



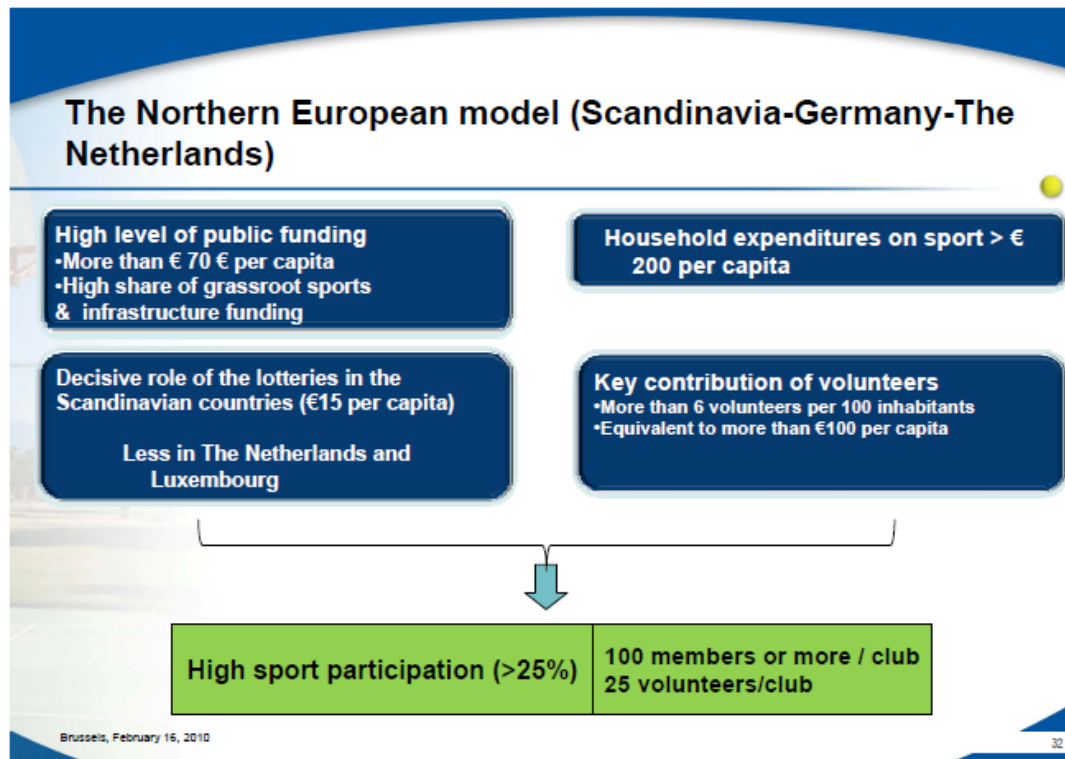
# **Presentation and discussion of Resources/finance**

(by Filippo Fossati)

# Conference – European Commission - February 16, 2010 Brussels

- There is not just one model in Europe
- The study defines three great groups
- The Northern, the Eastern and the Southern European model, with other eccentric cases
- It's very interesting to notice some issues

# First group



# Second Group

## The Eastern countries' model

Low public financing : (<€ 20 per capita) but more important than private

Low level of income → low households sport expenditure (less than € 10 euros per capita)

Funding of federations and elite sport as the main destinations of public funding

Less than 1% of the population involved in volunteering

Internal systems of solidarity :  
• among the multisports clubs  
• in the professional leagues

Less than 3% of sport participants

Less than 30 participants per club  
5 volunteer or less / club

# Third group

## The Southern European model (Italy, Portugal, Spain)

### Public financing :

- About € 40 per capita

### Significant funding for professional and elite sport :

- part of lottery funding to Professional league in Spain,
- important share of State funding to high level in Portugal and Spain

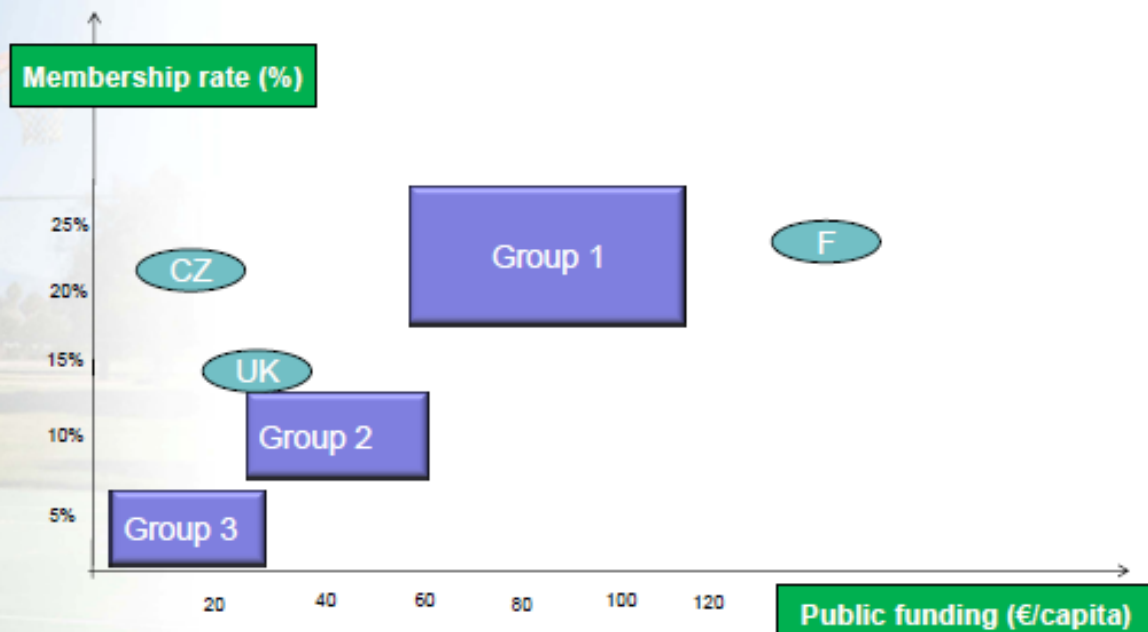
Average level of income → average expenditure on sport

Voluntary work : less than 2% among population

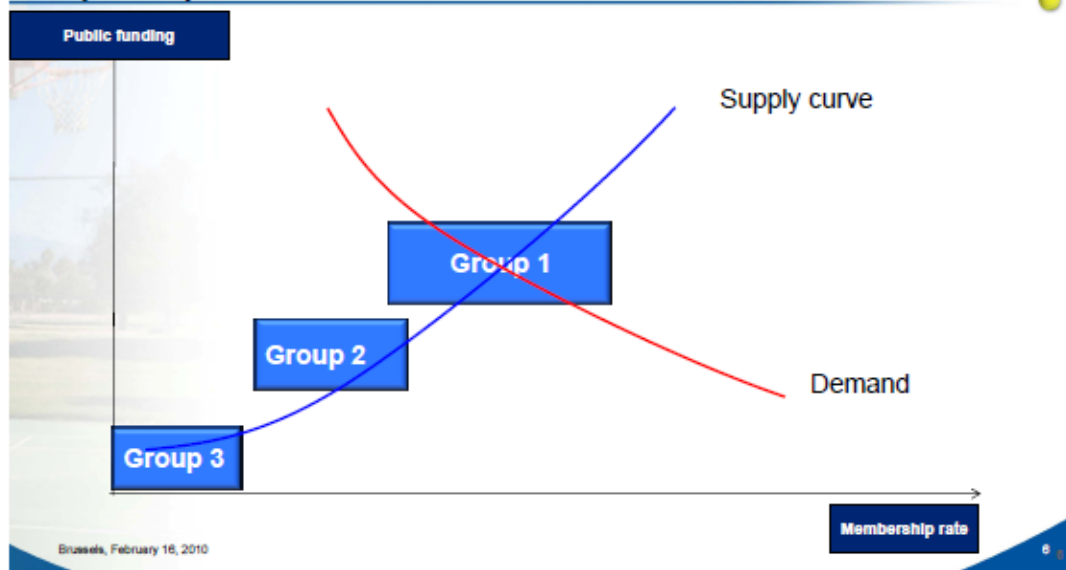
Low rate of sports participants (with membership) in the population (around 10%)

30-50 members/clubs

Three key funding models, plus a few outliers, can be identified, based on the level of public funding and the practice rate



**Group 1: High level of demand reflects social provision – recognition of external effects, subsidies for participation...**



# One premise:

- We have to start from one point:  
we care about the diffusion of sports practice to all the population, because we think that physical activity is a very important part of people's life project to be healthy and to prevent diseases, and we believe in the social role of sport for all, as a factor of good human relationships, integration, social inclusion, as a tool to promote environmental best practices, as a resource for a sustainable development.



## First:

- The results of the research tell us that this approach is well received and is developed on important public funding on sport. Public funding on sport for all encourages families' participation and makes increase private investments and the total time of voluntary work.

## Second:

- When public funding becomes scarcer, the flow of funding goes to elite sport. This phenomenon is explained observing that weak policies move the government to pay more attention to the research of “national prestige”; the truth is that weaker social tissues motivate politics to sustain lobbies, even restricted, but more cohesive, that are able to give back organized consensus.

## Third:

- In spite of all the efforts of the speakers, solidarity payments into sports world between rich disciplines with high visibility and grassroots sports appears scarce and not relevant.
- Our criticism to the European model of sport pyramid appears strengthened by this analysis.

# Examples

## Examples of solidarity mechanisms within the same discipline

### Revenue breakdown

- Polish Professional Volleyball League  
PLPS SA (Professional League) transfers 5% of its sales income from title sponsorship rights, television broadcasting rights and advertising rights to PZPS (Federation).
- Netherlands : revenues from professional football and sponsors of the National Team : € 1 million per year is allocated to Grass Roots and € 1 million per year is allocated to the Masterplan Youth Football to support amateur football infrastructure.
- Tennis : Roland Garros brings € 65 M to the FFT, of which € 25 M are directly used to fund the local development of tennis
- Golf : British open – Royal Ancient St Andrews
- IRB et FIBA : financing of youth championships by the « senior » world championships
- UEFA Champions League

# Proposals:

- More public investments targeted to specific objectives.
- Calculate the economical safe on the health national system, the safe produced by both environmental and energetic best practices, by the retraining of the cities in the sign of the movement, the safe produced by social sport used as tool of intervention to deal with the social disease.
- A new phase of selective investments, verifiable in terms of results, available for the Sport for all networks in the framework of a new European Welfare.

# Examples

## Laws impacting sport financing

### Measures in favour of clubs

- Tax reduction for non profit organisations or activities serving the general interest: Germany, Finland, Italy
- Tax reduction : Lettonia, United Kingdom
- Reduced social contributions : France and Sweden
- Reduced VAT rate : Cyprus, Slovenia
- Payment to the sports organisations of the VAT on infrastructure improvement and equipment purchase: Malta
- Fiscal measures when buying cars and buildings : Portugal
- Sport clubs are allowed to provide a tax-free compensation) for their volunteers : Netherlands,
- Sports centers and other sports facilities may be exempt from land rental : Lithuania

## Laws impacting sport financing

### Measure to stimulate private funding

- Funding by individuals :
  - Tax incentive on donation : Pt, IRL, Germany
  - Tax incentive for volunteers : Dk ,
- Funding by companies :
  - Tax incentive on donation : IRL, Pt, Estonia, Germany, Latvia
  - Tax incentive for sponsorship : Dk, Cz, Gr, Slovénia,
  - Advertising is tax deductibles : Cyprus

### Measure to stimulate sport participation

- Tax reductions to individuals pursuing sports activity : Lithuania
- Tax incentive for employees who have a second activity in a sport club : Germany

# Solidarity with Elite sport

## Examples of solidarity mechanisms

### Direct funding from TV rights

- Regulated by law (France) – TV rights of all professional sport
  - « Taxe Buffet » : all professional sports are concerned
  - 5% of the TV rights
- Reinvestment Principle in UK : voluntary code of conduct led by CCPR
  - minimum of 10% of television rights earned by sports is invested into grassroots sport
  - "Reinvestment principle" towards : youth programmes, community sport facilities, education and training, research and development, coach education, volunteer training, diversity programmes, grassroots communication

### Key point :

- « exploitation right » for the sport organisation (French legislation)
- Collective approach can guarantee the solidarity among clubs, first step for the solidarity between professional clubs and grassroots sport



## In my opinion:

- the issue of the solidarity with Elite Sport is opened.
- a specific legislative framework, as it is in France, where the entire world of Sport is forced to deal with the priorities of the State.
- instead, a cooperative model, as the English one, asks for the re-establishment of a functional link between Sport for all and the objectives of the federal sport. A model that I do not feel realistic, at the moment.

### PRIX À LA QUALITÉ DES CLUBS



## Catalan advise:

- The identification of good quality indicators I think could create a positive movement of innovation in the world of sports clubs, that our networks could easily intercept.

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Thanks for your attention