

## **Chapter 3**

# **Financial Resources for Sports**

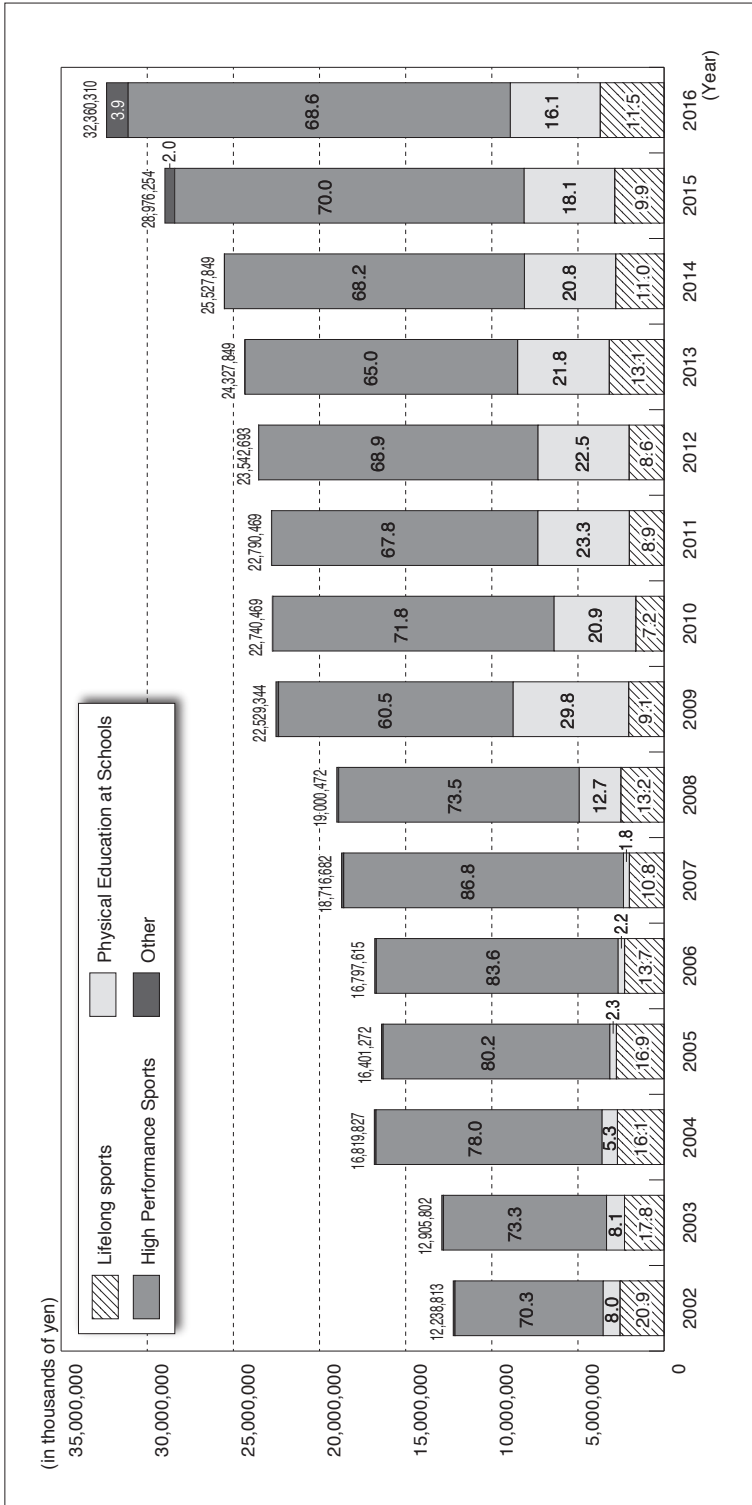
## **I. Financial Resources for Sports in Japan**

### **1. National Budget for Sports**

Figure 3-1 illustrates the yearly changes in the budgets of Sports and Youth Bureau at Ministry of Education, Culture, Sports, Science and Technology: MEXT (which previously administered sports before the establishment of the Japan Sports Agency in 2015) and the Japan Sports Agency: JSA. The sports budget for FY2002 was 12.2 billion yen, a number which increased to 16.8 billion yen in FY2004 due to a concerted effort to improve Japan's international competitiveness for the Athens Olympics held that year. Although the budget saw some marginal increases each year to FY2008, a revision of the government curriculum guidelines in 2007 made the teaching of martial arts a requirement, leading to budgetary increases related to the funding of martial arts halls for public junior high schools. As a result, the sports budget for FY2009 ballooned to 22.5 billion yen, surpassing the twenty-billion-yen threshold. Following that, the budget held mostly steady until FY2015, when the effects of Tokyo being selected in September 2013 to host the 2020 Olympic and Paralympic Games ("Tokyo 2020") prompted an increase to 28.9 billion yen and then a further increase to 32.3 billion yen in FY2016, breaking thirty billion yen for the first time.

The chart also divides the sports budgets into four categories: "Lifelong sports", "Physical Education at Schools", "High Performance Sports", and "Other". From the annual changes in how much percentage of the overall budget was allocated to each of these four categories indicated in Figure 4-1, "High Performance Sports" have been the greatest expenditure since FY2002, hovering around 70% since FY2010.

On the other hand, "Lifelong sports" fell from a ratio of 20% in FY2002 all the way to 7.2% by FY2010. Although the category saw some minor increases after that, it has remained limited to around 10%. As noted above, the portion of the sports budget that went to "Physical Education at Schools" increased to just under 30% in FY2009 due to funding for martial arts halls at public junior high schools, although it subsequently declined to 16.1% by the year FY2016. MEXT and JSA data published through FY2015 indicated the specific numbers for each of these four categories, but that



Japan Sports Agency (2016)

Figure 3-1 Trends in the Sports Budget of MEXT and Japan Sports Agency

\* 1 Percentages in 2016 are SSF estimates.  
 \* 2 Percentage of "Other" in 2002 to 2014 are omitted as they were less than 1.0 percent.

feature was not present in the data for 2016; SSF estimates were therefore used for that year in the chart.

## **2. Sports Promotion Funding from Public Interest Cooperations Subsidy Programs of the Japan Sport Council (JSC)**

The Japan Sport Council uses proceeds from the Sports Promotion Lottery (known as “toto”) and the operating profit of the Sports Promotion Fund to provide subsidies to sports organizations and local government bodies with the goal of promoting lifelong sports and improving international competitiveness.

### **Sports Promotion Lottery**

In 1998, the “Act on Carrying Out, etc. Sports Promotion Lottery” was enacted to secure financial resources for sports promotion. Based on the law, a Sports Promotion Lottery was introduced in 2001 which allowed people across Japan to bet on the outcomes of J. League matches; since 2002, a portion of the lottery’s profit has been used to operate subsidy programs for sports promotion.

Half of the proceeds from lottery sales are paid to the winners. Miscellaneous expenses as well as 10% for designated funds are then deducted from the other half; of the remainder, one-fourth is paid to the national treasury and three-fourths is used to subsidize the sports-promotion projects of municipalities and sports organizations (Figure 3-2). Designated funds are financial resources allotted for the maintenance of facilities that contribute to the efficient implementation of international sporting events, but are currently being used to construct the New National Stadium.

The subsidies provided to municipalities and sports organizations are allocated to projects focused on the promotion of lifelong sports—including the operation of comprehensive community sports clubs (see page.112) and local sporting events—as well as those related to improving competitiveness, for instance through the identification and development of talented athletes.

Sales for the “toto” lottery dropped by nearly one-fifth following its launch in FY2001, from 64.3 billion yen in the first year to 13.5 billion yen in FY2006 (Table 3-1). However, sales rebounded following the debut of “BIG” (which allowed predictions to be made randomly by a computer rather than chosen by lottery buyers) on September 16, 2006, reaching 63.7 billion yen in FY2007. Strong sales continued, and then in May 2012 the law was amended to allow lottery players to select not only J. League matches, but also those of foreign football leagues, allowing for sales to

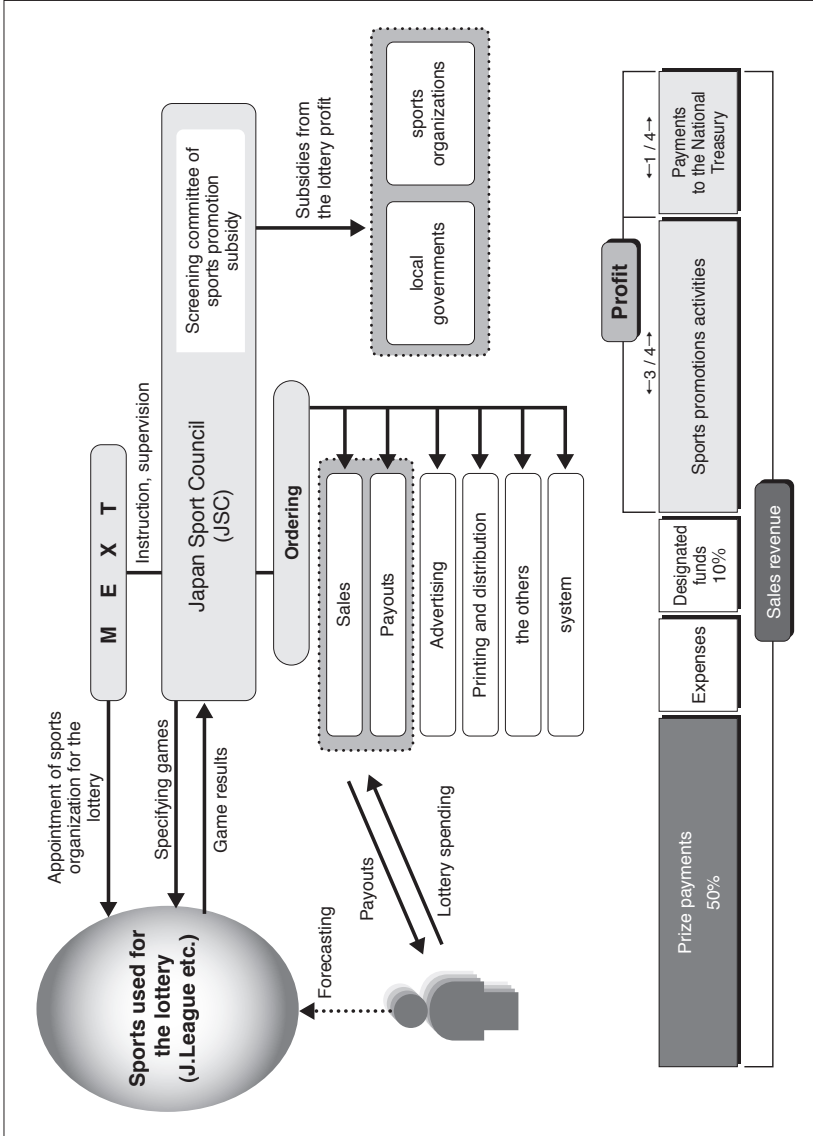


Figure 3-2 Sports Promotion Lottery System and Allocation of Sales Revenue (2016)

continue during seasons with no J. League matches. As a result, “toto” sales hit a record high in FY2013, exceeding 100 billion yen for the first time.

### **Sports Promotion Fund**

The Sports Promotion Fund was created in 1990 through a government contribution of 25 billion yen. Established within the National Stadium and School Health Center of Japan, a predecessor of the JSC, the fund was intended to enhance high performance sports, as well as increasing participation in grassroots sports. Using operating capital of 29.4 billion yen, which was accrued by combining the initial government fund and an additional 4.4 billion yen donated by the private sector, JSC has been able to provide subsidies to sports organizations with the purpose of enhancing performance of athletes, hosting sporting events, and supporting activities of athletes and their coaches/instructors. However, a budget revision in 2016 eliminated half of the government’s 25 billion yen contribution to allow that 12.5 billion yen to be used toward a share of the New National Stadium construction costs.

**Table 3-1 Trends in Sales Proceeds from the Sports Promotion Lottery and Subsidy Amounts**

(in millions of yen)

FY	Sales proceeds	Amount of Subsidies (Number of subsidized projects)
2001	64,267	—
2002	36,058	5,913 < 1,644 >
2003	19,877	2,427 < 1,311 >
2004	15,695	582 < 291 >
2005	14,905	250 < 269 >
2006	13,471	118 < 185 >
2007	63,712	80 < 116 >
2008	89,741	858 < 348 >
2009	78,547	5,768 < 1,210 >
2010	84,812	8,926 < 1,562 >
2011	82,674	12,798 < 2,620 >
2012	86,106	14,662 < 2,802 >
2013	108,056	15,116 < 2,841 >
2014	110,797	16,994 < 2,742 >
2015	108,419	15,361 < 2,384 >
2016	—	22,117 < 2,295 >

Note1 : The subsidy uses the proceeds of the previous year as the capital. The subsidized amount is the amount granted.

Note2 : Those appropriated to subsidize sports activities for athletes and trainers are excluded.

Total subsidies for the 2016 fiscal year amounted to 1.39 billion yen, which was on par with the totals for FY2010 and FY2013 (Table 3-2). But 800 million yen of that, which was earmarked for the athlete aid subsidy and the subsidy that supports the activities of athletes and coaches, was financed by the Sports Promotion Lottery via the strong sales of “toto”; the fund itself contributed 600 million yen to the subsidies.

### **Subsidies for Project to Enhance High Performance Sports**

Under the subsidy program for projects to enhance high performance sports, government grants are distributed to the National Governing Bodies (NGB) of the Olympic sports and to the Japan Top Leagues (top ball leagues) and its alliance members in Japan. The aim of this program is to support athletes with the goal of surpassing the existing record of medals won at the Olympic Games, as well as reaching a record of prize winners in the World Championships (which is one of the policy goals set out in the Sport Basic Plan (2012)). For this subsidy program, there are two types of funding available: subsidies to "Sports Organizations' Enhancement Activities for Priority Sports" and subsidies to "Sports Organizations' Operational Activities of Top-League Teams". The budget for FY2016 included 295 million yen for these subsidies.

### **Financial Resources for Sports Promotion from Public Lotteries**

Revenue derived from public gambling such as horse racing, powerboat racing, Keirin (cycling racing) and motorcycle racing has been utilized in various fields, and for projects contributing to the public interest such as social welfare and international development. Much of this revenue has also been apportioned to sports projects. From the 13.8 billion yen in revenue from public races, sports-related projects received 1.5 billion yen, accounting for approximately 10.9% of the total (Table 3-3).

The largest fund for sports projects was received in revenue from Keirin and motorcycle race, totaling approximately 950 million yen in FY2016 to subsidies for promoting bicycle and motorcycle races as well as sports. This was followed by 590 million yen in funds from boat racing, and 19 million yen from horse racing.

Some of the revenue from motorboat racing has been used for promoting life-long sports through the activities of the Sasakawa Sports Foundation (SSF). SSF implemented "SSF Sports Aid" and "SSF Water Sports Aid" over the years from 1991 to 2010. Sports Aid and Water Sports Aid opened applications from incorporated foundations and corporations, NPOs and other private organizations, resulting in a total of 5 billion yen

Table 3-2 Trends and Breakdown of Sports Promotion Fund Subsidies

(in thousands of yen)

Subsidy category	FY		2010		2013		2016	
			Subsidized amount <Number of subsidized projects>		Subsidized amount <Number of subsidized projects>		Subsidized amount <Number of subsidized projects>	
1. Subsidy for sports organization's enhancement activities for athletes			332,990 < 122 >		336,242 < 43 >		33,660 < 12 >	
2. Subsidy for sports organization's hosting of sports events			394,715 < 136 >		313,257 < 128 >		565,190 < 164 >	
3. Subsidy for improvement activities of athletes and trainers <sup>*1</sup>			640,156 < 588 > <sup>*3</sup>		640,150 < 445 > <sup>*3</sup>		800,000 <sup>**3</sup>	
4. Subsidy for athletes <sup>*2</sup>			—		—			
5. Subsidy for internationally competitive sports activities			0 < 0 > <sup>*5</sup>		0 < 0 > <sup>*5</sup>		0 < 0 > <sup>*5</sup>	
Total			1,367,861 < 846 >		1,289,649 < 616 >		1,398,850 < 176 >	

Note : the subsidized amount refers to the amount granted.

\* 1 Formerly named " Subsidy for the activities of athletes and instructors".

\* 2 This category started in 2014.

\* 3 Those allocated from Sports promotion lottery subsidies.

\* 4 Based on the budget of 2016.

\* 5 This does not mean that the subsidy category has been abolished, but only that there were simply no eligible projects for the subsidy.

Japan Sports Council (2016)

**Table 3-3 Funding for Sports Projects through Revenues from Public Gambling**

(in thousands of yen)

Public gambling	The total amount provided to public interest projects <Number of projects subsidized>	The total amount provided to sports projects <Number of projects subsidized>	Ratio of total amount provided to sports projects to the amount provided to public interest projects (%)
Mortorboat racing *1	8,592,647 < 2,504 >	592,274 < 13 >	6.9
Horse racing *2	2,422,032 < 35 >	19,031 < 1 >	0.8
Keirin/Motorcycle racing *3	2,794,995 < 245 >	948,371 < 44 >	33.9
Total	13,809,674 < 2,784 >	1,559,676 < 67 >	11.3

\* 1 The amount and number of subsidies from public interest or welfare-related projects. Based on the financial results for FY2015.

\* 2 The amount and number of subsidies to farming promotion projects. Based on the budget of FY2016.

\* 3 The amount and number of subsidies from grants to the promotion of public interest projects. Based on the financial results FY2016.

The Nippon Foundation, Japan Racing Association and JKA (2016)



being spent on 8,000 projects over 20 years. These projects include various events, classes and seminars held by a wide range of sports organizations. Since 2011, SSF has also been operating the Sasakawa Sports Research Grants Program to promote sports by supporting prominent research projects. This program provides funding for young researchers in the fields of humanities and social science, and subsidies that contribute to make national sports policies. Over the past three years, SSF has granted a total of 113 million yen to 174 research projects.



## **II. Financial Resource for Sports in Local Government**

### **1. Costs related to Sports in Local Government**

The Japan Sports Agency defines the “Physical Education Facility Costs etc.” described in the Annual Statistical Report of Local Public Finance published by the Ministry of Internal Affairs and Communications as “costs related to sports in local government”; the yearly changes in these costs since 1989 are indicated in Figure 3-3. Costs related to sports in local government increased from 642 billion yen in FY1989 to a record high of 1,008 billion yen in FY1995. Following that peak, however, they began a continuous decline until FY2005, after which the costs hovered around 500 billion yen year to year. The costs began to increase again from FY2013 onward, reaching 582.6 billion yen in FY2014, or approximately half of that which was seen in FY1995. The percentage of total municipal expenditures that costs related to municipal sports comprised followed a similar trend, expanding from 0.88% in FY1989 to peak at 1.02% in FY1995. It then began an annual decline which bottomed out at 0.49% in FY2011; in FY2012, it began climbing again and reached 0.59% in FY2014.

Examining the breakdown of these sports-related costs, changes in the overall amount were influenced by fluctuations in general construction project costs. General construction project costs are funds invested into acquiring land for, building, or expanding fire-fighting facilities or public-works infrastructure like roadways, bridges, rivers, or harbors, educational facilities such as schools, and public facilities such as community centers and public housing. Here, the term indicates those funds that were used for sports-related costs. Totalling 355 billion yen in FY1989, general construction project costs subsequently increased to 601.6 billion yen by FY1995, when the total amount of sports-related costs were also at their peak. General construction project costs then decreased along with the total until FY2007, which was the lowest point for both them (95.7 billion yen) and overall sports-related costs (473 billion yen). Increases in general construction project costs were a major factor in overall cost increases from FY2013 onwards.

On the other hand, expenditures such as labor costs, maintenance and repair costs, and social assistance costs have only experience minor changes over this 25-year time span. It is worth noting that maintenance and repair costs have remained almost unchanged since FY1989 despite an increase in the number of public sports facilities. Non-personnel costs increased from 115.9 billion yen in FY1989 to a high of 234.9 billion yen in FY2002.

Although they went on to decline following that peak, they still totaled 221.5 billion yen in FY2014, an increase of over 100 billion yen compared to FY1989. Non-personnel costs are generally a municipality's overhead costs that don't fall into the category of personnel costs, maintenance and repair costs, or social assistance costs; especially non-personnel costs including things such as employee travel expenses, the costs of procuring equipment, and contractor fees.



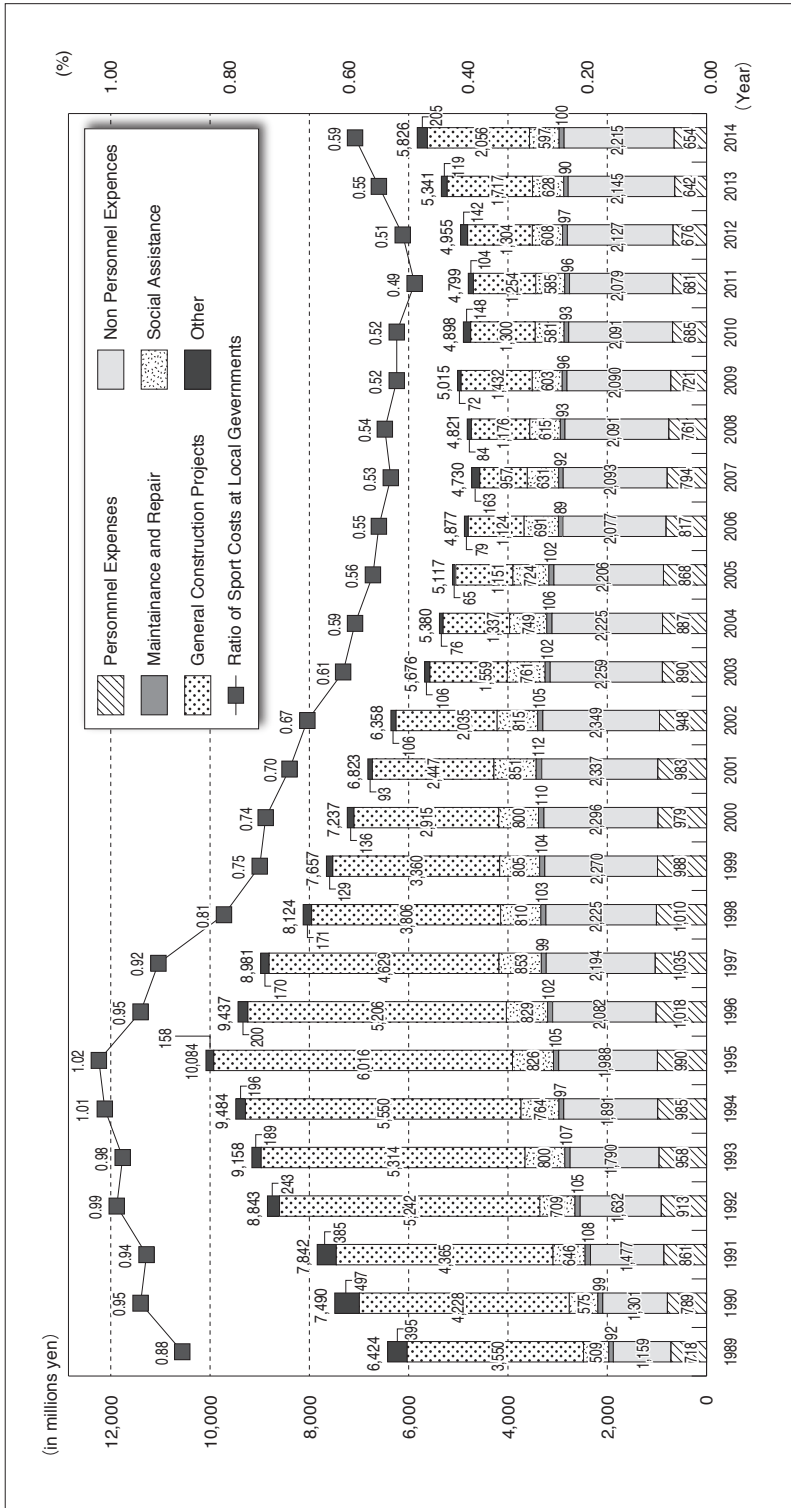


Figure 3-3 Trends in the Sports Related Costs of Local Governments

Annual Statistics on Local Public Finance, Ministry of Internal Affairs and Communications (1991-2016)

### III. Funds for Sport Organizations

#### 1. Funds for Independent Administrative Agencies and Sports Organizations

Independent administrative sports agencies and the governing bodies of each sport are the organizations that support the promotion of sports in Japan. These organizations obtain revenue through various means that include government grants, consignment fees from government bodies and membership fees from affiliated organizations. These funds are then used to help support a wide range of initiatives for promotion of sports.

##### Japan Sport Council (JSC)

The revenue of JSC was 168.5 billion yen for FY2015 (Table 3-4). The breakdown of this revenue included 109 billion yen in income from the Sports Promotion Lottery, 13 billion yen in grants from MEXT for operating expenses, and 2.1 billion yen in income from operating the National Stadium.

JSC's total expenditures for FY2015 were 178.6 billion yen. The breakdown for the expenditures in the lottery account included 54.2 billion in payments of lottery prizes, 9.6 billion yen in payments to the national treasury, 18.8 billion yen for operational expenses, and 16.6 billion yen for subsidy programs. Others included 935 million yen for the operational expenses of the National Training Center and 16.5 billion yen for the operational expenses of the Japan Institute of Sports Science (JISS).

**Table 3-4 Revenue and Expenditure of Sports Organizations**

Name of organization	Total amount for FY2015	
	Revenue(yen)	Expenditures(yen)
Japan Sport Council	168,571,107,800	178,682,228,293
Japan Sports Association	3,988,127,003	3,952,307,491
Japanese Olympic Committee	12,874,915,975	11,076,934,545
National Recreation Association of Japan	696,226,954	706,108,291
Japanese Para-Sports Association	2,060,011,444	2,009,228,747

Data from each organization (2016)

### **Japan Sports Association (JASA)**

The revenue of JASA for FY2015 was 3.9 billion yen. The breakdown of this revenue included 1.6 billion yen from received subsidies, 200 million yen from donations, 1 billion yen in business profits and 778 million yen from registration fees (such as registration fees for certified sports instructors). The breakdown of the received subsidies included 1 billion yen in Sports Promotion Lottery subsidies (for supporting projects such as the establishment and development of Comprehensive Community Sports Clubs), 431 million yen in national subsidies (for projects such as the Japan-Korea Sports Exchange Program). Most of the accrued revenue from received donations came from the financial world. The JASA's total expenditures for FY2016 were 3.9 billion yen. The breakdown of these expenditures included 3.8 billion yen for operational expenses and 73 million yen for management expenses.

### **Japanese Olympic Committee (JOC)**

The revenue of JOC for FY2015 was 12.8 billion yen. The breakdown of this revenue included 5.2 billion yen from received subsidies, 6.3 billion yen in business profits, and 1.1 billion yen from received corporate and non-corporate subsidies. The breakdown for the received subsidies included 4.6 billion yen in national subsidies (such as the grants for various sports organizations), 348 million yen in Sports Promotion Lottery subsidies, and 280 million yen in grants from other organizations including the International Olympic Committee (IOC). In terms of business profits, royalties from the use of the Olympic symbols (such as charges for the use of intellectual property, including marks, emblems and slogans) raised the highest amount of revenue at 6.2 billion yen.

The JOC's total expenditures for FY2015 were 11 billion yen. The breakdown of these expenditures included 3.6 billion yen for operational expenses, 2.4 billion yen for international sports exchange projects, 1.9 billion yen for training camp expenses, 1.5 billion yen for projects to improve coaching skills, 2.4 billion yen for international sports exchange projects, and 494 million yen for the operational expenses of the National Training Center.

### **National Recreation Association of Japan (NRAJ)**

The revenue of NRAJ for FY2015 was 696 million yen. The breakdown of this revenue included 592 million yen in business profits and 86 million yen in received subsidies. The highest proportion of the business profits were generated from the registration of qualification certificates,



which amounted to 343 million yen.

The total expenditures for FY2015 were 706 million yen. The breakdown of these expenditures included 685 million yen for operational expenses and 21 million yen for management expenses.

### **Japanese Para-Sports Association**

Financial records of the Japanese Para-Sports Association show a revenue of 2.06 billion yen for FY2015. Of this amount, 1.3 billion yen was from received subsidies, 320 million yen was from received donations, and 215 million yen was from operational proceeds. Private subsidies made up the highest percentage of received subsidies at 1.1 billion yen.

Expenditures for FY2015 totaled 2.0 billion yen. Of this number, 1.9 billion yen was spent on operational costs and 67 million yen on administrative costs. Operational costs consisted of expenses such as paid subsidies (1.0 billion yen) and contractor fees (210 million yen).

## **2. Structure of the Balance of Payments of the National Governing Bodies of Sports (NGBs)**

### **Flow of Funds within the NGBs**

The revenue of NGBs was roughly divided into: "revenue from athletes/organizations", "business revenue", "subsidies/grants", "donations" and "asset management revenue." The breakdown of the "revenue from athletes/organizations" included annual membership fees and registration fees, which were expenses borne by each subject participating in a competition as an athlete, team or local organization. On the other hand, the "business revenue" included admission fees from spectators, financial support from sponsors and broadcasting right fees, which can be characterized as compensation for services provided by the relevant organizations.

The expenditures were largely divided into maintenance expenses, operating expenses and the cost of asset acquisitions. The detailed items included in the operating costs varied depending on each organization. The operating costs were categorized into "enhancement", "development" and "promotion" depending on its purposes. There were also many organizations that categorized the expenditure based on the outward form of the activity, such as "training camp or trip" or "holding competitions" rather than categorizing it based on the purpose of the activities.

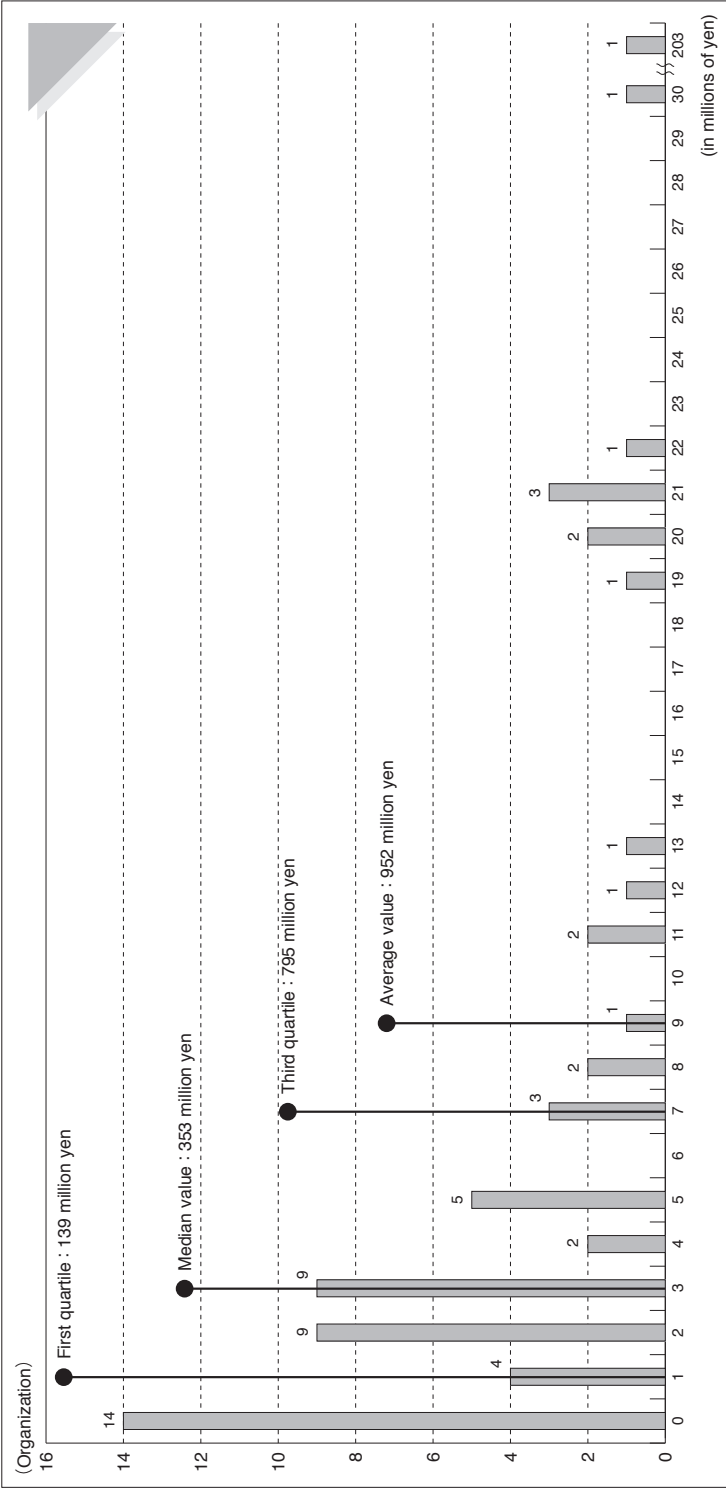
### **Revenue Size of the NGBs**

The distribution of revenue size is shown in Figure 3-4. The average annual revenue was 952 million yen. However, this average is not definite because of one particular organization having an annual revenue that is significantly higher (20.3 billion yen) than the others. The median was 353 million yen, the first quartile was 139 million yen and the third quartile was 795 million yen. The most frequent value (for 14 organizations) was less than 100 million yen. As these values indicate, there is a significant difference in the size of revenue among NGBs. Although it is difficult to conclude what a "typical size of the revenue" is, it may be reasonable to say that the median value of 200 million yen is the typical size for a NGB.

The total amount of revenue for all 62 organizations was 59 billion yen. For comparison purposes, the closing account for revenue in FY2015 was approximately 40 billion yen for JASA, and 12.9 billion yen for JOC. Except for one organization, the size of the revenue for each NGBs was significantly smaller than that of JASA or JOC, but it can be concluded that overall, a significant flow of funds is involved among NGBs.







SSF Census of the National Governing Bodies of Sports (2017)

Figure 3-4 Distribution of Revenue Size (Budgets) for National Governing Bodies of Sports

## **IV. Gross Domestic Sports Product**

In its report published in 2015, the Development Bank of Japan estimated that Japan's Gross Domestic Sports Product (GDSP) was 11.4085 trillion yen in FY 2012 (Table 3-5). The greatest contributor to the GDSP was "Government-Controlled Competitive Sports" (4.336 trillion yen), followed by "Facilities" (2.1148 trillion yen), "Retail" (1.667 trillion yen), and "Education" (1.5682 trillion yen). Total GDSP was 22.7% lower than the 14.751 trillion yen generated in FY2002. The largest changes occurred with the "Other" (Sports Promotion Lottery "toto" and sports insurance) and "Entertainment" categories, which increased by 156.1% and 132.7% respectively. Meanwhile, other categories decreased significantly; "Videos and Video Games" (-38.6%), "Facilities" (-35.8%), "Books and Magazines" (-33.0%), and "Government-Controlled Competitive Sports" (-28.6%).

The Japanese government has recognized sports as a key industry and is promoting strategic initiatives within the sports business world; as part of that push, Ministry of Economy, Trade and Industry and the Japan Sports Agency jointly launched the "Future Sports Development Conference" in February 2016. The government is trying to expand the scale of the sports industry from 5.5 trillion yen in FY2012 to 15.2 trillion yen by FY2025 in order to reach its GDP goal of 600 trillion yen. This 5.5 trillion yen number was calculated by adding "Retail" (1.7 trillion yen), "Entertainment" (300 billion yen), "Facilities" (2.1 trillion yen), and the total of "Leasing", "Travel", "Broadcasting and Newspapers", "Books and Magazines", "Videos and Video Games", and "Other" (1.4 trillion yen).

The government's plan to increase the GDSP by roughly 10 trillion yen is threefold: reforming stadiums and arenas, which will transform those facilities from cost centers to profit centers; strengthening the operation of sports content owners by increasing the revenue of national sports federations, and considering the creation of a Japanese equivalent of the United States' National Collegiate Athletic Association (NCAA); and enhancing the competitiveness of industries in the sports field by uniting it with other fields such as tourism, cuisine, and modern technology.

**Table 3-5 Estimated Gross Domestic Sports Product (GDSP)**

Category	Nominal GDSP as of 2002 (in ¥100 million)	Ratio (%)	Ratio (excluding public sports) (%)	Nominal GDSP as of 2012 (in ¥100 million)	Ratio (%)	Ratio (excluding public sports) (%)	Compared to 2002 (%)
Retail	19,166	13.0	22.1	16,670	14.6	23.6	-13.0
Entertainment	1,222	0.8	1.4	2,843	2.5	4.0	132.7
Facility	32,961	22.3	38.0	21,148	18.5	29.9	-35.8
Leasing	283	0.2	0.3	270	0.2	0.4	-4.6
Travel	8,356	5.7	9.6	7,419	6.5	10.5	-11.2
Education	17,091	11.6	19.7	15,682	13.7	22.2	-8.2
Broadcasting and Newspapers	4,937	3.3	5.7	4,175	3.7	5.9	-15.4
Books and Magazines	1,875	1.3	2.2	1,257	1.1	1.8	-33.0
Video and Video Games	469	0.3	0.5	288	0.3	0.4	-38.6
Other <sup>※1</sup>	380	0.3	0.4	973	0.9	1.4	156.1
Government-Controlled Competitive Sports <sup>※2</sup>	60,770	41.2	—	43,360	38.0	—	-28.6
Total	147,510	100.0	—	114,085	100.0	—	-22.7
Total excluding Public sports	86,740	—	—	70,725	—	—	-18.5

※ 1 Sports Promotion Lottery and sports insurance

※ 2 Public gambling sports.

Development Bank of Japan Inc. (2015)