



## ENGSO statement on the EU directive proposal “Services in the internal market”

National sports confederations throughout the European Union express their deep concern regarding specific contents of the European directive on services. This directive may lead to a liberalization of national gambling markets, resulting in a considerable decrease of income for sports from state licensed national lotteries.

ENGSO, umbrella organisation representing sport confederations from 40 European countries, informs you about these worries and draws your attention on this matter of fundamental importance for the future of sport.

The organisation of sport within the Community is primarily based on structures, which base upon voluntary engagement by people in clubs and federations. The Nice declaration on sport, adopted in 2000 by the EU Heads of State and government, describe the role of sport organisations as

*“ensuring the essential solidarity between the various levels of sporting practice, from recreational to top-level sport, which co-exist there; they provide the possibility of access to sports for the public at large, human and financial support for amateur sports, promotion of equal access to every level of sporting activity for men and women alike, youth training, health protection and measures to combat doping, acts of violence and racist or xenophobic occurrences.”*

This model consists of countless structures at all levels and is given actual body by million of volunteers and many more millions of sport participants. It is financially safeguarded by the revenues from state licensed lotteries. In 2004, an average 50% of national funding for amateur sport in the EU came from lottery funding<sup>1</sup>.

Through the financial support of national lotteries, sport organisations are enabled to provide their competences within the fields of

- health prevention
- sport for all initiatives
- sport infrastructure
- employment
- fight against doping
- integration through sport measures
- youth work activities
- free of charge qualification and training of volunteer staff.

The opening of national gambling markets to companies, offering their gambling services without a state license, would go along with a significant decrease of the means national lotteries put to the disposal of public interest activities, such as social works, culture or sport.

Governmental authorities will not be able to compensate these reductions.

On behalf of our members we therefore call upon the European institutions to **exclude gambling services** from the scope of the directive on services in the internal market, and thus **safeguard the existence of the unique sport structures and their valuable contribution** within the European Community.

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<sup>1</sup> In Finland, it even represented 98% of the state sport budget.



ENGSO<sup>1</sup> - EU Working Group  
March, 2005

### **Facts & Figures: state lotteries' contribution to organized sport**

The European Commissions' proposal on the service directive includes a massive threat in regard to the financing of non professional sport in Europe. The scenario of opening national markets for not licensed lotteries following the application of the "country of origin" principle will jeopardize the existing structures of all our members throughout the 25 member states.

Outlining the crucial link between the organisation of these sports structures and the funding of state lottery, ENGSO presents following examples of how the working fields of its members depend on the existing financing by national lotteries.

#### **Austria** (12.685 sports clubs – 3,3 million members):

About 71% from the national funding for sport comes from lottery funding, meaning about 37 million euros.

The lottery money finances mainly the top sport sector, sport infrastructures, health measures, integration through sport, sport and youth.

If this financial source disappears, Austrian sport would no longer exist as it does today.

The Austrian sport federation, supported by the government, requests the exclusion of gambling activities from the scope of the directive.

#### **Finland** (7.800 sports clubs – 830.000 members):

About 98% from the national sports budget comes from lottery funding, meaning about 89 million euros, out of which 30 million euros for sports organisations.

The lottery funds mainly support municipal sport administration, sport institutes, sport facilities and national and regional sport organisations, in fields like sport for all, recreational sport, children and youth sport, sport for disabled, women's sport, ...

Distribution criteria include the implementation of equality, tolerance, and fight against doping. If this financial source disappears, the broad concept and variety of the Finnish sport system would collapse.

The Finnish sports federation requests the exclusion of gambling activities from the scope of the directive.

#### **France** (175.000 sports clubs – 14 million members):

2,9% of the national lottery company income and 0,01% from the PMU (horse race betting) contributes to the national sports development fund, which brings money to the sports associative sector. In 2004 it represented about 230 million euros.

The national sports development fund supports the development of the local sports associations, the building of sport facilities, top sport, social inclusion measures, education through sport, sport employment...

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<sup>1</sup> European umbrella organisation representing national sports confederations from 40 European countries.





If this financial source disappears, the above mentioned sectors would be seriously damaged.

The French Olympic and Sporting Committee adopted a position paper asking for the exclusion of gambling activities from the scope of the directive.

**Germany** (90.305 sport clubs – 27, 5 million individual memberships):

Lottery funding is the main source of income for sport bodies on national, federal and local level. A liberalization of the lottery market in Germany would jeopardize the existence of non profit organizations such as sport clubs, acting as interlocutors in field of public welfare services.

In 2003, state licensed lotteries gave 250 million euros directly to the finance of non professional sport. Another approximately 450 million euros is provided via the budgets of the federal governments.

In case the financial contribution of state lotteries to sport decrease or cease to exist, this development would put in danger thousands of jobs in sport organizations and threaten the free of charge qualification of 800.000 volunteers, spending their leisure time as coaches or managers in sport clubs.

German Sports Confederation and National Olympic Committee for Germany request the exclusion of gambling services from the scope of the service directive.

**Hungary** (7500 sports clubs – 200.000 members):

The lottery income (about 20% of the national sport budget) brings about 14,8 million euros to the sport sector (through a foundation). This found subsidises the sport for all sector, school sport, amateur sport organisations and events.

If this financial source disappears, leisure sport activities and events would probably decrease.

No official position for the moment on the services directive.

**Netherlands** (30.000 sports clubs – 4,7 million members):

Lottery funding is the main source of income for the national sport structures (sports umbrella and federations): they receive approximately annually 38 million euros in 2005, while the national government contributes around 62 million euros.

The lottery funds support the functioning of national sport bodies, sport for all, cooperation in sport and elite sport (including anti doping, education and innovation).

If lottery funding decreases, this will seriously hurt the sports organisational infrastructure, which is crucial for sport to take place. And it may have a negative impact on fields like social cohesion, integration, health and education.

At national level, NOC\*NSF (National Olympic Committee\*National Sports Confederation) requests an exemption for the whole sport sector from the scope of the directive, and a block exemption for games of chance. It adopted an official position paper on this issue.

**Norway** (12.311 sports clubs – 1,8 million members):

50% of the state lottery company net profit is designate to sport purposes. In 2004, 145 million euros were allocated to sport.



This amount supports almost all kind of sport area: i.e. physical activities for young people, top sport, sport facilities.

If this financial source disappears, it is unlikely that this loss would be fully substituted by grants from the national budget. That would then mean for most of the federations a dramatic reduction in activities.

The Norwegian Olympic and Sporting Committee requests the exclusion of gambling activities from the scope of the directive.

**United Kingdom** (150.000 sports clubs – 13 million members):

UK sport received about 28,9 million euros from the national lottery in 2004.

It allows UK sport to fund elite sport, grassroots sports organisations, sport and recreation clubs. Those funds are used to build sport facilities and fund project that aim to increase participation in sport and recreation.

If this financial source disappears, no UK sport initiative would disappear, but many CCPR members would be affected (example: British Gymnastics – its elite athlete programme would be severely affected).

CCPR (Central Council of Physical Recreation) supports the position of a national lottery independent from the government, adhering to the principle of additionality (lottery funding should be in addition to government funding). It is crucial that 60-70% of lottery funding is ring-fenced for voluntary and community groups. CCPR lobbies at a national level to promote those views.