



EU Work Plan
for Sport

2011-
2014

Expert Group "Sustainable Financing of Sport"

Report from the 1st meeting (16 November 2011)

**PARTICIPANTS:**

- Experts from the following Member States: BE, CY, DE, EE, ES, FI, HU, IR, LU, MT, NL, PL, PT, RO, SE, SK, UK (chair)
- European Commission: DG EAC
- Other participants: none

1. INTRODUCTION

The Commission (COM) welcomed the members of the Expert Group "Sustainable Financing of Sport" (XG FIN), which was created by the Council in adopting its Resolution on a European Union Work Plan for Sport for 2011-2014. It partly built on and replaced the former informal EU Working Group on Non-Profit Sport Organisations. The new Expert Group would report to the Council. It was expected to perform its work in accordance with the EU Work Plan, as a general framework, and a Work Schedule, which would be adopted by the Expert Group itself. The new Expert Group was expected to elect its own chairperson. COM noted that 21 Member States (MS) had appointed experts for this XG, of which 17 MS were present. Furthermore, COM recapitulated the relevant sections, including actions, for the sustainable financing of sport in the EU Work Plan and in the Communication on sport as well as the availability of the study on the funding of grassroots sports in the EU.

The XG adopted the draft agenda after a short discussion on agenda items 3 (Adoption of the Work Schedule) and 5 (study on the financing of grassroots sports in the EU). The XG agreed that the main findings of the study should be presented by the COM before the XG would take a decision on the adoption of the Work Schedule.

2. ELECTION OF THE CHAIRPERSON

COM informed that only one Member State (UK) had submitted its candidature for the chairmanship of the XG FIN and referred to the CV of Mr James MacDougall that had been distributed to the XG prior to the meeting. The candidate gave a short introduction on his previous assignments as well as on his working style within the XG. Noting his valuable experience in the field, the XG unanimously elected Mr MacDougall as the group's chairman. There was general agreement that the chairmanship would cover the entire period during which the XG would function, i.e. until a new EU Work Plan for Sport would replace the current one.

3. Study on the financing of grassroots sports in the EU

The chairman invited the COM to present the main findings of the study on the financing of grassroots sports in the EU. The COM noted that the study, launched in 2009, had been finalised in the middle of 2011, but no agreement had yet been reached by the responsible Commission services on the publication date. COM underlined that it was therefore available solely to the members of the XG FIN. As the contractor of the study was not available that day, the COM presented the main findings of the study.

The COM gave an overview on the structure of the study (scope, objectives and methodology) and presented a summary of the main findings with regard to funding



sources/models, the regulatory frameworks in place and the policy implications suggested by the study. The presentation inter alia noted the study findings that no significant regulatory barriers could be identified and that fiscal incentives could have a potential impact on grassroots sport. Financial constraints in the public sector, demographic change and a lack of solidarity between the top and the bottom of the sporting pyramid created a challenging environment for grassroots sport in the future. The study expected a downward trend in revenue from households and private companies (sponsorships, donations) in the short term, and a strong decrease in national budgets for sport as well as in sport budgets from local authorities. Only the revenue from media rights was described as stable. In the long term the study indicated a possible increase in expenditures by private households and companies.

Membership trends in sport clubs were identified as being sensitive to the business cycle, due to the latter's impact on purchasing power. Considering that demographic changes were likely to impact the financial structures of clubs and led ultimately to multifaceted demand structures for different disciplines, grassroots sport had to address a variety of different challenges.

In the context of the club survey, which was a valuable element of the study, COM highlighted several trends identified by the study. Findings included for instance that the growth in membership was hampered by a shortage in staff, that clubs with permanent staff had more members and were also likely to offer lower membership fees, that membership fees were normally not an obstacle to join a sport club. Efficient clubs were identified to provide specific activities for their members in order to attract children, women, senior citizens and disabled people.

The COM concluded that the study, even though it highlighted different funding models, could not identify a single most efficient funding model for grassroots sport. There were numerous country specificities which were taken into account by each funding model. The economic development of each country was seen as the main explanatory factor for differences in levels of expenditures per MS across the EU. The policy recommendations intended to increase the diversity of revenue sources, to further enhance financial solidarity and to promote voluntary work. In the COM's view, the study was a very comprehensive one. It included a lot of detail and interesting facts on which the further work in the XG FIN could build.

The presentation was followed by a short tour-de-table among the members of the XG FIN that illustrated that there was no "one size fits all" approach with regard to solutions for sustainable funding of grassroots sport. Several MS welcomed the study since it helped raise understanding of grassroots sport and could be a good basis for the discussion in the XG. MS confirmed many of the challenges identified in the report from a public authority perspective (e.g. economic crisis impact on funding sources for sport, public financing constraints, situation of volunteers, changes in national legislation regarding gambling services, including lotteries, impact of fiscal regimes). One MS pointed to the fact that it was difficult to predict how the grassroots sport sector was developing given its dependence on many different variables. One MS noted that VAT exemptions were a crucial issue but could not be a recommended outcome of XG FIN given the remit from the Council.

The chairman concluded that the following topics were key issues for grassroots sport across the MS: taxation issues incl. VAT, solidarity mechanisms, State aid,



return to sport from gambling services including lotteries, volunteering.

4. DECISION ON OBSERVERS

The chairman introduced the discussion on the role and possible participation of "other participants" – in line with Annex II of the EU Work Plan for Sport. COM presented a list of 3 organisations/entities that had specifically expressed their interest in participating as observers in meetings of the XG FIN.

The XG had a detailed discussion about each organisation on the list. MS thought that, in general, the meeting should not be closed for observers, while also noting that the meetings should remain efficient. There was also agreement that, depending on the topic, experts/organisations could be invited on an ad-hoc basis.

From those organisations that had expressed their interest in participating in the XG FIN, the XG agreed to grant observer status to the following organisations:

- European Olympic Committees (EOC) EU Office;
- European Non-Governmental Sports Organisation (ENGSO).

The XG decided against an observer role for European Elite Athletes Association/UNI Europa Sport PRO as the XG would focus on grassroots sport rather than professional sport.

5. ADOPTION OF THE WORK SCHEDULE

The chairman invited the COM to present its proposal regarding the Work Schedule for the XG FIN. COM recalled that the EU Work Plan for Sport identified the economic aspects of sport, in particular 'sustainable financing of grassroots sport', as a priority theme for EU level cooperation in sport. Annex I specified the action based on this priority, which was to "Recommend ways to strengthen financial solidarity mechanisms within sport". The XG FIN had been tasked to propose recommendations for consideration by end-2012.

The COM explained that the proposed Work Schedule recalled the main achievements in the field of financing of sport in recent years. The draft included three main deliverables for the XG FIN as well as, for each deliverable, a concrete task schedule to be achieved in three meetings until end-2012. The outcomes of the work on these deliverables would be presented to the Council Working Party on Sport (WPS) by a specific target date, i.e. November 2012. Deliverables should pave the way for possible future EU level activities in the field of sustainable financing of sport. Deliverables from all the XGs would then feed into the Commission's final report on the implementation of the EU Work Plan to be submitted by the end of 2013. In light of the preceding reactions by the XG on the study, the COM saw, however, the necessity to reconsider the deliverables presented in the draft of the Work Schedule.

Taking account of the views expressed by experts in the group and by the COM about what the group should do and should not do, the chairman therefore suggested that the Work Schedule should include a single deliverable on "solidarity mechanisms". In the chair's view, the XG should discuss in a first step what "solidarity in sport" meant. Then it should consider what different mechanisms were already in place.



And finally it should identify other policy developments and possible legal frameworks that could affect these mechanisms.

During the following tour-de-table, experts expressed their views regarding solidarity mechanisms from their respective country perspective. The exchange of views illustrated the different interpretation of the scope relating to the notion of "solidarity mechanisms within sports". A large number of experts clearly attached importance to also addressing legislation on e.g. lotteries, gambling and betting, taxation and State aid in this context, whereas some noted the limits of the mandate from the Council that asked to focus on solidarity within sport. Certain MS specifically pointed out the role of the State in helping sport directly through different schemes of assistance at different levels. Certain MS noted the specific characteristics of each MS and the differences across national (grassroots) sport sectors. One MS wanted to limit the focus in the group on the exchange of good practices. The COM added that the study already provided a good source of information on solidarity mechanisms and the relevant legal frameworks; inter alia, results from the club survey showed that there was solidarity in sport, but rather from the bottom to the top level. That latter finding was confirmed by several MS.

The chairman noted that overall the group seemed to agree with his suggested approach and concluded that the final Work Schedule should reflect the discussion and be revised so as to include only one deliverable, i.e. "Recommendations to strengthen solidarity mechanisms within sport". The chairman got support from the XG to take the role of lead expert for that deliverable.

The XG agreed with the chairman's proposal regarding the following broad steps for preparing the deliverable:

- First step: Review of the study (see above) regarding "solidarity mechanisms within sport". Experts should be invited to provide a) updates and b) identify possible good practice examples. A respective request to the group would be sent by the lead expert shortly after the first meeting.
- Second step: Preparation of consolidated first draft, including the replies from the experts, and outlining how these mechanisms could be affected by other policy/legal frameworks. The lead expert would send out a document ahead of the second meeting for further comments.
- Third step: Discussion of the draft and identification/formulation of recommendations.

The final Work Schedule would be distributed with the minutes and would take account of the changes agreed at the meeting.

6. A.O.B.

The XG FIN will hold its next meeting in Brussels on Tuesday, 22 May 2012.