



Visualisation by LWK & Partners

The SportLight Trust: Pre-Feasibility Study

A network of community sports hubs in Hong Kong

Executive Summary

Hong Kong | August 2015

Introduction



The **Global Institute For Tomorrow (GIFT)** is a Hong Kong based independent think tank and executive education provider focused on advancing a deeper understanding of global issues.

The Hong Kong Young Leaders Programme (YLP) is a platform for leadership development, cross-sectoral collaboration and constructive dialogue designed specifically for young professionals from Hong Kong. The YLP is based on GIFT's internationally recognized, high-impact Global Leaders Programme (GLP) which seamlessly integrates classroom theory and field-based practice into a two week transformational learning experience.

In August 2015, twenty-four young professionals from business, government and civil society participated in the inaugural **Hong Kong Young Leaders Programme**

supported by the Hong Kong Jockey Club and the Efficiency Unit of the Government of HKSAR.

Through field-research, stakeholder interviews and site visits, they analysed the landscape of sports participation in Hong Kong and proposed a business model and implementation plan for the establishment of 30-50 **Community Sports Hubs** across the territory.

The following pages are an **Executive Summary** of the Pre-Feasibility Study produced by the participant group and refined by GIFT. This document summarises the highlights and key ideas of the proposal and the next steps to be undertaken. More detailed analysis can be found in the Pre-Feasibility Study which is available upon request.

The Context

Engagement in sport plays a significant role in promoting mental and physical health and building inclusive, vibrant communities. Nowhere is access to and involvement in sports and physical activity more important than in large, crowded and fast-paced cities like Hong Kong.

Accessible sports facilities are scarce in Hong Kong due to a perceived lack of space and resources. Government-run facilities are high-quality but low in number, and so people who lead active lifestyles often spend more time commuting rather than actually playing sports. Many Hong Kong residents forego playing sports entirely because they are reluctant to travel to available (and affordable) facilities, which are usually overcrowded at peak times and difficult to access.



The lack of access has a significant impact on the community and especially on the young and the elderly, as frequent exercise is essential for their health, wellbeing and happiness. International studies find that Hong Kong children are less fit than their Western counterparts, and local studies show that the underprivileged, elderly, new immigrants, unemployed and single parents are particularly vulnerable to inadequate physical activity and sports participation. The HKSAR Government has repeatedly stated its support for increasing access to sports in the community.

Vacant land and under-used buildings throughout Hong Kong, and public and private sector funds can be leveraged to address this issue. New community based sports facilities can bring people together regardless of age, gender, ethnicity or economic background and promote healthy active lifestyles and build more inclusive, vibrant communities.

The Solution

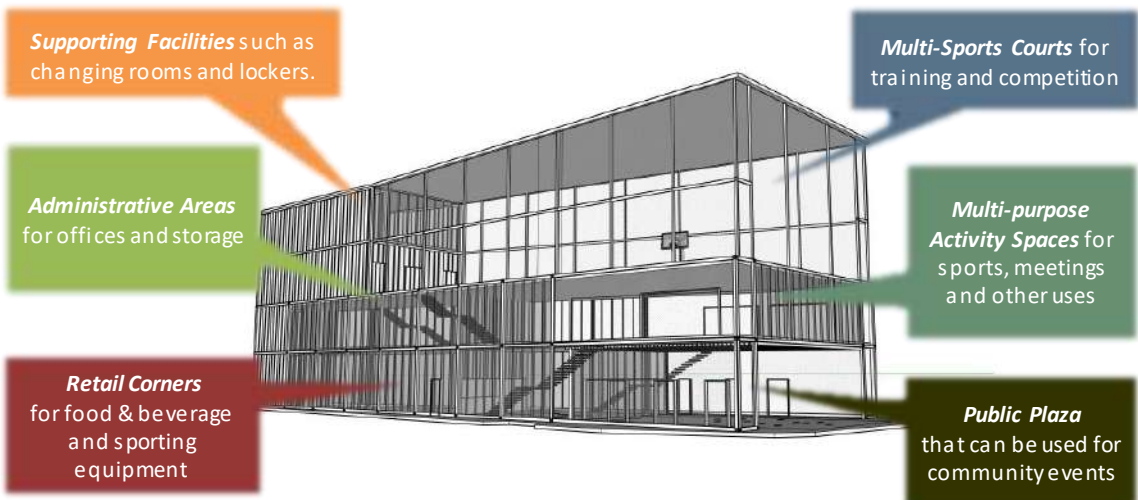


A solution to the lack of accessible and affordable sports facilities is to develop a territory-wide network of **Community Based Sports Hubs** to complement existing government sports facilities.

Community Based Sports Hubs will provide local communities and neighborhoods with easily-accessible and low-cost multi-functional sports spaces and facilities.

Community Based Sports Hubs will also serve as a common space by hosting community events and activities, in order to build more vibrant, inclusive and healthy communities.

Community Based Sports Hubs will be operated as a socially beneficial and financially self-sustainable enterprise offering employment and vocational training to local youth.



The Proposal



The Pre-Feasibility Study proposes the establishment of a new entity, the **SportLight Trust**, an organisation limited by guarantee with Sec.88 tax exemption status, the aim of which is to launch a network of 30-50 financially viable **Community Sports Hubs** over a ten year period.

The **SportLight Trust** will raise and manage funds and identify suitable spaces for Sports Hubs across the territory. Funds will be generated from public and private sector benefactors, sponsorship and naming rights and will eventually be managed through an endowment fund to provide a base source of funding to the Trust and reduce the reliance on donations in the long-term.

The **SportLight Trust** will also identify suitable Hub operators and cover the capital expenses required to construct these facilities. Operators will run Hubs on a contract-basis as social enterprises and their performance will be measured against a rigorous set of financial and social KPIs including price controls and quotas for community usage. Operators will pay a HK\$10,000/month management fee and a 50% share of their financial surplus to the **SportLight Trust**, which will cover the Trust's operating expenses by Year 3.

The **SportLight Trust** will have a robust governance structure promoting transparency and accountability. It will include strong financial controls including a centralised financial and POS system with regular audits of Hubs and Operators.

Following a pilot of 2-3 Hubs—each costing approximately HK\$30-40 million to construct—it is estimated that the **SportLight Trust** will require approximately HK\$1 billion to build thirty hubs over seven years. Five Hubs will be built in the first two years, followed by five Hubs per year for the remaining five years.

The Business Model

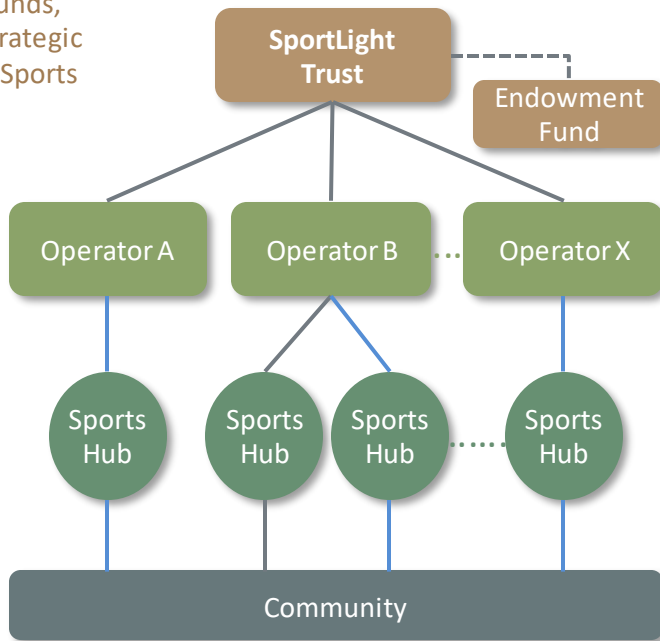
The following business model defines how the **SportLight Trust** delivers social value and achieves financial sustainability:

Trust manages funds, operators and strategic development of Sports Hubs

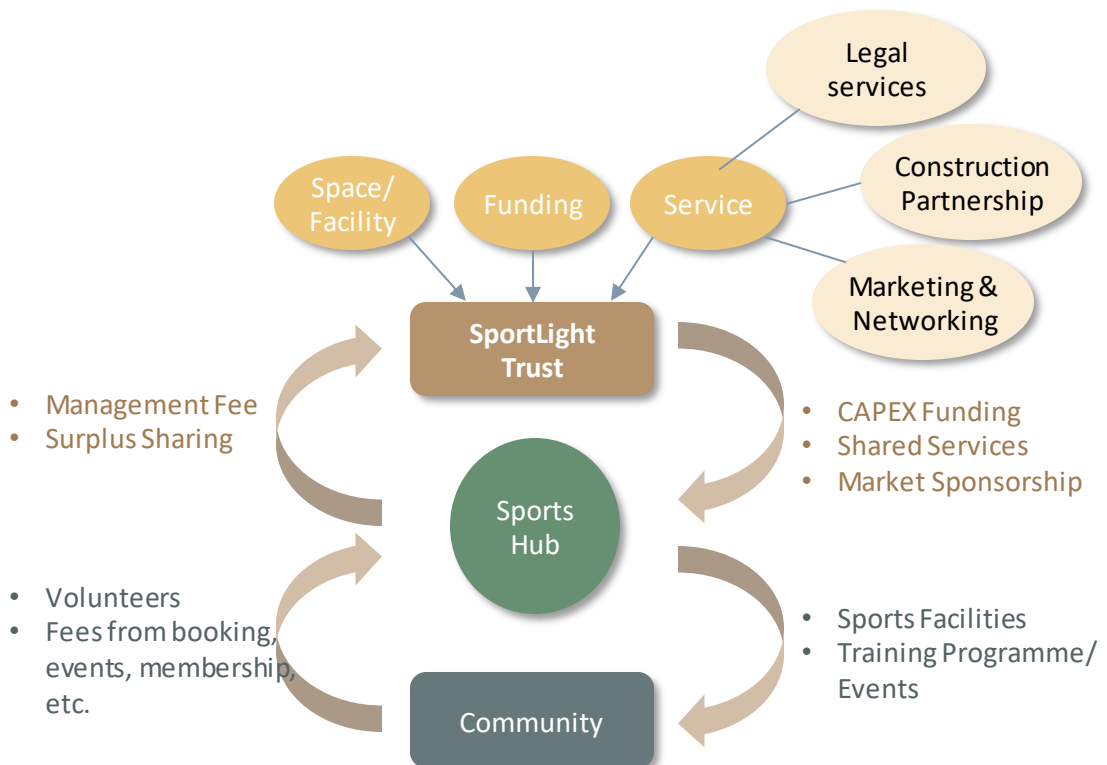
Intermediaries for managing day-to-day operations of the hubs

Facilities which connect people through sports

Youth, adults, elderly



An **endowment fund** provides a base source of funding to the Trust and reduces the need for recurrent donations over time. This will be explored after three years.



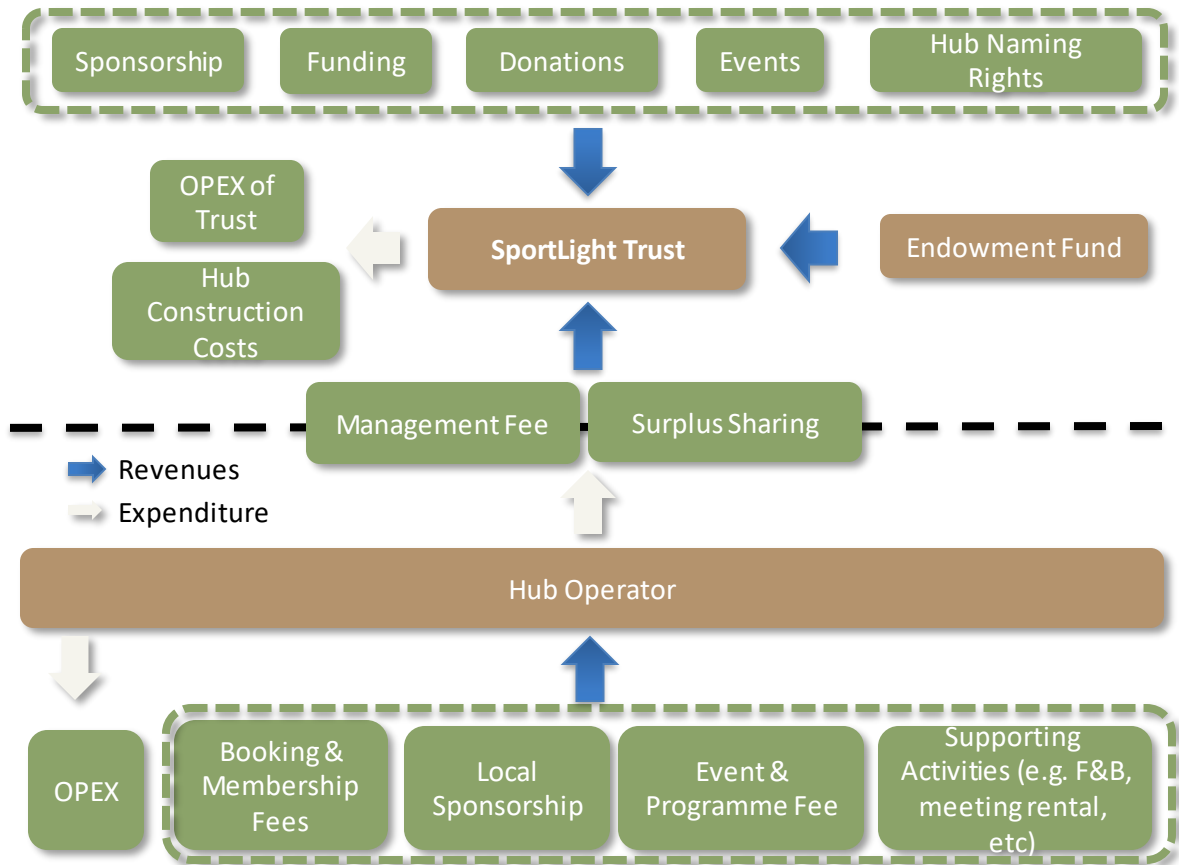
- Management Fee
- Surplus Sharing

- Volunteers
- Fees from booking, events, membership, etc.

- CAPEX Funding
- Shared Services
- Market Sponsorship

- Sports Facilities
- Training Programme/ Events

Revenue Flow Through the Business Model

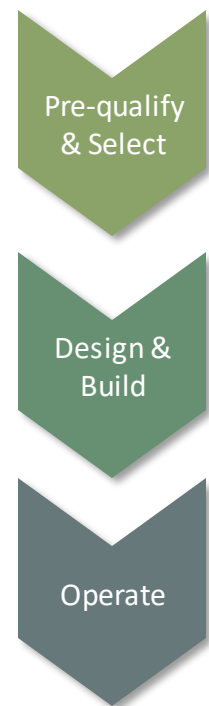


Sports Hub Preparation:

- The **SportLight Trust** will select operators through a tendering process. Considerations may include but not be limited to:
 - Competency running structured sports programmes
 - Financial management capabilities
 - Entrepreneurial or business management experience
 - Commitment to creating social value
 - Reputation and relationships in the community
- Selected operators will be engaged early in the process and will participate in site selection, Hub design and community outreach/consultation in run-up to operations.

Sports Hub Operation:

- Operators enjoy high level of autonomy in operating hubs within the Terms of Reference of the contract
- Operator performance measured against pre-agreed KPIs and a service pledge



SportLight Trust Financial Management & Viability

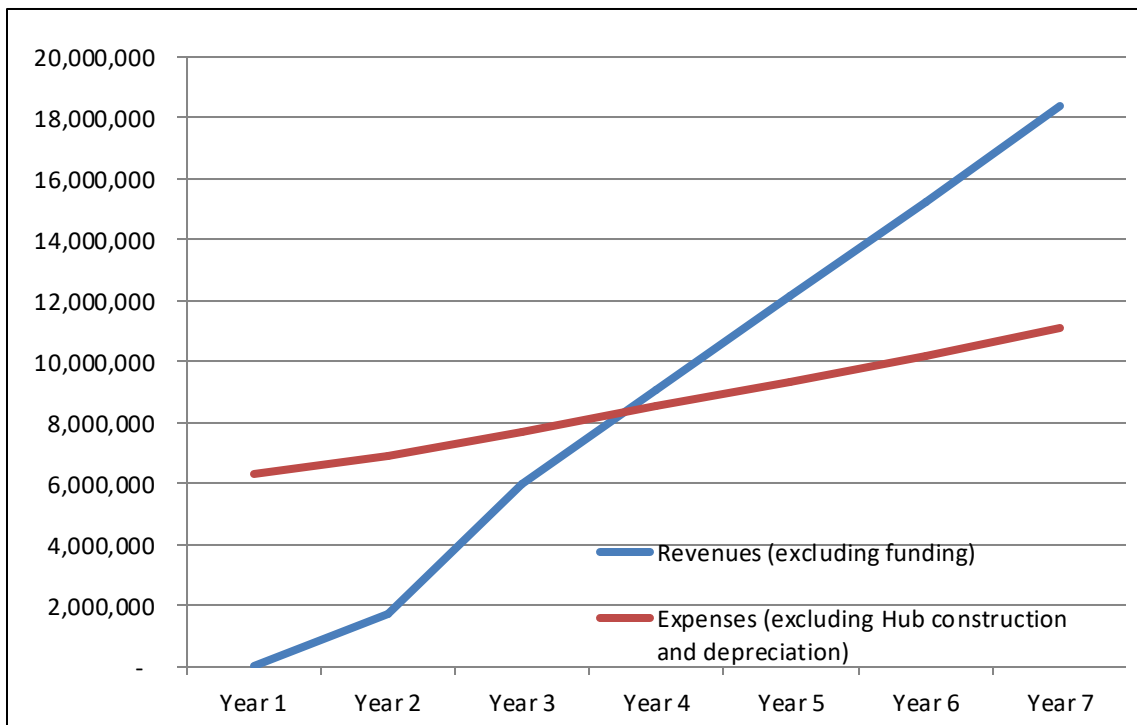
The **SportLight Trust** will be managed by professionals with solid financial experience and appropriate legal expertise. The Board of Directors will consist of people from diverse backgrounds qualified to monitor the performance of the Trust.

The Trust will have a diverse funding base, sourcing from both private and public sources, including donations, sponsorship & “naming-rights”, events, etc. An endowment fund will be established after the pilot phase as a means to reduce the reliance on external donors over the long-run.

Management fees and potential surplus sharing from licensed Hub operators will serve as recurrent income to the Trust. The Trust will utilize funding for capital expenditure in building hubs and minimal daily operational expenses.

Under IRD Ordinance S.88, the **SportLight Trust** enjoys tax exempt status. The first Pilot Hub will begin operations approximately 1.5 years after the Trust is established.

According to the **Base case** (70% Hub utilisation rate, no income from naming rights) calculation, the Trust’s operations are self-sustaining by Year 4. Potential income from an endowment fund is not factored into the projections.



*For more detailed analysis, scenarios and the key assumptions, please refer to the comprehensive Pre-Feasibility Study Report.

Suggested Next Steps



Following the pre-feasibility study, the following actions should be taken in order to execute the proposal:

- Secure funding to support a sports hub project team over 12 months comprised of two fulltime project managers.
- Recruit and establish the project team to conduct a **feasibility study** and produce a detailed budget and action plan for launching 2-3 pilot hubs in 2017.
- Establish a steering committee comprised of interested volunteers with a stake in the project to provide assistance and guidance to the project team, monitor their progress and control the project direction and scope.
- Establish an advisory committee comprised of prominent and influential individuals from various sectors of Hong Kong society to lend credibility to and increase visibility for the project and to provide strategic guidance and recommendations to the steering committee to support the advancement of the sports hub initiative.
- Once the detailed plan and budget has been confirmed, the project team will register and establish the SportLight Trust and simultaneously commence the fundraising process and recruitment of Trust management and potential operators of pilot Hubs.

For more information on this report, or the Hong Kong Young Leaders Programme in General, please contact GIFT at enquiry@global-inst.com. You can download the full report [here](#).



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