



Intervention by WLA, Executive Director, Jean Jørgensen, at the conference 16th February 2010 in Brussels entitled:

“What future sustainable funding model(s) for grassroots sports in the internal market?”

Thank you professor Szymanski and thanks to the consortium organisers for inviting the state lotteries to today’s round table debate. Thanks also to the EU-Commission for having initiated the study on grassroots funding in the internal market.

The World Lottery Association represents 142 state controlled lotteries in 78 countries. Some 53 of these are located within the European Union and are members of both The European Lotteries and the WLA.

Each year, these 53 EU based lotteries sell lottery and sports wagering games in excess of 70 bn EUROS. When players and punters have received their winnings 32 bn EUROS are left and more than 21 billion of those are returned to member states as mandatory payments to state treasuries or good causes like grass roots sports.

In other words, on average each of the 53 EU state lotteries give back to society 2/3 or 66% of its gross income – some even more than 75% of each EURO they earn. This equals 43 EURO per capita in the entire European Union. These mandatory payments are made in accordance with member states’ legislation and, contrary to purely commercial gaming operators; our members only sell within the jurisdiction where it has the member states’ license.

This large and sustainable funding mechanism for sports and for good causes - where 66% of each EURO earned is returned to society - is only possible thanks to the exclusive rights and obligations that lotteries enjoy in their jurisdictions. By contrast, we currently see commercial gaming operators relocate to tax havens escaping domestic tax rates of 15% or less.

Sports, and in particular grass root sports with no or with little commercial value, annually receive some 2 billion Euros from lotteries mandatory payments.

In addition, some of our European lottery members also make commercial sponsorship agreements with sports and arts. This was worth 297 million EURO in 2007 and 140 million in 2008. Contrary to mandatory payments for grass roots sports, such sponsorships are commercial and the lotteries expect increased sales in return. Sponsorships typically cover elite and professional sports and arts and are, as the figures indicate, very volatile and unsuitable as sustainable funding. One day Golf is an attractive and exciting sponsor object the next day is isn’t any longer - maybe still exciting but no longer as valuable as a sponsor object.

Some of our best practise lottery members in the European Union are privately owned. But the distinction between private and public ownership is irrelevant in assessing sustainable funding models from gaming to sports. The relevant distinction is between purely commercial gaming operators on the one hand and gaming operators with exclusive licenses and obligations on the other. It is the business model, and the market conditions with exclusive rights and obligations,



which make sustainable funding of good causes possible – not whether the operator is privately or publicly owned.

The future for lotteries funding of grass roots sports looks good. In many member states, lotteries were built more than half a century ago with the aim of channelling gaming desire and providing sustainable funding for grass roots sports and other good causes. This good thinking and the building of fundamental society structures will not vanish just because new technologies like the Internet appear. On the other hand, the EU institutions and the member states do need to address some commercial gambling operators free riding; non compliance with member states rules and tax evasion practices. In the longer run, this could certainly be a barrier to sustainable funding of grass roots sports from gaming profits.

The World Lottery Association and The European Lotteries will, of course, be pleased to share details of our statistics on lotteries with the consortium formed by Eurostrategies, CDES, AMNYOS and the German Sport Institute of Cologne.

Thank you once again for having invited state lotteries to speak today at your panel.

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