



Photo credit: Shamrie Sainin, 2014

Creating a Network of Community based Sports Hubs

Executive Summary

Kuala Lumpur, Malaysia | July 2017

Introduction

The Global Institute For Tomorrow (GIFT) is an independent pan-Asian think tank providing content-rich and intellectually challenging executive education for an Asian worldview. In response to a growing demand in the ASEAN region, GIFT opened its ASEAN office in Kuala Lumpur in October 2016 to contribute to the region's dynamic growth.



The Malaysia Young Leaders Programme (YLP) is GIFT ASEAN's first and annual flagship leadership experiential programme designed for young Malaysian professionals across sectors: Government, Private and Civil Society to engage in leadership development and constructive dialogue.



In July 2017, 20 participants from 11 companies, representing the government and private sectors joined the inaugural Malaysia YLP in Kuala Lumpur.

In partnership with the Ministry of Youth & Sports and part of an initiative of National Transformation 2050 (TN50), participants worked to produce recommendations for the Ministry for the development of a network of community based sports hubs across Malaysia.

Through field-research, stakeholder interviews and site visits, participants gained deeper insights into the sports landscape in Malaysia; the challenges faced by different members of the community to gain access to sports; and the opportunities to explore new ideas to achieve KBS's vision to be a sporting nation by year 2020.

The following pages are an **Executive Summary** of the business plan. More detailed analysis can be found in the full report which is available upon request.

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Malaysia's Health Challenge

Engagement in sports plays a significant role in promoting mental and physical health and in building inclusive, vibrant communities. In today's modern society, physical inactivity, obesity and rates of non-communicable disease are increasing globally. The World Health Organization (WHO) reported that approximately 3.2 million deaths each year are attributable to insufficient physical activity.

In Malaysia, obese and overweight makes up half of its population and the Ministry of Health has reported significant increases in lifestyle-related diseases such as diabetes and hypertension. Sports need to play a bigger part of everyday life among Malaysians.

OVERWEIGHT POPULATIONS IN SOUTHEAST ASIA
Overweight prevalence (%) for adults of both sexes (BMI of > 25 kg/m²)



Sports Participation in Malaysia

Regular sports play a significant role in promoting physical and mental health. Yet in Malaysia, participation in sports remains low at 30% in comparison to sporting nations such as Japan where 60% of the population regularly play sports. Aside from the physical health benefits, sports (especially group sports) play a **vital role in growing and nurturing healthy communities**.

Accessibility to sports and involvement in physical activity is important to create a sporting culture and Malaysia is not excluded. A few factors have been identified as reasons for the low rate of sports participation in facilities among Malaysians.



Uneven distribution of sports and recreational facilities & poor accessibility



Poor maintenance



Facilities do not cater to community needs

Project Partner: Ministry of Youth & Sports

Formally established in 1987, the Ministry of Youth & Sports' (KBS) mandate is to empower young people and to develop sports through an inclusive, innovate and comprehensive approach.

Since its establishment 30 years ago, the Ministry has achieved a number of milestones and led numerous initiatives that have sought to improve the lives of many Malaysians. Despite numerous government initiatives, active lifestyle have not translated into the general behavioural change within the Malaysian society.



Vision

- Empower young people to develop their full potential and become the drivers of national development to achieve Malaysia's Vision 2020.
- To create a **Sporting Nation by year 2020** by advocating for sports as a lifestyle choice among Malaysians, regardless of gender, age or ethnicity.



Malaysia has a high public issue at hand - high incidence for non-communicable diseases such as heart disease and diabetes... sports is a way to address these issues. We need to come up with ideas where people can come together and have that spirit of community and togetherness in playing sports. The idea of the Hubs must be low cost, high impact, rapidly implementable and financially sustainable.

YB Brig Jen Khairy Jamaluddin
Minister of Youth & Sports

National Transformation 2050

TN50 or National Transformation 2050 is Malaysia's 30 year transformation plan that aims to serve as a national discourse series geared towards charting the nation's direction via a new canvas.



The Proposal

Community Sports Hubs

The solution proposed is the creation of a network of sustainable community sports hubs. A community sports hub is,

- A centre that activates idle spaces into accessible and attractive sports venues to drive community interest and increase engagement.
- A social space that brings the community together regardless of age, gender, ethnicity or economic status.
- A socially beneficial and financially viable enterprise offering employment and vocational training to youth.
- Accessibility here is defined as a 5-10 minute walk for children from home to the hub. A short walking time at the same time satisfied parents concerns about safety and time.

The Suka Sukan Trust

The recommendations include the establishment of a new public-private entity, the Suka Sukan Trust. The Trust would seek to establish sports and community centres that are safe, run efficiently and meet the needs and requirements of their respective communities across Malaysia.

Managed by experienced professionals with solid financial experience and appropriate legal expertise, the Suka Sukan Trust functions to:

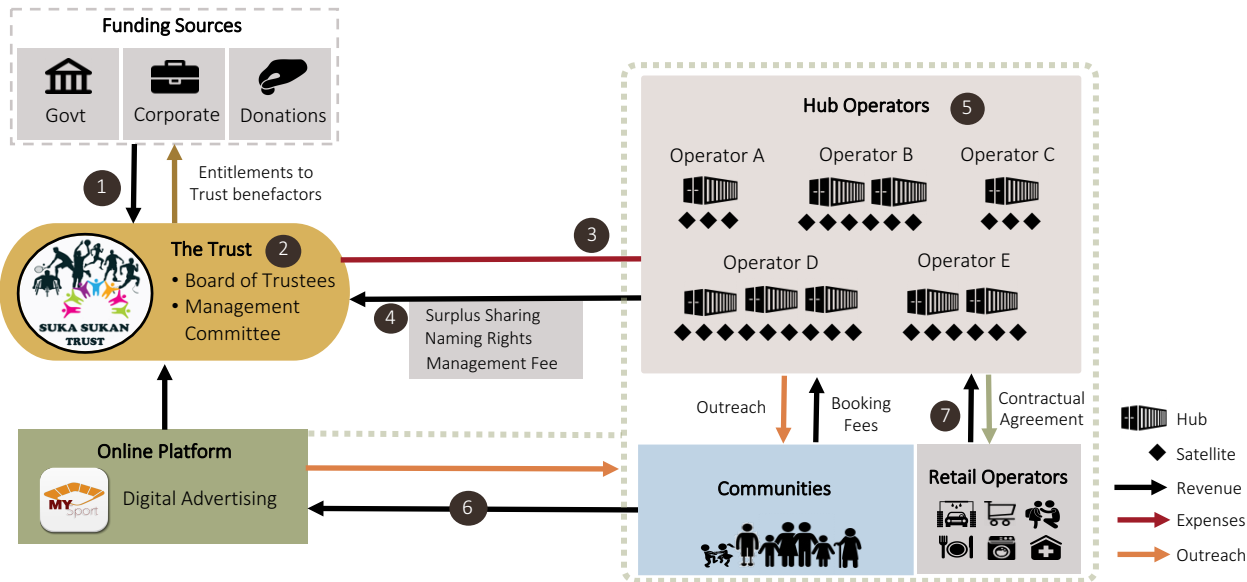


- Raise and manage funds to support the construction of new facilities or the revitalisation of existing space. Funds will be generated from both public and private sources, including private donations, sponsorship and naming rights, untapped government and private grants earmarked for sporting events.
- Identify suitable operators through competitive tendering process. Operators will set up and run the hubs as financially sustainable social enterprises and manage satellite facilities in residential areas. Operators will pay an annual management fee equivalent to 4% of initial capital provided by the Trust and a 40% share of their financial surplus to the Suka Sukan Trust, which will cover the Trust's operating expenses by Year 3.
- Create and manage the online platform- MYSports to enable users to book facilities real-time, easily locate nearby facilities, connect with other users for games and tournaments.

The Suka Sukan Trust would seek to establish 5 community hubs and 10 satellites as part of a pilot to test the approach to operational issues and the financial models in Kuala Lumpur.

It is estimated that RM56million of capital is required and after the pilot has proven to be a success both operationally and financially, the Trust will then work with the Government and other stakeholders to build a roadmap to scale up and reach the target of close to 2,000 sports and community centres across Malaysia.

Proposed Business Model



- 1

The Trust will raise and manage funds from the Government, corporations and donors. The Board of Trustees will be responsible for fund and revenue oversight- including the construction of Hubs or revitalisation of existing Hubs.
- 2

The Board of Trustees consists of representatives from KBS, former national athletes, business leaders and community leaders. It will be managed by experienced professionals with solid financial and legal expertise.
- 3

The Suka Sukan Trust will select operators through a tendering process. Selected operators will participate in site selection, Hub design and community outreach/consultation in run-up to operations.
- 4

Operators will pay the Trust a one-time management fee. 40% of any surplus profit is redirected to the Trust. The funds will be used to fund capital expenditure and daily operational expenses of the Trust.
- 5

Operators manage the day-to-day operations of the hubs and oversee the performance of satellite venues across the community. Operators can manage more than on Hub.
- 6

The online platform- MYSports will be managed by the Trust. The booking platform is free of charge and as the user base of the online platform grows, it can be monetized for digital advertisements and serve as an auxiliary revenue for the Trust.
- 7

Operators will lease spaces at the Hubs for retail operators.

Classification of a Hub and Satellite

HUB		SATELLITE
An operational multi-functional centre that includes sporting facilities and retails spaces.	OBJECTIVE	Existing idle public spaces to create an even distribution of community sports centres.
To be determined by the Trust- it could be an existing public facility in need of revitalisation or a new facility to be constructed following a pre-feasibility study	LOCATION	Utilising existing public owned spaces such as local park, school fields, rooftops.
Revenue centres	OPERATIONS	Cost centres
Bangsar Sports Complex, Kompleks 3K-Subang Jaya	EXAMPLES	1Malaysia Futsal courts

Operator Selection

Potential operators will be **carefully reviewed on a case-by-case basis** against a set of criteria and requirements to ensure that the best interests of the trust, the community and the hub operator are met.

Operators will be selected based on :



Scaling & Growth Strategy

Hubs & Satellites

- Reviving small and existing grounds and connecting them to a larger network of facilities can increase coverage.



MYSports App

The online mobile platform will serve to connect individual community sports hubs and satellites to a single network.

- Centralised point for facility location, availability, instantaneous booking and payment
- Sharing of information and a platform to organise sporting events
- Virtual engagement with multiple users and communities
- Data can be monetised for digital advertising as the user base grows

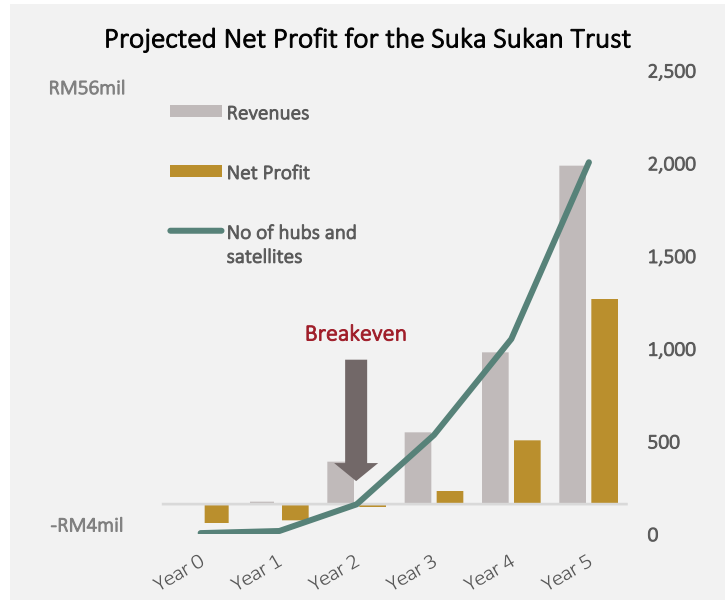


Financial Projections

The Suka Sukan Trust

The Suka Sukan Trust presents an excellent opportunity for investors, both from the Government and Private sector, who wish to increase sports participation among Malaysians. The Trust will require an initial investment of RM16million to cover capital expenditures and expenses.

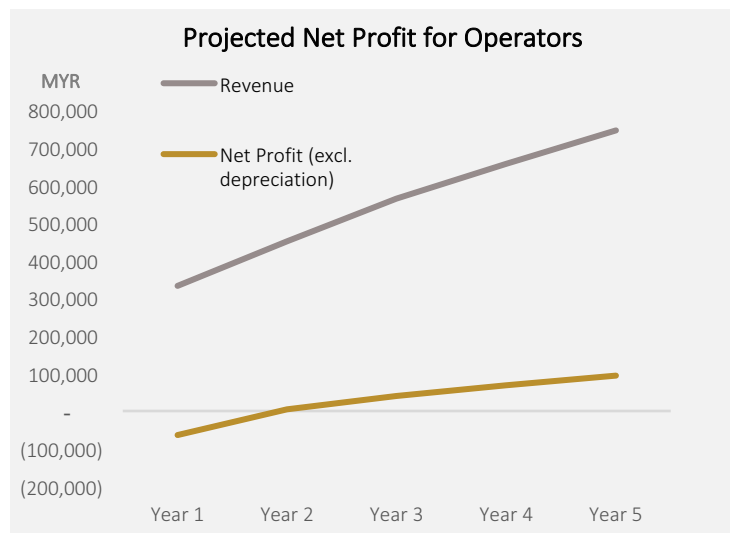
- According to the base case, the Trust's operations are self-sustaining by Year 3.
- The projection indicates a sound long-term financial position, allowing the Trust to support and facilitate ongoing operations of the hubs and satellites.
- The model proposed is public-private partnership driven, with 90% of funding coming through the private sector, and government funding only needed at the initial stage.



Prospective Hub Operators

For operators of the hubs and satellites, base case projects operations are self-sustaining by Year 2 with an average of 60% utilisation rate.

- According to the base case, the Trust's operations are self-sustaining by Year 3.
- Healthy projections for hubs are based on increased utilisation rates and number of hubs.
- Analysis is based on a combined profile for an operator with one hub and three satellites.



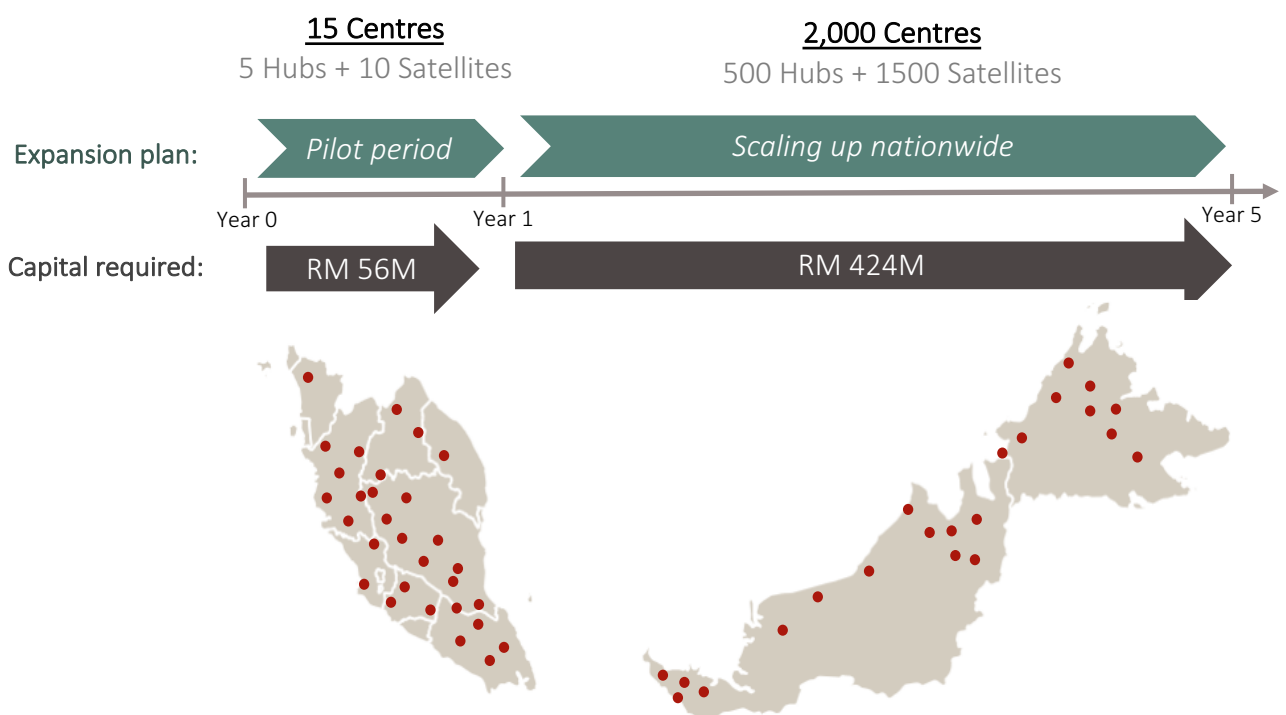
The financial analysis projections presented here were modelled around preliminary findings and data. Further analysis is required at the implementation stage to determine the viable options palatable to all stakeholders.

* For more detailed analysis, scenarios and the key assumptions, please refer to the comprehensive report.

Key Success Factors

- Setting up the right public-private model and good governance, the Suka Sukan Trust can drive a robust development of a network of community sports hubs that are accessible and sustainable.
- Connecting and activating the network through the MYSports platform for single point of visibility and ease of operations.
- Stringent operator selection and contract management to ensure that the need for community sports take precedence over rent-seeking practices.
- Encouraging community involvement in all stages as ownership will help communities to be self reliant instead of being dependent on the Trust or government as service providers.

The recommendations present a compelling case for all stakeholders including very critically those with a role in investing in the Suka Sukan Trust and those wanting to run the hubs and satellites on a commercial basis. It is recommended that at the next stage of implementation more analysis be conducted and the proposal carried forward with the aim of breaking ground on 5 pilot hubs to test the operational and financial models.



For more information on the Malaysia Young Leaders Programme please contact us at enquiry@global-inst.com

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