

Activities of the state in supporting elite sports

Does the state contribute to the success of elite athletes, and why and how does it do it?

Report of the National Audit Office to the *Riigikogu*. Tallinn, 24 January 2012

Summary of audit results

The National Audit Office audited the activities of the Ministry of Culture, the Gambling Tax Council, the Cultural Endowment of Estonia and the Estonian Olympic Committee in financing sports. The purpose of the audit was to evaluate the transparency, expedience and lawfulness of the financing system and the effectiveness of the Estonian sports system regarding the achievement of top results.

Separate accounts are not kept by the state of the funds allocated to elite sports and to recreational sports. The amount spent by the state on sports from the budgets of the Ministry of Culture, the Estonian Olympic Committee, the Cultural Endowment of Estonia and the Gambling Tax Council in 2010 totalled approximately 229 million kroons (14.6 million euros). This money was used to support sports associations, county sports organisations, regional recreational sport centres, the Estonian Olympic Committee, etc. According to estimates, about one-half of this amount was allocated to elite sports. Although more money is given to sports on the whole in developed western countries, the share of public funds in financing sports in Estonia is significantly bigger than in western countries. The National Audit Office audited the state's activities in financing elite sports in 2010, but there were no significant changes in the financing of (elite) sports in 2011.

As a result of the audit, the National Audit Office found that the state's activity in financing elite sports is not transparent, the funding system is unreasonably complicated, and the state's goals in supporting elite sports are unclear. Supporting sports is not always done pursuant to law. Estonian *athletes* have been successful, but the Estonian sports system as a whole still has room for improvement.

Key observations:

- No clear public goals have been set to elite sports. It is therefore impossible to assess the effectiveness and efficiency of the state's activities in this area. The most suitable activities and fields of sport for financing should be selected on the basis of what the goals of elite sports are deemed to be, e.g. promotion of recreational sports, introducing the state in the world, developing economic activities and tourism, setting a social example, or other. The goal-setting by the state also influences the contribution made by the private sector to the area. Public interest in financing elite sport should be particularly clearly phrased, as the state provides a large share of the funds used to support elite sports in Estonia.
- Although the level of financing the sports system in Estonia may be considered good on the basis of the SPLISS (*Sport Policy Factors Leading to International Sporting Success*) methodology, the development level of most other organisational factors (organization and structure of sport policies, sport participation, trainings facilities, coaches provision and development systems, national and international competition opportunities) is average. The system for talent identification and development, system for athletic and post athletic career support and scientific research in sports are not well developed.
- One-third of the higher (IV and V) category coaches do their job without employment contracts, and most of them do not have enough time to train their most talented athletes. Attributing little value to the work done by coaches does not motivate them to stay in Estonia.
- The system for financing sports is very complicated. Distributing grants the way it is currently done is not expedient or economical. It generates additional expenses and increases the administrative burden of both the applicants and the persons who process the applications. For example, sports associations spend half the money they receive from the state, which is about one-fifth of their total

budget, on administration. The Ministry of Culture, the Gambling Tax Council, the Cultural Endowment of Estonia and the Estonian Olympic Committee all finance the same target groups and activities. The decision-makers also overlap.

■ The Ministry of Culture does not proceed from effective legislation when distributing the state's support to sports, and the Gambling Tax Council does not adhere to approved financing principles and priorities. Such practice is non-transparent and unjustified for the applicants and the public. Inspection of use of sports grants is inadequate, violations are not detected and refunds of misused grants are not demanded (except in the Cultural Endowment of Estonia).

Main recommendations

In order to increase the success of the sports system, the National Audit Office advises the **Minister of Culture** to analyse which activities can be carried out in the nearest future for the development of the sports system, and then prepare an action plan that would give more attention to coaches, talented young athletes, provision of the support services needed by elite athletes and cooperation with research institutions.

In order to improve the policy planning, the National Audit Office advises the **Minister of Culture** to analyse the potential benefits of elite sports for the state and to set clear goals to elite sports, which can be evaluated.

In order to streamline the financing of the sports system and to guarantee that the distribution of money is administratively more efficient and economical, the National Audit Office advises the **Minister of Culture** to clearly define and separate the roles of the different financing bodies. Control of the use of sports grants must also be guaranteed.

The National Audit Office advises the **Gambling Tax Council** to proceed from the declared priorities when granting support.

The National Audit Office advises the **President of the Estonian Olympic Committee** to create a control-system of the use of allocated grants.

Responses of the auditees

The **Ministry of Culture** did not agree with the general position of the National Audit Office that the manner in which the state finances sports is not transparent and that the funding system is unreasonably complicated, the state's goals in financing elite sports are unclear, which means that distributing sports grants in the present manner is not expedient or economical. The Ministry of Culture found that finding violations and demanding return of the grants cannot be a goal in itself of a control-system.

The **Gambling Tax Council** responded that approved funding priorities are not the only binding starting point in the distribution of grants. The establishment of priorities does not preclude financing projects that focus on other goals (which are not listed as priorities), but are carried out in subjects that are important for the area, if the content and objectives of the projects are very well justified. The Council also disagreed with the recommendation made in the audit that the grants allocated through the Council should be merged with the grants allocated by the Cultural Endowment of Estonia in order to improve the administration and control of the distribution of grants.

The **Estonian Olympic Committee** and the **Cultural Endowment of Estonia** generally agreed with the recommendations made by the National Audit Office.

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