operations in 2007 was approximately CZK 1,250 million (€ 45 million⁶⁶). However, if the 45% share of revenue from the levy allocated to sport in general is applied to the estimate of such revenue by Jiri Novotny, this gives an estimated €62.3 million allocated to all sport in 2008 (45% of € 138.5 million receipts on the levy), implying that more than 70% of the revenue going to sport in general is allocated to grassroots sport⁶⁷.

The sport federations can use the funds received from the lotteries and gambling operators according to their needs, since there is no **regulated** allocation of part of this revenue to grassroots sport. There are rules defined by each umbrella organisation in the field of sport, however.

In the case of CSTV, for example, the only revenue received from the levy on lottery, betting and gambling is that which comes from SAZKA. The CSTV does not receive funds from other gambling operators⁶⁸.

CSTV receives approximately 67% of the revenue allocated to sport by SAZKA, in accordance with its shareholding stake. The allocation of this revenue is defined annually in a General Assembly. Although the allocation rule can be modified every year, it has been fairly stable over time. The revenue is typically split in two. In 2011:

- 50% of the revenue will be allocated to the national sport federations that are member of CSTV. Every member sport federation receives a basic contribution. The rest is allocated as follows: 50% according to membership base, 30% according to participation in organised championship competitions, and 20% according to relevant economic costs for individuals to take part in sport. The sport federations can use the funds received freely.
- The remaining 50% of the revenue paid by SAZKA to the CSTV is allocated to the Chamber of sport clubs (which are represented by democratically founded regional units in all the former regions (76 + Prague). The payment consists of a basic contribution, with the rest allocated

⁶⁴ The Czech branch of Fortuna was awarded a licence to operate numerical lottery games by the Finance Ministry in July 2010. Operations will start in 2011.

⁶⁵ Source: interview with Sazka.

⁶⁶ The SZK 1,250 million estimate is the figure provided by the Ministry in charge of sports in response to the questionnaire sent by Eurostrategies, and applies to the year 2007.

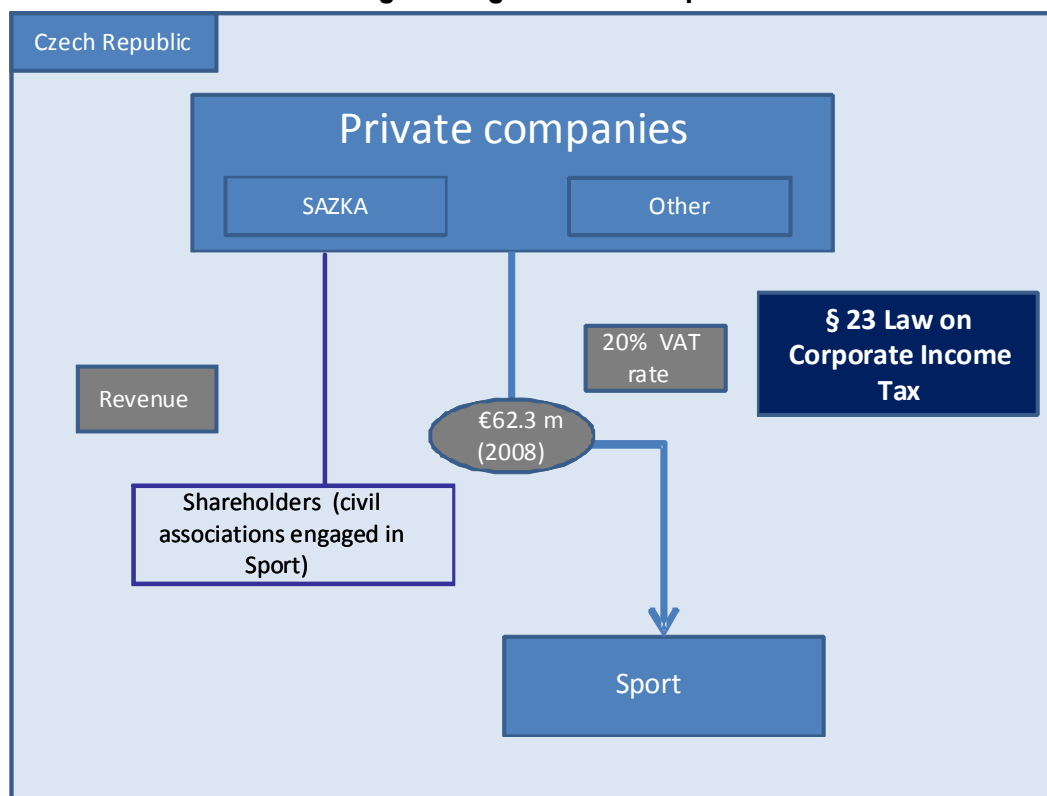
⁶⁷ Again, there is a discrepancy with the figure provided by the WLA, which reports a revenue allocated to sport from the lotteries and gambling services operators of € 37 million in 2008. As noted earlier, the WLA has probably not recorded all payments from all gambling services' operators in the Czech Republic.

⁶⁸ No information is readily available for the other umbrella organisations. Some sport federations have direct cooperation with the gambling operators but the latter can decide themselves to which NGO they give the money. There is no systematic list of organisations receiving these funds, as there appears to be a very large number of beneficiaries in many different areas (education, culture, sport, etc.). The organisations which receive the money from the levy just have to spend those funds on the good purpose (public good) for which they were founded.

as follows: 50% according to membership base, and 50% accordingly to the actual rental and energy costs of all member sport clubs. Every regional unit receives funds in line with this allocation key and then decides how to use the revenue. The CSTV indicates that many regional units split most of the money across the member sport clubs.

The allocation between the high-level practice and the grassroots level is not explicit, but there is an underlying principle of solidarity.

Allocation of revenue from gambling services to sport



Source: Eurostrategies consortium

Finally, in the Czech Republic, betting operators do not have to pay a fee to event organisers in order to open betting on a given sport event.

Games of chance are not exempt from VAT: in January 2010, the VAT rate was raised to 20%. The lotteries, betting and gambling operators thus indirectly contribute to the funding of sport by the general government, by increasing overall government tax revenues, part of which is allocated to the sport budget.

6.5.3 Laws with an indirect impact on grassroots sport

In the Czech Republic, sport organisations are all NGO's created under the Law on Associations of Citizens (**Law No. 83/1990 Collect**). The regulatory framework that applies to these organisations is the same as for any legal body.

No specific regulatory or fiscal framework applies to sport organisations in the Czech Republic. The **Law 586/1992 Collect.**⁶⁹ defining the fiscal framework applying to legal entities makes no exceptions for sport organisations.

As per these Laws:

- Sport organisations are exempt from taxation on donations and real estate, provided that the revenue is used for the main activities of the club (i.e. organisation of competitions, general training, etc.);
- They are subject to income tax, with an exemption below CZK 300,000 (€ 12,026), on condition that the tax-exempt revenue is used for the development of the club. In total, sport clubs pay circa CZK 30 million (€ 1.03 million) in income tax every year, a very low sum given the 20,000 or so clubs in the country.

Sport clubs are not exempt from VAT (between 2004 and 2009 the standard Czech VAT rate was 19%. It rose to 20% in January 2010). However, according to J. Novotny, a large part of the clubs do not pay VAT⁷⁰.

In addition to the above, a number of Laws indirectly impact the revenue flows that are allocated to the sport system. These are the Television Law, the Press Law, and the Radio Communication Act.

Television rights for sport events are bought by broadcasters for a fee paid to the event organisers. The license agreement between TV and the relevant sport organisation specifies the revenue associated with the broadcast of the sport event.

There are currently no tax incentives for investments, sponsorships or donations in the field of sport in the Czech Republic.

The main laws regarding taxation are the following:

Act 338/1992 on real estate tax, exemptions
Act 586/1992 on income tax, corporate income tax
Act 588/1992 on VAT
Act 357/1992 on legacy duty, gift tax, real estate – transfer tax (exemptions, immunity)
Act 16/1993 on the road-traffic tax

Source: Novotny (2000), pages 92-103 (in Czech).

⁶⁹ Source: Chaker, 2004

⁷⁰ The figure of 95% of the clubs not paying VAT has been suggested. The actual figure is not known, nor is the reason why these do not pay VAT. Lack of controls may be an explanation. A certain degree of tolerance may be another explanation. Finally, the Czech Olympic Committee reports that clubs are exempt from VAT up to a total income of CZK 1 million (€40,000). Above that threshold they are not VAT exempt.

6.6 Resources allocated to sport

6.6.1 Financial resources going into sport

In the area of sport, the public sector finances two types of activities. The first is the State Sport Representation (responsible for youth sport centers, sport talent, resort sport centres, and the anti-doping committee). The second concerns sport-for-all (sport classes, the national programme for the development of sport-for-all, sport in schools, sport for the disabled, maintenance and operation of sport facilities).

The role of local authorities has increased in recent years. They are investing more in infrastructure and facilities for grassroots sport. In 2001, the municipalities and the newly established regional authorities (departments) acquired more autonomy. With this, a new allocation system for state money (Act n° 115/2001 dealing with the reform of the public administration) was put in place, through a global decentralisation process. At the same time, thanks to positive macro-economic growth, municipalities and departments increased their support to sport. Most of the subsidies went to the sport organisations and to the reconstruction of sport facilities belonging to the municipalities. The municipalities, however, only own, finance and manage about 10% of sport installations – a much lower share than in the other Member States.

Within the public sector, the central government's contribution represented 17.7% of the total revenue allocated to sport (excluding the salaries of sport teachers in the education system) in 2008. The local authorities contributed 13.5% of the total revenue allocated to the sport system through their support for sport participation and the funding of sport infrastructures and facilities.

The amount of public funds specifically allocated to **grassroots** sport, as opposed to sport in general, is difficult to assess given the different allocation keys per funding programme. The Ministry of Education, Youth and Sport for example has eight different subsidy programmes: it is, therefore, not possible to assess how much of the revenue indicated below specifically goes specifically to grassroots. In the responses to the questionnaires sent by the Eurostrategies' consortium, the Ministry in charge of sport reports that approximately 60% of the central government' support is allocated to grassroots. It says that the corresponding figure for local government support for grassroots sport was 63%. In 2008, a €12 million programme dedicated to the support of sport was also funded by the Ministry of Finance. This support still exists but the amount has been reduced by 10%, according to the CSTV.

In the survey of sport clubs conducted within the context of this study and analysed in Volume 1 of the report, the sport clubs indicate that the bulk of state subsidies, grants and other financial support is used to cover maintenance and operating costs on their infrastructure and facilities. In the Czech Republic, a majority of sport facilities are owned or rented on long-term leases by the sport clubs, which means that their budgets are higher than those of clubs whose facilities are made available free-of-charge or at a low cost by state or local authorities.

As can be seen in the following table, households are the main contributor to the funding of the sport system in the Czech Republic. Based on available information, 57% of the funding for sport comes from direct household expenditures on sport, to which one ought to add the 11.8% contribution from lotteries, betting and gambling services, since the turnover of these operators also comes from household expenditures. The share of the public sector is a little over 30%.

Taking together the estimated revenue from public sources and the estimated revenue allocated to sport in general from the levy on lotteries, plus household spending, one reaches a total estimated

revenue going to sport of € 526 million in 2008. This does not include revenue from sponsorships or donations from companies, for which no data was found.

Concerning the average annual spending per capita, the public contribution was € 8.9 on average in 2008, whereas the average household expenditure was € 28.6 per capita.

Revenue from (2008):	Million €	Share of total	€ per capita
General government	164	31,2	15,6
of which:			
- Central government	93	17,7	8,9
- Ministry in charge of sport	81	15,4	7,7
- Other governmental entities	12	2,3	1,1
- Local authorities	71	13,5	6,8
Private stakeholders	362	68,8	34,5
of which:			
- Household's expenditures on sport	300	57,0	28,6
- Companies (sponsoring, donations, others,...)	n.a.	n.a.	n.a.
- Levy on lotteries, betting and gambling services	62	11,8	5,9
Total revenue	526	100,0	50,1

Sources: Eurostrategies consortium, from national sources and surveys

Notes on the table:

The figures in CZK were converted to euros at the exchange rate of CZK 25 per euro.

"n.a." stands for "not available"

6.6.2 Estimated contribution of voluntary work

In the Czech Republic, there were an estimated 270,000⁷¹ volunteers in sport in 2007, working five hours per week on average. This is equivalent to 33,750 full time equivalents (FTE), and corresponds to a monetized contribution of voluntary work in sport of € 193.5 million in 2007⁷².

Despite this fairly high number of volunteers in sport, sport clubs complain of the difficulty in attracting and retaining volunteers in certain key functions such as administration, coaching, refereeing, etc.

The nature of volunteering in sport has changed radically as a result of new lifestyles and values, strengthened by individualization and globalization trends. Relevant factors include the pressures of time, social mobility, technological transformation of leisure and demographic change.

The last decade has been characterized by attempts to professionalize the sport volunteering sector with more management. The difficult interaction between the national and local levels, the organisational heritage of the communist regime and the lack of managerial skills are perceived to lessen the efficiency of governance in the field of sport⁷³.

⁷¹ This figure is that reported in the EC Volunteering study, and also quoted by the Ministry in charge of sport in the Eurostrategies' survey. It comes from the Fric's 2003 survey.

⁷² Based on the gross average hourly wage rate (Eurostat)

⁷³ See Numerato (2008) which gives the results of 100 interviews carried out with practitioners, coaches, referees, executive committee members and professional employees of selected sport associations.

Increasing the number of volunteers in sport is a major challenge for the coming years. Support, recognition (especially social recognition), education, liability insurance for volunteers in sport all have to be reinforced. The Act of Volunteering will contribute to this, as will the EU 2011 Year of Volunteering programme.

6.7 Solidarity systems in favour of grassroots sport

No **regulated** mechanism was identified that would specifically channel the revenue allocated by the public sector or the gaming levy to sport in general, or to grassroots sport. As indicated above, the revenue from the levy can be allocated by the lotteries, betting and gambling operators to any public beneficial purpose. The revenue that is received by the sport organisations from this levy is distributed to the clubs on the basis of rules internal to the sport movement. The allocation of revenue between the high-level and the grassroots level (including media rights) is therefore decided by the sport federations and the clubs.

In addition, the International Olympic Committee pays approximately 10% of the Czech Olympic Committee's budget. These funds are primarily used for the preparation and participation of athletes in the EYOF and Olympic Games. Although the Czech Olympic Committee is not primarily focused on grassroots sport, it does finance an "Olympic festival" for youngsters aged 12-15: this includes competitions in various sport disciplines.

The UEFA also contributes to the funding of sport in the Czech Republic, based on mechanisms outlined in Volume 1 of the study. The revenue essentially goes to the high-level football clubs, however. No information was found on the amount of this revenue that explicitly goes to support grassroots sport.

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7 Denmark

7.1 Economy and demography

GDP at constant prices, bn € (2008)	191.8
Average annual growth rate (2003-2008)	1.7%
GDP per capita, € (2008)	35,019
GDP per capita, PPP, thousand \$ (2008)	34,408
Population, thousands (2009)	5,511
Share of urban population	72%
Share of population in 15-64 age range	64%
Unemployment rate (2008)	3.4%
Public debt (as a % of GDP) (2008)	33.3
Government deficit (as a % of GDP) (2008)	3.6
Member of the Euro Area	No

Denmark has a population of 5.5 million and extends over an area of 43 094 km². This corresponds to a density of 128 people per km². Approximately 72% of the population lives in an urban area. Denmark's per capita GDP was equal to € 35,000 in 2008, a level 62% above the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$ 34,400 in 2008, 23% higher than the EU-27 average.

Denmark's GDP reached € 191.8 bn in 2008, 1.8% of the total EU-27 GDP. Between 2003 and 2008, the country's economic growth has been slightly slower than the European average, at 1.7% per year on average compared with 2% in the Euro Area and 2.2% in the EU as a whole. Foreign trade was the main driver of growth.

After recording negative growth of -1.1% in 2008, GDP fell by 5.2% in 2009, slightly less than the average decline of 4.2% in the whole of the EU. Meanwhile, the unemployment rate rose significantly, from 3.4% in 2008 to 6.1% in the third quarter 2009.

In 2008, the government debt in Denmark was equivalent to 33.3% of GDP, a level below the EU-27 average. The public debt to GDP had been falling gradually, but turned upwards again in 2008 as the country entered recession. It is expected to deteriorate again in the coming years as a result of the measures taken to limit the damages of the 2008/09 economic downturn. Thus, the necessary correction of the government deficit and the required reduction of the debt burden will weigh on future public spending decisions, and could limit the government's ability to raise its expenses on cultural or sport & leisure activities.

Denmark's currency is the Danish Krone (DKK). In this report, the conversion rate which has been used is 7.45 DKK/€, i.e. the average exchange rate in 2007, the year of most of the financial data in this chapter.

7.2 Sport participation

In 2009, 64% of the population practiced sport at least once a week⁷⁴. This is one of the highest rates in the EU. Denmark also has a high membership rate, which has been fairly stable in the past ten years. In 2009, 19% of the population was member of a sport club, 22% of a health and fitness club and 12% of another type of club.

⁷⁴ 2009 Eurobarometer survey

Sport participation is on the rise, including outside clubs, in particular swimming and running⁷⁵. This rising trend reflects the growth of the (commercial) fitness industry and the rise in self-organised practices. According to the Danish Olympic Committee, the growing share of the population which practices sport outside the scope of a club may be explained by the fact that “traditional” sport clubs have not been able to adequately respond to the evolving needs of the population, such as the demands for increased flexibility, the reduced ability to practice team sport (which implies the respect of training schedules and the grouping of practitioners in a given location) and increased demand for personal trainers.

Membership Figures for DIF and DGI Associations, 2009 (thousands)

	DIF	DGI	Sum (*)
Football	313.7	260	573.7
Gymnastics	112.3	310	422.3
Badminton	100.5	157	257.5
Swimming	124.4	158	282.4
Handball	122.0	126	248.0
Tennis	59.9	n.a.	59.9
Golf	149.5	0	149.5
Riding	78.5	0	78.5
Sailing	59.3	0	59.3
Shooting	52.5	0	52.5
Other (estimated)	520.0	300	820.0
Total	1692.5	1311.0	3003.5

(*) 60 % of all clubs are members of both DIF and DGI. The figures in this column thus overestimate the total number of members. There is, however, no breakdown available of the overlaps per discipline
“n.a.” means not available

Source : DIF & DGI, <http://sporteventdenmark.com/en/Focus%20on%20Denmark/Sports%20in%20Denmark.aspx#Legislation>

The table above includes some double-counting of members, since many sport clubs are affiliated to both the National Olympic Committee and Sports Confederation of Denmark (DIF) and the Danish Gymnastics and Sport Associations (DGI). Hence, some members are registered twice. The number of “other” members reported in the table is calculated by difference based on the actual number of members reported by each organisation.

Three out of four children or young people in Denmark engage in sport regularly in their spare time. Almost half of the adult population is also engaged in sport and exercise. Many adults continue to do sport in the clubs even at a “mature” age. The number of adult Danes who are active in sports has tripled in the last 30 years. Golf is the fastest growing sport. It is especially in the oldest age groups that participation has increased most. Some people take individual exercise, for instance by jogging, swimming or working out, without participating to a club. But most make use of the many advantages that membership of one of the 14,000 Danish clubs offers.

⁷⁵ Denmark's NOC

As a result, the global market for sport and physical activity has increased, and a growing number of people are saying that they are physical active at least 30 minutes three times a week.

7.3 Allocation of responsibilities for sport policy

At national level, the Ministry of Culture is the ministry in charge of sport. Its missions cover sport-for-all, elite sport, the fight against doping, international sport events, and the coordination of government sport policy.

Other ministries are involved in specific aspects of sport policy: the Ministry of Education is in charge of the legal provisions for providing financial support to local clubs, sport in schools and youth clubs. The Ministry of Integration supports sport as a factor of integration, the Ministry for Social Affairs supports sport for the disabled, and the Ministry of Health promotes health enhancing initiatives in sport and physical activity.

Over the past decade, public policies have given increased attention to the potential benefits of sport such as lower obesity among children, improved health and social inclusion.

The public funding of sport is channeled to the clubs through the sport federations. The promotion and development of *grassroots* sport is a public policy priority: 70% of the Ministry of Culture's funding is specifically dedicated to grassroots sport, and 100% of other ministries' contribution to sport is allocated exclusively to *grassroots* sport. The two main priorities are to get children enrolled in the world of sport and to support the many volunteers working in the clubs. The funding of sport facilities is also high on the agenda, because it lowers the operating costs of the sport clubs. To this effect, the **Danish Foundation for Culture and Sport Facilities** has been set up to support the development and construction of sport facilities.

At local level, 98 municipalities are in charge of the public sport facilities and of providing support to the local sport clubs. These local authorities are under a legal obligation to perform a sport mission, as indicated below.

7.4 Organisation of the sport movement

The Danish sport sector is based on the freedom of association. It is an independent and fully autonomous sector⁷⁶.

There are an estimated 14,000 sport clubs in Denmark, organised in three main national organisations:

- The **National Olympic Committee and Sports Confederation of Denmark** (DIF) is the umbrella organisation of 62 national sport federations comprising approximately 11,000 clubs with approximately 1.7 million members. It is also the National Olympic Committee representing Denmark. DIF accepts only one national federation for each sport or each comparable sport as member. Nevertheless, it has four multi-disciplinary sports federations as members: the Danish Association of Sports for the Disabled, the Danish Workers' Sports Federation, the Danish National YMCA Sports Alliance and the Danish Military Sports Federation.

⁷⁶ <http://old.dif.dk/DIFUK/Forside/Sports%20in%20DK/The%20organisations%20of%20sport.aspx>

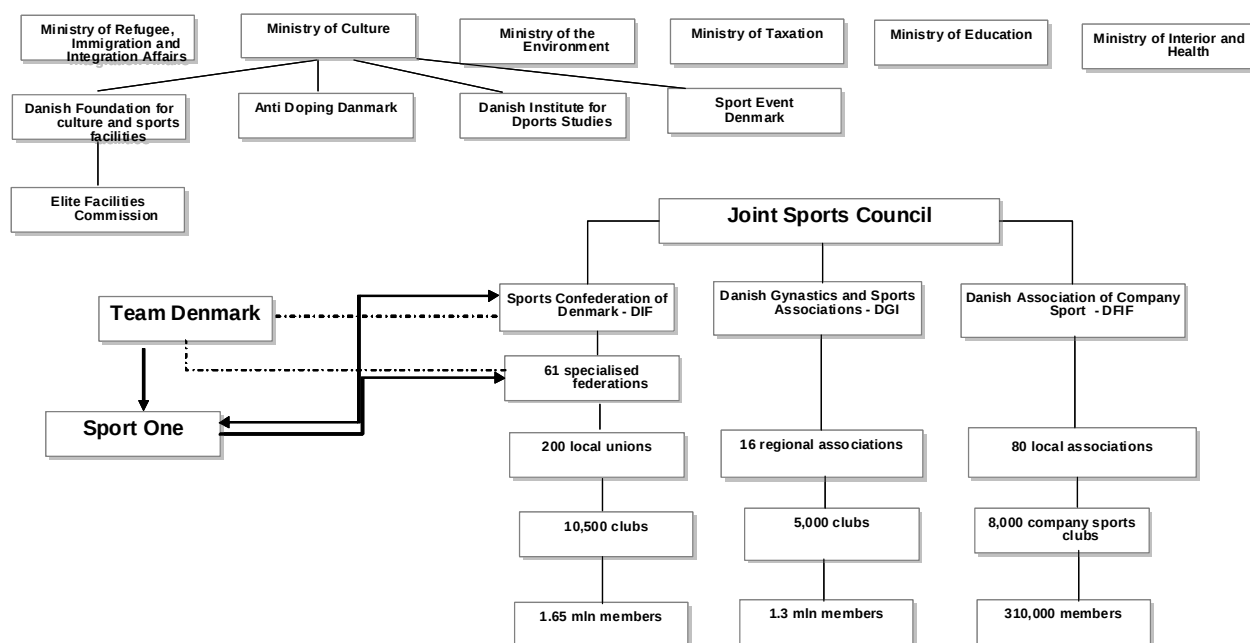
- The **Danish Gymnastics and Sport Associations (DGI)** groups more than 5,000 clubs with approximately 1.3 million members. The DGI, which has 12 sports on its programme, is organised on the regional level through 16 regional associations; DGI operates with multi-disciplinary sport clubs as members. Multi-disciplinary sport clubs are umbrella clubs with a number of associate sections or independent clubs which organise their sport⁷⁷.

Many clubs are members of both DIF and DFI.

- Another important umbrella organisation is the **Danish Association of Company Sport (DFIF)** with approximately 800,000 members⁷⁸. This organisation organises sport activities for company teams.
- Finally, the Danish Elite Sports Institution "**Team Denmark**" is a semi-public body that concentrates on elite sport.

The national federations are the governing bodies of their respective sports at elite as well as grassroots level, and their activities are international as well as national and regional. The figure below shows the organisation of sport in Denmark.

Organisation of sport in Denmark (2010)



Source: DIF

As in other European countries, sport in Denmark is organised through a pyramid structure. DIF for example handles tasks of common interest to all its member federations at the national level. The national federations primarily handle tasks within their own sport at national level. At regional level, they are organised in district federations that are typically in charge of tournaments, competitions

⁷⁷ Most often, it is the total number of members of all sections or clubs under the umbrella club which DGI and DIF count as members, whereas it is the individual sections or clubs under the umbrella club which are members of the national federations, and thus members of DIF and DGI.

⁷⁸ Source: Ms Lotte Jensen, Danish Gymnastics and Sports Association, in a presentation to the European Conference on Sport and Local Authorities

and education. Also at regional level are DIF's county committees which handle the common interests of sport in relation to the county authorities, especially where the environment and physical planning are important issues.

At the municipal level, the local associations of sports clubs act as an umbrella to the local sports clubs. The local associations of sports clubs look after the interests of local clubs in relation to municipal authorities, and act as sport representatives in the municipal committees of youth and adult education which allocate funds to local sport.⁷⁹

The financing structure of the national federations varies across federations. Some federations, typically the smaller ones, are almost solely financed by DIF's funds. Other federations also receive significant levels of funding from sponsorships and/or membership fees. The Danish Football Association also has considerable income from TV-broadcasts. The main part of football's income from media rights goes to the professional Super League clubs which are run separately from grassroots' football but are still within the Danish Football Association⁸⁰.

7.5 Legal framework

7.5.1 Specific Laws on sport

There are a number of main laws (Acts) of relevance to sport in Denmark:

Within the field of the Danish Ministry of Culture are:

- **The top-level (=Elite) Sport Act** (Act No. 288 of 26 April 2004): under this law the Danish Elite Sports Institution "Team Denmark" was established as a self-governing institution with two thirds government financing and one third self financing;
- **The Act on the Promotion of Doping-free Sport** (Act No. 1438 of 22 December 2004): this criminalizes the trafficking of doping substances such as anabolic steroids, EPO and growth hormones;
- **The Act on the Retrieval of a statement of previous convictions in respect of children on the appointment of staff, etc.** (Act No. 520 of 21 June 2005).

Within the field of the Danish Ministry of Education is:

- **The Act on the Allocation of Financial Support to General Education** "Folkeoplysning", sometimes also referenced as the "Act on Youth and Adult Education". The purpose of this law is to ensure municipal aid to leisure time education and activities, including local sport, in the form of grants to sport activities, access to municipality indoor and outdoor facilities or rent to private indoor and outdoor facilities.

Within the field of the Finance Ministry is:

- **The Danish Pool Act**, commented upon in the section on the regulatory framework applying to lotteries, betting and gambling services.

The **Act on the Allocation of Financial Support to General Education** makes it mandatory for all Danish municipalities to financially support grassroots sport clubs: introduced in 1972 and revised again in 1987 and in 2004, this important Act stipulates that all Danish municipalities have to support the sporting activities organised by the sport clubs for the local population: support to sporting activities must be given to children and young people up to the age of 25. The municipalities can also choose to support sport activities organised for those aged 60 and over.

⁷⁹ Source : <http://www.sitecore.net/en/Customers/Selected-Customers/Associations/Danmarks-Ildraets-Forbund.aspx>

⁸⁰ Source : Idem

This Act on Youth and Adult Education also makes it mandatory for the municipalities to let the sports club use the public sporting facilities for free or a minor fee as long as the activities are aimed at people aged less than 25 or more than 60. Finally the law stipulates that the sport clubs which use private sporting facilities because no public sporting facilities are available must be compensated for the cost of renting the facilities with a minimum of 65 % of the rent.

7.5.2 Allocation of revenue from gambling services to sport

The gambling market in Denmark is regulated: only certain actors are allowed in this lottery, betting and gambling market⁸¹. These actors are public benefit organisations and state-controlled companies like Danske Spil A/S and Det Danske Klasselotteri A/S⁸².

Danske Spil A/S was founded in 1948 and is the only provider of the national lotto in Denmark. The name of the company was changed from Dansk Tiptjeneste (Danish pool services) into Danske Spil (Danish game(s)) in 2006. The largest part of the shares of the company (80%) belongs to the state, 10% to the Danish Sports Federation (DIF) and Olympic Committee, and the remaining 10% to the Danish Gymnastics and Sports Association (DGI). Some board members are appointed by ministries.

During the first four decades of its existence, Danske Spil only offered football pools. Today, pools games represent less than 4% of total turnover. In 1989, the Danish Lotto was introduced and became the largest game. Number games (including the Lotto) now represent 70% of the total revenues. Danske Spil also offers sports games, instant lotteries and slot machines. Since 1990, it also offers online betting.

Total revenues in 2009 were DKK 10.3 bn (around €1.4 billion). According to the Act on Certain Games, Lotteries and Betting the prize money must represent at least 45% of turnover. In 2009, 59.7% (DKK 6,162 million, around € 826 million) was destined as prize money and DKK 1,581 million (€ 212 million; 15% of turnover) was distributed to benefit society⁸³. All proceeds are destined to the Ministries that allocate the funds. These are then distributed according to rules laid down by the Danish Parliament for sporting, cultural and other non-profit purposes. Among the beneficiaries are the National Federation of Danish Organisations for Disabled Persons, Denmark's Olympic Committee and several other national charity organisations.

The **Danish Class Lottery** (Det Danske Klasselotteri A/S) was established in 1753, and is Denmark's oldest still running lottery. Nowadays it is a public limited company, owned by the state. The class lottery extends over a six month period with scheduled monthly drawings.

The value of the prizes increase over the over the six classes, culminating in the last class in which the greatest number of prizes are drawn. The prize payout rate is 65%. Sales amounted to DKK 674,000,000 in 2009/2010 (€ 90 million, 1%). Profits go to the state treasury.

Five Acts regulate the operation of lotteries, betting and gambling services operators.

⁸¹ SKAT, the Danish gambling authority.

⁸² A new Gambling Act has been adopted in the Danish parliament, but not yet accepted by the Commission due to complaints from the Danish Slot Machines Association and a land based casino. The new law introduces a partial liberalisation of the Danish gambling market. The sport bets will be liberalised and all bookmakers, who are fulfilling the requirement to get a license to operate on the Danish market can do so, while the lottery games will still be run by the monopoly Danske Spil.

⁸³ The European Charity Lotteries' Association, Report on Denmark (2010).

The **Lottery Prohibition Act**: Art.1 Sec.3. prohibits any [other] lotteries⁸⁴ organised in Denmark or abroad from targeting Danish residents. This prohibition may be overcome by obtaining a lottery authorization, which can be obtained by declaring a charitable cause of business and restricting clientele to a particular city or geographic locality. There are, as a result, several charity lotteries in the country⁸⁵. Bingo, which in many European countries is considered to be a different form of gambling, is classified in Denmark under the rubric of lottery gambling and is regulated by the Lottery Prohibition Act.

The Act on Class Lotteries, or **Act on Det Danske Klasselotteri A/S.**, provides a license for Det Danske Klasselotteri A/S to operate class lottery in Denmark;

The **Act on Certain Games, Lotteries and Betting** stipulates that only one company is allowed to organise lotto at a national level. This company must be 80% state-owned. *Danske Spil* (formerly *Dansk Tipstjeneste*) is the current operator. This limited liability company is strictly monitored and regulated by the Danish Gaming Authority (*Spillemyndigheden*), a department of the Ministry of Taxation.

Article 1 of the Act on Certain Games, Lotteries and Betting states that the Danish Minister of Taxation is authorized to issue licenses to lottery operators provided that the latter pay taxes to the Danish government. Article 2 of this Act states that the Minister of Taxation may only issue lottery licenses to a Danish company set up as a limited liability company. The Danish government, along with the Danish Sports Association and the Danish Gymnastics and Sports Associations, respectively own 80%, 10% and 10% of the shares of Danske Spil. Article 5 obliges the licensed company to distribute at least 45% of the stakes from the lottery as prize money, and to submit a statement explaining the lottery's compliance with the provisions of the license to the Minister of Taxation before expiration of the license.

The **Act on Distribution of Profits from Lotteries and Horse and Dog Betting** defines the distribution of the lottery revenues to good causes being supported by the various ministries, which are getting a part of the lottery revenue. Based on the latter, 70% of the revenue is distributed to the Ministry of Culture, 13% is distributed to the Ministry of Education, 10% is allocated to the Ministry of Social Welfare, 3 % is distributed to the Ministry of Interior and Health, 3% is distributed to the Ministry of Environment and 1% is allocated to the Ministry of Science.

The 70% share which is allocated to the Ministry of Culture is redistributed to sport associations, confederations, foundations and federations, as follows:

- 7.19 % goes to Team Denmark;
- 23.77 % to the Sport Confederation of Denmark (DIF);
- 21.66 % to the Danish Gymnastics and Sport Association (DGI);
- 3.23 % to the Danish Company Sport Association (DFIS);
- 6.94 % to the Danish Foundation for Culture and Sport Facilities;
- 7.71 % to the Financing Federation of Horseracing (HFF);
- 24.15 % to other cultural purposes.

⁸⁴ Other than public benefit organisations and companies in which the government has at least an 80% stake which are authorized to operate in the gambling and lottery market.

⁸⁵ The Association of Charity Lotteries in the European Union, ACLEU, cites the lottery organised annually by The Danish Cancer Society, which generated € 7.6 million in 2009, as well as the Landbrugslotteriet, and Aeldresagen (or DaneAge Association), among others.

Other relevant Acts are:

- The **Act on Gaming Machines**, which stipulates that the licence to operate gaming machines in Denmark can be obtained by application to the Danish Gambling Authority;
- The **Act on Public Gambling in Tournaments**, which stipulates that the licence to organise public gambling in tournaments can be obtained by application to the Danish Gambling Authority. At present it is only possible to obtain a licence for poker tournaments.
- The **Casino Act**, which governs and regulates the casino market. Art.1 Sec.1. of the Casino Act authorizes the Danish Ministry of Justice to grant casino licenses to licensees who intend to responsibly operate casinos in Denmark. The government may grant conditional casino licenses when it deems appropriate to do so. In Denmark, roulette, baccarat and blackjack are classified under the rubric of casino gambling, and thus, they are subject to the Casino Act provisions.

Operators of lottery and betting games must also comply with the **Danish Marketing Law** and with the International Chamber of Commerce (ICC's) international code on advertising.

The Danish Government does not officially recognize media games as gambling services. In the case of charity gambling, apart from reduced gambling hall tax, there is no specific legislation in Danish law.

Based on the Act on Certain Games, Lotteries and Betting, the Ministry of Culture received a total of € 134 million (DKK 1,003 million) in 2008. Of this amount, the sport movement received approximately € 100 million⁸⁶, allocated as follows:

- € 35.79 bn to DIF
- € 32.57 bn to DGI
- € 4.83 bn to DFIF
- € 10.05 bn to the Danish Foundation for Culture and Sport Facilities
- € 10.72 bn to Team Denmark
- € 6.03 bn to Sport Event Denmark

On 4 June 2010 The Danish Parliament (Folketinget) passed a new legal framework for regulating remote and non-remote gaming in Denmark. The legislation will take effect some time in 2011. The legal framework consists of four Acts, only one of which falls under the jurisdiction of the Danish Gambling Authority. These are:

- The Act on Gaming (Danish Gambling Authority);
- The Act on Duty on Gambling (Ministry of Taxation/SKAT);
- The Act on Danske Spil A/S (Ministry of Finance);
- The Act on Distribution of Profits from Lotteries and Betting on Horse and Dog Racing (Ministry of Culture).

In accordance with the regulation of gaming act, six statutory orders have been drawn up, but have not yet taken effect. These are:

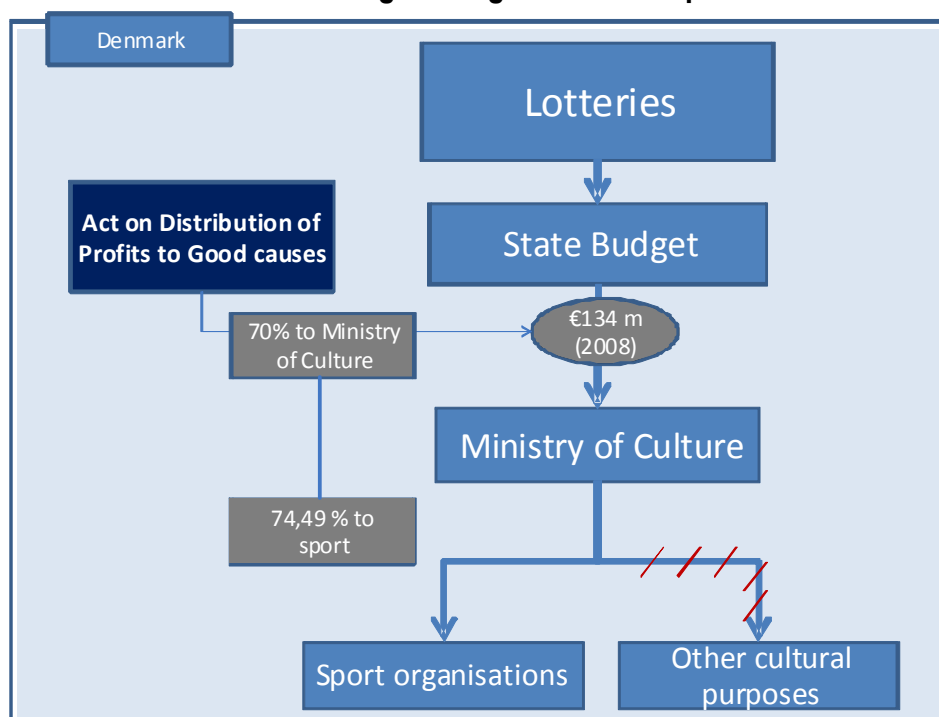
- Statutory Order on Betting and Online Casinos

⁸⁶ These figures are consistent with those provided by the European State Lotteries and Toto Association, which report a total revenue to the state from the compulsory levy on the lotteries of € 404,2 million, for all good causes, of which approximately € 104.4 were allocated to sport. The difference probably reflects the use of a different exchange rate to convert data from DKK to euros.

- Statutory Order on Repayment Rates and Fees for Control and Supervision of Certain Games - The field of application is lottery, local pools betting and horse and dog betting
- Statutory Order on Reimbursement of Costs Incurred for Blocking of Payments - The field of application is lottery, betting and online casino
- Statutory Order on Land-Based Casinos
- Statutory Order on Gaming Machines in Gaming Machine Arcades and Restaurants
- Statutory Order on Non-Profit Lotteries

The chart below illustrates the revenue flows across categories of stakeholders.

Allocation of revenue from gambling services to sport



Sources: Eurostrategies consortium

7.5.3 Laws with an indirect impact on grassroots sport

In Denmark, under the VAT Law No 375 of 1994, no VAT is levied on the activities of sport organisations up to a revenue ceiling for the club of 50,000 DKr (approximately € 6,700). Sport activities are exempt from VAT. Sport organisations are also exempt from income tax.

The fiscal legislation also entitles the volunteers which work in sport clubs to receive an allowance, which can equal their cost for transportation, using the phone, the internet or washing clothes for the local football team. Up to €670, volunteers can be paid without any receipts.

There are also tax rebates on sponsorship and donations. Yet, with respect to sponsoring, alcohol sponsorship of sport and sports grounds is not allowed, nor is advertising of alcoholic beverages in sports magazines.

7.6 Resources allocated to sport

7.6.1 Financial resources going into sport

The total public funding of sport is approximately DKK 3.3 bn per year (€ 440 million). The main part of this (approximately DKK 2.7 bn per year, or € 360 million) comes from municipalities and is allocated to grassroots sport. The municipalities also finance the construction and operation of sport facilities (approximately DKK 1.8 bn, or € 240 million) and grant subsidies to local sports clubs for activities and facilities (approximately DKK 900 million, or € 120 million).

The government supports the national sport organisations, i.e. DIF, DGI, DFIF and Team Denmark, through funds from the proceeds of the football pools, betting games and lotteries (to the amount of DKK 550 million per year, or approximately € 73.5 million). Furthermore, each year, the Ministry of Culture allocates approximately DKK 40 million (€ 5.3 million) in funds from the proceeds of the football pools, betting games and lotteries for sports purposes. Altogether, the € 78.8 million from these two sources represent approximately 64% of the central government's funding of sport. The overall € 100 million allocated to sport from lotteries, betting and gambling represents 80% of the central government's funding of sport.

The number of sport facilities per inhabitant in Denmark is among the highest in Europe. There are more than 1,200 sports halls, almost 300 swimming pools, 5,300 football grounds, 2,000 tennis courts and almost 2,500 gyms. But the distribution of sport facilities is geographically unbalanced, and there is a shortage of club houses and drop-in facilities. The Danish Foundation for Culture and Sports Facilities, established by the Ministry of Culture and the sport organisations, supports and promotes the construction of architecturally innovative buildings within the leisure and cultural sector. The Danish Foundation for Culture and Sports Facilities allocates DKK 80 million (€ 10.7 million) a year for construction of sports and cultural facilities.

Based on the data provided to Eurostrategies by the Ministry in charge of sport, reported in the table below, the central government allocated € 123 million to the funding of sport in 2007. This includes € 9.9 million allocated in that year to the Danish Foundation for Culture and Sport facilities for the financing of sport infrastructure. The state's contribution, which mainly comes from the compulsory levy on the lotteries, accounted for a little over 8.5% of the total resources allocated to the sport system in Denmark in that year.

The local authorities allocated approximately 90% of their overall sport budget to grassroots sport. This local funding represented 32.7% of the total resources of the sport system in 2007.

In recent years, the revenue from the national lottery has decreased. The sport organisations have, however, not been impacted by this as they have been compensated over the state budget from the smaller revenue in Danske Spil⁸⁷.

With respect to private funding, household expenditures on sport account for 39.5% of the total resources of the sport system. 80% of household's expenditures on sport concern, directly or indirectly, grassroots sport. These expenditures include the purchases of bicycles (15%) and other equipment for the practice of sport (18%), the payment of sport activities (31%) as well as the payment of lottery tickets and other gambling activities (36%). The figure also includes the expenditures on small lotteries organised by the sport clubs themselves.

⁸⁷ The new gambling act will mean more money to the sport organisations. To date, the funding from the municipalities has not yet decreased: the latest economic indicators are showing a status quo on the municipality spending on sport.

Funding from companies includes sponsorship (€150 million in 2007⁸⁸) and media rights (€128 million in 2007⁸⁹). Grassroots sport receives approximately 10% of total sponsorship contracts (through Sport One Denmark) and 5% of the revenue from media rights revenue (mainly linked to football and handball).

According to the Danish National Olympic Committee, the funding of grassroots sport has been negatively impacted by the economic crisis:

- Small sponsors, who are sponsoring a lot of the sport activities for the children, have backed away from sponsoring a lot of the grassroots clubs;
- Municipalities are experiencing hard times due to the rise in unemployment benefits. This impacts the share of sport in the budget of the municipalities.

Funding of the Danish sport system, 2007

Revenue from (2007):	Million €	Share of total	€ per capita
General government	593,0	41,2	107,8
of which:			
- Central government	123,0	8,5	22,4
- Ministry in charge of sport (incl. revenue from the lottery)	118,0	8,2	21,5
- Other governmental entities (departments, agencies...)	5,0	0,3	0,9
- Local authorities	470,0	32,7	85,5
Private stakeholders	846,2	58,8	153,8
of which:			
- Household's expenditures on sport	568,2	39,5	103,3
- Companies (sponsoring, donations, others,...)	278,0	19,3	50,5
Total revenue	1439,2	100,0	261,7

Sources: Eurostrategies consortium, from national sources and surveys

7.6.2 Estimated contribution of voluntary work

The Olympic Committee has recently conducted a major study on volunteering, asking its 10,500 member clubs on the state of volunteering in their clubs. The research indicates that around 360,000 work as volunteers. Earlier estimates (from the early 2000) pointed at 600,000 volunteers involved in sport, working an average of 3.4 hours a week. The figure retained in this study is 360,000 volunteers working an average of 3.4 hours per week, i.e. the equivalent 30,600 full time equivalents. This is equivalent to an additional funding of € 891 million⁹⁰, i.e. 62% of the financial revenue allocated directly to the sport system (as reported in the table above).

⁸⁸ Sport One Denmark

⁸⁹ Report of the economy

⁹⁰ Based on the gross average hourly wage rate (Eurostat)

7.7 Systems of solidarity in favour of grassroots sport

The Danish Sport Confederation provides funding to the individual sport federations to help them cover their basic administrative costs and the organisation of activities of every federation. The level of funding is calculated based on the activities of the federation (the number of clubs, of members, activities for children...).

Media rights are paid directly to the sport federations. The NOC and the Danish Sport Confederation have negotiated a media right agreement on behalf of about 50 sport disciplines. This does not cover football, handball, badminton and ice hockey which negotiate their own individual media rights.

In football and handball, there are separate solidary mechanisms organizing the redistribution of media rights earned by the professional sport to grassroots football and handball. The share of the media rights revenue estimated to go to grassroots sport is 5%.

8 Estonia

8.1 Economy and demography

GDP at constant prices, bn € (2008)	10.3
Average annual growth rate (2003-2008)	5.9%
GDP per capita, € (2008)	7,648
GDP per capita, PPP, thousand \$ (2008)	18,740
Population, thousands (2009)	1 340
Share of urban population	69%
Share of population in 15-64 age range	68%
Unemployment rate (2008)	5.6%
Public debt (as a % of GDP) (2008)	4.8
Government deficit (as a % of GDP) (2008)	-3
Member of the Euro Area	Yes (2011)

Estonia extends over an area of 45,000 km². It has a population of 1.3 million, which corresponds to a density of 30 people per km². Approximately 69% of the population lives in an urban area. Estonia's per capita GDP was equal to € 7,600 in 2008, nearly 64% below the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$ 18,700 in 2008, 33% below the EU-27 average.

Estonia's GDP reached € 10.1 bn in 2008, 0.1% of the total EU-27 GDP. Between 2003 and 2008, GDP grew at an average annual rate of 6.1%, compared with 2% in the Euro Area and 2.2% in the EU as a whole. Domestic demand was the main driver of growth.

In 2009, the economic situation deteriorated considerably, as elsewhere in Europe: after the negative growth recorded in 2008 (-5.1% yoy), GDP fell by another 13.9% in 2009, compared with an average decline of 4.2% in the whole of the EU. As a result, the unemployment rate rose significantly, from 5.6% in 2008 to 16.2% in the third quarter of 2010.

In 2008, the government debt in Estonia was equivalent to 4.8% of GDP, a level well below the EU-27 average. The public debt to GDP has been at a low level over the past years thanks to the adoption of prudent fiscal policy to qualify for joining the Euro zone. However, following six years of budgetary surpluses, the government posted a public deficit of 3% of GDP in 2008 in the wake of the 2008/2009 economic downturn. Although this trend is likely to continue in the coming years, the rise in the public debt burden will be modest compared with most other countries in Europe. Hence, the debt burden should not weigh significantly on future public spending decisions and government's ability to raise its expenses in cultural or sport & leisure activities.

Estonia adopted the euro in 2011. Prior to that, its currency was the Estonian Krone (EEK). Its average exchange rate to the euro has been very close to 15.85 since 2004.

8.2 Sport participation

In 2009, 34% of the population practiced sport at least once a week⁹¹. This rate is slightly lower than the EU average (40%). In 2009, 10% of the population was member of a sport club, 2% of a fitness

⁹¹ 2009 Eurobarometer survey

club and 2% of another type of club. 85% of the respondents to the Eurobarometer survey declared not being a member of any type of club in 2009.

Sport club membership (2005)	110,885
Trend in sport club membership(2000-2005)	87.2%
Sport club membership rate (2005)	8.2%
Number of clubs	2,296
Sport participation in the population % (once a week or more) ⁹²	34%

Source: Eurobarometer survey, Amnyos (2008)

The rate of sport participation has increased since the turn of the decade. This trend is attributed to several factors: the sport system has become more organised and is better regulated, which creates a healthy business environment for sport clubs. New sport facilities have been developed, which increases supply (for example, there are many new swimming pools, which has made possible an increase in the number of swimmers). Besides, there are more professional teachers and qualified coaches. Growing awareness of the benefits of a regular practice of sport also explains the rising participation rate.

The table below shows the disciplines with the highest number of members in 2005.

Sport	Members	Sport	Members
Football	12,540	Volleyball	7,143
Gymnastics	12,505	Tennis	3,860
Basketball	10,549	Cross country skiing	3,547
Athletics	8,820	Judo	3,111
Swimming	7,906	Wrestling	1,987

Source: Eurobarometer survey, Amnyos (2008)

8.3 Allocation of responsibilities for sport policy

The ministry in charge of sport is the Ministry of Culture. Its mission is to support the maintenance of the Estonian national identity by valuing, preserving, developing, acknowledging and spreading Estonian fine arts, cultural heritage and sport, in Estonia and abroad. Amongst other, this supposes supporting both professional and amateur activities in the area of sport.

This mission is implemented through the support of sport federations, sport clubs and sport schools in order to ensure that the system can develop activities for non-professional, professional and young athletes, and that it fosters the development of a modern sport infrastructure enabling further growth in professional and non-professional sport.

The Ministry of Education and Research is in charge of guaranteeing access to life-long learning for all people in Estonia, to enable them to raise their standards of living. Only university sport, vocational school sport and physical education in schools are covered by this ministry.

As for local authorities, rural municipalities and cities, they are under a legal obligation to:

⁹² Eurobarometer, Sport and Physical Activity, European Commission 2010

- determine the area necessary for sport within their administrative boundaries;
- support the work of sport organisations located within their administrative territory;
- ensure conditions for conducting physical education lessons in municipal schools and promote the practice of sport in schools, sport schools and youth camps;
- designate public servants engaged in the organisation of sport within their administrative territories, or assign these functions to other public servants of the rural municipalities or cities;
- inform county governments and the Ministry of Culture of any intention to change the destination of a sport facility.

The **Estonian Sport Educational and Information Foundation** is a public organisation responsible for analysing sport statistics, collecting data on sport, implementing sport policy and mediating sport information to customers. The **Anti-Doping Agency** is the main body in charge of the anti-doping policies, and of carrying out the tests.

8.4 Organisation of the sport movement

In Estonia there are 63 sport federations: each federation is the governing body for the respective sports. The national federations are explicitly designated in the Act on Sport presented in the next section.

Indeed, §.4 of the Act on Sport designates the following sport organisations:

- **Sport clubs:** legal entities in private law; their main activity is the development of sport;
- **County sports union:** an association of sports clubs operating in a county which, as a member of the national Olympic Committee, represents sports in the county and has the exclusive right to organise county championships and grant the corresponding titles;
- **Sport federation:** a national association of sport clubs practising a sport discipline, which, as a member of the international sports federation of the sport and a member of the national Olympic Committee, represents the sport and has the exclusive right to organise national championships and grant the corresponding titles;
- **Sport association:** an association of sports clubs operating, or natural persons acting in a specified field of sport (amateur sports, recreational sports, school sports, student sports, sports for disabled, company sports, veteran sports etc.);
- **The National Olympic Committee:** an organisation which unites county sport unions, sport federations, sport associations and, as provided in the Olympic Charter, natural persons, and organises common activities and develops and protects the sports and Olympic movement in Estonia.

Other sport associations than the above-mentioned sport federations, such as the Estonian Academic Sport Federation, the Estonian School Sport Federation, the Estonian "Sport for All" Association, the Estonian Rural Sport Association, the Association of Athletes, the Estonian Coaches Association, etc., are oriented towards certain target (professional) groups.

8.5 Legal framework

8.5.1 *Specific Laws on sport*

The 2005 **Act on Sport**, which came into force in January 2006, defines:

- the organisational and legal bases of sport;
- the rights and obligations of athletes and coaches;
- the framework of government financial support for Olympic champions;
- how the financing of sport is to be organised;
- the requirements for organizing sport competitions and other events, and the corresponding responsibilities of the different stakeholders.

According to the Act on Sport, sport is organised and promoted by the state and local governments, and by the sport organisations. The overall objective is the physical and mental fitness of the population, the promotion of a healthy lifestyle and sport-related self-realisation of the youth.

In **§.1**, the Act on Sport puts in place the basis for the financing of sport.

§.2 adds that sport is organised and promoted by the state as well as by local governments and sport organisations.

§.9 lays down conditions for financing sport from the state budgets:

- Financial support shall be provided only to sport organisations which have a development plan and which have submitted an official statistics' report to the agency conducting official statistical surveys within the allotted time;
- The development plan of a sport organisation shall prescribe the mission and objectives of the sport organisation, and the activities and means planned to fulfil the mission and achieve the objectives; the development plan shall be prepared for at least four years;
- The procedure for the distribution of funds allocated from the state budget to support sport shall be established by regulation of the Minister of Culture.

8.5.2 *Allocation of revenue from gambling services to sport*

The two relevant Acts relating to lotteries, betting and gambling are the **Gambling Tax Act** of April 1, 2002 and the **Lottery Act** of July 21, 1994. According to these, the state has the right to organise games of chance. It delegates this right by issuing a license to a state-owned enterprise or to a not-for-profit association. Lotteries may only be organised for charitable purposes. To organise a small lottery that awards less than 250,000 Krone (around € 16,000) as prize money, the organiser does not necessarily have to be Estonian⁹³.

All the revenue from the gambling tax is donated to good causes.

The tax rates are 18% of the stakes for games of skill, 18% of the stakes for passive and instant lotteries, 18% of the stakes for games of chance which are not organised on a gambling table or

⁹³ Source: The European Charity Lotteries Association, Report on Estonia (2010).

gambling machine, 10% of the stakes for number lotteries, EEK 15,000 (€ 958) per gambling table, EEK 5,000 (€ 319) per gambling machine, and 5% of the stakes of betting services. The prize pay-out ratio must be 50%.

§ 7 of the Gambling Tax Act indicates that Gambling tax is paid into the state budget and allocated to sport as follows:

- 37.4 per cent shall be allocated to support projects related to sports, science, education, children, young people, families, medicine, welfare, elderly persons and disabled persons;
 - o 22 % of this amount to support Olympic preparation projects;
 - o 10 % of this amount to support other sport projects.

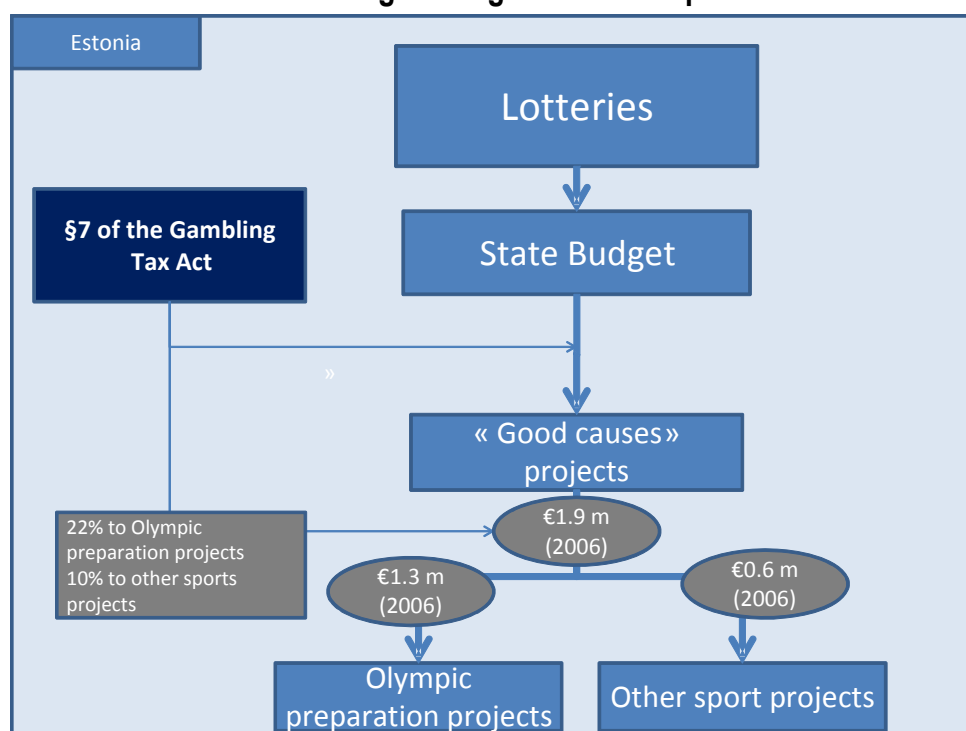
In 2009, according to the European Association of Charity Lotteries, the revenue was distributed as follows⁹⁴:

- 32% for science and education;
- 22% for the Olympic Committee;
- 10% for the funding of other sports projects;
- 32 % for welfare projects;
- 4 % for cultural projects.

Sport organisations have to submit projects in order to receive financial support. Only the best projects are financed. In 2006, for example, the funding allocated to the Olympic Committee represented EEK 30.4 bn⁹⁵ (€1.9 million), of which:

- €1.3m went to Olympic preparation projects;
- €0.6 m was allocated to other sport projects.

Allocation of revenue from gambling services to sport



Source: Eurostrategies' consortium

⁹⁴ Source: The European Charity Lotteries (2010).

⁹⁵ Source: National Olympic Committee.

The European State Lotteries and Toto Association (EL) reports total revenue for good causes (not only sport) of € 3 million in Estonia in 2007, rising to € 7.6 million in 2008. Only part of this total figure was allocated to sport, however, via the state budget. In 2008, the figure allocated to sport is estimated by EL at € 1.7 million, i.e. less than 10% of the total central government funding of sport.

8.5.3 Laws with an indirect impact on grassroots sport

The **Income Tax Act** (December 15th 1999) provides tax deduction on gifts and donations, travel and accommodation costs, and sport grants.

§.11 of the Income Tax Law lists not-for-profit associations and foundations among the organisations entitled to benefit from income tax incentives when the activities of the associations or foundations are the charitable support of sport, and the incomes or assets are not distributed to its founders or members. Other sport clubs considered as companies are subject to corporate income tax: distributed profits are subject to a 21% corporate tax, but undistributed profits are tax-exempt.

The regime applicable to sport athletes (i.e. for elite sport) is as follows: §.29 of the Income Tax Law indicates that a non resident sportsman is taxable on income earned from his remuneration. The tax rate is 26%. §.19 of the Income Tax Law indicates that income from all sport awards is also taxable at the rate of 26%. The rate applying to royalties and fees for entertainers and sport athletes was reduced to 10% in 2009.

Concerning VAT, **VAT Act of December 10, 2003**, §.16 indicates that only those services provided by a not-for-profit association to its members free of charge or for a membership fee, and those services provided [by a not-for-profit association] to natural persons relating to the use of sport facilities or sport equipment, are VAT exempt.

The **Social Tax Act of December 13, 2000** does not apply social tax exemptions for sport employment contracts. §.2 specifies that social tax shall be paid on remuneration paid by virtue of sports employment contracts. The rate of social contributions is 33% of the taxable amount.

There are incentives to encourage the funding of sport, however. For donations, the **Income Tax Law** of December 15, 1999 indicates that the taxable income of a natural person does not include donations. There are no tax breaks for sponsoring contracts, however.

The **Local Taxes Act** of September 21, 1994, makes advertising expenses taxable according to the local regulations applied by each council.

Finally, concerning the regulatory framework for **broadcasting rights**, the **Copyright Act** of November 11, 1992 indicates that intellectual property rights related to sport events are governed by general law. This protects audiovisual works like television broadcasting.

The amount of remuneration, including rental fees, and the procedure for the collection and payment thereof, are to be determined by an agreement (contract) between the author and a user of the work or, by authorization of the author, by an agreement between a collective management organisation representing the authors or any other person and a user of the work. There is no legislation creating a special tax on TV broadcasting rights.

8.6 Resources allocated to sport

8.6.1 Financial resources going into sport

The amount of public funding to sport at national and local levels is roughly equivalent to the revenue generated from private sources⁹⁶. The amount of revenue coming from private sources has risen in the past years thanks to the rising participation fees charged by the sport clubs and sport schools, as well as increased revenue from other activities (rental of sport facilities for example). The recent growth in private financing is probably also partly explained by the (good) work done by the sport federations, and by the sound economic situation up to 2008.

Concerning public financing, the local authorities are the main contributors. They contribute close to 30% of the total revenue which goes to the sport system, compared with 10.8% from the central government's budget. The municipalities contribute twice more than the regions to the funding of sport. These figures are consistent with the missions of local authorities in the field of sport.

Sport is financed from the state budget through endowments from the Ministry in charge of sport and from the tax revenue on lotteries, betting and gambling services.

In the 2010 State budget Act, the following amounts are reported:

- EEK 7,398,000 (€ 472,800) are allocated to the National Olympic Committee from the budget of the Ministry of Education and Research;
- EEK 2,520,000 (€ 161,060) are allocated to culture and sports grants from the budget of the Ministry of Culture;
- EEK 5,750,000 (€ 367,500) are allocated to national culture and sport awards from the budget of the Ministry of Culture;
- EEK 1,120,000 (€ 71,580) are allocated to winners of Olympic Games from the state budget;
- EEK 285,935,868 (€ 18.3 million) are allocated to projects and activities for culture and sports from the budget of the Ministry of Culture.

The exact amount going to sport as opposed to other purposes is, however, not available.

Revenue from (2005):	Million €	Share of total	€ per capita
General government	63,2	40,4	48,6
of which:			
- Central government	16,9	10,8	13,0
- Ministry in charge of sport	14,0	9,0	10,8
- Other governmental entities	2,9	1,9	2,2
- Local authorities	46,3	29,6	35,6
Private stakeholders	93,2	59,6	71,7
of which:			
- Household's expenditures on sport	61,2	39,1	47,1
- Companies (sponsoring, donations, others,...)	32,0	20,5	24,6
Total revenue	156,4	100,0	120,3

Sources: Eurostrategies' consortium and Amnyos (2008)

⁹⁶ Although no precise information was available on the value of household expenditures, the figure was estimated on the basis of the national survey on household expenditures, which provides a figure of 20% of household expenditures on leisure and recreational services' allocated to sport.

Per capita, the public participation in 2005 was € 48.6. Households spent an average of € 47.1 per capita in that year (around 1.36% of total personal consumption).

An analysis of the structure of the clubs' budgets⁹⁷ indicates that 28% of the revenue is from public sources. 25% of the revenue stems from the activities organised by the clubs.

8.6.2 Estimated contribution of voluntary work

In Estonia, an estimated 12,000 volunteers are involved in sport, working an average of 3 hours a week⁹⁸. This represents 900 full time equivalents, for an estimated monetary contribution of € 4.8 million⁹⁹.

8.7 Solidarity systems in favour of grassroots sport

No regulated solidarity system was identified beyond that presented above, regulating the share of the revenue from lottery activities that is allocated to sport. Each sport federation has its own system and agreements.

⁹⁷ <http://www.stat.ee/?lang=en>

⁹⁸ Source: Study on Volunteering in the EU, a report by GHK to the European Commission, 2010.

⁹⁹ Based on the gross average hourly wage rate (Eurostat)

9 Finland

9.1 Economy and demography

GDP at constant prices, bn € (2008)	164.8
Average annual growth rate (2003-2008)	3.3%
GDP per capita, € (2008)	31,083
GDP per capita, PPP, thousand \$ (2008)	33,382
Population, thousands (2009)	5,326
Share of urban population	63%
Share of population in 15-64 age range	66%
Unemployment rate (2008)	6.4%
Public debt (as a % of GDP) (2008)	33.4
Government deficit (as a % of GDP) (2008)	4.2
Member of the Euro Area	Yes

Finland extends over an area of 338,000 km². It has a population of 5.3 million, which corresponds to a density of 16 people per km². Approximately 63% of the population lives in an urban area. Finland's per capita GDP was equal to € 31,100 in 2008, 44% above the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$ 33,400 in 2008, 19% above the EU-27 average.

Finland's GDP reached € 166.8 bn in 2008, 1.5% of the total EU-27 GDP. Between 2003 and 2008, the country's GDP grew at an average rate of 3.3% per year in Finland, compared with 2% in the Euro Area and 2.2% in the whole European Union.

As a consequence of the global economic and financial crisis, the economic situation deteriorated in 2009: after the 1% growth recorded in 2008, GDP fell by 8% in 2009, more than the average decline of 4.2% in the whole of the EU. Meanwhile, the unemployment rate rose significantly, from 6.4% in 2008 to 8.1% in the third quarter of 2010. Especially in the south of Finland, the unemployment rate rose significantly.

In 2008, the government debt in Finland was equivalent to 33.4% of GDP, a level below the EU-27 average. The public debt to GDP has been falling over the past years thanks to government's commitment to budgetary consolidation. It is nevertheless expected to deteriorate in the coming years as a result of the 2008/09 economic downturn. Thus, the necessary correction of the government deficit and the required reduction of the debt burden will probably weigh on future public spending decisions. It is likely to limit somewhat the government's ability to raise its expenditures on sport.

Finland adopted the euro in 1999.

9.2 Sport participation

In 2009, 72% of the population practiced sport at least once a week¹⁰⁰. This rate is well above the EU average of 40%. In 2009, 17% of the respondents to the survey said they were member of a sport club, 8% of a fitness club and 6% of another type of club. 67% of the respondents to the Eurobarometer survey said they were not a member of any club in 2009.

Sport club membership (2009)	1,100,000
Sport club membership rate (as per federation's data)	20 %
Number of clubs	7,800
Share of the population which practices sport at least once a week ¹⁰¹	72%

Source: SLU, 2009 Eurobarometer

The disciplines which have recently attracted new members are golf, climbing, and the nordic walk. One of the reasons for the growing trend in sport participation is the development of new sport facilities (e.g. ice-hockey).

Based on information from the Finnish sport association SLU, the relative importance of the different sport disciplines can be approximated as follows:

- Gymnastics:
 - o This is the largest grassroots sport association for adults, with approximately 350,000 members;
 - o It is the second largest sport association for children and the youth;
- Floorball (Unihockey):
 - o The floorball association is the third largest sport association in Finland, with 354,000 free players (nearly 7 % of the population; especially in vogue among the student population);
- Swimming reports 120,000 participants; this figure has increased in the past years;
- The nordic walk reports 445,000 regular practitioners.

In addition, the relative share of the population following sport events on TV, radio or the Internet is estimated as follows¹⁰²:

- Ski jumping (70 %);
- Ice hockey (68 %);
- Athletics (66 %);
- Motorsport (62 %);
- Cross-country skiing (59%).

¹⁰⁰ 2009 Eurobarometer survey

¹⁰¹ Source : Eurobarometer, Sport and Physical Activity, European Commission 2010

¹⁰² Further information can be found on <http://www.slu.fi/@Bin/115049/2+Finland+-+a+sporting+nation.ppt>

9.3 Allocation of responsibilities for sport policy

The governance of sport involves the central government as well as the local authorities and the sport federations. The duties of governmental, regional and local administrations are defined in the Sport Act (1054/1998).

The Ministry in charge of sport is the Ministry of Education. Its fields of competence are education, science, culture, sport and youth policies. The Ministry leads, develops and coordinates sport policy, and finances sport, in order to:

- promote the population's well-being and health;
- develop children and youth sport;
- promote the activities and services of voluntary organisations and sport clubs, especially civic activity in sport;
- support sport and physical exercise targeted to adults, seniors and the disabled;
- create conditions conducive to ethical and socially responsible high-level sport (incl. anti-doping).

The Department of Education and Science Policy and the agencies which are subordinate to it (namely, the National Board of Education and the Academy of Finland) steer education policy, including sport education, in pre-primary, basic and secondary education, as well as in polytechnic schools, universities, adult education and training as well as sport research.

Other ministries with responsibilities in the area of physical activity and sport are the Ministry of Social Affairs and Health (for health-enhancing physical activity programmes); the Ministry of Transport and Communication (for transport - including bicycle and pedestrian transport - and safe traffic environments); the Ministry of the Environment (land use and construction); the Ministry of Agriculture and Forestry (support for horse breeding, forests for recreation and outdoor activities - national parks, wilderness and hiking areas).

The support to grassroots sport is among the state's top priorities¹⁰³. To this effect, the focus is put on the development of children and youth sport and strengthening local activities and services. Another priority is to promote the adult population's well-being and health through the organisation of health-enhancing physical activities. At the high-level, the state financial support focuses on the integration of handisport into the activities of sport clubs. Grants are awarded to gifted young athletes and to young disabled athletes.

Even so, the level of public sector expenditures on grassroots sport fell in the past years, because of the economic slowdown which resulted from the world economic and financial crisis.

The local authorities' missions are to: create the conditions for people to engage in sport by developing local and regional cooperation; promote access to sport services; maintain sport facilities; support local civic activities; and, organise sport activities with due attention to the needs of special groups.

¹⁰³ Further information:

<http://www.slu.fi/@Bin/115072/3+Organisation+of+Finnish+Sport.ppt>

<http://www.slu.fi/@Bin/115083/4+Finnish+Sport+Organisations.ppt>

9.4 Organisation of the sport movement

The Finnish Sport Federation also contributes to the governance of sport. Its aims are to implement the National Sport Programme; organise the training of volunteers and professionals in sport; support sport clubs through financial support and other means (i.e. education); cooperate with the municipalities to create the conditions for high participation in local sport activities; and, implement sport policy together with the member organisations.

The Finnish sport association SLU coordinates the actions of the following organisations:

- National sport federations (76)
- Regional organisations (15)
- Finnish Workers' Sport Federation TUL (1)
- Swedish language sport organisations (8)
- Student and school organisations (4)
- Fitness sport organisations (2)
- Sport organisations for special groups (7)
- Finnish Olympic Committee (1)
- Finnish Paralympic Committee (1)
- Young Finland (1)
- Support members (16)

In the past, the Finnish sport system was organised horizontally, not vertically. The sport association SLU was constituted in 1993. Until 1993, there were 5 central sport associations operating side by side in Finland. Among these were the Finnish Workers' Sport Federation, the Finnish Football Federation and the Central Sport Federation of the Swedish Sport organisations.

Among the 7,800 sport clubs, less than 3 % (~ 200) have professional athletes. The total number of professional athletes is about 1,000¹⁰⁴.

9.5 Legal framework

9.5.1 *Specific Laws on sport*

In Finland, the Laws of 18 December 1998 and 21 August 1998 provide for the promotion of physical exercise and financing of Education and Culture, and define the sources and destinations of funds allocated to sport.

The 1998 **Act on Sport (1054/1998)** includes 4 chapters:

- Chapter 1 defines the general regulations, responsibilities and cooperation obligations of the Provincial Sport Administrations and the National Sport Council;
- Chapter 2 describes the duty of the state with respect to sport financing: statutory state grants for local sport provision, financing of regional sport councils, granting of subsidies to national and regional sport organisations, subsidization of sport facilities and funding of other sport promotion initiatives;

¹⁰⁴ The term professional athlete is used when the athlete's income through sport activities is more than € 9,000 per year.

- Chapter 3 indicates that *“The state subsidy and grants referred to in this Act shall be primarily paid from national pool, lotto and lottery proceeds”*;
- Chapter 4 describes the implementation of the Sport Act.

The government authorities are assisted in their mission by the **National Sports Council** which gives its opinion on the annual budget and the costs of each initiative.

The public subventions are assigned to the funding of:

- Sport infrastructures (installations, constructions, maintenance);
- Scientific research;
- Training;
- Cooperation;
- Information services in the area of sport;
- The promotion of high level sport;
- The development of the sector;
- Integration in education;

One of the criteria applying to these state subsidies may not exceed 85% of the real operating costs of the authorized body.

9.5.2 Allocation of revenue from gambling services to sport

The main act regulating the operation of gambling and betting activities in Finland is the **Lotteries Act (1047/2001)**. This lays down the provisions on running lotteries, supervising the running of lotteries, rendering lottery accounts. It also defines the purposes of use of the proceeds¹⁰⁵.

Lottery licences are granted subject to the following conditions:

- the lottery is run in order to collect funds to promote a charitable or other non-profit activity;
- the running of the lottery is not obviously inappropriate in respect of the public interest;
- the licensing authority has no reasonable grounds to suspect that the applicant will act in violation of the provisions on running lotteries.

In addition to the general provisions concerning lotteries, there are specific provisions concerning gaming activities: a gaming licence may be granted for the sole use of the holder, and only one licence is granted at a time, for the purpose of:

- running money lotteries, pools and betting;
- keeping slot machines available for use, operating casino games and running casino activities;
- operating totalizator betting.

The Finland national lottery is **Veikkaus Oy**. The amount allocated to the sport system from Veikkaus Oy (national lottery company) is approximately € 100 million per year. As stated above, this is delivered to the sport organisation as defined each year in the state budget on sport.

¹⁰⁵ Extracted from the Act : <http://www.finlex.fi/en/laki/kaannokset/2001/en20011047.pdf>

Gaming licences are granted and revoked by the Government. A gaming licence may be issued for a maximum of five years. According to the outlines of the Finnish gaming system and the requirements for licensing, *private* lotteries or gaming operators may not be given a gaming licence, and no (foreign) operator can legally operate in Finland

Gaming licences granted in Finland cover only those products specified in the licence. **It is not possible for an operator to purchase additional rights to offer betting on a given sport event.** All legal gambling is to be offered through licence holders.

A new text was adopted on January 13, 2011, regarding taxation on lottery and betting is the “**Tax on Lottery Prizes Act**”.

The tax rates applicable to the various lotteries, betting and gambling products are as follows:

- 30% on the total value of winnings and prizes given out in any other lottery/competition (this applies for example to lotteries organised by the sport clubs themselves);
- 10% on the operator’s gross profit in lotteries organised by a single operator;
- 9.5% on the operator’s gross profits derived from all the events;
- 1.5% on the total sales of tickets in competitions or events where consumer goods are distributed as prizes, and on guessing games organised by not-for-profit organisations, as defined by the provisions of the laws governing gaming, gambling and lotteries;
- 1.5% on the total incoming payments derived from keeping automated machines, giving consumer goods as prizes, available to the public;
- 5% on the total value of winnings and prizes distributed in a bingo game, not counting the prizes that entitle the player to a free repeat game.

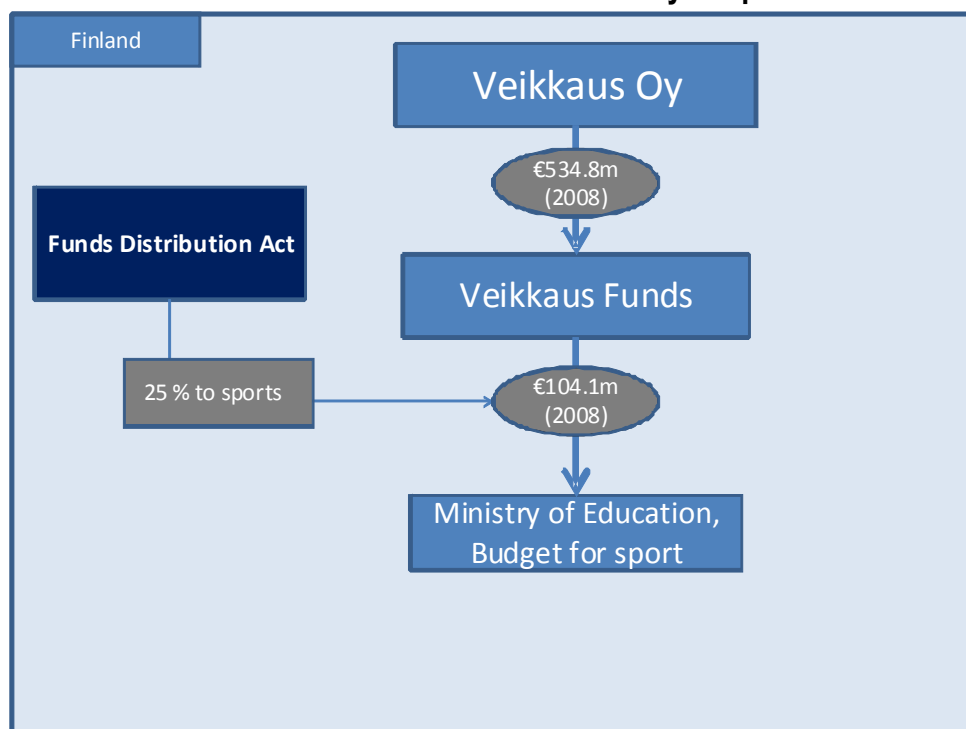
The **Act regulating the use of the profits of Lottery (1054/2005)** (in the chart, the Funds Distribution Act) defines the allocation of the annual returns (net profits) of lottery, lotto and sport betting. The distribution keys are as follows: 25% to sport, 9% to youth policy measures, 15.5% for scientific research, 38.5% to the arts and 10% for discretionary annual use for these purposes, for a total of 100%.

With respect to the 25% allocated to sport, the Parliament decides the amount based on a budget proposal. Once approved, the subvention is distributed to the sport organisations by the Ministry of Education and Culture. In each sport organisation, 75% of the allocation must be allocated to grassroots activities (50 youth+25, adult sport) and 25% to high-level sport. When assessing the amounts to be distributed to each sport organisation, the Ministry puts 70% accent on quality and 30% on the quantity (number) of activities¹⁰⁶. The sport movement has participated to the system in force today.

The operations of games of chance and betting in Finland do not seem to be subject to VAT.

¹⁰⁶ The Finnish Sports Federation (2011).

Allocation of the revenue from the national lottery to sport



Source: Eurostrategies' consortium

9.5.3 Laws with an indirect impact on grassroots sport

In Finland, registered associations may be eligible for public support and certain tax exemptions. The registration of associations is regulated by the **Association Act**.

Sport clubs are not normally subject to VAT as long as they run their activities in a not-for-profit manner. If they are considered to run commercial activities then they become taxable entities. In that case, VAT rules and income tax rules apply. In 2011, the VAT rate is 23% but the normal VAT rate which applies to sport services is 9%. Companies with a turnover of less than € 8,500 are exempt from VAT¹⁰⁷.

The **Income Tax Act** also provides a **tax exemption for local sport clubs** on their not-for-profit activities. Commercial activities remain taxable. In Finland, however, the revenue generated by sport clubs is primarily associated with the organisation of sport activities. The clubs also organise fundraising events, such as small-scale bingo events, and rely on volunteer work. The revenue from these fundraising activities is used to finance sport activities, and therefore benefits to all the members of the club. In this way, the clubs are able to offer services to their members at a reasonable price. Fundraising activities account for an important share (40%) of grassroots clubs' total revenue. If a club's activities extensively involve non-members, however, these activities may be deemed commercial in nature, which makes the club's revenue subject to tax.

Other regulations include:

- Guidance from **Tax Administration 1848/31/2008** making it possible for employers to offer to their employees the possibility of using sport services either free of charge or at a subsidized price. This support is tax-free to the employee, up to € 400/year.

¹⁰⁷ Idem.

- On social contributions: under the « **Act on sportsmen's accident security and pension security** » of 16 February 2000, sport clubs are subject to compulsory social charges: indeed, where the athlete or the sport person's contract grants him/her a salary of less than € 9,600 per season played, the sport club or other sport body must guarantee accident insurance and pension payments for the athlete. An athlete having the same income without a contract must subscribe the same insurance cover: under Finnish tax rules, sports clubs employing athletes shall pay them « tax-exempt domestic per diem allowances ».
- With respect to **voluntary work**, all volunteers in sport are insured in all their activities, even during travel that is related to their voluntary activity. They are not exempt from income tax, however.

Regulation on alcohol and tobacco

The sale of alcoholic beverages is subject to a licence. The licences are administrated at local level.

The legislation on alcohol and tobacco forbids all marketing of alcoholic and tobacco products to minors (under 18 yrs). This also applies to sponsorship by alcoholic beverages' producers, or by tobacco companies.

With respect to **donations and sponsorships**, not-for-profit organisations do not pay taxes on the income gained through sponsoring, fundraising, donations, membership fees, etc. provided that no one receives direct personal benefit from it, and that all funds are used for the 'common good' – i.e. to support activities for the entire club or team.

Finally, concerning **media rights**, there is no tax on the transfer of the right to audio and image recordings of the performance of performers such as sportsmen, or on remunerations paid on the basis of this right (**Value Added Tax Act**, Article 45).

9.6 Resources allocated to sport

9.6.1 Financial resources going into sport

On the public sector front, the main contributors to the financing of the sport system are the local authorities: in 2007, they contributed € 700 million, whereas the state contributed € 101.4 million. The public sector subvention includes the revenue from the lotteries, betting and gambling operations channeled to sport through regulated mechanisms.

Revenue from (2007):	Million €	Share of total	€ per capita
General government	913	32.8	172.3
of which:			
- Central government	213	7.7	40.2
- Ministry in charge of sport	93	3.3	17.5
- Other governmental entities	120	4.3	22.6
- Local authorities	700	25.2	132.1
Private stakeholders	1870	67.2	352.8
of which:			
- Household's expenditures on sport	1800	64.7	339.6
- Companies (sponsoring, donations, others,...)	70	2.5	13.2

Total revenue	2783	100.0	525.1
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Sources: Eurostrategies' consortium, from national sources and surveys

With respect to the local authorities, there are large differences between the North and the South. In the more prosperous South, sport receives greater amounts of funding than in the North. The local authorities' funding level is, indeed, correlated to the level of tax revenue.

On the private sector front, the main contributors are households. The revenue from households represents 64.7% of the global amount allocated to sport, twice the level of the public sector's contribution (state and local authorities combined).

Concerning the amount of revenue per capita, the public participation was € 172.3 in 2007, whereas the average household contribution in that year was €339.6 per capita.

9.6.2 *Estimated contribution of voluntary work*

An estimated 532,000 volunteers are involved in sport, working an average of 10 hours a month (i.e. 2.5 hours per week)¹⁰⁸. This is equivalent to 30,590 full time jobs. The monetary value of voluntary work is estimated to be € 614.3 million per year¹⁰⁹.

The offer of voluntary work seems to be unevenly distributed across clubs: indeed, the sport movement reports that the larger sport clubs have enough voluntary workers, due to an image factor. For the smaller clubs which are only involved in grassroots sport, it is more difficult to find enough volunteers.

9.7 Solidarity systems in favour of grassroots sport

The regulatory framework defines the share of the public subvention which is to be allocated to high-level versus grassroots sport. 75% of the central government's funding of sport goes to grassroots sport.

There is no centralised revenue allocation system operated by the sport movement itself. The Finnish Sport Federation administrates and redistributes occasionally revenues allocated by the ministry for special purposes (for example, employing youth in the sport sector). But the terms and conditions for the redistribution of the revenue vary on a case by case basis according to the objectives. The decisions are always made in mutual understanding between the ministry and the sport organisations.

The funding from the public sector is considered essential to the operation of grassroots clubs. Indeed, 90% of the sponsoring organisations prioritise (professional) ice hockey and football, as opposed to (other) disciplines, or grassroots sport.

¹⁰⁸ Source: Study on Volunteering in the EU, a report by GHK to the European Commission, 2010.

¹⁰⁹ Based on the gross average hourly wage rate (Eurostat)

10 France

10.1 Economy and demography

GDP at constant prices, bn € (2008)	1643.2
Average annual growth rate (2003-2008)	1.8%
GDP per capita, € (2008)	25,682
GDP per capita, PPP, US\$ (2008)	30,657
Population (thousands) (2009)	64,350.8
Share of urban population	77%
Share of population in 15-64 age range	65%
Unemployment rate (2008)	7.9%
Public debt (as % of GDP) (2008)	68
Government deficit (as % of GDP) (2008)	-3.4
Member of the Euro Area	Yes

France extends over an area of 550 000 km², and has a population of 64.3 million, which corresponds to a density of 114 people per km². France's per capita GDP was close to € 25,700 in 2008, nearly 19% above the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita exceeded \$ 30,600 in 2008, 10% higher than the EU-27 average.

France's GDP reached € 1,643.2 bn in 2008, 15.3% of the total EU-27 GDP. Between 2003 and 2008, the country's GDP grew at an average annual rate of 1.8%, compared with 2% in the Euro Area and 2.2% in the EU as a whole. Private consumption was the main driver of growth.

As a consequence of the global economic and financial crisis, the French economy and public finance situation deteriorated significantly: after the 0.1% growth recorded in 2008, GDP dropped by 2.3% in 2009. As a result, the unemployment rate rose significantly, from 7.8% in 2008 to 9.7% in the third quarter of 2010.

In 2008, the government debt in France was equivalent to 68% of GDP, a level above the EU-27 average. The public debt to GDP has increased rapidly in the past years, and should continue to trend upward as a result of government measures to support the banking system and to limit the impact of the 2008/09 economic downturn. The necessary correction of the government deficit and the required reduction of the debt burden will negatively weigh on future public spending decisions, limiting the government's ability to raise expenditures on sport.

France adopted the euro in 1999.

10.2 Sport participation

In 2009, 48% of the population practiced sport at least once a week¹¹⁰, 8 points above the EU average (40%). In 2009, 18% of the population was member of a sport club, 2% of a fitness club and 4% of another type of club. 72% of the respondents to the Eurobarometer survey said they were not a member of any type of club in 2009.

The table below provides data on sport club membership and trends between 2005 and 2008.

¹¹⁰ Source: 2009 Eurobarometer survey

	2005	2008
Sport club membership (number of licenses)	14 763 914	15 340 027
Membership growth (cumulated growth since 2000)	+ 7.4%	+ 11.5%
Sport club membership rate (as a % of French population on 1st of January 2006 and 2009)	23.4%	23.9%
Number of clubs	168,225	168,158
Share of the population practicing sport at least once a week) ¹¹¹	48%	

Source: French Ministry of Sport (Chiffres clés du sport) and INSEE

Sport membership increases over time. After each new edition of the Olympic Games, a number of sport disciplines register new members. Between 2000 and 2008, the number of individuals holding a license has increased by 11.5% in total, rising from 13.8 million in 2000 to 15;3 million in 2008.

The table below shows the disciplines with the highest number of members¹¹² in 2009.

Sport	Members	Sport	Members
Football	2 225 595	Golf	422 477
Tennis	1 125 201	Handball	392 761
Horse-riding	650 437	Rugby	366 074
Judo	574 223	Canoe & Kayak	338 788
Basketball	449 263	Pétanque	318 847

Source: French Ministry of Sport (Chiffres clés du sport 2010)

The French National Sports and Olympic Committee and the Ministry in charge of sports estimate that the number of individuals practising sport outside the scope of a club grows faster than sport club membership. The underlying reasons are the growth in individual outdoor practices (jogging, roller skating, etc.) and the growing success of alternative offers, for example from fitness clubs or from other structures (swimming pools, etc.). As a result, a number of federations and sport clubs are pondering new offers that would add non-competitive dimensions such as leisure, health and social insertion to their present offer.

10.3 Allocation of responsibilities for sport policy

France' sport policy is founded on two principles: the delegation of sport management by the state to sport associations; and, solidarity between professional and grassroots sport within the sport federations. The model relies on two different structures: the State Secretariat for Sport¹¹³, and the sport federations managed in part by the French National Sports and Olympic Committee (CNOSF).

The State Secretariat for Sport consists of a Sport Directorate and a Cabinet Office (with support services shared with other services of the Ministry of Health and Sport¹¹⁴), plus more than 100 decentralized services and a number of public-owned establishments (24 CREPS, 2 institutes, 3

¹¹¹ Source : Eurobarometer, Sport and Physical Activity, European Commission 2010

¹¹² The members are participants to the federations which have a license or any other type of formal link: some of them are referees, volunteers or occasional participants.

¹¹³ Since the end of 2010 there is again a Sport Ministry.

¹¹⁴ Ministry of Sport, since the end of 2010.

schools, the national Museum of the sport and the national Center for the development of the sport)¹¹⁵.

The missions of the state secretariat for sport are to:

- ✓ Support high level sport,
- ✓ Secure the legal environment and ensuring the regulation of sport,
- ✓ Promote sport-for-all,
- ✓ Protect the practitioners and fight against deviances such as violence and doping as regards sport,
- ✓ Implementat regional planning for sport and introduce sustainable development in sport policy,
- ✓ Promote France's international influence through sport in large international competitions and within international sporting authorities.

The law of July 6, 2000 (n° 2000-627) reaffirms the fact that sport is an activity of general interest which has to be managed as a public service. A distinction is made between the federations which benefit from the support of the State, and those whose competences are delegated (L.131-8 articles and L. 131-14 of the Code of sport). The federations that are recognized as having a public utility mission must incorporate certain mandatory clauses in their statutes (R 131-3) and are subject to controls.

The public sector's financial support to the sport organisations is primarily allocated via the **National Center for the Development of Sport** (Centre National pour le Développement du Sport - CNDS). The state can also delegate sport technical advisers (CTS) to the federations. There were 1,680 CTS in 2007, with functions ranging from national technical director to national (or regional) adviser.

CNDS is a public-owned establishment placed under the supervision of the State Secretariat for Sport. Its objectives are to contribute to the development of grassroots sport (R 411-2 of the Code of Sport). Its governance associates representatives of the state, of the local authorities and of the sport movement. Its resources (€268 million in 2008, €228.6 million in 2010) are mainly derived from:

- ✓ A contribution based on the revenue from the French national lottery (La Française des Jeux), fixed for 2008 at 1.80¹¹⁶% of the total sum of bets placed and an additional one of 1.3% for 2008 and 2009 (approx. €226 million in 2008, €154.3 million in 2010);
- ✓ A 5% contribution on the value of media rights on the broadcasts of sport events (€ 40 million in 2008, € 43.3 million in 2010);
- ✓ Financial returns (approximately €2 million).

CNDS finances the actions of the Olympic Committee as well as the participation of French delegations to major sport events (summer and winter Olympic and Paralympic Games, Mediterranean Games, etc.).

¹¹⁵ There have been many modifications in past years following the general review of public policies launched in 2008 – ref <http://www.rgpp.modernisation.gouv.fr/index.php>. In particular, 8 CREPS were closed in 2009 and 2010 or transferred to the local authorities.

¹¹⁶ Article 1609 nonovicies of the General Tax Code, Law n° 2010-476 of May 12, 2010. The rate was 1.78% in 2006.

10.4 Organisation of the sport movement

The French National Olympic and Sport Committee (CNOSF) is a recognized public service association.

It represents 113 national sport federations and 168,045 sport associations and clubs¹¹⁷. The missions of CNOSF include:

- representing the Olympic International Committee (CIO) in France,
- representing French sport in negotiations with public authorities and other organisations,
- insuring compliance with the rules which govern Olympic sport,
- providing assistance and services to the member federations.

Each national sport federation organises and promotes the practice of its sport discipline. Among the 113 national federations (Articles L 131-8 and s. of the Code of Sport), 21 are recognized as having a public utility purpose¹¹⁸. The sport federations may receive public financial support subject to producing a shared assessment of the past Olympic period, and a 4-year strategy outlining the future orientations, priorities and revenue allocation schemes of the federation. The results are reviewed annually.

In addition to the financial support received from the public sector at national level, the sport organisations also receive funding from local authorities¹¹⁹. The local authorities are, in fact, the main contributors to the sport associations' revenues, especially for sport equipment and facilities.

Given the age and state of many sport facilities¹²⁰, there are needs for renovation which sometimes exceed the local authorities' budgets. Similarly, the funding needs of professional sport clubs sometimes exceed what they can mobilize through traditional financing modes. As a result, there have been calls to shift to a new type of funding model, for example by diversifying the revenue sources.

10.5 Legal framework

10.5.1 Specific Laws on sport

In France, **the Code of Sport** (Ordinance of May 23, 2006 for its legislative part, Decrees of July 24, 2007 for the legal part) sets the legal framework for sport. It arises from Article 84 of **Law n° 2004-1343 of December 9, 2004**. Article L 333.3 of the Code of Sport lays out provisions to safeguard the general interest. It sets down the principles of unity and solidarity between the professional and grassroots levels, in particular with respect to the allocation of the revenue from the sale of rights by the leagues. The status of the leagues and their links to the federations are defined by the Articles L132-1 R132-1 in R132-17 of the Code of Sport. Articles R 132-16 and R132-17 stipulate that the financial provisions are the subject of a protocol approved by the Minister in charge of sport.

All the federations having created a professional league are concerned with this legal framework: track & field, cycling, basketball, handball, football, rugby, volleyball. In actual fact, only the leagues whose championships generate important revenue through the sale of rights TV (football and rugby) make payments to the federation, however.

¹¹⁷ Source: Ministry of Sport – Statistics of 9/08/2009.

¹¹⁸ Source: Panorama Droit du Sport – Recueil Dalloz – 10 March 2011 n° 10, data for December 2010.

¹¹⁹ The « Etats généraux du Sports » in 2002 define the need of recognizing and clarifying the role of the local authorities in the field of the sport. They count approximately 52000 agents in charge of sport

¹²⁰ 45% of the sport facilities have more than twenty years.

The relationships between the sport associations and the companies that they create are the subject of Articles L122-1, L122-19 and R 12268 with R 12269 of the Code of Sport. Point 5° of Article R122-8 stipulates that financial counterparts must be envisaged in the convention which binds the association to the company.

Another important text is the Law n° 84-610 of July 16, 1984, known as “**Loi Avice**”, which follows the Law n° 75-988 of October 29, 1975, known as “**Loi Mazeaud**”. The “**Loi Avice**” affirms the public service objective of the registered sport federations.

The Law of 1984 and subsequent texts, in particular the Law n°2000-627 of July 6, 2000, referred to as the “**Loi Buffet**”, organise the statute and role of the sport federations and the sport clubs under the umbrella of the National French Olympic and Sport Committee (CNOSF). The law also defines the role of local authorities, organises high-level sport, medical supervision, insurance, the safety of equipment and demonstrations, investments in sport equipment projects, training and skills development, and even regulates the allocation of space, sites and routes for outdoor sport. The law of July 6, 2000 also reaffirms the public utility mission of sport and the complementarity between the roles of the state and the sport movement. Finally, the Law creates the so-called “**Buffet tax**” (Art. 302 (a) of the General Tax Code) which installs a compulsory levy of 5% on the revenue from broadcast rights. The revenue goes to the CNDS. Since July 1, 2008, the tax applies to all broadcast channels.

10.5.2 Allocation of revenue from gambling services to sport

Until 2010, the French market for lotteries, betting and gambling was not opened to competition. The two main operators were the French National Lottery (**Française des Jeux**, or FDJ), founded in 1836 and 72% owned by the French state, and the **Pari Mutuel Urbain** (PMU) which organises betting on horse races. Until recently, FDJ had the exclusive right to arrange a national lottery as well as to organise sport betting and online gambling. Since 2010, the regulatory framework has changed, as indicated below.

In addition to traditional lottery games (draw, instant, scratch cards, and numbers), FDJ also has a monopoly on sport betting via the Cote, Match and Loto Foot 7&15 games. In 2006, revenue from sport betting amounted to € 387 million, out of total sales of € 9.47 bn. The same year, FDJ’s total sales via the internet reached € 106 million.

Article 53 III.1 of the Finance Law of 2006 indicates that 1.78% (1.8% for 2008) of the revenue of the Française des Jeux goes to the budget of the CNDS. The CNDS is the lottery’s only beneficiary, besides the state. More than 80% of CNDS’s funding comes from FDJ. The CNDS allocates this revenue to grassroots sport, to high-level-sport and to the financing of investments on sport facilities. To receive the revenue from CNDS, the clubs must fill in an application form every year.

In 2007, the CNDS’ budget totaled € 236 million, of which 80% came from the levy on the lottery (€ 194 million in 2007)¹²¹. Virtually all of this was allocated to the national sport federations, with two-thirds for high-level sport. In addition, a levy was charged on the gains obtained from horse race betting (managed by Le Pari Mutuel Urbain – PMU). This is allocated to horse sector, which derives 80% of its revenue from the PMU. The intervention of the Agriculture Ministry has to be mentioned in this field.

¹²¹ This information is consistent with the figures of the European State Lotteries and Toto Association, which indicate a total revenue to sport from the levy on lotteries and gambling of € 2,522, of which 8.9% went to sport.

In 2008, 56.7% of the € 266 million distributed by CNDS to sport were allocated to the development of sport-for-all, through the support of local associations, employment, training and special publics. 31% was allocated to equipments (grassroots and high-level); 11.4% to the international image of France and 0.9% to the payment of general operating expenses of CNDS.

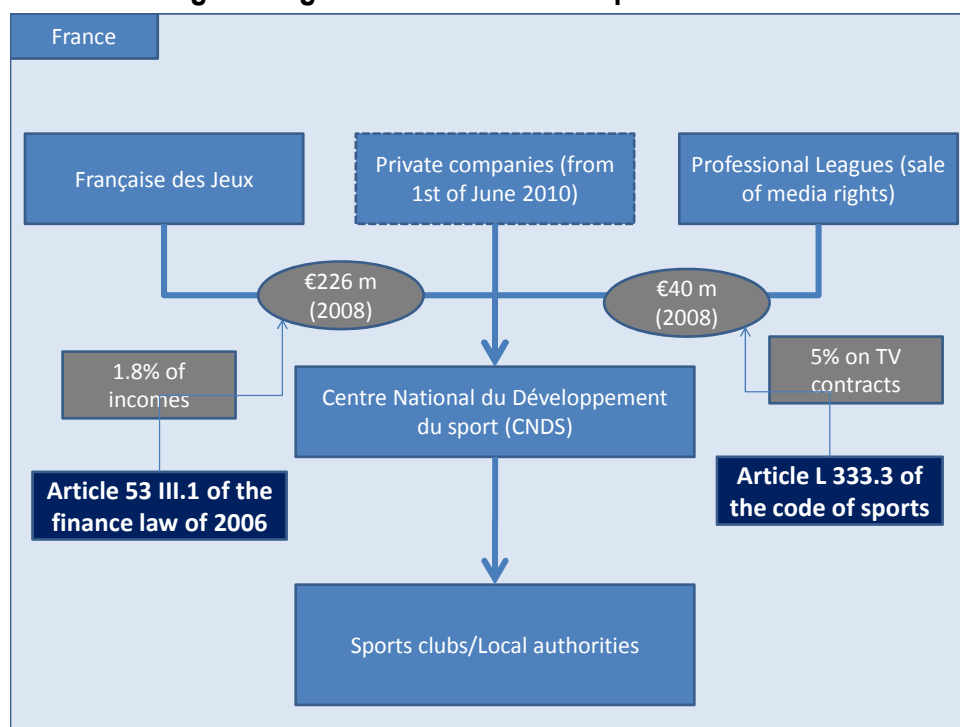
Contributions from CNDS are divided in two parts: investments and operational expenses. In the second category, CNDS finances actions at national level, such as the budget of the CNOSF and the national federations, and provides direct financial support to local sport clubs.

In 2010, the budget of CNDS was split as follows:

- € 84 million to investments;
- € 158 million were allocated to the funding of operating expenses, among which:
 - o € 125 million to regional support;
 - o €13 million to education and training at local level;
 - o €20 million to the national level (fight against doping, employment, organisation of major events, health etc.).

The total budgeted revenue in 2010 was therefore € 242 million¹²². Eventually, the CNDS revenue only amounted to € 227.6 million. Within this total, the contribution from the Française des Jeux amounted to € 184 million (80% of the total budget of CNDS).

Allocation of gambling services revenue to sport



Source: Eurostrategies' consortium

Online sport bets organised by actors other than FDJ were prohibited until June 1, 2010. Recently, a new regulatory framework was put in place, which conditionally opens up the gambling services

¹²² Note that the European State Lotteries and Toto Association (EL) reports a total revenue from levies on lotteries and gambling to good causes of € 2,633.8 million in 2007, of which € 194.3 million (7.4%) were allocated to sport. In 2008, the figures are respectively € 2,522 million in 2008, of which € 225.5 (8.9%) were allocated to sport. The amount allocated to sport decreased significantly in 2009, due to the consequences of the economic and financial crisis: the revenue to sport from this source fell to € 167 million in 2009.

market, subject to license authorizations and to the payment of a compulsory fee to the CNDS. A new taxation has been decided in favour of sport development: 1.3% on the amount of stakes for 2010, for all the operators authorized on the French market. The percentage will rise to 1.5% in 2011 and 1.8% in 2012¹²³.

The Durieux Report, which preceded the decision to open the market, acknowledged that France's sport betting sector should be opened up but recommended that "for reasons of public order" only Paris Mutuel betting on horse racing and sport should initially be allowed. Furthermore, all operators ought to be required to obtain a French license regardless of whether they already have one elsewhere in the EU.

The new regulatory framework for betting and gambling

Online gambling is now open to private operators in France. Therefore, private gambling operators can operate in France, but private lotteries cannot.

French residents can legally bet online with a private operator but this operator must be established in France.

Online private operators must have an agreement delivered by ARJEL the (independent regulatory authority in charge of online gambling in France)¹²⁴. The criteria are defined by the decree n° 2010-482 of May 12, 2010 which sets the conditions of agreements delivery for online gambling operators.

ARJEL delivers agreements to operators who show their capacity to respect their legal obligations (based on financial robustness & technical requirements, mainly). The Authority has therefore enacted specific requirements / criteria to be fulfilled to have the agreement.¹²⁵

Online gambling services operators must purchase the exploitation rights of the sport events on which bets are made (Article 63 of the new Law). Exploitation rights of sport events belong to the organiser of the competition. Therefore, the rights must be purchase to the organiser of the sport event.

10.5.3 Laws with an indirect impact on grassroots sport

Other laws have a more indirect impact on the resources available for sport.

a) *Relating to alcohol and tobacco*

The "Loi Evin" (Law n° 91-32 of January 10, 1991), which relates to the fight against smoking and alcoholism, limits the right to make direct or indirect publicity on alcohol and tobacco in order to protect young people¹²⁶. There are also restrictions on the sales of alcohol in sport' clubs' premises and during sport events, with some exceptions (Law n°98-1267 of December 30, 1998).

¹²³ Article 1609 ricies of the General Tax Code.

¹²⁴ Since June 2010, 32 operators have received an authorisation from ARJET to exploit 42 licenses: 23 for poker, 12 for sport bets and 7 for bets on horse-races.

¹²⁵ www.arjel.fr

¹²⁶ Donations remain possible.

b) Relating to VAT

Concerning the tax framework for the sport organisations' regular activities, not-for-profit organisations with selfless management benefit from:

- VAT exemption for the services provided to their members (for example, the possibility of using sport facilities, the rental of sport equipment, sport lessons, etc.) (Article 261-7-1^a of the General Tax Code);
- VAT exemption on sales to their members (for instance sporting goods) in the limit of 10% of their total receipts (there is no exemption for accommodation and catering, and for the exploitation of the club-house) (Article 261-7-1^a of the General Tax Code);
- VAT exemption for not-for-profit operations when prices are very different from that charged by commercial companies (Article 261-7-1^a of the General Tax Code);
- VAT exemption for profit-making operations/services if these are not predominant and if the receipts for these operations the year before are less than € 60,000 (Article 261-7-1^b of the General Tax Code);

For all organisations:

- VAT exemption if the turnover is less than € 80,000 the year before, and if the revenue generated from the provision of services, except sales to sit in and provision of accommodation, is not higher than € 32,000 the year before (Article 293 B of the General Tax Code).

Special provisions apply to education and training, and to the care of horses in equestrian centres: the latter benefit from the reduced VAT rate of 5.5% (instr. Of 26 July 2004: BOI 3 I-2-04). The revenue generated from sport lessons entailing a direct payment from the practitioner to his/her coach are also exempt from VAT.

With respect to the VAT charged on revenue from sport events, the revenue from sport events organised by the clubs are not subject to VAT but to the « Taxe sur les spectacles » to the benefit of the municipalities¹²⁷. This tax is defined by Articles 1559 to 1566 of the « Code Général des Impôts » (CGI) and Articles 124 to 125 of Annex IV of the CGI. The tax is calculated on gross revenue (entry fees), including all rights and taxes. The tax rate is 14% for car races and 8% for other sport events. The tax rate can be increased by 50% on municipal decision. It is, however, only a residual taxation since sport clubs are often partly or totally exempted: indeed, the ministerial order of May 27, 2005, Article 1, which modifies Article 126 F, Annex IV of the General Tax Code, has permanently exempted from the “taxe sur les spectacles” around 40 disciplines among which track and field, rowing, swimming, gymnastics, fencing, judo, and boxing. All sport activities in Corsica are also exempted from this tax. Nevertheless, professional sports such as football, rugby, basket-ball and cycling remain subject to the tax, unless otherwise specified by the municipalities where the event is organised. The VAT and the taxe sur les spectacles are not cumulative, however, so that the payment of the “Taxe sur les Spectacles” leads to VAT exemption on gate revenues for professional sport clubs.

c) Relating to labour costs and social security contributions

There are many government programmes aimed at supporting employment in not-for-profit associations. These are not specifically targeted at sport, but sport clubs can benefit therefrom. Similarly, there are reductions in social contributions and tax exemptions on extra-hours worked that are part of the government's general employment policy, which sport clubs can benefit from.

¹²⁷ In theory this concerns all types of events, not only sport events.

Moreover:

- Sport associations who pay people working only a few hours per week may pay social contributions on the basis of a forfeit amount which is defined (and updated annually) by the social security administration¹²⁸: this reduces the administrative burden and may lower the social security payments;
- The payments related to a sport competition which do not exceed € 111 (in 2010) are not subject to social security contributions; this measure is, however, limited per beneficiary and per organiser to the first 5 events of every month. If the total monthly remuneration exceeds € 1,019, social contributions have to be paid at the full rate.

d) Relating to sponsorship and donations

Two provisions are in force:

- **Donations** made by companies to certain organisations entitle the donor to a tax reduction equivalent to 60% of the payment, in the limit of 5 per thousand of the donor's turnover (Article 238 bis of the General Tax Code). To benefit from the tax reduction the recipient organisation must be on the list of activities referenced in Article 39-1-7° of the General Tax Code, which designates philanthropic, educational, scientific, social, humanitarian goals, as well as to the benefit of *sport*, family, cultural events, or events contributing to the promotion of artistic heritage, environmental protection, French language & culture and the diffusion of scientific knowledge.
- **Sponsorship** is a commercial activity (subject to VAT) which implies invoicing. Sponsorship revenue invested in general interest activities can be deducted from the taxable income of the company according to Art. 39-1 of the General Tax Code. Therefore, the company does not pay the corporate tax related to this amount, which represents a tax reduction of 33.33% of the amount of sponsorship contracts.

10.6 Resources allocated to sport

10.6.1 Financial resources going into sport

In 2003, a study by the national statistical office INSEE¹²⁹ indicated that 31% of the sport clubs' revenue comes from members' contributions. As in other Member States, the budget structure of sport clubs varies according to the type of activity offered and the discipline. All clubs are heavily dependent on public transfers: indeed, public financing accounts for nearly one third of their budgets. They also rely on in-kind contributions such as the provision (free of charge or at a reduced cost) of sport equipment and facilities by the municipalities. For small clubs, this in-kind contribution is seldom explicit in their accounts.

In 2007, the main resources allocated to sport (high-level and grassroots) came from private stakeholders (59.3%), mainly from households (49.7% of total revenue)¹³⁰.

¹²⁸ Source : URSAFF

¹²⁹ Source : MJSVA-Mission statistique, Stat-info n°06-05, avril 2006

¹³⁰ Ministry of Sport, « Chiffres clés du sport, 2009 ».

The public sector contributed 40.7% of the total revenue of the sport sector in that year. The local authorities provided the bulk of the revenue (31%): they actively participate to the funding of grassroots sport by financially supporting the sport clubs as well as infrastructures and facilities used by the clubs.

While the average public participation was €209.2 per capita in 2007, the average household expenditure per capita was € 255.5.

Revenue from (2007):	Million €	Share of total	€ per capita
General government	13450	40.7	209.2
of which:			
- Central government	3220	9.7	50.1
- Ministry in charge of sport	780	2.4	12.1
- Other governmental entities (departments, agencies...)	2440	7.4	37.9
- Local authorities	10230	31.0	159.1
Private stakeholders	19580	59.3	304.5
of which:			
- Household's expenditures on sport	16430	49.7	255.5
- Companies (sponsoring, donations, others,...)	3150	9.5	49.0
Total revenue	33030	100.0	513.7

Sources: Eurostrategies consortium, from national sources¹³¹ and surveys

10.6.2 Estimated contribution of voluntary work

In France, there were an estimated 14 million volunteers in 2005¹³² (up from 11 million in 2002¹³³) – all sectors combined. In 2007, the sport sector accounted for 29% of the voluntary work in France, i.e. approximately 4,118,000 volunteers¹³⁴. Therefore, the number of volunteers in sport is approximately 411,800 full time equivalents (FTE), and the estimated annual monetized contribution of voluntary work in sport is close to € 8,332 million in 2007¹³⁵.

Earlier estimates relating to 2005 indicate that there were 15 volunteers per club on average in those clubs which had no salaried personnel¹³⁶, and 21 in those clubs which employ at least one salaried staff. Voluntary work was estimated to represent 1,359 hours of work per sport club in 2005, with an average of 67 hours per year and per volunteer for those clubs without salaried staff. For the sport clubs which have at least one salaried employee, the number of hours worked was estimated at 2,318 hours, an average of 108 hours a year per volunteer¹³⁷.

10.7 Solidarity systems in favour of grassroots sport

The regulated solidarity mechanisms between grassroots sport and professional sport were presented above, in the section on the legal framework. The share of revenue from CNDS in the total

¹³¹ Source: « Les chiffres clés du sport 2009 » (Ministère de la Santé et des Sports)

¹³² Source: Tchernonog "2007 Le paysage associatif français" jurisEdition - 2007

¹³³ Source: Prouteau-Wolff "Economie et statistiques", 2004

¹³⁴ Source: GHK stud on Volunteering in the EU, 2010.

¹³⁵ Based on the gross average hourly wage rate (Eurostat)

¹³⁶ Tchernonog, 2007

¹³⁷ Idem

budget of the sport system is merely 0.7%, however (its share of total government financial support to sport is also small, at 1.7%). Among this is the compulsory 5% levy from the « Buffet » tax (Article 302 bis ZE of the General Tax Code¹³⁸) on the rights of TV broadcast of sport events. The French Football League for example paid €35.5 million in 2009-10 on this basis¹³⁹.

No other regulated mechanism was identified.

There are institutional and conventional links between the sport federations and the professional leagues. The conventions refer to levy mechanisms in favour of grassroots sport. There are also Conventions which regulate the allocation of revenues from the professional and high-level to grassroots sport. For example, the professional football league pays € 28 million to the French football federation to fund projects of benefit to grassroots football.

At local level, the clubs that are constituted under the form of a company to manage the professional team, pay the sport federations on the basis of a Convention which specifies the fee to be paid for the use and commercialisation of logos / signs (football, rugby and basketball) and the training of young players. For example, the professional football clubs paid € 32 million to grassroots sport clubs in 2009-10¹⁴⁰.

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¹³⁸ The 2008 Finance Law (n°2007-1822 of December 24, 2007) extended the tax base starting July 1, 2008. The tax now also applies to the sale of transmission rights on suppliers of electronic communications.

¹³⁹Source: LFP.

¹⁴⁰ Source : UCPF and Ernst & Young « Des clubs et des hommes, 1^{er} baromètre économique et social du football professionnel », 2011.

11 Germany

11.1 Economy and demography

GDP at constant prices, bn € (2008)	2,270.8
Average annual growth rate (2003-2008)	1.7%
GDP per capita, € (2008)	27,619
GDP per capita, PPP, thousand \$ (2008)	32,656
Population, thousands (2009)	82,002
Share of urban population	73%
Share of population in 15-64 age range	66%
Unemployment rate (2008)	7.3%
Public debt (as a % of GDP) (2008)	65.9
Government deficit (as a % of GDP) (2008)	-0.1
Member of the Euro Area	Yes

Germany has a population of 82 million and extends over an area of 356,854 km², which corresponds to a density of 230 people per km². Approximately 73% of the population lives in an urban area. Germany's per capita GDP was equal to € 27,600 in 2008, 28% above the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$ 32,600 in 2008, 17% higher than the EU-27 average.

Germany's GDP reached € 2,271 bn in 2008, 21% of the total EU-27 GDP. Between 2003 and 2008, the country's economic growth was slightly less than the EU average: GDP grew at an average rate of 1.7% per year in Germany, compared with an average annual growth rate of 2% in the Euro Area and 2.2% in the whole European Union. Foreign trade has been the main driver of German economic growth.

As a consequence of the global economic and financial crisis, the German economy fell into severe recession in 2009: after the 0.7% growth recorded in 2008, GDP dropped by -4.7% in 2009, more than the average decline of 4.2% in the whole of the EU. Nevertheless, labour market is still dynamic: the unemployment rate fell from 7.3% in 2008 to 6.7% in the third quarter of 2010.

In 2008, the government debt in Germany was 65.9% of GDP, a level above the EU-27 average. The public deficit was close to balance in 2008, but deteriorated after as a result of the economic and financial crisis. The necessary correction of the government deficit and the required reduction of the debt burden will weigh on future public spending decisions, and will likely limit the government's ability to raise public subventions to sport & leisure activities.

Germany's currency is the euro.

11.2 Sport participation

About 75 % of the Germans aged 15 and older are physically active¹⁴¹. In the 2009 Eurobarometer survey, 49% of the respondents reported practising sport at least once a week¹⁴². This rate is nine points above the EU average (40%). In 2009, 23% of the respondents to the Eurobarometer survey reported being member of a sport club, 13% of a fitness club and 8% of another type of club. Only 39% of the respondents to the Eurobarometer survey declared not being a member of any type of club in 2009.

Sport is practised either in sport clubs, at school, on one's own (unorganised practices) or in a commercial setting such as a health & fitness club. A rise in all these practices would be important to achieve the objective of improved health and well-being. Sport club membership is nevertheless important because sport clubs offer a large variety of low priced activities. Even so, empirical evidence indicates that this form of organisation is not necessarily appropriate for everyone.

Sport in school is an important driver of sport participation because there is currently a change in the traditional full-time school model. The impact of the change is, however, as yet undefined. But it opens up opportunities (e.g. creation of a basis for lifelong sport activities) at the same time as it entails risks to the development of sport participation. The risks include infrastructure capacity overload, and the displacement of certain social categories.

The practice of sport outside a club or federation has the biggest development potential. The media exposure of certain competitive sport also has an influence on the development of sport participation¹⁴³. Factors likely to positively impact sport participation in the future include:

- A rise in leisure time;
- An increase in the practice of sport in gyms (with no regular practice time);
- Increased practice of outdoor sports (running, walking, nordic walking, inline skating).

The table below shows the disciplines with the highest number of members in 2009.

Sport	Members	Sport	Members
Football Association	6,563,977	Handball Association	842,070
Gymnastics Association	5,006,039	German Alpine Association	782,753
Tennis Association	1,586,663	Fédération Equestre Nationale	752,964
Shooting Association	1,462,290	German Fischerman	653,300
Athletic Association	891,006	Table Tennis Association	616,796

Source: German Olympic Sport Confederation (2009). Stocktaking 2008 (third edition). Demand 13/11/2009 at http://www.dosb.de/fileadmin/fm-dosb/downloads/bestandserhebung/2008.3_Bestandserhebung.pdf

11.3 Allocation of responsibilities for sport policy

Parliamentary democracy and federalism characterise the basic political structure of the Federal Republic of Germany. In Germany, sport is a competence of the Länder. Any action that the State takes in the field of sport is based on the principle of subsidiarity.

¹⁴¹ Tuyckom, C. van & Scheerder, J. (2008). Sport for all? Social stratification of recreational activities in the EU-27. *Kinesiology Slovenica*, 14(2), 54-63

¹⁴² 2009 Eurobarometer survey

¹⁴³ Interviews with sport politic makers and with experts

The federal government's competencies in the field of sport fall within the remit of the Ministry of Interior. It coordinates all the measures that are of significance to the federal government, represents the Federal Republic in international sport bodies and provides financial support to supraregional sport facilities, to high-level sport and to sport for the disabled.

The main part of the support to grassroots sport is undertaken by the Länder and the local authorities.¹ The support provided at regional and local level varies and is multifaceted, so it is nearly impossible to get precise data on the financing structure.² Generally speaking, the Länder are responsible for the subsidization of sport in the fields of leisure, sport-for-all, and school sport. They also construct, operate and renovate sport facilities, and co-finance training and skills development programmes. This organisation and funding of grassroots sport has evolved over time. There are different spheres of competencies, but not every process in the system is controlled by a single authority.⁴

11.4 Organisation of the sport movement¹⁴⁴

There are 60 national sport federations in Germany, and approximately 90 000 sport clubs.

Rising criticism of German sport policy caused by a lack of success in high-level sport in the recent Olympic Games led to the merger of the National Olympic Committee and the German Sport Confederations, into The German Olympic Sport Confederation (DOSB).

The DOSB unites 96 member organisations: 16 land sport confederations, 60 national sport federations (33 Olympic and 27 non-Olympic) and 20 with special tasks. With about 90 000 sport clubs comprising over 27 million members, the DOSB is the largest organisation in Germany. It is responsible for the coordination of general issues and for the common representation of the interests of its member organisations vis-à-vis the state and the public. Comparable to the National Olympic Committee of a Member State, the DOSB represents the interests of its members at the International Olympic Committee¹⁴⁵.

11.5 Legal framework

11.5.1 Specific Laws on sport

All sport activities find their constitutional legitimacy in the basic right of the free development of the individual (Art. 2 Abs. 1 GG). Sport clubs, sport federations and athletes can rely on the freedom of association principle which is enshrined in the Constitution. In line with the social state principles, the state is entitled to act in the field of sport¹⁴⁶.

¹⁴⁴ Sources:

¹ Federal Government of Germany (2006). Eleventh Sporting Report. Demand 16/12/2009 at http://www.bmi.bund.de/cae/servlet/contentblob/133898/publicationFile/14799/11_sportbericht.pdf

² Kemper, F.-J. (1999). Sportförderung in den Ländern. In G. Trosien (Hrsg.), Die Sportbranche: Wachstum – Wettbewerb – Wirtschaftlichkeit (2., akt. Aufl., S. 154-164). Frankfurt a.M.: Campus

³ Hockenjos, C. (1999). Kommunale Sportförderung in der Bundesrepublik Deutschland. In G. Trosien (Hrsg.), Die Sportbranche: Wachstum – Wettbewerb – Wirtschaftlichkeit (2., akt. Aufl., S. 129-153). Frankfurt a.M.: Campus

⁴ Interviews with sport policy makers and experts

¹⁴⁵ Tokarski, W., Petry, K., Groll, M. & Mittag, J. (2009). A Perfect Match? Sport and the European Union. Aachen: Meyer & Meyer Sport

¹⁴⁶ Federal Government of Germany (2006). Eleventh Sport Report. Demand 16/12/2009 at http://www.bmi.bund.de/cae/servlet/contentblob/133898/publicationFile/14799/11_sportbericht.pdf

In Germany, sport is an autonomous activity: any action that the state takes in this field is based on the principle of subsidiarity.

Article 28 of the Constitution states that local authorities have the responsibility for the living environment of their citizens. The interpretation of the concept « living environment », which implies all civil activities including the area of sport, is the basis for the promotion of sport by the local authorities, even though the promotion of sport is not mentioned explicitly in Article 28, so that this task is not really compulsory¹⁴⁷.

11.5.2 Allocation of revenue from gambling services to sport

The German gaming market is regulated at the regional level. National legislation, however, states that a license is needed from the federal government to organise a lottery.

At present, there are 16 license holders, one in each Land. These are organised in the German Lotto-Toto Block. All licenses for lotteries are in the hands of the Länder or companies in which the Land is the largest shareholder. In addition, Germany has two class lotteries: the Nordwestdeutsche Klassenlotterie, in which ten Länder are represented, and the Süddeutsche Klassenlotterie in which the other six Länder cooperate. Two TV charity lotteries are also active on the market, however, they are subject to a limit on the amount of their highest prize (€ 1 million)¹⁴⁸.

In 2008, the **German Interstate Gambling Treaty** (Glücksspielstaatsvertrag) came into force. The Treaty's adoption by all 16 German Länder preserves state lottery and sports betting monopolies until at least 2012, and bans throughout Germany the use of the internet for all gambling services (including authorised state games) with the exception of horserace betting.

The major part of the revenue generated from the gaming market is spent on the sport sector, especially for the promotion of sport-for-all.

It is up to the federal states (*Länder*) to set up lottery rules and to decide the use of the proceeds, the level of funding, etc. The *Länder* receive the revenue from levies on gambling services. The amount of the levy varies across Land, from 15% to 30 % on the lottery proceeds. The revenue can be used to support sport, art, culture and other charitable objectives (for example, to sport organisation funding or to improve the sport infrastructure).

The revenues generated for sport from lotteries and sport betting are estimated to sum up to approximately € 450 million per annum.

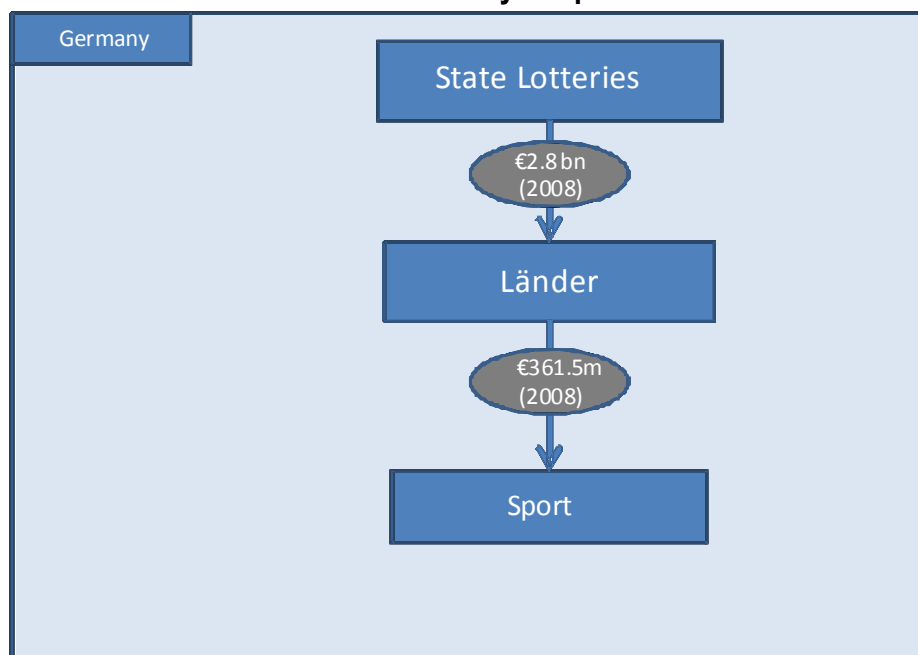
In 2006, the German Olympic Committee reports a revenue generated for the sport sector from this channel of approximately € 525 million for the sport sector. The share of this revenue going specifically to grassroots sport as opposed to high-level sport is not available.

The European State Lotteries and Toto Association (EL) reports a total payment to (all) good causes by lotteries in Germany of € 2,786 million in 2008, of which € 361.5 million (13%) was allocated to sport. According to EL, the amount distributed to sport in 2006 was € 485 million, slightly less than the € 525 million figure mentioned by the German Olympic Committee. The difference between the two figures may reflect incomplete coverage by EL.

¹⁴⁷ Source: Interviews with sport politic makers and experts

¹⁴⁸ The European Charity Lotteries Association, Report on Germany (2010).

Allocation of revenue from the lottery to sport



Source: Eurostrategies' consortium

11.5.3 Laws with an indirect impact on grassroots sport

a) Sport clubs

When sport clubs fulfil the requirements of the Third Chapter of the Fiscal Code, they are exempt from corporate tax, trade tax, capital transactions tax, inheritance tax and real property tax. According to the Fiscal Code, a sport club serves public-benefit purposes if its activity is dedicated to the altruistic advancement of the general public in material, spiritual and/or moral respects. If sport clubs pursue a commercial activity, they are taxed like any other legal entity.

With regard to VAT, sport clubs in Germany are exempt as long as their turnover remains under €17,500 (the year before) and € 50,000 (in the current year). In certain areas, sport clubs benefit from reduced tax rates of 7 % instead of 19 % (e.g. selling of tickets). But when they act in competition to commercial clubs, the sport clubs do not benefit from special VAT-rates¹⁴⁹.

b) Persons working for the sport club

Income from a secondary activity as a training supervisor, instructor, teacher, attendant or from a comparable secondary activity in the service of, or on behalf of, a public-benefit sport club is tax-exempt up to € 2,100 a year (so-called training supervisor's allowance pursuant to Section 3 No 26 of the Income Tax Law).

c) Persons who contribute money or materials to the sport club

Sport clubs which are recognized to serve the general interest (Section 52 of the Fiscal Code) may, as a rule, receive contributions which are tax-deductible for the contributor. Persons who make a donation (money or equipment) to a sport club can have these gifts deducted from the calculation of

¹⁴⁹ German Olympic Committee.

their taxable income up to a total of 20 per cent of the total amount of their income. Contributions and membership fees are very important in the financing of sport clubs. Membership fees, however, are not tax deductible.

d) Regulation of media rights concerning to grassroots sport

There are no specific regulations applying to media rights in the field of sport. The common laws (e.g. anti-trust law) apply in this field.

11.6 Resources allocated to sport

11.6.1 Financial resources going into sport

The table below provides information on the various revenue sources that contributed to the funding of the German sport system in 2005.

Households were the main contributor, with 76.5% of the total revenue allocated to sport. This includes the payment of membership fees and the purchase of goods and equipment, and of lessons. Companies' contributions (sponsorship, donations, other) accounted for an estimated 7.5% of the total resources of the sport system. Local authorities (including the Länder) contributed another 15.3%, whereas the central government contribution was less than 1% of the total.

As indicated earlier, the allocation system in Germany is specific, due to its federal structure. As a result, allocations are being transferred from the German Olympic Sports Confederation (DOSB), the states (regional governments) and the cities, to the regional sport federations ("Landessportbünde"). The regional sport federations are free to decide how to spend the allocations received.

The allocation for elite (high-level) sport is given by the Federal Ministry of Interior (BMI) following advice from the DOSB. In 2010 the BMI provided € 138.3 million and € 132.7 million in 2011. The amount per federation is based on common conventions ("Zielvereinbarungen") between DOSB and the single federations, on the basis of future objectives and past results in high-level competitions.

The average household expenditure on sport per capita was close to € 300 in 2005, compared with an average contribution from companies (through sponsorships, donations and other) of € 30 per capita. The total revenue from the public sector (sum of national, regional and local levels) amounted to € 62 per capita in that year.

Revenue from (2005):	Million €	Share of total	€ per capita
General government	5091	15.9	62.1
of which:			
- Central government	211	0.7	2.6
- Ministry in charge of sport	144	0.5	1.8
- Other governmental entities (departments, agencies...)	66	0.2	0.8
- Local authorities	4880	15.3	59.5
Private stakeholders	26842	84.1	327.3
of which:			
- Household's expenditures on sport	24442	76.5	298.1
- Companies (sponsoring, donations, others,...)	2400	7.5	29.3

Total revenue	31933	100.0	389.4
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Sources: Eurostrategies' consortium, from national sources and surveys

11.6.2 Estimated contribution of voluntary work

There were an estimated 2,100,000 people working as volunteers in the sport sector in 2005, contributing an average of 4 hours per week. This corresponds to an estimated 210,000 full time equivalents, and an annual monetized contribution of voluntary work in sport of approximately €4,378 million in 2005.

11.7 Solidarity systems in favour of grassroots sport

There is no regulated solidarity mechanism organizing the distribution of funds to grassroots sport. As indicated above, with respect to federal funds, the allocation is defined by the Ministry of interior on advice of DOSB.

The allocation of revenue between high-level sport and grassroots sport is defined by the sport organisations. Detailed information on the regulation of redistribution is written down in the statutes of the sport organisations¹⁵⁰.

¹⁵⁰ Source: Federal Ministry of the Interior

12 Greece

12.1 Economy and demography

GDP at constant prices, bn € (2008)	189.6
Average annual growth rate (2003-2008)	3.9%
GDP per capita, € (2008)	16,909
GDP per capita, PPP, thousand \$ (2008)	28,087
Population, thousands (2009)	11,260
Share of urban population	60%
Share of population in 15-64 age range	63%
Unemployment rate (2008)	7.7%
Public debt (as a % of GDP) (2008)	97.6
Government deficit (as a % of GDP) (2008)	-5
Member of the Euro Area	Yes

Greece extends over an area of 131,957 km². The country has a population of 11.2 million, which corresponds to a density of 85 people per km². Approximately 60% of the population lives in an urban area. Greece's per capita GDP was equal to €16,900 in 2008, 22% below the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$ 28,100 in 2008, 0.5% higher than the EU-27 average.

Greece's GDP reached € 189.6 bn in 2008, 3.9% of the total EU-27 GDP. Between 2003 and 2008, the country's economic growth was, at 1.8% per year on average, below the rate of growth of 2% in the Euro Area and 2.2% in the EU as a whole. In 2008, the government debt in Greece was equivalent to 97.6% of GDP, one of the highest levels in the EU-27.

Following the deterioration in the economic situation in 2009, the Greek public finance situation worsened substantially: the public debt to GDP ratio reached unprecedented levels. In 2009 and 2010, Greece's sovereign debt was downgraded several times by credit rating agencies, whilst the EU placed the country under its Excessive Deficit Procedure. The necessary correction of the government deficit will weigh on future public spending decisions, and will limit the government's ability to raise its financial support to sport.

Greece adopted the euro in 2001.

12.2 Sport participation

In 2009, only 18% of the Greek population reported practising a sport at least once a week¹⁵¹. This rate is well below the EU average of 40%. In the 2009 Eurobarometer survey, 4% of the population said they were a member of a sport club, 8% of a fitness club and 1% of another type of club. 88% of the respondents to the Eurobarometer survey said they were not a member of any type of club in 2009.

The participation of youth in sport is nevertheless perceived to be increasing¹⁵², mainly thanks to:

- The accomplishments and successes of certain sport;

¹⁵¹ Source: 2009 Eurobarometer survey

¹⁵² Source: responses to the Eurostrategies' questionnaire to the NOC and the Ministry in charge of sport.

- A well developed sport culture;
- Sport as a social ideal and way of life model for the youth (avoidance of illicit drug use, improvement of well being/fitness/health, etc);
- The privileges and benefits that are perceived to result from high-level sport, which motivate young people to practice a sport;
- The general advancement and promotion of sport in Greece, especially after the success of the 2004 Olympic Games.

Sport club membership (2005)	n/a
Sport club membership trend (2000-2005)	n/a
Sport club membership rate (2005)	n/a
Number of clubs	n/a
Share of the population which practices sport at least once a week ¹⁵³	18%

Source: 2009 Eurobarometer, Amnyos (2008)

12.3 Allocation of responsibilities for sport policy

The Ministry of Culture is the ministry in charge of sport. The Ministry of Education (Directorate of Physical Education) is responsible for sport in schools, and the General Secretariat of Sport (part of the Ministry of Culture) is the Executive Directorship in charge of Sport.

The different national sport federations organise and promote each respective sport discipline, focusing mainly on competitive sport.

Local Governments and the Youth and Sport Organisations are respectively in charge of sport-for-all, and of the organisation of the local leagues.

Grassroots sport is one of state's priority funding areas. This entails the financing of NGBs and sport clubs, the development of sport infrastructure and facilities, the promotion of sport-for-all, the combat against doping and violence in sport, the promotion of international cooperation, increased participation of women in sport and the promotion of sport amongst people with disabilities. The state does not finance professional sport: professional Sport is entirely funded from private sources (Football S.As., Basketball S.As.).

Local governments are major contributors to sport financing. They raise funds from the General Secretariat of Sport in order to financially support sport-for-all programmes. The subventions are mostly used to pay the salaries of trainers and coaches (at approx. 80%). They also contribute to the financing of sport halls, municipal stadiums, sport clubs (up to 2% of each municipality's income is allocated to sport and cultural associations), sport events (e.g. football tournaments, summer programs, e.g. health and sport routes), the school leagues (mostly among primary schools) and local sport events.

The priority funding areas for the municipalities are, by way of priority:

- The operating expenses of sport organisations, including the payment of wages and salaries;
- Aid to NGBs support to local organisations and clubs;

¹⁵³ Source : Eurobarometer, Sport and Physical Activity, European Commission 2010

- Investments and operating costs of sport facilities and infrastructure;
- The organisation of sport events;
- Specific support to high-level sport.

In the past years, the contribution of local governments to the financing of the sport system has evolved:

- The responsibility of promoting sport-for-all has shifted from the General Secretariat of Sport to the municipalities;
- The supervision of the country's stadiums has shifted to the municipalities – with the exception of 27 stadiums;
- There has been a significant increase in the number of sport organisations and of sport programs for all citizens.

All this has taken place within a general context of administrative and financial decentralization.

12.4 Organisation of the sport movement

The **Hellenic Olympic Committee** HOC takes action to ensure the preparation, publication and distribution of special editions aimed at developing and promoting the Olympic Idea, the history of Olympics, out-of-school physical education and sport in general, as well as all sort of material in print which may help fulfil the mission of the International Olympic Academy.

Greece's sport clubs and the 34 national sport federations are self-organised and autonomous. Officially, the government does not influence their decisions, but is responsible for monitoring the activities of the sport federations. Public subsidies account for an important part of the sport federations' resources.

12.5 Legal framework

12.5.1 Specific Laws on sport

The Professional Sport Commission (Law 2725/99, Article 77) has the responsibility for conducting accounting and management audits of Sport SA and the Paid Athletes organisations.

Concerning the financial flows from the state budget to sport, there is a regulated allocation system on the basis of which governments annually allocates budgets to the national sport federations, following conventions among the Ministry of Finance and the Ministry of Civilization / General Secretariat for Sport.

The revenues are allocated to the national sport federations after being evaluated and categorized annually in 5 different categories, defined by the General Secretariat for Sport.

12.5.2 Allocation of revenue from gambling services to sport

In Greece, the state has the exclusive right to organise games of chance¹⁵⁴. All games of chance must serve a charitable cause or benefit the state budget. Although the European Commission has started infringement proceedings against Greek restrictions on the sports betting market¹⁵⁵, there has yet been no change in the regulatory environment.

¹⁵⁴ The European Charity Lotteries Association, Report on Greece (2010).

¹⁵⁵ EC Reasoned Opinion sent in February 2008.

The **Hellenic State Lottery** is operated as a division of the Ministry of Finance. The State has the sole authority to operate the National Lottery, the Popular Lottery and the Special Lottery. The profits from these draw games are used for several foundations, hospitals and other social projects¹⁵⁶.

OPAP, the Greek Organisation of Football Prognostics, is a non-profit organisation which operates the national football pools in order to generate revenue for sports. It also has the exclusive right to offer lotto games and other sports betting games, besides football. The Greek state is the largest shareholder (first 51%, now reducing its stake to 34%). OPAP currently operates six numerical lottery games (*Joker, Lotto, Proto, Extra 5, Super 3* and *Kino*) and three sports betting games (*Stihima, Propo* and *Propo-goal*). It has also designed two new lottery games (*Bingo* and *Super 4*). In 2009, € 3,1 million (0,05% of turnover) was distributed as grants to the Greek Professional Football Association and Hellenic Football Federation¹⁵⁷. The figure is the same as that quoted by the European State Lotteries and Toto Association for 2009. It represents a very small share of the total value of public funding to sport in Greece (see next section).

The European State Lotteries and Toto Association reports a total revenue for all good causes by state lotteries in Greece of € 540.2 million in 2007, rising to € 694 million in 2008 and to € 700.3 million in 2009. Only a small share of this is identified as explicitly channeled to sport through regulated mechanisms, however: according to EL, the share channeled to sport through specific, regulatory, mechanisms has been less than 1% since 2007: in 2007, € 4.5 million went to sport. In 2008, the figure decreased to €4.2 million, and it fell further to € 4.1 million in 2009. The figure from EL is consistent with that provided by the European Charity Lotteries Association for 2007 (€3.1 million).

Allocation of revenue from gambling services to sport



Source : Eurostrategies' consortium

12.5.3 Laws with an indirect impact on grassroots sport

No Laws with an indirect impact on the funding of grassroots sport was identified.

Some clubs are exempted from VAT on the basis of their statutes. Normally, all clubs and as a result all federations are obliged to pay VAT every two months. The rates vary between 20 and 23%¹⁵⁸.

¹⁵⁶ The European Charity Lotteries Association.

¹⁵⁷ Idem.

¹⁵⁸ Source: Hellenic Olympic Committee (2011).

12.6 Resources allocated to sport

12.6.1 Financial resources going into sport

The private sector contributes more than two thirds of all resources allocated to the sport sector (69.6% in 2005).

Note that there is no data available on the precise value of household consumer expenditures on sport. In the table, the figure was estimated on the basis of the value of consumer expenditures on leisure and recreational activities, which accounts for 5.4% of total household expenditures. 7% of this is assumed to be allocated specifically to sport, a figure similar to the average share observed in Cyprus, Italy, and Portugal, three countries with similar consumer expenditures patterns.

The value of expenditures by companies (sponsoring, donations, etc.) is also estimated, due to lack of available data¹⁵⁹.

The public sector contributes up to 30.4% of the total revenue allocated to sport in Greece. This includes the revenue originating from the levy on the lotteries. Both the central government and the local authorities participate actively to the funding of grassroots sport by financially supporting the associations, and funding infrastructure and facilities. Their contribution represents 15% of the total sport budget.

While the average public participation was €32.7 per capita in 2005, the average household expenditure per capita was €74.9 (see table below).

Revenue from (2005):	Million €	Share of total	€ per capita
General government	366.6	30.4	32.7
of which:			
- Central government	183.3	15.2	16.4
- Ministry in charge of sport			
- Other governmental entities			
- Local authorities	183.3	15.2	16.4
Private stakeholders	838.3	69.6	74.9
of which:			
- Household's expenditures on sport	779.3	64.7	69.6
- Companies (sponsoring, donations, others,...)	59.1	4.9	5.3
Total revenue	1204.9	100.0	107.6

Sources: Eurostrategies' consortium, from national sources and surveys

12.6.2 Estimated contribution of voluntary work

In Greece, there were an estimated 45,000 volunteers in 2004 (i.e. 3,375 full time equivalents (FTE)), working three hours a week on average¹⁶⁰. The estimated annual monetized contribution of voluntary work in sport was € 41.9 million in 2004¹⁶¹.

¹⁵⁹ The estimate is based on the average share of sponsoring of sport in GDP in Portugal, Poland and Cyprus.

12.7 Solidarity systems in favour of grassroots sport

No regulated solidarity system has been identified. The allocation of public funds to the national federations is defined in the state budget.

¹⁶⁰ Source: Study on Volunteering in the EU, a report by GHK to the European Commission, 2010.

¹⁶¹ Based on the gross average hourly wage rate (Eurostat)

13 Hungary

13.1 Economy and demography

GDP at constant prices, bn € (2008)	67.9
Average annual growth rate (2003-2008)	2.8%
GDP per capita, € (2008)	6,756
GDP per capita, PPP, thousand \$ (2008)	18,026
Population, thousands (2009)	10,031
Share of urban population	66%
Share of population in 15-64 age range	69%
Unemployment rate (2008)	7.8%
Public debt (as a % of GDP) (2008)	73
Government deficit (as a % of GDP) (2008)	-3.4
Member of the Euro Area	No

Hungary has a population of 10 million and extends over an area of 93 000 km², which corresponds to a density of 108 people per km². Approximately 66% of the population lives in an urban area. Hungary's per capita GDP was equal to € 6,800 in 2008, a level nearly 69% below the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$ 18,000 in 2008, 35% lower than the EU-27 average.

Hungary's GDP reached € 67.9 bn in 2008, 0.6% of the total EU-27 GDP. Between 2003 and 2008, the country's GDP grew at an average rate of 2.8% per year, compared with an average annual growth rate of 2% in the Euro Area and 2.2% in the whole European Union. Private consumption was been the main driver of growth.

As a consequence of the global economic and financial crisis, the Hungarian economic and financial situation deteriorated significantly: after the 0.6% growth recorded in 2008, GDP turned down 6% in 2009. As a result, the unemployment rate rose significantly, from 7.8% in 2008 to 11.1% in the third quarter of 2010.

In 2008, the government debt in Hungary was equivalent to 73% of GDP, a level above the EU-27 average. The public debt to GDP has been increasing over the past years and should continue to trend upward as a result of the economic downturn. The necessary correction of the government deficit will probably weigh on future public spending decisions, potentially limiting the government's ability to raise its expenses on sport & leisure activities.

The private sector's indebtedness in foreign currency, the years of budget deficits and the high levels of external debt are still raising concerns about the country's exposure to exchange rate risk and the country's sovereign debt quality.

Hungary's currency is the Forint. The exchange rate has progressively depreciated against the euro in the past years, reaching 277.75 Forints per euro in the first months of 2011. In this report, the conversion rate which has been used is that of the year of the data quoted.

13.2 Sport participation

In 2009, 23% of the population practiced sport at least once a week¹⁶². This rate is well below the EU average of 40%. In 2009, only 4% of the population reported being a member of a sport club, 2% of a fitness club and 1% of another type of club. 92% of the respondents to the Eurobarometer survey declared not being a member of any type of club in 2009.

Sport club membership (2005)	224,683
Trend in sport club membership(2000-2005)	n/a
Sport club membership rate (2005)	2,2%
Number of clubs (2005)	6 024
Sport participation in the population % (once a week or more) ¹⁶³	23%

Source: Eurobarometer survey (2010), Amnyos (2008)

The most popular sport in Hungary is football. Athletes have also excelled in ice hockey and badminton. Winter sports like skiing, sledging, ice skating and other such activities are quite popular.

13.3 Allocation of responsibilities for sport policy

At government level, the organisation in charge of sport is the **Hungarian Sport Office**. This is an independent institution linked to the Prime Minister's Office. The Hungarian Sport Office has a background institution: the **Institute for Talent Development**, which coordinates the youth and talent development programmes.

Sport-for-all is generally supported by regional and local governments, is sport in schools. Local authorities maintain approximately 71% of the sport facilities and financially support the top local sport teams.

13.4 Organisation of the sport movement

The **Hungarian Olympic Committee** plays a leading role in sport in Hungary. Since 2001, there have been three prominent public utility umbrella organisations representing the interests of different areas of sport:

- The **Hungarian Sport Confederation** is the umbrella organisation for the Hungarian Sport Federations engaged in developing the professional, amateur and open competition system and in organizing Hungarian championships;
- The **National Leisure Sport Confederation** is the umbrella organisation for Hungarian Sport Federations engaged in leisure sport, school sport, students sport;
- The **National Association of Disabled Athletes** is the umbrella organisation for Hungarian Sport Federations engaged in sport for people with special needs.

In 2004, the fourth public utility umbrella organisation, the **Hungarian Paralympic Committee**, was founded by the Act on Sport.

The national sport federations are autonomous organisations representing the member clubs in each discipline. They are not-for-profit associations. Their number is steadily increasing: at present, 66

¹⁶² 2009 Eurobarometer survey

¹⁶³ Eurobarometer, Sport and Physical Activity, European Commission 2010

national sport federations are members of the Hungarian Sport Confederation, but there are several others not yet officially recognized by the government as official and exclusive sport federations.

There are two basic categories of sport organisations determined in the Act of 2004 on Sport. These are the sport associations, and sport companies. Sport associations are the most diffuse, classic form of sport organisations. Sport companies become increasingly important because of the growing popularity of commercial practices, and have become the second basic form of sport organisation.

13.5 Legal framework

13.5.1 Specific Laws on sport

There is a **General Act on Sport** (Act 1 of 2004). Article 56 of Act 1 defines how the public funding of sport is to be organised. The detailed budget allocated to sport is set annually in the Budgetary Act. Based on a proposal by the National Sport Council, the Ministry in charge of sport defines the rules applying to the allocation of state support to sport. The public funding is done through contractual arrangements with the beneficiaries, in accordance with the terms of Article 57 of the Act 1.

Articles 16 and 18 of Act 1 define sport associations and sport federations as not-for-profit governmental organisations (NGO). This entitles them to a number of fiscal exemptions, detailed later in this chapter.

The private funding of sport is also regulated through Article 35 of Act 1. The funding is undertaken via sponsoring contracts between the private company and sport associations (sport clubs and sport federations). With respect to the sponsoring of high-level athletes, the contracts entail a transfer in the right of image of the athlete to the benefit of the company, for commercial purposes. The protection of the right of image is defined by the Civil Code.

13.5.2 Allocation of revenue from gambling services to sport

In Hungary, the legal framework for games of chance is defined in the 1991 **Act on the Organisation of Gambling**. Only state-owned companies can apply for a lottery license through a state concession. Szerencsejáték Rt. is the current license holder. It has a monopoly on all draw games. Beyond the lottery 5/90 game, Szerencsejáték offers draw games, scratch cards and sports betting. Most number draw games and betting games can be played online, via phone or SMS. Szerencsejáték' market share of the Hungarian gambling market is more than 50%¹⁶⁴.

In 1991, a Gambling Fund was established that distributed 6% of the revenues generated from games of chance to good causes, especially sport but also health care, social projects, culture, education and youth. This Act was amended in 1995 and the Gambling Fund was abolished. Since then, almost all the revenues go to the state. The Sports Act however obliges Szerencsejáték to distribute a small part of its revenues to the sport sector, though this is channelled via the state budget (3.7%).

Article 56§2 of Act 1 of 2004 defines the levy to be applied on the revenue generated by the lotteries, betting and gambling operators.

With respect to lotteries and sporting bets:

« Twelve (12) percent of gaming tax on lottery-type gambling, fifty (50) percent of gaming tax on bets in bookmaker systems, and all gaming tax on sport betting (TOTÓ) shall be allocated to sport' »

¹⁶⁴ The European Charity Lotteries' Association, Report on Hungary (2010).

support as defined in separate legislation, and shall be budgeted within the budgetary chapter of the ministry headed by the minister in charge of sports policy.”

There is also a game tax on drawing games (instant ticket) of 30% of the monthly proceed; a game tax on lotteries of 24% of the monthly prize-pool; a 7% tax on the monthly prize-pool of bingo games; and a 17% tax on the monthly prize-pool of joker games. The game tax on keno is 24% of the net monthly proceeds. The game tax on continuously organised totalizer-type betting is 17% of the monthly prize-pool, and 17% of the prize-pool for non-continuous totalizer-type bettings.

The sums refunded during the month for invalid bets are deducted from the net gambling proceeds of bookmaker type of betting. The game tax on bookmaking is 20% of the net gambling proceeds, reduced as described above. The drawing games described above and the gift drawing games, and also the domestic horse and / or greyhound betting, are exempt from paying game tax.

The game tax on gambling money-winning machines, with the exception of the gambling money-winning machines operated in casinos, is HUF 100,000 (€ 376) per month, per location. The game tax is payable for each month or fraction thereof.

The annual tax on gaming (amusement) machines of HUF 60,000 (€ 226) per machine. Operators of gambling machines must declare and pay the tax applicable semi-annually, prior to the submission of the application for the semi-annual registration of the machine. Evidence must be provided of proof of payment with such application.

Finally, there is a tax on casino games whose amount varies based on the net revenue generated.

Lottery services are VAT exempt.

Szerencsejáték Zrt – the national lottery company – is the largest gambling service provider in Hungary. It has exclusive rights to distribute number draw games, sport bets and lottery tickets throughout the country¹⁶⁵. Since its foundation in 1991, the company has been fully owned by the Hungarian state. Owner's rights have been exercised by the Hungarian Privatization and State Holding Company (Állami Privatizációs és Vagyongazdálkodó Rt). Since 1991, professional supervision over the gambling operations has been performed by the Gambling Supervisory Authority, an institution of the Ministry of Finance.

Together with the general taxes and dividends, Szerencsejáték Zrt has been one of the leading Hungarian taxpayers. The majority of its contribution is indirectly used for social welfare and cultural purposes through the main budgetary distribution systems.

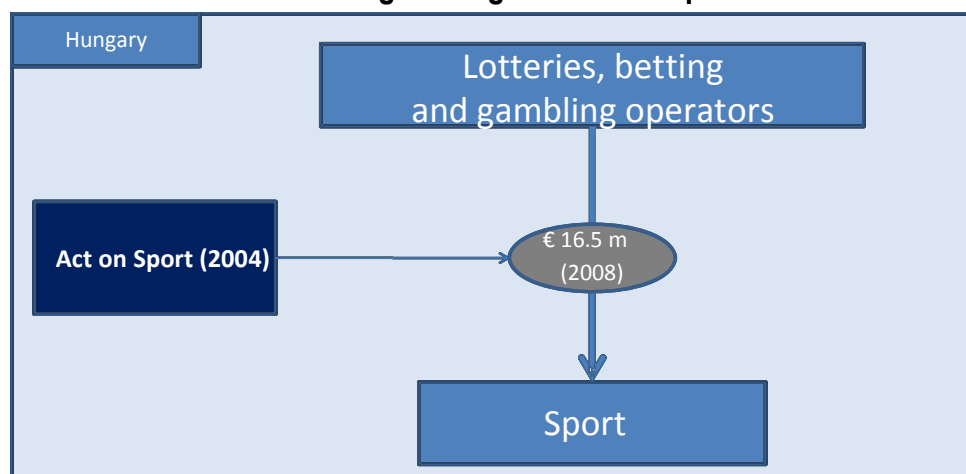
In 2009, total sales of Szerencsejáték amounted to 153 billion HUF (around € 575 million). Szerencsejáték contributed HUF 620 million (around € 2.3 million, 0.4% of turnover) in the form of sponsorship fees and donations that supported health care, sport and culture. Indirectly, through the games tax and in accordance with the Sports Act, the company donated HUF 4,183 million (€ 15.7 million, 2.7% of turnover) to sport. In 2008, the amount was € 16.5 million.

These figures compare with a total revenue from the compulsory levies on state lotteries for good causes of € 212.6 million in 2008, as reported by the European State Lotteries and Toto Association. The revenue from the levy increased to € 225 million in 2009, according to the same source. Of this, € 16.5 million went to sport in 2008, and € 15.5 million in 2009¹⁶⁶.

¹⁶⁵ http://net.szerencsejatek.hu/report2008/szzrt_uzletijelentes_2008_eng.pdf

¹⁶⁶ The difference with the figure quoted earlier is probably due to differences in the exchange rate used for the conversion.

Allocation of revenue from gambling services to sport



Source: Eurostrategies' consortium

13.5.3 Laws with an indirect impact on grassroots sport

Given that sport federations and sport clubs are not-for-profit, non-governmental, organisations, they benefit from the fiscal regime applying to such organisations and defined in the Act on Not-for-profit organisations (Non-Profit Act CLVI/1997). The following advantages are granted to not-for-profit NGOs:

- VAT exemption;
- Corporate tax exemption: for associations and foundations, all income related to their statutory activities is deemed non-entrepreneurial and therefore exempt from corporate tax; this exemption includes NGO's income from grants, donations, membership fees, and related economic activities; only the income from unrelated economic activities is subject to corporate taxation;
- Allowances on local taxes;
- Discount rates on duties;
- Customs allowances;
- Other benefits described in legal regulations.

The regime applying to work contracts of (high-level) sport athletes is regulated by Article 8 of the General Act on Sport (Act 1 of 2004). §2 of Article 8 stipulates that all work contracts are regulated by common law, i.e. Act XXII of 1992. There are no exemptions on social contributions.

Furthermore, personal tax exemption for the use of services provided by a not-for-profit organisation as a designated provision, in respect of the service received, is also granted.

With respect to donations and sponsoring, companies can deduct from their tax base 100% of the value of donations given to organisations with a recognized public benefit objective (PBOs), and 150% if the beneficiary is an outstanding public benefit organisation (OPBO). In the case of multi-annual pledges, this rate is 170%. Almost all non-governmental organisations qualify as Public Benefit Organisations (PBO), and a smaller number qualify as Outstanding Public Benefit Organisations (OPBO). 30% of the donations for charitable purposes can also be deducted from personal taxes.

Each of these regimes has an annual ceiling, e.g. tax-exempt donations cannot exceed 20% of a company's tax base in a year.

Since 2010, there is the possibility to claim tax allowance up to the amount indicated in the sponsorship certificate, up to 70% of the tax liability. This applies to the sponsoring of the national federation, of affiliated sport organisations or supporting foundation of visual team sports. Article 35 of Act 1 of 2004 related to sponsoring contracts does not distinguish amateur sport and professional sport. This article applies to both of them.

Also, since July 1, 2010, the tax law changes also implement a new set of tax rules applying to those who provide (financial) resources to the sport organisations. The purpose is to increase financial support to sport activities.

Concerning corporate income tax incentives, any Hungarian taxpayer providing financial support to any sport association, sport organisation member of a sport association, or any not-for-profit foundation established to support football, handball, basketball, water polo or ice hockey in Hungary can obtain a double tax benefit: it may reduce its tax base by the amount of the subsidy granted to the sport organisations, and it may reduce its payable tax by the amount of the support.

The supporters may, at their own discretion, use the payable tax reduction benefit in the year the subsidy is granted or during the following three years.

There is one more speciality in the Hungarian tax system: *Act CXXVI/1996* on "1%" has attracted great attention outside the country as well. When taxpayers submit their annual tax returns, they can allocate 1% of their income tax to a non-governmental organisation of their choice by indicating their tax identification number (plus another 1% to a registered church, if they so wish). According to the data disclosed by the tax authorities on 2006, nearly 50% of Hungary's tax payers channelled € 31 million to 27,400 organisations (including sport organisations) under this scheme. About a fifth of this is estimated to have served not-for-profit purposes such as culture and sport.

13.6 Resources allocated to sport

13.6.1 Financial resources going into sport

At grassroots level, the resources of sport organisations are constituted by¹⁶⁷:

- Own income generated from the club's (sport) activities: 16,3 %
- Own income generated from other economic activities: 24 %
- Donations from individuals / households: 8,9 %
- Donations from companies: 7,2 %
- State support/funding: 4,2 %
- National Civil Fund: 1 %
- Other sources coming from tenders: 3,9 %
- Support from the local governments: 25,5 %
- Support from international associations: 0 %
- Support from the 1% donation of the personal income tax: 0,6 %
- Support generated from foundations: 8,4 %

¹⁶⁷ Source: Ministry of Local Government and Regional Development Sport State Secretariat.

The public subvention to sport is partly covered by the tax on lottery proceeds and other betting and gambling services.

The financial support of both the central and local governments (47.7% of total revenue) is viewed as essential for the operation of not-for-profit grassroots sport clubs in Hungary. The state support takes the form of:

- Direct funding of programmes and operating expenses;
- Tax exemptions;
- Revenue from gambling services (indirectly, a determined percentage is dedicated to sport).

The regional / local support consists of:

- The funding of programmes and of operating costs on sport activities;
- The rental (at a fee below commercial level) of sport facilities.

The table below presents the various sources of revenue that contributed to the funding of the Hungarian sport system in 2005. Households appear to be the main contributor, through the payment of membership fees or the purchase of goods and equipment, and of lessons.

Note that Eurostat provides no data on the value of household consumer expenditures on sport. In the table, the figure presented was estimated on the basis of the share of household expenditures on sport in the Czech Republic, Estonia and Latvia, three countries with similar levels of GDP per capita.

Companies' contributions (sponsorship, donations, other) account for approximately 5.4% of the total resources of the sport system. Local authorities contribute another 34.1%, while the central government contribution reaches 13.6% of the total.

Revenue from (2005):	Million €	Share of total	€ per capita
General government	247.6	47.7	24.8
of which:			
- Central government	70.5	13.6	7.1
- Ministry in charge of sport			
- Other governmental entities			
- Local authorities	177.1	34.1	17.7
Private stakeholders	271.6	52.3	27.2
of which:			
- Household's expenditures on sport	243.4	46.9	24.3
- Companies (sponsoring, donations, others,...)	28.2	5.4	2.8
Total revenue	519.2	100.0	51.9

Sources: Amnyos (2008), from national sources and surveys

13.6.2 Estimated contribution of voluntary work

No information is available on the number of persons working as volunteers, nor on the number of hours worked by volunteers in the sport sector.

13.7 Solidarity systems in favour of grassroots sport

Articles 36 and 37 of the General Act on Sport (Act 1 of 2004) defines the regime applicable to media rights on sport events. Sport event organisers negotiate the rights with the broadcasters. The value of the rights may not contribute to the equity (share) capital of business companies in-kind, nor qualify as ancillary services.

Prior to setting the value of the rights and concluding the sales contract, the sport federations must invite the positions of the relevant sports organisations. The amount to be paid is then determined as set forth in the regulations, in line with the specificities of the particular branch of sport with a proportionate view to conditions in Article 37 of Act 1 of 2004.

There is no reference to the taxation of the rights' value in Act I of 2004.

13.8 Sources and references

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Bukta, Z., 2007, "The nature of Hungarian sport associations after the change of the political system", *Transitions, Organisation et politiques du sport dans les PECO après 1989*, vol. XLVII, 13-33.

14 Ireland

14.1 Economy and demography

GDP at constant prices, bn € (2008)	148.2
Average annual growth rate (2003-2008)	3.8%
GDP per capita, € (2008)	33 663
GDP per capita, PPP, thousand \$ (2008)	39 461
Population, thousands (2009)	4 450
Share of urban population	60%
Share of population in 15-64 age range	67%
Unemployment rate (2008)	6%
Public debt (as a % of GDP) (2008)	43.2
Government deficit (as a % of GDP) (2008)	-7.1
Member of the Euro Area	Yes

Ireland extends over an area of 700,000 km². It has a population of 4.5 million people, which corresponds to a density of 64 people per km². Approximately 60% of the population lives in an urban area. Ireland's per capita GDP was equal to €33,660 in 2008, 56% above the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$ 39,600 in 2008, 41% higher than the EU-27 average.

Ireland's GDP reached € 148.2 bn in 2008, 1.4% of the total EU-27 GDP. Between 2003 and 2008, the country's GDP grew faster than the European average, at an average rate of 3.8% per year, compared with 2% in the Euro Area and 2.2% in the EU as a whole. Domestic demand was the main driver of growth.

As a consequence of the global economic and financial crisis, the Irish economic situation deteriorated significantly: after the negative growth recorded in 2008 (-3.6% yoy), GDP fell by another 7.6% in 2009, a huge fall compared with the average decline of 4.2% in the whole of the EU. As a result, the unemployment rate increased, from 6.4% in 2008 to 13.9% in the third quarter of 2010.

In 2008, the government debt in Ireland was equivalent to 43.2% of GDP, a level below the EU-27 average. However, the debt ratio surged in 2008 and continued its upward trend in 2009 and 2010 due to extremely high deficits resulting from the major economic downturn. Ireland's sovereign debt was downgraded by credit rating agencies as a result of the exceptional rise in government liabilities and the severe decline in GDP. The necessary correction of the government deficit and the required reduction of the debt burden will negatively weigh on future public spending decisions, limiting the government's ability to increase its funding of sport.

Ireland adopted the euro in 1999.

14.2 Sport participation

According to the Eurobarometer Survey¹⁶⁸, 58% of the population practiced sport at least once a week¹⁶⁹ in 2009, compared with a figure of 40% in the EU as a whole. In 2009, 18% of the respondents to the survey said they were a member of a sport club, 16% of a fitness club and 4% of another type of club. Only 59% of the respondents to the Eurobarometer survey said they were not a member of any type of club in 2009.

The table below shows the membership numbers and rates presented in the 2008 Irish Sports Monitor Report.

Sport club membership (2008)	1,695,029
Trend in sport club membership(2000-2005)	n/a ¹⁷⁰
Sport club membership rate (2008)	32.8%
Number of clubs	11,978
Sport participation in the population % (once a week or more) ¹⁷¹	58%

Source: Eurobarometer 2009, Irish Sports Monitor Report (2008)

The table which follows lists the disciplines with the highest number of members in 2008

Sport	Members	Sport	Members
GAA ¹⁷² x 2300 clubs	At least 550,000	Athletics (270 clubs)	49,117
Football	250,125	Community Games	38,340
Golf (430 clubs)	166,419	Equestrian sports	35,996
Rugby (205 clubs)	62,596	Sailing (90 clubs)	25,391
Tennis	49,620	Hockey (68 clubs)	23,239

Source: Eurobarometer 2009, Irish Sports Monitor Report (2008)

14.3 Allocation of responsibilities for sport policy

Sport policy in Ireland is under the responsibility of the government through the Ministry of Art, Sport and Tourism, and the Irish Sport Council.

The Ministry of Arts, Sport and Tourism's mission is *"to enrich Irish society by supporting the growth of a competitive and sustainable tourism industry and increasing access to, and participation in, sport, the arts and culture"*.

The Ministry's High Level Goal in Sport is *"to increase participation and interest in sport, to improve standards of performance and to develop sport facilities at national, regional and local levels, thereby contributing to healthier lifestyles and an improved overall quality of life, through a Departmental*

¹⁶⁸ Source: 2009 Eurobarometer survey

¹⁶⁹ Source: 2009 Eurobarometer survey

¹⁷⁰ The trend is decreasing between 2007 and 2008 due to the recession

¹⁷¹ Source : Eurobarometer, Sport and Physical Activity, European Commission 2010

¹⁷² Gaelic Athletic Association

policy and resource framework in partnership with its Agencies, other Government Departments and the National Governing Bodies of Sport".

The **Irish Sport Council** is an Agency under the responsibility of the ministry in charge of sport. Its mission is to plan, lead and coordinate the sustainable development of competitive and recreational sport.

The **Institute of Sport** and the **National Coaching and Training Centre** operate in relation to the Sport Council.

At local level, the competencies differ across local authorities.

According to The Irish Sport Council, there were 33 Local Sport Partnerships (LSP) in Ireland in 2008, 20 of which were set up under the aegis of the local authority (county, city or town council). The remaining 13 were incorporated as limited companies. There is now one LSP in every local authority area in Ireland. The purpose of these Local Sport Partnerships is to raise the levels of local participation in sport and physical activity. They target specific groups such as older people, girls and women, people with disabilities, the unemployed and those who live in identified disadvantaged communities.

LSPs are responsible for improving the organisation of sport at local level. Their boards identify the needs in each area and define the amount of resources to be allocated to these. They liaise with all the relevant stakeholders in the area of sport and compile directories and databases of facilities, clubs, agencies, programmes and people involved in sport in each geographic area.

LSPs are also responsible for the implementation, at local level, of the Irish Sport Council's national programmes. These programmes include *Buntús*, *Buntús Start*, *Active Leadership*, *Code of Ethics and Good Practice for Children's Sport*, *Go for Life* and initiatives for specific groups such as women in sport. In addition, many Partnerships have initiated their own programmes to address specific local needs. They also have an education role, for example in volunteer training and in defining a Code of Ethics.

Government expenditures on sport are allocated, by way of priority:

- o Sport facilities and infrastructures, through the sport capital programme, the local authority swimming pool programme or the development of the new stadium in Dublin;
- o Aid to the NGBs and to local organisations and sport clubs;
- o High-level sport.

For example, in 2005, the public sector financed a football association to implement a grassroots programme for children; an educational unit programme for referees and coaches; and, a player development unit for emerging talents.

14.4 Organisation of grassroots sport

As in other EU countries, the governance of sport in Ireland is organised along a pyramid structure, with the grassroots sport clubs at the base, being represented by national sport federations per discipline.

The sport organisations coordinate and administer most organised sport activities in Ireland: they train and deploy coaches, organise representative level sport and provide sporting opportunities and

career paths leading from local sport to national and international level competition. In 2008, 72 non-governmental bodies (NGBs) were recognized by the Irish Sports Council¹⁷³. They operate and coordinate both recreational and competitive sport at international, national, regional and local level.

14.5 Legal framework

14.5.1 Specific Laws on sport

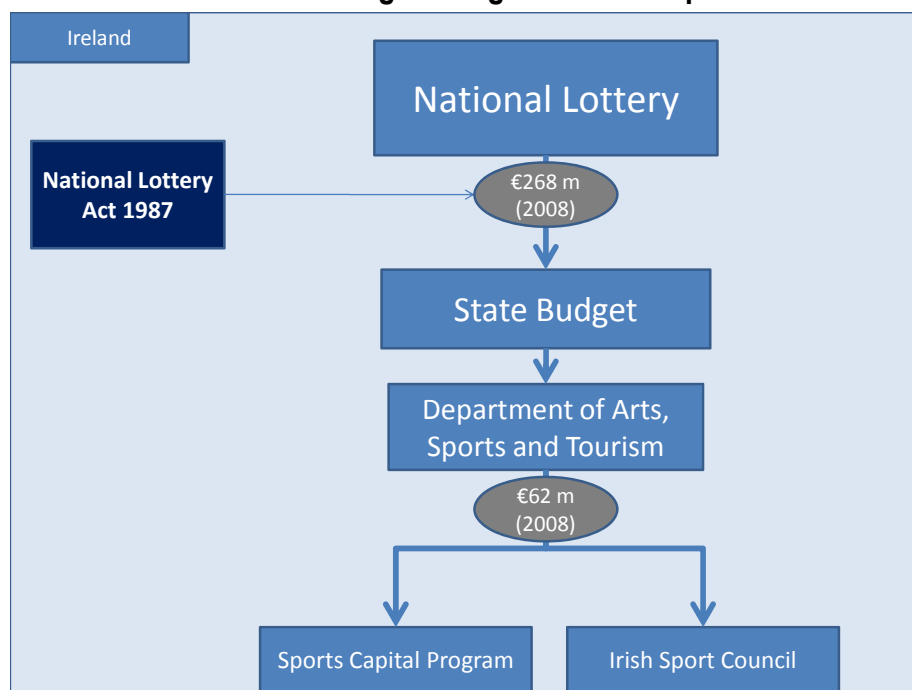
The Irish Sport Council Act, 1999¹⁷⁴ established the Irish Sport Council (ISC) as the State Sport Development Agency.

This statutory body's mission is to plan, lead and coordinate the sustainable development of sport in Ireland. Ultimately, the Council reports to the Minister for Arts, Sport and Tourism. As indicated above, the ISC is also responsible for local sport, for the promotion of recreational sport' practice and for the coordination of actions by all the organisations involved in promoting recreational sport.

14.5.2 Allocation of revenue from gambling services to sport

The National Lottery was established under Section 8 of the National Lottery Act 1986 in order to generate funds for good causes in the areas of youth, sport, recreation and amenities; health & welfare; arts, culture & national heritage and the Irish language. Almost 33% of all revenue is returned to the Government for distribution to eligible projects¹⁷⁵.

Allocation of revenue from gambling services to sport



Source: Eurostrategies' consortium

¹⁷³ Source : The Irish Sports Council

¹⁷⁴ <http://www.irishstatutebook.ie/1999/en/act/pub/0006/sec0006.html#partii-sec6>

¹⁷⁵ National Lottery Annual Report 2009 : <http://www.lotto.ie/en/About-Us/Annual-reports/>

In 2008, more than € 268 million were generated for good causes, among which sport. The funds raised by the National Lottery amount to more than €3 bn. Funds raised by the National Lottery are transferred to the Exchequer before being used to co-finance expenditures by various Government Departments, including the Ministry of Arts, Sport and Tourism. Two sport related subheads are partly funded by the proceeds of the National Lottery, for a total figure of € 62 million (i.e. close to 25% of the total revenues dedicated to good causes). These are:

- The Sport Capital Programme (with total entitlement of € 60 million)
- The Irish Sport Council (whose budget is € 57 million).

14.5.3 Laws with an indirect impact on grassroots sport

There are different laws and regulations impacting the funding of sport. Among these are the laws defining the fiscal framework for Certain Games and Sports Bodies.

a) Fiscal framework applicable to grassroots' sport clubs

Section 235 of the 1997 **Taxes Consolidation Act**, provides for *“an exemption for games/sports bodies in respect of income tax, corporation tax and dividend withholding tax where the income of such a body, as is shown to the satisfaction of the Revenue Commissioners, has been, or will be applied for the sole purpose of promoting an athletic or amateur game or sport”*. In addition, relief from capital gains tax is available provided that the proceeds of the gain are reinvested in acquiring new assets for the promotion of the game/sport in question.

The sport organisation must also be: (1)/ member controlled and owned, and not-for-profit; (2) legally established in Ireland and have its centre of management and control therein. In addition, the majority of its trustees/directors/officers, as appropriate, must be resident within the state.

Otherwise, without any exemption, a games or sports body, in common with any other organisation, may be liable to income / corporation tax¹⁷⁶ on any surplus income and may be obliged to make annual tax returns to the local Inspector of taxes.

Sport clubs are subject to VAT at 21%¹⁷⁷.

b) Fiscal framework applicable for donations to sports body

Section 41 of the 2002 **Finance Act** inserts a section 847a of the Tax Consolidation Act providing for a scheme of tax relief for relevant donations to an approved sports body for the funding of approved projects. The scheme is applicable only to donations received on or after May 8, 2002. The minimum qualifying total donation amount by a single donor in any year to an individual sports body is € 250. No project will be approved which is estimated to cost in excess of € 40 million. When the aggregate cost of a project exceeds this amount, relief may only be claimed on donations up to the € 40 million threshold. Also, when an approved project become fully funded, the approved sports body should not accept further donations or issue receipts in respect of that project under this scheme.

Eligible projects include:

- the purchase, construction or refurbishment of a building or structure;

¹⁷⁶ The income tax rate is 20% and the standard corporation tax rate is 12.5%, from 1 January 2003. <http://www.finfacts.ie/taxfacts.htm#vat>

¹⁷⁷ Source: National Olympic Committee.

- the purchase of land to be used by the approved sport body;
- the purchase of permanently based equipment;
- the improvement of playing pitches.

14.6 Resources allocated to sport

14.6.1 Financial resources going into sport

In Ireland, the funding of sport by households and companies is nearly three times higher than the public contribution. Households and companies together account for 80.6% of the global sport budget, whereas the public sector (central government and local authorities' combined) contributes 19.4%.

Within the public sector, the central government is the main contributor. The local authorities' sport budget only represents 6% of all revenues allocated to sport.

The income from household amounted to € 1,885.6 million on average in 2008, compared with € 134 million in sponsorship contracts.

Revenue from (2008):	Million €	Share of total	€ per capita
General government	487,1	19,4%	108,2
of which:			
- Central government	336,1	13,4%	74,7
- Ministry in charge of sport		0,0	0,0
- Other governmental entities		0,0	0,0
- Local authorities	151,0	6,0%	33,6
Private stakeholders	2019,6	122,3	448,8
of which:			
- Household's expenditures on sport	1885,6	75,2%	419,0
- Companies (sponsoring, donations, others,...)	134,0	5,3%	29,8
Total revenue	2506,7	100%	557,0

Sources: Eurostrategies' consortium, from national sources and surveys

The public expenditure per capita was € 105.4 in 2008, whereas households spent an average €276.9 per capita on average in that year.

14.6.2 Estimated contribution of voluntary work

According to The Irish Sport Council, it is estimated that almost 270,000 people participate in some form of sport-related voluntary activity in Ireland in 2008. On an annual basis, approximately 37.2 million volunteer-hours are spent on sport-related activities. Other estimates suggest that 400,000 volunteers work in sport in Ireland¹⁷⁸. The annual value of this volunteering is estimated between €372 million and € 552 million, underscoring the important role and value played by volunteering in Irish sport.

¹⁷⁸ Source: Study on Volunteering in the EU, a report by GHK to the European Commission, 2010.

The equivalent funding¹⁷⁹ would be € 552 million.

14.7 Solidarity systems in favour of grassroots sport

No regulated solidarity system has been identified, and it appears that no formal solidarity system is in place between professional and grassroots sport. The three major field sport organisations (FAI for Soccer, IRFU for Rugby and GAA for Gaelic games) have self-regulated systems to redistribute revenue from the professional level to the grassroots level.

14.8 Sources and references

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The Irish Sport Monitor, Second Annual Report (2008) by Pete Lunn, Richard Layte (ESRI)

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¹⁷⁹ Based on the gross average hourly wage rate (Eurostat)

15 Italy

15.1 Economy and demography

GDP at constant prices, bn € (2008)	1276.4
Average annual growth rate (2003-2008)	0.9%
GDP per capita, € (2008)	21,410
GDP per capita, PPP, thousand \$ (2008)	27,996
Population, thousands (2009)	60,005
Share of urban population	68%
Share of population in 15-64 age range	66%
Unemployment rate (2008)	6.8%
Public debt (as a % of GDP) (2008)	105.8
Government deficit (as a % of GDP) (2008)	-2.7
Member of the Euro Area	Yes

Italy extends over an area of 301,263 km². The country has a population of 60 million, which corresponds to a density of 200 people per km². Approximately 68% of the population lives in an urban area. Italy's per capita GDP was equal to €21,400 in 2008, close to the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$ 28,000 in 2008, 0.2% higher than the EU-27 average.

Italy's GDP reached € 1,276.4 bn in 2008, a share of 11.9% of the total EU-27 GDP. Between 2003 and 2008, the country's economic growth was, at 0.9% per year, well below the average of 2% in the Euro Area and 2.2% in the whole European Union. Public spending was been the main driver of growth.

As a consequence of the global economic and financial crisis, the Italian economy and public finance situation deteriorated significantly: after the negative growth recorded in 2008 (-1.3% yoy), GDP growth decreased by 5.1% in 2010 compared with an average decline of 4.2% in the whole of the EU. As a result, the unemployment rate rose from 6.8% in 2008 to 8.6% in the second quarter of 2009.

In 2008, the government debt in Italy was equivalent to 106% of GDP, a record high in the European Union. The public debt to GDP is expected to deteriorate further due to the government measures to support the banking system and to limit the potential damages of the 2008/09 economic downturn. Thus, the necessary correction of the government deficit and the required reduction of the debt burden will probably weigh negatively on future public spending decisions.

Italy adopted the euro in 1999.

15.2 Sport participation

In 2009, only 29% of the population reported practicing sport at least once a week¹⁸⁰. This rate is well below the EU average of 40%. In 2009, 7% of the population reported being member of a sport club,

¹⁸⁰ 2009 Eurobarometer survey

14% of a fitness club and 3% of another type of club. 62% of the respondents to the Eurobarometer survey said they were not a member of any type of club in 2009.

Sport club membership (2007)	3,987,172 (2007)
Trend in sport club membership (2000-2005)	13 %
Sport club membership rate (2005)	22 %
Number of clubs (2007)	70,325
Share of the population which practices sport at least once a week ¹⁸¹	29 %

Source: 2009 Eurobarometer, CONI

After a having fallen between 1999 and 2001, the number of members enrolled in sport clubs increased.

The table below shows the disciplines with the highest number of members in 2009.

Sport	Members	Sport	Members
Football	1,065,339	Athletics	134,760
Volleyball	294,988	Motor cycling	128,379
Basketball	278,362	Winter sport	114,266
Fishing	226,800	Judo-karate- wrestling	94,076
Tennis	190,772		

Source: CONI

15.3 Allocation of responsibilities for sport policy

The central government plays a limited role in the Italian sport system. Under Article 117 of the Constitution, sport activities fall within the legislative jurisdiction of the regional authorities. The state sets the overall principles of sport policy. The administration and management of sport are the responsibility of the **National Olympic Committee** (*Comitato Olimpico Nazionale Italiano* - CONI) and its local branches. Coni's role and tasks are defined in Law Decree 242/1999 as well as in Law Decree 138/2002. Its activities are under the control of a State undersecretary. A National Ministry of Sport and Youth existed only between May 2006 and February 2008.

Regions have competencies in the area of sport-for-all. The other local authorities (municipalities and provinces) are responsible for the construction, planning, design and often management of sport facilities.

15.4 Organisation of the sport movement

Coni is the entity in charge of promoting sport participation at all levels. Its actions are strongly supported by the national sport federations, the sport disciplines and the **Entities for the Promotion of Sport** (Eps). Eps play a crucial role in grassroots sport. Officially recognized by the Coni, they are mainly engaged in the promotion of sport-for-all.

¹⁸¹ Eurobarometer, Sport and Physical Activity, European Commission 2010

In 2005, CONI established a specific register of all the associations affiliated to national sport federations, sport disciplines and Eps. Associations can be registered provided that they meet certain criteria such as the organisation of activities for amateurs (sport-for-all) and the affiliation to a national sport federation. The certification makes it possible for the sport association to benefit from fiscal and economic advantages.

CONI finances the federations. The bulk of the funding comes from the state budget. Part of this revenue comes from sports betting.

In 2011, public subvention to CONI is budgeted at € 447 million. CONI distributes the funds received annually from the government across the federations and provides them services.

Grassroots clubs are mainly funded from membership fees and private sponsors. They also receive subventions from the local authorities. These (the regions, provinces and municipalities) are responsible for the construction, planning, design and management of sport facilities. The construction of new infrastructure can receive funding from both by the state (especially in preparation for national and international events) and the regions. Private companies contribute at individual level or in partnership with local entities (project financing).

15.5 Legal framework

15.5.1 Specific Laws on sport

There is no general law on sport. Specific legislation on sport recognizes the Italian National Olympic Committee (CONI) as the National Governing Body for Sport (through Law 426/1942 and later amendments in Laws 242/1999, 138/2002 and 15/2004). These Laws also regulate the status and competencies of the National Sport Federations and of other bodies in charge of sport promotion.

Other laws regulate professional sport and the clubs (L.91/1981), the health care of athletes (L.1099/1971), grassroots sport clubs (L.398/1971 and later amendments), the fight against doping (L.101/2000) and the transfer of some functions related to the promotion of sport to the regions.

15.5.2 Allocation of revenue from gambling services to sport

Italy has no single central gaming act. Several laws and ministerial decrees regulate the Italian lotteries, betting and gambling market¹⁸². Through the Independent State Monopoly Administration (*Amministrazione Autonoma dei Monopoli dello Stato*; AAMS), licenses are issued to private operators that act as agents of the state, and supervise them. The AAMS, established in 2002, sets certain boundaries to regulate all types of gaming, but there are no legally defined norms on the percentage of the revenue that is to be allocated as prize money, nor restrictions on advertising and marketing. The state monopoly on gaming is derived from a gambling law from 1948. Until the beginning of the 1990s, the Ministry of Finance was responsible for the supervision and management of the lotto and the AAMS for the national lotteries.

The revenues from betting and gambling are destined for public benefit purposes and for the operators themselves. The majority of the revenues goes to the state treasury, and a part goes to the Ministry of Heritage and Cultural Activities, the sport sector, the horse racing sector and some smaller cultural and social activities.

¹⁸² The regulatory framework in Italy is described by the European Charity Lotteries Association, in its report on lotteries, 2010.

Currently, two operators are active in the Italian lotteries, betting and gambling market: *Lottomatica* and *Sisal*. The type of games that they offer at the national level are: *Gioco del Lotto* (lotto game), *Superenalotto* (based on the outcomes of the *Gioco del Lotto*), gaming machines, bingo, instant lotteries, traditional lotteries, sports betting and horse race betting.

The tax system distinguishes different types of games, with different tax rates and different tax bases applying per type of game.

In 2005, a number of changes were implemented, with a reduction in taxation on betting, and an increase in the levy on lotto winnings. The share of earnings legally allocated to C.O.N.I. was eliminated, replaced by ad hoc payments defined in the annual budget.

In 2004, tax yield were as follows, as a share of the total:

- Lotto: 42.08%;
- Superenalotto: 53.17%;
- Bingo: 20.00%.

As regards casinos, the taxation system is as follows:

- Concession fee: approximately € 500,000 annually;
- Taxes on entertainment: 10 % of the earnings.

The corporate entities operating the casino are also subject to a corporate tax rate of 27.5%.

Until 2002, the revenue from the national lottery was the main source of public financing of the Italian sport system. Betting and gambling was regulated by Law 174/1998 and 169/1998. The revenue from the lottery (Totocalcio) was used to finance CONI and, generally, the whole sport system. The system has been replaced by a general contribution from the government level to sport, whose amount is defined annually.

Nowadays, the state sustains Coni's activities by providing an annual subvention of € 470 million. This financing is defined by Law 2/2009. There is also a share of revenues from the lotteries and gambling services operators that finances the sport movement¹⁸³. But there is no regulation pushing Coni to dedicate a specific part of its funds in favor of grassroots sport, and there is also no Law regulating the allocation of funds between professional and grassroots sport¹⁸⁴.

According to the European Charity Lotteries Association, 50% of the sales of the lotto, the traditional and instant lotteries organised by **Lottomatica**, is paid out as prize money. The retailers receive 8% of the sales. Of the sales of the *Gioco del Lotto*, 29% goes to the state treasury, 7% goes to Lottomatica and 6% is paid as gambling tax. The **Consorzio Lotterie Nazionali** receives 12.4% of the sales of the lotteries and the AAMS receives a 2% fee.

Sisal, another major operator in Italy since the late 1990s, offers a range of game products: *Superenalotto* (a number lottery), horse race betting, sports betting and show events betting. The company's turnover in 2009 was € 4,785,838,109. A share of the revenues goes to the treasury, the horse racing industry (UNIRE) and the Olympic Committee (CONI). Prize pay out of *Superenalotto* is 38% of gross revenues, the retailers get 8%, 6% is gambling tax and 5% goes to *Sisal*.

¹⁸³ Source: CONI (2011).

¹⁸⁴ The redistribution is organised by Coni and depends, for example, on the number of members, on the sport results, etc. (source: CONI). Each federation has self-regulations defining how the revenues received from CONI are allocated between high-level and grassroots sport.

The European State Lotteries and Toto Association reports a total revenue for good causes from compulsory levies on state lotteries in Italy of € 5,419 million in 2008, and € 5,557 million in 2009. Of this, only € 328.8 million in 2008 (6.1%), and € 227.8 million in 2009 (4.1%), were specifically channeled to sport through compulsory mechanisms.

15.5.3 Laws with an indirect impact on grassroots sport

Grassroots sport clubs are not authorized to sell any kind of products at a profit. Goods can only be supplied to members at cost price. This does not make it possible for the clubs to generate additional revenue to finance their activities from the sale of sport equipment, food & drink or other.

In the analysis of the direct and indirect public support for sport, high differences can be reported across regions. However, grassroots sport clubs generally benefit from fiscal reductions and reduced social contributions provided that they are registered as not-for-profit associations.

With respect to **VAT**, Italian VAT legislation formally differs from the EU legislation in the determination of taxable persons. Directive 2006/112/EC, has not been transposed into Italian legislation. The Italian Law, however, provides for tax reductions and facilities to grassroots sport clubs.

Grassroots sport activities can be exercised either in the legal form of "amateur sport association" (with or without legal personality) or in the form of "amateur sport company". The latter may be a not-for-profit corporation or a cooperative. If affiliated to a federation and registered with *CONI*, these bodies benefit from an additional tax arrangement, the purpose of which is, amongst other, to reduce the VAT burden and the related [obligations] (Law 16 December 1991, No. 398). Such arrangements apply if the following conditions are met:

- A turnover on commercial activities in the previous fiscal year below € 250,000;
- A not-for-profit orientation, and a focus on sport; these circumstances must be expressly mentioned in the by-laws;
- The sport club must be affiliated to one of the national sports federations. If the above conditions are met, the periodical VAT balance is determined on a reduced one- off basis (90% of output VAT for sponsorships services).

As for the obligations, the following applies:

- The revenues from commercial activities have to be accounted for separately from those performed in the course of the institutional activity;
- Relief from issuing invoices, apart from for advertising contracts, sponsorship and broadcast licence services;
- Monthly recording of VAT ledgers and quarterly payments.

Another benefit applies to clubs having a yearly turnover not exceeding € 25,822.84: for these, VAT is calculated only on half of the taxable services. In such a case, however, input VAT cannot be deducted.

With respect to **donations and sponsoring**, legislation to foster support from private donors was introduced in the 1980s, when Law 582/82 allowed total deduction from taxable income of all donations and sponsorship by individuals and corporations to organisations on the list of cultural institutions drawn up by the Ministry for Heritage (the list includes sport organisations). The amount

of such incentives was, however, progressively and significantly reduced by subsequent budget laws, in particular by the 1992 Budget Law, when tax deductions (more favourable for citizens in the higher tax brackets) were transformed into tax credits, with an upper limit of 19% of the amount of the donation. The fiscal benefit applies equally to citizens, not-for-profit organisations and companies.

The relationships between the sport clubs and the professional sports bodies are governed by Law n°91 of 23 March 1981. This Law defines professional sport and sets the regulatory framework applying to sport services and the contracts of athletes. According to this Law, an athlete legally employed by a club must be salaried employee. The income earned in professional sports is subject to income tax and to social contributions¹⁸⁵.

With respect to Intellectual Property Rights, the Law of 1981 includes no provision relating to the use of the image of professional athletes. The applicable rules are, therefore, those contractually defined. Such agreements generally provide that:

- clubs may use the collective image of their players as members of the team;
- a professional sports person is free to individually use his own image in advertising contracts, on condition that the brands represented are not in competition with those of the clubs' sponsors

There is no specific tax on media rights revenue. Law n°9/2008, however, channels part of the revenue from media rights to grassroots clubs. In football, for example, professional societies give a share of their earnings to grassroots clubs. In particular, a share of the revenue - not less than 4% - resulting from the sale of TV rights is redistributed by professional football clubs to grassroots football clubs¹⁸⁶.

15.6 Resources allocated to sport

15.6.1 Financial resources going into sport

As elsewhere in the EU, the resources allocated to sport in Italy come from four sources: public sector subventions (from the national and local levels), expenditures by households, companies (sponsorships, donations) and voluntary work contributions. Households are the most important contributor, accounting for more than 55% of the total sport budget in 2008, while the state and local authorities together only represent 20% of the total. Local authorities contribute more than the central government.

Since 2002, Coni receives an annual subvention from the state budget of approximately € 470 million. Indeed, the revenue from the lotteries which was previously channeled to sport now goes to the central government's budget and only part of it is allocated to sport. This revenue is mainly used to fund high-level sport (97% of the total amount). Only a small part is used for the promotion of sport-for-all. This distribution is only partly coherent with Coni's position in the Italian sport system, being at the same time the Confederation of National Sport Federations, the organisation representative of the Olympic Movement in Italy and the entity in charge of promoting sport-for-all.

Looking at the economic contribution of sport in a broader sense, a study by Nomisma in 2004 estimated the economic value of the sport sector (including activities related to sport, equipment, sportswear etc.) at more than € 31.6 bn, 2.5% of GDP. This percentage was stable compared to earlier estimates for the years 1990 and 1996.

¹⁸⁵ There are special arrangements for footballers, however: the revenue subject to the normal contribution rate is capped at around € 72,000. Between €72,000 and €460,000, there is a 1.5% deduction, a solidarity contribution shared equally between players and clubs. The salary portion above € 460,000 is exempt from contributions.

¹⁸⁶ Source; CONI, in the responses to the questionnaires sent by the Eurostrategies' consortium.

Revenue from (2008):	Million €	Share of total	€ per capita
General government	2350	19.0	39.2
of which:			
- Central government	450	3.6	7.5
- Ministry in charge of sport		0.0	0.0
- Other governmental entities		0.0	0.0
- Local authorities	1900	15.4	31.7
Private stakeholders	10000	81.0	166.7
of which:			
- Household's expenditures on sport	7000	56.7	116.7
- Companies (sponsoring, donations, others,...)	3000	24.3	50.0
Total revenue	12350	100.0	205.8

Sources: Eurostrategies' consortium, from national sources and surveys

15.6.2 Estimated contribution of voluntary work

Voluntary work is one of the main pillars of the Italian sport system. Nevertheless, its contribution has seldom been investigated so that its exact level is unknown. Available data indicate that each sport association has on average 10-11 volunteers, and that they contribute an average of 5 hours per week (Censis, 2008). The figure retained here is that provided by the study on volunteering in the EU¹⁸⁷, of 1,078,000 voluntary workers and a full time equivalent of 134,750.¹⁸⁸ Voluntary work directly supports the activity of sport operators.

During the 1980s a growing professionalization of sport has been observed in Italy. This change was accompanied by a change in the role of volunteers in sport. Three trends stand out:

- A need for higher skills/competencies of the volunteers;
- A change in the selection procedures;
- A change in the “demography” of individuals involved as sport volunteer.

15.7 Solidarity systems in favour of grassroots sport

No regulated solidarity system was identified between professional and grassroots sport. The redistribution of funds to grassroots is organised by Coni and depends, among other, on the number of members and on sport result (source: CONI). Each national federation has its own regulations defining how the revenue received from CONI is allocated between high-level and grassroots sport.

In some cases there is a system of financial solidarity between professional and grassroots sport, provided by Law. In football, for example, professional societies give a share of their earnings to grassroots clubs. Also, as indicated above, a percentage (not less than 4%) of the earnings resulting from the sale of TV rights is redistributed by professional football clubs to grassroots football clubs.

Other than that, there appears to be a lack of a systematic solidarity system. Only a little part of Coni's budget is invested in the promotion of sport at grassroots level.

¹⁸⁷ Source: Study on Volunteering in the EU, a report by GHK to the European Commission, 2010.

¹⁸⁸ Based on the gross average hourly wage rate (Eurostat)

15.8 Sources and references

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16 Latvia

16.1 Economy and demography

GDP at constant prices, bn € (2008)	14.8
Average annual growth rate (2003-2008)	7.3%
GDP per capita, € (2008)	6,552
GDP per capita, PPP, thousand \$ (2008)	15,840
Population, thousands (2009)	2,261
Share of urban population	68%
Share of population in 15-64 age range	69%
Unemployment rate (2008)	7.5%
Public debt (as a % of GDP) (2008)	19.5
Government deficit (as a % of GDP) (2008)	-4
Member of the Euro Area	No

Latvia extends over an area of 65,000 km², and has a population of 2.3 million, which corresponds to a density of 35 people per km². Approximately 68% of the population lives in an urban area. Latvia's per capita GDP was equal to € 6,500 in 2008, 70% below the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$ 15,900 in 2008, 43% lower than the EU-27 average.

Latvia's GDP reached € 14.8 bn in 2008, 0.1% of the total EU-27 GDP. Between 2003 and 2008, the country's GDP grew faster than the European average: GDP grew at an average rate of 7.3% per year in Latvia, compared with an average annual growth rate of 2% in the Euro Area and 2.2% in the whole European Union. Domestic demand was been the main driver of growth.

As a consequence of the global economic and financial crisis, the Latvian economic situation deteriorated significantly: after the negative growth recorded in 2008 (-3.9% yoy), GDP growth decreased by 18% in 2009, a huge fall compared with the average decline of 4.2% in the whole of the EU. As a result, the unemployment rate rose significantly, from 7.5% in 2008 to 18.2% in the third quarter of 2010.

In 2008, the government debt to GDP ratio in Latvia was 19.5% of GDP, a level well below the EU-27 average. The debt ratio surged in 2009 and should continue its upward trend as a result of government measures to limit the potential damages of the 2008/09 economic downturn.

Latvia received a € 7.5 bn loan granted by international financial institutions to stabilize its financial sector in 2009. Its sovereign debt has been downgraded by credit rating agencies. High inflation and the uncomfortable levels of Latvia's current account deficit remain the key vulnerabilities of the Latvian economy.

Latvia's currency is the Lat. The exchange rate against the euro hovers around 0,697 Lat per euro. The exchange rate used to convert into euros in this report is the average annual exchange rate of the year of the data presented.

In 1991, Latvia formally restored its independence. The recognition of the Latvian Olympic Committee¹⁸⁹ and its restoration as a member of the IOC took place on September 18, 1991. The admission of the Latvian Sport Department (Ministry of Education and Science) to the Sport Development Committee (CDDS) of the Council of Europe took place on May 13, 1992.

16.2 Sport participation

In 2009, 27% of the population practiced sport at least once a week¹⁹⁰, less than the EU average of 40%. In 2009, 6% of the population reported being member of a sport club, 3% of a fitness club and 4% of another type of club. 76% of the respondents to the Eurobarometer survey declared not being a member of any type of club in 2009.

The table below shows the disciplines which reported the highest number of members in 2008.

Sport	Number of clubs (2008)	Members (2008)
Football	73	19,880
Track and field	69	n.a.
Basketball	54	n.a.
Tennis	42	n.a.
Skiing	35	1,000
Orientation	33	1,600
Volleyball	33	n.a.
Handball	24	1,567
Cycling	24	n.a.
Swimming	n.a.	10,500

n.a.: not available

Source: Latvia Olympic Committee

The most important federations in terms of number of clubs are football, track and field, basketball and probably swimming¹⁹¹, in that order. By number of members, football ranks first, followed by swimming.

According to the authors of *"A perfect match?"*¹⁹² available data for Latvia do not allow well-founded international comparisons of sport club membership or participation rates. According to available data, 25% of the 16-24 years old practice physical activity or a sport regularly do so in a club, a figure similar to Lithuania, Hungary and Slovenia. Yet, the overall membership rates are comparatively low in Latvia. Based on data collected by Chaker¹⁹³, it nevertheless seems that the number of sport clubs, and sport club membership, are on the rise.

16.3 Allocation of responsibilities for sport policy

Historically and culturally, the Latvian organisation of sport reflects a centralized, state interventionist system already in place before the soviet system (cf. the 1936 law on physical activity and sport). Since independence was restored in 1991, the place of state remains important. Henry,

¹⁸⁹ Historically it was created in 1922

¹⁹⁰ 2009 Eurobarometer survey

¹⁹¹ The data are uncertain regarding swimming

¹⁹² "A perfect match?" Sport and European Union » W.Tokarski and al – Meier & Meier - 2009

¹⁹³ «Bonne gouvernance dans le sport : une étude Européenne »- Chaker – 2004

Camy and al¹⁹⁴ have even classified Latvia among the group of bureaucratic configurations. There is a general law on sport, and a coordination of the sport system by public institutions.

There is only one federation per sport discipline. The federations have to be formally recognized by the sport department of the Ministry of Education and Sciences. The criteria for recognition are established by the cabinet of Ministers.

Although sport is under the competence of the Ministry of Education and Sciences, other Ministries are also involved: Interior, Defense, Health, Justice and Welfare. The sport department of the Ministry of Education and Sciences is divided into the Sport Policy Department, and the Sport Institution and Organisation Department.

A public consultative institution¹⁹⁵ was created in 1996: the **Latvian National Sport Council**. It is responsible for the implementation of sport policy¹⁹⁶. The government institutions in charge of sport (Ministry of Education and Sciences, Ministry of Defense, Ministry of welfare ...) and the sport organisations (The Olympic Committee, through its President, as well as the President of the Council of the Latvian Sport Confederation) are members of the Latvian National Sport Council. This representation is important given the Sport Council's mission of allocating subventions to the sport organisations (Section 9–3 of the general Act on Sport presented in the next section).

Excerpts from the Act on Sport (Section 9)

“(1) The Latvian National Sport Council is a public consultative institution, which participates in the development of the state sport policy, facilitates sport development and co-operation in the field of sport, as well as decision-making on matters related to sport. The Cabinet shall approve the by-law of the Latvian National Sport Council.

(2) The Latvian National Sport Council and its chairperson shall be approved by the Cabinet. The Latvian National Sport Council shall consist of the Minister for Defense, the Minister for Finance, the Minister for Interior, the Minister for Education and Science, the Minister for Welfare, the Minister for Health, a higher State official responsible for sport specified by the Minister for Education and Science, the president of the association “Latvijas Olimpiskā Komiteja” [Latvian Olympic Committee], the president of the association “Latvijas Sporta federāciju padome” [Council of the Latvian Sport Federations], the head of the association “Latvijas Pašvaldību savienība” [Latvian Association of Local and Regional Governments], the rector of the Latvian Academy of Sport Education and the president of the association “Latvijas Augstskolu sporta savienība” [Sport Union of Latvian Higher Education Institutions]. The Cabinet may nominate other members in the composition of the Latvian National Sport Council, but not more than three members of the Cabinet and three heads of sport federations, taking into account the fact that the number of additionally included members of the Cabinet and the heads of sport federations must be the same.”

Local governments are also involved in the administration of sport (Section 7 of the general Act on Sport). They are represented in the Latvian National Sport Council by the Latvian Association of Local and Regional Governments. Most facilities are publicly financed and built by local governments (section 7 – 1) – 2) of the law).

¹⁹⁴ Camy and al – Vocasport, Report for the European Commission, 2004; I.Henry “European Model of Sport : Governance, organisational change and sport policy in the EU” Hitotsubashi Journal of Arts and Sciences 50 (2009)

¹⁹⁵ Its by-laws shall be approved by the Cabinet of Ministers

¹⁹⁶ Cf section 9 of the Act on Sport

The public sector' priorities in the field of sport are the following:

1. Children and youth sport;
2. High-level sport;
3. Sport for all;
4. Handisport.

16.4 Organisation of the sport movement

The sport movement comprises the Olympic movement, represented by the Latvian Olympic Committee, and the federal movement which is co-coordinated by the Council of the Latvian Sport Federations (Latsport). In 2004, 90 federations¹⁹⁷ and 635 clubs were recognized by the Council of the Latvian Sport Federations. The number is growing over time.

Sport-for-all is promoted by the Company Sport Organisation, the Latvian Sport Masters Union, [Latvian grassroots sport association], the School Sport Federation, the Women's Sport Association and all the sport federations and associations, as well as different handisport organisations¹⁹⁸.

16.5 Legal framework

16.5.1 Specific Laws on sport

There is a general Act on Sport adopted on November 13, 2002 and modified several times since. The last modification to date was in October 2006. It confirms the central government's role as the major governing body in the sport sector. For example, it states that:

- Sport federations have to be recognized by the Sport Department (Section 10 – 4 and CM regulation n° 1396 – Dec. 8, 2009);
- Only one federation per sport can be recognized (Section 10 – 4);
- The role of the “Latvian Olympic committee” is recognized and validated (Section 10 – 7 and section 11) as well as the “Latvian Paralympic Committee”¹⁹⁹;
- Competitions can be also organised by state and local governments (Section 15);
- The Cabinet determines the qualifications needed to work in the field of sport (section 20 and CM regulation n° 386 – June 2, 2008).

Section 9 of the Act on Sport indicates that the Latvian National Sports Council is responsible for developing proposals for the distribution of funds from the state budget to sport, and to submit these proposals to the Ministry of Education and Sciences.

Section 13 lists various sport funding sources:

- Funds from the state budget are assigned to sport according to the annual budget law;
- Financial support to sport also involves resources from local governments, sport organisations and their unions, and the allocations of international sport federations;
- Youth sport is mainly funded from the state budget, and from special state budgets;

¹⁹⁷ Chaker counted around 70 federations

¹⁹⁸ « A perfect match », Sport and European Union » W.Tokarski and al – Meier & Meier - 2009

¹⁹⁹ As in France, the State seems to give some power to the private organisation integrated into the international sport movement In the case of National Olympic Committee the recognition is coming from IOC.

- Sport federations recognized by the Sport Administration are entitled to receive financial funding from the state budget.

Outline of the law

Section 1.	<i>Terms Used in this Law</i>
Section 2.	<i>Purpose of this Law</i>
Section 3.	<i>Basic Principles to be Observed in the Field of Sport</i>
Section 4.	<i>Sport in Educational Institutions</i>
Section 5.	<i>Competence of the Ministry of Education and Science in the Field of Sport</i>
Section 6.	<i>Competence of Other Sectoral Ministries in the Field of Sport</i>
Section 7.	<i>Competence of Local Governments in the Field of Sport</i>
Section 8.	<i>Competence of Employers</i>
Section 9.	<i>Latvian National Sport Council</i>
Section 10.	<i>Sport Organisations</i>
Section 11.	<i>Latvian Olympic Committee</i>
Section 12.	<i>Sport Facilities</i>
Section 13.	<i>Financial Resources for Sport</i>
Section 14.	<i>Monetary Prizes for Outstanding Achievements in Sport</i>
Section 15.	<i>Organisation of Sport Competitions</i>
Section 16.	<i>Participation in International Sport Competitions</i>
Section 17.	<i>Organisation of the Olympic Games, Final Competitions of the World and European Championships</i>
Section 18.	<i>Rights and Duties of Athletes</i>
Section 19.	<i>A Professional Athlete</i>
Section 20.	<i>Duties of a Sport Employee and a Sport Specialist</i>

In addition to the general Act on Sport, another Law was passed in 1995 which authorizes sport federation to organise, at local level and subject to the approval of the Cabinet of Ministers, lotteries on the events they organise²⁰⁰.

16.5.2 Allocation of revenue from gambling services to sport

The **Gambling and Lotteries Act** of January 1, 2006 sets the legal framework for all gaming operations in Latvia. There are three types of lottery games in Latvia: state-level lotteries, local scale lotteries and local scale type lotteries. A license is required to organise a lottery or any other form of gambling. The license is issued by the Lotteries and Gambling Supervision Inspection, a department of the Ministry of Finance. There are currently 20 license holders in Latvia, of which only one is licensed to organise a national lottery: Latvijas Loto, a joint-stock company. The state is the sole owner of Latvijas Loto. The total value of lottery tickets put on sale by Latvijas Loto may not be less than 100,000 lats (€ 140,000). Local scale lotteries can be organised at city, district, county or parish level, under the condition that the total turnover generated is less than 10,000 lats (€ 14,000).

Local scale type lotteries can also be organised during public events, and the total value of tickets sold may not exceed 500 lats (€ 717). No money prizes may be awarded. The remaining operators mainly operate slot machines and casino games²⁰¹.

²⁰⁰Idem

²⁰¹ The European Association of Charity Lotteries, Report on Latvia (2010).

As a result of this multiplicity of operators and lottery events, the market share of Latvijas Loto (which organises Keno, SuperBingo, Džokers, Sportloto and 10 instant lotteries) is estimated to be less than 5% of total GGR. In 2009, around 43% was awarded as prize money, out of a total turnover of 6,452,000 lats²⁰² (€ 9.3 million). This leaves 57% of turnover for own operating expenses and net revenue, i.e. approximately € 4.7 million of which 50% is allocated to sport.

The **Gambling and Lotteries Act** indicates, in Chapter V (Rights and obligations of the gambling organisers), Section 36 (General obligations of the gambling organiser), that the gambling organisers are responsible for paying gambling tax and duty under the procedure and in the amount provided for by the law. The same obligation is defined for the lottery organiser on Chapter IX, Section 68.

All the (net) revenue of the lottery goes to the state budget. Not all of this is allocated to good cause, however: 10% of instant sales and 8% of the lottery revenue is distributed as tax which is earmarked for sport (50%) and for cultural projects (50%). All profits (after budget payments) generated from sales are distributed to the state budget (i.e. to shareholders) or reinvested in the company.

With respect to the other lottery organisers, the Law on Lotteries and Gambling Tax and Fee, amended on June 16, 2005, indicates in Section 8 that not-for-profit organisations, their associations and religious organisations are exempt from the state fee for the issue of the special license and from the lotteries tax if they organise only single local lotteries as provided in the law. All other operators with a license must, however, pay lottery and gambling tax, as well as a state fee. Section 12 indicates that the revenues from lotteries and gambling fees [payment for the special license] are paid in the public sector budget.

With respect to the **gambling tax**, 75% of revenues are paid in the state budget, and 25% in the budget of the local municipality on the territory of which the gambling is organised.

With respect to the **revenue from the national lotteries tax**, all of it paid into the state budget. Finally, the revenue from **local lotteries tax** is paid into the budget of the municipal authority in whose territory the lottery is organised.

Currently, there is no regulated allocation key defining the share of the revenue from the levies that is allocated to sport. However, there was a system in place until 2003, which defined the distribution of gambling tax to sports and culture. This no longer applies²⁰³.

The **VAT Act** of October 26, 1995, Chapter II, Section 6 indicates that betting, raffles (lotteries) and other forms of gambling are VAT exempt.

The European State Lotteries and Toto Association reports a total revenue for good cause from lottery operations in Latvia of € 2.5 million in 2008, up from € 1.9 million in 2007. In 2009, the revenue increased further, to an estimated € 3.4 million. No information is available on the share of this that was specifically targeted to sport before 2008. Since 2008, however, the amount reported is approximately € 0.3 million annually, a small fraction (0.3%) of the total budget allocated by the general government to sport.

²⁰²:The European Association of Charity Lotteries, Report on Latvia (2010)

²⁰³ Source : response by NOC to Eurostrategies' request.

16.5.3 Laws with an indirect impact on grassroots sport

Concerning the VAT regime applicable to sport clubs, the Value Added Tax Act of May 1, 1995 as amended on December 12, 2002 indicates, in Section 6, that sport events are exempt from VAT. There is no other special VAT regulation for sports clubs, so they are treated as general tax-paying companies if they provide services on a commercial basis²⁰⁴.

With respect to other taxes, the **Law on Public Organisations and Associations Thereof** of December 15, 1992 (with amendments of: April 6, 1993; May 11, 1993; April 5, 1995; October 16, 1997; December 11, 1997; November 25, 1999; and March 31, 2004) indicates, in Section 22, that public organisations and associations thereof shall pay taxes in accordance with the procedures and in the amounts specified by law.

The **Law on Enterprise Income Tax** (of March 1, 1995 as amended on November 22, 2001) indicates, in Section 2§1 (Tax Payers), that enterprises are liable to taxation on income. "Enterprises" are domestic undertakings which carry out entrepreneurial activity, as well as public and religious organisations and institutions financed by the state or local government budgets, which obtain income from an economic activity and to which the requirements of paragraphs two, three and four of Section 2§1 do not apply (hereinafter - residents). In Chapter II of the Law (Determining Taxable Income), Section 4 (Taxable Income of a Resident and of a Permanent Representative Office) of the law states that: *"Taxable income in respect of public organisations and their associations, religious organisations as well as other taxpayers to which the Law On Annual Accounts of Undertakings, the Credit Institution Law and the Law On Insurance Companies and their Supervision do **not** apply, and which obtain income from economic activity, and to which Section 2, Paragraphs two, three and four of this Law do **not** apply, is the difference between revenue from economic activity and expenses relating to obtaining of the revenue mentioned and shall be adjusted in accordance with this Law."*

Section 2 of the Law on Enterprise Income Tax indicates the conditions applying to donors. According to this Law, any resident and permanent representative office can benefit from a tax reduction by 85% of the amount donated to budget institutions, as well as to public cultural, educational, scientific, sports, charitable, health and environmental protection organisations and funds registered in the Republic of Latvia, as well as religious organisations which have been granted permits to receive donations. The donors receive a tax rebate of 90% if the contribution is made to the National Olympic Committee (§2 of the Law). The tax rebate may not exceed 20% of the total amount of tax due to the state²⁰⁵. The Cabinet shall determine the procedures for the issue and cancellation of the permits referred to, the terms of validity and the documents to be submitted, as well as approve the form of the report on donors, the amount of donations and the utilization of donations which shall be submitted.

Also, to promote the participation in sport, each Latvian family is entitled to a State Family Support. This allowance is € 11 for each child in the family until they reach the age of 15 or until the age of 19 if the youth continues his study and is not married.

With respect to voluntary work, voluntary organisations in sport have their own policies in place for the reimbursement of expenses, as defined in the Associations and Foundations Law, 2003, as amended in 2004.

No specific legislation was found with respect to intellectual property rights in the area of sport.

²⁰⁴ Source : Latvia Olympic Committee.

²⁰⁵ Chaker – op. cit.

16.6 Resources allocated to sport

16.6.1 Financial resources going into sport

The public sector is the main funding source for the sport system. In 2003²⁰⁶, the total budget allocated to sport by the central government was € 25 million. The Olympic movement received half of this amount. A quarter of the budget of most federations comes from public sources.

The main keys for distributing the public subventions are the programmes and relations set out in the Law on Sport. A more detailed distribution of Latvian Olympic Committee's budget across the sport organisations is defined by General Assembly. The distribution is defined annually on an ad hoc basis (it is not defined by conventions, nor does it take the form of project financing).

Global public funding (from central and local governments) represents 68% of the total budget for sport. The amount of funding provided by local authorities is higher than that coming from the state budget.

The revenue from the lotteries and gaming operations is channelled to sport via the state budget. The table does not take account of other revenue possibly going to sport from small lotteries organised by the sport clubs themselves, or by other not-for-profit organisations to the benefit of sport clubs.

Concerning private contributions, households spend an estimated € 34.5 million on sport, and € 9 million originate from companies in the form of sponsorship, donations or other. This is equivalent to a private contribution of € 20 per capita and per annum, about one third of the total budget of the sport system.

Revenue from (2008)	Million €	Share of total	€ per capita
General government	92.6	68.0	40.3
of which:			
- Central government	31.7	23.3	13.8
- Ministry in charge of sport	27.9	20.5	12.1
- Other governmental entities	3.8	2.8	1.7
- Local authorities	60.9	44.7	26.5
Private stakeholders	43.5	32.0	18.9
of which:			
- Household's expenditures on sport	34.5	25.3	15.0
- Companies (sponsoring, donations, others,...)	9.0	6.6	3.9
Total revenue	136.1	100.0	59.2

Sources: Eurostrategies' consortium, from national sources and surveys

16.6.2 Estimated contribution of voluntary work

According to the **Olympic Competitions' Agency**, there were 200-250 volunteers working in sport clubs in Latvia in 2009: this estimate is based on the average number of people who are involved as

²⁰⁶Chaker – op. cit.

volunteers in a sport event, hence it underestimates the total figure. The volunteers are estimated to work an average of two hours a week. Based on this figure, however, the number of volunteers in sport is estimated at 13 full time equivalents (FTE) in 2009, and 22,500 hours of work. As a result, the estimated annual monetized contribution of voluntary work in sport is € 54,241 in 2009.

16.7 Solidarity systems in favour of grassroots sport

The distribution of revenue from the state budget to sport is defined in the Act on Sport. There is no regulated mechanism defining the allocation share between professional and grassroots sport. The revenue from the levy on lotteries and betting is channeled via the state budget.

There are no conventions between the sport federations and the clubs defining the allocation of revenue. The distribution of revenue from the Latvian Olympic Committee's budget is defined in the Annual General Assembly.

The table below shows the budget allocation in 2009 and compares the figures with the total budget in 2007.

	2009 (€)	2009 (Lats)	2007 (Lats)
TOTAL EXPENSES	15,058,319	10,680 863	13,921,300
Training programs for the Olympic games	21,466,084	1,522,5890	
Support to sport federations	112,787	80,000	
Development programs of Latvian Olympic Committee	9,916,964	7,034,101	
Olympic Education and information Programme	87,027	61,728	
Administrative expenses	600,613	426,015	
Economic expenses	194,831	138,194	
Investment repayment to « Riga Traffic »	113,908	80,795	
Purchase of basic resources	19,152	13,585	
Finances for special purposes	18,657,208	1,323,3555	

Source: Sport Ministry, response to Eurostrategies' questionnaire

16.8 Sources and references

Reference to the Sport Law: www.vvc.gov.lv/export/sites/default/docs/LRTA/Likumi/Sport_Law.doc

17 Lithuania

17.1 Economy and demography

GDP at constant prices, bn € (2008)	21.9
Average annual growth rate (2003-2008)	7.1%
GDP per capita, € (2008)	6,525
GDP per capita, PPP, thousand \$ (2008)	17,265
Population, thousands (2009)	3,350
Share of urban population	67%
Share of population in 15-64 age range	69%
Unemployment rate (2008)	5.9%
Public debt (as a % of GDP) (2008)	15.6
Government deficit (as a % of GDP) (2008)	-3.2
Member of the Euro Area	No

Lithuania has a population of 3.4 million and extends over an area of 65,000 km². The population density is 51 inhabitants per km². Approximately 67% of the population lives in an urban area. Lithuania's per capita GDP was equal to € 6,500 in 2008, a level approximately 70% below the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$ 17,300 in 2008, 38% below the EU-27 average.

Lithuania's GDP reached € 21.9 bn in 2008, 0.2% of the total EU-27 GDP. Between 2003 and 2008, the country's GDP grew at an average annual rate of 7.1%, compared with a rate of 2% in the Euro Area and 2.2% in the EU as a whole. Domestic demand was the main driver of economic growth.

As a consequence of the global economic and financial crisis, the Lithuania economic situation worsened, and so did the country's public finance situation: after the 3% growth recorded in 2008, GDP decreased by 14.7% in 2009, a huge fall compared with the average decline of 4.2% in the EU. Jointly with Ukraine and the other Baltic states, Lithuania was one of the countries most affected by the financial crisis. As a result, the unemployment rate increased from 5.8% in 2008 to 18.3% in the third quarter of 2010.

In 2008, the government debt in Lithuania was equivalent to 15.6% of GDP, a level well below the EU-27 average. Up to 2008, the debt ratio was falling thanks to strong nominal growth and a run-down of financial assets. Despite the continuous fiscal consolidation and expenditure cuts, the general government debt is expected to increase again in the coming years, due to higher primary deficits linked with negative domestic growth during the recession. Thus, the necessary correction of the government deficit and the required reduction of the debt burden will weigh on future public spending decisions, limiting the government's ability to raise its level of support of cultural, sport & leisure activities.

Lithuania's currency is the Lita. The currency's exchange rate has remained fairly stable in the past 5 years, close to 3,453 Lita per euro.

17.2 Sport participation

In 2009, 36% of the population practiced sport at least once a week²⁰⁷. This rate is slightly lower than the EU average (40%). In 2009, 6% of the respondents to the survey said they were member of a sport club, 2% of a fitness club and 1% of another type of club. 88% of the respondents to the Eurobarometer survey said they were not a member of any type of club in 2009.

The sport movement in Lithuania reports a rapid growth in membership between 2000 and 2008.

Sport club membership (2008*)	111,061
Trend in sport club membership(2000-2008)	57%
Sport club membership rate (2008)	3%
Number of clubs	1,279
Share of the population practising sport at least once a week ²⁰⁸	36%

Data are available only for 2006 and 2008

Source: 2009 Eurobarometer, National Olympic Committee of Lithuania

Because of the particular organisation of sport in Lithuania (see section 17.4), and the lack of rigorous statistics, it is difficult to measure the real number of practitioners or the membership rate. The risk of double accounting is serious: individuals can indeed be members of different structures.

The table below shows the disciplines which reported the highest number of members in 2008.

Sport	Members	Sport	Members
Basketball	10,273	Judo	2,038
Soccer	6,014	Volleyball	1,999
Track-and-Field athletics	4,384	Table tennis	1,470
Swimming	4,012	Boxing	1,128
Handball	3,180	Greek-roman wrestling	766

Source: National Olympic Committee of Lithuania

17.3 Allocation of responsibilities for sport policy

In Lithuania, the organisation of sport takes an important place in general government policy.

Until recently, the department responsible for sport was under direct responsibility of the Prime Minister, without any link through a Ministry. In 2009, the department in charge of sport was placed under the responsibility of the Ministry of Internal Affairs.

²⁰⁷ 2009 Eurobarometer survey

²⁰⁸ Eurobarometer, Sport and Physical Activity, European Commission 2010

The government's role in the area of sport is specified in Article 53 of the Constitution of the Republic of Lithuania, which stipulates that: "The State promotes physical education and supports sport", as well as in the Law on Physical Education and Sport of December 20, 1995 (last amended on May 25, 2010).

17.4 Organisation of the sport movement

The country declared its independence on March, 11th, 1990. A few months after, in 1991, the National Olympic Committee of Lithuania re-established its membership of the International Olympic Committee, and the various sport federations in the country also re-established their membership to other international organisations.

Different entities organise sport activities at grassroots level:

- *Sport clubs* are registered associations; their members are individuals (both children and adults); sport clubs are not entitled to organise commercial activities;
- *Public sport schools* welcome children aged between 7-19 years. They participate to championships at local and/or national levels; their members do not belong to other clubs;
- *Private not-for-profit sport schools* are entirely private not-for-profit structures. The number of organisations of this type is small: there are three in basketball (among which two were created by famous basketball players: Marchiuolionnis and Sabonis) and one created by the football federation. These academies' teams participate in championships organised by the sport federations. The Marchiuolionnis academy also proposes English lessons and courses on new technologies as options.
- *Public sport entities* are structures created through an agreement between local authorities and private persons. The main difference with traditional sport clubs is that they can organise commercial activities, subject to an obligation for these entities to dedicate the revenue derived from these activities to sport activities.

The National Olympic Committee of Lithuania reports not having received any state funding in its 22 years of operation. Funding is obtained from the Olympic lotteries (see below), from IOC solidarity programmes and from sponsors.

17.5 Legal framework

17.5.1 Specific Laws on sport

In Lithuania, the laws governing sport are the following:

-**Law on Physical Culture and Sport Activities** (December 20, 1995 (last amended on May 25, 2010);

-**Law on Physical Education and the Sport Promotion Fund;**

-**Law on Public Establishments;**

-**Law on Charity and Sponsorship;**

-**Law on Associations.**

According to the Law on Physical Culture and Sports Activities, the sport federations, sport clubs and other sport organisations shall seek to create conditions to develop sport participation by all citizens, without discrimination based on gender, age, disability, religion or

belief, sexual orientation and social or economic status. Separate competitions for men, women, disabled persons, discriminating age groups or providing limitation on the number of participants in competitions shall however not be regarded as violation of the principle of equality (Article 3).

The Law on Physical Culture and Sport Activities sets the general regulatory framework applying to sport. Article 9 indicates that it is the remit of the state to finance sport, scientific research, construction of sport facilities, as well as training in physical culture, sporting activities and for specialists. The first part of the article states that funds intended for sport come from the following sources:

- The Government of the Republic of Lithuania;
- The Ministry of Physical Culture and Sports Activities;
- The Ministry of Education and Science;
- County governors;
- Local government bodies (including towns).

Article 20 and Article 38 add to this list:

- Other sources not explicitly prohibited by law (such as income from competitions);
- Revenue from sport bodies (advertising, sales, radio, television, sport events, sport lotteries);
- Funding from companies (sponsorship, donations);
- Revenue from institutions and organisations, and funds from charitable works;
- Revenue from individuals.

The **Law on Physical Education and the Sport Promotion Fund** specifies three different funding sources for grassroots sport:

- 2) 1 % of the revenue from excise duty of the previous year' sales of alcohol and tobacco;
- 3) 10 % of the previous year revenue from the tax of the lotteries and gambling.
- 4) Other legally obtained funds.

The fund's resources are assigned to:

- The organisation of local or national competition, including research, whether by professional athletes or not, financing teams and the training of athletes;
- The promotion of a healthy way of life, of physical culture and sport activities for all, including at school level (school events and competitions);
- The organisation and financing of scientific research;
- The construction and maintenance of sport centres, infrastructures and facilities.

In other words, the Lithuanian sport system is financially supported by the public sector, through alcohol and tobacco excises, and revenue proceeds from lotteries and gambling services taxes. The funds allocated from alcohol and tobacco excises, lotteries and gambling services taxes are regulated by law.

The largest part of the government's support to sport is distributed through the state budget (with legally-defined parts to grassroots sport and to high-level sport). The remainder – i.e.

revenue from alcohol and tobacco excises, and from lotteries, betting and gambling – is distributed through the Sport Promotion Fund and through projects supplied by grassroots sport and high level sports. Part of the regulated funds from lottery games is allocated to the Olympic movement.

According to data from the Physical Education and Sport Promotion Fund, the revenue distributed to sport in 2009 was about € 3.35 million, i.e. approximately 6.1% of the general government funding.

17.5.2 Allocation of revenue from gambling services

Two laws shape the Lithuanian gaming market: the 2001 **Law on Games**, and the 2003 **Law on Lotteries**. The Law on Lotteries makes a distinction between national and local lotteries. Unlike many other European states, there is no state monopoly on national lotteries in Lithuania. National enterprises or foreign enterprises with a registered branch in Lithuania and which act in conformity with Lithuanian law may apply for a license to run a national lottery. The licenses are issued by the State Gaming Control Commission, an independent institution which also monitors the compliance of the operators with the legal requirements.

Local lotteries may also be organised by either a national or foreign legal person. The licenses for a local lottery are issued by the municipality where the lottery is held. Total sales of a local lottery may not exceed 100,000 LTL (€ 29,000). In addition, the local lottery must be held during a public event. Operators of local and national lotteries must allocate 8% of total sales to charities: generally, these are sport organisations. Prize money may be no less than 50% of total sales.

Regarding national lotteries and gaming organisations, the basis for tax assessment on gaming is the face value of the ticket or note in circulation. The tax levied is 5% of the ticket value.

For organisers of bingo and betting, the gaming tax is fixed at 15% of the total income less prize money.

Organisers of gaming tables and owners of slot machines are required to pay charges that are specific to each type of game.

Gaming and betting does not seem to be subject to VAT in Lithuania.

As indicated above, the revenue from the levies (on sales of alcohol and tobacco, on lotteries and gambling and on funds from other sources) is allocated to the Sport Promotion Fund which, as its name indicates, is specifically dedicated to sport (before 2008 there was a fund which financed both sport and cultural activities).

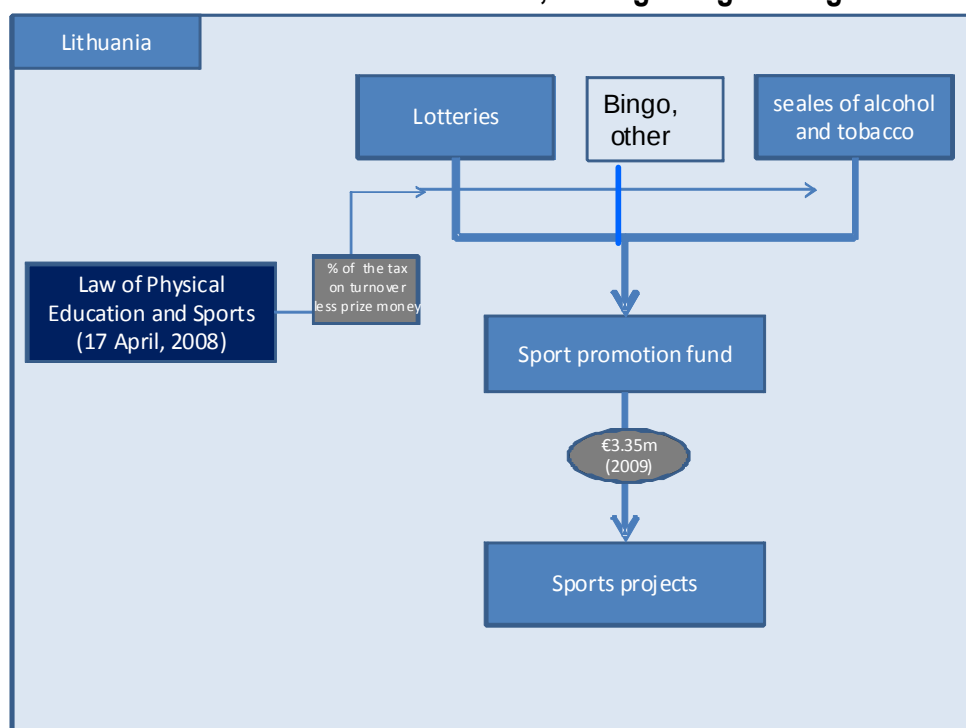
It took many months for the 2008 Law to come into force. The first meeting of the board of the Sport Promotion Foundation took place in January 2010. The allocation of the revenue reflects the priorities that are set by the foundation. For each priority area, an expert group first studies the files, and then a board is constituted. This includes 5 persons nominated by the government among the leaders of sport bodies.

Olifeja is the only operator in Lithuania that possesses a license for online gaming. It has a market share of 93%. The Lithuanian National Olympic Committee is the founder of *Olifeja*, which possesses almost half of the national lotteries' market. By law, the NOC is entitled to 8% of lottery ticket sales. Sales in 2009 amounted to 101,305,717 LTL (€ 29 million) of which 50% was awarded as prizes²⁰⁹.

Another operator is *Zalgirio Loto*, which offers lotto games, sports betting, and instant lotteries. Its founder is the Lithuanian National Olympic Committee. As defined by law, *Zalgirio Loto* also distributes 8% to good causes. Any organisation may apply for funding, but at the moment *Zalgirio Loto* only supports sports²¹⁰.

The European State Lotteries and Toto Association reports a total revenue to good causes from state lottery operations in Lithuania of € 3.6 million in 2008 and € 3.8 million in 2009. Of this, the amount reported as having been specifically allocated to sport is € 2.2 million in 2008, and € 2.3 million in 2009.

Allocation of the revenue from lotteries, betting and gambling services to sport



Source: Eurostrategies' consortium, based on national sources

Olifeja has 70 % of the market share for gambling services in the country. The main financial revenues of the LNOC comes from the tax on lotteries.

Regarding lottery and gaming organisations, the basis for tax assessment on gaming is the face value of the ticket or note in circulation, and is assessed at 5% of the price. For organisers of bingo and betting, the gaming tax is fixed at 15% of the total income less sums already paid to

²⁰⁹ Source: the European Charity Lotteries Association, Report on Lithuania (2010).

²¹⁰ Source: idem.

winners. Finally, organisers of gaming tables and owners of slot machines are required to pay charges specific to each type of game.

Three (legal) national companies operate on the on-line betting market: Omnibet, Top Sport, Orakulas. They are subject to the **Law on Taxes of Lotteries and Gambling**. However, they do not contribute to the funding of grassroots sport through compulsory levies. They contribute directly of their own will, for example, through sponsorship.

17.5.3 Laws with an indirect impact on grassroots sport

According to the Law on Alcohol Control, no beverages with an alcohol concentration of over 5% can be sold during sport events. At sport competitions, the sale of alcoholic beverages in retail and public catering establishments is banned, except for alcoholic content of less than 6%. Tobacco advertising is also prohibited by the Law on Tobacco Control which implemented the Directive 2003/33/EC²¹¹. Some restrictions to alcohol advertising also apply. For example, alcohol advertising is prohibited from 6 hours to 23 hours (except for direct and continuous coverage or retransmission of internal artistic, cultural or sporting events). This limits the potential revenue that sport clubs can generate from advertising, although it is not possible to estimate the impact on the total revenues allocated to sport.

Concerning **VAT**, sport services are exempt from VAT if they are provided by not-for-profit bodies. A 21% VAT is applied to grassroots sport clubs when their revenue exceeds € 30,000 per year²¹².

There are also incentives for companies to finance sport activities, as per the **Law on Charity and Sponsorship** of June 3, 1993 (last amended on November 4, 2010) and the **Law on Corporate Income Tax**.

In Lithuania, the notion of sponsoring appears in Article 42 of the Law of December 20, 1995: investors benefit from exemptions from certain taxes (for example: land tax, which represents 1.5% of the value of the property). *“Enterprises, institutions, organisations and natural persons investing funds in physical culture and sport and contributing funds for these purposes, or otherwise supporting physical culture and sport, shall be granted tax reliefs. The amount of tax reliefs and procedure for granting them shall be established by the laws on taxation and other laws of the Republic of Lithuania. Tax relief shall be applied in accordance with the procedure established by tax and other laws, imposing taxes on profit received by professional and other sport organisations from sport activity and profit generated by sport complexes and sport facilities which do not belong to sport organisations. Such sport complexes and facilities shall comprise special buildings which are used for sport branch training and competitions or the rehabilitation of athletes.”*

Sport facilities may be exempt from land rental tax and property tax by decisions of a city, town or regional council. Real estate which is owned by legal entities acting in accordance with the Law on Associations, is not taxed by the real estate tax if such real estate is used for non-commercial purposes.

²¹¹ All tobacco advertising and sponsorship on every form of media such as television, internet, radio,... has been banned within the European Union under the Tobacco Advertising Directive.

²¹² Lithuanian Union of Sports federations.

With respect to **social contributions** on salaried employees, Article 31 of the Law of December 25, 1995 provides that « a sport organisation having signed a contract with a professional athlete or trainer must pay the athlete's social security contributions under the procedure laid down by law». Sports clubs therefore do not benefit from exemptions on social charges. The applicable tax rates are:

- 30.98% employer's contribution paid on the top of the gross salary amount;
- 3% employee's contribution, paid by the employer (withheld from the gross salary amount).

Finally, concerning **media rights**, in Lithuania there is no specific taxation of intellectual property rights regarding the broadcast of sport events. Royalties obtained by a Lithuanian resident may be taxed at 15% (over a period of a tax year). Article 20 of the Law of December 20, 1995, however, takes into consideration revenue arising from sport advertising on radio or television, by providing that such revenues are assigned to the needs of Lithuanian teams and to the financing of the sport discipline concerned. Article 37 also provides that any use of the image or the name of an athlete or his team is subject to their approval.

17.6 Resources allocated to sport

17.6.1 Financial resources going into sport

The central government and the local authorities share responsibility in financing grassroots sport. Their support to sport includes the revenue from the lotteries.

In 2008, the revenue allocated to sport from public sources accounted for 43.3% of the total resources allocated to sport. Within the public sector, the bulk of the funding comes from the local authorities: these account for 23.8% of the total resources allocated to the sport system, while the central government's contribution is 19.5%.

The contributions of private stakeholders (households and companies) represented 56.7% of the global resources going to sport. Companies contributed 38.9% whereas household expenditures represented 17.8% of the country's total budget for sport.

The level of public funding was € 16 per capita in 2008, whereas households spent an average of €6.6 per capita in that year.

Revenue from (2008):	Million €	Share of total	€ per capita
General government	54.7	43.3	16.1
of which:			
- Central government	24.6	19.5	7.2
- Ministry in charge of sport	23.8	18.8	7.0
- Other governmental entities	0.8	0.6	0.2
- Local authorities	30.1	23.8	8.9
Private stakeholders	71.6	56.7	21.1
of which:			
- Household's expenditures on sport	22.5	17.8	6.6
- Companies (sponsoring, donations, others,...)	49.1	38.9	14.4

Total revenue	126.3	100.0	37.1
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Sources: Eurostrategies' consortium, from national sources and surveys

17.6.2 Estimated contribution of voluntary work

In 2008, there were an estimated 3,000 volunteers involved in sport in Lithuania²¹³. This information from official sources may, however, underestimate the extent of voluntary activities in the sport sector. Many flagship events organised by national organisations which claim to have no volunteers, are in fact supported by volunteers. Based on the available (incomplete) information, the number of volunteers in sport is estimated at 225 full time equivalents (FTE), working a total of 405,000 hours per year. The estimated annual monetized contribution of voluntary work in sport is therefore approximately € 1 million in 2008²¹⁴.

17.7 Solidarity systems in favour of grassroots sport

As indicated above, the Lithuanian sport system is supported financially by the public sector, from alcohol and tobacco excises and the gambling service taxes. Funds allocated from alcohol and tobacco excises, lotteries and gambling services taxes are regulated by law. The largest part of sport development funds is distributed through the public sector accounts (with legally-defined parts to grassroots sport and high-level sport). The other part (from tobacco and alcohol excises, lotteries and gambling) is distributed through the legally approved national sport foundation and through projects involving grassroots sport and high-level sport. Part of the regulated funds from lottery games is handed out directly to the Olympic movement, which reports not receiving direct subventions from the state budget²¹⁵.

The revenue from the lotteries and the Sport Promotion Fund is allocated to sport organisations by the State and municipalities through contracts with the federations, unions, associations and clubs. There is no regulated financial solidarity system between high-level sport and grassroots sport, but there are agreements within the federations.

Other solidarity systems inherent to the sport movement exist, such as the generalisation of multisport clubs which allows cross-financing across disciplines, and which finances sport-for-all with the revenues generated from professional sport or from the profits made on certain events.

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²¹³ Source: Study on Volunteering in the EU, a report by GHK to the European Commission, 2010.

²¹⁴ Based on the gross average hourly wage rate (Eurostat)

²¹⁵ Source: response of the Lithuanian Union of Sports Federations to a request by Eurostrategies (2011).

18 Luxembourg

18.1 Economy and demography

GDP at constant prices, bn € (2008)	29.5
Average annual growth rate (2003-2008)	4.4%
GDP per capita, € (2008)	60,408
GDP per capita, PPP, thousand \$ (2008)	74,436
Population, thousands (2009)	493.5
Share of urban population	83%
Share of population in 15-64 age range	68%
Unemployment rate (2008)	4.9%
Public debt (as a % of GDP) (2008)	14.7
Government deficit (as a % of GDP) (2008)	2.6
Member of the Euro Area	Yes

Luxembourg has a population of 500 thousand inhabitants and extends over an area of 2,586 km², which corresponds to a density of 193 people per km². Approximately 83% of the population lives in an urban area. Luxembourg's per capita GDP was equal to € 60,500 in 2008, by far the highest level in the EU (nearly three times the EU-27 average). Measured in purchasing power parity terms, the country's GDP per capita approached \$ 74 400 in 2008, well above the EU-27 average.

Luxembourg' GDP reached € 29.5 bn in 2008, 0.3% of the total EU-27 GDP. Between 2003 and 2008, the country's GDP grew at an average annual rate of 4.4% compared with 2% in the Euro Area and 2.2% in the EU as a whole. The financial sector was main driver of economic growth.

As a consequence of the global economic and financial crisis the economy deteriorated noticeably: after the growth recorded in 2008 (1.4% yoy), GDP fell by 3.7% in 2009. Meanwhile, the unemployment rate slowed down from 4.9% in 2008 to 4.7% in the third quarter of 2010.

In 2008, the government debt in Luxembourg was equivalent to 14.7% of GDP, well below the EU-27 average. The debt to GDP ratio has been falling gradually over the past years, reflecting years of budgetary surpluses, but it then rose again starting in 2008 as a result of the measures to support the financial sector and economic activity. Despite the expected increase in both the public debt and the deficit, Luxembourg's public finances situation is fundamentally sound. Thus, it would not impact significantly future public spending decisions and government's ability to raise its expenses on sport and leisure activities.

Luxembourg' currency is the euro since 1999.

18.2 Sport participation

According to the 2009 Eurobarometer survey²¹⁶, 51% of the population practices sport at least once a week. This is a high rate compared with the 40% EU average. In 2009, 6% of the

²¹⁶ Eurobarometer, Sport and Physical Activity, European Commission 2010.

population was member of a sport club, 2% of a fitness club and 1% of another type of club. 88% of the respondents to the Eurobarometer survey said they were not a member of any type of club in 2009.

The table below provides summary information on sport membership in 2005, as per information from the sport movement.

Sport club membership (2005)	118,896
Trend in sport club membership(2000-2005)	2.8%
Sport club membership rate (2005)	25.8%
Number of clubs	1,555
Sport participation in the population % (once a week or more) ²¹⁷	51%

Source: Amnyos (2008)

Sport participation has generally increased over the years. The main factors explaining this growth are reported by the sport movement to be:

- The attractiveness of new disciplines;
- Emulation from high-level sportsmen and women;
- The high visibility given to large sport events.

18.3 Allocation of responsibilities for sport policy

In Luxembourg, the governance of sport is based on the principle of subsidiarity. The sport movement is the authorities' independent and autonomous partner. It comprises the sport federations along with their affiliated sport clubs, and the COSL (**Comité Olympique et Sportif Luxembourgeois**) which is the central organisation for sport in Luxembourg. Public authorities contribute to the development of sport and to the sport movement's objectives in a subsidiary and complementary manner. The Ministry is assisted by a **High Council of Sports**, which has a consultative mission.

The Department of Sport is in charge of sport promotion and of the initiation and coordination of physical and sport activities essentially practised for non-competitive purposes. Infrastructures, leisure sport, handi-sport and the promotion of voluntary work are among the state's funding priorities. Part of the overall public funding of the sport system is specifically dedicated to high-level sport.

At local level, the municipalities bring logistic and financial support to the clubs and participate (with the state) to the construction and maintenance of sport facilities made available to the local clubs.

ENEPS (L'Ecole Nationale de l'éducation physique et des sport) is under the authority of the Sport Ministry. According to the law of the 28 November 1988 concerning the administrative structural of ENEPS, its role is to:

²¹⁷ Source : Eurobarometer, Sport and Physical Activity, European Commission 2010

- Determine and organise, with the sport movement, the training of administrative and technical executives for all types of sport activities;
- Anticipate the needs for skills development, and organise lifelong training of executives and management staff, and coaches;
- Constitute and manage a documentation service;
- Initiate scientific, technical, sociological and educational studies and research in the field of education and training;
- Develop and maintain contacts with similar institutions abroad;
- Organise seminars and congresses concerning training issues.

The Superior Council for sport is in charge of:

- Analysing and providing advice on all proposals and informations concerning physical education and sport;
- Making proposals & suggestions of its own initiative, and providing information on physical education and sport;
- Giving its reasoned opinion on the budget proposals of the Sport Department;
- Submitting proposals concerning the allocation of public funds in order to ensure that this is in line with the priority objectives.

Another stakeholder in the governance of sport is the Anti-doping Agency (ALAD).

18.4 Organisation of the sport movement

The central sports body in Luxembourg is the Luxembourg Olympic and Sport Committee (**Comité Olympique et Sportif Luxembourgeois -C.O.S.L.**). This is a not-for-profit association which brings together all the national federations governing competitive sport, leisure sports, multi-sports groupings and national sporting organisations.

COSL was founded in 1912. It is in charge of:

- Coordinating the national sport federations;
- Contributing to sport and physical education;
- Representing the sport movement's interests;
- Promoting the ideals of the Olympic movement and organizing the participation of the national teams to the Olympic Games and other international events.

The sport federations are not-for-profit associations approved by the relevant ministry after consultation of the COSL.

Leisure sport is defined by the law on sport of August 3, 2005 as all sport activity practiced for leisure, health or social reasons.

18.5 Legal framework

18.5.1 Specific Laws on sport

The **Law of 3 August 2005** of the Grand Duchy of Luxembourg governs sport.

According to Art.1 of the Law of August 3, 2005, the government's support to sport aims at improving health, self-fulfilment, social inclusion and success in competitions at all levels including the provision of financial support to the sport clubs and to sport facilities.

As per Art. 3 of the Law of August 3, 2005, public authorities respect the sport movement's autonomy and way of operating. They contribute in a subsidiary and complementary way to the development of sport and to the achievement of the sport movement's objectives. At local level, the municipal councils decide the conditions of support to sport. The state and the municipalities determine the infrastructures that need to be build to support the practice of sport.

There is an annual state financial contribution for sporting activities, technical management, and sports administration.

The Law of 3 August 2005 puts strong emphasis on competitive (high-level) sport:

- Financial contributions are allocated to competitive sport, by way of taking charge of services and logistical support in the administrative field for federations and sports clubs;
- A special status is given to elite sports: high-level athletes have a priority right of access to public sector employment, and a number of provisions ensure medical support and social protection as well as professional training and skills development.

Special fiscal provisions also apply, as indicated in the following sections.

As per the Law on Sport of August 3, 2005, grassroots professional sport clubs and federations may request ordinary and extraordinary subsidies, to be paid by the state. The federations contribute to the financing of their operating costs. The state may also pay a contribution to cover trainer costs, whether they are professional or not.

18.5.2 Allocation of revenue from gambling services to sport

Betting and gambling services are regulated activities, under government' control. Lottery funds are managed by the *Oeuvre Nationale de Secours Grande-Duchesse Charlotte*.

The Law of 30 July 1983 defines a compulsory levy on lotteries: 15% of the lottery proceeds (stakes) are dedicated to the *Oeuvre Nationale de Secours Grande-Duchesse Charlotte* in order to support organisations whose activity concern the fields of culture, sport or environmental protection.

The gross sums committed represent:

- Bets placed on sport events in Luxembourg or abroad, where the betting slips are completed in Luxembourg and handed to operators in the country;
- Bets placed on sport events in Luxembourg or abroad organised by foreign persons or firms having one or more offices, agencies or subsidiaries in Luxembourg entrusted with accepting betting slips in circulation in the country or in the foreign countries, as well as the stakes concerned.

Services which are billed separately and not directly connected to the bets themselves are not considered as gross sums committed as bets.

The levy is paid to the State and is included in the general budget.

Where sport events are authorized by the competent public authorities and are subject to the specific levy in favour of the State, they are VAT exempt. Such exemption does not apply to provision of services by intermediaries acting in these operations.

It should be noted **that lotteries and betting relating to sporting events and organised by the National Lottery benefit from a derogation.**

The organisation and management of the National Lottery is entrusted to the *Œuvre Nationale de Secours Grande-Duchesse Charlotte*, commonly referred to as the *Œuvre*. The revenue linked to the National Lottery constitutes the principal financial means of the *Œuvre*, which has various missions including the support of war victims, people in difficulty, but also the funding of bodies working nationally in the fields of culture, sport and environmental protection. The *Œuvre* also benefits from levies on all sorts of lotteries and sport services betting in favour of the *Œuvre*, which are fixed by the ministry responsible for regulation of games of chance and betting relating to sporting events.

The National Lottery does not pay corporation tax, nor does it pay the levy on bets relating to sporting events. The *Œuvre* is exempt from all taxes in favour of the State and [municipal authorities], apart from VAT. The European State Lotteries and Toto Association (EL) estimates that the total revenue generated for good causes by the state lottery in Luxembourg amounted to € 20.9 million in 2007 and 2008, and increased to € 21.8 million in 2009. Of this, however, only € 0.7 to 0.8 million was allocated to sport in those two years.

Overall, the share on the revenue from betting and gambling which is dedicated to sport is estimated by the sport movement at about € 2 million per year, of which approximately one half goes to the football federation and the other half goes to the COSL²¹⁸.

18.5.3 Laws with an indirect impact on grassroots sport

With respect to **VAT**, sport clubs which independently and usually carry out economic activities are subject to a 15% VAT rate. A reduced VAT rate of 6%, however, applies to services linked to the right of access to sport installations and use thereof. « *Provision of services closely linked to the practice of sport or physical education, performed by not-for-profit organisations for persons who take part in the sport or physical education as well as the provision of services performed at sport events by the organisers* » are VAT exempt.

With respect to other taxes, the regulations that apply depend on the club's legal form. If the chosen legal form is that of a partnership, income tax is payable by each of the partners. The taxable profit is shared between the partners according to their respective investment in the company. If the chosen legal form is that of a corporation or a not-for-profit association (the most usual legal form), the club pays **corporation tax**.

The Law of May 22, 2009 relative to the *Œuvre Nationale de Secours Grande-Duchesse Charlotte* and to the National Lottery provides that **donations** made in favour of *C.O.S.L.*,

²¹⁸ Source; responses to the questionnaires sent by the Eurostratégies' consortium to the COSL and the Ministry in charge of sport.

approved sporting federations, non-profit associations, *l'Œuvre Nationale de Secours Grande-Duchesse Charlotte*, are deductible from the donor's total net income as special expenses, within the limits and under the conditions provided by Articles 109 and 112 of the amended Law of 4/12/1967 regarding income tax.

Concerning **social contributions** on salaried employees of sport clubs, the Law of 3 August 2005 includes provisions relating to trainers' and sports people's contracts. Subject to the activity not being exercised as the main and regular activity, to the compensation paid in performance of the contract not exceeding a certain annual amount, these contracts benefit from a special derogation from the general employment contract rules. These contracts may be concluded between a federation or a sport club and a sport person, for a period of more than 24 months, and may be renewed more than twice, without being considered as permanent employment contracts.

To promote **voluntary work**, voluntary organisation have their own policies in place for the reimbursement of expenses as defined in "**Law on Youth Voluntary Service (1999)**": no taxes are imposed on volunteers' pocket money, food, accommodation or any other economic compensation granted to them. Volunteers also benefit from a free insurance cover.

No particular tax provisions have been found regarding the right to broadcast sporting events, or the taxation thereof.

18.6 Resources allocated to sport

18.6.1 Financial resources going into sport

As in the other EU Member States, sport funding in Luxembourg is undertaken by three types of stakeholders: the public sector, at national and local levels, private actors (households and enterprises), and voluntary contributions. The most relevant funding source is the private sector. It contributed more than € 263.7 million in 2005, while total public financing was only about € 65.8 million.

Note that the share of revenue from sponsors was not available, so the figure in the table was estimated based on the share of sport sponsoring in GDP in the Netherlands, Germany and France.

Concerning sport infrastructures, the public sector (through the central government and the municipalities) constitutes a major funding source. Municipalities contribute as much as the state to the financing of infrastructures.

The amount of funding from the local authorities varies significantly across municipalities, however. The sums allocated to the sport clubs depend on the financial resources of the municipality and on their political priorities. The budgets are defined by the municipal council and distributed to the clubs according to their sport activities and the number of members.

Revenue from (2005):	Million €	Share of total	€ per capita
General government	67,7	20,4	135,4
of which:			
- Central government	42,7	12,9	85,4
- Ministry in charge of sport	40,8	12,3	81,6
- Other governmental entities (departments, agencies...)	1,9	0,6	3,8
- Local authorities	25,0	7,5	50,0
Private stakeholders	263,7	79,6	527,5
of which:			
- Household's expenditures on sport	220,1	66,4	440,2
- Companies (sponsoring, donations, others,...)	43,7	13,2	87,3
Total revenue	331,4	100,0	662,9

Sources: Eurostrategies' consortium & Amnyos (2008)

The private sector, which contributed a total of €263.7 million in 2005 in the form of membership fees and other household expenditures on sport, as well as sponsorships and donations (estimated), accounted for the bulk of the revenue that went into the sport system in that year (80% of the total amount). Households account for two thirds of the total.

18.6.2 Estimated contribution of voluntary work

	2005
▪ Number of sport clubs	1,555 clubs
▪ Number of sport volunteers	+/- 20,000 volunteers
▪ Estimated weekly involvement of volunteers in their organisation	5 hours/ week

An estimated 20,000 volunteers are involved in sport, working for an average of 5 hours per week. This is equivalent to 2,500 Full Time Equivalents. The monetized value of this voluntary work is about € 63 million²¹⁹.

18.7 Solidarity systems in favour of grassroots sport

No regulated financial solidarity system was identified.

²¹⁹ Based on the gross average hourly wage rate (Eurostat)

19 Malta

19.1 Economy and demography

GDP at constant prices, bn € (2008)	4.9
Average annual growth rate (2003-2008)	2.9%
GDP per capita, € (2008)	11,920
GDP per capita, PPP, thousand \$ (2008)	21,952
Population, thousands (2009)	414
Share of urban population	94%
Share of population in 15-64 age range	70%
Unemployment rate (2008)	6%
Public debt (as a % of GDP) (2008)	64.1
Government deficit (as a % of GDP) (2008)	-4.7
Member of the Euro Area	Yes

Malta extends over an area of 316 km², and a population of 400,000 which corresponds to a density of 1,310 inhabitants per km². 94% of the population lives in an urban area. Malta's per capita GDP was equal to € 11,900 in 2008, 45% below the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$22,000 in 2008, 21% less than the EU-27 average.

Malta's GDP reached € 4.9 bn in 2008, 0.05% of the total EU-27 GDP. Between 2003 and 2008, the country's GDP grew at an average annual rate of 2.9% per year, compared with 2% in the Euro Area and 2.2% in the EU as a whole. Tourism and domestic demand are the main drivers of growth.

In 2009 and 2010, the economic situation deteriorated as a consequence of the global economic and financial crisis: after the 2.1% growth recorded in 2008, GDP fell by 1.9% in 2009, and the unemployment rate rose from 5.9% in 2008 to 6.6% in the third quarter of 2010.

In 2008, the government debt in Malta was equivalent to 64.1% of GDP, a level slightly above the EU-27 average. The debt ratio had been falling gradually over the past years, but it increased again in the wake of the economic downturn. The increase in the public debt may impact future public spending decisions, possibly limiting the government's ability to raise expenditures on sport & leisure activities.

Malta adopted the euro in 2008.

19.2 Sport participation

Sport club membership (2005)	31,100
Sport club membership trend (2000-2005)	3.7%
Sport club membership rate (2005)	7.7%
Number of clubs	1,000
Share of the population which practices sport at least once a week	48% ²²⁰

Source: 2009 Eurobarometer Survey, Amnyos (2008)

According to the 2009 Eurobarometer survey²²¹, 48% of the population practices sport at least once a week. This is 8 points more than the EU average. 7% of the population was member of a sport club, 5% of a fitness club and 3% of another type of club. 81% of the respondents to the Eurobarometer Survey said they were not a member of any club in 2009.

Participation rates have increased over the past years. This rising trend is explained by:

- The growing awareness of the benefits of sport and physical activity;
- The fact that children are being enrolled on a more frequent basis than before;
- The good results obtained in certain sport disciplines.

19.3 Allocation of responsibilities for sport policy

The Ministry of Education & Culture, Youth and Employment is responsible for the organisation of sport in schools and for sport infrastructure in schools. A Parliamentary Secretary (Junior Minister) is responsible for Youth and Sport within the Ministry for Education, Culture, Youth and Sport.

At the local authority level, the local Councils are responsible for the organisation of sport events for the general public, and for the management of local sport facilities.

19.4 Organisation of the sport movement

The main stakeholder in the governance of sport is the Malta Sport Council (Kunsill Malti għall-iSport²²²). The Malta Sport Council is responsible for supporting, developing and promoting sport throughout Malta. Its objectives and missions are described in the Sport Act.

19.5 Legal framework

19.5.1 Specific Laws on sport

The Sport Act was promulgated on January 28, 2003 (*ACT XXVI of 2002, amended by Act XXXII of 2007 and Legal Notice 427 of 2007*). The Sport Act concerns:

²²⁰ Eurobarometer, Sport and Physical Activity, European Commission 2010

²²¹ Eurobarometer, Sport and Physical Activity, European Commission 2010

²²² www.sportmalta.org.mt

- The establishment and composition of Kunsill Malti Għall-Isport (Malta Sport Council) as well as its objectives and functions. Among the functions of the council are to promote the development of sport participation in Malta and implement strategies for this purpose, and *“to provide financial and other assistance by any means to local councils and to any person, including, without prejudice to the generality of the foregoing, the Malta Olympic Committee, National Associations and National Federations, as well as clubs in the promotion and development of sport”*.
- Access conditions to, property of and management of infrastructures and facilities: all revenues stemming from sport facilities (rents payable to the government ...) are deposited in a Sport Fund administered by the Council. *“The Sport Fund shall be utilized for the purpose of development and maintenance of sport facilities, and for such other purposes falling within the functions of the Council as the Minister may from time to time authorize. »*
- Funds from public lotteries (see below).

Articles 22 to 34 (Part VI) of the aforementioned Act define the method of financing: state funding will come from two sources, a state budget allocation as well as a percentage levied on lottery wins.

19.5.2 Allocation of revenue from gambling services to sport

Malta has opted to embrace the gaming industry and, with the enactment of the **Lotteries and Other Games Act** (LOGA) in 2001, permits a broad range of activities. The Lotteries and Other Games Act brought together into one Act all regulations regarding games of chance in Malta. Online gaming is also allowed. Malta was the first EU Member State to regulate remote gaming. Operators from other countries are also allowed to offer online games under a Maltese license.

The Act covers all gaming activities, except for land based casinos. The regulatory body supervising their operations is the Lotteries and Gaming Authority (LGA). LGA is responsible for the governance of all games of chance. Its main tasks are to grant licenses, monitor the licensees and collect gaming taxes on behalf of the government.

Regulations allow the LGA to issue **4 classes of license** based on different games and activities. There is a specific license for operators who partake in gaming risks on the market based on single events such as sport betting.

With respect to the lotteries, there remains a state monopoly: the licensee must be a Maltese company with the sole purpose to operate the National Lottery. The present operator is **Maltco Lotteries Limited**. The license is granted by the Ministry of Finance and is valid for seven years²²³.

All Maltese-registered companies are subject to a corporate tax of 35%. With regard to gaming tax, different rates apply according to the type of gaming license.

Sports betting is classified in class 2, for which the taxation rate is 0.5% on the gross amount of bets accepted in remote betting operations.

²²³ Source: The European Charity Lotteries Association, Report on Malta (2010).

As per “The Lotteries and Other Games Act”, 2001 (article 49(8)), the government also operates a **National Lotteries Good Causes Fund**. The Fund generates its income through a percentage of gaming tax and unclaimed prizes. It is aimed at supporting projects and initiatives of *“a religious, philanthropic, cultural, sport, educational, social or civic nature or in support of other deserving causes, and in such amounts, in such manner and at such times, as may be determined by the Minister from time to time after consultation with an Advisory Board appointed by him for the purpose”*²²⁴. Hence, the Fund is not dedicated to the funding of sport, but also funds other “good causes”.

The annual amounts transferred to the National Lotteries Good Causes Fund vary based on the level of profit generated by the lotteries and the amount of unclaimed prizes. In 2008, 74 projects were funded by the National Lotteries Good Causes Fund (€1.5 million), among which 24 were related to sport (€0.4 million).

According to the European state Lotteries and Toto Association, the revenue for good cause generated from state lotteries in Malta amounted to € 14.7 million in 2008, and € 15.2 million in 2009. No revenue is singled out as going to sport, however. Indeed, the revenue is channelled to sport via the state budget and the National Lotteries Good Causes Fund, with no regulated allocation key to sport versus other good causes.

Not-for-profit games may also be organised by Maltese not-for-profit organisations. The net proceeds thereof must be destined for religious, sports, philanthropic, cultural, educational, social or civic purposes. Permits for these games are issued by the Public Lotto Department, a body of the Ministry of Finance. The ticket price may not exceed 25 Maltese cents (€ 0.60) and no money prize may be awarded. 25% of the retail value of all prizes to be won must be paid to the Ministry of Finance, through the Lotteries and Gaming Authority.

According to Part 2 of the VAT Act (Chapter 406), state lotto and lotteries, the supply of agency services related thereto, and such other supplies related to gambling as may be approved by the Minister, are VAT exempt.

19.5.3 Laws with an indirect impact on grassroots sport

In addition to the above, there are a number of other regulatory provisions which, directly or indirectly, concern sport:

- Fiscal incentives (up to a maximum tax rebate of € 100) are provided to parents whose children regularly participate to sport activities;
- According to Part 2 of the Value Added Tax Act (chapter 406), the supply, by not-for-profit organisations, of services related to sport or physical recreation and provided to persons taking part in sport or education, is VAT exempt. Therefore, the Government will refund VAT paid by recognized not-for-profit organisations on expenses incurred on sports facilities;
- Under the Income Tax Act (Chapter 123), Part III.1.o, income is tax exempt where it is that of a club or a similar institution which the Commissioner is satisfied constitutes a bona fide sport club, provided that no part of that income is payable to, or is otherwise available for the personal benefit of, any proprietor, member or shareholder, and provided also that, on

²²⁴ National Lotteries Good Causes Fund - Guidelines for the approval of projects and initiatives, January 2009

winding up of such club or institution, no funds are distributed or available to any such proprietor, member or shareholder;

- With respect to donations to sport and culture, rules enacted on January 1, 2008, as regards income taxes, make it possible for companies to claim a tax deduction for the financial assistance given to sport organisations or athletes for their participation in national or international sport events. The total deduction that can be claimed by a company in any year shall be the lesser of the expense actually incurred, or € 60,000.

19.6 Resources allocated to sport

19.6.1 Financial resources going into sport

The government of Malta has undertaken major investments in sport infrastructure over the period 2000-2002. After that, the focus was on the maintenance of the facilities, the development of sport programmes and the provision of assistance to sport organisations at various levels (including elite athletes). The priority is to obtain a marked increase in infrastructure and sport programmes catering for different age categories and genders. The state of Malta is committed to increasing its investment in sport facilities, in developing sport programmes for the community as well as upgrading the educational background of administrators and technical personnel.

The government also provides a significant indirect contribution to the funding of sport clubs by renting the public land and facilities at a value which is 10% or less than the estimated commercial value of the lease.

Without the state's contribution, the national sport organisations and the sport clubs find it difficult to obtain sponsorship contracts and get funding from the private sector. A high percentage of sport clubs therefore balance their accounts by keeping expenditures at the lowest possible level and levelling with membership fees.

As for local authorities' contribution to grassroots sport, this is much less important than the contribution from the state budget. Although no precise data is available, the amount of funding is estimated at € 500,000. The amount of funding allocated to the organisation of sport events is also small as these events are mostly organised by the local clubs themselves.

Household expenditures on sport are significantly higher than the public participation. Although, there are fiscal incentives to encourage companies to sponsor sport clubs, there is no data available concerning this contribution. The high value of household expenditures²²⁵ is nevertheless of relevance.

Given the absence of data on the amount of revenue from sponsoring going to sport in Malta, the figure presented in the table was estimated based on the share of sport sponsorship in GDP in the other southern European countries for which data is available, applied to Malta's GDP.

On average, households spent € 77.5 per capita on sport in 2005, whereas the public sector contributed € 9.8 per capita.

²²⁵ Membership/competition fees, services provided, sport goods and equipment/retail and value added tax.

Revenue from (2005):	Million €	Share of total	€ per capita
General government	3,9	10,7	9,8
of which:			
- Central government	3,4	9,3	8,5
- Ministry in charge of sport	3,4	9,3	8,5
- Other governmental entities			
- Local authorities	0,5	1,4	1,3
Private stakeholders	32,5	89,3	81,3
of which:			
- Household's expenditures on sport	31,0	85,1	77,5
- Companies (sponsoring, donations, others,...)	1,5	4,2	3,8
Total revenue	36,4	100,0	91,0

Sources: Eurostrategies' consortium, from national sources and surveys

19.6.2 Estimated contribution of voluntary work

An estimated 2,000 volunteers are involved in sport, working an average of 15 hours per week²²⁶. This is equivalent to 750 Full Time Equivalents (FTE)²²⁷. The monetized value of this voluntary work is about € 7 million²²⁸.

19.7 Solidarity systems in favour of grassroots sport

There is no regulated financial solidarity system between professional sport and grassroots sport since there is no real professional sport in Malta.

The National Sports Council offers grants to grassroots sport organisations, but these grants are based on incentives schemes. A budget exists in the Ministry of Education, Culture Youth and Sport for the construction, operation, maintenance and upgrading of sport facilities, and to help federations and clubs to fund operational costs.

The National Olympic Committee receives funds from the Ministry for the preparation of elite athletes and for the participation in the Olympic Games, as well as from the IOC.

²²⁶ Source: Study on Volunteering in the European Union, a report by GHK to the European Commission, 2010.

²²⁷ These figures are lower than those presented in the Study on Volunteering in the EU, which reports 30,000 volunteers. The GhK estimate, however, is well above estimates provided elsewhere, and imply a proportion of volunteering per capita in Malta 2.3 times higher than the next country in which there are most volunteers, Sweden. The figure used here is that quoted by Amnyos (2008).

²²⁸ Based on the gross average hourly wage rate (Eurostat).

20 The Netherlands

20.1 Economy and demography

GDP at constant prices, bn € (2008)	487.6
Average annual growth rate (2003-2008)	2.7%
GDP per capita, € (2008)	29,725
GDP per capita, PPP, thousand \$ (2008)	38,049
Population, thousands (2009)	16,486
Share of urban population	66%
Share of population in 15-64 age range	67%
Unemployment rate (2008)	2.8%
Public debt (as a % of GDP) (2008)	58.2
Government deficit (as a % of GDP) (2008)	1
Member of the Euro Area	Yes

The Netherlands extends over an area of 41,526 km², and has a population of 16.5 million, which corresponds to a density of 398 people per km². Approximately 66% of the population lives in an urban area. The Netherlands's per capita GDP was equal to € 29,700 Euros in 2008, 37% above the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$ 38,000 in 2008, 36% higher than the EU-27 average.

The Netherlands' GDP reached € 487.6 bn in 2008, 4.5% of the total EU-27 GDP. Between 2003 and 2008, the country's economy has risen faster than the EU average: GDP grew at an average rate of 2.7% per year, compared with 2% in the Euro Area and 2.2% in the EU as a whole. Foreign trade has been the main driver of growth.

After the 2.1% growth recorded in 2008, GDP is estimated to have fallen by -4.1% in 2009, slightly more than the average 3.9% decline in the whole of the EU. Meanwhile, the unemployment rate increased from 2.8% in 2008 to 3.5% in the third quarter of 2009.

In 2008, the government debt in The Netherlands was equivalent to 58.2% of GDP, a level below the EU-27 average. The debt ratio has been falling gradually over the past years, before rising again in 2008 due to the measures implemented in order to support the financial sector, in particular in the wake of the Fortis crisis. The public sector accounts will probably remain in deficit in the coming years as a result of slow domestic growth. This, along with the effect of ageing on social spending, will likely weigh on future public spending decisions, limiting the government's ability to raise expenditures on sport.

The Netherlands adopted the euro on its inception, in 1999.

20.2 Sport participation

The Netherlands counts close to 4.9 million members of sport clubs, a membership rate of close to 35%. This ratio has increased in the past years.

Sport club membership (2008)	4,786,005
Sport club membership rate (2008)	27%
Number of clubs	26,875
Share of the population which practices sport at least once a week ²²⁹	56%

Source: National Olympic Committee*Netherlands Sport federation and Eurobarometer (2010)

According to the 2009 Eurobarometer survey²³⁰, 56% of the Dutch population practices sport at least once a week. This rate is high in comparison with the EU average of 40%. 27% of those which responded to the Eurobarometer survey reported being a member of a sport club, 20% of a health or fitness club, and 3% of another type of club. The share of those reporting not being a member of any type of club in 2009 was 51%, well below the EU average of 67%.

The reasons for the high rate of sport practice in The Netherlands are:

- a number of government initiatives to promote sport;
- the high level of awareness of the benefits of sport (notably with regards to health);
- a gradual trend consisting in viewing the practice of sport as a means for social networking;
- increased efforts of sport federations to attract members;
- the rapid growth in the number of fitness centres (from 400 in 1995 to more than 2,000 in 2007);
- good sport infrastructure and high satisfaction of citizens with possibilities to participate in sport or be physical active in their neighbourhood.

As in other EU countries, however, the number of practitioners outside a sport club increases more rapidly than the number of sport club members. The reasons invoked are that people like to be free to choose the moment they want to do sport, and how often.

The table below shows the disciplines reporting the highest number of members in 2007 (in thousands).

Sport disciplines	Members 2007 (*1000)	Sport disciplines	Members 2007 (*1000)
Football	1,130	Equestrian sport	196
Tennis	691	Ice skating	150
Golf	291	Swimming	146
Gymnastics	280	Volleyball	127
Hockey	197	Athletics	126

Source: National Olympic Committee*Netherlands Sport federation

²²⁹ Eurobarometer, Sport and Physical Activity, European Commission 2010

²³⁰ Idem.

20.3 Allocation of responsibilities for sport policy

At the national level, the Ministry of Health, Welfare and Sport is in charge of promoting physical exercise and a healthy life style. Its missions include : (1) the prevention and control of doping, and the prevention of injuries; (2) the promotion of sport to target groups such as young children, people with disabilities and ethnic minorities, and the promotion of school sport; (4) the education and/or training of volunteers; (5) improvements in the quality and professionalization of sport organisations; (6) the promotion of sport values like fair play and education through sport; campaigns against violence, racism and hooliganism; and, (7) the support of high-level sport, for example through the provision of financial support to top class athletes and their coaches for the development of talent, the funding of educational facilities and the construction of facilities for high-level competitions and events.

The government's responsibility is complementary to that of other parties such as the local authorities.

The municipalities are responsible for the promotion of sport in general, and of sport practice by special target groups. They are also responsible for the support of local sport clubs, for urban and rural development and for spatial planning at local level (for facilities). Municipalities are also responsible for the construction and maintenance of sport facilities; for the organisation of special projects in the neighbourhoods (for example, projects that combine sport, school and other local activities; for the promotion of sport in schools and around school times; for the promotion of high-level sport; and, for the organisation of high-level events. These responsibilities are not legally enshrined, however.

The Provinces mainly support local development programmes.

The Union of Local Authorities stimulates and helps local authorities in the field of sport policy. The National Institute for Sport and Exercise develops projects and programmes and ensures their implementation at the local level.

When it comes to sport, the priority funding areas include enabling talents to excel, promoting sport-for-all, implementing the National Action Plan for sport and exercise, sportsmanship and respect, and international sport policy. In general, the focus has shifted from sport as a goal in itself, to sport as a means to achieve social goals. In September 2005, the Sport Ministry published a new policy document "Time for Sport- Exercise, Participate, Perform", which outlines the future priorities of national sport policy. It focuses on fewer priorities and sets out a partnership approach to policy making and implementation.

A particular feature of sport policy in the Netherlands is the fact that it is the result of co-operation between different sport policy partners (public authorities, the sport umbrella organisations, sport clubs, companies and the media): no single partner in this network can achieve much without the commitment of the others.

20.4 Organisation of the sport movement

The sport federations are responsible for the promotion of sport participation and high-level sport, with the objective for The Netherlands to be a real sport country (in the world top-10),

to have more people members of local sport clubs, and to improve the quality of the national and local sport organisations.

As elsewhere, the sport clubs are members of national sport federations. Most of these are in turn affiliated to the “National Olympisch Comité*Nederlands Sport Federatie (NOC*NSF)” – National Olympic Committee*Netherlands Sport Federation, which consists of the merger of the two bodies in 1993. The NOC*NSF unites the interests of more than 5 million athletes who are organised in associations. More than 72 sport federations, together representing 27,000 clubs, are affiliated to the NOC*NSF.²³¹

20.5 Legal framework

20.5.1 Specific Laws on sport

The Netherlands does not have a specific law on sport. However, there are various statutory regulations which have an impact on sport. For example, the **Public Welfare Act** of 1994 serves as a general framework for the sport policies of the different authorities. The concrete general framework for sport activity is enshrined in guidelines and plans at a decentralised level.²³²

20.5.2 Allocation of revenue from gambling services to sport

In the Netherlands, the 1964 **Act on Games of Chance** makes it illegal to operate any type of public gaming without a license issued by the Ministry of Justice. If the total amount of the prize budget does not exceed € 4,500, a license can be requested at the municipality where the game of chance is held. Since 1996, the supervision of the national gambling organisations is in the hands of the Dutch Gaming Control Board (College van Toezicht). A new Gambling Authority is expected to start operating in 2011.

Incidental licenses can be issued for the organisation of lotteries with the purpose of raising funds for public purposes. For these incidental lotteries, there are strict requirements such as the aim of public interest and not a commercial aim. It is explicitly prohibited to organise and offer lotteries and gaming products through the internet, either within or from outside the territory.

At the moment, there are three semi-permanent charity lotteries active at the Dutch gaming market, as well as five smaller incidental lotteries²³³. The three semi-permanent charity lotteries are the Nationale Postcode Loterij, the Sponsor Bingo Loterij and the BankGiro Loterij, together incorporated in the public limited liability company the Nationale Goede Doelen Loterijen NV.

According to the **Dutch Gaming Tax Act**, the licensed betting operators have to pay a compulsory levy of 19.33% from lottery proceeds. State regulation defines the redistribution of this revenue to the sport organisations. In the license of one of the organisations, it is specifically stated that the revenues are earmarked for sport.

²³¹ Organisational aspects of sport in the European Union, A status-report within the scope of the project “Sport in Europe – social, political, organisational, legal transparency in Europe”.

²³² Organisational aspects of sport in the European Union, A status-report within the scope of the project “Sport in Europe – social, political, organisational, legal transparency in Europe”

²³³ Source: Association of Charity Lotteries in the European Union, “Charity Lotteries in the Member States”, report on the Netherlands (2010).

By law, incidental lotteries are obliged to contribute a minimum of 50% of their sales to organisations of public benefit. A gaming tax of 29% is imposed on prizes that exceed € 454. Every NGO that fulfils certain criteria can apply for becoming a beneficiary of one of the lotteries.

The National Lottery Company, under license from the national government, is a leader among Dutch Lottery operators. 70% of the net revenue generated from the National Lottery Company is allocated to sport.

The Lottery constitutes the main source of income from gambling in the Netherlands. The European State Lotteries and Toto Association reports total revenue to good causes from state lotteries in the Netherlands of € 249.9 million in 2006, falling to € 215.5 million in 2007 and 206.8 in 2008, before rising again to € 217.6 million in 2009. Of these amounts, € 44.3 million (17.7%) was allocated to sport in 2006, € 39 million (18.1%) in 2007, € 47 million (22.7%) in 2008, and € 52 million (23.9%) in 2009.

The revenue transferred to sport, which as indicated above equals approximately € 50 million per year, is divided by the national sports umbrella NOC*NSF in accordance with a long term strategic plan that has been jointly formulated by the sports sector. Redistribution takes place within the decision making process of the sport federation: the Board submits proposals on the basis of which the general meeting makes the decisions. About 10% of the revenue from the lottery goes to grassroots sport (live long sport) and about 40% goes to the financing of sport infrastructure at national level (the organisational backbone of sports in the Netherlands)²³⁴. Without this source of income, the sports sector in the Netherlands says that it would have difficulties to survive.

Among the other lotteries, the **Sponsor Bingo Loterij**, which supports 37 beneficiaries in the fields of health and wellbeing, contributed € 47 million in 2009 to good causes such as the Aids Foundation, Make-A-Wish Foundation and the Johan Cruyff Foundation, as well as to more than 3,000 local (sports) clubs and associations.

Finally, part of the revenues of **De Lotto** (which operates the lotto game, sports betting and the instant lottery) is also distributed to good causes. For these games, a minimum of 47.5% must be destined for prize money. In practice, the share distributed as prize money varies between 47.5% and 65% of the stakes. In 2009, total stakes were € 333.4 million, of which €71 million (21%) went to 19 organisations in the fields of sports: 75% was handed out to the Dutch Olympic Committee and 25% went to organisations in the fields of culture, social welfare and public health. In the table in the financing section, therefore, the total figure of €106 million was retained, to account for the fact that the € 47 million from the National Lottery in 2008²³⁵, plus €53.25 from De Lotto and at least € 5 million from the Sponsor Bingo Loterij constitute a low estimate of the total revenue to sport from lotteries and games of chance.

A very recent development is a policy letter from the Secretary of State from the Ministry of Justice to create more licenses for suppliers of (online) gambling services. The letter is only the first step of a long term process, and the outcome of this recent development is uncertain.

²³⁴ Source: NOC*NSF.

²³⁵ Source: The European Lotteries Association.

In terms of media rights, gambling services operators do not have to purchase the right to be able to open betting on a given sport event, since this is part of the license application procedure. A fixed fee has to be paid to cover costs.

20.5.3 Laws with an indirect impact on grassroots sport

There are fiscal incentives to the funding of grassroots sports in The Netherlands. According to the Tax and Customs Administration, since 2009 gifts and **donations** from individuals to sport clubs are free-of-tax.

With respect to **VAT**, the following exemptions apply to the sports sector:

1. The core activity of the sports club (not applicable to foundations) offered to the members is VAT exempt. Not included under this general exemption are: access to matches and events, and a number of services of water sport organisations with an own harbour and a paid for harbour master (article 11-1-e, part 3, exemptions in Law on Turnover tax 1968);
2. Additional tasks of the sports club which are aimed at generating income for the club are VAT exempt; there are two maximum amounts:
 - for goods delivered, such as sports clothing, equipment and miscellaneous items (€ 68.067 per year)
 - for services offered, such advertising for sponsors, access to matches or providing members magazines (€ 31.765 per year).

Any income that exceeds the maximum is fully VAT charged; the tax rate (19% or 6%,) depends on the kinds of goods delivered or services offered. The lower rate applies to canteen turnover and entrance tickets. Article 11-1-v, part 3, exemptions in Law on Turnover tax 1968.

3. A sport club can choose to have the canteen turnover (only applying to common additional activities) be exempt from VAT. This so-called canteen rule is applicable for a maximum of €68,067 per year. A sport club which is e.g. in the process of construction/renovation of facilities can also choose - but only once - not to make use of the special canteen rule because if it does it can also not reclaim VAT on procurements related to the construction/renovation. If the sports club chooses not to apply the canteen rule the canteen turnover is part of the max amount for services offered mentioned under 2 (€ 31.765).

There are **sponsorship restrictions** on tobacco for sport competitions, sport events and advertising in all media. Also, there are sponsorship restrictions on alcohol advertising; advertising on television is only permitted in the evening after 21h.

Sponsorship and promotion at schools is also prohibited. The sport movement reports this to be a problem when a sponsor wishes to fund events like Coca Cola and McDonald's for the National Sport Week.

Under the Income law, **volunteers** working for sport clubs can receive compensations up to an amount of € 1,500 per year without being subject to income tax.

20.6 Resources allocated to sport

20.6.1 Financial resources going into sport

The revenue from lotteries only accounts for 1% of the total budget of the sport system.

Households are the main contributors to the funding of sport in The Netherlands. 80.4% of the sector's revenue comes from private contributions, and 71.6% from households. The public sector's share is less than 20%.

Revenue from (2008):	Million €	Share of total	€ per capita
General government	1904,4	19,6	115,4
of which:			
- Central government	1004,4	10,4	60,9
- Ministry in charge of sport	110,0	1,1	6,7
- Other governmental entities	894,4	9,2	54,2
- Local authorities	900,0	9,3	54,5
Private stakeholders	7792,0	80,4	472,2
of which:			
- Household's expenditures on sport	6946,0	71,6	421,0
- Lotteries, betting and gambling through compulsory levy	106,0	1,1	6,4
- Companies (sponsoring, donations, others,...)	740,0	7,6	44,8
Total revenue	9696,4	100,0	587,7

Sources: Eurostrategies consortium, from national sources and surveys

Within the public sector, the central government's contribution represents 10.4% of the budget of the sport system. This excludes the payment of the wages of sport teachers in the education system. The Ministry of Sport allocates its annual budget (approx € 140 million) to sport as a means/grass roots (80%) and to elite sport (20%).

The local authorities contribute up to 9.3% of the total sport revenue, through their support to sport participation and the funding of sport infrastructures and facilities.

In fact, the contributions to sport from the public sector are mainly local (more than € 1 bn annually). These subventions are largely spent on accommodation²³⁶. At national level, the sport budget (close to € 140 annually, but decreasing) is spent in line with the national policy document 'Time for Sport'. It is common practice for the Ministry of Sport to invite the sports sector to give input for such multi-year policy documents. A new policy document is currently (spring 2011) being written.

Concerning average expenditures per capita, the public contribution was € 115.4 in 2008, whereas the average household expenditure was € 421 in the same year.

²³⁶ Source: National Olympic Committee of the Netherlands.

20.6.2 Estimated contribution of voluntary work

In 2008, an estimated 1,581,000 volunteers were involved in sport, working an average of 3 hours a week. This represents 118,575 full time equivalents (FTE), and an economic value of around €2.3 bn²³⁷.

20.7 Solidarity systems in favour of grassroots sport

No regulated solidarity system was identified.

20.7.1 Solidarity systems between high-level and grassroots sport

Solidarity between high-level and grassroots sport is not regulated by the State.

A system of financial solidarity exists in football: professional football and the sponsors of The Netherlands' national team provide of € 1 million per year to grassroots sport financing: in the Youth Football Master plan, € 1 million is dedicated annually to the financing of football infrastructures used by grassroots clubs. In addition, more than 100 projects "*There are more than 2 goals in Football*" are supported by professional clubs and the professional football division of KNVB (the Royal Netherlands Football Association). Another example is the "mini-pitch" project which aims at installing 100 mini-pitches around the country (especially in urban areas) so that children and people of different social background, race, etc. can play football together. KNVB has invested over € 1 million in this project.

In addition, a system of training compensation, solidarity payments, etc. is maintained in football: under this scheme, when a player aged 12 or more is transferred from one club to another, a payment is due by the new club to the player's former club.

There are no other known systems of substantial financial solidarity between professional and grassroots sport. There are not many professional sports outside football.

20.7.2 Allocation of media rights' revenue to grassroots sport

Each sport competition decides if it wants to unite and go for collective sale of broadcasting rights. In football, the collective sale of broadcasting rights is not done by the football federation but by another legal entity (ECV).

Field hockey also set up a legal entity, for tax reasons. Most national sport federations incl. football (as ECV is not KNVB) do not have (full) control in this field.

In sport disciplines like tennis, cycling, equestrian sport and darts, it is the organisers of the event which sell the rights, not the federations.

The collective sale of broadcasting rights is considered positive as it allows small clubs and less popular matches to be included too, thus maintaining pluriformity. It is also practical.

Another collective arrangement in the field of sport and media is the so-called framework agreement: on behalf of the sport federations, NOC*NSF negotiated media attention for sport with the national broadcaster NOS. This resulted in a standard contract that has been adopted by the national sport federations. The contract refers to the number of broadcasting minutes that NOS will spend on a particular sport, and gives federations access to the content

²³⁷ Based on the gross average hourly wage rate (Eurostat)

produced by the NOS (of their sport). The details of each contract dealing with a particular sport are arranged bilaterally between the federation and the NOS. The framework agreement distinguishes A, B and C federations, and applies to A and B federations. The C federations, representing the small sports, do their own negotiations with NOS in case of an event.

Concerning other allocation schemes, it is up to the federations themselves to define how they spend their revenues.

21 Poland

21.1 Economy and demography

GDP at constant prices, bn € (2008)	257.3
Average annual growth rate (2003-2008)	5.4%
GDP per capita, € (2008)	6,749
GDP per capita, PPP, thousand \$ (2008)	16,152
Population, thousands (2009)	38,136
Share of urban population	61%
Share of population in 15-64 age range	71%
Unemployment rate (2008)	7.2%
Public debt (as a % of GDP) (2008)	47.1
Government deficit (as a % of GDP) (2008)	-3.9
Member of the Euro Area	No

Poland extends over an area of 312,679 km². It has a population of 38.1 million, which corresponds to a density of 122 people per km². Approximately 61% of the population lives in an urban area. Poland's per capita GDP was equal to € 6,700 in 2008, a level nearly 69% below the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$ 16,100 in 2008, 42% below the EU-27 average.

Poland's GDP reached € 257.3 bn in 2008, 2.4% of the total EU-27 GDP. Between 2003 and 2008, the country's growth reached 5.4% per year on average, compared with 2% in the Euro Area and 2.2% in the EU as a whole. Domestic demand was the main driver of growth.

As a consequence of the global economic and financial crisis, economic activity decelerated and the public finance situation worsened: after posting GDP growth of 4.9% in 2008, GDP decelerated to 1% in 2009. This was nevertheless a remarkable performance, compared with the average decline of 3.9% recorded in the whole of the EU. Meanwhile, the unemployment rate rose from 7.2% in 2008 to 9.8% in the third quarter of 2010.

In 2008, the government debt in Poland was equivalent to 47.1% of GDP, a level below the EU-27 average. The debt ratio had been falling gradually over the past years, but it rose again in 2008 as the public deficit increased in the wake of the economic downturn and as a result of government measures to support growth. The expected increase in the public debt in the coming years may have an impact on future public spending decisions and could limit the public sector's ability to raise the level of funding of sport.

Poland's currency is the zloty. The exchange rate has fluctuated against the euro in the past years, averaging 3.6 zlotys per euro in 2008 before depreciating to 4.12 zlotys per euro in 2009, and fluctuating around that level in 2010. In the first months of 2011 the zlotys has appreciated again, to less than 4 zlotys per euro. In this report, the exchange rate used is 3.6, the average rate in 2008, the year of most of the data quoted.

21.2 Sport participation

According to the 2009 Eurobarometer survey, 25% of the population practices sport at least once a week. This rate is among the ten lowest sport participation rates in the European

Union. In 2009, only 4% of the population was member of a sport club, 2% of a fitness club and 1% of another type of club. 87% of the respondents to the Eurobarometer survey said they were not a member of any type of club in 2009.

The table below presents general data on sport participation in Poland, 2008.

Number of sport club members (2008)	50,2917
Growth in membership between 2000 and 2008	+31.2%
Sport club membership rate (2008)	1.3%
Number of clubs (2008)	10,780
Sport participation in the population % (once a week or more) ²³⁸	25%

Note: A person practising sport may be indicated more than once depending upon the number of disciplines practised.

Source: Concise Statistical Yearbook of Poland, 2009

The next table presents the disciplines which reported the highest number of members in 2008. The detailed number of participants per discipline is presented in Appendix 1.

Sport discipline	Members	Sport discipline	Members
Football	237,064	Table Tennis	12,600
Volleyball	25,867	Swimming	11,328
Karate	19,528	Handball	10,532
Athletics (Track & field)	17,049	Sport shooting	10,459
Basketball	13,789	Tennis	8,233

Source: Concise Statistical Yearbook of Poland 2009.

Whereas football (soccer) is the country's most popular sport, with a rich history of international competition, volleyball, track and field, basketball, boxing, ski jumping, fencing, handball, ice hockey and swimming are also popular sport disciplines.

21.3 Allocation of responsibilities for sport policy

The administration in charge of physical culture and sport in Poland is the Ministry of Sport and Tourism. Pursuant to Article 1 of the Regulation of the Council of Ministers of 23 August 2005 which established the Ministry of Sport and Tourism (Dz. U. No. 165, item 1368, as amended), the Ministry has responsibilities in two key areas: tourism and physical culture.

Since 2002, the **Polish Sport Confederation** (Polska Konfederacja Sportu), a state agency, has as its key objective to create suitable conditions for the development of high-level and professional sport.

The policy objectives of achieving European standards of universality and accessibility of sport, and achieving success in sport competitions, require increased expenditures on sport. The goal is to increase the share of local government's budgets allocated to sport from the current level of 1.5%, to 3%. A significant portion of this will come from EU structural funds

²³⁸ Source : Eurobarometer, Sport and Physical Activity, European Commission 2010

targeted to regional development (in the areas of grassroots sport and recreation), and from Poland's participation in EU programmes in education, health and tourism. Spending on sport from the private sector should also grow at least in line with GDP, both from households and from companies.

The local governments' contribution significantly increased in the years to 2007. This reflects the growth in subventions to physical culture and sport, which doubled between 2004 and 2007. They now account for approximately 1.5% of total outlays.

The growing participation of local authorities to the funding of sport reflects the general decentralisation trend observed in the economic field, and the financial disengagement of the central government since the late 1990s. The 1997 administrative reform distinguishes three levels of local administration: the city (gmina), the department (powiat) and the region (województwo). The departments and the regions are in charge of the maintenance and construction of part of the sport infrastructures. These expenditures are financed from taxes on physical persons and companies, but also through subventions from the central government. The departments are in charge of the majority of supplementary sport programs, via the **Association for Physical Culture Development** (Towarzystwo Krzewienia Kultury Fizycznej). They also participate to the sporting education of children and youth by co-financing the intraregional championships as well as the school sport clubs.

The programme "My Sports Field - Orlik 2012"

Poland's 1500th Orlik was opened in Skarżysko Kamienna on November 19th 2010. It is the second Orlik sports field built in this town and the thirty-third in Świętokrzyskie Voivodeship.

On the basis of this programme, the construction of general-access, free of charge sport fields was launched in 2008. Since then, 1504 facilities comprising an artificial grass football pitch and a multi-purpose pitch have been built. These complexes also include lighting, changing rooms and sanitary facilities.

So far, the greatest number of Orlik sports fields have been opened in the Wielkopolskie Voivodeship (177) and in the Kujawsko-Pomorskie Voivodeship (132). In terms of the ratio of Orlik sports fields to the number of municipalities, Zachodniopomorskie, Pomorskie and Zachodniopomorskie Voivodeships top the list (99%, 93% and 92%, respectively).

By the end of this year, the number of completed Orlik sports fields should exceed 1700.

The Ministry of Sport and Tourism not only helps build these facilities, but also takes measures to ensure that their potential is utilized. To this end, the Orlik Tournament for the Cup of Prime Minister Donald Tusk was held in autumn this year on the new sports fields. Almost ten thousand teams including more than a hundred thousand boys and girls participated in the event. It was one of the largest tournaments of this sort in Europe.

Source: Ministry of Sport and Tourism of the Republic of Poland. 19-11-2010

High-level sport, youth sport and sport-for-all benefit from funding from the Sport Ministry. The amount of funding allocated to grassroots sport is, slightly decreasing, however, as the priority is given to high-level sport. Outlays on sport infrastructure significantly increased,

however, which also benefits grassroots sport. There is also the possibility for sport organisations to benefit from public support from other ministries, for example for infrastructure development, or for projects related to culture or health.

21.4 Organisation of the sport movement

The leading non-governmental organisation is the **Polish Olympic Committee** (Polski Komitet Olimpijski). The Polish Olympic Committee is a federation of associations which organises Poland's participation in the Olympic Games. As in many other EU Member States, the sport federations in Poland are autonomous entities which receive government subsidies and whose representatives sit on the Olympic Committee.

Poland has two types of sport federations at the central level: multidisciplinary federations (multi-sport) and the Polish sport federations (covering a single discipline).

21.4.1 Specific Laws on sport

The main laws regarding sport are the following:

The Act on Sport of 25 June 2010 (Dz. U. No. 127, item. 857, as amended)
The Act on Physical Culture of 18 January 1996, modified 29/07/2005
Act on Sport and Physical Culture, 29/07/2002
Act on Physical culture of 18 January 1996 (Journal of Laws of 2007 No. 226, Item 1675 as further amended).
Act of 29 July 2005 on High-Level Sport (Journal of Laws No. 155, Item 1298 as further amended).
Act of 24 April 2003 on Public Benefit and Volunteer Work (Journal of Laws of 2003 No. 96, Item 873 as further amended).
Act of 13 November 2003 on Income of Self-Government Entities (Journal of Laws of 2008 No. 88, Item 539 as further amended).
Act of 29 July 1992 on Games and Mutual Wagering (Journal of Laws of 2004 No. 4, Item 27 as further amended).
Ordinance of the Minister of National Education and Sport of 30 July 2002 on principles for the creating, organizing and functioning sport schools and classes and athletic schools (Journal of Laws No. 126, Item 1078)
Ordinance of the Minister of Sport of 10 July 2006 on subsidies from the Fund for Promotion of Physical culture (Journal of Laws of 2006 No. 134, Item 944 as further amended).
Ordinance of the Minister of Sport of 31 October 2005 on subsidies from the Fund for Sport and Recreation Classes for Pupils (Journal of Laws No. 226, Item 1942).

Ordinance of the Council of Ministers of 8 April 2008 on decisions concerning subsidies from the Budget for investments to be carried out under the My Pitch – Orlik 2012 Program (Journal of Laws of 2008 No. 61, Item 376 as further amended).
Ordinance of the Minister of Sport and Tourism of 6 April 2009 on subsidies from the Budget for actions related to building and refurbishing sport centres and sport promotion (Journal of Laws No. 56, Item 463 as further amended).
Act on Betting and Gambling of Nov 19, 2009 (Ustawa z dnia 19 listopada 2009 o grach hasardowych) published in the OJ 201, point 1540.
Act of 2009 on Safety during Mass Events: prohibits the sale and drinking of alcohol on sport compounds
Regulations concerning subsidies form self-government units:
1. The Constitution of the Republic of Poland of 1997 – general regulations - Art. 68 Clause 5 – Public authorities shall promote sport education especially among children and youngsters.
2. Act of 8 March 1990 on Community self-Government (Journal of Laws No. 16, Item 95 as further amended)
3. Act of 5 June 1998 on Poviats Self-Government (Journal of Laws No. 91, Item 578 as further amended)
4. Act of 5 June 1998 on Voivodship Self-Government (Journal of Laws No. 91, Item 576 as further amended).

Matters associated with physical culture are also regulated by the general Laws which cover all areas of public life. The most frequently invoked acts are the Mass Events Safety Act, the Association Law, the Commercial Companies Code, the Civil Code and Laws regulating financial activity in sport.

21.4.2 Allocation of revenue from gambling services to sport

Private operators are authorized to operate in Poland subject to certain rules and conditions. Besides the national lottery, only a few casinos are authorized in Poland and the number of gaming machines in each casino is limited. They are also subject to the levy which finances sport and culture.

In Poland, part of the revenue from lottery games goes to a special national fund – the **Fund for the Promotion of Physical Culture and Sport**. Totalizator Sportowy has a legal obligation to pay 25% of the price of a given bet (number games) and 10% of the price of a scratching, SMS or other²³⁹ to two funds: the first is the above mentioned **Fund for the Promotion of Physical Culture and Sport** (managed by the Ministry of Sport), and the second is for Culture (managed by the Ministry of Culture and Heritage National). The first Fund receives 80% of the revenue from the levy, and the other fund receives the remaining 20%.

In accordance with the Ordinance of the Minister of Sport of 10 July 2006 on subsidies from the Fund for Promotion of Physical Education and Sport (Journal of Laws of 2006 No. 134, Item 944 as further amended), 70% of the revenue is allocated to the modernisation and refurbishment of, and investments in, sport centres. This funding to sport organisations is allocated by contracts offered by the Ministry of Physical culture and Sport following annual

²³⁹ In other words, if a ticket "totolotto" costs 10 zł, Totalizator will keep just 7.50 zł.

calls for tender. For example, in 2007, 51 % of the general income of the Olimpiady Specjalne Polska organisation came from the Fund for the Promotion of Physical Education and Sport. The remaining 30% is allocated to sport promotion among children and young people, and to sport promotion among the disabled. The distribution criteria include the rankings achieved in national competitions, and an assessment of competitor performance.

In 2007, the total revenue of the Fund for the Promotion of Physical Culture and Sport was € 140 million. In 2008, the revenue increased to € 170.8 million, before falling to € 145.7 million in 2009.

In 2009, a new Act on Gaming was introduced to reorganise and restructure the gambling market in Poland (i.e. stricter rules for the provision of gaming, mutual betting and casinos). The new Act came into force on 1 January 2010. The most significant changes are to:

1. Restrict gaming to casinos;
2. Introduce strict new six-year state concessions for casinos. The concessions are only available in districts with a population of up to 650,000 and only one concession per district will be permitted;
3. Restrict casinos to operating 70 individual gaming tables and machines;
4. Remove slot machines from clubs, arcades, shops, cafes and service stations;
5. Impose higher gambling taxes as well as gaming fees;
6. Prohibit the playing of poker for money except at formally approved poker tournaments; and,
7. Impose additional restrictions on the advertising of games of chance.

Forfeit lottery, forfeit bingo games, and promotional lotteries may be operated by natural persons, legal persons or entities without legal personality subject to a concession. The net revenue from the forfeit lottery and forfeit bingo games must be entirely allocated to socially useful purposes such as charitable objectives.

Also according to the **Act on Gambling of 19 November 2009**, the Acceptance of bets is allowed only in those locations duly authorized to sell such services. The entrance to these locations is forbidden to those less than 18 years of age.

Companies organizing sport bets must obtain an authorization to operate, and are required to obtain the permission of the national organiser of the competition or sport event in order to organise bets on that competition. There is no regulated (i.e. set) fee for the property right.

21.4.3 Laws with an indirect impact on grassroots sport

A special tax is levied on the advertising of products containing alcohol. Part of the revenue from this tax is allocated to physical education and sport. In fact, leisure sport for schoolchildren and college students was partly financed with the revenue from 10% of the special tax applied to advertising of products containing alcohol (€2.9 million in 2008, € 2.8 million in 2009).

According to amendments made to the **Income Tax Act** (1993, amendments 2003), deductions of up to 10% are available on donations made by legal persons (organisations, foundations etc.) for "public good purposes" (i.e. sports clubs). In the case of private persons / individuals, a ceiling of 6% of income has been introduced.

Another incentive to promote sport participation is mentioned in Annex 2 of the **Act on Goods and Services Tax** (1993) and the **Act on Toll Tax**, according to which the sale of services connected with recreation, culture and sport is exempt from tax.

Although sport sponsorship and sport betting advertising are specifically exempted under the main legislation, a ban on on-line betting operators through ISP blocks and the prohibition of sponsorship and advertising by e-betting companies is expected in the new draft provisions. This would impact the funding of high-level sport –mainly football. The impact on the revenue available for grassroots sport, however, depends on the level of solidarity between high-level and grassroots sport.

With respect to sponsorship, the Wall Street Journal recently reported that sponsorships from on-line betting companies to sport are worth an estimated annual PLN 50 million (€ 15 million). This includes Unibet's € 3.2 million title sponsorship of 1 Liga, the second league of Polish football, as well as Bet-At-Home's and BetClick's € 2.4 million shirt-sponsorship deals with leading football clubs Wisla Krakow and Lech Poznan.

21.5 Resources allocated to sport

21.5.1 Financial resources going into sport

The main source of sport funding in Poland is the private sector, mainly through household expenditures. In 2007, more than half (51.8%) of the total budget of the sport system came from private contributions, of which 40.7% from households. In comparison, the share of the public sector amounted to 48.2%.

Within the public sector, the central government's contribution represents roughly a third of the total revenue allocated to sport²⁴⁰. This amount includes € 140 million from the Fund for the Promotion of Physical Culture and Sport, i.e. 76% of the budget of the Ministry in charge of sport. Local authorities contributed 15.9% of the total sport revenue in 2007. This was used to promote sport participation and fund sport infrastructures and facilities.

Concerning the average expense per capita, the public contribution in 2007 was € 7.4, whereas the average household expenditure amounted to € 7.9 per capita.

As indicated in the table below, most of the revenue from private sources comes from households. They purchase equipment and sportswear, pay membership fees, sport lessons and participate to sport camps. Their expenditures on sport are three times the level of revenue from sponsorship. Yet, one observes a rising trend in revenue from sponsorship since 2000, thanks to a five-fold increase in the average value of contracts. Many of these are associated to high-level and professional sport, however. Between 2006 and 2007, the revenue from sponsorship increased by 20%. About 60% of total sport sponsorship contracts in Poland are focused on three disciplines (out of 79): football, men's volleyball and ski jump.

²⁴⁰ Excluding the payment of the wages of sport teachers in the education system.

Compared with 2006, there has been a threefold increase in the value of contracts related to Formula 1 events. The media exposure accounts for the largest share of revenue from sport sponsorship; hence the bulk of the funding from this source goes to professional or elite sport, not to grassroots sport.

Revenue from (2007):	Million €	Share of total	€ per capita
General government	280.0	48.2	7.3
of which:			
- Central government	187.4	32.2	4.9
- Ministry in charge of sport	184.1	31.7	4.8
- Other governmental entities (departments, agencies...)	3.3	0.6	0.1
- Local authorities	92.6	15.9	2.4
Private stakeholders	301.4	51.8	7.9
of which:			
- Household's expenditures on sport	236.5	40.7	6.2
- Companies (sponsoring, donations, others,...)	64.9	11.2	1.7
Total revenue	581.4	100.0	15.3

Sources: *Source: Central statistical office of Poland 1.10.2007 – 30.09.2008;
Eurostrategies & Amnyos, from national sources and surveys

In 2008, the Sport Ministry's budget was allocated as follows:

	Million Zloty 2008	Million Euros 2008
Federations (*)	22.9	6.4
Clubs and sport organisations		
High level sport	195.5	54.3
Facilities, infrastructures	37.1	10.3
Events organisation (**)	79.4	22.1
Other	7.2	2.0
Total	367.6	102.1

Notes:

*= grassroots sport financing

** financing of the Euro 2012 competition

Source: Ministry of Sport and Tourism.

Only 30% of the public funding of sport comes directly from the state budget. As indicated earlier, the remaining 70% comes from the special fund devoted to physical culture and sport called Fundusz Rozwoju Kultury Fizycznej, which collects funds from the lotteries (see above). The funds from this source are wholly devoted to investments in sport and to the maintenance of school sport.

21.5.2 Estimated contribution of voluntary work

According to a study from Klon/Jawor Association and the Central Statistical Office of Poland, "Volunteer work, philanthropy and 1%: A report on the 2007 surveys", there were 474,000

people working as volunteers in 2007, in all areas. This represents about 13.2 % of adult Poles After 2005 (23.2%) and 2006 (21.9), there was a significant drop in the number of volunteers. According to the voluntary work ranking for 2007, sport-related activity ranked 4th after charity work, religious movements and education work. Approximately 1.6% of all adult Poles worked as volunteers in sport (i.e. 42,000). The number of hours worked by volunteers was less than 50 hours per month on average for 61.2% of them, and more than 50 hours per month for 19.8% of them. About one third of the volunteers are permanent volunteers.

Based on this information and on data from the EC Volunteering study, the number of full time equivalents in sport retained here is 3,105 – for a total number of hours of close to 5.6 million. This corresponds to a monetized equivalent contribution of € 17.8 million.

21.6 Solidarity systems in favour of grassroots sport

Financial resources obtained from professional sport are distributed to grassroots sport through a non-regulated, self-governed, system, based on agreements between the Polish sport federations and the clubs. There are solidarity mechanisms between professional and amateur sport within disciplines.

In appendix, we present the principles of cooperation between a professional league and a relevant Polish sport association, on the example of the Polish Volleyball Association and a Professional Volleyball League, a joint stock company.

21.7 Sources and references

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21.8 Appendices

21.8.1 Appendix 1: Sport participation by discipline

SECTIONS AND PERSONS PRACTISING SPORTS IN SPORTS CLUBS As of 31 XII

Wyszczególnienie	Sekcje Sections	Ćwiczący ^a Persons practising sports ^a	Specification
OGÓŁEM 2000	7915	383271	TOTAL
2006	10600	500594	
2008	10780	502917	
w tym dziedziny i dyscypliny sportowe ^b :			of which sports fields and disciplines ^b :
Piłka nożna	4021	237064	Football
Piłka siatkowa	754	25867	Volleyball
Karate ^c	264	19528	Karate ^c
Lekkoatletyka	374	17049	Athletics
Koszykówka	331	13789	Basketball
Tenis stołowy	522	12600	Table tennis
Pływanie	177	11328	Swimming
Piłka ręczna	192	10532	Handball
Strzelectwo sportowe ^c	182	10459	Sport shooting ^c
Tenis	168	8233	Tennis
Zeglarstwo ^c	184	8040	Sailing ^c
Szachy	237	6966	Chess
Sport lotniczy ^c	157	6456	Air sport ^c
Piłka nożna halowa (futsal)	212	6175	Indoor football
Judo	84	6014	Judo
Jeździectwo ^c	320	5194	Equestrian sport ^c
Karate tradycyjne ^c	72	4953	Traditional karate ^c
Sport motorowy	118	4261	Motorsport
Taniec sportowy	58	3780	Dancesport
Narciarstwo ^c	106	3725	Skiing ^c
Taekwon-do ITF	62	3608	Taekwon-do ITF
Alpinizm ^c	75	3449	Mountaineering ^c
Kulturystyka	59	3251	Body-building
Boks	85	3145	Boxing
Kajakarstwo ^c	82	3005	Canoeing ^c
Zapasy w stylu wolnym	50	2481	Free style wrestling
Brydż sportowy	114	2351	Bridge

^a Osoba ćwicząca może być wykazana wielokrotnie, jeśli uprawia więcej niż jedną dyscyplinę sportu. ^b Uszeregowane malejąco według liczby ćwiczących. ^c Dziedzina sportu (obejmuje kilka pokrewnych dyscyplin sportu).

Uwaga. Od 2002 r. dane podaje się na podstawie badania cyklicznego przeprowadzanego co dwa lata.

^a A person practising sports may be indicated more than once depending upon the number of disciplines practised. ^b Listed according to the number of persons practising a given discipline. ^c A sports field (consists of a number of related sports disciplines).

Note. Since 2002 data are presented on the basis of periodic surveys conducted every two years.

21.8.2 Appendix 2: Solidarity between the high-level and grassroots sport: the case of the Volleyball league

The Professional Volleyball League S.A. is a company governed by commercial law, which means that it functions according to the requirements laid down in the Commercial Companies Code. The company was established on 30 June 2000. The shareholders are 10 men's volleyball clubs participating in professional league competitions (currently, PlusLiga) and the Polish Volleyball Federation (Polish abbreviation: PZPS). All shares are non-preference (ordinary) shares. According to the Professional Volleyball League Statutes, the club whose team drops out of the League has to sell its shares to the club which enters the League.

The distribution of income from professional sport leagues: Profesjonalna Liga Siatkówki S.A. [Professional Volleyball League].

As the contract stipulates, after each season, PLPS SA transfers 5% of its sales income from title sponsorship rights, television broadcasting rights and advertising rights concerning PlusLiga matches to PZPS.

Under a club contract with clubs participating in matches, PLPS SA sells the aforementioned rights outside, on the basis of which clubs receive 50% of sales income from the rights. The contract stipulates the allocation of income to specific clubs. The amount of money for a club depends on its position in the final ranking and is paid out after the close of each season, by the end of July. The remaining income from the aforementioned rights is at the disposal of the company. It is used to cover the costs of organizing matches (match organisation, trainings, conferences, press publishing houses, technical supervisors etc.) and executing sponsorship contracts (labels, advertising boards, television patrician walls etc.).

In accordance with the Code of Commercial Companies, the General Meeting of Shareholders which takes place after closing each financial year decides upon the level of company profits (and profits are generated).

The decision on how to spend the money transferred to the Polish sport associations and clubs is taken by the Management Boards of the different sport associations.

The operational rules of professional and grassroots sport in Poland are based on cooperation between Polski Związek Piłki Siatkowej.

[Polish Volleyball Association] and Profesjonalna Liga Siatkówki S.A. [Professional Volleyball Association].

The use of audiovisual rights is regulated by sport contracts concluded between the media and the sport associations. The revenue associated with these rights may also be used to promote grassroots sport.

21.9 Appendices

21.9.1 Appendix 1: Sport participation by discipline

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Appendix 2: The allocation of revenue between high-level and grassroots sport: the example of the Volleyball league

The Professional Volleyball League S.A. is a company governed by commercial law, which means that it functions according to the requirements laid down in the Commercial Companies Code. The company was established on 30 June 2000. The shareholders are 10 men's volleyball clubs participating in professional league competitions (currently, PlusLiga) and the Polish Volleyball Federation (Polish abbreviation: PZPS). All shares are non-preference (ordinary) shares. According to the Professional Volleyball League Statutes, the club whose team drops out of the League has to sell its shares to the club which enters the League.

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[Polish Volleyball Association] and Profesjonalna Liga Siatkówki S.A. [Professional Volleyball Association].

The use of audiovisual rights is regulated by sport contracts concluded between the media and the sport associations. The revenue associated with these rights may also be used to promote grassroots sport.

22 Portugal

22.1 Economy and demography

GDP at constant prices, bn € (2008)	131.8
Average annual growth rate (2003-2008)	1.1%
GDP per capita, € (2008)	12,417
GDP per capita, PPP, thousand \$ (2008)	20,512
Population, thousands (2009)	10,627
Share of urban population	55%
Share of population in 15-64 age range	68%
Unemployment rate (2008)	7.8%
Public debt (as a % of GDP) (2008)	66.4
Government deficit (as a % of GDP) (2008)	-2.6
Member of the Euro Area	Yes

Portugal extends over an area of 92,072 km², and has a population of 10.6 million, which corresponds to a density of 116 people per km². Approximately 55% of the population lives in an urban area. Portugal's per capita GDP was equal to € 12,400 in 2008, 43% below the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$ 20,500 in 2008, 27% below the EU-27 average.

Portugal's GDP reached € 131.8 bn in 2008, 1.2% of the total EU-27 GDP. Between 2003 and 2008, the country's growth was 1.1% per year, compared with an average annual growth rate of 2% in the Euro Area and 2.2% in the EU as a whole. Domestic demand was the main driver of growth.

During the global economic and financial crisis, the Portuguese economic situation deteriorated significantly: after the null growth recorded in 2008, GDP is estimated to have contracted by 3% in 2009. As a result, the unemployment rate rose significantly, from 7.8% in 2008 to 9.2% in the third quarter 2009.

In 2008, the government debt in Portugal was equivalent to 66.4% of GDP, a level above the EU-27 average. The public debt to GDP has recently increased and should continue its upward trend in the coming years as a result of the economic slowdown. The necessary correction of the government deficit and the required reduction of the debt burden will severely weigh on future public spending decisions. It is likely to limit the government's ability to raise public expenditures on sport.

Portugal adopted the euro the year of its inception, in 1999.

22.2 Sport participation

According to the 2009 Eurobarometer survey²⁴¹, 33% of the population practices sport at least once a week. This rate is below the EU average of 40%. In 2009, 8% of the population reported

²⁴¹ Source : Eurobarometer, Sport and Physical Activity, European Commission 2010

being a member of a sport club, 7% of a fitness club and 3% of another type of club. 82% of the respondents to the Eurobarometer survey said they were not member of a club in 2009.

The promotion of the practice of sport or physical exercise is not a public policy priority in Portugal. Other themes take precedence. The most relevant Government actions in the field of sport are investments in sport infrastructures, in cooperation with the local authorities and with the help of European funds, as well as the support of the Olympic team and of high-level athletes in their preparation for international competitions.

As in other EU Member States, the federated sport sector is increasingly challenged by commercial sport offers. There is a need for sport clubs to adapt their offer to better respond to the needs of potential practitioners, and to diversify their revenue sources in order to reduce their reliance on public funding.

Sport club membership in 2008 (1)	491 795
Sport club membership growth between 2000 and 2008 (1)	52%
Sport club membership rate in 2008 (1)	4.7%
Number of clubs (2)	12 162
Share of the population which practices sport at least once a week (in %) (3)	33%

(1) Source: Confederação Portuguesa das Colectividades de Cultura Recreio e Desporto

(2) Source: the sport federations, quoted by IDP

(3) Source: EU Barometer, Sport and Physical Activity, European Commission 2010

The table below shows the disciplines with the highest number of members in 2008.

Sport	Members	Sport	Members
Football	131,835	Golf	13,408
Handball	26,295	Track and Field	12,105
Basketball	19,246	Tennis	12,024
Volleyball	18,166	Judo	11,042
Pigeon breeding	17,783	Roller Skating	10,209

Source: Confederação Portuguesa das Colectividades de Cultura Recreio e Desporto

Football is the most practiced discipline, with five times more members than handball, the next most popular discipline.

22.3 Allocation of responsibilities for sport policy

Portugal is a central state with two autonomous regions: Madeira and the Açores islands. Although the sport sector is an autonomous activity, the sport federations and sport clubs heavily rely on public funding.

The government institution in charge of sport is the State Secretariat for Youth and Sport, linked to the Prime-Minister. The State Secretariat is responsible for the subsidization of sport-for-all, high-level sport, the building and administration of sport facilities and the activities of the federations. It also allocates a specific budget to the Olympic Committee for

the organisation of the Portuguese athletes' participation to the Olympic Games. The government also supports grassroots sport via the school system, by providing the financial means to develop sport facilities within schools, and by promoting the practice of sport within the education system.

Local authorities support local sport activities and the construction and maintenance of sport infrastructures and facilities.

The central and local authorities work closely with sport stakeholders in football, track and field, handball, basketball, volleyball, and motor sports in order to organise special events to develop tourism. However, with this focus on large events and professional sport, the allocation of public funds does not match the needs of grassroots clubs. The **Sport Institute of Portugal** (Instituto do Desporto de Portugal, IDP) reports that only 2% of the global state funding of sport, and 2.6% of the funding by the Ministry in charge of sport, are effectively allocated to grassroots sport.

The stakeholders contributing to the funding of grassroots sport are:

- The local authorities, for the funding of local sport clubs;
- The European Union, the national government and the local authorities, for the financing of infrastructures and sport facilities;
- The national government, through programmes to develop sport-for-all;
- The professional clubs, which receive revenue from various sources, including television rights; media rights are managed by the Professional League, which supports the practice of grassroots sport;
- High-level clubs managed by the Olympic Committee and the federations;
- The (grassroots) club members, through the payment of membership fees and the purchase of services (sport lessons, etc.).

22.4 Organisation of the sport movement

The Portuguese Olympic Committee is a pillar of the sport system in Portugal. By giving visibility to high-level sport disciplines and athletes, it contributes to a higher diffusion of sport practices at the grassroots level.

The Instituto do Desporto de Portugal (IDP) is the organisation in charge of sport which receives part of the revenue from the levy on the lotteries, betting and gambling operators. IDP is a key source of funding for the sport federations.

Many Portuguese clubs are multisport clubs. Their funding model has been the same for three decades. There have nevertheless been changes in the relative contributions of the different revenue sources, as follows:

- The central government' contribution has risen with its access to EU funds for infrastructure development, and as a result of the (nominal)²⁴² growth in revenue from games of chance distributed to the federations via the central government accounts;

²⁴² In real terms, i.e. deflated for inflation, the revenue from lotteries, betting and gambling has rather stagnated, and even decreased in several years (source: Diário da República, II Série N° 50 of March 11, 2005, pages 4004-(2) to 4004-(14).

- The local governments' contribution has also increased, both for grassroots sport and for high-level sport, notably through the funding of sport facilities; the sport movement, however, fears that the economic crisis will curb this trend, negatively impacting future investments;
- Other sources of finance such as revenue from tourism (linked to large sport events) go to the sport event organisers, who can if they wish, distribute part of it to grassroots sport.

Given its high reliance on public sector funding, the Portuguese sport funding model is presently facing major challenges because of the country's high level of public indebtedness.

22.5 Legal framework

22.5.1 Specific Laws on sport

The Constitution of the Portuguese Republic makes an explicit reference to sport. Article 79 of the Constitution guarantees the right to physical education and sport to all citizens, and gives the State the responsibility to promote, stimulate, orient and support the practice of sport as well as the diffusion of physical culture and sport in cooperation with schools, associations and local authorities.

Three global Laws on sport were adopted during the past two decades, successively replacing one another. Since 2007, the legal framework for sport is defined by the **General Law on Sport** (Lei de Bases da Actividade Fisica e do Desporto n.º 5/2007, of January 16, 2007, or LBAFD) which identifies the main stakeholders involved in sport. This Law replaces the previous Law on sport (Lei de Base do Desporto n.º 30/2004 of July 21, 2004) which itself replaced Law 1/90 of January 13, 1990²⁴³, and the modifications thereto (Law n.º 19/1995). LBAFD covers a wide range of issues, such as outlining the principles upon which state support to sport is to be organised, defining the role of the different stakeholders in sport, setting the criteria for sport organisations to benefit from a sport public utility status, regulating competitions, defining the schemes for the public financing of sport and the fiscal framework applying to sport organisations.

Law n.º 273/2009, of October 1, 2009²⁴⁴ states that in order to qualify for public funding, the sport federations must be recognized as having a sport public utility objective ("Utilidade pública desportiva – or UPD"). Provided that their public service orientation is established, the sport federations can contract with the public authorities, receive public funding and benefit from a specific fiscal regime as presented in the next section.

The sport public utility status is not automatically granted. In fact, in the past, some federations have lost this status. This was for example the case of the weight-lifting federation in 2002, and more recently of the sailing federation. The public utility status of the Portuguese football federation has also been temporarily suspended.

To benefit from the sport public utility status, sport organisations must respect a number of criteria related to their mission (the development and generalisation of sport practice), their

²⁴³ "Lei de Bases do Sistema Desportivo (LBSD)" n.º 1/90, of January 13, 1990.

²⁴⁴ Decreto-Lei n.º 391/2007 of December 13, modifies Decreto-Lei n.º 460/77 of November 7, 1977 which approved the status of public utility association, introducing mechanisms which simplify the declaration and approval procedures to benefit from this status.

governance, their management and voting procedures, and insure the transparency of accounts.

22.5.2 Allocation of revenue from gambling services to sport

Gambling in Portugal is a state monopoly. The monopoly operator, **Santa Casa da Misericórdia de Lisboa** (SCML) is a centenary public institution. The revenue from the lottery goes to the state budget and is used in part to finance the federations, based on legally defined allocation keys detailed below.

The allocation of the revenue from the lottery (SCML) is defined by **Law n° 56/2006 of March 15, 2006**. This modifies the previous laws, in particular Law n.º 317/2002, of December 27, 2002 and Law n.º 84/85, of March 28, 1985 which established rules relating to the organisation and exploitation of the sport betting games «Totobola» and «Totoloto». The scope of activities covered by the Law has been progressively extended over the past decades in order to accompany the development of new products, the latest being the Euromillion lottery, and thereby prevent too strong a decline in revenue from existing games, whose revenue was shrinking²⁴⁵.

Law n° 56/2006 defines how the net revenue of the following gaming products is to be distributed:

- *National lottery (Lotaria Nacional);*
- *Instant lottery (Lotaria Instantânea);*
- *Totobola;*
- *Totoloto;*
- *Totogolo;*
- *Loto 2;*
- *Joker;*
- *Euromillion (Euromilhões).*

The net revenue from these lottery products is allocated to the central government' budget and shared across Ministries based on specific (legally defined) allocation keys. The sum of all the shares listed below represents 100% - i.e. covers all the net revenue generated by SCML from its activities.

- 2.8% of the net revenue from these games of chance is allocated to the central government budget.
- The Ministry of Internal Affairs receives the following share of the net revenue from the above games of chance:

²⁴⁵ See the accounts of Santa Casa da Misericórdia de Lisboa.

- 2.8% for civil protection and emergency assistance, including support to voluntary firemen;
- 0.3% for the financing of initiatives related to the prevention of social risks and the fight against crime, especially for vulnerable population groups;
- 0.7% for the funding of security around sport stadiums during events.
- The revenue allocated to the Presidency of the Council of Ministers is as follows:
 - 7.8% of the net revenue of SCML goes to the development of sport activities and sport infrastructure and facilities, to be transferred to the Sport Institute of Portugal (Instituto do Desporto de Portugal – or IDP);
 - 1.5% for the development of activities and infrastructures to be used by young people, to be transferred to the Portuguese Institute for Young People (Instituto Português da Juventude);
 - 0.6% for the promotion and development of football, to be transferred to the Sport Institute of Portugal (IDP).

IDP signs conventions with the federations and the Olympic and Paralympic Portuguese Committee in order to organise competitions and amateur championships (at national and regional levels).

- The revenue allocated to the Ministry of Employment and Social Solidarity is as follows:
 - 13% of the net revenue of SCML is destined to the development of programmes, projects, actions, equipment and services aimed at raising the living standards of the elderly population, helping people with disabilities, providing support to children and young people, to their families and to the community in general, combat domestic violence, help children in risk situations, notably by funding the development and improvement of the networks of equipment and services;
 - 9.3% is destined to the partial funding of expenditures by solidarity organisations acting in the social field;
 - 2.8% is destined to special solidarity institutions acting in this field;
 - 2.5% is allocated to establishments and institutions acting in the field of the prevention of disabilities and the rehabilitation of the disabled;
 - 2.3% is allocated to the fight against poverty and social exclusion;
 - 1.7% is destined to special projects for children in need or at risk, and for disabled children;
 - 1.7% for projects and actions targeted at the elderly population in need;
 - 1.2% funds social services in the areas of social tourism and tourism for senior citizens, including the organisation of their free time and the promotion of cultural and physical activities for seniors;
 - 0.3% is allocated to projects for families and children.

- The Ministry of Health receives 16.6% of the value of net revenues from the exploitation of games of chance, in order to fund actions and programmes defined by the National Health Plan (in the area of Aids, cancer, cardiovascular diseases etc.).
- The revenue allocated to the Ministry of Education is allocated as follows:
 - 1% of the net revenue of SCML is allocated to the support of sport in school, and to the funding of sport infrastructure and facilities in schools;
 - 0.5% is allocated to the funding of special projects destined to students in secondary education which have particular abilities and need financial support to continue their studies.
- The Ministry of Culture receives 2.2% of the net revenue from the exploitation of games of chance, which it allocates to the Fund for Cultural Development.
- The Sport Institute of Madeira receives 0.2% of the net revenue from the exploitation of games of chance to support sport in school and the development of sport infrastructures and facilities in the school system. Similarly, 0.2% of the revenue is allocated to the Regional Sport Fund of the Açores, for the same end-use.
- The Santa Casa da Misericórdia de Lisboa allocates the remaining 28% of the net revenue from the exploitation of games of chance to the development of projects in line with its missions and objectives (i.e. social projects). It sends a quarterly report to all the entities benefiting from the funds, detailing the revenues received.

In 2009, the Santa Casa de Misericordia de Lisboa posted a total turnover of € 1,377 million, of which € 717.1 million (52%) was awarded as prize money. About one third of the turnover constituted the net result distributed for good causes. Sport received 8.4% via IDP, plus 1.9% going to Madeira and the Açores Islands and to the school system, and 0.7% for security around sport stadiums during events.

The European State Lotteries and Toto Association (EL) reports a total revenue from levies on lotteries and gambling to good causes of € 561.9 million in 2009, up from € 556.4 million in 2008. In 2007, however, the revenue generated was higher than in both 2008 and 2009, at € 585.2 million. Of these amounts, 10.3% went to sport, i.e. € 57,1 million in 2008 and € 57,9 million in 2009.

The central government' budget, and the social and sport budgets in particular, thus heavily depend on the revenue generated from this state monopoly.

The monopoly of SCML is, however, increasingly challenged by on-line betting practices which, although not legally authorized, continue to develop. Indeed, there is no mechanism allowing to control effectively (i.e. prevent) on-line betting or to stop the activities of unauthorized operators on the territory of Portugal, given that the Law does not apply to suppliers of games not established in Portugal. Even after the ECJ ruling of September 8, 2009 which confirmed the monopoly of the Santa Casa da Misericordia²⁴⁶, illegal betting operators continue to sell

²⁴⁶ According to the ECJ, Member States are entitled to consider that the fact that an operator, such as Bwin, offers services through the Internet in another Member State where it is located and where it is in principle already subject to legal conditions and controls by the competent authorities of that State, cannot be considered a sufficient guarantee of national consumer protection against the risks of fraud and crime, given the likely difficulties for the authorities of the Member States of establishment to assess the quality and integrity of online operators. In addition, due to a lack of direct contact between the consumer and the operator, gambling accessible via the Internet may carry risks of different nature and greater importance in comparison with traditional

products in Portugal and to advertise their services by posting their logo on the sportswear of major clubs, or advertising during sport events, without being sanctioned by the competent authorities. Although the effect of this on the revenue from SCML is impossible to quantify, a downward trend in revenue received from the state lottery operator has been observed in the past years, which reduces the funding of sport from this source²⁴⁷.

The sport federations, which receive the revenue from the lottery operations via IDP, freely define which share of the public sector revenue that they receive from this source they allocate to grassroots sport. There is no regulated allocation key. Generally, the federations support regional associations of clubs which in turn fund the smaller clubs' activities. As indicated earlier, grassroots clubs complain that they receive very little central financial support²⁴⁸.

There is no consistent data available on the overall budgets of *grassroots* sport organisations, or on the amount of revenue from gambling services specifically allocated to *grassroots* sport. With respect to sport in general, an internal IDP study estimates that about half of the sport federations' funding comes from IDP. Some federations depend almost exclusively on state financing.

In addition to the regulated allocation of the revenue from the lottery, a special regime is applicable to other types of games such as casinos and bingos. In fact, the national betting market is partially open to private operators: casinos (which are private companies) are regulated by **Law n°422/98**. There is no automatic, regulated, transfer to sport from casino revenues. Bingos are regulated by **Law n.º 314/95 of November 24, 1995** and the Resolution of the Council of Ministers n.º 17/96, of February 26. In total, 13 of the 16 clubs that exploit bingo are professional football clubs. This activity is subject to a 45% compulsory levy on bingo revenue, which goes to the government accounts.

Finally, there are small lotteries operating temporary games in Portugal, authorized on a case by case basis by the Ministry of Internal Affairs. However, these do not generate significant amounts of revenue²⁴⁹.

The government departments define the general allocation of the revenue from national lotteries to the sport organisations. The revenues are split across the different national federations according to criteria defined by the government. There is no specific percentage of regulations to grassroots sports. The allocation of funds between grassroots and high-level sport is defined by each individual federation according to its strategy²⁵⁰.

markets with regard to possible fraud committed by operators against consumers. Moreover, one cannot rule out the possibility of match-fixing and fraud. Therefore, the ECJ considers that, given the peculiar characteristics related to the provision of gambling via the Internet, the market restriction at issue is justified by the objective of fight against fraud and crime.

²⁴⁷ Diário da Republica, II Série N°50 of March 11, 2005 and accounts of SCML.

²⁴⁸ IDP answer to the questionnaire sent by Eurostrategies.

²⁴⁹ Association of Charity Lotteries in the European Union, Charity Lotteries in the EU Member States, report on Portugal (2010).

²⁵⁰ Source: NOC response to Eurostrategies' request.

22.5.3 Laws with an indirect impact on grassroots sport²⁵¹

There are fiscal incentives for donations to not-for-profit associations with a public utility status.

Law 151/99 of September 14, 1999 specifies the regulatory and fiscal regime applying to legal bodies with recognized public utility status (“pessoas colectivas de utilidade pública”). Some of the exemptions were updated at a later date. For example, Article 50.º, n.º 4 of Law n.º 60-A/2005, of December 30, 2005, which approved the State Budget for 2006, modified certain dispositions of Law n.º 151/99. More recently, Law n.º 108/2008, of June 26, 2008 republished the most important regulatory measures defining the fiscal regime applicable to legal bodies by organizing them in a logical way in order to facilitate their application.

Organisations recognized as “sport public utility” benefit from the following exemptions:

- *Seal tax (imposto do selo):* Law n.º 287/2003, of November 12, 2003, republishes, in annex and in its entirety, the Code of Seal Tax and the applicable tax rates;
- *Municipal taxes on the purchase of buildings to be used for these organisations' activities* (Law n.º 287/2003, of November 12, 2003);
- *Tax on inheritances and donations applying on the transmission of buildings used for the organisation's statutory mission;*
- *Local authorities' taxes on urban buildings used for the organisation's statutory missions;*
- *Taxes on the revenue of collective (legal) bodies as recognized per the respective codes;*
- *Taxes on vehicles, circulation tax and automotive taxes:* Law n.º 22-A/2007, of June 29, 2007 reforms the automotive taxation scheme. Chapter VI of the Tax Code related to automotive vehicles (Annex I), and Article 5.º of the tax code related to the single taxation (Annex II) define the fiscal exemptions applicable to legal bodies of public utility. Law n.º 143/78, of June 12 was revoked starting January 1, 2008.
- *Legal costs.*

Some Laws concern alcohol or tobacco:

- Law n.º 37/2007 of August 14, 2007 prohibits smoking and the sale of tobacco in sport facilities;
- Law n.º 9/2002 of January 24, 2002 restricts the sale and consumption of alcohol;
- The Resolution of the Council of Ministers nº 166/2000, of November 29, 2000 prohibits the sponsoring of all types of sport activities, as well as cultural and recreational activities aimed at young people under the age of 18 by producers of alcoholic beverages. This also applies to the sponsoring of national teams.

There are also fiscal incentives for:

- Sport practitioners: sport equipment, sport activities and sport events are taxed at the reduced VAT rate of 5% (Law nº 102/2008 of June 20, 2008); the National Olympic

²⁵¹ Chapter of Fiscal Exemptions applying to sport organisations, Instituto do Desporto de Portugal, <http://www.idesporto.pt/legislacao.aspx?id=9&idMenu=10>

Committee reports that all clubs, without exception, are subject to VAT on their normal activities;

- Donations: as per Patronage statute Law nº 108/2008, individuals can deduct a maximum of € 100 on donations to sport organisations, and companies can deduct 120% of fiscal values over the 100% donation to a sport club. There is a limit on the company's turnover.

Note finally the Decree nº 7187/2003 of March 21, 2003, which relates to the public funding of the construction, renovation, extension, modification or conservation and maintenance of urban equipment and infrastructures for collective use, including sport equipment and facilities.

22.6 Resources allocated to sport

22.6.1 Financial resources going into sport

In Portugal, the share of revenue allocated by private stakeholders to the funding of the sport system is less than the revenue coming from public sources. Because participation rates are low and household incomes have not grown rapidly in the past years, many local clubs are facing economic difficulties.

At the public sector level, local governments are the main contributors. They account for 39.9% of the total budget allocated to the sport system. The national government's support to sport is primarily focused on high-level sport and competitions. This is also true at local level, where the local authorities seem to prefer subsidizing high-level competitions and professional clubs than grassroots clubs²⁵².

Altogether, 60 sport federations receive financial support from the state, for five missions: development of the sport practice; high-level sport; international events; technical assistance; and, training²⁵³. In 2009, the revenue allocated to the financial support of administrative structures, the organisation of national non-professional competitions, the support to clubs and associations, to the support of projects aimed at youth sport and the organisation of international competitions was € 41.9 million. This figure has, however, been very volatile in the past years: in 2000, the total public funding was € 37 million. It decreased in subsequent years to reach a low of € 33 million in 2004, before rising again to € 35 million in 2005 and € 40 million in 2006.

In addition to the above, there is also public sector funding of training centres for high-level athletes. Some 13 centres were funded to date, for a total cost of € 50.3 million. Finally, approximately € 1.2 million was allocated to the improvement of infrastructures that are the propriety of clubs. In total, the revenue reported to have been allocated to sport from the central government budget in 2007 was € 82.4 million.

²⁵² According to IDP's responses to the questionnaire sent by Eurostrategies, this is the case in particular in football, where clubs that should be grassroots have incentives to pay "amateur" players that are not real professionals, or foreign players who didn't succeeded in the first league and went to the third division (in football).

²⁵³ The revenue is allocated annually by the government through individual protocols with each Federation. These protocols take into account: regular activities, high-level competitions, equipments and infra-structures. The grassroots allocation comes out from the 'Regular Activities'. The amounts are delivered according to action-plans presented by clubs or regional associations.

Many sport federations' survival depends on this public subsidy, and on the tax exemptions that go with the sport public utility status. Some did not resist after losing their public utility status: this was the case of the federation for weight-lifting (Federação de halterofilismo) which lost its status in 2002. Others, such as the sailing foundation which lost its public utility status more recently, are nearly bankrupt. There are other cases, however, such as the Portuguese Football Federation²⁵⁴ (FPF) which has other financing means (donations, membership fees, ticketing, participation in large competitions), hence which depends less on the public sector funding. Even so, the FPF had received € 4,1 million in 2009, compared with a funding of € 3.9 million for the Portuguese Track & Field Federation (Federação Portuguesa de Atletismo). Among the other federations which receive most revenue are the handball federation (with € 3.05 million in 2009), the volleyball federation (€ 2.6 million) and the canoing federation, which received € 468,000 following the excellent performances of its athletes in international competitions.

In the table below, the revenue from the lottery (SCML) is reported within the budget from the Central government: indeed, IDP, which distributes the revenue from the lottery to sport, is a public institution which is part of the indirect state administration, with administrative and financial autonomy and own capital²⁵⁵.

Revenue from (2007):	Million €	Share of total	€ per capita
General government	493.1	50.9	46.5
Of which:			
- Central government	106.0	10.9	10.0
- Ministry in charge of sport / IDP	82.4	8.5	7.8
- Other governmental entities (departments, agencies...)	23.6	2.4	2.2
- Local authorities	387.1	39.9	36.5
Private stakeholders	476.4	49.1	44.9
Of which:			
- Household's expenditures on sport	429.0	44.2	40.5
- Companies (sponsoring, donations, others,...)	47.4	4.9	4.5
Total revenue	969.5	100.0	91.5

Sources: Eurostrategies & Amnyos, from national sources and surveys

22.6.2 Estimated contribution of voluntary work

The number of volunteers working in the area of sport is believed to be equivalent to that in other not-for-profit activities. In 2005, there were an estimated 15 volunteers per club, working a total of 187 hours per year. This leads to an estimated 185,000 volunteers in grassroots sport, working a total of 34.6 million hours of voluntary work. This is equivalent to 16,622 full time equivalents, and a monetized contribution of approximately € 154.4 million. This is one third of the value of household expenditures on sport.

²⁵⁴ The Sport Public Utility certification of the Portuguese Football Federation was suspended through Decree n° 7294/2010 of April 12, 2010, automatically suspending most contracts-programmes with the government (except those explicitly mentioned in the Decree). In the Autumn of 2010, the other contract-programmes were also suspended in view of the FPF's failure to comply with the requirements of the Law, notably in terms of the organisation of governance.

²⁵⁵Source: Instituto do Desporto, <http://www.idesporto.pt/conteudo.aspx?id=15&idMenu=2>

In Portugal, there is a legal framework for volunteer contributions. This was originally defined by Law n°. 71/98 of November 3, 1998. This law was modified by Law n°. 389/99 of September 30, 1999, then by Law n°. 176/2005 of October 25, 2005.

22.7 Solidarity systems in favour of grassroots sport

With respect to the solidarity between professional and grassroots sport, the law acknowledges the solidarity principle but there are no public obligations to federations or leagues. The public revenue to sport is defined annually by the government through individual protocols with each federation. These protocols define the regular activities, high-level competitions, equipments and infrastructures. The grassroots allocation comes out of the “regular activities” budget category. The amounts are delivered according to action-plans presented by clubs or regional associations.

With respect to solidarity within the sport movement, the football league for example gives the federation a contractual amount. There are no professional leagues in other sport disciplines, but there are players who are paid to participate to competitions in Handball, Basketball, and Volleyball for instance.

The largest Portuguese sport clubs (Benfica, Sporting and Porto, well-known through football) are multisport clubs. This makes cross-funding easier, and contributes to the financing of grassroots sports from the revenue received from sponsors and media rights.

The redistribution of profits from sport events – including revenue from media rights - is the federation’ and the sport event organiser’s decision.

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23 Romania

23.1 Economy and demography

GDP at constant prices, bn € (2008)	65.8
Average annual growth rate (2003-2008)	6.8%
GDP per capita, € (2008)	3,056
GDP per capita, PPP, thousand \$ (2008)	11,530
Population, thousands (2009)	21,499
Share of urban population	65%
Share of population in 15-64 age range	70%
Unemployment rate (2008)	5.8%
Public debt (as a % of GDP) (2008)	13.6
Government deficit (as a % of GDP) (2008)	-5.4
Member of the Euro Area	No

Romania extends over an area of 237,500 km², and a population of 21.5 million. The population density is 90 inhabitants per km². Approximately 65% of the population lives in an urban area. Romania's per capita GDP was equal to € 3,056 in 2008, 86% below the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$ 11,500 in 2008, 59% below the EU-27 average.

Romania's GDP reached € 65.8 bn in 2008, 0.6% of the total EU-27 GDP. Between 2003 and 2008, the country's economic growth was 6.8% per year on average in Romania, compared with an average annual growth rate of 2% in the Euro Area and 2.2% in the whole European Union. Domestic demand has been the main driver of growth.

As a consequence of the global economic and financial crisis, the economic situation deteriorated significantly: after the 7.4% growth recorded in 2008, GDP is estimated to have decreased by -6.9% in 2009, more than the average decline of 3.9% in the whole of the EU. Meanwhile, the unemployment rate rose from 5.8% in 2008 to 7.3% in the third quarter of 2010.

In March 2009, a € 20 bn multilateral financial assistance was granted to Romania to stabilise the economic activity and dampen the negative effects of the large domestic and external imbalances.

In 2008, the government debt in Romania was equivalent to 13.6% of GDP, well below the EU-27 average. The public debt to GDP ratio has been falling gradually over the past years but increased in 2008 in the wake of the economic downturn. This upward trend should continue in the coming years as a result of high primary deficits and rising interest payments. The necessary correction of the public deficit will have an impact on future public spending decisions and may reduce the government's ability to raise its expenditures on sport.

Romania's currency is the Leu. The exchange rate has fluctuated against the euro in the past years, losing much of its value against the euro since 2007, when the average exchange rate was 3.38 Leus per euro. In the first months of 2011, the Leu/€ exchange rate was 4.27. In this report, the exchange rate used is the average annual exchange rate of the year of the data presented, i.e. 3.92 for 2005.

23.2 Sport participation

According to the 2009 Eurobarometer survey²⁵⁶, sport participation in Romania is low in comparison with the other EU Member States. Only 21% of the population practices sport at least once a week, compared with an EU average of 40%. In 2009, only 2% of the respondents to the Eurobarometer survey reported being a member of a sport club, 3% of a fitness club and less than 1% of another type of club. Yet, only 71% of the respondents to the Eurobarometer survey spontaneously declared not being a member of any type of club in 2009.

A general decrease of sport membership has been observed in the past years as individuals have focused on other aspects of their personal life (increase of financial resources; personal & family welfare ...).

Sport club membership (2005)	212,632
Sport club membership rate (2005)	1.0%
Number of clubs	5,398
Share of the population practising sport at least once a week ²⁵⁷	21%

Source: ROSC, 2009 Eurobarometer survey, Amnyos (2008)

The table below shows the disciplines which report the highest number of members in 2009.

Sport discipline	Members	Sport discipline	Members
Tennis	18,666	Handball	4,679
Football	11,682	Chess	4,587
Basketball	11,368	Martial arts	4,244
Sport dance	5,730	Judo	3,483
Wrestling	5,017	Athletics (track & field)	3,252

Source: ROSC

23.3 Allocation of responsibilities for sport policy

In Romania, sport policy and the financing of the sport system are guided by the State via the **National Authority for Sport and Youth (NASY)**, under the Ministry of Education, Research, Youth and Sport. NASY is the central public administration specifically in charge of physical education and sport. NASY cooperates:

- with ministries and other authorities at central and local administration levels;
- with research institutions and specialised educational and medical units, for the organisation and development of physical education and sport;
- with the National Olympic Committee, on the training and participation of Romanian athletes to the Olympic Games, and in the promotion of Olympic values;
- with other central administrations with competences in the area of sport, in order to support grassroots and high-level sport, increase the effectiveness of supervision and

²⁵⁶ Source : Eurobarometer, Sport and Physical Activity, European Commission 2010

²⁵⁷ Source : Eurobarometer, Sport and Physical Activity, European Commission 2010

control of sport organisations, exert disciplinary authority, support skills development, prevent violence in sport and fight against doping.

The Regional Directorates for sport, including the Bucharest municipal offices, are decentralized agencies of NASY. They collaborate with local government administrations to organise sport activities and promote sport.

The Ministry of Education, Research, Youth and Sport organises physical education activities and promotes the practice of sport in pre-university and university education.

Local authorities are under a legal obligation to support sport. Both central and local public administrations support training, the integration of sport into the education system and accompany top athletes throughout their sport career.

Public sector funding of grassroots sport is important: the maintenance of sport facilities, sport-for-all and high-level sport programmes are priority budget areas. Given the low level of private sector interest in sport (with the exception of football), there is a generally accepted, ongoing, state support. The new trend towards the professionalization of sport has, however, led to a reduced emphasis on grassroots sport and to a reduction in the number of volunteers working for sport clubs. NASY monitors these developments closely in order to maintain a fair balance between the different sport disciplines and to defend the social, health and educational contributions of sport to society.

With respect to local authorities, there is no relevant data available on the allocation of their sport budget between grassroots sport, elite sport and infrastructure & facilities. However, there has been an increase in the local authorities' interest in the development of sport activities in their respective region. Even so, the share of the public sport budget specifically dedicated to *grassroots* sport in 2005 remains small: the share allocated to the Romanian federation of sport-for-all for example only represents 10 % of total public sector funding of sport, and approximately 9% of the local authorities' sport budget.

23.4 Organisation of the sport movement

The Romanian Olympic and Sport Committee (ROSC, a legal entity of public interest, autonomous, not-for-profit, non-government and a-political) is a national interest association operating according to its own statutes, in conformity with the provisions of the Olympic Charter and Law 69/2000.

The national sport federations are organised under the auspices of ROSC. They can be constituted only pursuant to the approval of the National Agency for Sport.²⁵⁸

By Law, sport associations, sport clubs (including those that are commercial entities), county associations and associations belonging to the Municipality of Bucharest, as well as the professional leagues and the national sport federations, are sport structures whose missions are to organise and manage sport activities open to all, promote sport participation among the general population and participate in sport activities and competitions.

²⁵⁸ Organisational aspects of sport in the European Union, A status-report within the scope of the project "Sport in Europe – social, political, organisational, legal transparency in Europe"; German Sport University Cologne; Institute for European sport-development and Leisure studies, September 2008.

23.5 Legal framework

23.5.1 Specific Laws on sport

The **Law on Physical Education and Sport** came into effect on April 28, 2000 (Law n° 69/2000 and decree of application n°884/2001). It was amended on November 4, 2004. Section 69 of the Law regulates the organisation and functioning of national sport and physical education. In the Law, the definition of "physical education and sport" covers all forms of physical activities of an independent nature, as well as the organised participation with a view to expressing, improving the physical and intellectual well-being of the population, and establishing social norms conducive to a good standing in competitions at all levels.²⁵⁹

Art. 17 and 18 of the Law designate the Ministry of Education, Research, Youth and Sport (since 2003, NASY) as the specialised administrative body in charge of coordinating activities in the area of physical education and sport, and define its competences in the sport area.

Art.19 defines the mission of the County Sport Directorates. These are decentralized public services of the Ministry of Education, Research, Youth and Sport with legal personality. Financed from the central government budget, their mission is to cooperate with the local public administrations to organise and promote sport activities. The organisation, missions and objectives and competences of the County Sport Directorates are defined by the Ministry in charge of sport.

Art. 21 to 42 of the Law establish the sport organisations and define their rights.

Art. 67 to 69 set the provisions concerning the funding of sport activities (administration and sources of revenue of the sport organisations).

The **Government Decision n°1474/2007 on Financial Norms to Sport Activity** establishes the categories of expenditures that are relevant for actions and programmes in the area of sport.

23.5.2 Allocation of revenue from gambling services to sport

In Romania, betting and gambling is regulated according to the 1906 **State Lottery Act**²⁶⁰. The state monopoly operator, **Loteria Romana**, was founded in 1906.²⁶¹

The allocation of the revenue from betting and gambling is defined by Government decision 311/2003: according to the legislation in force, Loteria Romana must use 60% of its net profit to finance social housing, sport halls, the construction of sport arenas and other types of sport facilities.

In 2009, Loteria Romana's contribution to (all types of) good causes (not only to sport) was estimated at € 41.1 million²⁶², down from € 80.1 million in 2008 and € 56.6 million in 2007.

²⁵⁹ Organisational aspects of sport in the European Union, A status-report within the scope of the project "Sport in Europe – social, political, organisational, legal transparency in Europe"; German Sport University Cologne ; Institute for European sport-development and Leisure studies , September 2008.

²⁶⁰ A new law is being drafted to regulate online betting and gambling

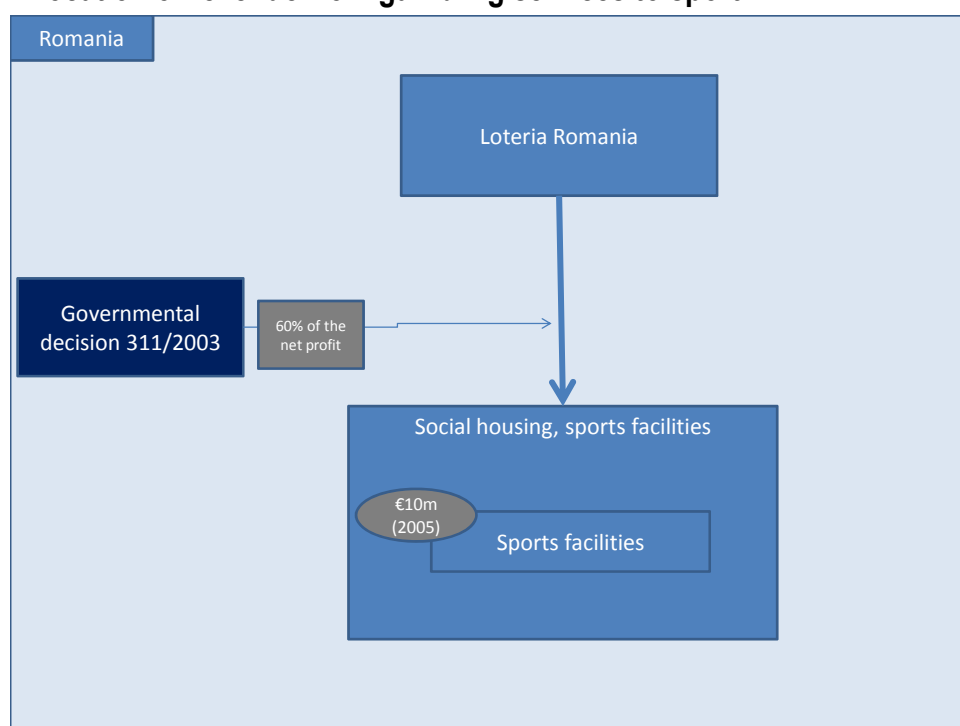
²⁶¹ In 2006, a proposal to privatise the state monopoly operator was rejected by Parliament.

²⁶² Source : The European State Lotteries and Toto Association (The European Lotteries, EL). Data in euros was converted using the first trading day of the following year: given the exchange rate fluctuations of the past years this explains part of variability in revenue in €.

The amount allocated specifically to sport is not known, however. The share allocated to sport is indeed not regulated: by Law, it is stated that there is the possibility for the sport organisations to sign agreements with Loteria Romana. On this basis, the national lottery has funded, “upon request” (through contractual agreements), several sport federations and clubs²⁶³. The European State Lotteries and Toto Association mentions a figure of € 3.5 million in 2006. Although this is probably an underestimate, the figure has been used in the analysis in Volume 1 and in the table below on financial resources allocated to sport in Romania.

In 2008, € 17,000 was also distributed by the lottery operator to sport in the form of sponsorship.

Allocation of revenue from gambling services to sport



23.5.3 Laws with an indirect impact on grassroots sport

A number of regulations define the fiscal regime applicable to sponsorship contracts:

- Decree N°. 36, of January 30, 1998, amending Law no. 32/1994 on sponsorship;
- Law N°. 32, May 19, 1994 on sponsorship (updated until October 22, 2001);
- Law N°. 204 of April 20, 2001, ratifying the Government Decree N°. 36/1998;
- Law N°. 32/1994 on sponsorship.

There are also laws prohibiting the sale and consumption of alcohol and tobacco in sport compounds and during sport events.

The public system sport clubs are not subject to VAT. The private system clubs comprise clubs that are not-for-profit, which do not pay VAT, and commercial clubs which benefit from a VAT exemption provided that their total income does not exceed € 35,000.

²⁶³ Source : response by the ROSC to the questionnaire sent by Eurostrategies within the context of this study.

23.6 Resources allocated to sport

23.6.1 Financial resources going into sport

The data below refers to the year 2005. Selected data points were communicated for subsequent years but it was not possible to provide a complete picture of the funding structure in Romania at a later date than 2005. In that year, the public sector accounted for the bulk of the resources allocated to sport in Romania. The local authorities were the main public contributor, with € 631 million, whereas the central government contributed € 203.1 million.

Annually, a certain budget is allocated to sport through the state budget Law. Part of this is allocated to the Romanian Olympic and Sport Committee (ROSC). The remainder is handed out to the Ministry of Education, Research, Youth and Sport. Through NASY, the Ministry in charge of sport distributes this budget to the sport federations, the county directions, the national sport centers, clubs and other institutions and organisations under its umbrella. Every year, all the federations conclude a contract with NASY stipulating the programmes to be financed in that specific year. Some of the programmes are addressed to children and young people (grassroots). Budget allocation keys are defined every year based on certain criteria, such as sport performance, sport national classification/ranking, number of affiliated members/ legitimated athletes, development programmes in place, rate of practice of the specific sport discipline at national level

With the financial support received from the state budget, ROSC funds a major programme dedicated to juniors which is developed through the National Junior Olympic Preparation Centers (NJOPC). ROSC dedicates 20-30% of the revenue from the state budget to this programme. The programme is carried out on the basis of financing contracts annually set between ROSC and the sport federations²⁶⁴.

ROSC also funds the sport programmes of the member national sport federations. The financing criteria are established annually, considering the main objectives of that year within the Olympic quadrennial. The objectives are set and judged according to ROSC strategy of sustaining and consolidating Romania's sport position at world elite level. ROSC's budget is approved annually by the General Assembly.

The households' contribution is estimated at €341 million. The amount indicated for private companies is an estimate, based on the share of sport sponsorship in GDP in other central European countries, applied to Romanian GDP.

Per capita, the annual public contribution amounted to € 38.8 in 2005, compared with an average per capita expense of households of € 15.9.

²⁶⁴ Source: ROSC.

Revenue from (2005):	Million €	Share of total	€ per capita
General government	834,1	70,5	38,8
of which:			
- Central government	203,1	17,2	9,4
- Ministry in charge of sport	60,3	5,1	2,8
- Other governmental entities	142,8	12,1	6,6
- Local authorities	631,0	53,3	29,3
Private stakeholders	349,2	29,5	16,2
of which:			
- Household's expenditures on sport	341,0	28,8	15,9
- National lottery	3,0	0,3	0,1
- Companies (sponsoring, donations, others,...)	5,2	0,4	0,2
Total revenue	1183,3	100,0	55,0

Sources: Eurostrategies' consortium, from national sources and surveys

23.6.2 Estimated contribution of voluntary work

An estimated 12,750 volunteers are involved in sport, working 5 hours per month on average²⁶⁵. This represents 1,595 Full Time Equivalents (FTE). The monetized value of this contribution is € 4.6 million.

Before 1989, volunteering in sport was frequent. Recently, a “Volunteering in sport” project was launched based on the Voluntary Work Law and the recommendations of the European forum. The project runs at the level of the sport county departments and involves as many volunteers as possible.

23.7 Solidarity systems in favour of grassroots sport

There is no regulated financial mechanism organizing solidarity between professional and grassroots sport. Although the lottery funds the construction of equipment and facilities as part of its good causes' missions, the breakdown of expenditures between high-level and grassroots is not available.

Within the sport movement, solidarity mechanisms exist, between sport disciplines and between high-level and grassroots sport. The ROSC for example organises solidarity across disciplines. The allocation is made on the basis of self-regulation, but there is a legal framework (Public Financial Law and State Financial Law). Within the sport movement, the solidarity principle is enshrined in the statutes and internal regulations of the sport structures. The ROSC, however reports that there is no single, homogeneous system, across federations, and that the actual allocation of revenue is done taking into account “particular cases and necessities”²⁶⁶.

²⁶⁵ The figures were provided by the Ministry in charge of sports, based on the reports of 27 sports county departments and 23 national federations.

²⁶⁶ Response of the ROSC to the questionnaire sent by Eurostrategies within the context of this study.

The International Olympic Committee also provides funding to the Romanian Olympic Committee (ROSC). The ROSC has received approximately \$ 1 million (€ 720 thousand) over the period 2005-08 to contribute to the funding of its 4-year plan. Four key areas benefited from this: the athletes themselves, the coaches, the general operations of ROSC and the promotion of Olympic values. With respect to the funding of grassroots projects, ROSC applied the “talent identification” programme to grassroots athletes, for which it received \$ 80,000 (€ 57,200), and the “technical assistance for young athletes” programme for which it received \$ 85,000 (€ 60,200). ROSC also received financial support for sport-for-all activities, of about \$ 30,000 (€ 41,430).

Yet, the sport federations report examples of solidarity with “new” professional football clubs offering support to others sport disciplines from the “old Mother Clubs” (basket-ball, fencing, etc.)²⁶⁷.

²⁶⁷ Source: replies to the questionnaire sent by Eurostratégies to the Olympic Committee.

24 Slovakia

24.1 Economy and demography

GDP at constant prices, bn € (2008)	35.7
Average annual growth rate (2003-2008)	7.4%
GDP per capita, € (2008)	6,610
GDP per capita, PPP, thousand \$ (2008)	20,392
Population, thousands (2009)	5,412
Share of urban population	56%
Share of population in 15-64 age range	73%
Unemployment rate (2008)	9.6%
Public debt (as a % of GDP) (2008)	27.6
Government deficit (as a % of GDP) (2008)	-2.2
Member of the Euro Area	Yes

Slovakia extends over an area of 48,845 km² and has a population of 5.4 million, which corresponds to a density of 110 people per km². Approximately 56% of the population lives in an urban area. Slovakia's per capita GDP was equal to € 6,600 in 2008, nearly 70% below the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$ 20,400 in 2008, 27% lower than the EU-27 average.

Slovakia's GDP reached € 35.7 bn in 2008, which represents 0.3% of the total EU-27 GDP. Between 2003 and 2008, the country's economic growth was much faster than the European average: GDP grew at an average rate of 7.4% per year in Slovakia, compared with an average annual growth rate of 2% in the Euro Area and 2.2% in the EU as a whole. Domestic demand was the main driver of growth.

As a consequence of the global economic and financial crisis, Slovakia's economic situation deteriorated significantly: after the 5.8% growth recorded in 2008, GDP fell by -4.8% in 2009, more than the average decline of -4.2% in the whole of the EU. The unemployment rate rose significantly, from 7.7% in 2008 to 11% in the third quarter of 2010.

In 2008, the government debt in Slovakia was equivalent to 27.6% of GDP, a level below the EU-27 average. The public debt to GDP has been falling over the past years, but the public deficit is now increasing due to the consequences of the economic downturn and the government's expansionary fiscal policy to support the activity. The necessary correction of the government deficit will probably weigh on future public spending decisions, limiting the government's ability to raise its expenditures on sport.

Slovakia adopted the euro in 2009.

24.2 Sport participation

According to the 2009 Eurobarometer survey²⁶⁸, 30% of the population practices sport at least once a week. This is 10 point less than the EU-27 average. In 2009, 9% of the population was member of a sport club, 5% of a fitness club and 5% of another type of club. 79% of the respondents to the Eurobarometer survey declared not being a member of any type of club in 2009.

Sport club membership (2005)	500,000
Trend in sport club membership(2000-2005)	460,000
Sport club membership rate (2005)	60
Number of clubs	9,000
Share of the population which practices sport at least once a week ²⁶⁹	30%

Source: Amnyos (2008)

Slovak citizens practice a variety of sports throughout the year, thanks to climate conditions favourable to the practice of summer as well as winter sports. Among the summer sport disciplines, the most popular are: football, tennis, swimming, cycling, jogging and hiking. The most popular winter sports are: ice-hockey, cross-country and downhill skiing, skating and snowboarding. These summer and winter sport, as well as indoor sports such as basketball, volleyball, tennis and table tennis, are popular at both the high-level and the grassroots level.

Disciplines with the highest number of members (2009)

Sport	Members		Sport	Members
Football	43,394		Indoor football	9,860
Basketball	11,051		Hockey	9,528
Table Tennis	10,907		Handball	7,591
Volleyball	10,268		Grass hockey	6,055
Yoga	10,000		Orienteering	5,319

Source: SPORTLOVAKIA - <http://www.sportlovakia.sk/web/>, January 2010

24.3 Allocation of responsibilities for sport policy

At national level, the administration in charge of sport is the Directorate General for Sport of the Ministry of Education.

The Directorate General for Sport consists of three departments: the Sport Department, the Department of Sport Financing and the Department of Education and International Affairs in Sport. The Sport Department is in charge of sport legislation, cooperation with non-governmental organisations, nation-wide issues in the area of sport-for-all and the support of the national teams. The Department of Sport Financing is responsible for providing grants to sport associations, from the state budget. The Department of Education and International Affairs in Sport focuses on sport education and international cooperation.

²⁶⁸ Source: Eurobarometer Survey, 2010

²⁶⁹ Source : Study on sport financing – French Presidency of European Union

The National Sport Centre is an organisation directly supported by the Ministry of Education which aims to create favourable conditions for the best Slovak athletes in the area of sport, sciences and health care. It provides coaches, referees and sport officials with the up-to-date informations, and administers the sport information system.

Since 2002, in accordance with the Slovak decentralization policy, competences in the fields of sport-for-all, sport facilities, school sport, and partly in the field of training of talented youth, have been progressively transferred to regional and local self-administration: governmental sport institutions have indeed transferred large areas of competences to non-governmental organisations at all levels.

The Ministry of Education of the Slovak Republic finances sport through the National Sport Development Programme, 2001-2010. Five sub-programmes define the broad financing areas:

- 1) School and recreational sport,
- 2) National sport teams and the development of sport,
- 3) Talented youth,
- 4) Sport infrastructure development,
- 5) National sport projects, cross-sectorial activities and support of governmental sport organisations.

Along with the Ministry of Education, the Ministry of Interior and the Ministry of Defense also participate to the financing of the sport system: the Ministry of Interior supports the Centre of State Sport Preparation, while the Ministry of Defense is responsible for the Army Sport Centre.

In the field of high-level sport, the bulk of the funding comes from the state budget. The Ministry of Education allocates grants for national sport projects on the basis of annual calls for projects. Eligible entities are all the sport federations, sport clubs and other national sport bodies.

Grassroots sport activities are mainly financed by the participants themselves, with support from the local authorities and municipalities. The sport representation is funded from the public budget. The Ministry of Education subsidizes the organisations under criteria developed in cooperation with the non-governmental sport sector. These criteria take into account the contribution of sport projects to society. Subsidies concern sport activities for children and youth, national representation, sport development, the identification and training of future talents, project coordination and international cooperation in the field of sport, major sport events and the organisation of competitions. The revenue going from the Ministry of Education to sport is approximately 1 billion kroner annually (approximately € 33 million).

24.4 Organisation of the sport movement

The national sport federations are the most important non-governmental sport organisations nation-wide. Each national federation is responsible for the development of sport and of the selected national teams in its discipline. There is no unique umbrella organisation for all the national federations, but there are several of them. Among the most important are **The Confederation of Slovak Sport Federations**, and **The Association of Technical and Sporting**

Activities of the Slovak Republic. In addition to the national sport federations, a large number of organisations provide services to the sport clubs and to other associations with nation-wide competences. For example, the **Slovak Olympic Committee** supports the participation of the national team at the Olympics and spreads the ideals of the Olympic movement. At regional and local levels, the sport clubs provide sport services and facilities to practice sport in organised and non-organised settings.

The revenues of the non-governmental sport organisations come from membership fees, but also from other activities organised by these organisations. Many disciplines receive revenue from sponsors.

24.5 Legal framework

24.5.1 Specific Laws on sport

Sport is not mentioned in the Slovak Constitution. There are a number of Acts of high importance which clarify the range of responsibilities, rights and duties of governmental bodies, public authorities and NGOs operating in the field of sport, as well as the relationships between these organisations. These are:

- The Integral version of the **Act N°.28/2009 on Physical Education;**
- **Act N°.300/2008 on Sports Organisation and Support;**
- **Act N°.479/2008 on Organizing Public Physical Education Events, Sport Events and Tourist Events;**
- **Act N°.226/1994 on the Use and Protection of Olympic Symbols and the Slovak Olympic Committee.**

Act n° 300/2008 on Sports Organisation and Support is the general law on sport. The law refers to sport organisations as legal entities, and sets the regulatory framework applying to sport clubs' financing, anti-doping, refereeing, IT records and sanctions.

Under Law n° 28/2009 on Physical Education, sport is financed on the national level by:

- The state, amounting to 0.5 % of the volume of its annual budget,
- Profits generated by the proceeds of sport lotteries (amounting to 50 % of the profits),
- sport associations or federations,
- local authorities.

The budget destined for sport is managed by the Ministry of Education. Only 15-20 % of the real needs of the sport clubs are estimated to be financed by the State, the rest is financed by their own commercial activities.

The Law does not determine how the sport budget is redistributed across sport organisations.

The 1992 Act N°92-315 on Public events in Sport, Physical Education and Tourism includes measures against violence in sport. In 1993, Slovakia joined the international activities of the Council of Europe by government decisions concerning the European Sport Charter (no254/93), the European Convention on violence and misbehavior at sport events and in particular football (no255/93) and the European Charter against Doping in Sport (no256/93). In

1994, the Act N°94-226 on the use and protection of the Olympic symbol and the Slovak Olympic Committee was adopted.

In Slovakia there are also many codes applying to sport organisations, for example the Law on associations of citizens, the fiscal regulations, the Law concerning weapons, Legal notices of the Ministry of Education of the Slovak Republic, etc.

In 2008, the National Council of the Slovak Republic adopted Act N°2008-479 on the organisation of sport events, tourism and physical education for the public. The law sets the obligations of organisers of sport events for the public, the special preparation of organisers in accredited institutions, the obligations and prohibitions for participating in events and the responsibilities of the municipalities and of the police.

In 2008, the National Council also adopted the Act N°2008-300 on the organisation and support of sport. This law relates to the support of elite sport and athletes, the development of young talent, the organisation of the representation of Slovakia in international events, the fight against doping (with the position of the Anti-Doping Agency of the Slovak Republic), and legal trials in the field of sport.

24.5.2 Allocation of revenue from gambling services to sport

The national betting market is open to private operators. Only licensed betting operators can operate in the country, and only one license holder is permitted to operate a national state lottery. Currently, this is the joint-stock company Tipos, a joint-stock company owned by the Ministry of Finance. *Tipos* offers number lotteries, instant lotteries and online games and betting. *Tipos* and the Ministry of Finance as the main shareholders can decide the share of the revenues can be donated to these beneficiaries.

Act n° 171/2005 on Games of Chance defines the regulatory framework applying to lotteries and betting, as well as the requirements for obtaining the licence Collection of Laws. Gambling operators do not have to purchase the right to be able to open betting on a given sport event. Supervision and attribution of licences to gaming and betting operators is carried out by the Public Treasury.

The **Law of National Council of Slovak Republic N°93-264** is about the financing of the sport from lotteries. Sport betting is taxed at 5 % of the amount of bets (except for horse racing where the rate stands at 1%). 50 % of the amount thus generated is destined to sport, the rest goes to the general State budget.

Generally speaking, no money goes directly to the sport organisations from the levies on lottery and gambling services operators. All the revenue from the levies on lottery operators go to the government budget, before being re-allocated to sport organisations or to other good causes (such as health, children, culture and other purposes as defined in the law) through the budget of the ministry in charge of each area . The government budget law is approved annually by the National Council²⁷⁰.

Operators are subject to income tax at a single rate of 19 %.

²⁷⁰ Source: Response of the National Olympic Committee to the request by Eurostrategies.

Lottery and gaming companies must dispose of a reserve of € 750,000. Winners are not subject to tax on their winnings.

Gaming and betting operators in sport are VAT exempt.

In 2008, the annual amount of gaming and betting stood at 650 million Slovakian crowns (€ 21,576 million). In 2009, total sales of the lottery operator amounted to € 302 million. Prize money was € 218 million (72% of turnover). The Ministry of Finance received € 29 million through the tax on gambling games, representing 9.6% of total sales. This was allocated to health care, social help, humanitarian help, development, protection and renewal of cultural values, support of art and culture, education, training, sport development, environmental issues and public health protection. Only a part of this revenue was therefore allocated to sport.

The European State Lotteries and Toto Association reports total revenue for good causes from the state lottery of €31.6 million in 2008, and € 29.3 million in 2009. Yet, no information is available on the share of this that was explicitly allocated to sport.

24.5.3 Laws with an indirect impact of the funding of grassroots sport

In terms of taxation, Slovakia offers an original form of support: **Law n° 595/2003 on Income Tax** provides for the possibility for taxpayers (individuals and companies) to donate 2 % of their income tax to associations, among which sport associations.

With respect to the fiscal regime applying to sport clubs, the following applies. Sport clubs mostly function as associations or federations. They may also take the form of a public limited company, but this has no bearing on the tax base, as it is the activity, sport, which is important.

Associations are **exempt from VAT** on all their activities connected to sport, on the basis that the profit is redirected towards sporting activities. If turnover over the last 12 months for all *other* income (namely income unconnected with sporting activities, and also commercial activities, such as ticket sales for sporting events, marketing, player transfers, rentals, sponsoring, advertising and sales of image rights and rebroadcast) exceeds € 49,790.8, then **associations have to register for a licence and a VAT number is attributed to them. They must make a VAT declaration.** Declaration is not required for: members' contributions, the aforementioned 2 % donations, interests on current accounts, etc.

The public subventions to sport federations or sport clubs are not subject to taxation. But any profits from advertising or any other commercial activities of federations or sport clubs are subject of taxation as an income of any other enterprising legal entity.

An auditing of the accounts is required when the contributions from the state or local authorities' exceed €33,195.5 and/or the turnover exceeds € 165,969.5.

There are no exemptions on **social contributions** paid on the clubs' salaried employees. Sports persons and their agents only declare income from their activities taking place on the Slovak territory.

With respect to **sponsoring**, no law defines the “Sponsoring Contract” as such. Article 628 of the Civil Code makes reference to Contracts of Donation. The gift amount may not be included in charges for the donor – sponsor. However, the donation is tax exempt for the beneficiary.

Concerning **advertising**, the Code of Commerce defines the provisions applying to advertising contracts. The advertiser may deduct the amount from its charges up to € 9,958. Anything in excess of this amount is subject to tax. The vendor (namely the association) must declare this income and pay VAT if so required (see 2*). As a result, most contracts are characterized as advertising contracts, since sponsoring brings no fiscal benefit to the sponsor.

Finally, with respect to **intellectual property rights**, under the Copyright Act (618/2003) and the Rebroadcast Act 220/2007, bilateral relations concerning Intellectual Property and broadcast rights are defined by the Broadcast and Rebroadcast Council, which also has a supervisory role.

The value of the rights is defined contractually based on a negotiation between the organiser and the broadcaster; these are « innominate » contracts as no text defines the applicable provisions on these contracts. Sport organisers therefore generate a revenue that may be oriented towards sport, but this is not imposed by any text.

Income from collective rebroadcasts (for example by sport organisations) is distributed according to a key taking into account, for example, the number of matches played by each team and the results.

No law specifically defines the fiscal framework applying to the revenue from these rights. It is treated as any other (commercial) revenue.

24.6 Resources allocated to sport

24.6.1 Financial resources going into sport

The main source of sport funding in Slovakia is the public sector, through the local authorities. Indeed, 72.3% of sport funding comes from public subventions. The bulk of this comes from local authorities. The state also channels the revenue from the national lottery.

There is no rule or law defining the amount allocated to sport from the public budget. The amounts vary from one year to the other. As indicated above, the supreme governmental authority responsible for sport policy is the Directorate General of Sport of the Ministry of Education, Science, Research and Sport (Directorate).

The Directorate registers applications/projects submitted by the sport organisations, among which the national sport federations and National Olympic and Paralympics Committee. After reviewing all requests, the Directorate staff or an “ad hoc” commission submits the selected projects (in accordance with selection criteria) to the Minister of Education, Science, Research and Sport for final approval. The subsidies are primarily intended for: the national representation, gifted youth, sport and physical activities of youth and children, the organisation of significant sport events, elite athletes, rewards for successful athletes, sport infrastructure, education and popularisation in sport and fight against doping. The criteria for calculating the amounts of subsidies allocated take into account primarily: whether the

applicant (e.g. sport federation) represents an Olympic sport or not, team or individual sport, results and achievements, membership (active or passive), quality of national competition (serial competition like a league or unrepeatable tournaments or contests..), number of actively sporting children and young people. Part of the the sport budget is allocated to school sport. The subsidy can be applied for by elementary or secondary schools as well as national sport federations.

The subvention allocated to the recipient (for example, the national sport federation in a given discipline) can be re-distributed on a conventional basis or in accordance with the development strategy approved by the General Assembly of the respective sport federation.

The private sector only accounts for 27.7% of the total national expenditure on sport.

Within the private sector, households account for 13.8% of the total revenue allocated to sport. The companies contribute another 13.8% through sponsoring, donations, etc.

Concerning the average expense per capita, the public contribution was € 32.3 per year in 2005 whereas the average household expenditure was € 6.2 per capita.

Revenue from (2005):	Million €	Share of total	€ per capita
General government	174,2	72,3	32,3
of which:			
- Central government	40,4	16,8	7,5
- Ministry in charge of sport	32,2	13,4	6,0
- Other governmental entities	8,2	3,4	1,5
- Local authorities	133,8	55,6	24,8
Private stakeholders	66,6	27,7	6,2
of which:			
- Household's expenditures on sport	33,3	13,8	6,2
- Companies (sponsoring, donations, others,...)	33,3	13,8	6,2
Total revenue	240,8	100,0	44,6

Sources: Eurostrategies' consortium, from national sources and surveys

24.6.2 Contribution of voluntary work

In Slovakia, an estimated 70,000 volunteers are involved in sport, working 5 hours per month on average. This represents 8,750 full time equivalents. The monetized value of this voluntary work contribution is about € 36.5 million.

24.7 Solidarity systems in favour of grassroots sport

No regulated financial solidarity mechanism was identified in Slovakia.

24.8 Additional information

There are 6 large, non-governmental, umbrella organisations:

1. Slovak Association of Physical Culture:
 - o Confederation of Slovak Sport Federations
 - o Slovak Sport for All Association
 - o Association of Clubs of Slovak Republic
 - o Slovak Football Association
2. Association of Technical and Sport Activities
3. Association of School and University Sport
4. Special Non-governmental Organisations: Special Olympics Slovakia
5. Slovak Olympic Committee
6. Slovak Paralympic Committee

With respect to sport for the disabled, various forms of collaboration exist between handi-sport and sport-for-all organisations under a common umbrella: use of common personnel and facilities, sharing of training spaces, preparation of integrative competitions, etc.

25 Slovenia

25.1 Economy and demography

GDP at constant prices, bn € (2008)	30
Average annual growth rate (2003-2008)	5%
GDP per capita, € (2008)	14,944
GDP per capita, PPP, thousand \$ (2008)	27,243
Population, thousands (2009)	2,032
Share of urban population	48%
Share of population in 15-64 age range	70%
Unemployment rate (2008)	4.4%
Public debt (as a % of GDP) (2008)	22.8
Government deficit (as a % of GDP) (2008)	-0.9
Member of the Euro Area	Yes

Slovenia extends over an area of 20,273km². It has a population of 2 million, which corresponds to a density of 101 people per km². Approximately 56% of the population lives in an urban area. Slovenia's per capita GDP was equal to € 14,900 in 2008, a level nearly 30% below the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$ 27,200 in 2008, about 3% below the EU-27 average.

Slovenia's GDP reached € 30 bn in 2008, 0.3% of the total EU-27 GDP. Between 2003 and 2008, GDP grew at an average rate of 5% per year, compared with an average annual growth rate of 2% in the Euro Area and 2.2% in the EU as a whole. The main driver of Slovenian economic growth was external demand, even though domestic demand has also been solid over the past years.

As a consequence of the global economic and financial crisis, the Slovenian economy and public finance situation deteriorated significantly: after the 3.5% growth recorded in 2008, GDP decreased by -8.4% in 2009, more than the average decline of -4.2% in the whole of the EU. Meanwhile, the unemployment rate rose from 4.4% in 2008 to 7.5% in the third quarter of 2010.

In 2008, the government debt in Slovenia was equivalent to 22.8% of GDP, a level well below the EU-27 average. The public debt to GDP has been falling gradually over the past years but this trend was interrupted in 2009 as a result of the economic downturn and the two stimulus packages adopted by the government to support the activity. In the coming years, the necessary correction of the government deficit will probably weigh on future public spending decisions, limiting the government's ability to raise its expenditures on sport.

Slovenia adopted the euro in 2007.

25.2 Sport participation

According to the 2009 Eurobarometer survey, sport participation in Slovenia is quite high: 52% of the population practices sport at least once a week. This is 12 points more than the EU average. In 2009, 13% of the population was member of a sport club, 5% of a fitness club and 4% of another type of club. 77% of the respondents to the Eurobarometer survey declared not being a member of any type of club in 2009 – compared to an average EU figure of 67%.

Sport club membership (2005)	300,000
Sport club membership evolution (2000-2005)	4.5%
Sport club membership rate (2005)	15.0%
Number of clubs	7,580
Sport participation in the population % (once a week or more)	52%

Source: Eurobarometer survey (2010), Amnyos (2008)

25.3 Allocation of responsibilities for sport policy

Sport policy in Slovenia is the responsibility of the Ministry of Education and Sport. The Ministry's mission is to provide the necessary conditions for the development of sport at national level. In other words, all aspects of sport - from the high-level sport to sport-for-all, including infrastructures and sport facilities, the promotion of sport, sport in schools, training and skills development, and others – are part of the Ministry's scope.

Within the Ministry, the Directorate for Sport is responsible for:

- monitoring and studying sport problems, and assessing the actual situation in sport,
- participating in the preparation of new Laws and regulations,
- preparing the National Programme and undertaking its implementation and evaluation,
- defining standards and principles,
- supporting sport for children and youth, sport for the disabled, leisure sport and high-level sport,
- international cooperation through bilateral and multilateral agreements and conventions and intergovernmental cooperation in sport,
- the organisation of large international sport events,
- giving instructions and advice to public sport institutes, associations, clubs and other organisations,
- the direct implementation of legislation and other regulations, and for the co-financing of investments in sport infrastructure,
- the granting of awards in sport.

The Council of Sport Experts is a consultative body for actions by the institutions in charge of sport at government and non-government level. The missions of the institutions set up by the Government and financed from the state budget are specified in Slovenia's Law on Sport. The Slovenian Sport Office is a semi-public body which was set up jointly by the Ministry of Education and Sport and the OCS-ASF in May 1995. The Sport Office is responsible for gathering all information on sport from the various areas, above all sport for children and young people, and for making this information accessible to all interested parties²⁷¹.

²⁷¹ Organisational aspects of sport in the European Union, A status-report within the scope of the project "Sport in Europe – social, political, organisational, legal transparency in Europe"; German Sport University Cologne ; Institute for European sport-development and Leisure studies , September 2008.

The local authorities have the same mission as the state, namely to provide the general conditions for the development of sport. They have to comply with the Law on Sport (1998) and the National Sport Programme (2000).

25.4 Organisation of the sport movement

There are an estimated 7,580 sport clubs in Slovenia. The umbrella organisation, **the Sports Union of Slovenia**, gathers around 95,000 members. The sport clubs are linked to different sport federations, grouped under OCS-ASF, the umbrella organisation issued of the merger between the Olympic Committee of Slovenia (OCS) and the Association of Sport Federations (ASF) Slovenia in December 1994.

The contribution of the sport movement to the governance of the sport system is important. OCS-ASF is responsible for the implementation of elite and competitive sport programmes concerning, and the support of sport-for-all and local sport through the Local Olympic Offices. It also promotes Olympic values within the country.

There is no information on the financial contribution of the public sector going specifically to grassroots sport, apart from the fact that the government's priority is to invest more in the development of sport infrastructure and equipment. As a result, that the funds allocated to these objectives have increased more than those allocated to the implementation of sport programmes at national and local levels.

Due to its high reliance on public support, the civilian sport movement reacts immediately to the slightest threat of a reduction in public-sector funding, since 80% of the budget of certain sport disciplines is publicly funded.

25.5 Legal framework

25.5.1 Specific Laws on sport

The **Law on Sport** of April 5, 1998 establishes the responsibility for safeguarding the public interest in the area of sport, and regulates the competencies of the different institutions with responsibilities in the area of sport. It also contains certain provisions regarding the governing framework of sport activities. The prerogatives of local bodies are defined by the Self-government Act of 1994. As stated in Article 16, an urban municipal authority must provide sport and recreation areas and facilities on its territory and promote the development of sports and recreation.

The concrete principles governing the safeguarding of the public interest in sport are set forth in the Slovenian National Sport Programme approved by the Slovenian parliament on March 3, 2000. The annual sport programmes implemented at national and local levels integrate these principles²⁷².

Other laws having a direct impact on sport are:

²⁷² Organisational aspects of sport in the European Union, A status-report within the scope of the project "Sport in Europe – social, political, organisational, legal transparency in Europe"; German Sport University Cologne ; Institute for European sport-development and Leisure studies , September 2008.

- The Law on Lotteries;
- The New Gaming Act.

25.5.2 Allocation of revenue from gambling services to sport

The **Law on Lotteries** defines the market operating conditions for lotteries and gambling services operators, and establishes the Sport Foundation which was created in 1997. The national betting market is open to private operators: private lotteries can operate in the country, subject to obtaining a license. Online operators are also allowed to operate.

The allocation of revenue from gambling services is regulated by the **Gaming Act** adopted in 1995 and amended in December 2010. The Gaming Act makes a distinction between classical games and casino games. Classical games, such as lotteries, bingo and betting, may be organised by a joint-stock company that is domiciled in the Republic of Slovenia. The government issues two licenses at the most to organisers of classical games. At the moment, the licensees are Loterija Slovenije (with a market share of around 75%) and Sportna Loterija (around 25% market share). *Loterija Slovenije* is a limited company since 1998. The lottery offers lotto and bingo games, and scratch tickets. Its primary aim is to raise funds for the Foundation for Financing Humanitarian Organisations and Organisations for the Disabled (FIHO) and the Foundation for Financing Sports Organisations (FSO).

Occasional licenses can be issued by the Ministry of Finance once a year to organise a lottery, bingo or raffle. The game has to be arranged in association with a sport competition of a society or non-profit humanitarian organisation. The Office for Gaming Supervision, a body of the Ministry of Finance, was established in 1995 to regulate and supervise the Slovene gaming market²⁷³.

The Gaming Act defines a new model for distributing the revenue generated from lotteries and other gambling services. In the past, 50% of the revenue of **Loterija Slovenije** (the Slovene Lottery) was allocated to the funding of social, humanitarian and sport organisations. Funds were allocated by the Lottery Council based on the type of game. The amounts allocated to sport were up to 20% of the proceeds of the ordinary lottery, and up to 80% of the proceeds of the sport lottery. Sport organisations received approximately 7% of the funds generated from this activity.

The New Gaming Act defines a new allocation system. The allocation key is similar, but two foundations have been established to manage the funds. The first foundation is dedicated to the financing of organisations organizing activities for the disabled and humanitarian organisations. The second foundation finances sport organisations.

The sums collected in this way define the level of the revenue allocated to sport from the central government budget. In other words, all the revenue coming from the general government is that generated by the Sport Foundation.

The Foundation generally finances 4 sport fields which cover different types of activities²⁷⁴:

Sport activities

²⁷³ Source: The European Charity Lotteries Association, Report on Slovenia (2010).

²⁷⁴ www.fundacijazasport.org

1. High-level sport
2. Physical education of children and youth oriented towards high performance and high-level sport
3. General physical education of children and youth, as well as sport activities of students and leisure sport
4. Other sport activities (promotion of leisure activities, sport museum activities)

Construction of sport facilities

- Construction of sport facilities
- Subventions to the construction of sport facilities

Sport research and development

- Purchase of new equipment and technologies to monitor training and progress
- Programs for monitoring training and progress
- Programs for education and skills development in sport
- Scholarships for education and qualification of sport trainers
- Selected scientific and research projects

Publishing in sport

- Specialised books
- Contributions to scientific journals
- Proceedings of scientific congresses and consultations

The most important projects financed by the foundation are²⁷⁵:

- Scholarships for talented athletes,
- Super-standard health insurance of high-level sport athletes,
- The Olympic representation programme and the programmes of other big competition representations,
- A centralised software system, called SPiC.

The Foundation finances about 54 programmes of the national sport federations.

In 2009, total sales of Loterija Slovenije amounted to € 110.3 million, of which € 22.9 million (20%) was donated to FIHO and FSO as concession fees paid to the state. In addition, 40% of total profits (not total sales), is donated to FIHO and 10% to FSO. In 2009, this corresponded to € 29,712 and € 7,428 respectively²⁷⁶.

SPORTNA LOTERIJA is a joint-stock company which offers sports betting and off-line and online scratch tickets. It has a market share of 20-25%. Among its main shareholders are the Slovenian Ski Association, the Slovenian Olympic Committee and the Slovenian Post. All have a share of 20%. The beneficiaries of Sportna Loterija are, as with Loterija Slovenije, the FSO and the FIHO. In 2009, total gaming sales of SPORTNA LOTERIJA amounted to € 73.1 million. By law, the license fees have to be distributed among the two beneficiaries. Due to the growth of the share of sports betting, the FSO received 77 % of this fee (€ 3,999,967) in 2009 and the FIHO the remaining 23% (€ 1,177,343 million). These amounts together represent 7% of the

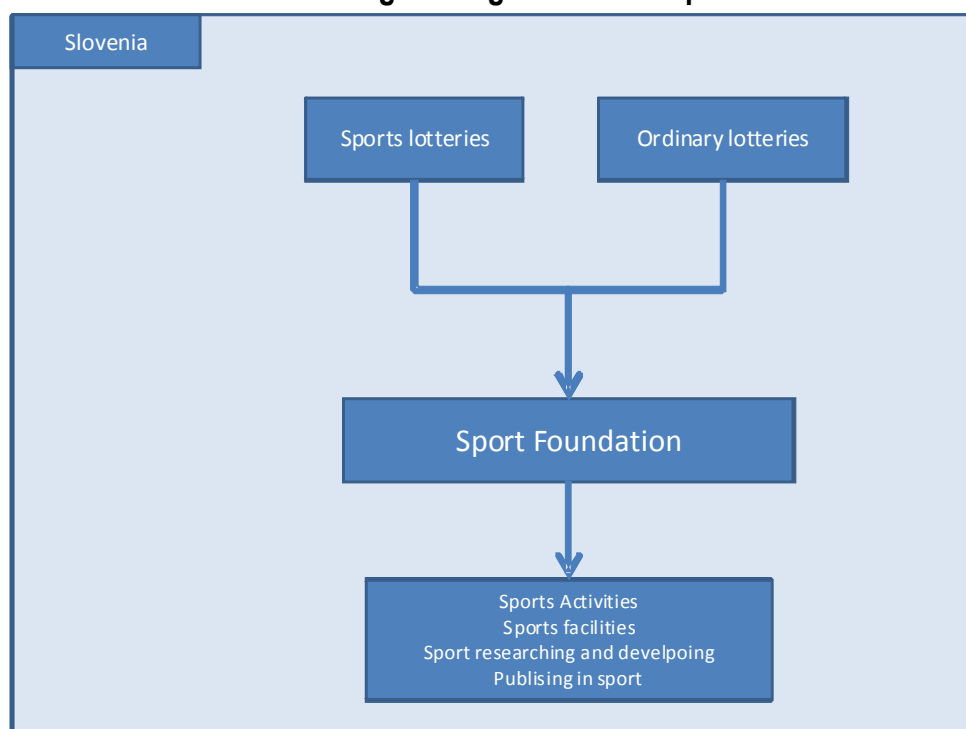
²⁷⁵ www.fundacijazasport.org

²⁷⁶ Source : idem

company's gaming sales in 2009. Prize money constituted 72% of total expenses, followed by 9% for indirect costs, 9% for license fees and taxes (including the abovementioned donations to the beneficiaries) and 6% for operating costs²⁷⁷.

The European State Lotteries and Toto Association reports a total revenue for good causes from state lotteries in Slovenia of € 37.3 million in 2008, and € 36.9 million in 2009. Of this, € 3.8 million is estimated to have been allocated to sport in 2008, and € 8.7 million in 2009.

Allocation of revenue from gambling services to sport



Source: Eurostrategies' consortium

25.5.3 Laws with an indirect impact on grassroots sport

The Slovenian tax legislation indirectly contributes to the funding of sport. Indeed, (commercial) sport related activities are taxed at the lower VAT rate of 8%.

The VAT Act however implements exceptions to the application of VAT, by applying special rules to service providers relating to sport: a reduced rate of 8.5% is applied to admission to sport events or the use of sport facilities, and a VAT exemption is applied on certain activities of public interest related to sport.

No information was found on income tax reductions possibly granted to sports associations. In the absence of such, sports clubs in the form of a company are subject to Corporate Income Tax, the rate of which was 20% in 2010.

A **property tax exemption** is, however, granted to sports clubs or associations on charges for the use of sports buildings.

²⁷⁷ Source : Idem

Under the Personal Income Tax Act, personal allowances are granted to sportsmen with a special deduction of 15% of their income (up to € 25,000). No social tax exemptions are indicated for sports employment contracts.

There is also tax relief on **donations**. A taxpayer may claim a reduction in taxable base for amounts paid both in cash and in kind for sports, for payments made to residents of Slovenia or residents of Member States of the EU or EEA²⁷⁸ (excluding the Principality of Liechtenstein) who are established under special regulations for the performance of such activities and up to an amount equivalent to 0.3% of the taxpayer's taxable revenue in the current tax period.

Regarding sponsoring agreements, no tax deduction is provided for companies.

No specific legislation was identified governing the right image of sports people, or the management of this right by sports clubs. Similarly, no specific legislation regarding the taxation of broadcast rights for specific events was identified. These are subject to application of the general Law on Copyright and related Rights Act 1 of 30 March 1995. Resale is net of tax.

25.6 Resources allocated to sport

25.6.1 Financial resources going into sport

The private sector is the main contributor to the funding of the sport system. Indeed, households and companies (sponsors, etc.) contributed 54.7% of all resources going into sport in 2007. The companies' funding via sponsorships and donations constitutes an important resource to sport system: its share of the total resources allocated to sport is an estimated 39.5%.

The remaining 45.3% came from the general government. The local authorities' contribution was 33.1% of the total sport budget in 2007.

In Slovenia, households contribute only 15.2% in the form of membership fees, expenditures on sport equipment and sportswear, etc...

In terms of funding per capita, the public subvention is an annual € 103.6 on average, whereas the average household expense is € 17.5.

²⁷⁸ European Economic Area.

Revenue from (2007)	Million €	Share of total	€ per capita
General government	104.0	45.3	52.0
of which:			
- Central government	28.0	12.2	14.0
- Ministry in charge of sport	20.0	8.7	10.0
- Other governmental entities	8.0	3.5	4.0
- Local authorities	76.0	33.1	38.0
Private stakeholders	125.8	54.7	62.9
of which:			
- Household's expenditures on sport	35.0	15.2	17.5
- Companies (sponsoring, donations, others,...)	90.8	39.5	45.4
Total revenue	229.8	100	114.9

Sources: Eurostrategies & Amnyos, from national sources and surveys

25.6.2 Estimated contribution of voluntary work

An estimated 106,000 persons are involved in volunteering in sport clubs, working approximately 2 hours per week on average. This represents 80% of the club members and 5,300 full time equivalents (FTE). The monetary value of this voluntary work force can be estimated at € 47.9 million.

25.7 Solidarity systems in favour of grassroots sport

There is no (government-regulated) solidarity mechanism organizing transfers between high-level and grassroots sport. The transfers are self-regulated by federations and associations, for example through the transfer of funds for junior selections and talent development. Media rights are negotiated directly between the different sport federations and the broadcasters.

26 Spain

26.1 Economy and demography

GDP at constant prices, bn € (2008)	804.1
Average annual growth rate (2003-2008)	3.1%
GDP per capita, € (2008)	17,758
GDP per capita, PPP, thousand \$ (2008)	28,482
Population, thousands (2009)	45,828
Share of urban population	77%
Share of population in 15-64 age range	69%
Unemployment rate (2008)	11.4%
Public debt (as a % of GDP) (2008)	39.5
Government deficit (as a % of GDP) (2008)	-3.8
Member of the Euro Area	Yes

Spain extends over an area of 504,750 km². It has a population of 46.1 million people, which corresponds to a density of 91 people per km². Approximately 77% of the population lives in an urban area. Spain's per capita GDP was equal to €17,750 in 2008, a level nearly 18% below the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$ 28 500 in 2008, 2% above the EU-27 average.

Spain's GDP reached € 804.1 bn in 2008, 7.5% of the EU-27 GDP. Between 2003 and 2008, GDP grew at an average rate of 3.1% per year in Spain, nearly 1 point higher than the EU average growth rate. Domestic demand was the main driver of growth.

As a consequence of the global economic and financial crisis, the Spanish economic situation deteriorated significantly in 2009 and 2010. After the 0.9% growth recorded in 2008, GDP is estimated to have decreased by 3.7% in 2009. Unemployment surged, the rate of unemployment rising from 11.4% in 2008 to more than 20% end of 2010.

In 2008, the government debt in Spain was equivalent to 39.5% of GDP, a level below the EU-27 average. The public debt ratio had been falling gradually until 2008, but this trend was reversed after that as budgetary surpluses turned into deficits. This trend will probably continue in the coming years due the economic downturn and the measures adopted to support the economy. Thus, the necessary correction of the government deficit will weigh on future public spending decisions. It is likely to limit the government's ability to raise expenditures on sport.

In 2009, Spain's sovereign debt has been downgraded by credit rating agencies as a result of the rapidly deteriorating public accounts and the severe decline in GDP, making its funding even more difficult.

Spain's currency is the euro.

26.2 Sport participation

In 2009, 39% of the population practiced sport at least once a week²⁷⁹, a figure very close to the EU average (40%). In the Eurobarometer 2009 survey, 9% of the population reported being a member of a sport club, 4% of a fitness club and 4% of another type of club. 82% of the respondents to the Eurobarometer survey said they were not a member of any type of club in 2009.

The sport movement reports a growth in membership by about 3% per annum between 2000 and 2008.

Sport club membership (2008)	3,394,834
Sport club membership trend (2000-2008)	+ 3.0%
Sport club membership rate (2008)	35.9%
Number of clubs (2008)	94 ,11
Share of the population which practices sport at least once a week ²⁸⁰	39%

The table below shows the disciplines with the highest numbers of members in 2008, along with the total growth in membership between 2000 and 2008 (cumulated growth, indicated in parenthesis).

Disciplines with the highest number of members, 2008

Sport	Members	Sport	Members
Football	770,140 (22.7%)	Judo	109,773 (3.2%)
Shooting	406,671 (12.0%)	Tennis	109,389 (3.2%)
Basketball	366,994 (10.8%)	Handball	93,950 (2.8%)
Golf	331,978 (9.8%)	Fishing	81,243 (2.4%)
Mountain and climbing	115,061 (3.4%)	Athletics	77,940 (2.3%)

Source: Consejo Superior de Deportes

The first four largest sport federations account for more than half of all the sport club members. From an administrative point of view, football and basketball are the only two professional sports in Spain²⁸¹. Both are very popular: the Spanish basketball team won the last two Europeans cups and a World cup, and the Spanish football team won the last European cup (2008) and the FIFA World Cup in 2010. Their competitions are televised year-round under a free and pay per view system.

Shooting and golf, which do not have a very high number of members, are two disciplines which require a sport license. Although there are few high-level competitors or regular club members in these disciplines, many people have a license. Hunting has been a classic Spanish activity since ancient times, and golf is a fashionable activity in Spain.

²⁷⁹ Source: Eurobarometer, Sport and Physical Activity, European Commission, 2010

²⁸⁰ Source: Eurobarometer, Sport and Physical Activity, European Commission, 2010

²⁸¹ D.A. 6, Royal Decree 1251/1999.

After golf, the next discipline has much fewer members. Most disciplines report between 80,000 and 110,000 members, a low figure given the size of the country. This is explained by the high variety of sports that are practiced.

26.3 Allocation of responsibilities for sport policy

The allocation of responsibilities for sport policy reflects the institutional organisation of the country.

Spain is formed by 17 autonomous communities (comunidades autónomas) having regional autonomous governments which have specific competencies in the area of sport. Some responsibilities remain at the national level.

At the national level, the main organisation in charge of sport policy is the High Sport Council, known as the CSD (Consejo Superior de Deportes). Its competencies are defined by Law 10/90 on sport, and the Royal Decree 638/2009 of April 17, 2009. CSD's jurisdiction covers the entire territory.

At the autonomous communities' level, the main organisations are the *General Sport Secretary* or the *Main Sport Office*. Their aim is to develop and implement sport policy in their respective region. The Statute of Autonomy is the basic legal document which defines the respective competencies of each autonomous administration.

There are two types of local organisations. The Provincial Delegation²⁸² is the governing entity of the provinces. When an autonomous administration only covers one province, the functions of the Delegation are undertaken by the autonomous government. The Town Council can be the municipal sport governing organisation.

The table below shows the main activities of public administrations in the area of sport. The different administrative levels considered are:

- The High Sport Council, which operates at national level;
- The Autonomous Administrations;
- The Provincial Governments;
- The Town Councils and other local administrations.

	Governing board(s)	Scope	Means
STATE	The High Sport Council Other public organisations involved in sport include: - The anti doping agency - The electoral guarantee board - The sport discipline committee	- High-level sport - Professional sport - Competition sport - International representation - Public sport policy - Cooperation with other public administrations	- Laws and regulations - Subsidies and grants - Own services: anti doping control, high-level sport centres - Sport promotion campaigns - Cooperation with other public administrations

²⁸² Some autonomous communities cover more than one province.

AUTONOMOUS	- The General Sport Secretary or: - The Main Sport Office Other public organisations involved in this field are: - Anti-doping agencies - Electoral guarantee boards - Sport discipline committees	- High-level sport - Competition sport - Scholar and university sport - Sport-for-all - Sport for health - Sport teams - Sport policy - Sport facilities - Cooperation with local public administrations	- Laws and regulations - Subsidies, grants and other economic incentives - Own services: anti-doping control, high-level sport centres, sport facilities and services - Sport promotion campaigns - Organisation of sport competitions, especially school and university sport - Cooperation agreements with local administrations
PROVINCE	- Provincial delegations or: - Sport provincial service (this does not exist in all the provinces)	- Promotion of sport policy in their jurisdiction (elite, amateur, grassroots, sport and health, ...) - Cooperation with local administrations to develop their sport policy	- Grants to local administrations to develop their own sport policy - In some provinces: grants to sport organisations and sport clubs, and funding of the construction and management of provincial sport facilities
LOCAL	Local government by: - Town council with their sport services (except small villages) There are two different ways to manage the sport service: - Directly, with own structures - Indirectly, through contracts with other organisations (clubs, federations, companies, ...)	- Promotion of sport at all levels: from sport in school to the professional level - Direct assistance, through the organisation of sport activities for local citizens, especially in the areas of sport in schools, grassroots and health-enhancing sport.	- Grants to sport organisations, sport clubs and athletes in their jurisdiction - Construction and management of local (public) sport facilities - Organisation and management of sport services for citizens (fitness, sport schools, technical centres ...) - Organisation of sport events at all levels (from the professional level to the grassroots and school level sport)

26.4 Organisation of the sport movement

At national level, the organisations in charge of sport are:

- The Spanish Olympic Committee;
- The Spanish sport federations (64 federations are recognized by CSD);
- The Professional leagues (as indicated above, from a legal point of view there are two professional leagues: the Professional Football League, commonly known as La Liga; and the Professional Basketball League, ACB);
- State club associations (these are only for incipient sport and are not yet recognized by CSD, nor do they have a federation representing them in other circles);
- State promotion sport organisations;
- Sport clubs which participate in national competitions.

The Spanish Olympic Committee's objectives are to promote Olympic sport in Spain and to organise the Spanish delegations for the Olympic events. It does not have delegations in the Autonomous Communities.

At the autonomous communities' (hereafter, regional)²⁸³ level, the organisations involved in sport are:

- The Autonomous sport federations, recognized by the regional government. Usually, to take part in competitions at national level, these federations are integrated in the respective federation at national level. In some cases, they are directly members of the international federation. In most cases, recognition by the Spanish national federation is equivalent to that by the regional government, but some exceptions can be found where the federation is recognized at the regional level but not at the national level. Not all sport clubs have their own federation, and not all sport disciplines are practiced in every region;
- Autonomous associations of clubs: these are only for incipient sport and usually do not have a formal structure; they are not yet recognized as federations by CSD;
- Sport clubs and other structures organizing sport activities, including private (commercial) clubs;
- Sport promotion organisations.

Some clubs are focused on the organisation of competitions, whereas others focus on the practice of sport by their members. This is the case for example of mountaineering and climbing, skiing, gymnastics and cycling. There are also "multisport" clubs within which members can practice different types of sports.

The Spanish sport federations organise competitions and sport events at national level, across regions. The autonomous federations organise competitions and sport events in their respective region. The integration of the autonomous federations in the relevant Spanish federation is not compulsory, but it makes it possible for the clubs that are affiliated to the autonomous federation to participate in the competitions organised by the national federation at national and/or international level. There are a few autonomous federations²⁸⁴ which have achieved direct integration into the respective international federation, without being member of a national federation. This allows them to participate in international competitions even though they are not part of their own Spanish federation.

Although the funding models vary significantly across disciplines and regions, the sport organisations typically receive important amounts of public funding. The central government financially supports the Spanish sport federations, whereas the regional governments support the Autonomous federations. The public funding share of the sport federations' budget can vary between 3%²⁸⁵ and 85%. The federations least reliant on public support are the football and hunting associations, whereas amongst those most reliant on public support one finds weight-lifting. High-level sport is mainly funded at national and provincial levels, through specific programmes such as Plan ADO (Assistance for Olympic Athletes).

²⁸³ Below, the term "regional government" is used for "regional autonomous government", and autonomous communities are referred to as regions.

²⁸⁴ This concerns only a few disciplines from three Autonomous Communities.

²⁸⁵ For example, only 2.95% of the Spanish Football Association comes from public sector funding.

The sport clubs finance their activities through membership fees, sponsorship revenue (mostly true for some sport disciplines and higher levels of competition), and public grants. Normally clubs do not receive direct subventions from the federations: the subsidies that they receive come directly from the Autonomous Communities or municipalities in which they are located. The federations' support takes the form of programme funding, for example training and the organisation of competitions, but only the clubs which participate to these programmes and events benefit from this. All "generic" support mechanisms are linked to local governments' support, not to support from the federations. Finally, although most clubs receive financial support from the public sector, this generally accounts for a limited share of their overall budget: revenue from members constitutes the bulk of their financial resources²⁸⁶.

26.5 Legal framework

26.5.1 Specific Laws on sport

Spain traditionally has a strong public sector intervention culture, and sport is no exception.

There is a **General Law on Sport** (Law 10/1990, of October 15, 1990), as well as a number of laws regulating the organisation, governance and election process of the Spanish sport federations, the autonomous sport federations and the sport clubs. The legislative framework also defines the licensing system, the insurance framework, the conditions for entering into sport competitions, etc.

The main Laws regulating sport at national level are²⁸⁷:

- General Law on Sport: Law 10/1990, of October 15, 1990, which puts sport in the jurisdiction of the State;
- Royal Decree 1835/1991, of December 20, 1991, applying to the Spanish sport federations and the register of sport associations, and Order ECI/3567/2007, of December 4, 2007; these regulate the organisation, governance and election process of the sport federations;
- Royal Decree 1251/1999, of July 19, 1999 applying to the sport clubs (Sociedades Anónimas Deportivas); this regulates their composition, organisation and governance, and the election process;
- Royal Decree 971/2007, of July 13, 2007 applying to high-level and elite athletes;
- Royal Decree 1591/1992 of December 23, 1992 applies to discipline in sport;
- There are also laws applying to health protection and the fight against doping in sport (Law 7/2006); to the fight against violence, racism, xenophobia and intolerance in sport (Law 19/2007), and to general audiovisual communication (Law 7/2010);
- There are also regulations applying to training in sport, as well as resolutions creating an electronic register of sport entities;

²⁸⁶ Source : Andreu Camps i Povill

²⁸⁷ Source: Consejo Superior de Deportes (CSD).

As indicated earlier, there are different administrative levels in Spain, and each level has its own powers and resources. The distribution of competences and responsibilities is complex as some aspects of public policy are more decentralised than in traditional federal states, while others remain of federal competence.

Three types of laws define the competencies of the different administrative levels:

- The Spanish Constitution defines the role of the state; Article 43.3 states that the state must encourage physical education and sport;
- The Basic Autonomous laws and each Statute of Autonomy define the competencies of the Autonomous jurisdictions;
- Sectorial laws apply to different policy areas: these include health, education, environment, construction, social services, youth and sport;
- Local laws define the responsibilities of the municipalities and provinces with respect to sport activities and the management of sport equipment.

The Spanish decentralized model is organised along two types of competencies: some are shared by several administrations, while others are of the exclusive competence of only one administration. As a result, several administrations can regulate the same sector, but only one has intervention capacity. Although there are laws which define the administrative competencies of each jurisdiction in the different areas of public policy, it is not always easy to know who is responsible in practice. The sport sector is directly impacted by this complex institutional situation. The Constitutional Tribunal is often called upon to resolve situations.

Below, we list the references of the sport laws of each autonomous community:

- | | |
|------------------------|--|
| - Andalusia | Law 6/1998 |
| - Aragon | Law 4/1993 |
| - Asturias. | Law 2/1994 |
| - Balearic Islands | Law 14/2006 |
| - Canaries Islands | Law 8/1997 |
| - Cantabria | Law 2/2000 |
| - Castellan and León | Law 2/2003 |
| - Castellan the Mancha | Law 1/1995 |
| - Cataluña | Legislative Decree 1/2000, Law 3/2008, sport occupations |
| - Extremadura | Law 2/1995 |
| - Galicia | Law 11/1997 |
| - Rioja | Law 8/1995 |
| - Madrid | Law 15/1994 |
| - Murcia | Law 2/2000 |
| - Navarre | Law 15/2001 |
| - Pays Vasco | Law 14/1998 |
| - Valencia Community | Law 4/1993, Law 9/2006, Valencia golf fields. |

26.5.2 Allocation of the revenue from gambling services to sport

The regulatory framework for betting and gambling is of the competence of the central government. Various sport betting services can be found:

- Official State betting schemes, including:

- o The soccer lottery (which represents the major part of the revenue from this sector);
 - o The horse-racing lottery (which accounts for a smaller share of the revenue);
 - o Other minor sport betting schemes (with little economic influence).
- Private betting companies, most of which are on-line.

At present, the legal framework on lotteries, betting and gambling services is in the midst of change. To date, there still is a state monopoly on lotteries, but this does not apply to all types of betting and gambling activities. The regions for example have specific competencies in this field: some autonomous communities have specific betting and gambling schemes. Casinos (which are private commercial entities) can also operate subject to having a licence. The sport betting market itself remains a state monopoly, however.

The main sport lottery is the soccer lottery. It is regulated by the Royal Decree 419/1991, 27th of May, 1991, partially altered by Royal Decree 258/1998, Royal Decree 98/2003, and Royal Decree 566/2010. These regulations organise the distribution of the revenue from sport betting:

- 55% of the revenue is prize-money;
- 23.02% goes to the funding of operational expenditures and the football lottery management system;
- 10.98% is allocated to the local administrations;
- 10% goes to the football clubs which participate in the Professional League; this revenue is distributed by the Professional Football League;
- 1% goes to the High Sport Council which earmarks the revenue for grassroots football.

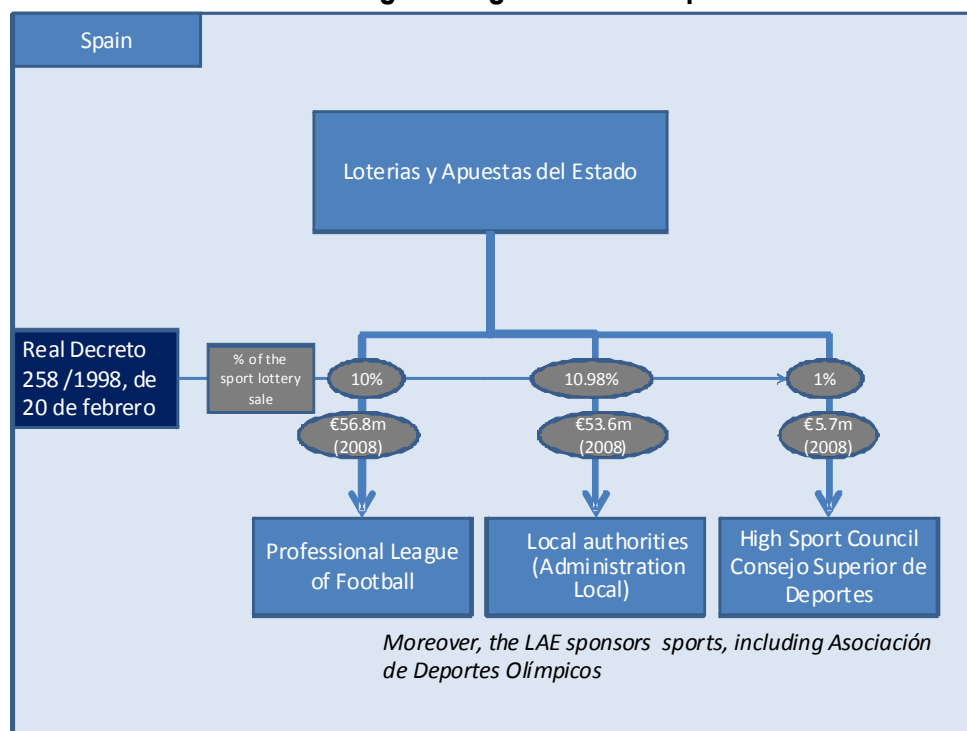
The local administrations, the High Sport Council and the other beneficiaries of the allocation scheme can then decide how they allocate the revenue, in particular between high-level and grassroots sport. The revenue is all channelled via the Ministry's budget (Ministerio de Economía y Hacienda).

The government can adopt additional measures to increase sport financing from sport betting, channelling some of the revenue from the above sources more directly to sport. Two examples can be given:

- First, the sponsorship of the ADO Plan: the state lotteries are one of the most important sponsors of this plan, which was created to prepare Spanish athletes to the Olympic Games. Nowadays, the focus is on the London 2012 Olympic Games. Since 1992, when the ADO Plan was created to prepare the Olympic Games in Atlanta in 1996, the state lotteries collaborated to this plan²⁸⁸. In 2010, the revenue received from this sponsorship was € 3.5 million.
- Second, the CSD supplementary grant to develop certain sport policies. In June 2009, the government gave permission to CSD to increase its initial credit by €1,580,363. This additional revenue came from the state lotteries. The amount was entirely allocated to the Spanish football federation. With this grant, the Spanish football federation developed programmes to develop grassroots football.

²⁸⁸ This revenue is presumably taken from the 23% share of stakes that is allocated to the financing of operating expenditures.

Allocation of revenue from gambling services to sport



Source: Eurostrategies' consortium

For information, the European State Lotteries and Toto Association reports total revenue allocated to good causes from compulsory levies on lotteries, betting and gambling operators in Spain of € 3,761 million in 2008. Of this amount, only € 121.9 million is identified as being channelled to sport, i.e. a little over 3%. As indicated above, however, this revenue is allocated to sport (mainly football) via different channels, including the local authorities and the football league.

In the past, the public sport budget was totally conditioned by the revenue received from sport betting. Nowadays, the situation has changed and the public sport budget only depends on the grant allocations annually defined by the Parliament. The revenue from sport betting accounts for a small share of the total budget allocated by the central government budget to sport. The same holds for the budget allocated by the Autonomous Communities: each regional government defines its budget annually, including the amounts allocated to sport. The revenue received from sport betting is only one source of revenue among others, and is not necessarily (entirely) channelled to sport.

26.5.3 Laws with an indirect impact on grassroots sport

A number of regulations indirectly impact the funding of grassroots sport. These apply to:

- **Alcohol consumption and smoking:** these activities are prohibited in sport facilities; any kind of direct or indirect publicity (for example through sponsorship) is also prohibited;
- **Sport organisations:** sport organisations which are recognized as being of “public utility” are tax exempt. Only the national sport federations, the autonomous federations that are affiliated to a national sport federation and the Spanish Olympic and Paralympic Committee are recognized as having a public utility status. To get this status, the sport clubs have to

make a special request and demonstrate their compliance with a number of rules. Because the public utility status is difficult to obtain, very few clubs appear to benefit from it²⁸⁹.

- The other (i.e. the majority of) sport clubs are not exempt from income taxes, and there is also no exemption on social contributions paid by clubs.
- There **are VAT exemptions**, but these are not specific to sport clubs: the exemption only applies to those organisations which organise *not-for-profit sport* activities. On this basis, the following activities are exempt from tax:
 - The rental of sport equipment for competitions; hence, a swimming pool used for recreational swimming cannot benefit from the exemption;
 - The provision of sport activities: the activity must be direct and physical;
 - Sport events;

The following activities are not exempt from VAT:

- The rental of sport equipment such as rackets, balls, golf clubs etc.;
 - The use of saunas, Jacuzzis, ultra-violet rays, etc.;
 - The sale of food and beverages in the club house;
 - The revenue from the sale of broadcasting rights on sport events;
 - The publication of sport magazines and other publications;
 - Sponsorship contracts;
 - The fees associated to the transfer of players.
- There is also a particular fiscal treatment of certain sport activities, such as sport events (Olympic Games, America's cup, etc.);
 - There are special tax provisions on certain **sport scholarships and grants**: for example, the ADO Plan gives scholarships based on the results achieved. These are free-of-tax for the recipients, up to € 60,000 per year. Several conditions need to be met to benefit from the tax exemption, one of which is to be registered as a high-level athlete on the list published annually by the CSD.
 - **Donations** made by individuals or companies to organisations having a "public utility" status can also benefit from tax exemptions for the donor.

26.6 Resources allocated to sport

26.6.1 Financial resources going into sport

The central government is the main public contributor to the financing of the sport system. The autonomous communities fund their own sport structures, but the revenue from this source is not as important.

The revenue allocated to sport from the central government budget used to be entirely provided by the state sport lottery. Nowadays, the funding model has changed and the funds that are allocated to sport from the public sector come from each administration's budget. The budgetary amounts that are allocated to sport are defined annually.

²⁸⁹ The number of clubs benefiting from this certification appears to be less than 200 for the entire country, based on the information given by the sport movement to the consortium.

The national government's budget is approved annually by the Parliament. This budget includes the figure that is allocated to CSD (the High Sport Council). The Parliaments of the 17 autonomous communities annually approve their own government's budget, which specifies the amounts allocated to their own sport councils. The same is done by the local authorities with their respective budgets.

The sport organisations and sport facilities directly managed by the state or by one of the autonomous administrations generally have low budgets. Their main source of revenue is the contribution from their members, in the form of membership fees or other expenditures (lessons, ticketing, etc.).

Note that Eurostat provides no data on the value of household consumer expenditures on sport. In the table, the figure presented was estimated on the basis of the share of household expenditures on sport in consumer expenditures on recreational and leisure services of Italy and Portugal.

Allocation of revenue to the sport sector (2005)

Revenue from (2005):	Million €	Share of total	€ per capita
General government	720,0	13,3	15,6
of which:			
- Central government	240,0	4,4	5,2
- Ministry in charge of sport	160,0	3,0	3,5
- Other governmental entities	80,0	1,5	1,7
- Local authorities (1)	480,0	8,9	10,4
Private stakeholders	4681,6	86,7	101,6
of which:			
- Household's expenditures on sport (1)	4650,0	86,1	100,9
- Companies (sponsoring, donations, others,...)	31,6	0,6	0,7
Total revenue	5401,6	100	117,2

Sources: Eurostrategies & Amnyos, from national sources and surveys

(1) : Estimated²⁹⁰

Whereas the average household contribution to the local sport clubs varies across clubs and regions, it usually represents approximately half of the clubs' budgets. There are Autonomous Communities, such as Catalonia or Madrid, where private contributions represent up to 80% or 90% of the total revenue, but in other areas, as the Extremadura Province, this is barely 30%.

26.6.2 Estimated contribution of voluntary work

The estimated 95,000 sport clubs benefit from the contribution of approximately 35,000 volunteers, working an average of three hours per week.² This is equivalent to 2,625 full time employees, a monetary contribution of € 34.7 million. This is a relatively low amount,

²⁹⁰ In the table, household expenditures on sport were estimated assuming a share in GDP of 0.5%, a figure which is 20% below that observed in Italy: GDP per capita in Italy is, in fact, 20% higher than in Spain, and the membership rates in both countries are of the same order of magnitude (24% in Italy and 18% in Spain). Also, the revenue from local authorities (Autonomous Communities, provinces, municipalities, etc.) was estimated at twice the amount received from central government directly. These assumptions were considered reasonable by local experts close to the sport movement.

compared with other Member States: indeed, Spain is one of the countries with most paid staff.

The volunteers participate to the organisation of competitions and sport events, and can also be the managers of the sport club.

26.7 Solidarity systems in favour of grassroots sport

There is no regulated solidarity system. Each Spanish Sport Federation has created its own solidarity system, which results in professional sport giving part of their benefits to grassroots sport.

The main mechanisms are as follows:

- In basketball, the rights are collectively negotiated by the league;
- In the case of football, the rights are negotiated individually by the event organisers. The joint negotiation of the rights is under discussion;
- In both basketball and football, an agreement between the League and the Spanish federation sets the annual amount that the former pays to the Spanish federation in order to promote and develop non-professional sport; in the case of basketball, the redistribution system takes account of the sport results of the clubs;
- For others sports, not considered as professional sports in Spain, the main source of revenue is linked to major competitions and sport events. In this case, solidarity mechanisms are limited to the following two options:
 - Fees for training rights, when an athlete is transferred from one club to another;
 - Fees for entering a competition; this fees are high for major competition. For example: the cost of a license is higher for a foreign athlete (non EU) than for an EU-national.

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27 Sweden

27.1 Economy and demography

GDP at constant prices, bn € (2008)	322.3
Average annual growth rate (2003-2008)	2.7%
GDP per capita, € (2008)	35,099
GDP per capita, PPP, thousand \$ (2008)	34,368
Population, thousands (2009)	9,256
Share of urban population	84%
Share of population in 15-64 age range	65%
Unemployment rate (2008)	6.2%
Public debt (as a % of GDP) (2008)	38
Government deficit (as a % of GDP) (2008)	2.5
Member of the Euro Area	Yes

Sweden extends over an area of 449,964 km² and has a population of 9.4 million (2010), which corresponds to a density of 21 people per km². Approximately 84% of the population lives in an urban area. Sweden's per capita GDP was equal to € 35,100 in 2008, 62% above the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached \$ 34,400 in 2008, 23% above the EU-27 average.

Sweden's GDP reached € 322.3 bn in 2008, 3% of the total EU-27 GDP. Between 2003 and 2008, the country's GDP grew at an average rate of 2.7% per year, compared with an average annual growth rate of 2% in the Euro Area and 2.2% in the EU as a whole. Foreign trade was the main driver of growth.

As a consequence of the global economic and financial crisis, the economic situation of Sweden deteriorated significantly: after posting negative growth of -0.8% in 2008, GDP fell by another 5.3 in 2010. The unemployment rate rose from 6.2% in 2008 to 8.3% in the third quarter of 2010.

In 2008, the government debt in Sweden was equivalent to 38% of GDP, a level below the EU-27 average. The public debt to GDP has been falling over the past years thanks to government's commitment to budgetary consolidation, reflected in budgetary surpluses. However, the return of fiscal deficits combined with negative GDP growth reversed the previous trend and the government debt to GDP ratio has risen again. Still, the rise is modest compared with other European countries. This should not weigh significantly on future public spending decisions or on the government's ability to raise its expenses in cultural or sport & leisure activities.

A major problem for Sweden is the demographic change process and emigration-trends. Approximately 80 % of the Swedish population lives on the longitude of Stockholm. For the people in the North it is very difficult to find a job. This situation has implications in the field of sport (e.g. attendance for voluntary work).

Sweden's currency is the Swedish Krone (SKR). In this report, the conversion from SKR to euros has been done at the exchange rate of 9.0235 SKR/€, the average exchange rate in 2007, the year of most of the financial data.

27.2 Sport participation

Sport club membership (2008)	3,000,000
Trend in sport club membership(2000-2005)	9.1%
Sport club' membership rate (2005)	26.6%
Estimated number of clubs	20,000
Share of the population which practices sport at least once a week ²⁹¹	53%

Sport participation is high in Sweden. According to the 2009 Eurobarometer survey, 53% of the population practices sport at least once a week. This is 13 points higher than the EU average. In 2009, 21% of the population declared being a member of a sport club, 21% to be member of a fitness club and 8% of another type of club. Only 51% of the respondents to the 2009 Eurobarometer survey said they were not a member of any type of club in 2009, a figure much lower than the EU average of 67%.

The Swedish Sport Confederation data confirms the results of the Eurobarometer survey²⁹². According to the Swedish Sport Confederation, more than half of the Swedish population between the age of 7 and 70 is a member of a sport club, less than one percent of which can be said to belong to the elite. In addition to the active club members, the Swedish Sport Confederation reports more than 1.1 million passive sport practitioners²⁹³.

Sport participation has grown rapidly since the 1960s. The sport movement has been largely successful in opening up to new trends in sport. However, adult fitness training is now organised to a large extent by private gyms, i.e. outside the traditional sport movement.

The table below shows the disciplines that reported the highest number of active participants aged 7-70 years in 2008.

Sport discipline	Active participants
Football	620,000
Floorball	260,000
Track & field	250,000
Golf	240,000
Gymnastics	205,000
Ice hockey	195,000
Shooting	190,000
Handball	180,000
Equestrian sports	130,000

Source: Swedish Sport Confederation

²⁹¹ Source : Eurobarometer, Sport and Physical Activity, European Commission 2010

²⁹² Source: Sports in Sweden, a report by the Swedish Sports Confederation, January 2002.

²⁹³ http://www.rf.se/ImageVault/Images/id_166/scope_128/ImageVaultHandler.aspx

The Swedish Sport Confederation also provides information about the most popular sport disciplines, as measured by the *number of activities* organised by age group and by discipline²⁹⁴. For example, for children and youth (7-20 years), the number of activities organised per discipline is as follow:

- Football (2.0 Mio)
- Horseback Riding (ca. 600.000)
- Ice Hockey (ca. 400.000)
- Floorball (480.000)
- Tennis (380 000)
- Swimming (350.000)

27.3 Allocation of responsibilities for sport policy

The sport movement is very autonomous. The Swedish government is only involved in budget and policy-making matters.

Sport is included in the « Culture, media and leisure activities » policy under the responsibility of the Ministry of Culture. National sports policy is founded on three key principles²⁹⁵:

- The promotion of public health: the community at large and schools must encourage and provide opportunities for people of all ages to exercise and practice sport;
- A free and independent sports movement must be actively supported; it must be based on voluntary commitment and engage in wide-ranging activities that sustain sound ethics and equal conditions for girls and boys, women and men;
- It must work actively for integration, and foster democratic values;
- Entertainment through elite sport, which to some extent consists of commercial entertainment, also has a valuable part to play by offering recreation and enjoyment.

The Ministry of Culture is responsible for the culture, media and sport policy. **The Ministry of Integration and Gender Equality** is responsible for policymaking in the area of youth and non-governmental organisations. **The Ministry of Finance** is responsible for the tax framework, and for the Swedish lotteries, betting and gambling policy. The objective of Sweden's gambling policy is to achieve a balance between preventing addiction to gambling and taking account of the interest of consumers for a good range of gambling opportunities.²⁹⁶

In 1999, the Swedish Government issued a declaration on sport known as “**Sport Policy for the 21st Century**”. It sets the three pillars of the national sport policy, one of which is the active promotion of public health. The three pillars are²⁹⁷:

- Public health: in social planning, a clear goal of school activities and other contexts should be to encourage and facilitate the participation of children, young people and adults in sport and exercise, with the aim of promoting good public health;
- Sport movement: active support shall be given to a free and independent sport movement, which is based on voluntary efforts, offers a broad spectrum of activities,

²⁹⁴ Further information is available at: <http://www2.rf.se/files/%7B81E1A1D9-F22B-4C63-843E-DD4C31D492E2%7D.pdf>

²⁹⁵ Swedish government website, <http://www.sweden.gov.se/sb/d/7877/a/72017>

²⁹⁶ www.sweden.gov.se

²⁹⁷ Source: Swedish Sports Confederation, “Sports in Sweden”, January 2002.

upholds its ethical standards, offers equal opportunities and actively promotes integration and observes democratic traditions;

- Entertainment: elite sport constitutes a form of commercial entertainment which is valuable as a source of amusement and pleasure but which should be conducted without state subsidies.

Since the late 1990s, the Swedish government has, together with trade and industry, given substantial economic support to high-level sport, especially to Olympic sport²⁹⁸. Sport for children and youth has also been an important priority.

In 2003, the first nation-wide sport-for-all programme was launched with a view to reach more children and young people. It involved an additional funding of € 107.5 million over a period of four years (2004-2007). The first program was called The Handshake (Handslaget). It has since been extended under the new label "Idrottslyftet": in 2007, an additional annual amount of SEK 500 million (almost € 49 million) was allocated to sport over a period of four years, in view of the positive externalities of sport²⁹⁹. The objective of the new plan is to continue to support the development of sport, in particular for children and young people.

At local authorities' level, the 290 municipalities, which are not under a legal obligation to perform a mission in the field of sport, nevertheless contribute to the management and funding of sport facilities, and the provision of financial assistance to local sport clubs.

27.4 Organisation of the sport movement

The right to participate in clubs and societies is guaranteed by the Swedish constitution. This gives everyone the right to found a club or society with a particular aim without outside interference. Sport in Sweden was thus developed at grassroots level by the participants themselves.

The **Swedish Sport Confederation** (*Riksidrottsförbundet*, RF) is the umbrella organisation of the Swedish sport movement, and is the main institution involved in the governance of sport. It is responsible for policymaking, allocating subsidies to the different sectors/disciplines within the sport movement, and the fight against doping.

Through its member organisations, it has three million members in 22 000 clubs. Its responsibilities are to:

- Speak on behalf of the united sport movement in contact with politicians, the government and other institutions/organisations;
- Coordinate the sport movement in fields like research and development, and provide services in areas where these cannot, or do not, want to build up their own competences;
- In certain areas, act in place of the government, for example by distributing governmental grants to sports.

²⁹⁸ Organisational aspects of sport in the European Union, A status-report within the scope of the project "Sport in Europe – social, political, organisational, legal transparency in Europe"; German Sport University Cologne ; Institute for European sport-development and Leisure studies , September 2008.

²⁹⁹ www.sweden.gov.se

The sport clubs are organised into approximately 1,000 regional sport federations which, in turn, constitute the 70 currently existing national sport federations.

Apart from the Swedish Sport Confederation (RF), there is the **Swedish Olympic Committee** (SOC) and the **Federation for Adult Education in Sport**, SISU (Svenska Idrottsrörelsens Studieförbund) which organises the multi-sport training of persons involved in sport. There are also some 7,000 sport clubs attached to companies.

The SOC is a support organisation. It is made up of 36 permanent member federations and 14 recognized federations acknowledged by the IOC. Each federation is responsible for the development of sport in its respective discipline. The SOC can provide support on the initiatives of the federations³⁰⁰.

On May 13, 2009, the Swedish government decided to give CIF (**Centrum för idrottsforskning = Centre for Sport Sciences**) the mission of monitoring the government funding of the Swedish sport. Until then, the follow-up was made by the Swedish Sport Confederation itself. They were their own evaluators, so to say.

27.5 Legal framework

27.5.1 Specific Laws on sport

There is no general Law on sport in Sweden. However, the principles of sport policy outlined in the previous were approved by the Riksdag (Govt. Bill 1998/99:107, Culture Committee report 1999/2000:KrU3, Riksdag Communication 1999/2000:52).

27.5.2 Allocation of revenue from gambling services to sport

The two main laws governing gambling in Sweden are **The Lotteries' Act** (1994) and **The Casinos Act** (1999). The national betting market is not open to private operators, and a permit is required to organise a lottery. Under certain conditions, lotteries can be operated by not-for-profit organisations such as sport clubs. The Gaming Board of Sweden is the regulatory body in charge of awarding licenses and permits for lotteries that are to be arranged in more than one county, and lotteries that make use of remote gambling (for example, via the internet, mobile phones or digital TV)³⁰¹. Permits for other lotteries are issued at the level of the municipality, region or government. All lotteries are obliged to have the object of public benefit as their principal purpose (state treasury or good cause). The Gaming Board supervises compliance with the Law.

Beyond imposing restrictions on private operators “in order to maintain public order and prevent crime and addiction”³⁰², the Lotteries Act aims to direct the surplus funds that accrue from gambling to the general public to the financing of social activities. Although the Swedish lottery monopoly has repeatedly been questioned, notably by the European Commission

³⁰⁰ Organisational aspects of sport in the European Union, A status-report within the scope of the project “Sport in Europe – social, political, organisational, legal transparency in Europe”; German Sport University Cologne ; Institute for European sport-development and Leisure studies , September 2008.

³⁰¹ Source: Association of Charity Lotteries in the European Union, Charity Lotteries in the EU Member States, report on Sweden (2010).

³⁰² Source: Niall O'Connor (2011), “Sweden’s gambling industry and the long road to liberalisation” (Bettingmarket.com)

through its official request for information on national legislation restricting the supply of sport betting services in Sweden, on April 4, 2006, and latter requests³⁰³, no change to the regulatory framework described above have yet been enacted³⁰⁴.

Svenska Spel and **ATG** (the Swedish Horse Racing Totalisator Board) are the only two companies with a license to carry out betting and gambling. Both are major sponsors of the sport movement.

The lottery and betting company (AB Svenska Spel) is state-owned. The Swedish government has issued an exclusive permit to AB Svenska Spel following the merger of the national lottery and the sports betting company into Svenska Spel. The company has a sports betting monopoly, and the monopoly also applies to internet gambling. Svenska Spel's share of the lottery betting and gambling market was approximately 53% in 2009³⁰⁵. In 2009, Svenska Spel reported a turnover of around € 2.2 bn, of which € 510 million, or 23%, was distributed as follows:

- € 133 million to the Swedish Sports Confederation;
- € 18 million to the Swedish National Board for Youth Affairs;
- € 21,000 (from the culture lottery) to culture;
- € 358 million to the state treasury;

Alongside Svenska Spel, a number of charity lotteries have licenses. Among these are **Svenska Postkodlotteriet**, which allocates 22.5% of its net revenue to Swedish charities (€ 44.2 million in 2009, going to organisations such as the WWF or Alzheimer Foundation), **Lottericentralen**, which funds the Red Cross and other humanitarian organisations, and **Folkspel**. The latter is a group of 71 NGOs among which the National Sports Association. Folkspel arranges, among others, the BingoLotto which is very popular and generates a large part of the public benefit organisation's income. Local sport clubs and organisations recruit members to sell tickets for this lottery, and the national sport associations account for approximately 90% of all tickets sold. In 2009, the turnover of Folkspel was around € 105 million, of which approximately € 17 million (16%) went to the NGOs.

In 2008, the total amount allocated to sport in general from the lotteries represented SEK 1.4 bn³⁰⁶ (€145 million), an increase of 40% since 2005³⁰⁷. Note that these figures are higher than those reported by the European State Lotteries and Toto Association, whose coverage of the lottery and betting market does not take into account all operators. The EL quotes total revenue from compulsory levies for good cause of € 471.1 million in 2008, of which € 123.4 million went to sport. This represented 83% of the central government's funding of the sport

³⁰³ In June 2007, the European Commission issued a "reasoned opinion" formally requesting Sweden to amend its gambling laws, after consideration of the reply received to its earlier request.

³⁰⁴ In fact, on July 10, 2010, the European Court of Justice validated the Swedish state monopoly for gaming and betting, ruling that "The Swedish legislation which prohibits the promotion of gambling organised on the internet by private operators in other Member States for profit is consistent with Community Law". The ECJ also ruled that member States have the right to exclude private profit-making interests from the gambling sector, and may restrict the operation of gambling to public or charitable bodies (paragraph 43 et seq of the judgment).

³⁰⁵ Source: Association of Charity Lotteries in the European Union, Charity Lotteries in the EU Member States, report on Sweden (2010).

³⁰⁶ Source: Response of the NOC to the questionnaire sent by Eurostratégies.

³⁰⁷ Another factor explaining the difference may be differences in exchange rates: the EL uses the exchange rate of the first trading day of the following year, whereas Eurostratégies used the average annual exchange rate.

system and 20.7% of the revenue allocated to sport by the general government (central government + local authorities).

Since 2010, the allocation to grassroots sport of the revenue from Svenska Spel has been replaced by a general state subsidy. The Swedish Sport Confederation distributes the funds received for certain objectives, among which sport for children and youth.

27.5.3 Laws with an indirect impact on grassroots sport

The tax legislation provides indirect support to sport, in that there is a general VAT-exemption for not-for-profit organisations, and reduced payroll taxes apply to sport clubs. The Ministry in charge of sport and the sport movement, however, both stress the fact that one of the future challenges for the sport movement will be the ability for clubs to be able to keep the general VAT-exemption for sport clubs. This exemption has been questioned by the Commission via an infringement procedure³⁰⁸.

There are no specific incentives for sponsors. Companies can, however, generally deduct the revenue allocated to the sponsoring of sport clubs as an advertising cost.

27.6 Resources allocated to sport

27.6.1 Financial resources going into sport

Most of the central government's financial support is allocated to the local sport clubs and grassroots' organisations. A small part of the state's budget is dedicated to infrastructure financing. The local authorities are the main financers of public infrastructure and sport facilities: on average, they spend a quarter of their sport budget for the local sport clubs and organisations, and allocate three quarters to the financing of infrastructures. Regions allocate 100% of their sport budget on the NGBs (National Governing Bodies: National federations). The amounts allocated are defined annually based on policy priorities.

Given the independence of the sport movement, the allocation of public funds between the different national sport federations is done by the **Swedish Sport Confederation** (RF = Riksidrottsförbundet). The increased support to sport over the past years has helped to raise the level of support to the federation's which most need it.

The private sector also contributes significant amounts to the funding of the sport system. Average household expenditures on sport are very high, and represent 70.6% of all resources allocated to the sector. Public sector funding only represents 17.3% of the total resources allocated to the sport system, of which 13% comes from the local authorities.

In terms of funding per capita, the public subvention was € 72 per capita in 2007, whereas average household expenditures amount to € 293.8 per capita. The high level of revenue from individuals and households – among which are membership fees – is partly explained by the high membership rate in Sweden.

³⁰⁸ The respondents to the questionnaire sent by Eurostrategies consider that the VAT-Directive is difficult to implement by many member States when it comes to NPOs, including sports clubs.

Allocation of revenue to the sport sector (2007)

Revenue from (2007)	Million €	Share of total	€ per capita
General government	662.2	17.3	72.0
of which:			
- Central government	164.9	4.3	17.9
- Ministry in charge of sport	158.2	4.1	17.2
- Other governmental entities (departments, agencies...)	7.4	0.2	0.8
- Local authorities	497.3	13.0	54.1
Private stakeholders	3167.5	82.7	344.3
of which:			
- Household's expenditures on sport	2702.7	70.6	293.8
- Companies (sponsoring, donations, others,...)	464.9	12.1	50.5
Total revenue	3829.7	100.0	416.3

Sources: Eurostrategies & Amnyos, from national sources and surveys

Concerning the importance of sport in the national economy, Sweden posts one of the highest rates in the European Union. Indeed, the sum of resources allocated to sport represents 1.3 % of GDP.

27.6.2 Estimated contribution of voluntary work

The Swedish sport model could not exist without voluntary work. An estimated 600,000 volunteers are involved in sport, working between 3.9-6.8 hours per week on average³⁰⁹. Assuming 12 hours per month on average, this is equivalent to 58,500 full time employees, or a monetary contribution of € 1,214 million³¹⁰, close to 45% of total household expenditures on sport.

The different economic and social situation between the north and south of the country impacts the level of volunteering in each region. In the north, it is much more difficult for sport clubs to find volunteers and to stabilise the number of club members.

27.7 Solidarity systems in favour of grassroots sport

In Sweden, there are solidarity systems in sport between the high-level and the grassroots level, but they are not regulated by the State. This reflects the sport movement's independence. The Swedish Sport Confederation allocates the revenue across the national sport federations according to own decisions. The Swedish Sport Confederation indicates that most sports have their own mechanisms and these may vary a lot. The revenue is usually allocated in part across sport disciplines, and part to between the local sport clubs according

³⁰⁹ In 2002, the Swedish Sport Confederation already reported that approximately 600,000 Swedes have one or more positions as leaders in the Swedish sport movement. All of these fulfilled their duty without financial compensation. They are found in executive committees at various levels, as trainers, youth leaders, officials, team leaders etc. (Source: Sport in Sweden, Swedish Sport Confederation, January 2002).

³¹⁰ Based on the gross average hourly wage rate (Eurostat).

to the amount of their activity³¹¹. The allocation is not legally defined, but decided by the congress of the Swedish Sports Confederation. There is no specific allocation key, clubs submit projects and get funding once the project is approved for financing.

Sport event organisers do not have an exclusive right to broadcast an event. All clubs, federations and other event organisers are free to decide how to use their incomes. The Swedish Football Association uses incomes from the sale of media rights to maintain low membership fees for their clubs.

³¹¹ Response by the CNO to Eurostrategies' request.

28 United Kingdom

28.1 Economy and demography

GDP at constant prices, bn € (2008)	1,922.5
Average annual growth rate (2003-2008)	2.2%
GDP per capita, € (2008)	31,417
GDP per capita, PPP, thousand \$ (2008)	33,614
Population, thousands (2009)	61,635
Share of urban population	80%
Share of population in 15-64 age range	66%
Unemployment rate (2008)	5.6%
Public debt (as a % of GDP) (2008)	52
Government deficit (as a % of GDP) (2008)	-5.5
Member of the Euro Area	No

The United Kingdom extends over an area 244,820 km². It has a population of 61.6 million, which corresponds to a density of 255 people per km². Approximately 80% of the population lives in an urban area. The UK's GDP per capita was equal to 31,400 Euros in 2008, nearly 45% above the EU-27 average. Measured in purchasing power parity terms, the country's GDP per capita approached 33,600 \$ in 2008, 20% above the EU-27 average.

The UK's GDP reached € 1,922.5 bn in 2008, 17.9% of the total EU-27 GDP. Between 2003 and 2008, the country's economic growth was close to the European average: GDP grew at an average rate of 2.2% per year in United Kingdom, just slightly above the 2% rate recorded in the Euro Area. Private consumption was been the main driver of growth.

As a consequence of the global economic and financial crisis, the economic situation deteriorated significantly: after recording a growth of 0.6% in 2008, GDP decreased by -4.9% in 2009, more than the average EU decline of 4.2%. The unemployment rate was close to 8% at the end of 2010.

In 2008, the government debt was equivalent to 52% of GDP, below the EU-27 average. The public debt to GDP has been increasing over the past years, and should continue to rise as a result of the measures implemented in order to support the banking system and to mitigate the effects of the 2008/09 economic downturn. The necessary correction of the public sector deficit and the required reduction of the debt burden will probably weigh on future public spending decisions, limiting the government's ability to raise expenditures on sport.

The country's currency is the Pound Sterling (£). The exchange rate used for converting to euros in this report is the average annual exchange rate of the year of the data, unless otherwise stated.

28.2 Sport participation

According to the Eurobarometer Survey, 46% of the population practiced sport at least once a week³¹² in 2009, compared with a figure of 40% in the EU as a whole. In 2009, only 9% of the population reported being member of a sport club, 14% of a fitness club and 4% of another type of club. 74% of the respondents to the Eurobarometer survey said they were not a member of any type of club in 2009.

The table below indicates the membership numbers and rates from Sport England's Active People Survey (2008-2009). The figures represent adults (aged 16 and over) participated in sport three times a week for 30 minutes at moderate intensity. The policy target is to raise this level further to 7,158,000 by 2012/13.

Sport club membership (2008)	6,930,000
Trend in sport club membership(2002-2008)	Increasing
Sport club membership rate (2005)	11.1%
Number of clubs	150,000 ³¹³
Sport participation in the population % (once a week or more) ³¹⁴	46%

Source: Sport England, 2009 Eurobarometer Survey

Sport participation decreased between 1990 and 2002³¹⁵, the increased between 2005 and 2008³¹⁶.

The table below indicates the disciplines which recorded the highest number of members in 2008³¹⁷.

Sport	Members	Sport	Members
Golf	615,200	Swimming	182,500
Football	569,400	Badminton	170,600
Tennis	285,300	Cricket	151,900
Bowls	210,400	Athletics	151,100
Rugby Union	187,000	Squash & racketball	89,700

Source : Sport England's Active People Surveys (2008/9)

28.3 Allocation of responsibilities for sport policy

Many stakeholders are involved in the governance of sport and in the formulation of sport policy.

³¹² Source: 2009 Eurobarometer survey

³¹³ Estimates from Health Survey for England in 2006

³¹⁴ Eurobarometer, Sport and Physical Activity, European Commission 2010

³¹⁵ Figures can be found through the General Household Survey Office for National Statistics, but data is incompatible as different measuring standards were used.

³¹⁶ England's Active People Surveys (2005/6, 2007/8 and 2008/9)

³¹⁷ Active People Survey 3 (www.sportengland.org). Please note that the highest number of members does not necessarily equate to the highest number of participants, non-members are keen participants.

At public sector level, the governance of sport and the definition of sport policy are undertaken by five different administrations. Indeed, the UK and the four home countries which compose it each have their own respective central administration in charge of sport.

The ministry in charge of sport is the Department for Culture, Media & Sport (DCMS). This Department is responsible for working with:

- UK Sport on high-level sport and anti-doping;
- Sport England on Community Sport;
- The Department for Children, Schools and Families and the Youth Sport Trust on school sport.

The Department for Children Schools & Families (DCSF) works with DCMS and the Youth Sport Trust to increase the number of children and young people involved in physical education and sport.

Each country governments also has competencies in the field of sport:

- In England, this is the responsibility of the Department for Culture, Media & Sport (DCMS);
- In Scotland, this is the responsibility of the Scottish Parliament;
- In Wales, it is the Welsh Assembly;
- In Northern Ireland, it is the Northern Irish Assembly which has competencies for sport policy.

In addition, five Non Departmental Public Bodies (NDPBs) (for the UK and each country) perform a mission in the governance of sport. These are: **UK Sport**, **Sport England**, **Sport Scotland**, the **Sport Council for Wales** and **Sport Northern Ireland**. Their main mission is to distribute the funds coming from the Exchequer, the different countries' central administration and the Lottery.

- **UK Sport**³¹⁸ works in partnership with the home country sport councils and other agencies to lead sport in the UK to world-class success. UK Sport is responsible for managing and distributing public investment and is a statutory distributor of funds raised by the National Lottery.
- **Sport England**³¹⁹, the former English Sport Council, is focused on the creation of a world-leading community sport system. It invests revenue from the National Lottery and the Exchequer on organisations and projects aimed at growing the participation in grassroots sport and creating opportunities for people to excel at their chosen sport. Sport England works in partnership with UK Sport, which has responsibility for elite success, and the Youth Sport Trust, which is focused on PE and school sport.
- **Sport Scotland**'s mission is to encourage everyone in Scotland to discover and develop their own sporting experience; hence, it aims at increasing sport participation and improving performances in Scottish sport.³²⁰
- **The Sport Council for Wales** is the national organisation responsible for developing and promoting sport and active lifestyles. It is the main adviser on sport matters to the Welsh Assembly Government and is responsible for distributing funds from the National Lottery to

³¹⁸ www.uk sport.gov.uk

³¹⁹ www.sportengland.org

³²⁰ www.sportcotland.org.uk

sport in Wales.³²¹

- **Sport Northern Ireland's** policy objectives are to increase and sustain participation to sport, especially amongst young people; to raise the standards of sporting excellence; and, to promote the good reputation and efficient administration of sport.³²²

These five NDPBs fund the different sport federations.

At local level, the authorities provide sport services to local communities, collectively investing up to £1.5bn a year in sport³²³. They are the key deliverers of sport, running a range of local sport facilities and providing support to sport across the country. Local authorities also provide physical activity opportunities, linking this up with sport provision. Although the provision of sport services is not a statutory duty of local authorities, they all provide some level of sport provision. Many put sport on their agenda because of the positive externalities of sport on community cohesion, youth crime reduction, health benefits, etc.

The specificity of the United Kingdom is that the sport movement is organised through networks. There are 49 county sport partnerships covering England, along with local networks involving:

- Local authorities;
- National governing bodies;
- Clubs;
- Schools and School Sport Partnerships;
- Primary care trusts.

Many other local agencies are committed to working together in order to increase sport participation and physical activity.

In recent years, the main change has been the professionalization and clarification of the roles of Sport England (responsible for sport-for-all), UK Sport (in charge of elite sport) and the Youth Sport Trust (youth sport), among other. These organisations work much more closely with the sport organisations in order to define their objectives, as opposed to working to meet pre-defined targets. This has been a positive step.

The Government's PESSCL strategy (Physical Education and School Sport Club Links) has increased the number of hours of sport offered in schools. In 2008-2009, 93% of the young people (under 16 years of age) took part in 2 hours per week in schools (2009, Youth Sport Trust), with the promise of 100% by 2012. Under the new PESSYP (Physical Education and Sport Strategy for Young People), the original promise of 2 hours per pupil per week has been increased to 5 hours of sport (2 inside the curriculum, and the opportunity for 3 hours outside the curriculum using sport).

³²¹ www.sport-council-wales.org.uk

³²² www.sportni.net

³²³ Source : Budget 2010 (page 209), <http://www.hm-treasury.gov.uk/budget.htm>

28.4 Organisation of the sport movement

In addition to these public and semi-public organisations, there are independent national sport organisations whose objectives are to support grassroots sport and raise sport performance. One of these is the **Sport and Recreation Alliance**³²⁴. It was known as **Central Council of Physical Recreation** (CCPR) until December 1, 2010. It represents more than 320 member organisations like FA, the Rugby Football Union, UK Athletics, etc. Almost every organised sport and recreation organisation in the UK has its own governing or representative body. The Sport and Recreation Alliance represents 117 different sport, and raises funds from governmental and commercial sources in order to provide advisory services to sport at national level and to local clubs.

There are also foundations which contribute to the development of sport³²⁵. Recently, the number of charitable trusts and foundations aimed at supporting sport has increased. Among these are the **National Sport Foundation**, the **Foundation for Sport and the Arts**, and the **Youth Sport Trust**. These foundations work with the sport federations in the development of grassroots sport.

28.5 Legal framework

28.5.1 Specifics Law on sport

There is no General Law on sport in the UK. There are, however, different Laws and regulations impacting the funding of sport. Among these are the Laws defining the fiscal framework applicable to the sport organisations, and the regulatory framework applying to lotteries, betting and gambling services.

a) *Fiscal framework applicable to grassroots' sport clubs*

Sport organisations can attain charitable status, or take part in the Community Amateur Sports Clubs (CASCs) scheme. The **Corporate Tax Act 2010**³²⁶ allows CASCs to benefit from certain tax reliefs, similar to those normally given to charities. The scheme's purpose is to enable community sport to grow and develop so that it can provide opportunities for participation in sport for the widest possible range of people. As such, it contributes to the objectives of both DCMS and the Government as a whole.

The CASC scheme was introduced in April 2002. This enables grassroots sport clubs to register with the HM Revenue and Customs³²⁷ for 80% reduction on mandatory tax rate, and to claim Gift Aid on certain types of donation made to them.

More specifically, the scheme provides for:

- **80% mandatory business rate relief:** local authorities can even offer up to 100% relief to sport clubs;

³²⁴ <http://www.sportandrecreation.org.uk/lobbying-and-campaigning/publications/strategic-plan>

³²⁵ http://www.sportengland.org/funding/funding_sport_in_the_community.aspx

³²⁶ http://www.legislation.gov.uk/ukpga/2010/4/pdfs/ukpga_20100004_en.pdf

³²⁷ Her Majesty's Revenue and Customs - <http://www.hmrc.gov.uk/index.htm>

- The ability to raise funds from individuals under **Gift Aid**: a registered CASC can reclaim up to **£28 in tax for every £100 donated**, though at the moment this does not apply to all types of donations;
- CASCs are **exempt from Corporation Tax** on profits derived from trading activities if their trading income is **under £30,000 pa**;
- Profits derived from **property income** are also exempt for CASCs if gross property income is **under £20,000 pa**; this is of particular relevance following the abolition of the nil rate band.
- Sports clubs that are registered as CASCs can claim corporate tax exemption on both interest received and chargeable gains.

CASCs whose income does not exceed these thresholds are no longer required to complete an annual corporate tax return.

Thanks to this scheme, the 5,693 clubs that are registered as CASCs are estimated to benefit from £76.2 million in saving since 2002, partly through mandatory tax relief and the ability to claim Gift Aid on voluntary donations according to Deloitte figures³²⁸.

CCPR (now the Sport and Recreation Alliance) aims at promoting the scheme to clubs which haven't joined yet, and to strengthen the benefits of membership.

b) VAT regime applicable to the sport clubs

Article 132 of the VAT Directive 2006/112/EC provides exemptions for sport activities, and Annex III offers a reduced rate VAT (5%) which can be used by member states for admission to sporting events and use of sporting facilities. In the UK, only two exemptions exist for multiple lettings of sports facilities to and by clubs³²⁹, and for playing activities such as membership fees and match fees. Sport clubs are allowed to reclaim all their VAT when exempt input VAT is less than £7,500. This figure has been in place since 1994 and has not risen with inflation. If it had, it would now be nearer £11,000.

Sport clubs clearly also undertake activities which fall outside these two areas of exemptions, and which could be brought within it according to the EU Directive e.g. catering and transport, parking, social events at clubs and non-playing membership.

Additionally, sport clubs can theoretically benefit from a zero-VAT-rate on construction expenditures, but that isn't Government policy. For example, HMRC (Her Majesty's Revenue and Customs) took a local club to court after it received zero-rating for constructing a new pavilion. The club won the case, but it is not considered as a precedent.

c) VAT for national governing sport bodies

The UK does not have a corporate tax exemption for not-for-profit associations, unlike many other EU Member States. In fact, a survey by Deloitte (2008) shows that:

³²⁸ <http://www.cascinfo.co.uk>

³²⁹ Following Notice 742 from HM Custom and Excise the basic VAT position for letting of facilities for any sport or for taking part in any physical recreation is normally standard-rates. But if the let is for over 24 hours or is for a series of sessions VAT may be exempt when the let meets ALL the conditions required by HMRC.
http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?_nfpb=true&_pageLabel=pageVAT_ShowContent&propertyType=document&id=HMCE_CL_000154#P183_17839

- 25 countries (the remaining two being the UK and Bulgaria, for which no information was given) exempt their National Olympic Association from corporate taxes;
- 14 have specific corporate tax exemptions for not-for-profit associations;
- The other 11 have specific tax relief for sport activities.

Unlike commercial organisations, not-for-profit associations are often unable to recover all the VAT that they incur on the purchase of goods and services. Normally, VAT can be reclaimed on purchases that are in furtherance of their business. However, what government and not-for-profit associations consider to be “in furtherance of their business” often differs and grassroots clubs’ operating expenses are usually not tax deductible. The sport movement considers that in so doing “the Government gives grants with one hand and takes back unrecoverable VAT with the other hand”. This represents more than £400,000 for some sport organisations³³⁰.

28.5.2 Allocation of the revenue from gambling services to sport

National lotteries were not authorized to operate in the UK for a long time. Competition from foreign providers and the desire to raise additional funds led to the establishment of the National Lottery in 1994. The National Lottery Act 1993 (revised in 1998) and the Gambling Act (passed in 2005 and implemented in September 2007) shape the legal framework of games of chance in the UK today.

The **National Lottery Act of 1993** establishes five areas to benefit from the Lottery: *sport*, the arts, heritage, charities and projects to mark the year 2000 and the beginning of the third millennium.

The **National Lottery Act of 1998** created a sixth good cause of health, education and the environment.

In 2005, the **Gambling Act** reforms the law on gambling, creating a new regulatory system and body (The Gambling Commission), which covers all gambling except spread betting and the Lottery.

The licensing objectives set out for the Commission in the **Gambling Act** are:

- preventing gambling from being a source of crime or disorder, from being associated with crime or disorder or from being used to support crime;
- ensuring that gambling is conducted in a fair and open way
- protecting children and other vulnerable persons from being harmed or exploited by gambling.

The **Horserace Betting Levy** was set up in 1961 to pay for projects to benefit horseracing (including though prizes) and improve horse breeds. The levy is currently *10% of gross profits* on bets taken by bookmakers on horse races in the United Kingdom (approximately £110m in 2009). Online betting operators based in the UK pay the Horserace Betting Levy.

³³⁰ Responses by the sport movement to the questionnaires sent by Eurostratégies.

The **National Lottery Commission** (NLC) is a Non Departmental Public Body (NDPB), sponsored by the Department for Culture, Media and Sport. NLC is responsible for licensing and regulating the National Lottery. Its work is funded by the National Lottery Distribution Fund.

The National Lottery is a private lottery operator (private company)³³¹. Any operator can bid to operate the lottery but only one license exists, so it is very difficult to enter the market. The distribution of revenue from the national lottery is determined by Government policy.

The betting market, on the other hand, is completely liberalised. In order for bookmakers to be based in the UK they need a license from the Gambling Commission, an organisation set up under the Gambling Act 2005 to regulate commercial gambling in Great Britain. The Commission determines the Licence Conditions and Code of Practice (LCCP) which set out the rules which licensed operators must observe. It licences the various types of operators providing commercial gambling in England, Scotland and Wales as well as close to a thousand arcade operators, over 800 off course bookmakers, nearly 600 on course bookmakers, over 600 bingo clubs, around 150 casinos, nearly 700 gaming machine and gambling software providers, over 500 lottery operators and nearly 40 external lottery managers as well as more than 150 British-based remote gambling operators. Gambling operators currently do not purchase the right to bet on a specific event. Sports' intellectual property is not recognized in this way in the UK. The sport movement feels³³² that the betting industry makes a substantial profit by piggy-backing sport's intellectual property rights, and considers that sport should receive a fair return from the betting profits.

It is legal for overseas firms to operate on-line in the UK, conditional to their having a license in the country of origin. No UK licence is needed.

On average, the National Lottery's gross revenue has been distributed as follows:

- 50% in prize money;
- 28% given for good causes;
- 12% goes to the Government in Lottery duty;
- 5% is paid to National Lottery retailers on all National Lotteries tickets sold;
- 5% is retained by the operator to meet costs and returns to shareholders.

The diagram below only represents the national lottery in the UK and therefore ignores all gambling through independent bookmakers. In practice, most forms of gambling are licenced, thus regulated, and, according to the Gambling Act 2005, all UK gambling companies are subjected to all manner of taxes and levies as gaming duty except exemptions to small scale and non commercial gaming (such as member's clubs and pubs that take place legally under social law). The amounts generated by these other operators are, however, not well known.

The **National Lottery Act of 2006** is an important element of the Government's reforms. It aims at making the use of revenue from the National Lottery more responsive to people's priorities and to ensure that the revenue is used efficiently to good causes.

³³¹ Currently by Camelot Group with a licence to operate The National Lottery from 2009 to 2019 - <http://www.camelotgroup.co.uk/aboutcamelot.html>

³³² Responses of the sport movement to the questionnaires sent by Eurostrategies within the context of this study. The sport movement believes that ensuring gambling operators could only profit from sport if they entered in to direct agreement with the sport rights owners would benefit sport across Europe.

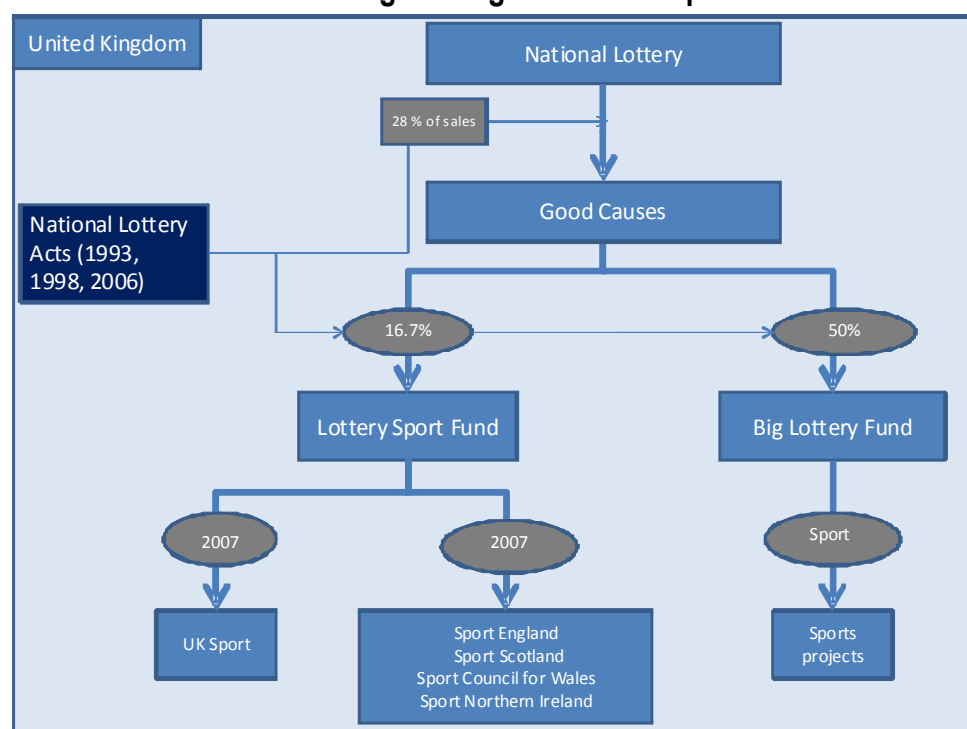
There is currently no statutory financial return specifically targeted to grassroots sport from the betting industry in the UK. Despite the fact that operators are dependent on sport for the viability of their business, there is no recognition for sport's intellectual property rights in relation to gambling. A study conducted by the Remote Gambling Association (RGA) in 2009 showed that only 7% of the revenue paid by betting and gambling operators to sports organisations in Europe comes from voluntary agreements.

Horseracing and greyhound racing are the only sports in the UK for which there is a statutory levy in place. This levy means that bookmakers are required to return a percentage of their revenues, which is then reinvested back into the sport. Recently, the Government has had to intervene in the bilateral negotiations in horseracing in order to settle a dispute over the levy for 2011/2012 (now 10.75%). This levy, however, appears to be unsustainable as bookmakers are basing themselves overseas and therefore avoiding Gambling Commission regulations that make it compulsory to pay the levy³³³.

In summary, gambling operators and the National Lottery do not contribute directly to the budgets of the sport federations, but to the public sector budget. Lottery revenue goes to sport federations through the following channels:

National Lottery>> Department for Culture, Media and Sport>> Sport England>> Federations and clubs. This allocation flow is illustrated on the chart.

Allocation of revenue from gambling services to sport



Source: Eurostrategies' consortium, camelotgroup.co.uk/crreport2007/Camelot_responsibility/good_causes.html

On average, is £108 million (€ 137.1 million) of Sport England its £213 million (€ 270.4 million) budget comes from lottery funding. 28% of the National Lottery's revenues are dedicated to

³³³ Source: Responses by the UK & EU Regulatory Office and the Sport and Recreation Alliance to the questionnaires sent by the Eurostrategies' consortium.

four “Good Causes”. Amongst these is the specific **Lottery Sport Fund** whose revenue has averaged € 279 million per year between 2004 and 2007.

Other funds financially support sport projects:

- The **Big Lottery Fund** receives 50% of the National Lottery Good Cause distribution with € 215 million allocated to sport.
- The **Awards for All Fund** contributes € 90 million to sport.
- The **Active Communities Development Funds’** contribution to sport equals € 116 million.

The National Lottery brings a noticeable contribution to good causes with around € 700 million per year: sport share in **Big Lottery Fund** (€ 215 million); **Awards for All Fund** (€ 90 million) **Active Communities Development Funds’** (€ 116 million) and Lottery Sport Fund (€ 289.6 million). The European State Lotteries and Toto Association reports a total revenue to good causes of compulsory levies on the lottery of € 2,082.3 million in 2008, and € 2,447.7 million in 2009. The amount reported as specifically allocated to sport is € 367.3 million in 2008, and € 396 million in 2009 (respectively 17.6% and 16.2% of the total revenue from the levies), a figure which is consistent with that communicate by the National Lottery Good Cause.

The total contribution of the Lottery Sport Fund over the 4-year period 2004-2007 represents €1,116 bn, an average of € 279 bn per year. 76% of this amount (€ 844.5 million, 79%) was dedicated to grassroots sport. Of this amount:

- € 691 million was allocated to the sport federations: swimming and football are the main sports;
- € 153 million was allocated to sport for the disabled.

Recently, the revenue allocated to grassroots sport has been decreasing. In order to counter this trend, the Sport and Recreation Alliance launched a LottoBingo, based on the Swedish experience. Participants could buy a £2 Gamecard at the check-outs at every Tesco store throughout Britain, with each Gamecard raising 40 pence for good causes. A TV game, hosted by Ulrika Jonsson, was to be aired weekly on Virgin 1 every Sunday evening starting on 13 September³³⁴. Profits were to be distributed to the governing and representative sport and recreation bodies through a ‘community interest company’ structure set up by CCPR, the umbrella body for these organisations. The revenue allocated to sport and recreation was planned to be spent on new and enhanced programmes at grassroots level and on special projects such as infrastructure improvements and the construction of new facilities, for which funding is currently unavailable. Unfortunately, sales did not meet expectations and the project was suspended after four weeks.

³³⁴ Source: CCPR web site

28.5.3 *Laws with an impact on grassroots sport' financing*

a) Regulation on alcohol and tobacco

The regulation of alcohol advertising affects sponsorship both directly and indirectly; various self-regulatory codes exist (e.g. sponsorship cannot be aimed at youth events, alcohol and betting sponsorship should not appear on replica junior shirts).

The 2003 Licensing Act requires that the licensing fees for all pubs and bars are calculated according to their rateable value, regardless of opening hours, turnover or area. As a result, a sport club which is open for just a few hours each week can pay the same fee as neighbouring commercial drinking venues like pubs, bars and nightclubs. Restrictions have been set on the sale of certain products by clubs, such as alcohol. There was a recent debate on the obligation for sport clubs to buy the necessary licence to be able to sell alcohol. In the absence of such a license, because of the extra costs entailed for club houses, potentially individuals may spend less time in club bars or restaurants, which in turn means less revenue for the club houses.

Tobacco sponsorship is banned, as everywhere in the EU.

b) Media rights

With respect to media rights, betting operators currently do not purchase the right to bet on a specific event. Sport intellectual property is not recognized in this way in the UK. The sport movement and the sport rights owners complain that the betting industry makes a substantial profit by piggy-backing sports intellectual property rights³³⁵. They consider that sport ought to receive a fair return from the profits made on gambling services, by ensuring that gambling operators enter into direct agreements with the sport rights owners. Such a measure would, according to the sport events' organisers, benefit sport across Europe.

The UK law on the marketing of media rights is formed by:

- The 1998 Competition Act: The Competition Act was designed to harmonise UK and EU law, and chapters I and II of the Act mirror Articles 81 and 82 of the Treaty of Amsterdam .
- The 2002 Enterprise Act.

The main aims of UK competition rules are:

- Prohibiting agreements or practices that restrict free trading and competition between business entities. This includes in particular the repression of cartels.
- Banning abusive behaviour by a firm dominating a market, or anti-competitive practices that tend to lead to such a dominant position. Practices controlled in this way may include predatory pricing, tying, refusal to deal and many others.
- Supervising the mergers and acquisitions of large corporations, including some joint ventures. Transactions that are considered to threaten the competitive process can be prohibited altogether, or approved subject to "remedies" such as an obligation to divest part of the merged business or to offer licenses or access to facilities to enable other business to continue competing.

³³⁵ Source: CCPR.

These regulations stand true of media rights in sport too. The Sport and Recreation Alliance's Voluntary Code was signed by the main Rights Owners. They have made a commitment to:

- fairness in the tender,
- making every effort to ensure that their events receive the widest possible broadcast; the Sport Broadcast Monitoring Committee ensures that rights owners meet the requirements.

The European Commission's 2003 competition decision concerning UEFA's media rights sales has set the framework for United Kingdom. The right owner can sell joint arrangement with the notion of exclusivity, if it "could not otherwise be produced and distributed equally efficiently".

Also, the European Media and Services Directive allows the Government to keep a number of events which are considered as "nationally important" on free-to-air television. Sports rights owners have indicated that they fear that the implementation of this Directive may affect their ability to optimize the value of their product.

28.6 Resources allocated to sport

28.6.1 Financial resources going into sport

In the United Kingdom, there is limited public funding of sport. Altogether, the public sector's contribution represents only 13.1% of all resources allocated to sport, whereas the private sector contributes 86.9%.

Within the public sector, the central government contributes more than the local authorities to the funding of sport, partly because of the channelling of the revenue from the state lottery channelled to sport via the state budget. Local authorities' contributions account for 5.6% of sport funding whereas that from the central government represents 7.4% of the total resources allocated to sport.

Revenue from (2008):	Million €	Share of total	€ per capita
General government	4105.6	13.1	66.6
of which:			
- Central government	2334.2	7.4	37.9
- Ministry in charge of sport	279.5	0.9	4.5
- Other governmental entities	2054.8	6.5	33.4
- Local authorities	1771.4	5.6	21.0
Private stakeholders	27315.0	86.9	443.4
of which:			
- Household's expenditures on sport	23813.7	75.9	386.6
- Companies (sponsoring, donations, others,...)	3158.8	10.1	51.3
- Revenue from media rights	342.5	1.1	5.6
Total revenue	31420.6	100	509.2

Sources: Eurostrategies' consortium, from national sources and surveys

The average annual public subvention was € 67 per capita in 2008, whereas the average household expenditure was €443.4 per capita, which represents 75.9% of the total resources allocated to the sport system.

According to Sport England's study "Economic Value of sport in England", the sport-related economic activity reached £ 16,668 million in 2008 (€ 22,694.5 million) based on current prices³³⁶ and exchange rates. As for the importance of sport in the national economy, this represents a total of 1.1% of GDP dedicated to sport, amongst the highest in the EU.

Another key finding of the report is the high number of people with sport-related jobs in England. This number represents 1.8% of all employment and has also grown from 304,000 in 1985 to 441,000 in 2008.

28.6.2 Estimated contribution of voluntary work

Estimates of voluntary work in United Kingdom vary according to the source. Volunteering England indicates that 1 million persons are involved in sport volunteering, for a total of 1 bn hours (11.5 hours a week). The Active People Survey (covering the period October 2005 to October 2006) quotes a figure of 2.7 million volunteers, of which 1.9 million spend at least one hour a week in sport clubs, for a total of 1.8 million hours a week. The number of hours is, however, probably underestimated (1.9 million people working at least 1 hour a week provide at least 1.9 million hours a week).

Here, the figure retained is that provided in the study on volunteering in the EU³³⁷, which reports 2 million volunteers in UK sport. The number of full time equivalents is around 200,000 FTEs, an equivalent resource of € 5.2 bn.

28.7 Solidarity systems in favour of grassroots sport

In the UK, solidarity between the high-level and the grassroots level is self-regulated. In terms of reinvestment of TV revenues, under the initiative of Sport and Recreation Alliance³³⁸ (formerly the CCPR), the major sports have signed a voluntary code of conduct³³⁹ which ensures that a minimum of 30% of television rights earned by sport are invested into grassroots sport. In total, this amounts to around a quarter of a billion pounds a year³⁴⁰.

³³⁶ http://www.sportengland.org/research/economic_importance_of_sport.aspx

³³⁷ Study on Volunteering in the EU, a report by GHK to the European Commission, 2010.

³³⁸ The Sport and Recreation Alliance is the umbrella body for the governing and representative bodies of sport and recreation. It represents more than 320 member organisations like FA, the Rugby Football Union, UK Athletics,..... It was known as Central Council of Physical Recreation (CCPR) until 2010 December 1

³³⁹ The signatories to the code are the All England Lawn Tennis Club / Lawn Tennis Association (joint), the England and Wales Cricket Board, The Football Association, the Premier League, the PGA European Tour, The R&A, the Rugby Football League and UK Athletics (source : CCPR)

³⁴⁰ <http://www.sportandrecreation.org.uk/news/22-12-2010/major-sports-commit-putting-30-broadcast-revenues-grassroots>

The Reinvestment Principle

The signatories commit themselves to reinvesting at least five per cent of the revenue derived from the sale of UK television broadcasting rights to major sporting events with the aim of increasing participation in, and the development of, their sport.

This investment may include expenditure on some or all of the following:

- youth programmes
- community sports facilities
- education and training
- research and development
- coach education
- volunteer training
- diversity programmes
- grassroots communication

This includes expenditure made by constituent members (e.g. clubs, counties, regions etc) funded in whole or in part by revenues derived from broadcasting rights.

Source: Broadcasting of major sporting events: a voluntary code of conduct for rights owners

The Football Foundation and the Tennis Foundation are two examples of non-profit organisations which have put in place solidarity mechanisms from professional to grassroots sport. Both seek to broaden grassroots opportunities in their sport.

The FA Premier League as well as the Football Association, Rugby Football League, England and Wales Cricket Board, UK Athletics, Professional Golfers Association European Tour, Royal & Ancient (Golf), All England Tennis and Croquet Club (Wimbledon) and Lawn Tennis Association are all self regulated and all run both elite and grassroots programmes.

Another example of redistribution is the UEFA European Championships: 60% of the media rights from the tournament are redistributed to the national federations, in particular to fund grassroots projects.

28.8 Sources and references

Budget (2010) : <http://www.hm-treasury.gov.uk/budget.htm>

Budget of the Ministry in charge of Sport

Christophe Chantrill (2009) United Kingdom Central Government and Local Authority Spending Fiscal Year 2009

Carter report (2005), "Review of national sport effort & resources"

UK National Accounts (2009)

Sport England, Active People Survey

Annex

Agenda of the Conference of the 16.02.2010



AGENDA OF THE CONFERENCE ORGANISED
FEBRUARY 16, 2010 IN BRUSSELS (CENTRE BORSCHETTE)

**WHAT FUTURE SUSTAINABLE FUNDING MODEL(S) FOR
GRASSROOTS SPORT IN THE INTERNAL MARKET?**

Morning Session

8:15 – 9:00 Registration and coffee

9:00 **Opening address by the European Commission**
Mr Guido Berardis, Director, DG Internal Market and Services
Mr Pierre Mairesse, Director, DG Education and Culture

9:30 ***The economics of sport***
Prof. Stefan Szymanski, Cass Business School (UK)

10:00 ***The different grassroots sport funding models in the EU***
Mr Julien Montel (Amnyos) and Ms Elisabeth Waelbroeck-Rocha (Eurostrategies)

10:45 Discussion

11:00 **Round table: "The role of different stakeholders in grassroots sport financing"**
Facilitator: Prof. S. Szymanski

Introduction: A brief overview of the results of the E-consultation
Mr Julien Montel (Amnyos)

The funding of grassroots sport, the view of the Olympic sport movement
Mr Mathieu Fonteneau, European Olympic Committee EU Office

The role of local governments in funding grassroots sport
Ms Anna Pruna – Secretary General for Sport of the Government of Catalonia (Spain)
Prof. Dr. Christoph Breuer, German Sport University Cologne (Germany)

The contribution of sponsors, and trends in sponsorship
Ms Helen Day, Head of European Policy, European Sponsorship Association

The contribution of lotteries to the funding of grassroots sport
Mr Jean Jorgensen, Executive Director, World Lottery Association (WLA)

The role of gambling and betting in funding grassroots sport

Ms Sigrid Ligné, Secretary General of EGBA

The future contribution of media rights to grassroots sport financing

Mr Nic Coward, Chairman of SROC

Summary by Prof. Szymanski (UK) and Prof. Andreu Camps (Spain)

Discussion

12:30 Lunch

Afternoon Session

13.30 Coffee

14:00 ***The impact of the economic crisis on the future financing of grassroots sport***

Mr Wladimir Andreff, former President of the French Association of Economics, Université of Paris I & CNRS

14:30 Discussion

14:45 **Selection of countries and disciplines to be analysed in more depth in Phases 3 and 4 of the study**

Ms Elisabeth Waelbroeck-Rocha, Vice President of Eurostrategies

15:30 **Round table: "A focus on selected sport disciplines and case studies"**

Facilitator: Prof. Jean-Jacques Gouguet, CDES (Limoges, France)

The contribution of funding schemes to the popularity of basketball in Lithuania

Ms Vilma Cingiene – Basketball Federation, Lithuania

The role of solidarity mechanisms in promoting football participation

Mr Pascal Torres, UEFA Head of National Associations

New forms of public private partnerships for funding sport

Mr Scott McCarthy – Head of the Judo Federation – UK

Prof. Alain Ferrand, University of Turin and Scuola dello Sport Rome, Italy

The contribution of gymnastics practice to health care systems: can a new form of partnership develop?

Mr Herbert Hartmann, Member of Board of Sport for All, German Gymnastics Federation

16:45 Discussion

17:15 **Next steps and closing remarks by the European Commission**

17:30 End of meeting