

The system of Hungarian sport financing, with special regard to public finance aspects

Ágnes Nikolett Tóth¹-Gábor Mátrai²

Abstract

Sport, as a sector of national strategy, has a key role in the economic and social development of Hungary and in the successful achievement of its national economic and national policy goals. The promotion of sport, sports activities, the creation and putting in place of the conditions for playing sport is – among other things – a public task of the state, which also implies state funding and the management of public funds. Transparency, accountability and integrity are the most important principles for the use of public funds, and should be a key priority for sports funding. Sports financing needs to move from an extensive to an intensive phase, and the introduction, development and widespread use of the latest innovative technologies in the field of sport must be prioritised. Spending and investment in sport, in the sport sector, and the further conscious and thoughtful development of the sport ecosystem can be seen as a multiple return on investment.

KEYWORDS: functions of sport, sports financing, sports expenditure budget, TAO system, sports satellite accounts, sports spending efficiency

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1. The definition of sport, sports law as a specific field of law

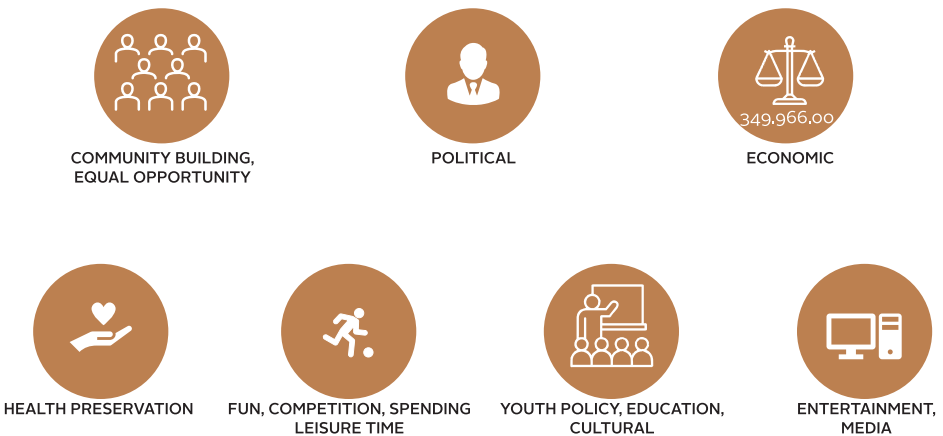
By the end of the 20th century, sport had become an area of outstanding importance and a sector of national strategy. Sport is an extremely complex phenomenon, affecting physical culture, education policy, health, and its economic and social policy importance is growing. Today we can legitimately talk about the «sports industry». Sport is gaining increasing importance in domestic and foreign policy, and has become a very important tool for enhancing the country's image (Tóth, 2018).

Sports law is a specific area of law, which has a number of private and public law aspects. Sports law has a number of public law characteristics, as one of the parties is usually the state itself, and there is a hierarchy between the participants. Public law aspects include the constitutional law rules, the organisational system of the state sports administration, the criminal and misdemeanour offences, the sports police and, of course, the legislation regulating sports financing and the system of tax benefits for sports activities (Tóth, 2019).

2. The basic functions and financing and funding background of sport

The basic functions of sport and sports activity can be summarised in the following diagram (Nádori-Bátonyi, 2003):

figure 1: The basic functions of sport



The functions also show that sport is an important industry worldwide, and the sport ecosystem, as already mentioned, is a key strategic sector of the Hungarian national economy and a strategic area of national policy.

In order to achieve the socially beneficial aims of sport, the State lays down the legal conditions for the exercise of sports activities in an organised form. Parliament, through legislation, establishes the legal conditions and the institutional framework for the pursuit of sporting activities and the «operation» of sport. The Government, as the highest body of public administration, performs the same decision-making, management and coordination tasks in relation to sport as it does in other sectors. The Government is responsible for the development of the long-term sports strategy and development plans, the results of which are the draft sports-related bills and resolutions prepared for the Parliament (Princzinger, 2010).

The promotion and ensuring of sports activities is therefore – among other things – a state task, and therefore also a public task, which implies financing from public subsystems, primarily from the central budget (Fazekas, 2009).

The European Charter of Sport, which defines sport in the broadest possible terms and states that the most important goal of the state, based on European values, is to improve the quality of life and health of its citizens.

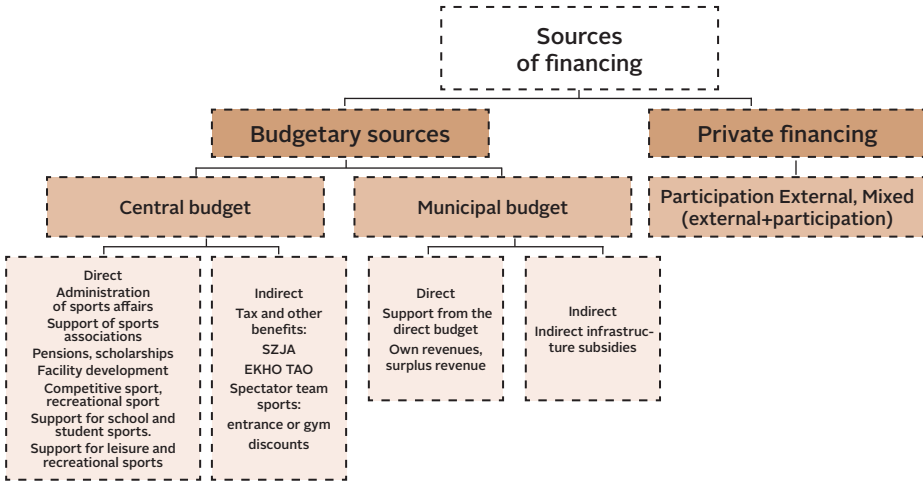
The current Hungarian Sports Act also provides for a system of funding: as set out in the Sports Act, the Budget Act, the legislation on the operation of public finances, the Government Decree on State Subsidies for Sports, and the Government Decree on Major International Sports and Sports Diplomacy Events and the Budgetary Subsidies Related thereto, with a priority for funding based on sports development programmes, by making resources available through tenders, the state participates in the financing of competitive sport, youth education, school and student sport, university and college sport, recreational sport and sport for the disabled, as well as in the financing of priority international sport and sport diplomacy events and sporting tasks of local authorities.

The structure of sport financing can be analysed from several aspects, according to which we can look at the provision of resources (i) on the basis of the sport activity, (ii) from the institutional and organisational system, and (iii) in terms of the way and conditions of availability of resources.

The financing system of sport activities can be interpreted on the basis of the grouping presented in the following figure (Keserű-Dénes, 2007):

These sources of funding are not only separate, but also co-exist, complement, substitute and replace each other, depending on the nature of the sporting activity, its location, time and, of course, media interest. However, it can also be noted that the categories defined above do not always imply an exact delimitation, for example, sports sponsorships by state-owned companies or the purchase of sports content by public media services.

figure 2: Sources of funding for sports activities



3. State involvement in the financing of sport

Hereinafter, we will focus on the use of Community funds and, in particular, on the central budgetary funding of the sport ecosystem and its public finance relations, which requires a brief look back in time.

The funding of Hungarian sport has changed significantly since 2010, as the funding shortfall of the sports sector after the regime change, mainly due to the withdrawal of the state from funding, has become unsustainable. The solution to this situation was to rethink the role of public funding, redefine it through a legal framework and create sustainable, long-term conditions for securing resources. In setting the funding framework, as indicated above, the Sports Act plays a key role, stipulating that state support for sport can be used

- ▶ by statutory normative means or as a pre-calculated operating grant on the basis of a contract,
- ▶ on the basis of a contract, following the submission and assessment of an application for funding drawn up by sports organisations, sports federations, local authorities and sports associations, containing a professional plan for the performance of professional duties for the following year and its financing concept, or
- ▶ to support competitive sport, youth sport, school and student sport, sport in vocational training institutions, university and college sport, recreational sport, sport for disabled people and sporting activities run by local authorities, on the basis of grant applications and contracts.

The state finances sport through direct and indirect sport support and also lays down important public guarantee provisions.

Direct funding, i.e. funding from budgetary sources, is governed by the currently effective Budget Act, the Áht., Ávr. and Government Decree 474/2016 (27 December) on the use and distribution of state support for sport and the Decree of the Ministry of Human Capacities (EMMI) 27/2013 (29 March) EMMI on the use and distribution of state support for sport (*EMMI Decree*). Direct budget support includes, for example, improvements to sports facilities, as well as honourable titles, awards and scholarships (e.g. Athlete of the Nation, Olympic Annuity, Aladár Gerevich Sports Scholarship, Hungarian Sports Stars Scholarship).

Indirect subsidies from the budget include tax and other benefits and exemptions, which aim to provide athletes and sports organisations with support and funding for sport through regulation. The Personal Income Tax Act defines the scope of tax-exempt income for sports purposes. And the legal regulation on simplified tax contribution provides for a preferential tax treatment for professional athletes, sports staff and sports professionals under the Sports Act, full-time and qualified employees of a sports federation or sports organisation.

Since 2011, the system of TAO (TAO- Corporate Income Tax) support for spectator sports has also played a key role in the Community funding of sport, as described in more detail below.

The figure below shows the sports expenses of the Hungarian budget (Lentner-Hegedűs-Nagy, 2022.) for the period 2010-2020, grouped by sports activity and by institutional and organisational system.

figure 3: Budgetary expenditures on sports, 2010-2020 (at current price, million HUF)

Year	Sports administration and anti-doping activity	Operational support of sports federations and regulatory bodies ^a	Reward of sports achievements, allowances, scholarships	Operation and development of sports building and training camps	activity and support			Total
					Competitive and youth sport ^b	School and student sports ^c	Leisure and recreation sports	
2010 ^d	-	2 889	636	21 805	10 656	1 184	1 709	38 880
2011	184	2 896	2 562	23 834	13 515	1 522	2 173	46 686
2012	184	3 667	5 309	27 646	16 285	1 841	2 344	57 277
2013	184	11 427	2 482	37 334	16 072	1 874	2 557	71 930
2014 ^d	346	1 276	3 189	72 206	35 046	2 828	4 660	119 551
2015	484	812	3 006	76 101	38 709	6 937	4 318	130 367
2016	16 997	767	5 341	283 240	65 668	4 053	4 983	381 048
2017	45 296	546	298	225 803	62 620	3 512	6 044	344 119
2018	4 832	509	175	237 563	64 361	3 179	14 206	324 824
2019	11 359	537	87	266 309	83 275	2 619	8 498	372 685
2020	23 562	284	185	234 130	167 088	2 660	13 238	441 147

Footnotes

* Source: budget reports for local government and for central subsystem.

^a Including other tasks.

^b Including the school and student sport activity and support tasks for people with disabilities.

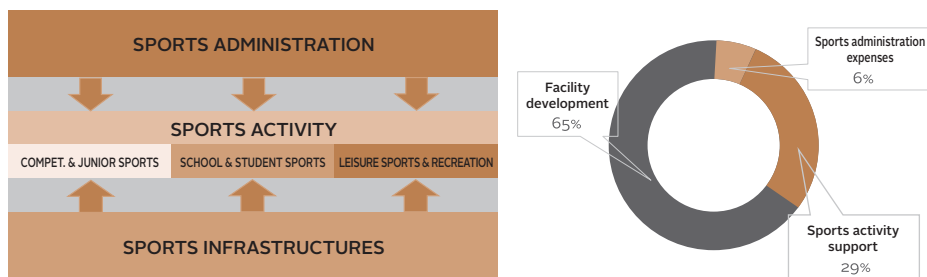
^c As budgetary task in 2010 changed; data from 2010 are comparable only to a limited extent with data for earlier years.

^d As institutional reports in 2014 changed to accounting by functions of government data from 2014 are comparable only to a limited extent with data for earlier years.

The amount of sports expenditure from the budgets of state and municipal institutions increased more than elevenfold from 2010 to 2020, the amount spent on sports, from HUF 38.9 billion to HUF 441.1 billion, of which (i) the amounts spent on supporting sports activities (competitive sports, youth education, school and student sports, recreational sports) increased from HUF 13.5 billion to HUF 183 billion and amounted to HUF 670.2 billion in the analysed period, (ii) the expenditure on the development and operation of sports facilities and training camps increased from HUF 21.8 billion to HUF 234.1 billion, and totalled HUF 1.1 HUF 506 billion in the period under review.

It is important to note that special attention must be paid to the effective management of the ever growing and increasingly complex ecosystem of sport, and in line with this, HUF 152.3 billion was spent on sports administration, support for sports federations, recognition of sporting achievements, scholarships and benefits.

figure 4: Structure and distribution of sports expenditure in the budget



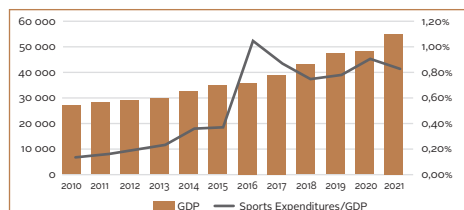
Source: own editing

We wish to note that no official statistics are yet available on the sports expenditure of the budget for 2021, so we have estimated the total value of this expenditure and have set it at HUF 450-470 million.

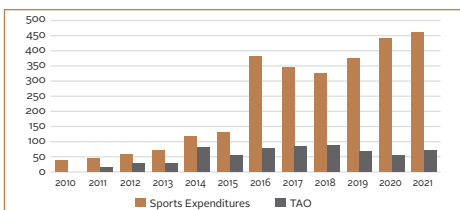
It is also worth assessing the volume of public spending on sport in relation to GDP, if only because there are many people claiming that a disproportionate share of public money is spent on sport. Based on the available data, it can be concluded that the ratio of budget expenditure on sport as a share of GDP ranged between 0.14% and 1.05% over the period 2010-2021, with the lowest ratio of 0.14% in 2010 and the highest ratio of 1.05% in 2016. In our assessment, these ratios cannot be considered as outstandingly or excessively high, even if they top the list of a European comparison.

figure 5: Sports expenditure of the Hungarian budget as a share of GDP 2020-2021

Year	Gross domestic product (GDP)					Change in volume of actual final per capita consumption of households	Gross national income (GN), billion HUF	GNI/GDP ratio, %
	value, at current prices, billion HUF	value per capita		volume index	implicit price index			
		thousand HUF	euro ^a					
2010	27 485,1	2 748,5	16 455	101,1	102,5	98,6	26 191,4	95,3
2011	28 538,2	2 861,9	17 167	101,9	101,9	100,9	27 156,2	95,2
2012	28 996,6	2 922,9	17 188	98,7	102,9	97,7	27 769,0	95,8
2013	30 351,9	3 068,0	17 709	101,8	102,8	100,0	29 469,0	97,1
2014	32 804,7	3 324,9	18 408	104,2	103,7	102,2	31 324,1	95,5
2015	34 965,2	3 552,3	19 265	103,7	102,8	103,6	33 291,6	95,2
2016	36 206,7	3 689,3	19 402	102,2	101,3	104,1	35 230,1	97,3
2017	39 274,8	4 012,6	20 255	104,3	104,0	104,5	37 685,7	96,0
2018	43 386,4	4 438,3	21 641	105,4	104,8	104,2	41 687,1	96,1
2019	47 664,9	4 878,1	22 864	104,9	104,8	104,5	46 407,3	97,4
2020	48 411,5	4 965,2	22 295	95,5	106,4	98,1	47 263,8	97,6
2021	55 125,6	5 677,3	24 471	107,1	106,3	104,2	53 392,3	96,9



Source: KSH (2022)



* Estimated figure for sports expenditures in 2021 – HUF 460 billion

Currently, there is no internationally established and agreed set of standards for the level of public support for sport. The National Strategy for Sport only provides guidelines for the proportion of domestic public funding for sport to reach the average for EU Member States.

4. «Hungaricum» in sports financing – an introduction to the TAO system

The year 2011 marked the beginning of a new period in the Hungarian sports funding system, as a comprehensive amendment to the law, along with a fundamental restructuring of the organisational and institutional framework of sport, brought about significant changes in the rules of funding, according to which (i) a sports financing system for the development and growth of Hungarian sport, based on sport development programmes and strategies, had to be established, (ii) the development of sport sector development concepts, their adoption and implementation in a regulated manner were made a prerequisite for the state support of individual sports federations, (iii) an indirect budget support system for spectator team sports, the TAO system, was developed, adopted and introduced.

The design and operation of the latter can be considered a clear Hungaricum and it is important to note that its methodology was accepted and approved by the European Commission before its introduction, as a unique European model “focusing on transparent, measurable, application and programme funding elements” and as an exemplary scheme.

The EU Commission has decided that the aid package “to support the Hungarian sports sector through a tax concession scheme” is in line with Article 107(3) (c) TFEU, that the safeguards proposed by Hungary “guarantee that distortions of competition resulting from state intervention are limited and that the overall effect of the measure is positive”, and the scheme was approved in the first round until 30 June 2017, and was extended twice by the EU Commission and is now valid until 30 June 2029.

A similar programme or application-based sports funding system is currently in place in only three EU countries, (i) in the Czech Republic, the Ministry also responsible for sport announces public procurement/ funding schemes every year, to which sports organisations can apply with specific projects, and the state supervises the implementation and effectiveness of the projects, (ii) in Spain, the Supreme Council for Sport draws up the grant contracts for specific areas of sport, monitors the achievement of objectives and the settlement of accounts, (iii) in Italy, the Italian Olympic Committee, CONI, distributes the annual grants from the government to sports federations based on applications.

The aim of the TAO scheme is to allow companies that pay corporate income tax on their profits to participate in supporting spectacular team sports (football, handball, basketball, water polo, ice hockey, and volleyball from 2017 onwards), in such a way that, in return for receiving a tax concession, a part of the tax payments other-

wise due to the State on the revenue side of the central budget is paid to the sports organisations instead of the State, for the purposes and at the intensity specified by law, in accordance with the rules and conditions laid down by law.

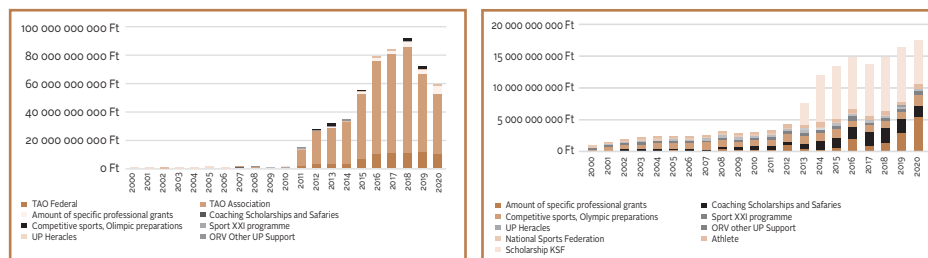
The significance of the TAO system is that (i) it has created a new, previously unused, opportunity for additional fund mobilisation from the economic sector, (ii) it strengthens the supply side, as the development of sports infrastructure increases the number of sports facilities and sports fields serving the purposes of sport, (iii) stimulates the demand side, because better infrastructure and more skilled professionals create more attractive conditions for sport as a means of health promotion, personal development, community cohesion and education, (iv) as a direct impact on the sports sector, with the support of public benefit foundations and sports schools involved in the development of youth education, it promotes the possibility of introducing and expanding dual careers (careers in sport) for athletes, (v) it creates the human and material conditions necessary to provide modern training and competition facilities for the development of quality youth education, (vi) it facilitates the improvement and development of the infrastructure and equipment needs of sports activities within the institutional framework of public education and higher education, and the performance of municipal sports tasks, (vii) it ensures the employment and training of qualified and skilled sports staff, (viii) as an indirect sports impact, the effects of the development of sports infrastructure development can also be used effectively in the preparation of other sports.

There is a lot of information and data on the amount of TAO spent on supporting spectator team sports since 2011, which is typically much higher than the amount described below and are mostly from unreliable sources. However, access to official aggregate data is also very limited. To determine TAO spending, we used the figures published in the “Competitive Sports Strategy for Olympic Sports 2022-2032” prepared by MOB in 2022. .

between 2011 and 2021, the amount of federal and association TAO spent on supporting spectator team sports was approximately HUF 650 billion, which exceeded the amount of direct subsidies for the priority sports significantly, amounting to HUF 136 billion over the same period. This is understandable, of course, since the equipment needs of spectator team sports are the highest, most athletes play at both adult and junior level, most sports professionals work here and the highest attendance figures are also here, which may also imply a more efficient use of TAO spending, for example due to lower unit costs.

Since its introduction, the TAO funding model has been criticised in Hungary in recent years, mainly in relation to football, but it can be noted that TAO funding has been distributed proportionally between the spectator and team sports, with the following distribution: nearly 40% football, 25% handball, 15% basketball, 9% water polo, 8% hockey, and since 2017 3% volleyball and only 10% of TAO has been allocated to professional football, the remainder is being used to develop amateur and youth football.

figure 6: Public support for spectator sports (2011-2020) and flagship sports (2000-2020)



Source: Competitive Sports Strategy of Olympic Sports (2022-232), MOB (2022)

The TAO system has clearly brought positive changes to the Hungarian sports and ecosystem, and “it has brought about a really big change at the bottom of the pyramid, in the life of small town and village sports organisations. The system has provided them with infrastructure and equipment that has enabled them to offer a large number of children and adults a cultural sports opportunity. In other words, the big winners of the funding are amateurs and recreational sports”.

However, we also need to talk about the persistent problems of inaccurate, inconsistent and non-digitised databases and data processing, and the weakness of control mechanisms and structures for resource use.

In addition, the problem of the sustainability of the financial support of sport should be treated as a particularly important issue, as one of the main “expectations and requirements” of the TAO and state support system should continue to be to create and consolidate the foundations and framework of market-based financing, and to promote its development and improvement wherever possible.

When analysing the financial and funding background of sport, we must also look at the effectiveness and “return” of the spending and expenditure.

Of course, we can approach this question by taking into account the (i) evolution of the number and quality of athletes, sports experts, sports facilities, sports events, (ii) the results achieved in sports competitions, but we can also look at it (iii) through indirect effects, such as “health promotion, personal development, community cohesion, education”.

5. The infrastructural background of Hungarian sport

As can be seen from the above grouping, without an adequate infrastructure, sports facilities and equipment, no effective and efficient sports activities can be performed, no major sporting events can be organised and no quality training can be provided for young people. Having recognised and appreciated this, in 2014 the Government adopted a comprehensive sports facility development strategy for the period up to 2020, the main aim of which was to make Hungary the host of the most prestigious international competitions in twenty-one major sports disciplines, while also taking

into account the priority aspects of recreational sports and sports tourism. The focus areas for the development concept are defined as follows:

- ▶ priority national public sports facility developments (Olympic Centres, national training centres)
- ▶ development of regional, county, city, district and municipal sports facilities
- ▶ development of sports facilities for sports federations and associations
- ▶ sports facility development in educational establishments – gym and swimming pool development programme
- ▶ recreational sports and tourism development
- ▶ improving sporting opportunities for disadvantaged children.

Among other things, the Groupama Arena, Pancho Arena, Nagyerdő Football Stadium, Hidegkúti Stadium, Diósgyőr Stadium, Ilovsky Rudolf Stadium, Fehérvár-Sóstó Stadium, Bozsik Stadium, the Audi Arena in Győr, the Tüskecsarnok Hall, the Mátraháza Training Camp were built under the programme, the Duna Arena, the Gerevich Aladár National Sports Hall were developed, the Tata Training Camp was reconstructed, the Alfréd Hajós and Béla Komjádi sports swimming pools were developed, and more than 300 sports facilities were built and nearly 400 were renovated with the help of TAO support. The Government has supported (and is supporting) the development of several cross-border sports facilities.

figure 7: National Sports Centres – Ferenc Kemény Programme 2017-2022

FERENC KEMÉNY SPORTS FACILITY DEVELOPMENT PROGRAM	NATIONAL SPORTS CENTERS
Budapest Athletic Stadium and outdoor training fields – IX. dist.	Budapest Olympic Center
Indoor athletic multi-functional hall – Észak-Csepel	- Puskás Aréna, Millenáris, BOK csarnok, Körcsarnok, Kisstadion
New Budapest Tennis Center	National Sports Hall, Practice Ice Hall
Budapest Xtrem Leisure Park – Észak-Csepel	National Olympic Center for Swimming and Water Polo
Sports and Leisure Center – Észak Csepel	- Duna Aréna, Dagály-, Hajós-Széchy-, Császár-Komjádi-, Tüske-, Kóér utcai
New ice rink, swimming pool and running track – Zugló, Bp.Olympic Cen	Veszprémi swimming pools, Tüske Hall
BOK Sports Hall – new „B” Hall – Zugló, Budapest Olympic Center	Northwestern Hungarian General Olympic Center (Tatai Training Camp)
New Budapest Velodrom – Óbuda	Szeged National Kayak-Canoe and Rowing Olympic Center
The area of ??Népliget that is currently used for sports – Népliget	Balaton General Olympic Center (Balatonfűzfő)
Károly Takács National Shooting Center – Nagytétény	Central Hungarian General Olympic Center (Dunavarsányi Training Camp)
Danube Rowing Center – Ráckeve	Training swimming pools – 27 pieces
Dunai Evezős Központ – Ráckeve	Handball training halls – Lenti, Békés, Bácsalmás, Sümeg
	Other facilities – PickAréna, Mátraházi Training Center, Ormai L.Table Tennis Cs.
	Ungvári M. Judo Cent., Kisvárdai, Siófoki Kayak-Canoe Point, Health Center

Source: National Sports Centers, Ferenc Kemény Sports facility development program

At the end of 2016, the Government decided on further sports infrastructure developments, complementing and refining the previously adopted strategy and, although clearly stated, also aiming to create the backdrop for a sports facility for a possible Olympic Games. The Kemény Ferenc Sports Facilities Development Programme has set the following objectives: (i) to provide higher quality sports services for domestic competitive, recreational and leisure sports, (ii) to ensure adequate

sports facilities and conditions for Olympic preparation, and (iii) to improve the spread and accessibility of certain sports, through the implementation of state-owned sports infrastructure developments for the period 2017-2022, with sites mainly in and near Budapest (aiming at a full rehabilitation of the designated sites). From 1 January 2023, the asset management of the priority sports facilities has been carried out by the National Sports Infrastructure Agency, as a budgetary body established by the State and operating under the control of the Ministry of Sport.

We do not wish to cover the issue of the operation and maintenance of the facilities, as well as the organisation and running of events, especially their costs, in this paper, as we would like to deal with that topic in detail in a later essay, but it can already be stated: the sustainable, long-term, efficient operation of the facilities must be a central element, and even more attention must be paid to it and, if necessary, these activities must be centralised.

The National Sports Agency was incorporated into the newly established National Event Management Agency from 1 January 2023, thus the Cabinet Office of the Prime Minister is now responsible for supporting the organisation of major international sporting events in Hungary, as well as the marketing and communication activities.

When evaluating the sports facility developments described above and the resources spent on them, it is important to note that they have tried to make up for decades of backlog.

In the two decades preceding the change of regime, and in parallel with the political and financial unsustainability of the system, the infrastructure of sport also deteriorated significantly, with facilities in many places being closed or becoming unsuitable for sporting activities. After the change of regime, the lack of structural change led to a further backlog. The 1996 Sports Act failed to remedy the lack of structural renewal and the constant lack of resources, and sports organisations struggled to survive while human and physical capital was constantly being eroded. However, the state involvement in the early 2000s brought a radical change, as the role of the “night watchman state” was taken over by central development strategies, the 2004 Sports Act, which is still in force today, and the 2007 National Sports Strategy, which, however, did not include an operational action plan and the necessary financial conditions were not provided, partly due to the financial crisis of 2008.

It is not an exaggeration to say that by 2010 Hungarian sport was heading towards one of the deepest crises in its history, with its infrastructure, training and funding becoming unsustainable and the number of athletes stagnating.

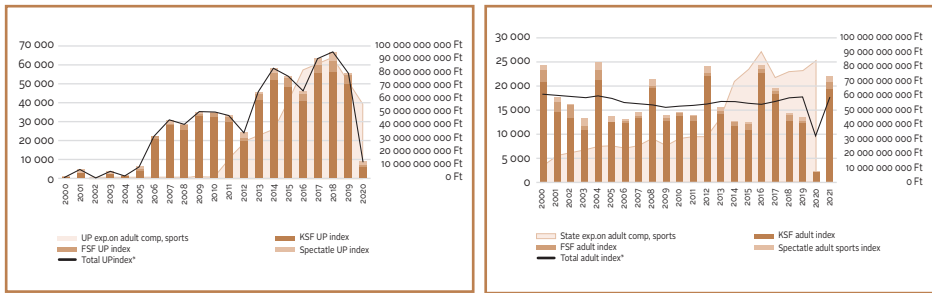
6. The effectiveness of Hungarian sport, its measurement – SPLISS model

The relationship between sports development, sports expenditure and sports results and performance is also dealt with in detail in the document prepared by the Hungarian Olympic Committee entitled “The Competitive Sports Strategy of the Olympic

Sports, 2022-2032”, with a special analysis of the situation of junior and adult competitive sports. The main findings of the document are:

“The increase in budget support for adult competitive sport has not been accompanied by an increase in performance. From a sports professional point of view, the funds have not been used efficiently enough. One reason for this is the lack of professional control. Due to their membership and human resources problems, the sports federations were not able to monitor the use of the funds from a professional sports perspective and from an independent point of view. The current funding does not encourage the highest professional work at either individual or organisational level. There is no well-defined, objective and verifiable set of criteria for the granting of support. Failure to meet the commitments made in return for the support in terms of staff numbers and results did not lead to any liability or material change in the volume of support during the period under examination. Just as the fulfilment or over-fulfilment of commitments was not followed by an adjustment of the support, the change in the level of resources remained generally inconsistent and contingent, and the grants did not act as an incentive for professional work of the highest quality, modern and long-term. All of the maladministration listed above is causing serious damage to Hungarian sport. Correcting these problems, making the funding system more transparent, plannable and predictable, and continuously monitoring and professionally controlling its use would result in more efficient use, even in the medium term, which could also make competitive sport more successful.”

figure 8: Trends in the effectiveness of public support for youth development and competitive sport (2000-2020)

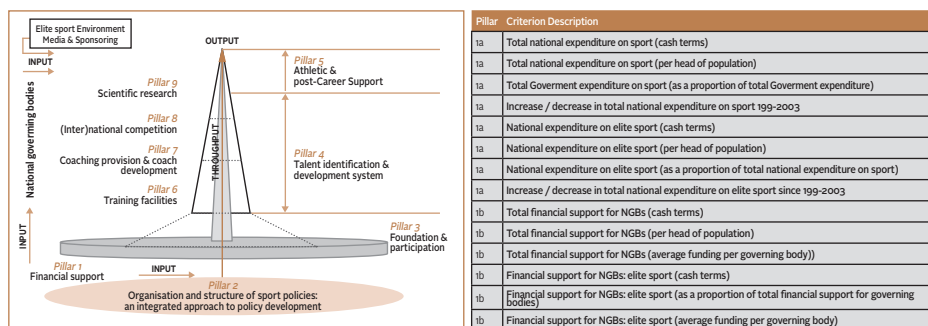


Source: Competitive Sports Strategy of Olympic Sports (2022-232), MOB (2022)

At this point, we should make a short detour and introduce the best-known and internationally accepted method of measuring the effectiveness of sport, which is definitely worth considering and necessary to be used regularly to review the effectiveness of Hungarian sport, to calculate the utilisation of the resources invested, and to determine the international competitiveness of a country’s sport sector. The SPLISS (Sport Policy Factors Leading International Sport Success) model defines it along nine measurement factors, dimensions and pillars, of which only one, but of course the most important element is the system of financial funding and support. The pillars interact with each other and build on each other to determine the effectiveness of a country’s

sport, its international competitiveness, and the analysis of the results also provides an opportunity to measure the efficiency of the use of financial resources, and can help in the process of preparing decisions, identify intervention directions and support decisions. Each pillar contains additional subcategories along which the measurement components of the domains are defined. The figure below shows the 9 pillars and the sub-categories of the “financial and financing background” pillar.

figure 9: The SPLISS model, its pillars and the measurement areas and subcategories of the financial and financing pillar



Source: WJH Mulier Instituut (2016)

Of all the factors that determine the competitiveness of a nation’s sport and its international sporting success, the most important is the market and, of course, government and public resources devoted to sport, competitive sport. In this area, Hungary is among the leaders in Europe, in line with the Government’s decision to define sport as a sector of national strategy. Nevertheless, it is also necessary to say that the efficient and controlled use of resources can only ensure a further increase in competitiveness and a significant increase in efficiency in proportion to the size of the support.

7. The indirect economic impact of sport, and how it is taken into account – the system of sport satellite accounts (SSA)

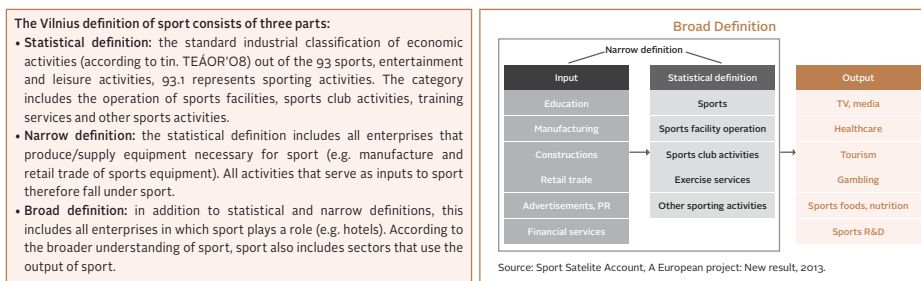
In addition to their socio-political importance, sport and sports activities make a significant contribution to the performance of a country’s economy, to economic growth and to the development of other sectors. In order to actually determine the economic impact of sport, a major European project coordinated in the 1980s and 1990s was organised in Belgium, Denmark, Finland, France, Germany, Germany and the Netherlands, but since the general definition of sport and the data collection system in these countries were completely different, it was not possible to compare the data internationally. Subsequently, already in the mid-2000s, the European Commission set up a working group on “Sport and the Economy”, whose primary task was to summarise the impact of sport on the economy, to take stock of the eco-

conomic impact of sport using statistical methods, to evaluate sport from an economic point of view and, on this basis, to develop a system of statistical sports accounts. In 2012, the EU Council and Member States declared the development of a data-driven sport policy at EU level as a priority, with a focus on the development and creation of national sport accounts and the sharing of good practices on national sport accounts based on the EU Work Plan for Sport 2017-2020. The most recent study on this topic was carried out by the European Commission in 2018.

In 2019, the Hungarian Central Statistical Office prepared a possible model experiment of a sports satellite account system in Hungary, in cooperation with experts from the Corvinus University of Budapest. Within the framework of the project, the previous international and national professional materials were reviewed and the national methodology was developed.

Satellite accounts are typically analytical accounts closely linked to the national statistical accounts system, complementing direct data from the national accounts system for the economy as a whole or for a specific sector. “Such a functional analysis account could cover areas such as tourism, the environment, education, culture, health or the non-profit sector. However, sport as a possible satellite area is not mentioned in the methodological manuals of the national accounting system. Quantifying the role of sport in the national economy is a very complex task, as the services and products used by sport activities are extremely diverse. The sports satellite account system may be the most appropriate for summarising the economic areas related to sport because it extracts from the national accounts system items that are suitable for showing the indirect links and spill-over economic impact of sport (Methodological basis for the compilation of the sports satellite account (SSA). KSH (Central Statistical Office) 2020). The so-called Vilnius definition of sport, created by the European Commission in 2007, is a statistical approach that seeks to highlight the impact of sport on each sector of the economy. The figure below shows the three main elements of the definition.

figure 10: The sports satellite account system and the Vilnius definition of sport



Source: KSH (2020)

Unfortunately, experience shows that few official statistics on sport are available or published in Hungary, and that sport expenditure in other sectors (e.g. education,

health) is only recorded in a limited and non-systematic way. The economic data for the sports sector are not visible in the national accounts either, but are shown together with other, typically non-sporting, leisure activities. International experience also shows that only those sectors where the weight of sport is likely to be significant should be considered in detail, as (i) the share of sport is better documented, (ii) experience shows that the top 10 sectors usually cover between half and three quarters of the country's sport economy. The above-mentioned project of the HCSO has only experimentally tried to estimate the value of the contribution of sport to the overall performance of the national economy, but we consider it advisable to develop, finalise and integrate a sports satellite account system into the data collection, data analysis and summary STADAT tables of the HCSO as in tourism.

8. Other focus ideas, suggestions

Based on the facts, data, assumptions and conclusions on the relationship between sport and public funds, and on the social and economic impact of sport, the following proposals should be highlighted:

- ▶ the world of sport, the sport system should be considered as a single ecosystem, and with a complex approach, all its social and economic (direct and indirect) impacts should be explored and analysed simultaneously, continuously monitoring it, thus determining the actual place, role and importance of sport, even in the framework of a large comprehensive research study,
- ▶ giving priority to education for a healthy lifestyle, increasing physical resilience, improving mental health and raising social well-being in terms of social impact,
- ▶ it is advisable to analyse the role of sport in the economy in detail, taking into account all direct and indirect links and externalities, including multiplier effects,
- ▶ in addition to the direct involvement of the state, more space should be given to civil and individual initiatives in the field of sport, with a focus on strengthening recreational and amateur sport, thus improving the health and resilience of society and the number of years spent in good health and active work,
- ▶ serious attention should still be paid to the safe conduct of sporting events (Tóth, 2019), to ensuring order, safety of spectators, athletes and sports officials,
- ▶ there must be a greater focus on business operation and sustainability in sport, in all areas of sport,
- ▶ the need for widespread dissemination, application and exploitation of innovation, innovative solutions, technological developments and digital solutions in all areas, and in this context
- ▶ priority should be given also in the future to the education and continuous training of sports professionals, staff and managers in all areas of sport,
- ▶ the effective integration of science and scientific research in all areas of sport.

9. Summary

Sport, as a sector of national strategy, has a key role in the economic and social development of Hungary and in the successful achievement of its national economic and national policy goals.

The promotion of sport, sports activities, the creation and putting in place of the conditions for playing sport is – among other things – a public task of the state, which also implies state funding and the management of public funds. Transparency, accountability and integrity are the most important principles for the use of public funds, and should be a key priority for sports funding. In addition, and in line with this, efficiency, direct and indirect returns on spending and sustainability must become increasingly important factors, and it is essential to increase market-based financing and create conditions for the broad involvement of private sources. Sports financing needs to move from an extensive to an intensive phase, and the introduction, development and widespread use of the latest innovative technologies in the field of sport must be prioritised. It can be concluded that the efficient operation and maintenance of a state-of-the-art digitised data register, data processing, data analysis, monitoring and control and decision making system is essential for all this.

Spending and investment in sport, in the sport sector, and the further conscious and well-considered development of the sport ecosystem can be seen as a multiply profitable investment, which contributes significantly to the competitiveness of individuals, communities and businesses, to the growth of the economy and to the well-being of society. ■

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