

SUBSIDIZATION POLICY IN SPORTS AND PHYSICAL TRAINING IN THE CZECH REPUBLIC

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Considering the positive externalities and classical meaning of the term physical culture, sports belong among the spheres of life traditionally supported in the Czech Republic.

Conceptual issues of the differentiated support of sports and physical training at various state administrative and municipal government levels are, at the present time, connected with a change in the state's allocation policy, i. e. from a centralized to a decentralized one. The activities of these important institutions, represented by the state, regional authorities and municipalities, should be coordinated in the area of subsidization policy in order to avoid social cost ineffectiveness and, in the final stage, negative impacts on sports and physical training.

Keywords: Subsidies in sports, coordination of allocation policy, state programmes, public activities.

INTRODUCTION

The policy of the financial support of a certain activity, also referred to as subsidization policy, is not only an economic issue, but especially a legislative as well as a political issue in every country. Our present subsidization policy (if we don't mention grants from private funds which are not subject to this analysis) in the field of sports and physical training is realized at several levels in the Czech Republic:

- at the state level (especially by means of the Ministry of Education, Youth and Sports),
- at the regional level,
- at the municipal level.

Allocation of grants earlier centralized thus follows the application of reform measures in the field of the public administration, the principle of subsidiarity and a follow up system of social funds allocation.

Subsidies of the state and municipal governments oriented to sports and physical training

Besides subsidies¹ provided at the state level, which are managed within the purview of specialized programmes, public convenience is one of the basic stimuli as well as guides to subsidization policy at regional and municipal levels. By virtue of public convenience not

only sports and physical training are subsidized, but also culture, the social sphere, charity, science, education, etc.

In the Czech Republic no law exists which would define public activities more exactly. The definition of public convenience has been discussed in the Czech Republic for many years, nevertheless, the meaning of the concept public convenience is still ambiguous. Unfortunately, it can be one of the reasons why a part of the subsidies from public budgets does not get to those for whom they should be designated from an ethical point of view. Various Czech legislative laws state and at best define public convenience by listing activities in terms such as "public activities", "welfare purposes", "socially beneficial targets", etc. – e.g. an allusion in Act No. 586/1992 Coll., on income taxes, where tax exemption is guaranteed by virtue of the vaguely defined term "public convenience". Since 2000, the allocation of subsidies to support sports and physical training has progressed significantly in favour of the regional authorities, as it is stated in TABLE 1 and illustrated in Fig. 1.

This trend not only corresponds to the development in advanced countries, but it especially evens up previous extreme centralism applied within the framework of socialist planning in sports and physical training. In general terms it is thus possible to expect that this qualitative trend is right and will continue for some time.

¹ In economical terms, subsidy means support provided by the state or another entity, serving to ensure activities exactly defined or the purpose, in which the entity providing the subsidy is interested. "Subsidy" differs from "grant" in regards to the exact definition and determination of the purpose.

TABLE 1

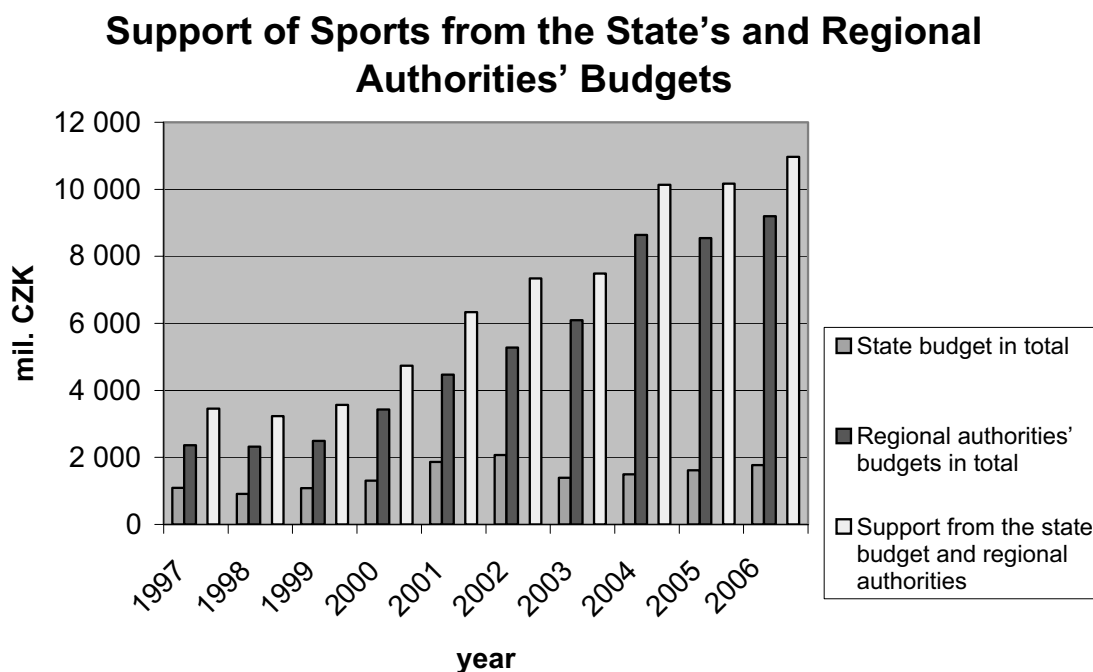
Support of sports and physical training from the state's and regional authorities' budgets (in millions of CZK)

Grants (millions of CZK)	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 ²
State budget (SB) in total	1089	915	1079	1308	1865	2069	1394	1497	1619	1770
Regional authorities' budgets in total	2364	2319	2490	3431	4471	5276	6097	8641	8548	9200
Support from the SB and regional authorities in total	3453	3234	3567	4739	6336	7345	7491	10138	10167	10970

Source: Ministry of Education, Youth and Sports, Ministry of Finance, Prague, 2006

Fig. 1

Graphic presentation of support of sports and physical training from public budgets



For more exact consideration of the trends in amounts of grants and subsidies relating to sports and physical training the relation to gross domestic product development in relevant years was given as the basic comparison measure. This development is illustrated by the following Fig. 2.

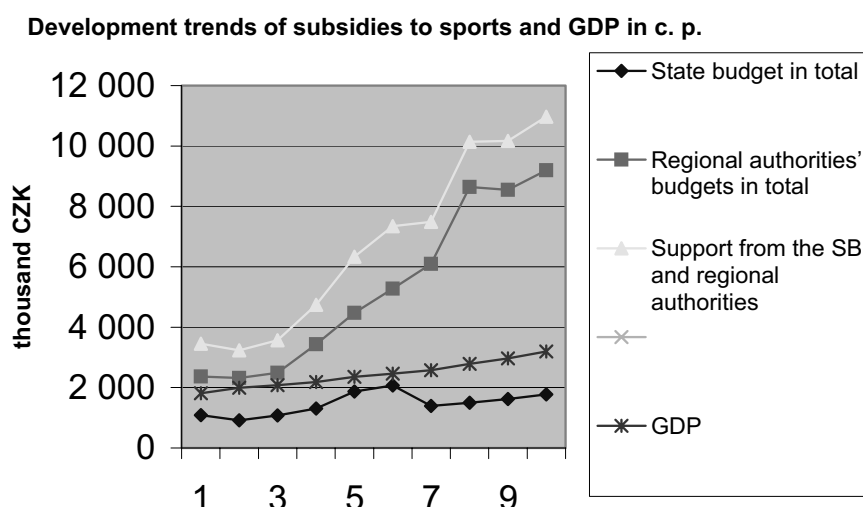
Regional authorities' budgets, budgets of regions, municipalities

As it is obvious from Fig. 2, in the subsidization policy of public budgets the focal point of supporting physical culture thus changes gradually from the state level to the level of regional authorities in accordance with the proclaimed statement on the subsidiarity of public funds allocation (Nemec & Wright, 1998). The

crucial support of sports is already proceeding out of a coordinated state centre line and at the expense of regional authorities, municipalities and the sports movement. In parallel with decentralized sources, especially in municipalities, changes are made in the institutional organization of sports, physical training and communal recreation, as these changes are supported by significant trends in the increase of grants to this sphere.

Although it is possible to get a summary of the basic development trends on the basis of the total amount of financial means allocated to this sector from public budgets, only very little information can be found out about the internal structure of the utilization of these means. However, it is especially a structure appropriately set with necessary financial amounts that can fulfil effectively a socially beneficial function.

² The figures correspond to data planned for 2006.

Fig. 2Development of subsidies to sports and trends in GDP³ growth in 1997–2006

GDP in c. p. – gross domestic product in common prices

Differentiation of grants and subsidization programme in sports and physical training

The present system of supportive financing of sports and physical training has been applied in the Czech Republic for a long time, however, individual entities' interests are significantly differentiated step by step in connection with the targets and priorities of these entities. In subsidization policy, while the state keeps the role of a supporter of the representation, the support of top level sports and also the role of a maintainer of a material and technical base of sports and physical training, budgets of regional authorities, which are new entities in the chain of economic relations, especially municipalities, support development of their own local sports activities, their own representation, fitness recreation and sports for everybody (Hobza, Rektorík et al., 2006). Strengthening of municipalities' influence on the renewal and construction of sports facilities will probably continue. The reason for this influence will be property – i. e. the transfer of a further part of their facilities from the physical training unions and sports clubs to municipalities, as well as for organizational and technical reasons.

Present trends towards citizens' common sports activities or both planned and spontaneous single events result especially from the local requirements of the inhabitants, and they are well founded even in terms of "just" funds allocation.

Physical training code as a factor of responsibility for provision of subsidies

The Ministry of Education, Youth and Sports is fully entrusted with coordination and subsidization policy in the sphere of sports and physical training, complying with laws and the government's decrees in the field of subsidization policy. Other government departments solve subsidization policy in the field of public convenience analogically, based on partial standards, too (there is no law in this field which would regulate general principles as well as the rules of clear grants definition, allocation and utilization).

The necessity of the continuous objectification of a mutual role of the state central organs and regional authorities has not been sufficiently comprehended yet. It would be appropriate to codify the distribution of the roles and tasks of individual "territorial players" providing subsidies from common funds in a mandatory document, by which those who act in the sphere of sports and physical training could be guided when making decisions. Due to a large number and variety of user entities it is not probably possible to expect a coherent view and a leading role of municipalities. However, they participate significantly in the development of sports and physical training by their own funds too, as has been already proved. The task of setting and putting into practice a package of certain rules entitled the **Physical Training Code** will still evidently remain a task of the

³ The GDP is reduced by three digit places (GDP/1000) in the graphic chart with regard to the commensurability of trends in individual figures and the graphic chart's intelligibility.

central organs in the Czech Republic. An ideal solution could be the inclusion of the code into the act on sports support. At the present time, in the second term of our regional authorities (whose administration and position in sports and physical training has been already more or less stabilized, as have the budgets of municipalities), we have the most suitable chance to do it.

If we pass over the issue of school physical training which is regulated by standards in connection with education laws, codifying the position of sports and fitness recreation in the Czech society has left us.

What should the proposed **Physical Training Code** contain? Above all, a certain distribution of responsibilities for various spheres of sports, physical training and fitness recreation ensured from the level of the state, regions and municipalities. Task of particular levels can be summarized in the following decisive sections:

- a) The task of the central organs of the state administration is to care about:
 - national representation, especially in the case of the Olympics, and then of other selected sports branches,
 - training of youth with a talent for sports towards sport representation,
 - campaigns for the support of the improvement of citizens' physical condition and thus their health,
 - equalization of regional differences and deficits in the sports and physical training infrastructure,
 - the physical culture of handicapped sportspeople,
 - the support of special sports and physical training events organized on the territory of the Czech Republic.
- b) The task of regional authorities is to care about:
 - the support of sports and physical training events of international, supra regional and regional importance organized on the territory of regional authorities,
 - the support of the sports and physical training of youth, especially by means of secondary and vocational schools.

- c) The task of municipalities is to care about:
 - fitness recreation of citizens,
 - support of physical training unions/sports clubs ensuring physical training of youth,
 - support of sports units which contribute by their importance to municipality promotion,
 - support of sports and physical training events of international, regional and local importance organized on the territory of the municipal authority.

Subsidization and grants policy in sports and physical training is not complete without the inclusion of umbrella sports and physical training organizations which solve their own development priorities. An additional and more general economic view of the proposed grants policy complete with umbrella sports organizations is given in TABLE 2. They are **especially defined programmes and activities**, and not predetermined institutions, which are preferentially supported by subsidies and grants, in terms of economic theories, in the proposed decisive table. In accordance with this principle, subsidies and grants are obtained by those institutions (organizations) that fulfil succinctly defined rules of individual initiation grant levels. A schematic and preliminary proposal of power distribution is submitted in the following table.

However, it cannot be expected in a practical realization subsidization policy that an exact delimitation of responsibilities can be achieved. Specific interests from various levels will often overlap and follow one another. However, powers at individual levels of the public budgets administer in connection with a structure of tasks resulting from the **Physical Training Code**, which should be always dominant.

It is desirable that the fulfilment of dominant and associated partial tasks including financial provision should be continuously objectified in accordance with new knowledge and development trends. They are described in professional studies dealing with physical culture and its closely associated sociological, health and economic aspects (Hodaň, 1997; Novotný, 2000; Weber

TABLE 2
Distribution of grant powers

	Priority 1	Priority 2	Interest
State	Representation	Top level sport and its sport infrastructure	PA ⁴
Region	PA	Sport infrastructure	Regional representation
Municipality	Sports infrastructure	PA	Society activities
Umbrella sports organizations	Top level, efficiency sport	Society activities	PA

⁴ PA – public activities

et al., 1995; etc.). It can be illustrated by both passportization in the field of support on a material and technical basis, which arises gradually by regions, and a newly applied regional conception of the development of sports and physical training with modern principles of grant policy. It would be useful to deal with conceptions and passportization from a central level, the tasks of which, these days, include, besides others, the equalization of regional differences and deficits in sports and physical training infrastructure. The danger of unbalanced states of infrastructural facilities otherwise arises within the frame of the Czech Republic, with the real danger that the difference already existing will disproportionately deepen itself still more. Nevertheless, as mentioned above, one of the important tasks of the tax policy and public budgets is to even up infrastructural differences and objectify initial property conditions. Therefore, the primary task of the state cannot be to create social and property inequalities and further disproportions for state and municipal financial means. In European terms such a policy is absolutely unacceptable so much the more in that a structural policy of the EU strives for equalization of regional differences in the economic and social fields. On this occasion, the Physical Training Code as an organizational and maybe even ethical document can be a good basis in specific fields of Czech sports and physical training.

CONCLUSION

Possibilities of subsidies designated for sports and physical training are limited by the budget even in highly advanced countries. In the Czech Republic it is the same – although the amount of financial means for this field of development continuously grows, the share of grants and subsidies relating to the state budget is considerably lower than in western countries (Felderer, Halmenstein, Kleissner, Moser, Schindler, & Treitler, 2006). So much the more is it necessary to be particular in coordination of subsidies and grants to sports and physical training from all levels providing this support. At the present time, new documents of the government will be probably elaborated in addition to others concerning sports development. In our opinion it is necessary to include new views in these documents, such as the differentiation of grants, the Physical Training Code, sports coordination from the level of the state and municipal governments, sports for everybody, a conception of the development of sports organizations, etc. Besides these fields, the enforcement of higher financial shares for sports and physical training from the state budget and the reallocation of financial limits of individual programmes in favour of updated Czech sports priorities are very important, too. Sports and physical training

in more complex national economic terms (including follow up industrial branches, the travel trade, health and multiplication effects) bring up to 7% into the gross domestic product in advanced countries, their support thus pays off even from an economic point of view (Howard & Crompton, 2004).

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SUBVENČNÍ POLITIKA VE SPORTU A TĚLOVÝCHOVĚ V ČESKÉ REPUBLICĚ (Souhrn anglického textu)

Vzhledem k pozitivním externalitám a všeobecně uznávanému významu tělesné kultury patří sport a tělovýchova k tradičně podporovaným oblastem života v České republice.

Se změnou alokační politiky státu, tj. z centralizované na decentralizovanou alokační politiku, jsou v současnosti spojeny koncepční otázky diferencované podpory sportu a tělovýchovy z různých úrovní státní správy a samosprávy. Tyto významné instituce, představované státem, vyššími územními celky a municipalitami, by měly postupovat v oblasti subvenční politiky koordinovaně, aby nedocházelo k celospolečenské neefektivnosti vynakládaných prostředků a v konečné fázi negativním dopadům na sport a tělovýchovu.

Klíčová slova: subvence ve sportu, koordinace dotační politiky, státní programy, veřejně prospěšná činnost.

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