

Public Sector, EU and Sport

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Introduction

The instructional text acquaints the reader with the environment in which the sporting activities are implemented. The public sector is creating a sporting environment and its conditions, in which citizens can make their hobbies in their spare time. We live in the multiform Europe and the individual European States have their own specific sporting environment given by the historical development of national states. In the Czech Republic, the habits and norms of the sports environment were created spontaneously from the sixties of the 19th century, still in the existence of the Austro-Hungarian monarchy. The public sector and its legal norms shaped the form of our sports environment in fact until today. At present, we seek the beginning of the adoption of the Constitutional Act No. 1/1993 Coll., or the Czech Constitution. With the accession to the European Union in 2004 and after the adoption of the Lisbon Treaty in 2009, our state and national sports federations must reflect EU law. Czech legislation was prepared to join the EU and in the context of the great public sector reform in 2000, the law on Municipalities No. 128/2000 Coll., on Regions No. 129/2000 Coll. and on the capital city of Prague No. 131/2000 Coll., in order for the newly enacted public administration to function, was accepted Act No. 218/2000 Coll. on budgetary Rules and act 250/2000 Coll. on budgetary rules on territorial budgets. With a slight delay, Act No. 115/2001 Coll. on promoting sport has been adopted, where the tasks of public administration in the field of sport have been established. In all the above-mentioned Czech laws you can find ways to support of the grassroots sport and not only financially.

It is important to become acquainted with the concept of sport in the official documents of the institutions of the European Union (EU). A change in EU primary law means a significant strengthening of its relevance and position in future policy or the creation of new subsidy

programmes for sport. The EU defines competence for activities supporting, coordinating or complementary activities of the Member States, including in the field of sport. In particular, the new wording of article no 165 of the Treaty on the functioning of the EU is essential.¹

In many ways it resembles the part of the proposed and then rejected draft Treaty establishing a Constitution for Europe. Its name is "general and vocational education, youth and sport". The sport is mentioned as a phenomenon of an exceptional nature, whose unique characteristics are particularly evident in the role of social and educational. The Text particularly highlights the voluntary aspect of sport. The wording of the second Part 1 is unclear. Paragraph, where the EU says that it contributes to the promotion of European aspects of sport. What exactly means "European viewpoint" is not clear, just as it can be debated on the correctness of the translation of the English term "European sporting issues".

In the second part of the text are specified activities of the EU in the areas of sport. It expresses support for fair and open competition and cooperation between sport actors, but no further clarification. The important thing seems to be the allusion to the protection of the physical and moral integrity of especially young athletes. This provision was used to introduce programmes aimed at resocialization or continuing training of top athletes who find themselves at the end of their careers without sufficient education and in most cases without financial collateral. The programmes are already being implemented. The dual education of top athletes. It seems that programmes coordinated at the Central European level can play a very beneficial role.

We learn that both Member States (MS) and the EU as a whole should work with third countries as well as with international organisations. Specifically, the Council of Europe, undoubtedly, is meant to take account of its long-term interest in the cultural and social aspects of sport, which have resulted in another important document, the European Charter of Sport. The EU respects important European structures in sport, such as European Olympic Committee (EOC), European association of National State-owned sports umbrella organisations (ENGSO), actively defending and influencing the European political agenda of sport. European Observatory of Sport and Employment (EOSE), European lottery is the European umbrella organisation of the state-owned or state-licensed lotteries (EL), its members significantly. They contribute to various forms of support for sport in European

¹ MŠMT ČR. Strategické dokumenty pro období 2010-2020. 1. vydání. Praha: TAURIS, 2010. s. 207-208

countries. Federation of the European Sporting Goods Industry (FESI). International Council of Sport Science and Physical Education (ICSSPE). Other important sports associations are respected, such as Union of European Football Associations (UEFA). Eurostat is also an important organisation that reflects the position of sport in individual Member States and performs a number of comparisons on the participation of the population in sporting activities.²

In conclusion, with the forthcoming effectiveness of the Treaty on the functioning of the EU we are getting into the new phase of the convergence of sport and the European Union, there is no remaining time to wait for the concise but also a substantial mention of the sport mentioned in the Lisbon Treaty will be reflected in practice. Czech laws relating to sport must respect this development.

1. The public sector in the market economy

1.1 Sports in Public Sector and Public Administration

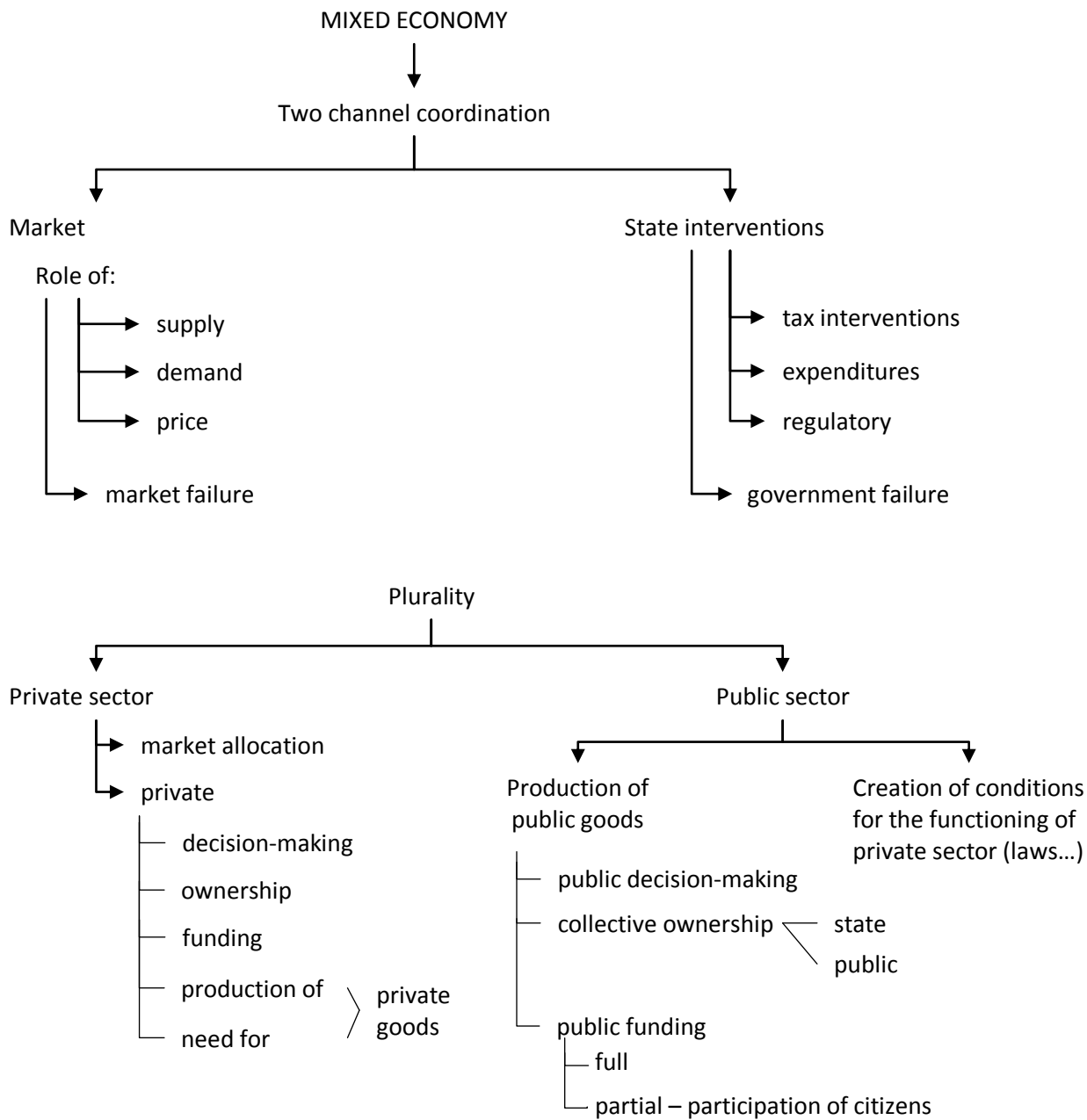
Sport is a significant phenomenon of the social life at the start of the 21st century. Sport is a domain where people—citizens engage in sports activities³. Initially, sport used to be, to the largest extent, a hobby in which the Europeans engaged in their leisure time since the last quarter of the 19th century. Sport at that time in Europe became institutionalized.

Subsequently tendencies towards professionalism started to occur. Later on the social significance of sports was recognized, particularly in terms of education, health and fitness, and physical education was incorporated into the educational system of compulsory schooling. Because of this fact, sports activities carried out in an organized manner in clubs classify, from economic perspective, as activities which are not focused on the generation of profits. The result is a benefit which is initially hard to measure by money. The benefits include a certain level of physical fitness of young people and adults, good health of the population, social adaptability etc. Because in Europe sport has been recognized as a significant social phenomenon, it has become part of the public sector which has to allocate a certain part of the public funds to the building of sports facilities where sports activities may be performed. It can be noted that the state has to intervene into the funding of sports.

² All of the above-mentioned sporting organisations of European significance can be found on the Internet.

³ There are a number of definitions of sport, in this document we built on the European Sports Charter

Diagram 1.1 Mixed economy



Public sector in a mixed economy

The public sector was and still is a significant part of the national economy. The public sector exists due to market failures, as was the case in the ancient times as well. The public sector and the private sector is a characteristic symbiosis, a mutually beneficial co-existence which gives rise to the mixed economy. On the one hand there is the state, the municipalities and the regions, or public bodies in general, on the other hand there are individuals with various legal status, in other words private persons. The failures of the private sector lead to the development of the public sector. A mixed economy may be best illustrated by diagram 1.1

Causes of state interventions

In market economy state interventions are used in cases of the failure of the market which should automatically allocate financial resources on the basis of the demand-vs supply relationship. Due to the fact that sports have been included in compulsory schooling and that sport is to a large extent a leisure activity, one cannot rely on market allocation. Allocation in this domain would not work correctly. The influence of supply and demand in a perfectly competitive environment is reflected in price-setting. In sports environment, for most sporting activities price cannot be set in this manner. Hence decision-makers are deprived of one very important indicator—price. It is difficult to assess whether the allocation of financial resources to these activities is efficient or not. It is generally recognized that we need sports and sporting activities for the correct functioning of society.

Causes of market failures

Because of the complexity of the market system, one can find in its functioning a range of causes which lead to its failure. In general the following causes can be identified:

- a) *imperfect competition* on the market of goods, services and production factors. In sports this concerns primarily services on the product market and sports facilities on the production factors market. The tendency to market monopolization can be found,
- b) *creation of monopoly*, existence of natural monopoly which makes it possible to acquire an exclusive position for certain economic entities. Natural monopolies exist in sports as well. This is given primarily by natural conditions suitable for certain sporting activities,

such as skiing and adequately high mountains with snow. This is apparent in the manufacture of sports articles, e.g. companies like Nike or Adidas etc. are absolutely dominant in certain segments of sports articles:

- c) *existence of public goods*, in French terminology called pure and mixed public goods. What makes them different from private goods in terms of consumption is the fact that they are consumed collectively. For such consumption to be possible the goods must be indivisible, non-excludable from consumption and the marginal costs connected with each additional consumer are zero. (see Samuelson). In sports one can find an entire range of such goods, such as marked hiking trails or bicycle lanes. The type of goods which occur more frequently is mixed goods, when a part of the expenses connected with their use must be covered by the user:
- d) *externalities* occurring in the consequence of activities of private producers and private consumers. The effect of their activities is the transference of positive or negative impacts on third parties which do not directly participate in the exchange and stand outside the market. The third parties may either profit, when the effect is positive, or lose from this relationship. This gives rise to a positive or negative external effect, or externality. One can find a lot of such effects in sports, they are usually connected with the existence sports facilities and the organization of large sports events when the positive externality affects restaurants, hotels and boarding houses by increasing the numbers of their customers during these events. Simply put, the market mechanism does not work here, the market fails and is not able to cope with externalities. In sports what is very important is a positive externality which is beneficial for the society by strengthening people's health condition, which is acceptable for the state:
- e) *the need to have regards to the quality of environment, quality of human potential and ethics*. Private entities, whether producers or consumers, companies or citizens, are not considerate of the living environment during their activities. As a consequence, this leads to environmental damage. Sports are no exception and the organization of large sports events has exactly that effect. Therefore the International Olympic Committee adopted the Agenda 21 which demands that the organizers of Olympic Games comply with the principles of environmental protection. The Agenda was subsequently adopted by other international sports federations as well and compliance with these principles is required from the organizing national sports federations which have to ensure it in collaboration

with the state. Also in this respect the market fails. For the usual functioning of the market mechanism this means additional costs which nobody wants to pay. There is no other option for the state but to enter into these economic relationships and participate in the additional costs:

f) information asymmetry which causes inefficient allocation of resources as the participants in the market both on the offer side as well as the demand side do not have enough objective information for their decision-making. This gives rise to subsequent financial losses and again results in the failure of the market:

g) the need to reduce the inequalities among entities which are naturally caused by the market by polarizing poverty and wealth which increases in time and which leads to great social turbulences—revolutions and the financial losses thereto related. The state, or more precisely governments, try to keep the inequalities at an adequate level and try to reduce them by imposing taxes on wealth. In sports these inequalities currently manifest themselves in the fact that sport is an activity pursued by young people from richer families. The effect is that Czech sport loses a major part of young talents. Then the state, or the public sector in general, has to intervene with financial subsidies to youth sports and the building of sports facilities so that they are available to all who are interested regardless of wealth:

h) insufficient use of resources and human potential. In sports this is manifested as insufficiency of qualified coaches, instructors and referees, or, in other words, fitness professionals. Currently thanks to the public sector subsidies sports unions may provide for the preparation of these professionals.

The market fails for macroeconomic, microeconomic and non-economic reasons. State interventions are necessary to compensate for these failures and losses. Theory mentions in particular state interventions. Correctional interventions are currently made in the public sector both at the level of national administration as well as regional self-government. Two activities may be observed which lead to:

- the prevention of market failures,
- the solution of market failure consequences.

Governments currently have a range of instruments to mitigate these failures. Unfortunately, if a government has bad advisors or applies unsuitable instruments, the crisis worsens. This happened to the Czech government during the latest major depression which started in 2008. The impacts of the economic crisis were reflected in the functioning of sports as well. Municipalities restrained investments in new sports facilities and their modernizations, families had to get along with a lower disposable income, the sales of sports articles dropped, the membership in sports clubs declined etc.

Non-market activities of the state and regional self-government

In the effort to prevent market failures and ensure public goods to the necessary extent the public sector applies non-market activities which may be classified as follows:

- i. Allocation non-market activities* directed at achieving a more efficient allocation of the available resources in society. In sports this happens during the construction of sports facilities in a situation when the Czech Republic lacks a nation-wide passport of sports facilities and the result is that two or three sports halls are built in a smaller town from various public funds with a capacity which exceeds the demand in the town. Such cases are an example of the **governance failure** which combines a bad public sector information system and particular interests of politicians, officers and local sports clubs officials.
- ii. Redistribution non-market activities* the goal of which is to reduce the inequalities and unfairness in distribution. In relation to sport, it is a known fact that some regions are poorer and some are richer and the state helps by providing various assistance from the national budget to the poorer municipalities, if they apply, or by allocating relatively more funds to the preparation of the national teams and youth in the less popular but at the same time internationally successful sports unions. Currently it is also possible to use EU subsidies for the construction of sports facilities and organization of major sports events.
- iii. Stabilization non-market activities*, these include state/governmental measures against economic instabilities caused by the cyclical development of economy. At this level sports do not play an important role. These measures may become more important on the regional level where the local government may, for instance, engage in the building of sports sites e.g. *skiing centers which create new job positions*. Currently

large skiing sports centers widen their offer for summer sports activities, are open throughout the year and stabilize the employment in the region.

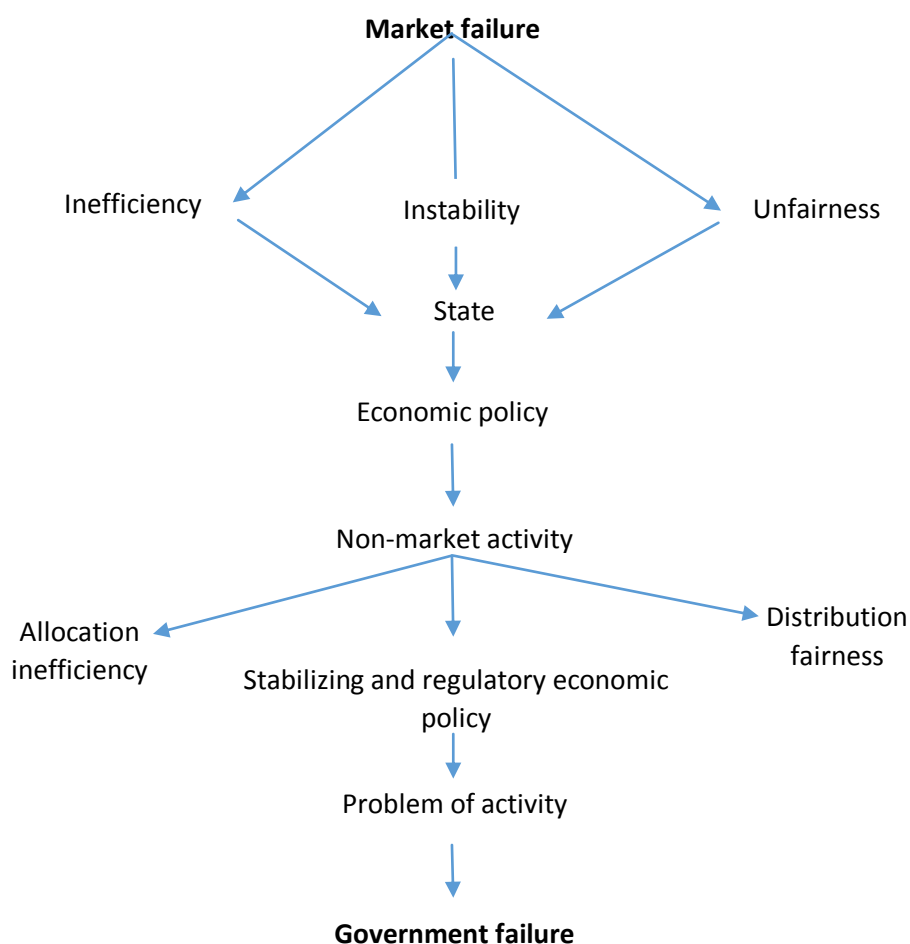
- iv. *Regulatory and legislative non-market activities*, which are the domain of the state; the major regulatory instruments have to be adopted as laws. This includes a wide range of legal standards which create the conditions for the functioning of the sports domain.

Because the human social system is the most complex system in the world as we know it, not all of the above-specified governmental non-market activities always have to be effective.

An incorrect application of these economic policy instruments may result in unfair distribution and even destabilize economies.

It is a manifestation of the governmental

Diagram 1.2 Market failure



In: Peková page 14

2.6.1 Decision-making on non-market activities

The existence of public goods in a society requires a different manner of making decisions on their application. Decisions on the structure, quantity, quality and manner of funding of the goods are achieved in the public decision-making process⁴. The sources of funding are the public budgets of the public administration, that is, of the state administration and regional local government. Decisions are made by public vote or, in other words, public decision-making with political votes. The democratic countries of the Euro-Atlantic area know several forms of public decision-making:

- *direct decision-making* or also direct democracy. Citizens make decisions through what is called the direct vote. The best known form is a referendum
- *indirect decision-making* or indirect representative democracy. This is a simpler form when individual groups of population elect their representatives and fragmented individual interests and preferences of citizens are sorted out and grouped together

For sport it is important to get its representatives in the elected bodies. This happens primarily at the level of regional self-governing bodies. The said manner of public decision-making is linked to the political system. The manner in which the indirect decision-making process works is defined by law.

The current EU applies two basic systems of representative democracy:

- *Proportional representation* involves a proportional voting system based on the division of chairs in the legislature to the individual political parties or political movements proportionately to the total of the votes received by each of them in the election. The proportional representation system is characterized by the fact that its application in an election enables through the distribution of the power in the [parliament](#) or a local assembly to copy the distribution of certain groups of people in the society affiliated by interest, or opinion.

⁴ Known to Europeans, for instance, from ancient Greek cities

- *Majority representation*, when the individual parties are represented in the [parliament](#) of democratic countries based on electoral districts in which only one representative with the highest number of votes may be elected. In comparison to the [proportional](#) representation system, it is advantageous only for a few, often only two, large parties which win all the chairs in the House of Representatives. This system is used in the Great Britain.

Various procedures are applied in the decision-making on the submitted proposals. Their application must be agreed in advance in the rules of procedure of the relevant elected body. Most often this includes:

- *unanimous agreement, consensus*. This is a lengthy procedure when all the participants must unconditionally agree with the submitted proposal and nobody must be damaged.
- *Majority rule*, which seems to be more flexible and is used most frequently and is best suited for making decisions between two options. There is the danger of what is called either the tyranny of the majority or the minority.

This topic is interesting for sports as well because sports unions and sports clubs on the Czech territory have worked on a democratic principle since the foundation of the Prague Sokol in 1862.

Mission, functions and activities of public sector

The primary mission of the public sector is to procure public goods to the citizens of the state. The secondary task is to correct and remove the consequences of market failures, such as negative externalities. In order to fulfill this mission the government has to set priorities that will be progressively fulfilled to the satisfaction of all citizens. This is achieved through: the *governmental economic policy* which defines the functions, tasks and priorities of the public sector, such as the requirements that have to be achieved in schooling, healthcare, culture, sports etc. in the form of standards. Standards in sports include, for instance, urban norms for the equipment of cities with sports facilities. They are defined in $m^2/inhabitant$ and are meant as guidelines. Instruments are defined which will be used for the fulfillment of objectives, e.g. performance standards, number of students per teacher, citizens per physician etc., or standards such as curricula. In sports this may also include, for instance, the numbers of

lifeguards in swimming pools. Highly important are also financial instruments such as financial limits and financial indicators.

The public sector fulfils a number of functions, the basic three being:

- a) *Economic* which primarily provides for public goods, or removes the consequences of negative externalities and influences the rate of employment by creating job opportunities. In sports, this includes, for example, municipalities ordering the construction of a sports hall, giving jobs to a private company which has to employ workers and construction designers. During a large sports event organized by a sports union or club local private companies providing catering and accommodation services are supported etc.
- b) *Social*, which ensures services for socially weak citizens in the area of social care, and to that end the public sector may also use non-profit organizations which it supports financially. It influences the social ties in local communities and the social status of citizens. Sports in a municipality strengthen the cohesion of the community and this social function is reinforced thanks to sports clubs which focus to a large degree on the care for and education of young athletes.

Political economic policy influences the activity of the public sector and thereby acquires the nature of public policy. Activities provided for by the public sector in education, healthcare, defense, transportation and other areas. These are reflected in the election manifestoes of political parties which also include the support of sports.

Socioeconomic functions of the public sector

The existence of the public sector is justified by the fulfillment of its basic functions which include:

- a) *procurement* of the necessary public goods by allocating financial means collected in the budgetary system by way of redistributing funds;
- b) *procurement* of mixed goods standing mid-way between public and private goods. A number of such goods can be found among sports facilities;

- c) *create* conditions for the functioning of the public sector, for instance, by building a functioning transport infrastructure⁵;
- d) *Contribution to economic growth*. The state or regional self-governing body orders with a private firm the construction of a hospital, school, stadium or other project. It creates demand on the part of the government.

2.7 Public sector as part of national economy

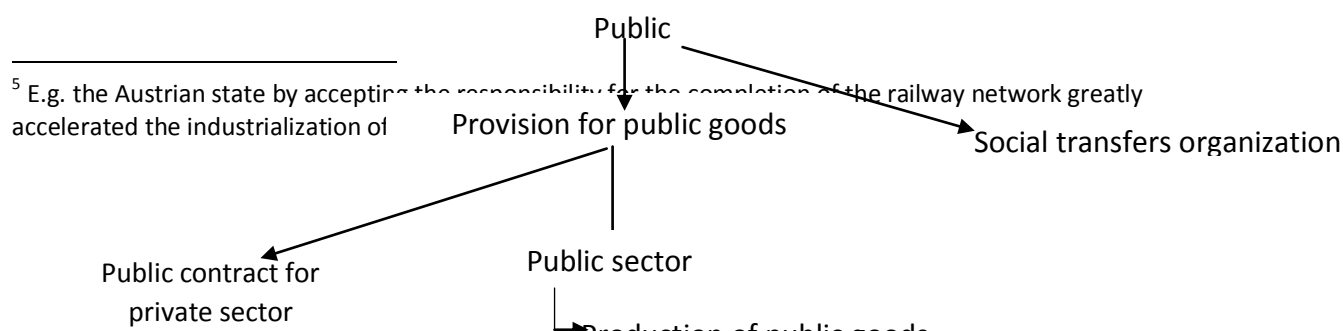
In all economically advanced countries the public sector constitutes an important part of the national economy. Its importance in Europe started to increase at the end of the 19th century. It produces a significant part of economic goods, primarily of public nature. The public sector is also a significant employer.

It is an identifiable part of the national economy which:

- is managed by public administration,
- is financed from public budgets,
- procures public goods for the population,
- decides by public vote via indirectly elected representatives on the production, that is, the quantity and the structure of the public goods,
- is subject to the public control by the competent supervisory bodies and civil control by citizens.

As has already been stated, the public sector is managed by the “public administration”: The diagram 1.3 below provides a good picture of the management mechanism. The diagram clearly shows that the public sector is incorporated in the public administration and its two major tasks. The first task is the procurement of public goods. The second task is to ensure the arrangement of social transfers, which includes above-all old-age pensions etc. Also evident is the phenomenon of procuring public contracts to the private sector.

Diagram 1.3 Public administration



In Peková page 22

The orientation in the public sector is facilitated by a number of classification viewpoints. Most often the public sector is classified as follows:

- a. *sectoral* perspective is the most frequent one, it takes into account the specifics of the activities in a given public sector,
- b. *institutional*, where the primary entities are organizations not focusing on profit, simply called non-profit organization,
- c. *procedural*, these includes processes such as defense, public order and security, environment protection etc. The processes are ensured by public sector non-profit organizations.

Size of the public sector

The proportion in the individual states of the Euro-Atlantic area ranges from some 30% in liberal countries such as the USA, Australia, or Canada up to 70% in the Scandinavian countries. The Czech Republic in a long-term perspective has ranked below the EU average at 44 to 45%. The accuracy of these figures is disputable, one can only rely on rounded values with a tolerance of 2%. It depends on the structure of the public expenditures made. The proportion of the public expenditures in the Czech Republic as of 2015 might have amounted to some 40%.

Factors influencing the size and structure of the public sector

Historically, the development of the public sector has been conditioned by a number of factors: Regarded as the most important factors are:

economic, this includes the stage of economic development, economic performance, the possibilities of the redistribution processes in economy via public finances. For the

development of the public sector the decisive parameter is the size of the available financial means in the budgetary system,

historical and geopolitical which strongly influence the development of the public sector, all depends on the application of the solidarity and equality principle or the application of state paternalism. This is in the first place typical for nations living in very difficult natural conditions where solidarity made their survival easier,

demographic, the larger the population, the higher demand for public goods. The structure of the demand is influenced by the age and social structure of the population,

cultural and religious factors which influence the social sentiment in society, emphasized is the charitable nature of social support and social care,

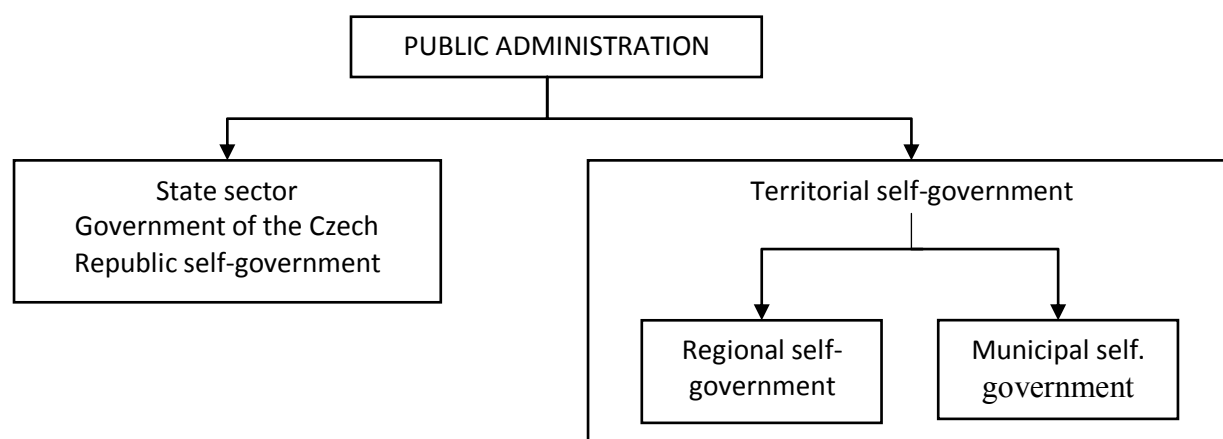
political when the quality and the quantity of public services becomes part of the harsh pre-election fight of political parties. Public sector topics appear in the manifestoes of political parties and voters may choose from the offer and decide whether to boost or weaken the public sector financially.

An interesting issue is public sector effectiveness because sports in the Czech Republic do not have their sectoral ministry. However, this question will not be addressed here, as much has been written about it by other authors. It needs to be noted that all measures in the public sector should be, if possible, pareto-optimal.

2. Public administration in the Czech Republic.

Public administration relates to the domain of public legal relationships. It is established by the state in order to *manage public matters in the public interests*. Its bodies are as rule elected by citizens in compliance with the rules defined by the legal system.

1.4 Diagram of public administration in the Czech Republic



In. Peková

Průcha and Kadleček state that public administration means the management of public matters in public interest and the entities performing public administration do it as a duty imposed by law and on the ground of their position as public legal entities. Sports are subsumed under the Ministry of Education of the Czech Republic. Sport is perceived by the public in the Czech Republic as an important component of public life.

The *functional aspect* of public administration is usually characterized as the management of public affairs in public interest.

The *institutional aspect* (matter of organization) of public administration is usually characterized as a system of entities and implementers of public administration and their structures.

The existence of the public sector which is managed by public administration requires the performance of a number of tasks and functions.

A. Tasks of the public sector

a. Service to citizens and the public

Basic principles such as transparency, publicity, accountability, public control of administration, and forms and methods of activities, requirements on professional and unbiased performance, service to individual citizens and the public etc.

b. Orientation at the procurement of public interests as basis

The functions and tasks of the public administration may be derived from identifiable and recognized public interests because their procurement is the reason of its existence. The manner in which general or public interests are accepted and eventually satisfied is the intersection of historical traditions, the concrete development stage of a given society, the current institutional form of public administration but also emerging political interests and demands. However, the process of identification, recognition and satisfaction of public interests is always influenced by politically and ideologically tinged interpretations.

Public administration **disposes of public funds** (which it collects from payers in the form of taxes, fees and other public service performances under law and at the same time uses them in

their general interest) and the movable as well as immovable **property of the state** which, after all, is supposed to serve all citizens. At least some financial aspects are provided for by the *Constitution* in its provisions on the national budget and the state final account and the supervision carried out by the *Supreme Audit Office*.

B. Functions of public administration:

- a) to **secure and strengthen democratic institutions and mechanisms**. It is possible to speak about two major directions in which political democracy develops—towards the reinforcement of the institutions and mechanisms of representative democracy and towards the development of the institutions and mechanisms of participative democracy, that is, direct participation of citizens and their organizations in the management and administration of the state.
- b) **systematic protection of the fundamental human rights and freedoms**—see the Charter of the Fundamental Human Rights and Freedoms as a component of the constitutional order of the Czech Republic. The state in this case creates its own mechanisms and institutions for the protection of these rights, which, however, are also protected under international conventions from the abuse of power by the state itself and its bodies against its own citizens.
- c) the **social function of the state and public administration** stems primarily from the obligations of the state vis-à-vis its citizens, which obligations arise from their economic, social and cultural rights under the Charter, the International Covenant on Economic, Social and Cultural Rights etc. (the Czech Republic has not joined the Social Charter of the Council of Europe so far). The role of the state (public authority) in these matters, where the duty of the state is also to positively perform and procure such performance is the subject-matter of continual discussions in relation to the issues as to whether the principles of personal responsibility of each individual or the principle of human solidarity is to be applied and to what extent.
- d) **administrative procedures**—strategic decision-making, preparation of plans and programs, regulatory activities, quasi-judicial discretion, operative management, coordination, supervisory processes etc. are what may be described as cross-sectional functions which are present to a certain extent in the activity of all administrative offices or are concentrated at certain levels or in bodies focusing specifically on these tasks.

- e) The public administration in the Czech Republic provides public services and manages the state, and is performed by the state and territorial local government, that is, regions and municipalities.

2.8 System of funding the territorial public administration and public sector

The system of funding the territorial public administration and public sector has gone through a number of changes recently. Particularly in connection with the reformation of public administration significant changes have been made in the financial flows in the public budgets. The public finances reform which is in progress also has an impact on this area. In order to promote of the sport, it is important that territorial administrative units have their own financial income. Currently the structure of the incomes of municipalities and regions is as follows:

1. Own resources

1.1 Tax income

1.1.1 Shared tax income

1.1.2 Exclusive tax income

1.2 Non-tax income

1.3 Capital income

2. Other resources

2.1 Subsidies

2.1.1 Investment subsidies

2.1.2 Non-investment subsidies

The diagram of funding both the levels of the territorial public administration is basically similar. The difference is what proportion of the total budget the individual types of income make up. While the major incomes of municipalities are tax incomes (44%), the regions acquire the largest part of the budgetary funds through subsidies from the national budget (86%). There is a clear tendency in the reform measures which are in progress to the strengthening of the own incomes of local governments at the expense of funding through subsidies.

Own resources of territorial local government

Tax income of municipalities under Act no. 243/2000 Coll., on Budgetary Allocation of Taxes

Shared tax income of municipalities under Act no. 243/2000 Coll., on Budgetary Allocation of Taxes consist up to 20,9% of the share in the revenue from:

- value added tax;
- corporate income tax (except where the payer is a municipality or region);
- income tax of natural persons on employment and emoluments;
- income tax of natural persons collected by deduction;
- 60% of income tax on natural persons from entrepreneurial activities.

The share of a specific municipality in the shared taxes is given by the ratio of the product of the number of inhabitants of a municipality as of 1 January of a given year and the municipality size category coefficient specified in Annex no. 2 to Act no. 243/2003 Coll., on Budget and the sum of these products for all the municipalities in the Czech Republic. An exclusive tax income of municipalities is according to law the revenues from:

- property tax;
- corporate income tax in cases where the payer is the relevant municipality;
- 30% share in the income tax of natural persons from entrepreneurial activity allocated by the entrepreneur's place of residence;
- 1.5% share in the income tax of natural persons from employment and emoluments allocated by the ratio of the number of employees in the municipality as of 1 December of the previous year in relation to the total of the employees in all municipalities in the Czech Republic.

The shares of individual municipalities in the shared taxes and in the 1.5% of the share in the income tax of natural persons from employment and emoluments is determined by the Ministry of Finance of the Czech Republic each year in a decree. The number of inhabitants in individual municipalities is given by the balance of the number of inhabitants as of 1 January of a given year which is published by the Czech Statistical Office. The data on the number of employees in individual municipalities are taken from the annex to the settlement of the tax on income from employment and emoluments submitted to employers.

Tax income of regions under Act no. 243/2000 Coll., on Budgetary Allocation of Taxes

Regions have been recipients of tax income from 2002 when the amendment of Act no. 243/2000 Coll., on Budgetary Allocation of Taxes, given by Act no. 483/2001 Coll., entered into force. Under the current legislation regions obtain revenue from shared taxes which consist of the following:

- value added tax;
- income tax of natural persons on employment and emoluments;
- income tax of natural persons collected by deduction under special rate;
- corporate income tax (except where the payer is a municipality or region);
- 60% of income tax on natural persons from entrepreneurial activities.

Regions are entitled to 3.1% of the national gross revenue on the above-named taxes. Each region participates in this volume at a determined percentage specified in Annex no. 1 to Act no. 243/2000 Coll.

The structure of the shared taxes for regions is identical to that of the shared taxes allocated to municipalities.

An exclusive tax income of regions is the revenue on corporate income tax in cases where the payer is a region.

System of budgetary allocation of taxes to regions and municipalities

Sometimes local charges are regarded as an equivalent of local taxes. Local charges may only be collected by municipalities on the basis of the Act on Local Charges which defines nine types of local charges in total. These include the dog charge, spa or recreation charge, public space use charge, entrance fee charge, accommodation capacities charge, charge for permission to enter selected places and parts of cities in a motor vehicle, charge for the operation of a gambling machine, charge for the operation of the system of disposal, collection, transportation, sorting, use and liquidation of communal wastes and charge for

adding value to a building land by the possibility of its connection to water mains or sewerage. At this point it has to be stressed that a sports union or a sports club which organizes sports events, such as a football match etc. where an entrance fee is collected, has to pay a charge to the municipal budget. The state specifies the maximum amount of the charge which must not be exceeded and it is up to the municipality to decide at what amount (within the prescribed limit) or whether at all the charge will be collected. A municipality may waive the charges on the entrance fee to be paid by a sports club or union. Another source of income for territorial self-governing units is administrative fees. These are collected for acts connected with the activity of administrative bodies (such as for the issue of a building permit). Apart from territorial self-governing units these fees are of course collected by state administration bodies.

A significantly smaller part of the income of territorial administrative units is composed by non-tax revenue. In the case of municipalities this share makes some 9% of the total budget, but in the case of regions this number is only by 1.5%. Non-tax revenue consists of the revenue from the economic activity of the established organizations, revenue from own economic activity, lease of property, donations, collected fines etc. Even smaller part of the budget is made up by capital income, that is, income generated by selling assets, from a loan or in the case of municipalities by the issue of communal bonds.

Additional resources of territorial self-government

As already stated above, external resources consist of **investment and non-investment subsidies** which still make up a significant part of the budgets of territorial self-governing units. A number of subsidies—e.g. subsidies for social welfare institutions or allowances for schooling—are purpose assigned.

Allowance for state administration—municipalities (subsidy)

It follows from the Act on Municipalities that “municipalities shall receive from the national budget an allowance for the performance of delegated competences”. Having regard to the fact that the allowance is part of the current revenues of the municipal budget, a municipality may dispose of these financial means at its own discretion.

The allowance for state administration is mostly understood as a partial settlement of personnel and substantive expenditures incurred by territorial self-governing units during the performance of state administration. The situation is rather different for municipalities with extended competence because on the one hand these are financed in the same manner as other municipalities and receive the allowance for state administration with view to the scope of the competences entrusted, on the other hand they are financed on the basis of the number of official positions.

Allowance for state administration—regions

Regional income structure

The current manner of financing regions may still be regarded as a transitional period. In contrast to the funding of municipalities, regions continue to be financed in particular through subsidies from the national budget which is the basic source for regional funding. This is true despite the fact that from 2002 regions have received a share in the nation-wide tax revenue. The Ministry of Finance of the Czech Republic amended several times Act no. 243/2000 Coll., on the Budgetary Allocation of Revenue on Certain Taxes to Territorial Self-Governing Units and Certain State Funds, which amendments were supposed to change in a material manner the structure of the income of regions in favor of increasing their own revenues (shared taxes).

Structure of subsidies

As already mentioned above, the most significant component of a regional income is subsidies. Subsidies may be classified into those which are included in the annexes to the State Budget Act in the relevant year and other subsidies which are released in the course of a year to regions from chapter General Treasury Management and from the chapters of the individual central administration offices. The following subsidies make up the highest share:

- state administration allowance
- – of which Volunteer Fire Fighter Units
- allowance for track-based transport services
- allowance for bus transport services

- subsidies for the performance of management functions and activities transferred from district authorities,

Allowance for state administration of delegated competences

Act no. 129/2000 Coll., on Regions in its Section 29(2) stipulates that a region shall receive from the state budget an allowance for performance of delegated authority. The size of the allowance is specified by the Ministry of Finance of the Czech Republic after discussion with the Ministry of Interior of the Czech Republic. A decision on the use of this allowance (subsidy) is made by the region. However, in the State Budget Act this allowance is included among purpose assigned subsidies because it is supposed to be used to finance the performance of state administration. The application of the principle of unity of budgetary revenues and expenses makes it difficult to monitor or even control the use of these purpose assigned funds. Therefore the part of the subsidy allocated to a specific region is not further assigned to a specific purpose of use.

Manner of transferring funds to regional budgets

The subsidies contained in the financial relationship of the state budget (inter alia the state administration allowance) towards regional budgets are transferred from the Ministry of Finance of the Czech Republic to regional accounts on monthly basis in twelfths and until the end of the first decade of the relevant month. This solution also respects the capacities of the state budget which also receives revenues, primarily from taxes, on its revenue account progressively in the course of the entire budgetary period.

3. Role of the state administration in the Czech Republic

I. Basic state administration bodies and their relationship to sports

The central state administration bodies of the Czech Republic consist of the Government and 14 Ministries and 15 additional central state administration bodies in the Czech Republic and 26 central administration offices. The central administration offices have competence over 700 other administration offices, the organization units of the state other than administration offices and state subsidy organizations.

A central body—is the component of the state power which administers a section of society's operation delimited on substantive basis. It is an administrative office which stands on the top of the administration hierarchy and which is not subordinated to any other office but, as a rule, the government.

The Government of the Czech Republic is the top body of executive power which operates as a collective body composed of the Prime Minister, Deputy Prime Ministers and Ministers.

The Government may issue government decrees, is accountable to the House of Representatives and the House of Representatives holds a vote of confidence/no confidence to the Government. The Government may propose laws, it has legislative initiative. The Prime Minister is appointed (as well as removed) by the President of the Republic who also appoints the other members of the Government upon the Prime Minister's proposal. The Government is composed of Ministries the number of which may change. In the Czech Republic there are also some other central state administration bodies such as:

1. Czech Statistical Office,
2. Czech Office for Land Surveying and Cadastre,
3. Czech Mining Office etc.

An important role in the state administration is played by territorial bodies which may have a general or specialized competence. These are also central state administration bodies.

Significant for sports are above all:

Revenue Authority—supervises the collection of taxes, manages subsidies, imposes fines

Specialized territorial state administration bodies include inter alia: financial directorates and offices, school offices etc.

Only a few of the above-named state administration bodies have a relationship to sports. The administration of sports was assigned to the Ministry of Education, Youth and Sports (MEYS). Sports administration falls under *Section V, 50-Sports and Youth Division*. The Division has some 20 employees⁶. It also includes the *University Sports Centre attached to the MEYS*; the director of the Centre is subordinated to the director of the Division. The

⁶ Valid as of 28 July 2017, shortly after the police operation regarding the investigation of manipulation with state subsidies.

Section V, 50-Sports and Youth Division of Ministries each year lists support programmes for sports federations and sports amateur clubs focused on sports representation of the Czech Republic, support of talented sports youth operation, maintenance of sports facilities in the property of clubs, investments to sport facilities in sport clubs and sport federations including support of handicapped athletes etc. The number of programmes has changed a lot over the years, in 2017 there were 10. These programmes are published with half a year in advance on the website of MEYS. Sports clubs must apply for these grants in the form of applications. Subsequently, the selection committee selects those who meet the prescribed requirements from a large number of applications. The share of these State budget expenditures on sport is very low about 0,25-0,27 %. The State Administration may, on the basis of Act No. 218/2000 Coll. § 7, para. 1,e, to support sports clubs as not for profit organisations from the state budget.

Another body is the Ministry of Defense which currently has within its competence the elite sport centre DUKLA. The defense sector also includes the Sports Representation Healthcare Centre which is part of the Military University Hospital Prague. Similar situation is at the Ministry of Interior which has under its control the elite sports centre OLYMP. A certain link may also be found at the Ministry of Health which establishes university hospitals most of which have specialized departments of sports medicine. The Ministry of Finance must not be omitted either because it allocates within the state budget funds assigned to the support of sports at the MEYS.

II. Basic sport-related laws issued by the state administration

In the Czech Republic we have two laws relating to the sport. Older since 2001 addresses support for sport from the public sector and has been amended several times. Newer since 2012 solves the establishment, operation and abolition of the sports association as an amateur and nonprofit club.

ACT no. 115/2001 Coll. of 28 February 2001 **on the Support of Sports**

Amendment: 183/2017 Coll.

Commented is the latest version of the Act published at the website of the MEYS of the Czech Republic.

The newly established Czech Republic waited for this act for almost 9 years. The new Czech Act of 2001 no. 115/2001 Coll., on the Support to Sports was adopted as late as in 2000. It was subjected to harsh criticism and had to be amended several times but so far it was not substituted with any new law. There is not enough political will in the Czech Republic to adopt an entirely new act on sports which would remove the insufficiencies. In its latest version as of 2017 the Act continues to have eight Sections after 7 amendments.

The structure of the Act is the following. Section 1 states that sport is a public benefit activity and defines the priorities of the Act which include the promotion of sporting activities of children, young people and their coaches and the national representation of the Czech Republic. Section 2 defines the basic terms, such as sports organization, athlete, sports for all, sports event etc. The definition of sport is taken over from the European Sports Charter. Section 3 delimits the role and the position of the Ministry of Education, Youth and Sports for top-level sports, including the tasks in connection with the creation of the strategy and plan for the development of sports in the Czech Republic. A novelty is the care for the Register which the Ministry is supposed to administer. The Ministry of Interior is supposed to provide for the needs of the Register the reference data from the population register. Section 4 specifies the tasks of other state bodies in the area of sports for the Ministry of Defense and the Ministry of Interior. This includes in particular the management of departmental sports centers for the preparation of the athletes representing the Czech Republic internationally. The Ministry of Health is supposed to organize the health services provided to athletes in national representation and sport talents etc. In its current position the Ministry may only create the organizational conditions enabling a specific access for athletes on nation teams to the clinical health care. This role is performed primarily by the Military University Hospital Prague in Střešovice.

The position of the territorial self-government has been clarified. Sections 5 and 6 lay down tasks which are similar for both regions as well as municipalities. They are supposed to support the development of sports for all and the care for talented athletes, and regions, in addition, have to support disabled athletes. They have to ensure a comprehensive care for the development of their sports facilities and municipalities are to offer these facilities for the

needs of their citizens. What is important is the message that they should support sports financially from their budgets and create plans for the development of sports on their territory. Section 6b deals with the issue of granting state subsidies for the support of sports on the part of the MEYS, that is, the circle of eligible applicants and the conditions under which they may receive a subsidy. Subsidies may also be provided to large sports events held in the Czech Republic. Again, requirements are specified which an applicant must comply with. An applicant must always submit to the Government an actual budget of the event and a feasibility study describing the demands on transportation and other aspects. Such clarification in the last amendment is based on the organization of the World Ski Championship Liberec 2008. Also important is the coordination of the support so that it is in compliance with EU law.

Material and technical base of sport is dealt with in Section 7 in relation to sports facilities, specifically in relation to expropriation and an obligatory adequate compensation but the provisions are not articulated clearly. The Section defines the obligations of the owner or the operator of a sports facility during the organization of sports events. These provisions are the outcome of spectator riots during sports matches. If any event of this kind occurs, the operator is obligated to invite the Police of the Czech Republic to intervene. In the case of repeated riots the Ministry of Interior has the right to decide upon a notice of a municipal authority or of its own motion that a particular sports event shall take place without the presence of visitors for the maximum period of 1 year. Section 7d names the Offences potentially committed by natural and legal persons, sports organizations, operators of sports facilities or applicants for state subsidies. Specified are pecuniary sanctions for these offences. Handling of offences and imposing fines is a matter for municipalities in the first place. The MEYS has only kept the handling of cases relating to sports organizations or applicants for a subsidy concerning a sports facility.

The latest amendment of the Act also includes transitional measures treating the time gap between the entry of the Act into force and the implementation of the individual provisions which provide specific performance time limits ensuing from law, for example, that the owner of a sports facility is obligated to issue and publish visiting rules, launching of the Register, possibility of paying a subsidy etc. The first issue that has been clarified is the role of municipalities and regions in sports. The consequence was a significant increase in the subsidies to support sports from the budgets of territorial self-governments which exceeded

the amount of state subsidies as much as 4 times. Great attention is paid to the Register, which is a register of clubs, members, coaches and club sports facilities. After 1990 the picture of the membership and organizational base has become increasingly less clear. The need for a clearer picture for the state administration emerged especially after the bankruptcy of SAZKA in 2011 when sports associations lost a significant source of funding and have become more dependent on the state support. The membership participation register which was kept by the Czechoslovak Union of Physical Education and Sports until 1990 and which had high standard eventually collapsed and disappeared from the Statistical Yearbook of the Czech Republic⁷. The Czech Union of Sports tries to maintain the register but does not have sufficient ways to obtain the necessary information. Unfortunately, the Act does not specify any sanctions for failure to provide the data. Eurostat requires the Czech Republic to have this register. Another issue is that the Czech sports movement is very fragmented and there is not just one entity representing sports organizations during negotiations with the Government as was the case before 1990. The basic relationship between the state administration and sports associations, which operate on different principles, has remained unresolved. This may be the reason why it is not possible to tackle in a satisfactory manner the future harmonious development of sports in the Czech society.

Act 89/2011 Coll., Civil Code

Another important law for sports is Act no. 89/2011 Coll., Civil Code and also the new Civil Code which deals with the issue of establishment of sports clubs. This Code returns to the traditional term club (*spolek*) instead of a civic association (*občanské sdružení*), see Act no. 83/1990 Coll. The Act is divided in five Parts and one Volume 2.

Provisions on the establishment and winding up of a club are contained in the First part, Division 2, Corporations, Sub-division 2 Club. The entire part on clubs is broken down to a number of sub-parts.

The characteristics of a club are provided in Sections 214– 217. A club consists of at least 3 persons pursuing a common interest and it is a voluntary union. It carries out a primary

⁷ The 2016 Czech Statistical Office Yearbook is supposed to contain information on sports in the Czech Republic, unfortunately the data on the membership base will only cover the 10 preferred Olympic disciplines in the Czech Republic.

activity and may also be engaged in a secondary economic activity and the profits from such an activity may only be used to support further activities of the club. Members are not liable for the debts of the club.

The manner of establishing a club is described in Sections 218 –221. Essential requirements include the name and the registered office of a club, its purpose, the rights and obligations of members towards the club. The name must say that it is a “club” or a “registered club”. The rights and obligations of its members are described, in contrast to the old legal regulations, in a positive manner. A member is obligated to pay membership contributions.

The nature of the constituent meeting is described in Sections 222 – 225. An important person is the convenor of the meeting who usually prepares and submits a draft of the club articles which have to be approved by the minimum of 3 persons; the club bodies are appointed. Attendees at the meeting with a club registration application must be recorded in the attendance sheet. If any of the attendees does not agree with the club articles, such person may withdraw from the registration. A decision is voted on and is adopted by a majority of the votes present at the time of the vote.

A club becomes existent on the day of its registration in a public register, see Sections 226 – 227. A registration application is submitted by the founders or a person chosen at the constitutive meeting. A subsidiary club may have and acquire rights and obligations within the scope delimited by the articles of the primary club and registered in a public register.

The need for a subsidiary club may arise from the complex organizational structure of large clubs. The possibility of its establishment is anchored in Sections 228 – 231. In the sports domain this is typical for large sports unions. Upon the cancellation of the primary club the subsidiary club ceases to exist as well, and vice versa the primary club does not cease to exist unless all its subsidiary clubs have been cancelled.

Membership and a list of members are dealt with in Sections 232 – 236; membership in a club is linked to a particular member and does not pass onto such member’s legal successor. A legal person represented by its statutory body may also be a member of a club. Once a club has been established, membership in such club may arise upon acceptance of a person as a member or in some other manner specified by articles. Membership in a subsidiary club gives rise to the membership in the primary club as well; the same applies to the termination of

membership. The decision on membership is made by the body specified by articles, otherwise by the highest body of the club. Club articles may determine the amount of membership contributions. This is unusual, therefore it is necessary to determine the body which will decide on the amount of the membership contributions. Sports clubs should keep a list of members and articles should specify the manner in which records are made and deleted and whether the list is accessible to the public. Membership may be terminated under Sections 237 – 242 by leaving, exclusion or in other manners specified in the club articles. Membership ceases to exist upon the failure to pay the membership contributions even after a demand for payment. Exclusion of a member is more complicated and is possible after a material breach by a member of his or her obligations following from the club articles. The decision on exclusion is in most cases made by a statutory body, unless some other body is specified in club's articles. A member may appeal against his or her exclusion. A member must be informed on his or her exclusion in writing or orally.

The organization of a club is described in Sections 243 to 247. The bodies of a club include the statutory body and the highest body of the club and possibly also a control committee, arbitration committee and other bodies specified in club articles. Sports clubs usually have several such bodies which are given competences in the area of coaching, youth and sports facilities. The statutory body in sports clubs most often is a collective body (board) or an individual (chair). In sports, the members of a statutory body are elected by the highest body which is the members' meeting. In cases of elections it is mostly an annual members' meeting. The term of office usually is five years. A resolution of the members' meeting which is in conflict with morality is regarded as invalid. Club articles must define the competence of the statutory body particularly in relation to the main activity of the club, decision-making on the change of articles etc. These Sections also deal with the issues of co-opting members into the highest body, non-functionality of the statutory body etc.

The definition of the role of the members' meeting can be found in Sections 248 – 257. The meeting is convened by the statutory body at least 1 in a year, it may also be convened by the initiative of 1/3 of members. The invitation to the meeting must be delivered at least 30 days before the day of the meeting; each member of the club has the right to attend the meeting. The chosen place and time of the meeting must not discriminate any member. The members' meeting is quorate if a majority of the members are present, resolutions are adopted by a majority of the votes present at the time of the decision-making. At the opening of the

meeting it is necessary to check that the members' meeting is quorate, subsequently it is necessary to elect the chair of the meeting and other officials if required by the course of the meeting. The chair manages the meeting in line with the announced agenda which may subsequently be modified with the approval of the members present. If the members' meeting is not quorate, a substitute meeting has to be scheduled with the same agenda. Minutes of meeting must be prepared within 30 days from the end of the meeting by the statutory body or the chair or some other authorized member. The minutes must clearly describe the entire course of the meeting, and contain information on the minutes clerk and control clerk. Each member has the right to inspect the minutes. Club articles may stipulate that partial members' meetings may take place and lay down the conditions for such meetings. The topic of members' meetings is described in detail in the Act. Each member of a club or a person whose interest is worth legal protection has the right to seek the invalidation of a decision made by club's body, see Sections 258 – 261. If a club violates member's right in a material manner, the member is entitled to an adequate satisfaction.

A control committee has to be established to ensure that the club affairs are properly managed and performed in compliance with club articles and legal regulations, see Sections 262 – 264, this obligation has to be laid down in club articles. Such committee is required to have three members elected and removed by the members' meeting. Membership in the committee is not compatible with membership in a statutory body. Only adult persons with moral integrity and full legal capacity may be members of the committee. A control committee member may inspect club documents and has to notify the statutory body on any deficiencies discovered.

As follows from Sections 265 – 267 the arbitration committee decides controversial issues falling within the club self-governing competence within the scope defined by club articles. For instance disputes between a member and the club on the payment of contributions, exclusion of a member etc. The requirements for membership in the committee are similar as in the case of the control committee.

Dissolution and liquidation of a club pursuant to Sections 268 –273 is important to ensure that only active clubs are contained in the register. The previous legal regulations failed to resolve this matter and the number of the predecessors of a club would increase incessantly. A club may only be dissolved with liquidation by a court without a petition or upon a petition of a person with an interest in the dissolution. A club must be warned by court that it engages in an

activity prohibited in Section 145, engages in an activity in conflict with Section 217, forces third persons to become members of the club, to participate in or support its activities or prevents members from leaving the club. Dissolution with liquidation is performed by a liquidator who has to draw up a list of assets and make it accessible at the registered office of the club. The liquidator is appointed by a court, if there is no other option. What is important for sports clubs is the fact that the liquidation balance is at first offered to clubs with a similar purpose that is in effect, the main club, which may be the Czech Union of Sports, Sokol or ČASPV (Czech Association Sports of All). Only secondarily it is offered to the municipality where the club is domiciled. If the municipality does not show its interest within 2 months, the balance is offered to the region within the territory of which the municipality falls. Clubs may be amalgamated or divided. Merger of clubs is dealt with in Sections 274 –287. This was also the case of the former legislation. In the case of a merger a contract on the amalgamation of the club or a merger with the formation of a new club has to be signed. In addition to the usual essentials such as the name, registered office etc. it has to state which of the clubs is the dissolved one and which is the successor club and information on the relevant date. During merger with the formation of a new club the contract also contains the articles of the successor club, including a report explaining the economic and legal consequences of the merger. The drafts of the merger contracts must be discussed and approved by the members' meetings of the clubs involved, a joint meeting of the clubs may also be convened. The merger must be registered in a public register jointly by both the clubs, usually in the manner used for the registration of a club. It cannot be changed after the registration. Objections against the merger may be submitted at the club's members' meeting.

After 1900 a more frequent phenomenon is the division of sports clubs. Division is provided for in Sections 288 – 302. The biggest problem during the division of a club is the division of its assets and debts. If it is not clearly stipulated which assets and which debts pass onto the successor clubs, the rule applicable to assets is that successor clubs become co-owners of such assets. As for debts, the rule is that successor clubs are liable for these debts jointly and severally. A contract on the division of a club is approved by the club's members' meeting. The club which is divided files an application for the entry of the division in the public register. In the case of a division by acquisition, the application is submitted jointly by the divided as well as the successor clubs. If the parties involved in the dissolution by acquisition fail to apply for the registration of the dissolution within six months from the day when the contract on the dissolution was signed, the club which was ready to file the application may

withdraw from the dissolution contract. Even if only one party withdraws from the contract, obligations of all the parties arising from the contract become discharged. If the parties involved in the dissolution by acquisition fail to apply for the registration of the dissolution within six months from the day when the contract on the dissolution was signed, the club which was ready to file the application may withdraw from the dissolution contract. Even if only one party withdraws from the contract, obligations of all the parties arising from the contract become discharged. If the divided club involved in the dissolution with the establishment of new clubs fails to apply for the registration of the division within one year from the day when the decision on the division was adopted, the division is cancelled upon the expiry of the time limit specified in the dissolution decision with no action being done.

This is the scope given by the Constitution within which the Czech territorial self-government operates. It defines the territorial authority, self-governing bodies, competences and manner of election. Details on territorial self-governing units may be found in the following legal regulations:

4. Role of the local government in the Czech Republic

Following the reform of public administration in the Czech Republic in 2000, the role of municipalities in the care of sport has increased significantly. We find the basis in the Constitution of the Czech Republic, which gives a large space to the local authorities. According to the Constitution of the Czech Republic⁸ (chapter of the seventh-regional government), the municipality is independently managed by in the head of the mayor. Local authorities are public corporations, which can have their own assets and operate according to their own budget. The village is mentioned in article number 101. We present the full text of the chapter seven, in which the foundations of the local government are laid.

“Chapter Seven

Territorial Self-Government

Article 99

The Czech Republic is subdivided into municipalities, which are the basic territorial self-governing units, and into regions, which are the higher territorial self-governing units.

⁸The Constitution of the Czech Republic No. 1/1993 Coll. adopted on 16 December 1992

Article 100

(1) Territorial self-governing units are territorial communities of citizens with the right to self-government. A statute shall specify the cases when they shall be administrative districts.

(2) Municipalities shall always form part of a higher self-governing region.

(3) Higher self-governing regions may be created or dissolved only by a constitutional act.

Article 101

(1) Municipalities shall be independently administered by their representative body.

5. (2) Higher self-governing regions shall be independently administered by their representative body.

(3) Territorial self-governing units are public law corporations which may own property and manage their affairs on the basis of their own budget.

(4) The state may intervene in the affairs of territorial self-governing units only if such is required for the protection of law and only in the manner provided for by statute.

Article 102

(1) Members of representative bodies shall be elected by secret ballot on the basis of a universal, equal, and direct right to vote.

(2) Representative bodies shall have a four-year electoral term. The circumstances under which new elections for representative bodies shall be called prior to the expiration of an electoral term shall be designated by statute.

Article 103

(Repealed)

Article 104

(1) The powers of representative bodies shall be provided for only by statute.

(2) Representative bodies of municipalities shall have jurisdiction in matters of self-government, to the extent such matters are not entrusted by statute to the representative bodies of higher self-governing regions.

(3) Representative bodies may, within the limits of their jurisdiction, issue generally binding ordinances.

Article 105

The exercise of state administration may be delegated to self-governing bodies only if such is provided for by statute.”⁹

It follows from the foregoing that the Czech Constitution provides sufficient powers for the municipalities to carry out their own policies in the field of sport.

1. Municipality—as basic component of municipal self-government.

Municipality is the basic territorial self-governing unit the establishment and operation of which is governed by the Act on Municipalities no. 128/2000 Coll. It is a public law corporation.

The characteristic features of a municipality include:

- **Own territory** (territorial base)—the territory of a municipality consists of one or several cadastral districts.
- **Own population** (population base)—it consist of persons permanently residing in a given municipality or persons who were awarded honorary citizenship by the municipality.
- **Own property and budget-based management** (economic base)—municipalities have received the property of the state under Act no. 172/1991 Coll. (Act on the Transferring of Certain Property from the Czech Republic to Municipalities). Municipalities prepare their own budget on which their management is based.

⁹ The Constitution of the Czech Republic No. 1/1993 Coll. adopted on 16 December 1992

- **Legal personality and making of law** (legal base)—municipalities are public-law corporations, legal persons acting in legal relationships in their own name and bearing the liability ensuing from these relationships. Municipalities may issue legal regulations—municipal orders (under delegated authority) and generally binding decrees (independent authority).
- **Right of self-government**—the right of self-government for municipalities is guaranteed by the Constitution. Right of self-government means the right to manage their own affairs independently in the form direct or representative democracy (local referendum or municipal authority).
- **System of bodies**—the management of a municipality is ensured through a system of bodies. It consists of: Municipal council, municipal board, council committees, council commission, mayor, municipal office.

The Act on Municipalities makes a difference between municipality's independent and delegated authority. Independent authority of a municipality covers in particular the matters provided for in Sections 84, 85 and 102 of Act no. 128 on Municipalities (powers of the municipal council and board), except for the issue of **municipal orders**. Within its independent authority a municipality creates within its territory conditions for the development of social care and satisfaction of the needs of its citizens. These include in the first place the satisfaction of the need for accommodation, protection and development of health, transport and communications, information, education, overall cultural development and protection of public order. In their **delegated authority municipalities perform** tasks assigned to them by the state¹⁰, therefore they are to a certain degree dependent on the executive power.

Typology of municipalities

As of 27 May 2016 the Czech Statistical Office registers the total of 6258 municipalities and military training areas.

¹⁰ These tasks should be performed by the state administration but it is more useful if they are entrusted to municipalities, which are closer to citizens.

Municipal bodies

Municipal bodies have a representative role (particularly those that are elected—councilors, board members, mayor). They talk to the media, organize meetings and create conditions for the development of the relationship with the public. The apparatus—the bureaucratic component; administration is not elected, it performs within its independent authority the tasks decided by the councilors and in the delegated authority performs the official agenda, that is, the day-to-day communication with the public. The employees of the apparatus are hired as employees.

Municipal council

The **highest decision-making body** of a municipality is the *municipal council*. This is the only municipal body which is embedded constitutionally. Municipal council members are elected for 4 years, the number of the members ranges from 5 to 55. The decisive criterion for determining the number of members is the number of inhabitants in a municipality as of 1 January of the election year. The meetings of the municipal council are by law public and the dates of the meetings must be obligatorily published on the official notice board or in some other medium usual in the municipality at least 7 days in advance. This means that each citizen of the municipality has the right to attend the meeting.

The municipal council **decides on matters within its independent authority**. Under the Act on Municipalities the competences reserved for the municipal council are to:

- approve the municipal budget and final accounts of municipality,
- approve the municipal development plan,
- establish and cancel contributory organizations and organizational units of municipality, approve their memoranda of association,
- issue generally binding municipal decrees,
- decide on the announcement of a local referendum,
- propose changes in cadastral districts within the municipality, approve agreements on changes to the boundaries of the municipality and on the merger of municipalities

- establish and cancel committees, elect and remove from office their chairs and other members,
- elect from among the municipal council members and remove from office the mayor, vice-mayors and other members of the municipal board, determine the number of the municipal board members,
- establish and cancel municipal police,
- decide on the cooperation of the municipality with other municipalities and on the form of the cooperation,
- decide on the establishment and the names of parts of the municipality, names of streets and other public spaces, award and withdraw honorary citizenships and prizes of the municipality,
- decide on the nullification of a decision of the municipal board,
- decide on other matters reserved by the municipality by law, except for those reserved for the municipal board.

The duty of the municipal council is to establish the *financial* and *control* committee.

MUNICIPAL BOARD

is important as an **executive body**. **Within independent authority it is subject to the municipal council, within delegated authority**. It is set up always with the exception of smaller municipalities where the municipal council has less than 15 members. Members of the board include the mayor, vice-mayor and members from among the councilors. The number of the board members is an odd number and must not exceed 1/3 of the members of the municipal council. The Board has to set up committees which only act as **advisory bodies to the municipal council**, their decisions are recommendations only, they are not binding.

Committees are composed of non-members of the municipal council, except for the chair of the committee who has to be a member of the municipal council (other than a chair or a vice-chair). There are two obligatory committees:

- The *financial committee* in the first place manages the property and the funds of a municipality.
- The *control committee* controls the compliance with legal regulations by other committees and the municipal office within its independent authority, the implementation of the decisions of the municipal council and board and performs other tasks given by the municipal council.

More than two committees may be set up, depending on the environment in which the municipality is located. Committees are elected bodies.

MAYOR and vice-mayors.

The mayor is the representative of a municipality, he or she represents the municipality externally. Mayor is recognized as a statutory body of a municipality. In larger municipalities the mayor manages the Board. He or she always represents the municipality. However, the mayor is always accountable for his/her acts to the municipal council and the municipal board, if it exists. Within delegated authority the mayor establishes special municipal bodies (e.g. infractions committee or flood committee). Council committees and Board committees perform activities within independent authority only.

Executive body of the municipal council

The executive units of a municipal/city office are referred to as departments. The office as a whole is a body, its employees are not. Most municipalities in the Czech Republic are small without a secretary. Departments or divisions may set up initiation and advisory bodies—**commissions** (e.g. for youth and sports, infraction commission etc.). A commission is a part of the apparatus. Citizens are made familiar with the results of the municipality's activities and management at public meetings, public control is thereby ensured.

Secretary

The municipal office, administration—the apparatus is managed by a secretary only in authorized (larger) municipalities.¹¹ The secretary's role is to:

¹¹ Most municipalities in the Czech Republic are small and without a secretary.

- manage tasks within delegated authority, that is, certain state administration agendas,
- manage and supervise the municipal office employees,
- manage and supervise their activity, determine employee salaries according to the salary regulations applicable to the public administration domain.

Apparatus—municipal office administration

A municipal/city office is arranged in divisions and departments. Only larger cities have divisions which are divided into departments. The number of divisions and departments depends on:

- size of a municipality,
- scope of independent authority (self-government),
- scope of delegated authority (performance of state administration).

It is not possible to design any template for the organizational arrangement of the office but there is always a division or department for finance or budget, local business and economy, schooling, etc. Sports can only be found in large cities often in combination with a division for sports, culture and youth. The names of the division, their departments and their job profiles are not prescribed in a binding manner. Because sport is a very wide phenomenon it is probable that it is covered by several departments of municipal office.

Delegated authority of municipality

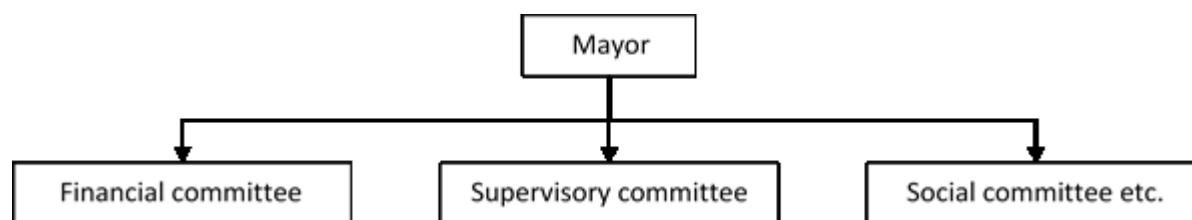
Municipalities may perform part of public administration within their territory. This possibility is given by the Constitution, Article no. 105 which states that “The exercise of state administration may be delegated to local government only if such is provided for by statute.” This means that state administration may be performed by municipalities as well as regions, but a law must stipulate which authorities and to what extent. This possibility is not available to all municipalities. On the contrary all regions perform part of the public administration agenda and supervise the authorized municipalities whether they do so in compliance with statutory regulations. The problem with delegated authority is that in terms

of size 80% of the municipalities in the Czech Republic have less than 1,000 inhabitants, 60% have less than 400 inhabitants. There are 3 categories of municipalities distinguished by the scope of the delegated authority. Municipalities are divided into those with “standard” municipal offices (type I municipality), municipalities with authorized municipal offices (type II) and municipalities with extended authority (type III).¹² Within its delegated authority a municipality issues *municipal orders*.

Internal organizational structure of municipal office.

Most of the municipalities in the Czech Republic are small and the state budget contribution is very small. For the management of a municipality it is allowed to use advisory bodies, in this case committees, which is in compliance with Act no. 128/2000 Coll. See diagram 1.4. The larger group is municipalities where the money for the salary of a minimal apparatus is sufficient. The organizational structure is very simple.

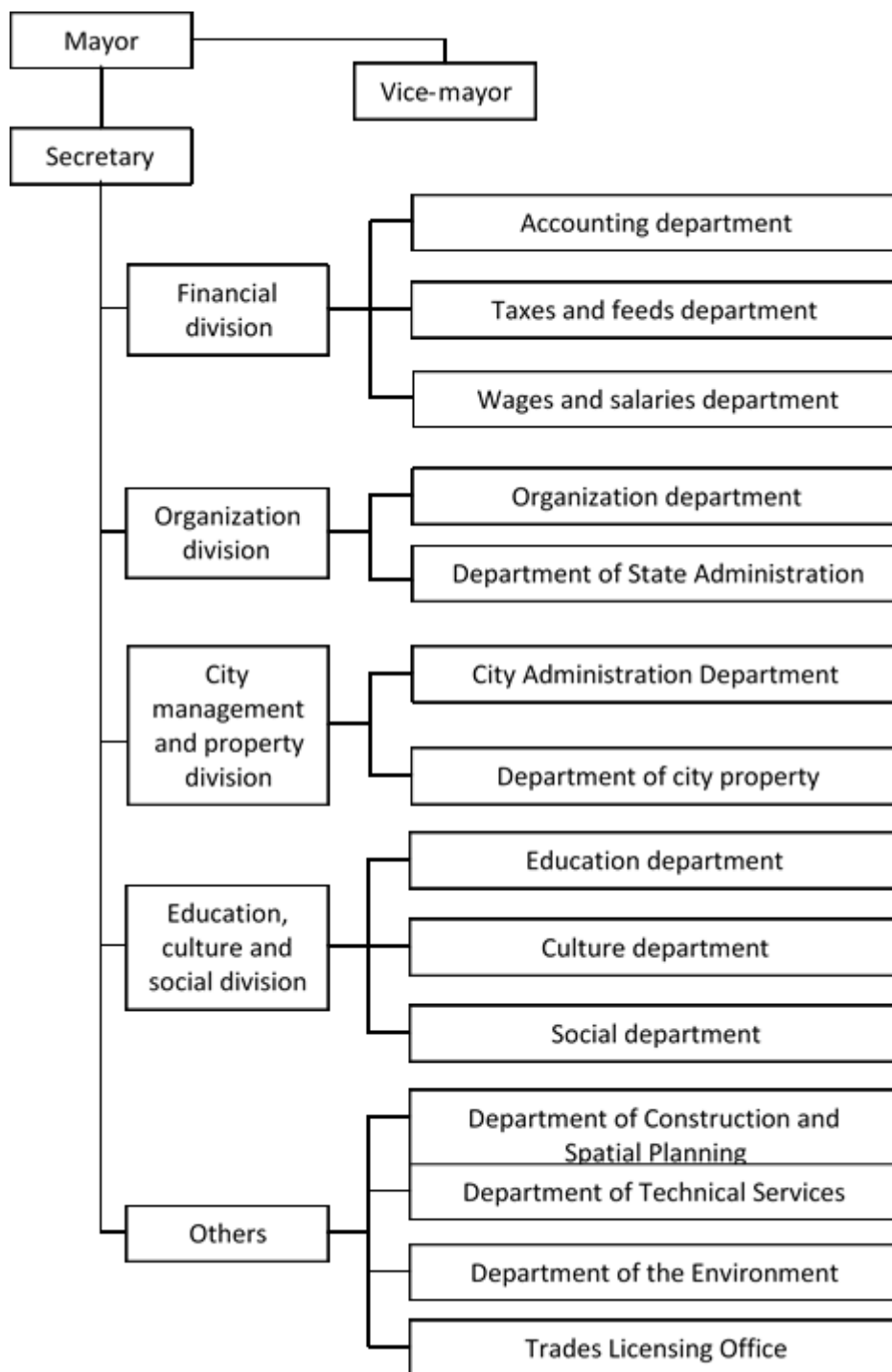
Diagram 1.5 Example of the organizational structure of a small municipality.



Large municipalities, mostly cities, are better-off financially and may afford a paid apparatus and their organizational structure is more complicated. Diagram 1.5 illustrates a possible organizational arrangement of a city office.

¹² <http://www.rokvobci.cz/zpravy-redaktoru/detail/692-rozdeleni-obci-dle-rozsahu-prenesene--pusobnosti/>

Diagram 1. 6 Example of the organizational structure of a large municipality.



For local sports clubs it is interesting to have information on the financial division, in particular as regards to the organization of sports events. In these cases a fee is paid, see Act

on Corporate Income Tax. The fee is charged to the organizing club or agency. The municipality may waive the fee charged to the club and explain it as a form of an indirect subsidy to the sports club. Another reason why monitor the financial situation of a municipality is that sports unions and clubs may apply to the municipal council for the provision of a subsidy to support sporting activities. If the financial situation of a municipality is good, there is a realistic chance for obtaining a certain contribution.

Another division with which the officials of physical education unions and sports unions come in contact in cities is the schooling division which usually covers the sports agenda as well, as indicated in diagram 1.6. In the Czech Republic it is the large cities only, such as Prague or Brno, which have a separate division for youth and sports. Here a sports committee is usually established which is linked to the head of the division. It may be connected areas such as youth, leisure etc.

What is important for the sports movement is the fact that municipal councils have the authority to decide on property matters. At present, when most of the clubs have difficulties funding financially demanding sports facilities, a process is under way when municipal authorities are forced to take over such facilities in their ownership.

What is essential is the signature of a contract on the takeover of the property and the terms and conditions under which clubs and their members may use the sports facilities.

Regulatory activities of a municipality

The municipal council cannot make laws, this power is reserved for the Parliament only, but may issue regulations with lower effectiveness valid only within the territory of the municipality. These regulations include:

- *generally binding regulations* within independent authority. However, they must be in compliance with law and other legal regulations of the Czech Republic,
- *municipal orders*, which are issued by the Municipal Board within the delegated authority on the basis of statutory authorization.

2 Region – higher territorial self-government

Region is a territorial community of citizens with the right to self-government which is exercised:

- pursuant to Act on Regions no. 129/2000 Coll.,
- in accordance with the community of the citizens of the region

Regions have similar characteristics as municipalities;

Just like municipalities, regions have their **own territory**. The territory of a region is delimited by the Constitutional Act no. 347/1997 Coll., on Creation of Higher Territorial Self-governing Units.

- **Population**, a citizen of a region is each inhabitant having a permanent residence on the territory of a municipality within the territorial domain of the region.
- **Own property and have their own budgets** (economic base).
- **Right to self-government.**
- **Set of elected bodies**

It differs from a municipality by having:

- **Legal personality and law-making capacity** (legal base)—i.e. it has the right to submit bills to the House of Representatives.

Regions are **higher territorial self-governing units**, the middle segment of public administration. Region is a public-law corporation which has the right to act in legal relationships in its own name and at the same time bears full entrepreneurial liability. It has legal personality. The territory of the Czech Republic is divided into **14 regions, including the Capital City of Prague**.

The regional self-government has four basic functions:

- **Integration and coordination** in relation to the other entities within its administered territory.
- **Supervisory and advisory**, because regions have an extensive administrative apparatus and personnel and technical background, they function as an advisory body for municipalities.
- **Redistributing**. Regions redistribute public funds within their own administrative territory. They have their own grant funds, administer structural funds, create subsidy programs.
- **Representation and mediatory** function in relation to the central state administration. Regions defend the interests of its territory at the top level, that is, the Government, the Supreme Court etc.

Regional bodies

The Regional Council is the highest decision-making body of a region. The criterion for determining the number of the members of the Regional Council is the size of the population of the region as of 1 January of an election year.

Number of councilors:

- 45...population up to 600,000
- 55...population from 600,001 to 900,000
- 65...population over 900,000

Regional councilors are elected for the term of 4 years **and decide primarily on matters within the region's independent authority**:

- They present bills to the House of Representatives;
- submit motions to the Constitutional Court for the nullification of legal regulations if they think that the regulations are in conflict with law;
- issue generally binding regional decrees;
- coordinate the development of the territorial district, approve programs for the territory of the region, are responsible for and supervise its implementation;

- approve tourism development plans for the regional territory, are responsible for and supervise their implementation;
- elect regional representatives to the Regional Boards of Cohesion Regions;
- define the scope of the transport services for the territory of a region;
- decide on the cooperation of a region with other regions and on international cooperation;
- approve the regional budget and the final accounts of the region;
- establish and dissolve contributory organizations and organizational units of a region; and approve their memoranda of association;
- decide on the establishment and dissolution of legal persons, approve their foundation deeds, partnership agreements, memoranda of association and articles of association, decide on participation in already existing legal persons;
- delegate regional representatives to the general meeting of the commercial corporations in which the region has an ownership interest;
- propose regional representatives to other bodies of the commercial corporations in which the region has an ownership interest;
- elect and remove from office the President of the region, the deputy (deputies) of the President and elect and remove from office other members of the Board from among councilors;
- determine the number of released members of the Board as well as the offices to which and the dates as of which those members of the council will be released;
- establish and cancel committees, elect and remove their chairs and members;
- decide on the remuneration of non-released members of the regional council;
- define the rules for the provision of travel allowances to regional councilors;
- decide on the pecuniary performances connected with the exercise of the office of members in committees, commissions and special bodies to the individuals who are not members of the municipal council;
- award regional prizes;

- perform other tasks laid down by law and decide on the property-law acts of the region.

Within its independent authority a region may issue **generally binding regional decrees**.

Supervision over the exercise of region's independent authority, that is, its self-government:

- a. is carried out by the ministries and central bodies with subject-matter jurisdiction. They are responsible for the supervision over the compliance with laws, compliance of regional generally binding decrees with laws;
- b. must not limit the independent authority of a region.

Delegated authorities of a region:

The meetings of the regional council are public and must be announced on the official notice board at least 10 days in advance.

Committees as initiation and advisory bodies are set up by the council; a citizen older than 18 years may become a member. The chair of a committee must always be a member of the regional council. Members of the *financial* and *control* committees must not include the president of the region, vice-president, director of the regional office and persons providing for the budgetary and accounting works at the regional office. These persons may be members in other committees.¹³ Committees that are always set up are:

- the financial committee which supervises the use of the property and the funds of the region, the use of the subsidies from the regional budget by municipalities and the performance of other financial activities of the region,
- control committee which supervises the implementation of the decisions made by the board and the council and compliance with legal regulations,
- committee for education and employment which assesses in relation to the demographic development the network of schools, proposes measures to increase the quality of the services provided by schools or school facilities established by the regions and fulfils other tasks in education and

¹³ <http://www.hamplova.cz/vybory-zastupitelstva-kraje-pravomoci-povinnosti-practicke-otazky>

Regions where at least 5% of the population is of nationality other than Czech have the duty to set up the **national minorities committee** as well.

The **Regional Board** is the executive body of the regional council. It is composed of the President, deputy (or deputies) of the President and other members. The number of members is 9 (in regions to 600 thousand inhabitants) or 11 (over 600 thousand inhabitants). The Board prepares materials and drafts for the meetings of the council and ensures the implementation of the decisions adopted. The Board is responsible for management according to the approved budget, defines the number of the regional office employees, including the volume of funds reserved for their salaries. The Regional Board sets up **commissions** as its advisory and initiation bodies. The focus of these commissions is similar to those of municipalities. All regions have commissions for sports and youth.

The **Governor** of the region represents the region externally. However, he/she is not a statutory representative of the region but is fully accountable to the regional council and may only perform acts that have been previously approved by the regional council. Presidents and their deputies are elected by the council from among councilors. The President together with a deputy signs the legal regulations of a region, appoints and removes and assigns tasks to the regional office director and determines his or her salary. The President is responsible for informing the public on the activities of the region.

PRAGUE has a special position among regions.

It is municipality with the status of a statutory city and the capital city and at the same time it is also a region and a cohesion region. As the only entity it is not subject to the Act on Municipalities but the Act on the Capital of Prague no. 131/2000 Coll. Just like the other statutory cities also Prague is divided into city districts, but only in Prague these city districts have a legal personality.

The **Regional Office** fulfils the role of the apparatus of the regional council and board. It fulfills the tasks assigned by the council or the board within its independent competence and assists the committees and commissions in their activities. It is headed by the director. The Regional Office provides important professional and methodological assistance to municipalities and supervises through legitimate means the exercise of the delegated authority

by municipal bodies. Within its delegated authority it performs the tasks stipulated by law. Its organizational structure is similar to that of large cities.

The basic self-government regulations in relation to sports

The Act on Budgetary Rules limits regions and municipalities in their financial management. It defines the limits in the area of income and expenditures. It stipulates how to prepare a budget and how to work with it in the course of a year. Also defined are the possible forms of supporting club activities at the level of municipalities and regions. Here, sport has an indispensable role in daily life.

ACT no. 250/2000 Coll., of 7 July 2000 on Budgetary Rules for Local Budgets

PART ONE

GENERAL PROVISIONS

Section 1

Subject-matter and scope of Act

- (1) This Act regulates the creation, position, content and functions of the budget of territorial self-governing units, ¹⁾ such as municipalities ²⁾ and a regions, ³⁾ and lays down the rules for the management of the funds of the territorial self-governing units. It also regulates the establishment or foundation of legal persons of territorial self-governing units.

(2) PART TWO FINANCIAL MANAGEMENT OF TERRITORIAL SELF-GOVERNING UNITS

Section 2

Instruments of financial management

- (1) The financial management of territorial self-governing units and municipal unions is governed by their annual budget and a mid-term budgetary outlook.

- (3) A territorial self-governing unit or a municipal union keeps its accounting books under a special law.^{4.)}

Section 3

Mid-term budgetary outlook

(1) The mid-term budgetary outlook is a tool used by a territorial self-governing unit or municipal union for mid-term financial planning of the development of its economy. It is prepared on the basis of existing contracts and accepted obligations as a rule for the period 2 to 5 years following the year for which an annual budget is prepared (Section 4).

(2) The mid-term budgetary outlook contains the summary of the basic data on incomes and expenditures, long-term obligations and receivables, financial resources and the needs of plans implemented in a long-term perspective. For long-term obligations data is included on their impact on the economy of a territorial self-governing unit or a municipal union for the entire duration of the obligation.

Section 4

Budget

(1) The budget of a territorial self-governing unit or a municipal union is a financial plan which governs the funding of activities of the territorial self-governing unit or municipal union.

(2) The budget year is identical to the calendar year.

(3) Annual budget is prepared on the basis of a mid-term budgetary outlook.

Section 6

Contents of budget

(1) The budget contains data on incomes and expenditures and other financial operations, including the creation and use of funds, unless stipulated below that these are extra-budgetary operations.

(2) Extra-budgetary financial operations are those concerning

a) external resources,

b) associated resources.

(3) The entrepreneurial activity of a territorial self-governing unit or a municipal union is monitored outside budgetary incomes and expenditures. Its result is reflected in the budget and is included in the final accounts of the territorial self-governing unit or municipal union.

Section 7 **Income of municipalities**

Section 9

Output of municipalities

(1) The municipal budget shall be paid in particular

h) Expenditure in support of bodies carrying out public benefit activities and for promoting private entrepreneurship beneficial to the municipality,

Section 10

Output of regions self-governing units - local government

(1) The budget of the region is paid in particular

- i) Expenditure in support of bodies carrying out public benefit activities and for promoting private entrepreneurship beneficial for the region,

The possibility of financial support of sports from the budgets of regions and municipalities can be found in section 9, paragraph 1, point h) and section 10, paragraph 1, point (i).

Municipalities and regions make use of the possibilities provided by Act No. 250/2000 Coll. and each year they write support programmes to sport clubs operating on their territory. The amount of money in support of sport from the budgets of local self-governments is 4-5 times higher than that of the state budget ie. approx. 13-15 billion CZK. Most Czech municipalities provide to support sport from their budget in a range of 1.5-3 %. The money from municipal budgets flows into sport by two channels. The larger part is intended for investment and operation of its own sports facilities and smaller is designed to support local sports clubs on sport activities and the care of youth. Municipalities and regions each year lists support programmes for sports federations and sports amateur clubs. In most cases, this is being prepared by the Youth and Sport Commission. The name of the Commission may be different, but its activity is always a sport. Sports clubs must apply for these grants in the form of applications. Subsequently, the selection committee selects those who meet the prescribed requirements from local amateur sport clubs.

6. Position of Sport in the European Union

6.1-Primary Institutions and Objectives of the EU

As a result of the accession to the European Union (EU), the rules valid in the EU start to apply to Czech sport as well. For these reasons, it is necessary to deal with these issues. The rules apply to all economic activities of sports clubs and sports associations, and probably have the greatest impact on Czech professional sports clubs in football and ice hockey. In

order to understand the functioning of the EU, let us briefly address its primary bodies, institutions and procedures.

European Parliament

The European Parliament (EP) shares the legislative and budgetary authority of the Union with the Council of the European Union (not to be confused with the European Council). Its 751 members are elected every five years by universal suffrage and sit according to political allegiance. They represent nearly 500 million citizens (the world's second largest democratic electorate) and form the only directly elected body in the Union. Despite forming one of the two legislative chambers of the Union, it has weaker powers than the Council in some sensitive areas, and does not have legislative initiative. It does, however, have powers over the Commission which the Council does not. It has been said that its democratic nature and growing powers have made it one of the most powerful legislatures in the world

The Parliament's President (its speaker) is Antonio Tajani (EPP), who was elected from the Parliament's members in 2017.

European Council

The European Council is the group of heads of state or government of the EU member states. It meets four times a year to define the Union's policy agenda and give impetus to integration. The President of the European Council is the person responsible for chairing and driving forward the work of the institution, which has been described as the highest political body of the European Union. The current president is Donald Tusk. The Council of the EU, including the Presidency, the Permanent Representatives Committee (Coreper) and other Council committees and working groups.

The Council of the European Union (informally known as the Council of Ministers or just the Council) is a body holding legislative and some limited executive powers and is thus the main decision making body of the Union. Its Presidency rotates between the states every six months, but every three Presidencies now cooperate on a common programme. Member states holding the presidency **work together closely in groups of three, called 'trios'**. This system was introduced by the Lisbon Treaty in 2009. The trio sets long-term goals and prepares a common agenda determining the topics and major issues that will be addressed by the Council

over an 18 month period. On the basis of this programme, each of the three countries prepares its own more detailed 6-month programme.

The Council (of Ministers) of the EU is, in its own way, a major body of the EC/EU, it is convened according to individual topics. The prime ministers of governments of the Member States and ministers of foreign affairs meet with the President of the European Commission, who comes from the Presiding Country of the European Union, to consider the key issues twice or three times per year.

This body is separate from the European Council, which is a similar body, but is composed of national leaders. The Council is composed of twenty-eight national ministers (one per state). However the Council meets in various forms depending upon the topic. For example, if agriculture is being discussed, the Council will be composed of each national minister for agriculture. They represent their governments and are accountable to their national political systems. Votes are taken either by majority or unanimity with votes allocated according to population. In these various forms they share the legislative and budgetary power of the Parliament, and also lead the Common Foreign and Security Policy. The **current trio** is made up of the presidencies of the Estonia, Bulgaria and Austria. The presidency has been held by Estonia since 1 July 2017, next is the Bulgarian presidency since 1 January till 30 June 2018.

European Commission

European Commission (EC) as the executive branch provides the performance of primary treaties and acts made on the basis of the treaties, and has 30 members, Commissioners, including the President. The Commission is led by a President who is nominated by the Council (in practice the European Council) and approved by Parliament. The remaining 27 Commissioners are nominated by member-states, in consultation with the President, and have their portfolios assigned by the President. The Council's adoption of the Commission is not an area which requires the decision to be unanimous, their acceptance is arrived at according to the rules for qualified majority voting. Once approval has been obtained from the Parliament the Commissioners can take office. EC is designed to be independent of national interests. The body is responsible for drafting all law of the European Union and has the ability to propose new laws, It also deals with the day-to-day running of the Union and has the duty of upholding the law and treaties uses two procedures; the so-called empowerment procedure, where the member of the Commission is empowered to independently decide on

issues without revoking the joint liability of the entire Commission. The second procedure is the circulation (written) procedure - proposals concerning which there is an assumed general agreement are given in writing to the attention of the individual services and cabinets of the Commissioners through the General Secretariat. European Commission President Jean-Claude Juncker from Luxembourg was elected by Members of the European Parliament for the period of January 2017 - July 2019.

COREPER (Comité des Représentants Permanents) is one of the most important links between the Member States and the EC. It's only the Council's preparatory body. The main objective is to consider and prepare proposals, to be (often only formally) decided by the Council. COREPER is part of the Management and Coordination chain COREPER - Council for General Affairs and External Relations - European Council.

The General Secretariat provides the meetings of the Council in terms of technical and administrative aspects. It is divided into five directorates and Legal Service. The General Secretariat of the Council is a body whose staff are assisting two EU institutions: European Council and the Council of the EU, including the Presidency, the Permanent Representatives Committee (Coreper) and other Council committees and working groups

The Court of Justice of the European Union

The Court of Justice of the European Union (CJEU) is the supreme instance of law of the European Communities and is bound only by that law. The main task of the CJEU is to supervise the compliance with the law in interpreting and implementing the founding treaties. CJEU consists of two major courts:

1. the **Court of Justice**, informally known as **European Court of Justice (ECJ)** which hears applications from national courts for preliminary rulings, annulment and appeals. It consists of one judge from each EU member country, as well as 11 advocates general.
2. the **General Court**, which hears applications for annulment from individuals, companies and, less commonly, national governments (focusing on competition law, state aid, trade, agriculture and trade marks). It is made up of 47 judges, which will be increased to 56 in 2019.

The Judges of the Court of Justice shall elect from among their members the President and the Vice-President of the Court of Justice for a period of three years, with the possibility of being re-elected. The President shall direct the work of the Court of Justice and shall chair the meetings and meetings of the largest judicial colleges. The Deputy Chairperson shall assist the President in the performance of his duties and shall represent him in the event of an obstacle on his part. The Court also deals with cases from a sporting environment that violate four fundamental freedoms. The CJEU is located in Luxembourg.

European Central Bank

The European Central Bank (ECB) is the central bank for the Eurozone (the states which have adopted the euro) and thus controls monetary policy in that area with an agenda to maintain price stability. It is at the centre of the European System of Central Banks which comprises all EU national banks. The bank is governed by a board of national bank governors and a President. [11][24] The current president is Mario Draghi. The primary objective of the ECB, mandated in Article 2 of the Statute of the ECB is to maintain price stability within the Eurozone. Its basic tasks, set out in Article 3 of the Statute, are to set and implement the monetary policy for the Eurozone, to conduct foreign exchange operations, to take care of the foreign reserves of the European System of Central Banks and operation of the financial market infrastructure under the TARGET2 payments system and the technical platform (currently being developed) for settlement of securities in Europe (TARGET2 Securities). The ECB has, under Article 16 of its Statute the exclusive right to authorise the issuance of euro banknotes. Member states can issue euro coins, but the amount must be authorised by the ECB beforehand. The ECB is located in Frankfurt.

Court of Auditors

The European Court of Auditors, despite its name, has no judicial powers. It ensures that taxpayer funds from the budget of the European Union have been correctly spent. The court provides an audit report for each financial year to the Council and Parliament. The Parliament uses this to decide whether to approve the Commission's handling of the budget. The Court also gives opinions and proposals on financial legislation and anti-fraud actions.

The Court of Auditors was set up in 1975. It was created as an independent institution due to the sensitivity of the issue of fraud in the Union (the anti-fraud agency, OLAF, is also built on

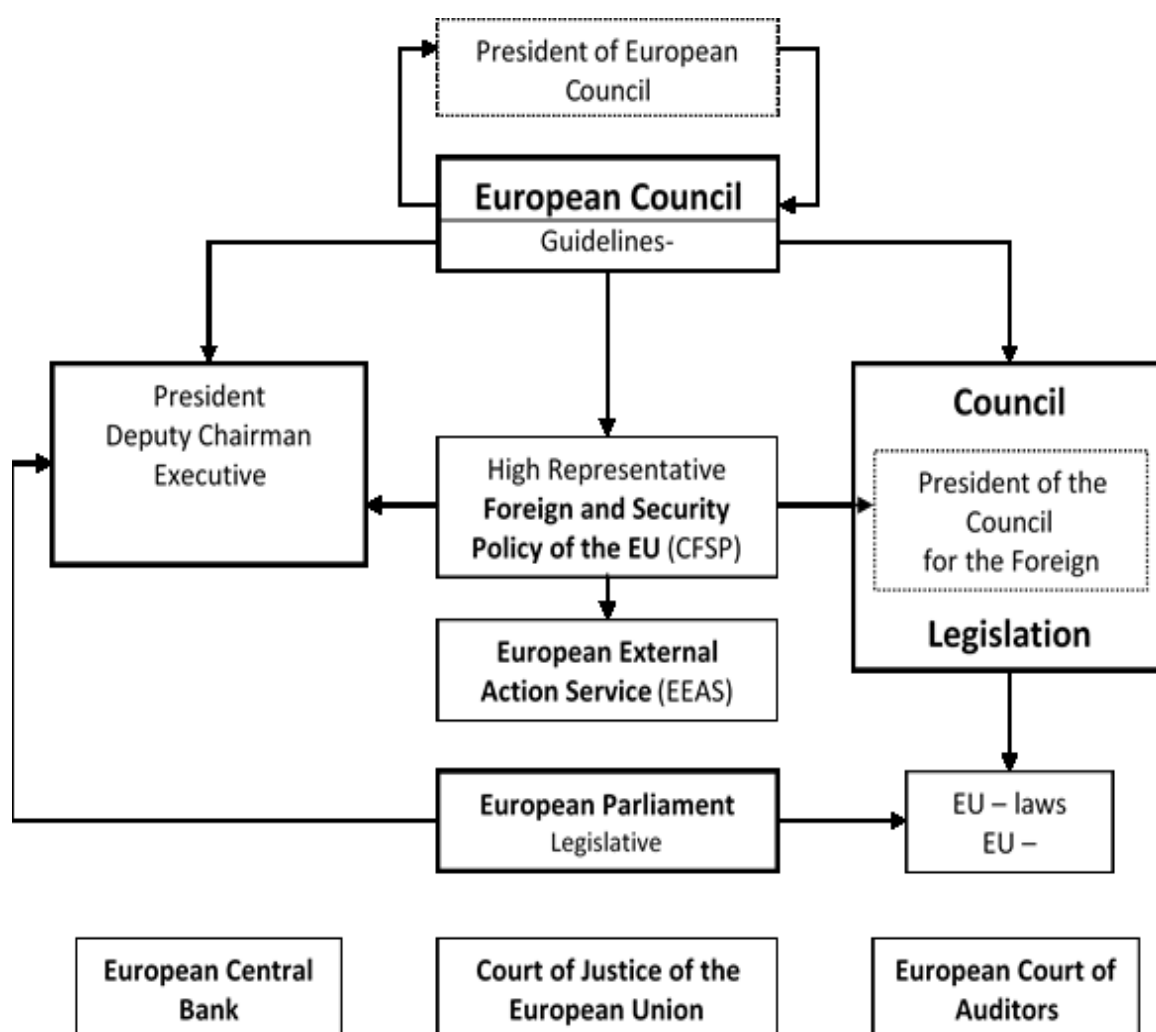
its independence). It is composed of one member from each state appointed by the Council every six years. Every three years one of them is elected as the president of the court, who is currently Vítor Manuel da Silva Caldeira.

Acts and procedures

The **codecision** procedure is most common, and means the Council and Parliament jointly consider law proposals from the Commission

There are a number of types of legislation which can be passed. The strongest is a **regulation**, an act or law which is directly applicable in its entirety. Then there are **directives** which bind members to certain goals which they must achieve. They do this through their own laws and hence have room to manoeuvre in deciding upon them. A **decision** is an instrument which is

Diagram 1.7. The main EU institutions



focused at a particular person/group and is directly applicable. Institutions may also issue **recommendations** and **opinions** which are merely non-binding declarations.

The ordinary legislative procedure is used in nearly all policy areas and provides an equal footing between the two bodies. Under the procedure, the Commission presents a proposal to Parliament and the Council. They then send amendments to the Council which can either adopt the text with those amendments or send back a "common position". That proposal may either be approved or further amendments may be tabled by the Parliament. If the Council does not approve those, then a "Conciliation Committee" is formed. The Committee is composed of the Council members plus an equal number of MEPs¹⁴ who seek to agree a common position. Once a position is agreed, it has to be approved by Parliament again by an absolute majority. There are other special procedures used in sensitive areas which reduce the power of Parliament.

6.2-The reason for the EU's existence in Europe

The result of the two devastating wars of the 20th century in Europe was the emergence of a new integration group on the basis of economic cooperation European states. The Intergovernmental Conference on the Common Market and Euratom focused on economic unity, leading to the Treaties of Rome being signed in 1957 which established the European Economic Community (EEC) and the European Atomic Energy Community (Euratom) among the members. In the following developments, economic integration has deepened and expanded to include other European countries, including the post of socialist states from Central and Eastern Europe in 2004.

Since its establishment, the EU has had principally three main objectives:

1. An economic unification of Europe
2. A political unification of Europe
3. Creating a union for citizens

As part of the economic unification, there are four large sections that constitute the basis of the European Union:

- The European Single Market (internal market),
- The Economic and Monetary Union,
- The common competition policy,

¹⁴ Members of European Parliament

- Various common policies (in the area of sport, they concern, for example, the issue of doping, violence of the spectators, tolerance and fair play). In the field of sport, the initiator is mainly the Council of Europe.

“Four Freedoms” - Core of the EU Internal Market

These basic freedoms have been considered the basic elements ever since the establishment of the EEC in 1957, the so-called Treaty of Rome. They are the following:

- Free movement of persons (Articles 48—51 of the EC Treaty). Every citizen of the EU can travel, live, stay and work in any EU country. This provides professional sportsmen and sportswomen with new possibilities and opportunities. However, it will also mean problems for national sports clubs with regard to legislation that restricts the participation of foreign sportsmen and sportswomen in competitions (see Free Movement of Persons).
- Free provision of services (Articles 59—66 of the EC Treaty). Enterprises providing services can be active throughout the EU. Services in sport are provided by coaches, sports service providers and sportsmen and sportswomen during competitions (see Free Provision of Services and Freedom of Choice of Domicile).
- Free movement of goods (Articles 9—11 and 30—37 of the Treaty on European Union). Goods including sports goods of all kinds, from golf balls to sailing boats, can freely move throughout the EU (see Free Movement of Goods).
- Free payment system and movement of capital (Article 73a of the EC Treaty). Foreign exchange can be transported from one EU Member State to another without any inspection.

6.3-EU and Sport

In the process of unification of Europe, which began in Rome in 1957, there was no room for sport. It was, in particular, a political and economic unification. Politicians only started to realise the importance of sport for unification after nearly 30 years.

Adonnino Report 1985

The increasing proportion of leisure time and the changing lifestyle turned attention to sport only in 1985, when the “Adonnino Report”¹⁵, responding to those new phenomena, was unanimously approved at the Summit in Milan. The Report states that *sport is a powerful means of strengthening the feeling of Europeans of belonging in the European Union*. Since then, the European Commission has been striving for including sport in its work with the public, and is involved in interesting sporting events. The Commission has realised the great importance of sport as:

- An economic factor,
- A means of communication.

What follows from this for the future of sport in the EU? There are clear impacts on all economic activities of sports organisations that might affect the aforesaid four basic freedoms.

They are the following:

- Competition laws; they apply to sports clubs as well as all economic entities. One of the most well-known matters is the transfer of football players, rights to television broadcasts.
- Freedom of movement of workers; professional players are workers - employees, therefore they are protected by the laws of the Community and have the same rights as other workers.
- Acknowledgement of diplomas; this also applies to sports diplomas, i.e. coaches, trainers, referees (a second diploma issued by the host country and the associated new examinations, where unfair prejudice cannot be ruled out, are no longer necessary).

Nice Declaration 2000

This constitutes a major milestone in the relations between the EU and sport, and it can be said that it is a certain response of the European sports environment to the Case of Bosman.

The Declaration states that:

- The key principle of recognising associations and especially sports associations is always applied,
- Sports organisations may autonomously adopt rules applying exclusively to sport (upheld by the European Court of Justice in 2000 and again upheld by the European Council in the Nice Declaration).

¹⁵ ADONNINO, P. *A People's Europe. Reports from the ad hoc Committee*. Bulletin of the European Communities Supplement 7/85.

The conclusions from the European Sports Conference¹⁶ held in Olympia on 21 - 22 May 1999 for the Council of the EU were as follows: “There is an insufficient coordination between parties interested in sport, which jeopardises the ability of survival of the existing structures. The maintenance of those structures requires coordinated activities of sports federations, Member States of the EU and the European Community.” The following key points were adopted at the Conference, which the Nice Declaration accepted:

1. Provide access to sports activities to all people and emphasise the social and educational aspects of sport and the importance of voluntary services in sport.
2. Acknowledge the central role of sports federations for sport. Federations must implement a number of actions against various threats, such as violence, doping and corruption in sport.
3. Preservation and support of rules that promote the physical exercise of young people.
4. Protection of education and health of young professional sportsmen and sportswomen.
5. Empowering sports organisations to take actions that try to promote fairness and solidarity in sports competitions, with regard to the laws of the Member States. This includes the generation of mutually linked income, coming for example from the sold rights to television broadcasts.

Taking into account the economic significance of sport and the influence on the evolving structure of the entire integration process of Europe, the concept of sport was incorporated in the Treaty establishing a Constitution for Europe¹⁷. However, the Treaty was not ratified and did not become effective. After its amendment, the so-called Treaty of Lisbon was formed, which involved some changes, in particular to achieve ratification by all Member States. The aforesaid Article devoted to sport was also slightly modified; however, its essence remained the same. Unlike the Treaty establishing a Constitution for Europe, the Treaty of Lisbon was finally ratified by all Member States, including the Czech Republic. At present, the concept of sport is therefore directly embedded in a primary document of the European Union.

¹⁶ In 1999, the Commission held the European Sports Conference in Olympia, Report from the Conference submitted to the Council of the EU, which was an impulse for the Declaration. See http://translate.google.cz/translate?hl=cs&langpair=en|cs&u=http://ec.europa.eu/sport/library/doc/b1/doc424_en.pdf [on line 03-04-2011]

¹⁷ Title XII, Article 165 of the Treaty. In this Article, the EU “*expresses the support of sport by developing the European dimension in sport, by promoting fairness and openness in sporting competitions and cooperation between bodies responsible for sport, and by protecting the physical and moral integrity of sportsmen and sportswomen, especially the youngest sportsmen and sportswomen.*”

6.3-Three Areas of the EU Sport Policy

Sport, which was not mentioned in any of the EU treaties before 2009, is permanently embedded in Title XII, Article 165 of the Treaty of Lisbon. Generally, the following three policies are applied:

- Sport as a means of communication; since 1985, the Commission has been striving for including sport in its public work and is involved in sporting events or financially aids sporting events (Euro-Pack campaign against doping, EYES 2004)
- Support of sport; the involvement of sport in supporting programmes (focus on exchanges of persons and experience, or for professional education)
- Impacts of the internal market: Where economic activities are performed in the area of sport, there are also impacts of the legislation and decisions of the EU and resolutions of the CJEU on sport.

Due to the fact that the Treaty of Lisbon is in force, the work on numerous studies that arise from the Nice Declaration and were prepared already in Olympia could begin. Unfortunately, the Czech Republic does not participate in such work much.

Principles of the EU Sport Policy

The EU sport policy is governed by principles that apply to culture, and vertical and horizontal subsidiarity is distinguished:

- The principle of subsidiarity, the competences of national public and private authorities for sport remain unaffected, EU intervention only where the actions of the Community are more effective
- Vertical subsidiarity, Article 3b of the EC Treaty, the EU intervenes only where certain goals cannot be sufficiently addressed by the Member States
- Horizontal subsidiarity, the EU and all Member States leave independent regulations in sport in the competence of national and European private sports organisations
- The dimension of public order or economy; where there is public order, national governments and national sports associations have competences. Where sport constitutes an economic activity, it is subject to the EU legislation.
- Activities in law-making and judicature - a new dimension in international cooperation in sport, every individual is entitled to exercise his/her right before the court.

It should be noted that a breach of the EU legislation constitutes a breach of the law.

Concept of “Enterprise” in Sport

The concept of “enterprise” as such is not defined in the Treaties on the EU. However, the definition of the concept of “enterprise” can be inferred from the existing decisions of the Court of Justice of the European Union. The concept of “enterprise” means any economically active unit that is involved in activities such as the manufacture or distribution of goods or the

provision of services. According to the general legislation, it is important whether or not the organisation is economically active; its legal type or method of financing is irrelevant.

The original EEC was established primarily as an economic group, and it seemingly avoided the area of sport. There are aspects where sport came into full contact with the basic principles of the later EU. The first area covers competition laws. In this respect, the principles on the basis of which sports clubs or entire leagues operate, i.e. structures acting as monopolies to a certain extent and generally drawing state aid, collided. It was necessary to find a balance where the principles of the uniform internal market would not be violated, and to clarify whether a sports club was an enterprise in the economic sense or not.

Professional Sports Club

- Where professional clubs organise competitions and matches with other clubs, require a payment for entering the competition or match, and achieve a considerable income from the sale of broadcasting rights, sport can by all means be considered an economic activity. In this sense, football clubs, for example, which “produce matches to gain profit”, can be regarded as enterprises.
- It is necessary to base the assessment on the actual activities of the particular club. Even though a club trains a junior team as part of its activities, thereby fulfilling the generally beneficial function, this does not change the fact that such a club must be considered an enterprise within the meaning of the EU legislation based on the club’s economic activities.

Professional Sports Association

In the case of national sports associations, they may join together several enterprises (sports clubs) to which the EU competition policy can be applied. Generally, the association negotiates exclusive broadcasting rights to the competitions organised by that association. If the association offers additional activities (such as the sale of tickets, merchandising), there can be no doubt that the association pursues an economic activity. Although the objective of the main task of the association is to promote football, for example, the association falls under the category of enterprises in its economic activities. For this reason, sports clubs and associations are regarded as enterprises from the point of view of the EU, and the principles of the uniform internal market thus apply to them.

Professional sports clubs as enterprises face, in particular, the following problems.

Free Movement of Persons

It is one of the four basic freedoms given by the founding treaties. In professional sport, it is reflected in engaging foreign professional sportsmen and sportswomen. In the case of professional sport, which is not directly governed by the founding treaties, the CJEU fulfils the role of resolving disputes concerning the free movement of workers. The CJEU has made several crucial decisions in this area during the existence of the EC and later the EU. The Case of Bosman (1995)¹⁸ is probably the most significant case in the area of sport which the CJEU has ever considered. The entire case had great consequences for the transfer rules of the UEFA.

It should be noted that the Judgement at its judicial precedent level was not respected immediately, and that the opposition of European football associations to the Judgement was apparent. For instance, in early 1996, the UEFA entered into an agreement with large European clubs to the effect that the 3+2 rule would continue to apply for the entire current season. The Commission responded to this by threatening the imposition of considerable sanctions, should the clubs or the UEFA fail to respect the decision. It must be said that the Bosman Case did not resolve the entire issue of transfers of professional football players.

Transfer of Players and Restrictions on Foreigners

International transfers and foreigner clauses apply to players coming from states outside the EU. Thanks to this, clubs that have a minimum of domestic players can exist today.

The Commission respects transfer periods and transfer deadlines, as they are among the specifics of sports associations. In the opinion of the authors, transfer periods do not constitute discrimination due to nationality.

Broadcasting Rights for Radio and Television

On 22 May 1996, the European Parliament issued a decision in which the European Parliament ruled that the exclusive rights to the broadcasting of sporting events in which there is a general interest in one or more Member States should be given to stations which provide “*uncoded*” broadcasts. The objective was to make such sporting events available to all

¹⁸Judgement of the CJEU dated 15 December 1995, Case C-415/93. Union royale belge des sociétés de football association ASBL versus Jean-Marc Bosman, Royal club liégeois SA versus Jean-Marc Bosman and others, and Union des associations européennes de football (UEFA) versus Jean-Marc Bosman. Request for decision in the preliminary question: Cour d'appel de Liège – Belgium. A more detailed analysis of the Judgement in Králík, M., *Právo ve sportu*, 2001, pp. 222-236.

citizens. The European Parliament also welcomed the decision of the International Olympic Committee (IOC), according to which the television rights to the broadcasting of sporting events should be given only to stations that can be received everywhere, and the channel reception would be free of charge, although other stations should be preferred purely in economic terms.

Subsidies in Sport

This is an issue of the state budgets of Member States in relation to professional clubs and their competitions. Subsidies in private enterprises disrupt the objectiveness of their free competition, even though the issue is debatable in the area of sports competitions.

Article 92 of the EC Treaty:

- “Any aids provided by the state or from state resources that falsify or could falsify competition by giving preferential treatment to certain enterprises or manufacturing sectors are incompatible with the common market if they affect trade between Member States.”
- The concept of aid can be interpreted very widely. It includes all forms of contributions, exemption from taxes and levies, interest discounts, the assumption of guarantees under particularly advantageous conditions, free or particularly advantageous use of buildings or land, the assumption of losses and any actions with the same or similar effects.

The European Commission is aware that the financial aid provided to sports clubs by the state can often be justified. However, this does not rule out the fact that certain aids to professional sports clubs contribute to price fights over especially talented and famous sportsmen and sportswomen who are to increase the numbers of viewers and the income generated from advertising and broadcasting rights.

The richer the sports club - with or without state subsidies - the more expensive and generally also the better-performing sportsmen and sportswomen it can afford. The aid to clubs can also be provided indirectly.

The European Commission has so far represented the view that the restrictions on state aid should not apply to sports clubs, as sports clubs not only pursue economic activities, but mostly also perform additional functions, in particular in the public interest, and therefore such aid in negligible amounts should not distort competition in any way.

In the opinion of the authors, the state financial aid provided to sports clubs is justified in most cases for cultural, social or sports reasons. Such state aid should not generally result in a substantial falsification of competition.

In the case of contributions from public resources, it may be the “de minimis” aid with reference to Commission Regulation (EC) No 1998/2006 of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid, published in No. 379/2006 of the Official Journal L. In light of the above, the application for contribution must be accompanied with a *declaration*, where the entity providing aid must be stated in the attachment to the application, concerning any additional de minimis aids which the entity applying for the contribution received in the previous two budget years and in the current budget year. For instance, a municipality may provide the contribution only after reviewing whether the total amount of the de minimis aid which the entity received in the relevant period of the given budget year and the previous two budget years will not exceed the cap set by the aforesaid Regulation (“ensure that the total amount of de minimis aid, granted to the same undertaking under the de minimis rule, does not exceed the ceiling of EUR 200,000 over a period of three fiscal years”).

6.4- White Paper on Sport

In mid-2007, the Commission published a document entitled the White Paper on Sport. This was done in the expectation that the Treaty establishing a Constitution for Europe would be adopted, as an article on sport had already been included in that Treaty.

This document demonstrates the first comprehensive steps of the Commission in the matter of an aggregate solution to sports issues. The main objective was to provide a strategic orientation in connection with the role of sports in Europe, instigate a debate concerning specific problems, making sport visible in the creation of the EU policies, and increase the public awareness of the needs and specifics of the sector.¹⁹The document factually consists of a dual structure, i.e. a part describing the areas of collision of the EU with sport and a part of a certain follow-up action plan of the Commission entitled “Pierre de Coubertin Action Plan”.

¹⁹Commission of the European Communities, White Paper on Sport, Brussels, 2007, p. 2.

²⁰ An important point is that the Paper²¹ fully acknowledges the specifics of sport, manifesting especially in:

- The specific nature of sports activities and rules, such as separate competitions of men and women, a limited number of contestants, the need to guarantee uncertainty as to the result, and keeping a balance among clubs that participate in the same competitions;
- The specific nature of sports structures, including, in particular, the autonomy and diversity of sports organisations, the pyramid structure of competitions from beginners to top professionals, systems of organised solidarity between different levels and different participants, sports organisation at the national level, and the principle of a single federation for each sport.

The White Paper acknowledges that there are sports organisation rules that - based on the legitimate objectives which they pursue - probably do not breach the antitrust provisions of the EC Treaty, on the assumption that any disruption of economic competition arises from their objectives and is adequate. Such rules are, for instance, “game rules” (e.g. rules determining the duration of matches and the number of players in the field), rules relating to the selection criteria for sports competitions, “domestic and foreign” rules, rules preventing the participation of multiple clubs owned by one owner in the same competition, rules pertaining to the composition of national teams, anti-doping rules, and rules relating to the player transfer duration. ²²

Due to this definition, sport acquires the right to keep its specific position both in the assessment of sport-related disputes and in proposing new regulations. Where the obligation to adhere to the pillars of the EU is imposed on sport (i.e. if sport is performed at a professional level), there are certain exceptions given by the nature of sport, which must be respected.

In terms of economic activities, the economic benefit of sport is recognised; however, in order for this to be demonstrable, it is necessary to shift to policies based on evidence. Following the recognition of the specific nature of sport, a sufficiently exact and detailed numerical basis to monitor trends in sport is required. That is why it is necessary to exactly define sport using

²⁰Pierre de Coubertin (1863–1937), a French teacher and historian, the founder of the modern Olympic Games.

²¹ White Paper on Sport, Brussels, 2007, p. 13.

http://ec.europa.eu/dgs/education_culture/publ/pdf/sport/whitepaper_cs.pdf [on line 10-2-2010]

²²White Paper, p. 13.

statistics, which will enable to show the economic flows in the economy of the EU caused by sport.

In this case, the Commission has set itself the following tasks:²³

- In close cooperation with the Member States, the Commission will endeavour to develop a European statistical method to measure the economic reach of sport, which will be used as the basis for national statistics in sport, which in turn could lead to the creation of a European sport satellite account (SSA). About 11 European states are already working on it.
- In addition, surveys focused on the collection of information related to sport should be conducted once every few years (such as Eurobarometer public opinion surveys), especially in order to obtain other than economic information that cannot be acquired from the national sport statistics (such as data on the degree of participation, voluntary work etc.). The year 2011 was declared the European Year of Volunteering, and the Member States are to submit all necessary information on the topic.
- The Commission will commence the preparation of a study that will assess the direct benefit of sport (as regards the GDP, growth and employment rate) as well as its indirect benefit (in the areas of education, regional development and increasing the attractiveness of the EU) for the objectives of the Lisbon agenda.
- The Commission will organise the exchange of proven procedures among the Member States and sports federations as regards the organisation of major sporting events, in order to support sustainable economic growth, competitiveness and employment.

The last area to which the Commission pays attention in the section Economic Dimension of Sport is a better provision of state aid to sport. The Commission prompts the Member States to consider the best ways in which to maintain and develop sustainable financing models to guarantee long-term support to sports organisations.

- The Commission will organise the execution of an independent study concerning the financing of sport from public and private resources, the financing of local sports and sport for all people in the Member States, and the reach of the ongoing changes in the area.
- Given the important social role of sport and its considerable local presence, the Commission will advocate the preservation of the existing options of reduced VAT rates on sport.

In Council Directive 2006/112/EC²⁴, the Member States are given room to remove certain sport-related services from the tax liability and, in cases not covered by the exception, the

²³ *Ibid*, p. 11.

²⁴ The aim of the Directive is to ensure that the application of the legislation of the Member States relating to VAT does not disrupt competition and does not prevent the free movement of goods and services.

option to apply reduced rates in some cases. It can be said that the work on these studies is already in progress, unfortunately without the participation of any Czech experts.

6.5- EU Work Plan for Sport 2014- 2017

supported by the European Commission (EAC/Sport)

Expert Group on the Economic Dimension of Sport

In July 2007 the European Commission published the White Paper on Sport, announcing the following initiative for the period until 2020. We find it in the EU Work Plan 2014 -2017 which identified the economic aspects of sport, and in particular evidence-based policy-making, as a priority theme for EU level cooperation in sport. For this limited period, the commission of experts focused on three main issues.

1. Recommendations of Commission for Expert Group were oriented to measure the economic benefits of sport in the EU based on the ongoing work to promote the setup of Satellite Sport Accounts (SSAs) in the Member States. Austrian experts have developed a methodology for the creation of SSAs in EU member states. Target day 2nd half 2015. Under this priority, the objective was to “recommend ways to promote data collection to measure the economic benefits of the EU sport sector in line with the Vilnius Definition and evaluate the results. Vilnius Definition of Sport has tree levels:
 - a. Statistical definition of sport: Corresponds with the current CPA 2008 category 93.1 ("sporting services").
 - b. Narrow definition of sport: All products and services which are necessary as inputs for (doing) sport ("to produce sport as an output").
 - c. Broad definition of sport: Statistical definition + narrow definition + all products and services which have a (direct or indirect) relation to any sport activity but without being necessary to do sport ("which draw upon sport as an input").

For the construction of the Satellite Sport Accounts is necessary use of broad definition of the sport. Until the end of 2017 had finalised their national SSAs only eight member states (AT, CY, DE, LT, NL, PL, PT and UK) and two SSAs were in preparation (LU and RO). The other Member States stated that the issue was being discussed and preparing this for discussion. Only the Czech Republic and Sweden they do not think about it.

2. Recommendations on major sport events, in particular on legacy aspects with a focus on social, economic and environmental sustainability (target date: 2nd half 2015) – Lead expert: Slovenia, Germany. The great attention was paid to the committee of experts on problematic major sporting events. Monitoring is very useful for other purposes too, they

perfectly combine with SSAs and Input-Output Tables for sport (IOTs-S). Therefore were recommended to gather data on:

- a) number of participants (athletes plus staff),
- b) number, origin, expenses of visitors,
- c) costs of staging the event,
- d) media coverage.

Finally, four recommendations were proposed for consideration:

- i. It was important that international sport governing bodies, in cooperation with the national politicians in Europe, ensure that the cost of both environmental and social losses was included in the estimate of the overall costs of the event. For this reason, a "standardised measurement tool" could be developed and could concentrate on the main economic, social and environmental issues.
- ii. The responsibility for controlling the long-term use of venues must be moved from a temporary organising committee to a permanent government body. The power of government could be organised such as recommended in the "NIV concept" of the Graubünden Candidature 2022 and partly practiced in UK 2012. The Canadian example of the Z2010 (sustainable event management standard) could be considered. This standard needed to be signed by all partners regarding respective responsibilities.
- iii. Develop a "legacy score card" that could be adopted by nations, including all events over a longer term and controlling that different stakeholders could benefit.
- iv. Governments should use the interest in events and their power for developing "educational curricula" to activate sustainable thinking/acting. "Tool kits" should be developed for event organisers and be spread via governmental legacy planners.

Sport infrastructure is very important for development of sport in member states EU. It is basic services for citizens in the places of residence, it is sport for all. The existence of sports facilities is vital for sport participation. Grassroots sport, including sport clubs, constitutes an important form of participation that reaches large proportions of the population. Financing of the sport infrastructure on this level is very important for sustainable financing of grassroots sport. In this area, there may be considerable mistakes in investing in sports facilities. For these reasons, the Commission has chosen this issue as one of the important activities that determine the final financial efficiency of the whole area of the sport.

3. Recommendations – Preparation of practical guidance on how to encourage transparent and long-term investment in sport, including EU funding, based inter alia on 2012 recommendations on sustainable financing of sport, including state aid.
(target date: 1st half 2016) – **Lead expert: France**

The Lead Expert (FR) submitted the document for the recommendation but from discussion it came out the proposal of modifications to the text. The sections is necessary to redraft in three parts as follows:

1. Maximize the net benefit of sport through investment
2. Diversify the financing of sport
3. Encourage the development of decision making tools

In the revised text is necessary to develop and improve the following points:

- Mention of the role of the clubs and the sport movement.
- Mention of the lotteries and how they benefit the development on grassroots sport.
- Elaboration of a definition categorisation of sport facilities towards a common standard.
- Set up a listing of those sport facilities based on the common definition.
- Identify the needs and the requirements for the organisation of major sport events, anticipate their economic impact and enable the host countries to assess ex-ante and ex-post how to optimize a positive impact.
- Integrate a mention of solidarity mechanisms within sport, include sponsorship aspects and make the link to good governance.
- Develop the paragraph on the study on the externalities of sport which could be useful to design the scope of a possible future expert group on the economic dimension of sport.

The obstacles to the application of optimal investment policy in MS are their different historical developments in the field of sport. Ambiguities are in standardizing the names of each type of sports venue. In the MS there is no accurate record of sports facilities, called Passportisation. For example in the Czech Republic more the 66 % were in the property of sport clubs which are non-government and not for profit organisations. On the level of the Czech public administration don't exist the register of sport facilities.

6.6- Observers in meetings of the XG ECO.

Some of not for profit organisations/entities that had specifically expressed their interest in participating working on the plan of commission. They had expressed to three main tasks, i.e. SSAs, major sporting events and investments in sport infrastructure. These organizations whose activities are linked to the sporting environment.

European Lotteries (EL)

Location "European State Lotteries and Toto Association" or "Association Européenne des Loteries et Totos d'Etat" ("The European Lotteries") Av. de Béthusy 36 – 1005 Lausanne, Switzerland; <https://www.european-lotteries.org/>

The European Lotteries (EL) is the European umbrella organisation of state owned or state-licensed Lotteries and these associations in Europe. EL currently has 79 Members coming from 46 different countries. Mission: to promote the sound and sustainable gaming model for the benefit of society that we stand for and that is based on the values of subsidiarity, precaution, solidarity and integrity. We advance the collective interests of our members, the national lotteries operating games of chance for the public benefit, and defend our model in the discussion on the societal, political, economic and regulatory framework for gambling. There are two major factors that unify our Members:

1. Our Members always operate with an explicit license in the jurisdiction of the country of the consumer;
2. Members' profits are channelled to the society and good causes in general.

In the last years, our Members' annual contribution to good causes reached the 25 billion EUR. The Lotteries in Europe have demonstrated over time a strong commitment to sport. The Members of the European Lotteries (EL) have been providing sustainable funding of more than 2 billion EUR to European sport each year, with the grassroots sport being the main beneficiary. Of course, other areas like high level sport, the Olympic movement and sport for development programmes are also supported by the Lotteries. Therefore, as the natural partners of grassroots sport, the *sustainable financing of grassroots sport* is a key issue.

European Non-Governmental Sports Organisation (ENGSO)

Location: ENGSO SECRETARIAT, House of Sports, Box 110 16, 100 61 Stockholm, Sweden; <https://www.engso.com/>

The European Non-Governmental Sports Organisation (ENGSO) is a not for profit organisation with public responsibilities, the umbrella organisation of National Sport Confederations and National Olympic Committees has as members 39 national sports umbrella organisations – both national sports confederations and Olympic committees – both in and outside the EU. ENGSO is part of the sport movement with the mission to promote the interest of grassroots sport in Europe. The members of ENGSO represent the national sport in its broadest sense – from children and youth sport, over “sport for all” activities to elite sport. ENGSO is the voice of voluntary sports organisations in Europe and part of organised sport. ENGSO actively advocates and influences the European sports political agenda and defends the interest of grassroots sport.

European Observatoire of Sport and Employment (EOSE)

Location: France, Lyon; <http://www.siggs.eu/>

EOSE is a European, independent non-profit association registered in France since 2002. The scope of EOSE is recognised to cover the whole Sport and Active Leisure sector from competitive and professional sport to community grassroots sport and recreation and embracing the growing commercial activities in Outdoors and Fitness sub-sectors. The relationship between sport and employment is the main concern of EOSE. To work on it, we need some strong analysis of the economic field. EOSE is ready to bring expertise, data and analysis from different surveys and project led. The sector skills council perspective is a major opportunity to challenge the perimeter, employment and competences needed by the sector.

European Olympic Committees EU Office (EOC)

Location: Rome, Brussels; EOC EU Office, Avenue de Cortenbergh 71, B-1000 Brussels; <http://www.euoffice.eurolympic.org>

The European Olympic Committees EU Office is the voice of the Olympic Sports Movement in Brussels. It is the representation of the European Olympic Committees (EOC) and of the International Olympic Committee (IOC).

In its daily work, the EOC EU Office defends the interests of the Olympic Sports Movement at the European level. Since its creation, it has been a partner of the European institutions regarding all sport issues. Its main activities are monitoring, identifying and analysing topics of relevance to sport at European level, disseminating information to the sport organisations it represents (e.g. by partner meetings, seminars and conferences, as well as a regular newsletter) and communicating positions and assessments from these sport organisations to the European institutions.

Furthermore, the EOC EU Office has successfully completed two projects funded under the Preparatory Actions and has just launched a project on Good Governance (SIGGS) co-financed by the Erasmus+ Sports Programme. The EOC EU Office has also been an active observer in all Council Expert Groups in the period 2011-2014, and has also participated to the work of the Commission working groups (2009-2011). For instance, as an observer in the Expert Group on the Sustainable Financing of Sport, the EOC EU Office has delivered valuable input for the recommendations on the sustainable financing of sport.

Football Supporters Europe (FSE)

Address: Football Supporters Europe, Coordinating Office, Postfach (P.O.Box) 30 62 18, 20328

Hamburg, Germany; www.fanseurope.org

Football Supporters Europe (FSE) is a European network of football supporters, supporter groups and national umbrella organisations of football fans with members in currently 45 countries across the continent. Through its membership, FSE represents the interests of more than 3.5 million supporters and is thereby the biggest supporter organisation in the world. Established in 2009, FSE is incorporated as non-profit member association with four main areas of activity:

FSE seeks to foster international relations and networking among football supporters, organizes transnational campaigns driven by supporters on topics relevant to football fans at European level, provides support services and advice to fellow football supporters and institutions, such as in the context of mega sports events and work with various institutions and football bodies to provide guidance and advice on best practice models of supporter dialogue and involvement as part of active citizenship, e.g. in the area of inclusion and safety and security in sport.

FSE is the official interlocutor on fans' issues for the European Football Association UEFA as major stakeholder. FSE has worked with the EU Football Experts Think Tank on Safety and Security for a number of years and had an observer seat on the Council of Europe Standing Committee on the Prevention of Spectator Violence (T-RV) since 2009 as well as in the previous EU Expert Group on Good Governance set up as part of the EU Work Plan for Sport 2011-2014.

As key condition for membership, members of FSE are committed to the proactive support of an opposition to any form of discrimination, to the rejection of violence, to foster grassroots supporter movement and to a positive fan and football culture, including principles such as good governance and Fair Play. Against this background, we would like to gain observer status for the following Expert Groups. The specific reasons for our involvement in each of the areas are listed below:

Federation of the European Sporting Goods Industry – (FESI)

Location: Avenue des Arts 43, 1040 Bruxelles, Belgium ; www.fesi-sport.org

Physical activity is not just a public health issue; it also addresses the well-being of communities, protection of the environment and investment in future generations. Countries need to reverse the trend towards inactivity and create conditions across the WHO European Region in which people can strengthen their health by making physical activity part of everyday life. Action should be large-scale, coherent and consistent across different levels of government and different sectors. WORLD HEALTH ORGANISATION “HEALTH IN EUROPE“

International Council of Sport Science and Physical Education – (ICSSPE)

([French](#): *Conseil International pour l'Education Physique et la Science du Sport*) is an organization based in Berlin, Germany which originated in Paris, France in 1958. <http://eose.org/ressource/icsspe-international-council-of-sport-sciences-and-physical-education/>

Its membership consists of government organizations and NGOs that are responsible for sport, sport science, physical education, and sport and recreation in their countries; international sport federations; international organizations in sport science, physical education, recreation, and sport; and research institutes and schools in physical education and sport science.

ICSSPE is recognized as a Formal Associate of [UNESCO](#),^[1] is a "Recognized International Organization",^[2] by the [IOC](#) and collaborates with [WHO](#) ^[3] on major projects.

ICSSPE's fundamental objectives are:^[4]

- To encourage international co-operation in the field of sport science;
- To promote, stimulate and co-ordinate scientific research in the field of physical activity, physical education and sport throughout the world and to support the application of its results in various practical areas of sport;
- To make scientific knowledge of sport and practical experiences available to all interested national and international organizations and institutions, especially to those in developing countries;
- To facilitate differentiation in sport science whilst promoting the integration of the various branches;
- To support and implement initiatives with aims similar to those pursued by itself and initiated or developed by any other appropriate agency or organization in the field.

The current President of ICSSPE is Prof. Dr. Margaret Talbot.^[5]

FIFPro and EU Athletes

Location FIFPro House, Scorpius 161, 2132 LR Hoofddorp, Netherlands;

<https://www.fifpro.org/news/fifpro-and-eu-athletes-have-a.../en>

FIFPro is the worldwide representative organisation for all professional footballers; more

than 60,000 players in total, male and female.

FIFPro was responsible for increasing the solidarity between professional footballers and players' associations. FIFPro tried to offer the players' associations or other interest associations the means for mutual consultation and co-operation to achieve their objectives. In addition, it wished to co-ordinate the activities of the different affiliated groups in order to promote the interests of all professional footballers. Indeed, FIFPro likewise had in mind propagating and defending the rights of professional footballers. The emphasis was thereby laid on the freedom of the football player to be able to choose the club of his choice at the end of his contract. It was likewise laid down that FIFPro would be helpful in every required area for setting up interest associations. These are objectives which still apply to this day

The objectives of FIFPro also mean that not only FIFA applied as a talking partner. UEFA in particular, but also the European parliament and the European Commission appeared to be important points of approach. The national federations also started to become increasingly aware that, in addition to the national players' association, the international trade union FIFPro also played its role.

The World Players' Union currently has 63 national players' associations as their members. Five candidate members and seven observers hope to join FIFPro in the near future. The mission 'FIFPro supports players' and our mission statement 'FIFPro is the exclusive collective voice of the world's professional footballers' are key principles. These are the two guiding foundations that underpin FIFPro's activities.

News Media Coalition – Value of Sport News

Location: **Postal Address and Contact:** Secretariat, News Media Coalition, Avenue Livingstone 26, 1000, Brussels, Belgium; <http://www.newsmediacoalition.org/>

The News Media Coalition (NMC) is an international organisation focused on specific challenges to editorial operations, publishing and independent journalism from excessive controls on the flow of news to the public imposed by event organizers such as sports governing bodies. The NMC represents the views and interests of major international media organisations. Members include newspapers and publishers, national and global agencies, press freedom organisations and other media bodies including trade associations. The News Media Coalition exists, above all, to defend press freedom and the future economic health of viable news-gathering operations.

They seek to ensure that the right and duty of the News Media to report any and all. We believe independent sports and news journalism makes a vital contribution to the high value of sport to society and to the economics of sport through direct and indirect revenues, publicity and the promotional effect of events and participation.

Sport and Citizenship.

Location: It has three offices in Brussels, Paris and Angers;
<http://www.sportetcitoyennete.com/>

Sport and Citizenship (S&C) is the only think tank dedicated to the study of European public policies in the field of sport, and the promotion of sport's societal impact. It was created in Brussels, just a few weeks after the publication of the White Paper on Sport.

S&C is recognized as a privileged interlocutor by the European institutions and the sport movement. We rely on a multidisciplinary Scientific Committee with more than 100 experts across Europe. Six European networks gave us European evidence-based credibility and legitimacy and allow us to look deeper into some topics of interest, such as volunteering, disabilities, health, innovation, education or women and sport. They have observer member of the expert groups HEPA and Match-fixing. They also currently finalizing a memorandum of understanding with the European Commission as part of the European Week of Sport.

UNI Europa Sport

Location: <http://eose.org/ressource/uni-europa-sport>

UNI Europa Sport - as recognized social partner in the European sectoral social dialogue committee for sport and active leisure – dedicates itself to accompany the process to structure and professionalize the sport and active leisure sector. UNI Europa Sport seeks to represent employees in the European Sport sector including professional athletes through close cooperation with the European Elite Athletes Association, which is a member of UNI Europa and UNI Global Union. As observer to the XG ECO we direct our focus to the first two deliverables (Sport Satellite Accounts and Major Sport Events) but are happy to provide input to the third deliverable (Sustainable financing of sport) as the process moves along.

The EU sport sector is growing rapidly, moving towards professionalization and professional standards – that means increasing political attention as well as a broad scope for strong social dialogue and joint agreements to improve working conditions throughout the sector.

EUROPEACTIVE

Location: Brussels, Belgium. <http://www.europeactive-euaffairs.eu/>

EuropeActive is the (leading) not-for-profit organisation representing the whole of the European health and fitness sector in Brussels. It is the European Association that provides the unique voice for the fitness, physical activity, and wellbeing sector at the EU level in Brussels, with the aim to get *MORE PEOPLE, MORE ACTIVE, MORE OFTEN*. The mission is to motivate people to embrace a lifelong active and healthy lifestyle. EuropeActive aims to co-operate with the European Union and other international organisations to achieve its objective to get.

The European health & fitness sector serves over 52.4 million consumers, generates 26.7 billion Euro in revenues, employs 650,000 people, and consists of 51,200 facilities. Alongside its significant economic contribution, the sector has a major role to play in making a more active and healthy Europe.

Summary:

At the time of its formation, the EU did not deal with the issue of sport. The situation began to change in the 1980s, when the Adonnino Report pointed to the social significance of sport. The Nice Declaration confirmed this significance and recognised the central role of sports federations, providing that sports federations are required to respect the four freedoms in the economic area. Upon the adoption of the Treaty of Lisbon, sport became embedded in the basic documents of the EU, which generally applies three policies in sport; sport as a means of communication, sport promotion through numerous supporting programmes especially in the area of professional education and person exchange, and the application of the principles of functioning of the EU internal market in those sport areas where economic activities are pursued.

Keywords:

Adonnino Report, White Paper on Sport, Bosman, finance, four freedoms, Nice Declaration, European Commission, Court of Justice of the European Union, European Union, enterprise in sport, Council of the EU, municipality, public sector, public administration, regions, y

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Zákon č. 129/2000 Sb., o krajích

Zákon č. 131/2000 Sb., o hlavním městě Praze

Zákon č. 115/2001 Sb., o podpoře sportu

Zákon č. 218/2000 Sb. Zákon o rozpočtových pravidlech a o změně některých souvisejících zákonů

Zákon č. 250/2000 o rozpočtových pravidlech územních rozpočtů

Zákon č. 243/2003 Sb. Zákon o rozpočtovém určení výnosů některých daní územním samosprávným celkům a některým státním fondům (zákon o rozpočtovém určení daní)

Zákon č. 89/2012 Sb. Zákon občanský zákoník

Attachment

Full text of Act no. 115/2001 Coll.

Amendment: 183/2017 Coll.

The Parliament has adopted the following Act of the Czech Republic:

Section 1

Subject-matter of Act

This Act defines the position of sports in the society as a public benefit activity and sets forth the tasks for ministries, their administration offices and delimits the competences of the territorial self-governing units in supporting sports.

Section 1a

Priorities in sports

The basic priorities in sports are the support to the sporting activities of children, young people and their coaches and the support to athletes representing the Czech Republic.

Section 2

Basic terms

(1) Sport for the purposes of this Act is any form of physical activity which aims through organized as well as non-organized participation at a harmonious development of physical and mental fitness, development of social relationships, improving health and achieving sports results on recreational level or in competitions of all levels, either individually or collectively.

(2) Sports organization for the purposes of this Act is a legal person established for a purpose other than generating profit, provided that the line of business of this legal person includes an activity in the sports domain.

(3) Athlete for the purposes of this Act is each individual who in a given calendar year performs real sporting activity for which such an individual is registered with a sports organization.

(4) Sports for all means organized as well as non-organized sports and physical recreation meant for the general population.

(5) Sports facility is a site, land, water area, building or a set thereof serving exclusively or mostly for sporting activities.

(6) A significant sports event for the purposes of this Act is an event of international significance taking place on the territory of the Czech Republic, in particular the Olympic Games, world championship, European championship or a world cup.

(7) A significant sports event of extraordinary importance for the purposes of this Act is an event under clause (6) the organization of which is made conditional by an institution assigning the organization of the event at an international level upon a declaration by the country on the territory of which the event is to take place to the effect that such country will ensure the conditions for the event to take place.

Section 3

Ministry of Education, Youth and Sports

(1) The Ministry of Education, Youth and Sports

a) drafts the state policy plan in sports (the “plan”) and presents it to the Government for approval,

b) coordinates the implementation of the approved plan with the Government,

c) ensures the financial support to sports from the state budget,

- d) supervises the use of the support to sports from the state budget by the recipients of the support and by the persons to whom this support was further provided by the recipient in compliance with the conditions for the use of the support,
 - e) creates conditions for the sporting activities of children, young people and their coaches, for the development of sports for all, sports of disabled people and for athletes representing the Czech Republic and their participation at sports events in the Czech Republic and abroad,
 - f) issues the anti-doping program and organizes and supervises its implementation and issues the program for the prevention of fixing the results of sports competitions,
 - g) sets up a contributory organization to fulfill the obligations ensuing from the International Convention against Doping in Sport,
 - h) sets up a departmental sports centre and provides for its activity,
 - i) coordinates the activity of the departmental sports centers of the Ministry of Defense and Ministry of Interior,
 - j) keeps an electronic register of sports organizations applying for a support from the state budget under Section 6b or 6c and athletes, coaches and sports facilities for whose activity the provision of this support is applied for (the "register").
- (2) The departmental sports centre under clause (1)h) is an organizational unit of the state; it is responsible for the creation of the necessary conditions for the preparation of talented athletes and for the national representation.
- (3) The rules for the operation, financing and mutual cooperation of the departmental sports centers under clause (1)h) and i) are defined by the Government. The draft of the rules is drawn up by the Ministry of Education, Youth and Sports in cooperation with the Ministry of Interior and the Ministry of Defense and is submitted to the Government for approval.

Section 3a

Register

- (1) The register is a public administration information system which is used for keeping records on sports organizations, athletes and sports facilities. The administrator of the register is the Ministry of Education, Youth and Sports. It is a non-public register; the data on the number of athletes and coaches associated in a sports organization and the list of sports facilities contained in the register are accessible to the public and also in a manner enabling remote access.
- (2) A sports organization applying for support from the state budget under Section 6b or 6c is entered in the register.
- (3) A sports organization mentioned in clause 2 is obligated to enter in the register without undue delay the following information and its changes:
- a) the name, registered office and identification number of the sports organization, main line of activity and the field of activity in sports, and possibly also membership in another sports organization,
 - b) termination by the sports organization of its activity in sports and the date of termination,
 - c) information on a sports organization associated in it, to the extent of letters (a) a (b),
 - d) the first name and surname, date of birth and residence address of an athlete and a coach registered with a sports organization associated in it; for an athlete or a coach who is not a resident on the territory of the Czech Republic, the address of the place on the territory of the Czech Republic where such person usually resides; for an athlete also the sports discipline performed by the athlete; for foreigners also their citizenship,
 - e) information to the extent of letter (d) on an athlete or a coach registered with such organization, unless such information has been entered by the sports organization in which it is associated,

f) the date when an athlete or a coach started to perform the activity for which he or she is registered with the sports organization in a given calendar year,

g) the date when an athlete or a coach stopped performing the activity specified in letter (f),

h) the sports facility used for its activity in sports; the information entered into the register include the address and the type of the sports facility, the amount and purpose of the state budget support under Section 6b or 6c, if granted for the acquisition or technical improvement of the sports facility.

(4) An applicant for the state budget support under Section 6b or 6c for the acquisition or technical improvement of a sports facility is obligated to enter into the register without undue delay the information under clause (3)h).

(5) A sports organization has access in the register to the data of the athletes and coaches registered with it and the sports organizations associated in it.

(6) The information under clause (3) (d) to (g) is kept in the register for the maximum period of 10 years from the day when an athlete or a coach stopped performing the activity mentioned in clause (3)f).

(7) The Ministry of Education, Youth and Sports checks the veracity, completeness and correctness of the data in the register.

(8) The Ministry of Interior provides the Ministry of Education, Youth and Sports the reference with data from the basic population register for the purpose of processing the data in the register. The information provided from the basic population register includes the name(s), surname, residence address, date and place of birth, date of death, citizenship and number of electronically readable identification documents of a natural person.

(9) The Ministry of Education, Youth and Sports defines by a decree the format and the structure of the data message by which sports organizations and applicants for support enter the data under clauses (3) and (4).

Section 4

Tasks of other state administration bodies

(1) The Ministry of Defense and the Ministry of Interior within their competences create the conditions for the development of sports, preparation of the national representation and preparation of talented athletes and set up their departmental sports centres and are responsible for their activity.

(2) The Ministry of Health within its competence organizes the health care services provided to athletes representing the Czech Republic and talented athletes, create organizational conditions allowing a specific access of athletes representing the Czech Republic to clinical care and in the interest of healthy lifestyle create conditions for the support of preventive, dispensary and assessment health care in sports.

Section 5

Tasks of regions

Regions within their independent authority create conditions for sports, particularly by

a) ensuring the development of sports for all and the preparation of talented athletes, including disabled citizens,

b) providing for the construction, reconstruction, maintenance and operation of its sports facilities,

c) giving financial support to sports from their budget,

d) preparing a regional sports development plan and ensure its implementation.

Section 6

Tasks of municipalities

(1) Municipalities within their independent authority create conditions for sports, particularly by

a) ensuring the development of sports for all, in particular for young people,

- b) ensuring the preparation of talented athletes, including disabled citizens,
 - c) providing for the construction, reconstruction, maintenance and operation of its sports facilities and offer them to citizens for their sporting activities,
 - d) supervising the effective use of their sports facilities,
 - e) giving financial support to sports from their budget,
- (2) A municipality prepares within its independent authority a municipal sports development plan for its territory and ensures its implementation.

Section 6a

Plans for sports

- (1) The plan sets the goals of the national policy in sports, the means which are necessary for the achievement of these goals and defines the priorities and criteria of the support to sports from the state budget. The plan also includes the measures against illegal fixing of sports results and measures for the support of education and further professional career of national athletes during and after the end of their career in sports.
- (2) The municipal or regional sports development plan in particular defines the areas of the support to sports, sets the priorities in the individual areas of the support and the measures to ensure the availability of sports facilities for the citizens of the municipality or region. The plan also includes the allocation of the funds from the municipal or regional budget which are needed for the implementation of the plan.

Section 6b

Support to sports as a state budget subsidy

- (1) The Ministry of Education, Youth and Sports provides from the state budget support to sports in the form of subsidies in the programs announced for a calendar year focusing in particular on the support to sports for children and young people, sports for all, sports for disabled people and successful athletes representing the Czech Republic internationally.
- (2) The support to sports under clause (1) may only be provided to the sports organizations registered in the register.
- (3) The Ministry of Education, Youth and Sports provides support to sports from the state budget in the form of subsidies within the program support for the acquisition or technical improvement of tangible and intangible fixed assets. The circle of the eligible recipients and the period for which the program under the first sentence is announced is determined by the documentation to this program.
- (4) Support to sports may not be provided to a person who in the past three years repeatedly or in a serious manner violated the anti-doping rules or in a serious manner endangered the implementation of the program for the prevention of the fixing of sports competition results or who was finally sentenced for a criminal act the underlying facts of which relate to an activity in sports or for a subsidy fraud, unless the effects of the conviction for this crime have become discharged.

Section 6c

Support to significant sport events

- (1) The central bodies of the state administration create based on the Government's approval the conditions for the organization of significant sports events of extraordinary importance. The application for the Government's approval is filed by the person who intends to apply for the organization of the event via the Ministry of Education, Youth and Sports.
- (2) An application under clause (1) must be accompanied with an estimated budget of the event and a feasibility study taking into account the financial, material, personnel and legal aspects of the event. The feasibility study must clearly show what measures will have to be necessarily adopted by public authorities in particular in terms of security, protection of life and health, the residence of foreign citizens on the territory of the Czech Republic and

transport accessibility. The feasibility study also contains information as to whether and to what extent the provision of a state budget support is necessary for the organization of the event if the principles of economical, reasonable and effective use of public funds are applied and information on the sustainability of the operation of the sports or other facilities to receive the support after the end of the event.

(3) The state budget support to significant sports events of extraordinary importance approved by the Government under clause (1) is provided particularly by the Ministry of Education, Youth and Sports.

(4) A state budget support to significant sports events not specified in clause (1) is provided within the program under Section 6b.

Section 6d

Coordinating the provision of support

(1) The Ministry of Education, Youth and Sports coordinates the provision of the support on the basis of this Act with the Office for the Protection of Competition.

(2) Support is not provided if its provision is in conflict with the conditions for the provision of public support laid down by law of the European Union or the decisions of the European Committee issued on the basis of the conditions.

Section 7

Compensation for expropriation

If a sports facility (building, land, a set of buildings or lands or other premises established or reserved for sports) is expropriated under conditions laid down by a special legal regulation, the owner of the sports facility may receive compensation in kind, of a comparable scope and quality.

Section 7a

Obligations of owner or operator of sports facility

- (1) An owner of a sports facility (hereinafter the “owner”) or a person authorized by the owner to use the sports facility for organizing a sports event (hereinafter the “operator”) are obligated to, if necessary for the safety of persons and the property in the sports facility, take the necessary measures to secure order in the course of the sports event and issue and public the visiting rules stipulating, in compliance with local requirements, in particular the rules for the entry of visitors and persons directly performing service as organizers in the sports facility.
- (2) If the safety of persons and property in the sports facility is endangered in a serious manner and despite all measures taken by the owner or the operator order is not restored, the owner and the operator are obligated to initiate the interruption or termination of the sports event which is in progress and ask without undue delay the Police of the Czech Republic for assistance.
- (3) If a situation occurs in a sports facility which seriously endangers the safety of persons or property due to the fact that the owner or the operator did not take all the measures and the Police of the Czech Republic is forced to restore order, the Police of the Czech Republic is entitled to compensation of the costs incurred.

Section 7b

Authorizations of the Ministry of Interior

- (1) If the owner or the operator violates in a material manner an obligation under Section 7a, the Ministry of Interior may on the basis of an announcement of a municipal authority or of its own motion decide that a particular sports event shall take place without the presence of any visitors, for a period of up to 1 year.
- (2) On the basis of an application of the owner or the operator the Ministry of Interior may decide on the shortening of the period under clause (1) if the owner or the operator proves that adequate measures have been adopted to secure the safety of persons or the property in the sports facility.

Section 7c

Supervision

- (1) The Ministry of Interior performs supervision over the compliance with the conditions laid down in the decision issued under Section 7b.
- (2) The municipal authority performs within delegated authority supervision over the fulfillment of the obligations of an owner and operator under Section 7a.

Section 7d

Offences

- (1) A natural or a legal person or an individual entrepreneur commits as the owner or the operator an offence by
- a) not issuing or publishing the visiting rules, in conflict with Section 7a(1),
 - b) failing in cases specified in Section 7a(2) to initiate the interruption or termination of a sports event which is in progress and ask without undue delay the Police of the Czech Republic for cooperation, or
 - c) breaching a decision under Section 7b that a particular sports event shall take place without the presence of visitors.
- (2) Sports organization commits an offence by failing to fulfill in conflict with Section 3a(2) its duty to be registered in the register or the duty to enter in the register without undue delay the information and any change thereof to the extent stipulated by Section 3a (3).

(3) An applicant for the state budget support under Section 6b or 6c for the acquisition or technical improvement of a sports facility commits an offence by failing to fulfill the duty to enter into the register without undue delay the information to the extent specified by Section 3a(4).

(4) A natural person may be awarded for an offence under clause (1)a) a fine up to CZK 50,000; for an offence under clause (1)b) a fine up to CZK 500,000; and for an offence under clause (1)c) a fine up to CZK 1,000,000.

(5) A legal person or an individual entrepreneur may be awarded for an offence under clause (1)a) a fine up to CZK 100,000; for an offence under clause (1)b) a fine up to CZK 1,000,000; and for an offence under clause (1)c) a fine up to CZK 2,000,000.

(6) A sports organization may be awarded a fine for an offence under clause (2) up to CZK 100,000.

(7) An applicant for the state budget support under Section 6b and 6c for the acquisition or technical improvement of a sports facility may be awarded for an offence under clause (3) a fine up to CZK 100,000.

Section 7e

Deleted

Section 7f

Joint provisions on offences

(1) Offences under this Act, except for the offences specified in Section 7(2) and (3) are handled by the municipal office.

(2) Offences under Section 7d(2) and (3) are handled by the Ministry of Education, Youth and Sports; the Ministry shall not award a fine for an offence if it is justified by specific reasons.

(3) Fines, save for the fines for the offences specified in Section 7d(2) and (3) are collected and enforced by the body which awarded them. The income from fines, save for the fines for the offences specified in Section 7d(2) and (3), is an income for the municipality.

Section 7g

The provisions of Section 7a to 7f do not apply to an owner if the owner transfers its obligations under this Act relating to the organization of a sports event onto the operator.

Section 8

Effectiveness

This Act becomes effective on the day of its publication.

Transitional provision

The owner of a sports facility is obligated to issue and publish the visiting rules under Section 7a(1) of Act no. 115/2001 Coll., in the version effective from the day of the entry of this Act into effect, and shall do so within no later than 3 months from the day of the entry of this Act into effect.

Article II of Act no. 230/2016 Coll.

Transitional provisions

1. The Ministry of Education, Youth and Sports shall make the register available within no later than 18 months from the day of the entry of this Act into effect.

2. A sports organization in which other sports organizations are associated is obligated to fulfill the duties laid down in Section 3a(2) and (3) Act no. 115/2001 Coll., in the version effective from the day of the entry of this Act into effect, within 24 months from the day of the entry of this Act into effect. Other sports organizations, not registered under the first sentence, are obligated to fulfill these duties within 30 months from the day of the entry of this Act into effect. An applicant for support is obligated to fulfill the duties laid down in Section 3a(4) of Act no. 115/2001 Coll., in the version effective from the day of the entry of this Act into effect, within 24 months from the day of the entry of this Act into effect.

3. A support to sports in the form of a state budget subsidy may be granted to a sports organization regardless of its registration in the register within the time limit specified in point 2 within which the sports organizations was supposed to fulfill the obligations set forth in Section 3a(2) and (3) of Act no. 115/2001 Coll., in the version effective from the day of the entry of this Act into effect.
4. The Ministry of Education, Youth and Sports shall submit the plan under Section 6a(1) of Act no. 115/2001 Coll., in the version effective from the day of the entry of this Act into effect to the Government for the first time within 6 months from the day of the entry of this Act into effect.
5. A region shall prepare the regional sports development plan under Section 5(d) of Act no. 115/2001 Coll., in the version effective from the day of the entry of this Act into effect for the first time within 18 months from the day of the entry of this Act into effect.
6. A municipality shall prepare the municipal sports development plan under Section 6(2) of Act no. 115/2001 Coll., in the version effective from the day of the entry of this Act into effect for the first time within 18 months from the day of the entry of this Act into effect.