



MALAYSIA YOUNG LEADERS PROGRAMME

BUILDING A NETWORK OF COMMUNITY BASED SPORTS HUBS

KUALA LUMPUR | JULY 2017

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Executive Summary (1/3)

Malaysia's Health Epidemic

Malaysia recently gained the unwanted reputation as Asia's 'fattest country' whilst being considered at the same time one of its most sports-obsessed. Obese and overweight Malaysians make up nearly half of the country's population (49% women and 44% men) and the Ministry of Health has reported significant increases in lifestyle-related diseases such as diabetes, high cholesterol and heart diseases. The National Health and Morbidity Survey of 2015 reported that 4 out of 5 Malaysians were unaware of their deteriorating health conditions and were indifferent about the implications of their unhealthy lifestyles.

Sports Participation in Malaysia

Although nutrition, genetics and a sedentary lifestyle can impact an individual's health, so does his/her level of physical activity. 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**. People who play sports are more likely to have stronger social support networks and a higher ability to develop resilience, tolerance and a sense of fair play, which all contribute to a fertile ground for community building and social cohesion across generations, ethnicities and other perceived boundaries.

Sports and recreational facilities, both government- and council-run, are abundant but scattered across Malaysia. Such facilities are not typically located where communities reside so **accessibility** is an added challenge; people wishing to engage in sports regularly spend more time commuting than playing sports so some individuals opt instead for privately-owned facilities even if they are more expensive.

At the same time, public facilities are reliant on government funding and are considered **cost centres**. Insufficient funding, low accessibility and usage, compounded with **delayed booking systems** and a lack of public open spaces especially in urban areas are all factors that contribute to lower physical activity and sports play and higher incidences of **sedentary lifestyles**. Low levels of engagement in community sports not only affects an individual's wellbeing but can also impact the **social fabric of a neighbourhood**.

Executive Summary (2/3)

There are many cost effective solutions, under-utilised spaces and socially-oriented funds that can be leveraged to create a network of sports hubs to connect and engage communities and transform the sporting culture In Malaysia. This report introduces a proposal for a network of community sports hubs to address many of the social issues mentioned above.

Enter the Ministry of Youth & Sports (KBS)

Malaysia's Ministry of Youth & Sports envisions **for Malaysia to be a sporting nation by year 2020 with 50% of its population regularly involved in sports**. Great emphasis has been placed by the Ministry to create a sports culture amongst Malaysians and achieve excellence in sports at national and international levels. To name a few, programmes include Fit Malaysia programmes and Sports For All. However initiatives in the sporting sector have not translated into a broader behavioural change within the society.



Minister of Youth and Sports, *YB Brig Jen Khairy Jamaluddin*

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 Proposed Recommendations for the Ministry of Youth & Sports

In July 2017, 20 executives travelled to Kuala Lumpur to gain insights into the challenges faced by different members of society to participate in sports and explored opportunities where it can be leveraged to realise the recommendations. The key recommendations are provided in the following page.

Executive Summary (3/3)

Key recommendations include:

- The establishment of a new entity, the **Suka Sukan Trust**, set up as a public-private Trust to **launch and activate 2,000 centres over a five year period**. The Trust will raise and manage funds from corporate benefactors, private donations and revenue generated from the operators, including naming rights and rentals, as well as identify suitable spaces for the centres across Malaysia. The Trust will identify suitable Operators via a competitive tendering process and provide capital expenditure to refurbish or construct of the sports hubs centres.
- Operators will set up and run the centres on a contract-basis as **financially sustainable social enterprises** and their performance will be measured against a rigorous set of financial and social Key Performance Indicators (KPIs). The operators will need to be able to cover all operational expenses through a range of revenue generating activities. In addition to setting up Hubs, Operators will manage satellite facilities in residential areas (3 satellites per 1 Hub owned) that would be revitalised exiting public facilities. Operating contracts will be written to ensure operators operate across socio-economic groups and are not able to game the system by picking and choosing to leverage wealthier communities only. The satellites serve to **ensure an even distribution of centres across the territory and where the population is located to facilitate accessibility**.
- Operators would pay an annual management fee (Hub: 4% of initial capital, Satellite: 2% of initial capital) and 40% share of their surplus to the Suka Sukan Trust. This would cover the Trust's operating expenses and the development and maintenance of a new technology platform.
- The Trust would create and manage an **online platform – MYSports** – build a nationwide network of community sports hubs. It would enable users to book facilities in real-time, connect with other users for games and tournaments, receive information about healthy living and sports, and easily locate a facility near them. As the user base grows, the platform can be monetised for digital advertising and serve as a revenue generator for the Trust.

The Suka Sukan Trust will require an initial capital investment of **RM16million rising to RM456million over 5 years** and is expected to break even by Year 3. It should be noted that these are preliminary estimation only.

The proposal represents an integrated solution that seeks to ensure financial sustainability and is driven by the principles of professional management and social inclusivity. It presents a compelling case for private sector investors committed to impact investing to work with the government for the development of a vibrant sports landscape in Malaysia. KBS is well positioned to take these recommendations that are aligned with the Ministry's mandate and vision for Malaysia to become a Sporting Nation by 2020. The recommendations are also in line with the broad ethos of TN50.



INTRODUCTION & BACKGROUND

Young Leaders Programme



- 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.

Project Team

- 20 young Malaysian professionals from business and government, and representing 11 companies and organisations, participated in the inaugural Malaysia Young Leaders Programme (YLP), Kuala Lumpur in July 2017.
- In partnership with the Ministry of Youth & Sports, *Kementerian Belia & Sukan*, participants worked to produce recommendations for the Ministry for the development of a network of community based sports hubs across Malaysia.



Multi-sectoral cohort provides breakthrough ideas to rapidly increase engagement in sports among Malaysians

Scope of Project

Adapted from the internationally recognised Global Leaders Programme, the Young Leaders Programme (YLP) is a two-week experiential leadership programme combining classroom and field-based learning.

Objectives of Field Project

- Explore and gain a better understanding into: the landscape of sports participation among Malaysians; the state of current sports facilities, the challenges faced by all levels of society, including the Ministry, parents, teachers and schoolchildren in gaining access to sports and recreational activities; and the opportunities for public-private partnerships to increase sports participation.
- Propose a **financially viable, practical and socially inclusive business model** and implementation plan for the Ministry of Youth & Sports in achieving its vision to become a sporting nation by year 2020 and to contribute to the overarching objectives of TN50.



Methodology for Field Project

- Gain insights from the Ministry's management team, policy makers, former national athletes, Paralympians and their coaches, social enterprises, teachers, parents and schoolchildren through stakeholder meetings, townhall sessions and interviews to critically assess the socio-economic challenges related to the sports sector.
- Information gathering and analysis, business model generation and business planning sessions.

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.

Creating a sporting culture is most effective if regular physical activity starts during childhood. KBS has therefore turned its attention to the involvement of youth in sports; the Malaysian Youth Policy (MYP) 2015 is a 20 years blueprint outlining KBS' goals to empower youths and support young people as the leaders of tomorrow. This policy however does not contain a strategic implementation plan. One of the MYP 2015 priority areas is centred on **promoting a prosperous and healthy lifestyle through the increased level of participation in sports**. This approach and mission would be applicable to all citizens.

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





CURRENT SITUATION & PROBLEM STATEMENT

Malaysia's social challenges related to health and physical activity

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.

Obesity is expected to reduce productive working life by an average of 4 to 9 years, and **costs the ASEAN region up to US\$10 billion annually**. The Ministry of Health recommends that people engage in a minimum of 150 minutes per week of moderate physical activity to maintain their well being and general health and reduce the risks of chronic diseases.

Malaysia today faces several varied social challenges:

- Malaysia was recently described as “Asia’s fattest country”, with nearly half of its 30 million people considered to be overweight or obese. According to the National Health and Morbidity Survey of 2015, obese people in Malaysia make up 17.7% (only 4.4% in 1996) of the population while 30% are categorised as being overweight.
- Malaysians today display dangerously high rates of lifestyle-related diseases: 30.3% for hypertension; 47.7% for high cholesterol and 17.5% for diabetes, as many traditional Malaysian dishes are enriched with high-calorie ingredients such as palm and coconut oil. **Obesity accounts for an estimated 10-19% of national healthcare spending, or ~US\$1-2 billion.**
- Modern urban lifestyles, and different choices and interests on how to utilise free time mean that little time is actually devoted to being active. Physical inactivity is a leading risk factor of mortality and morbidity worldwide.

Physical Inactivity in Malaysia

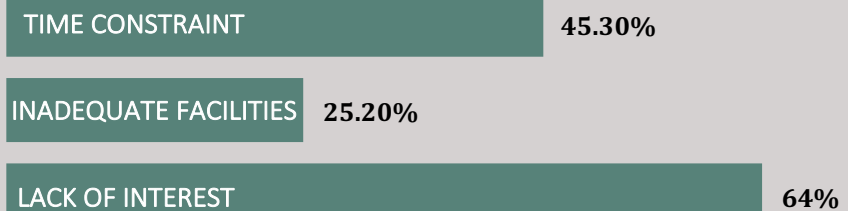


Malaysians spend an average of **12 hours daily** on phone and online



Grade D on overall physical activity among children and adolescents

Reasons for an Inactive Lifestyle given by young Malaysians:



*Source: Malaysian Communications & Multimedia Commission
Malaysian Institute for Research in Youth Development
Malaysia Active Healthy Kids Report Card 2016*

Sports need to play a bigger part of everyday life among Malaysians

Why Malaysians are not active in sports (1/2)

Many socio-demographic and health factors can affect an individual's participation in physical activity, such as income, age, gender, education, marital status, ethnicity and self-perceived health status. Further research and a better understanding of the link between these factors and physical activity is important and can help build out a comprehensive strategy for sports participation.

A few additional factors below have been identified as reasons for the low rate of sports participation among Malaysians:

Uneven distribution of sports and recreational facilities & poor accessibility

- While the number of facilities have increased over the past decades, they are not distributed evenly according to where the population resides.
- Certain areas can easily access sports facilities whilst others are either too far removed or its residents opt to enter privately-owned facilities, even if these are costlier than public facilities.
- Commuter time in Kuala Lumpur is a challenge especially at peak times. People wishing to play sports tend to spend more time commuting than playing sports, which over the long term can discourage people from travelling to a sports facility.
- Accessibility also becomes an issue for members of the community who do not drive, such as children, and in neighbourhoods where safety is a concern. Without a facility nearby, children commonly end up playing outside their houses or beside the road, instead of parks or facilities where playing sports would be safer.



Photo credit: SAYS.com



Photo credit: The Star Online

Why Malaysians are not active in sports (2/2)

Poor maintenance

- Booking rates for public facilities are usually intentionally kept low to ensure that most communities can afford them but this leads to low revenues and thus an inability to maintain facilities.
- In addition, local public facilities that are dependent on government funding and subsidies are unable to fund and sustain their operations over time as running and maintenance costs are too high.
- Government and local council-owned facilities are not equipped nor do they have the resources to maintain or upgrade its terrain, infrastructure and/or equipment.
- Facilities become derelict or outdated, which could potentially be harmful to its users. If they can afford it, users therefore turn to privately owned facilities for modern and air-conditioned facilities, despite the higher costs incurred.



Photo credit: The Star Online

Facilities do not cater to community needs

- Booking of facilities are typically done manually; users must travel to the facility to book over the counter, a process that is time-consuming and can cause significant delays. Uncertainty of availability is thus a barrier.
- Facilities do not always cater to the needs of specific groups, such as younger children or people with disabilities, thereby preventing people from engaging in physical activity.






Photo credit: The Star Online

New ideas are needed to overcome current barriers to active sports engagement

Sports Facilities in Malaysia

Sports and recreational facilities have proliferated rapidly across Malaysia especially in Kuala Lumpur after hosting the 16th Commonwealth Games in 1998. The current provision of sports facilities in Malaysia falls under the purview of either the Ministry of Youth & Sports, the local municipal of the area or the private sector.

There is a broad range of facilities according to size, funding, infrastructure and equipment.

Large Multi-Sports Complex	Medium Multi-Purpose Facilities	Neighbourhood Facilities
<ul style="list-style-type: none"> • Mostly managed by <i>Perbadanan Stadium Malaysia</i> and <i>Majlis Sukan Negara</i>. • Typically catered for high performance sports and used by national athletes as their training centres. 	<ul style="list-style-type: none"> • Managed by the Ministry of Youth & Sports and local councils. • Courts are built to be versatile and multifunctional, catered for community use. • Manual booking system with affordable fees 	<ul style="list-style-type: none"> • Typically located in residential areas built by the local councils in open public spaces. • Mostly for recreational use by nearby residents and free to use.
<p>For example:</p>  <p><i>Stadium Bukit Jalil & Axiata Arena</i></p>	<p>For example:</p>  <p><i>Kompleks Rakan Muda Paroi, Negeri Sembilan</i></p>	<p>For example:</p>  <p><i>Taman Aman, Petaling Jaya</i></p>

Medium and small scaled facilities are more accessible for community use

Sports- A Foundation for a Healthy Malaysia



QUALITY OF LIFE

- Physical activity can help reduce the risk of heart disease, stroke, cancer, diabetes, and other conditions.
- Child participation in sports is linked to improved academic achievement, higher self-esteem and fewer behavioural problems.



SOCIAL COHESION

- Sports has time and time again been used as a means to promote community building and social integration across age, culture and other perceived boundaries.
- Sports can reduce social tensions and conflict in communities. For instance, having at-risk youth working in the sports centres can help reduce youth delinquencies.



POSITIVE PERSONAL DEVELOPMENT

- Community sports can promote positive attitude, fair play, discipline, team work, collective ownership and resilience.
- Sports helps foster good sportsmanship and teaches children ways of responding to challenges and adapting to a competitive society.

Sports impacts health, education, social cohesion and economic productivity

Current Policies and Campaigns associated with Sports

The Ministry of Youth and Sports has initiated numerous sports campaigns and programmes over the years to raise awareness about the benefits of sports, promote sports participation from community games to professional athleticism and to use sports as a building block for a vibrant and inclusive Malaysia. These include:

- **FIT Malaysia** - Nationwide tour to drive community participation in a variety of sports and fitness activities.
- **Hari Sukan Negara** - Celebrated on the second Saturday of October, the annual National Sports Day attracts participation across the nation for collective sports.
- **1 Student 1 Sport** - School programme designed to promote healthy competition, goodwill, understanding, tolerance, and positive moral and physical values, in order to nurture a unified generation of patriotic Malaysians at school levels.
- **Sukan Malaysia (SUKMA)** - A national-level tournament held biannually represented by elite athletes from each state in Malaysia.
- **Sports For All** - Campaign to increase sports participation through wide-range sports leagues catered for a variety of sports in each state.



“
There should be a platform or forum for the sports leaders to interact with officials, coaches and athletes. There should be collective decisions that will benefit all the stakeholders... we must look into laying a good foundation at grassroots level.
”

Wong Choon Hann,
Former national badminton player

In spite of numerous government initiatives, sports participation remains low amongst Malaysians.



PROPOSED BUSINESS PLAN

Rationale for Proposed Business Plan

The proposed business plan supports KBS's vision for Malaysia to become a sporting nation by increasing sports participation among all Malaysians. The model proposes an integrated solution that ensures financial sustainability of the community sports hubs and enables communities to access the hubs easily so that more individuals can engage regularly in sporting activities.

Key features of the model include:

- **A robust and secure institutional arrangement:** A new public-private entity with strong governance mechanisms – the **Suka Sukan Trust**.
- **Strong fund management:** The Trust will be responsible for raising funds from the government, private donors and investors to support the establishment of community sports hubs across Malaysia. The Trust is expected to be self-sustaining through revenue generated by the hubs and satellites where possible.
- **Hubs to be managed by intermediaries:** The trust will be responsible for setting the mandate, policies and ultimately be responsible for selecting commercial Operators who will manage the hubs in ways that are both commercially viable, socially inclusive and create high impacts. Hub operators will be selected based on their knowledge of sports, financial viability, relationship with the community and expertise in facilities management. Operators will be given a high degree of autonomy but Hubs must be financially sustainable and be run in the interest of local communities against an agreed set of contractual obligations.
- **Technology as an enabler:** A mobile platform – **MYSports**, to be managed by the Trust – will serve as an easy booking platform and help users identify and locate sports facilities and events near them. In the medium- to long-term, the platform can be leveraged to organise inter-hub events and create a community. Data on sports participation can be collected through the platform, and thus be monetised for digital advertising and serve as a revenue generator for the Trust.
- Suka Sukan Trust will be based on the values of collaboration, financial viability and inclusiveness.



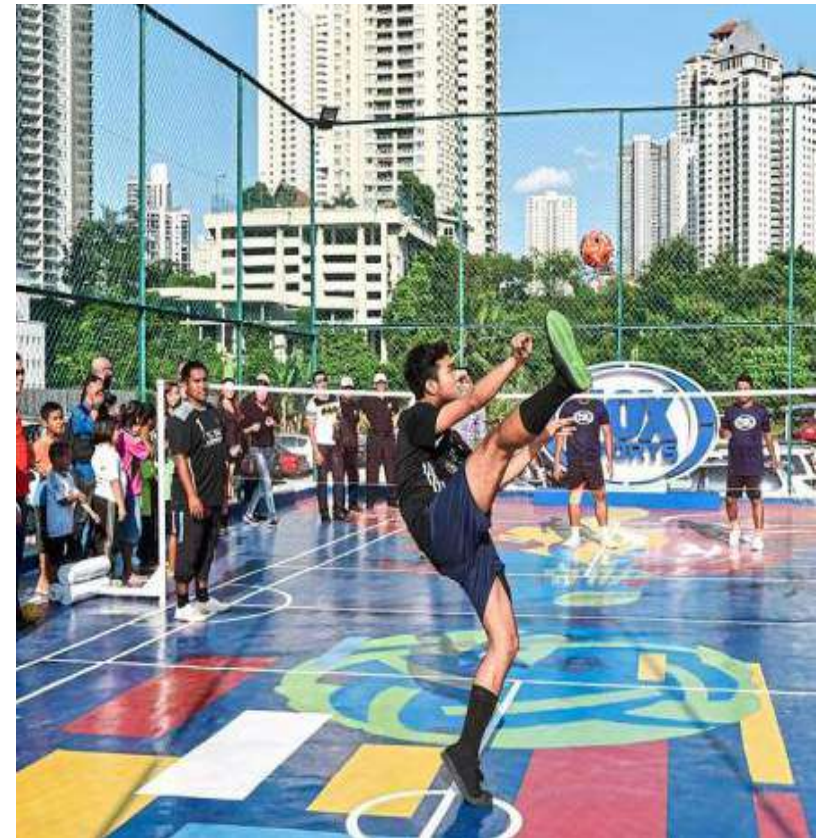
An Opportunity for Community Sports Hubs



What is a community sports hub?

A centre of activity within a community that is easily accessible – especially for children aged 7-16 – enables the community to grow through play and promotes sports, physical activity and social interaction as part of the community's daily life.

- ✓ 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.
- ✓ Social spaces that are safe and meaningful to the community, supporting the activities they enjoy and want.
- ✓ A venue that is accessible and meets everyone's schedules so that playing sports can be convenient and a regular part of the community's lives.
- ✓ A platform that enables people to self-organize and participate in "play" activities rather than professional sports, thereby nurturing communities that grow through play.
- ✓ 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.



A way to build more vibrant, inclusive and active communities

Features of a Community Sports Hub

This is an illustration that features the main components of a larger community sports hubs. These are not exhaustive and a multifunctional space could be adapted and purposed to meet a community's specific requirements. **Such spaces are not typical** in Malaysia but there are many opportunities to convert existing facilities and idle spaces into multifunctional venues that attract communities and increase foot traffic. These could include functional and retail spaces that complement the sports functionality of the venue and turn the hub into a one-stop community engagement hub.



A multi-functional, one stop centre facility as the main attraction for the community

Features of a Sports Satellite

Satellites are existing sports facilities that are smaller and embedded into neighbourhoods and communities, within a 5-10 minute walk for end users from their home.

These could be public pitches, public parks, school playing fields or playgrounds where basic equipment and materials are either newly added or replaced and maintained.

Satellites are designed:

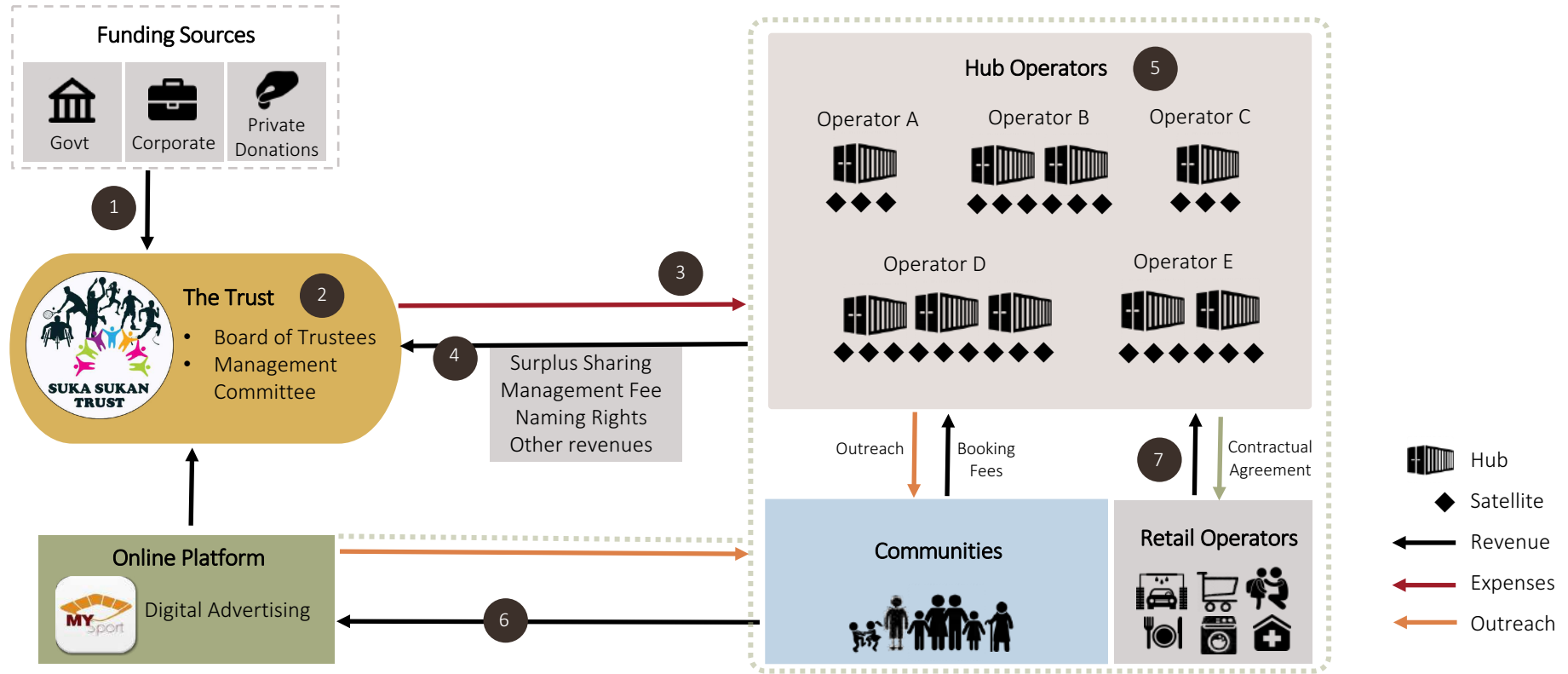
- for outdoor sports activities and games,
- would typically be fitted with all weather surface making them usable all year round and easy to maintain,
- could be a space enclosed with a fence thus offering a safe space and environment for children to play freely.

Satellites offer a space for improvised sports and games, as well as a venue for inter-community and friendly competition.



Satellites bring sports and games straight into the heart of the community

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. The Trust can also tap into TN50 funds.
- 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 the appropriate financial and legal expertise.
- 3 The **Suka Sukan Trust** will select qualified operators through a tendering process. Selected operators will participate as needed in site selection, Hub design and community outreach/consultation in run-up to operations.
- 4 Operators will pay the Trust an annual management fee. 40% of any surplus profit is redirected to the Trust. The monies will be used to fund capital expenditure, cover management costs, 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. As the user base grows and more data on sports participation is collected and analysed, the platform 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.

Introducing the Suka Sukan Trust

The **Suka Sukan Trust** aims to build a network of Community Sports Hubs that enable communities to grow through play and cultivate sports as part of daily life in Malaysia. Its main functions include:

- » Raising and managing **funds** to support the construction of new facilities or the revitalization of existing venues.
- » **Working with KBS** and other appropriate bodies to further and implement policies to broaden the impacts of hubs and ensure their growth and impact across all sectors of the Malaysian community.
- » Identifying and selecting suitable **Hub operators** through a rigorous and transparent tendering process and monitoring social and financial performance of the hubs.
- » Overseeing the **strategic partnerships** and the long-term development of the network of community sports hubs.
- » Setting up and managing an online platform – **MYSports** – to connect a nationwide network of community sports hubs and enable users to make bookings online and in real-time. This would allow the trust to centralise all information related to sports participation associated to the hubs and its users and allow for a more efficient management of services and resources. As the network of hubs grows, so does the user base. Data collected can be monetized for digital advertising and serve as a significant revenue generator for the Trust.

Proposed logo for the Trust



Suka Sukan Trust will be a unique trust in Malaysia to foster community sports facilities development

Classification of a Hub and Satellite

HUB



An operational multi-functional centre that includes sporting facilities and retail spaces.

Location of the Hubs will be determined by the Trust in consultation with KBS and other authorities such as municipalities. It could either be an existing public facility in need of **revitalisation** or a new facility to be **constructed** following a pre-feasibility study.

A medium scale facility catered for multiple sporting facilities and retail spaces. A range of sizes are possible depending on population density, affordability and community needs.

Operated as **revenue centres**. Operators will manage the Hubs as financially sustainable social enterprises and cover operational expenses through revenue generating activities

Bangsar Sports Complex, Kompleks Rakan Muda Kemaman, Kompleks Rakan Muda Paroi, Negeri Sembilan & Kompleks 3K, Subang Jaya

OBJECTIVE

LOCATION

SCALE

OPERATIONS

EXAMPLES

SATELLITE



Aims to leverage existing idle public spaces to create an even distribution of community sports centres across the country.

The satellites will use existing public owned spaces such as neighbourhood and local parks, school fields, playgrounds, soccer fields, rooftops.

Its smaller scale means it can cater to a larger number of potential sites, be closer to communities and where residents are located.

Operated as **cost centres**. Hub operators will be required to maintain and manage the satellites. The pre-existing structures only require cost disbursements periodically.

1Malaysia Futsal courts, SMK La Salle, Taman Aman in Petaling Jaya

Sports hubs and satellites are easily accessible to connect with more communities throughout Malaysia

Community Sports Hubs: Construction vs. Revitalization

Many urban and peri-urban centres in Malaysia have numerous underutilised grounds or sports facilities.

In the initial stages of implementation, it is proposed that such idle spaces first be repurposed and upgraded. A feasibility study of the site would determine the level of development and investment required. Alternatively and based on findings of the feasibility study, new Hubs could be erected on these sites that are close to communities and mean easier accessibility.



FixmyCourt initiative by FOX in Kampung Segambut Dalam

Revitalise/ Construction: Hubs

- Sports facilities that are currently underutilised and running as cost centres would be good candidates for revitalisation and activation as community sports hubs.

Refurbish: Satellites

- Many neighbourhood facilities already exist, but are underutilised. For e.g. playgrounds, community centres.
- It is proposed that these spaces be activated as satellites by refurbishing and organising events to generate regular sports activities and community engagement.

Increase accessibility

- Revitalising existing hubs and creating new ones would increase the number of sports venue per capita and up the chances of communities living close to a safe sporting facility.
- Kg. Pandan neighborhood, and adjacent neighborhoods like Pandan Jaya and Cheras could be activated.

Leveraging on existing public facilities to increase access to sporting facilities

Relationship between the Suka Sukan Trust and Operators

Preparatory Measures for the Hubs and Satellites:

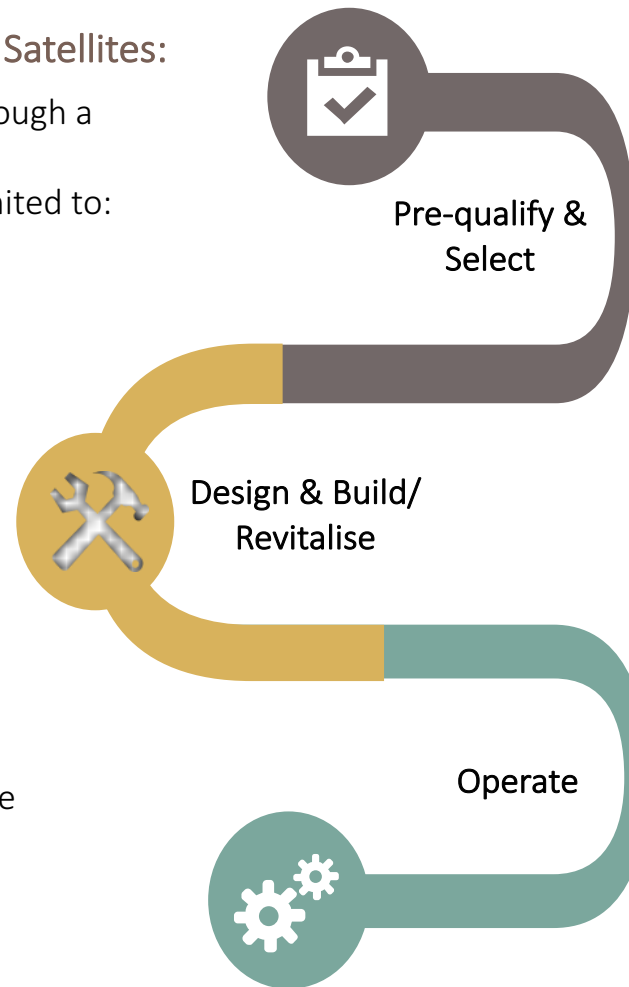
The Suka Sukan Trust will select operators through a rigorous and transparent tendering process.

Considerations may include but are not be limited to:

- Years of experience operating commercial facilities
- Sports related experience and
- Financial management capabilities
- Commitment to creating social value
- Reputation and relationships in the community

Operations of the Hubs:

- Operators enjoy high level of autonomy in operating the hubs and satellites within the Terms of Reference of the contract
- Operator performance will be measured against pre-agreed KPIs
- Operators can manage more than one hub and satellite



Building of the Hubs:

- The Trust will determine the pre-condition of the Hubs either to revitalise or construct.
- Selected operators will be engaged early in the contract management process and will participate in site selection, Hub design and community outreach/consultation in run-up to operations.

Revitalising existing idle recreational spaces to ensure even distribution of community facilities for a wide outreach

Financial Management at the Trust Level

Financial management is central to the Suka Sukan Trust as potential contributors expect individual Hub operations, and ideally the operations of the Trust itself, to be self-sustaining, with the exception of capital expenditures to refurbish/ construct the Hubs and Satellites. Sound and independent governance will need to be a cornerstone of how the trust operates.

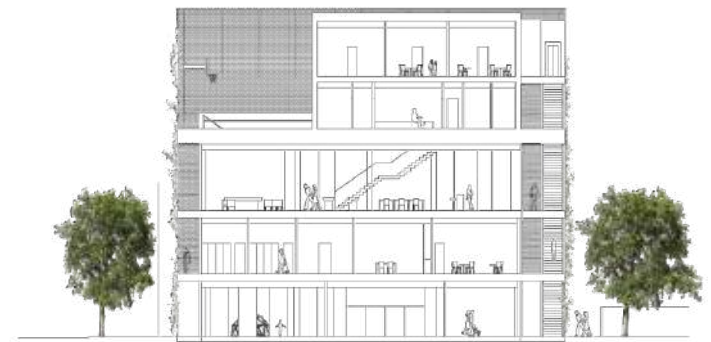
- The Suka Sukan Trust will be managed by professionals with solid financial experience, appropriate legal expertise and experienced individuals in managing sports facilities on a commercial basis.
- The Board of Trustees will consist of people from diverse backgrounds qualified to monitor the performance of the Trust. This includes Government representatives, corporate leaders, community leaders and sports experts.
- The Suka Sukan Trust will source a diversity of funding from both private and public sources, including private donations, sponsorship & “naming-rights”, untapped government and private grants earmarked for sporting events, etc.
- Management fee and potential surplus sharing from licensed Operators will provide recurrent income to the Trust. The profit sharing ratio recommended herewith is subject to further analysis and will also be shaped by negotiations with pre-qualified operators. It can be adjusted to ensure there is significant incentives for the operators and increased over the short and long term. At the same time the Trust will need to maintain its viability through a range of options.
- In the future, with a large enough user base the online platform can serve as a potential revenue through digital advertising.
- The Suka Sukan Trust will utilise the initial funding for capital expenditure in refurbishing/ building hubs, reactivating satellites and minimal daily operational expenses.



Financial Management at the Operator Level

The proposed business model is predicated on the requirement that the **Hubs** will be operated as financially sustainable social enterprises and the Satellites as periodic cost centres and profitable where possible. The operators will need to be able to cover all operational expenses through a range of revenue generating activities.

- Hub revenue streams may include but not be limited to: booking and membership fees; programme and event fees, local sponsorship; leasing out vacant spaces for retail.
- Hubs are responsible for their own operating expenses, including staffing, utilities, routine maintenance and local marketing.
- The periodic cost for the Satellites (3 satellites to 1 hub owned) includes refurbishment and maintenance of the site.
- For the purpose of this analysis it is proposed that the operators pay an annual management fee equivalent of 4% of the initial capital provided by the Trust and share 40% of any surplus with the Trust. The amount can be adjusted based on negotiations and further fine tuned after testing the operating and financial models.
- Regular financial reporting to the Trust will be required to ensure management oversight, transparency of operations and thereby allowing for the size of the management fee and surplus sharing to be determined based on performance.
- Operators may seek additional emergency funding from the Suka Sukan Trust as part of the needs of the business and this will be evaluated based on merit. But if it is deemed that the operator has run into difficulties and is no longer able to provide the services, termination of operator contract can be evoked in line with the contract terms.



Key Stakeholders & Interests

KBS

- The desire to achieve its national mandate, policy goals and increase sports participation across the territory
- KBS can release the responsibility and funds for facility maintenance and channel excess funds for nation building



SPORTS EXPERTS

- Experienced professionals in the sports industry can contribute on the design of the network and be local champions to help promote sports participation
- Joining a network of like minded individuals who believe in the value of sport
- A platform for society contribution



SOCIAL ENTERPRISES

- Support the development and provision of social and community building services through a financially viable business model with far-reaching impacts
- Potential to replicate model across model for greater returns and impact



CORPORATE AND FINANCIAL SUPPORTERS

- Enhance brand reputation and community engagement efforts by being a preferred partner for naming rights of Hubs
- A tangible and long-term way to channel funds for a social impact



LOCAL COUNCILS

- Desire to increase the utilisation rate of existing sports hubs and reduce expenses on maintenance on operating costs
- To achieve their mandate and goals to improve the physical development of the district/city



NGOs

- Support the development and empowerment of a range of different communities and groups across the city
- Sports as a way to complement existing programmes and awareness campaigns
- Help raise visibility and achieve greater impact in the community



COMMUNITIES

- Accessible, affordable and safe space to all layers of community for sports activities, play and community building
- Ease of identifying nearby sports centres, convenient and instantaneous booking system through the use of the online platform
- Vibrant and inclusive communities in the medium to long-term



Opportunity for corporate partners to contribute to nation building through a high impact, sustainable model

Scaling & Growth Strategy for the Hubs & Satellites (1/2)

To achieve scale and grow the network of community sports facilities, hubs and satellites to be revived or newly built should be strategically located in or close to residential areas, schools and playgrounds in order to reach as many people and neighbourhoods as possible. Reviving small and existing grounds and connecting them to a larger network of facilities can increase coverage and help share resources.

Construction/ Revitalising of Hubs

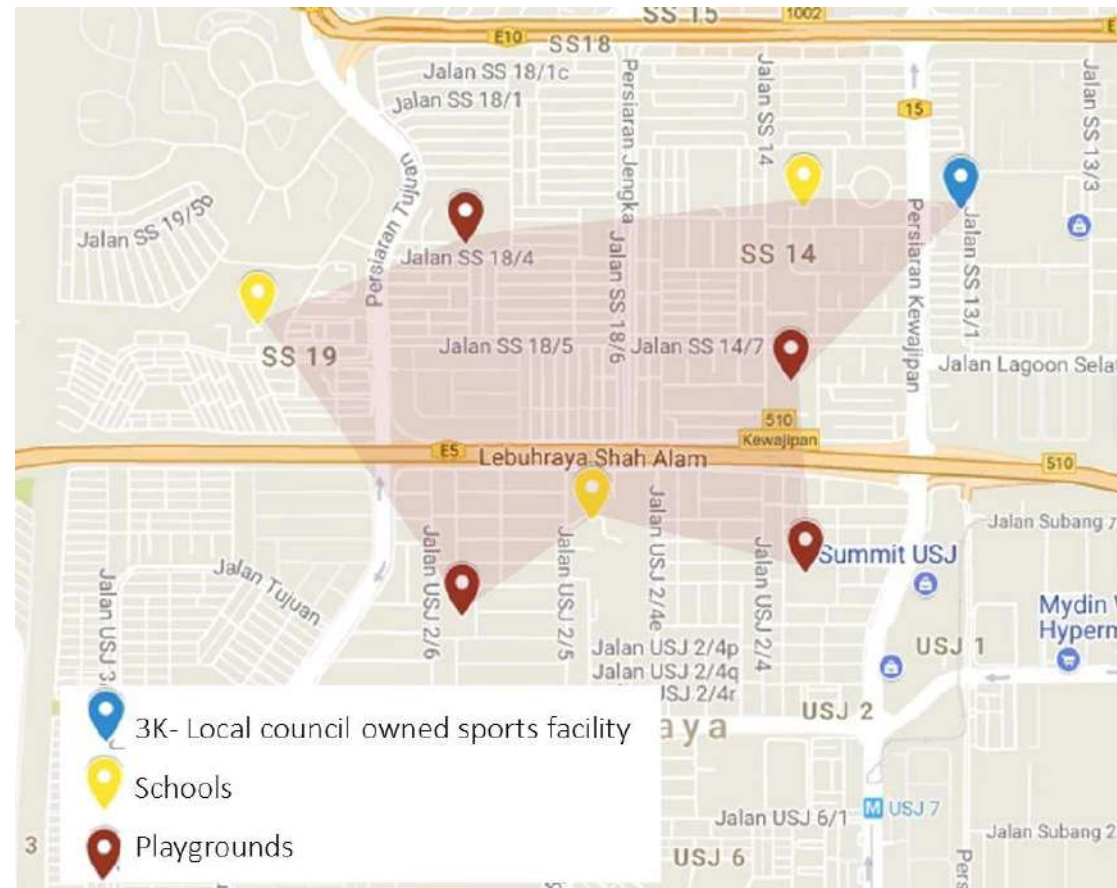
Existing government and local council owned sports facilities are viable sites to pilot the project.

Activation of Satellites

Leveraging upon existing local parks and available school playing fields. Operators are required to activate and maintain these spaces by minor renovations or community sporting events.

Coverage

To ensure even distribution of sporting and recreational (open public) spaces, the location of the satellites and hubs are no more than 1KM apart.

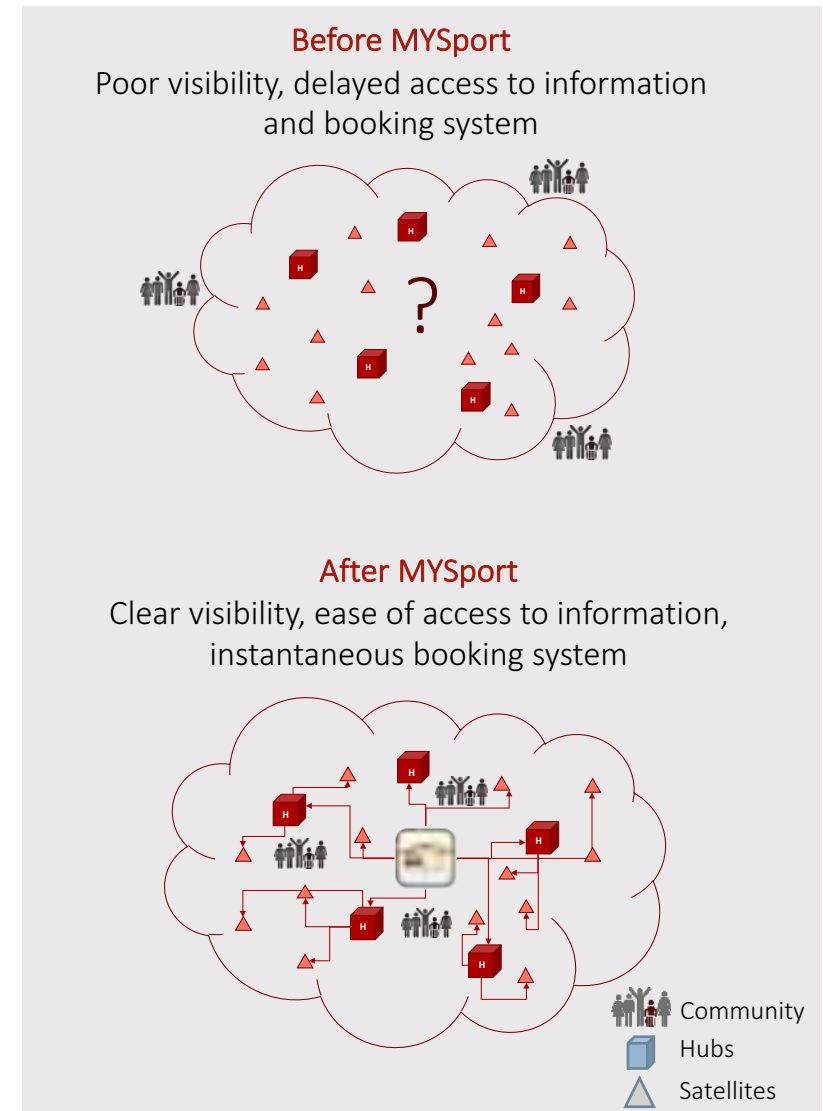
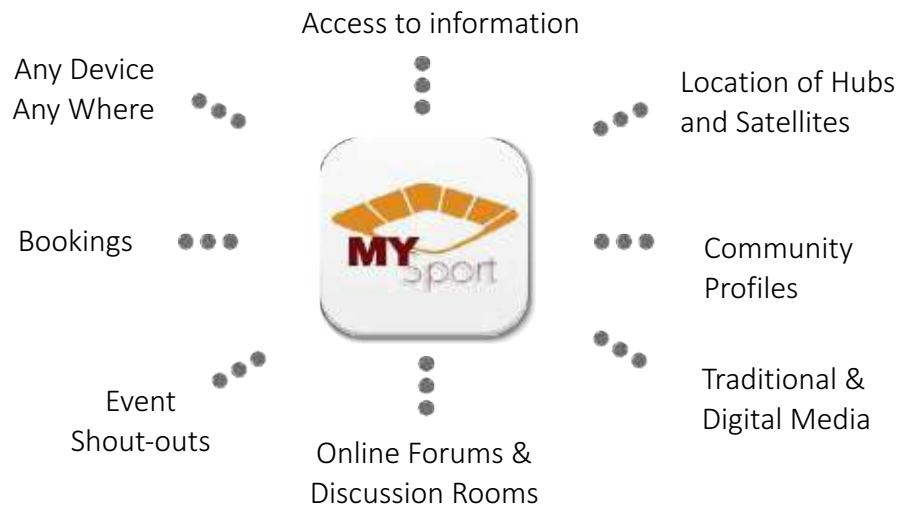


Communities have access to sports within a 5 minute walk

Scaling & Growth Strategy for the Hubs & Satellites (2/2)

MYSports mobile platform

- The online mobile platform will serve to *connect* individual community sports hubs and satellites to a single network. This will allow members of the community to benefit from a centralized support from the Trust and provides one point of visibility for available centres nationwide. Hubs can also use the platform to share information and organise inter-hub events.
- Through the online platform, communities are able to make instant and time/cost-effective bookings and to engage virtually with other hubs, neighbourhoods and communities.
- As the user base of the platform grows, so will the data on sports participation, user behaviour, preferred location etc. Data can be monetised through digital advertising and serve as a significant potential of revenue generating platform.



Visibility and convenience increases Hubs and Satellites utilisation rate



OPERATIONS

Summary

- Behind the Suka Sukan Trust model lies a strong operational model that relies on a network of contracted operators who would be responsible for the day-to-day management of hubs and satellites.
- A management agreement between the Operator and Suka Sukan Trust lists the roles, responsibilities and targets for hub operations and ensures the Operators are aware and understand the key performance indicators identified by the Trust.
- The technology platform is an integral part to the efficient and smooth management and coordination of the network. The user interface of the MYSports app should be easy to use with all necessary information related to the Trust, Hubs and Satellites and could have added features that complement the activities and programmes available at the Hubs.
- The mobile app can also serve to establish relationships with government bodies, sports companies and others in the private and public sector to spread information related to sports and health in the form of educational videos or advertisements.



Matching Operators and Community

Potential operators will be selected with reference to the specific criteria of a site. Each site, community and neighbourhood has a different socio-demographic make-up and different levels of sports engagement. If a youth or sports association has an existing presence in a community and has successfully built trust over time, they would be most suited to operate the hubs in that area.

The identification and selection of operators and their allocation to a hub should 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 :

- Years of experience operating commercial facilities
- Sports related experience
- Financial management capabilities & Entrepreneurial or business management experience
- Commitment to creating social value
- Reputation and relationships in the community



Public consultation and careful due diligence ensure operators serve the needs of the community

Management Agreement between the Hub and the Trust

- The right to operate a community sports hub is granted by way of a Management Agreement between the Trust and the entrusted operator.
- The Suka Sukan Trust awards the right to operate the hub(s) and/or satellite(s) to the operator in exchange for an agreed-upon management fee- equivalent of 4% from the capital granted by the Trust for hubs and 2% for satellites
- The operator will be responsible for day-to-day hub operations, maintenance, and programming, and be subject to periodic performance reviews.
- Where appropriate, qualified Hub operators will need to operate and activate nearby Satellites
- A profit sharing of 40% is agreed with the Trust
- Operators are generally allowed to engage third-party service providers to perform specific functions.

Below is an overview of the key operator responsibilities covered in the Management Agreement.



Operations

- Pricing
- Customer services
- Personnel
- Advertising and promotion
- Ancillary services e.g., F&B, and retail (laundromat, carwash, daycare centres)



Performance & Reporting

- Ensure KPIs (revenue, community, maintenance) are met
- Include periodic monitoring, review and reporting of the operations and performance of the sport community hubs



Maintenance

- Facilities and utilities
- Sports equipment
- Landscape



Miscellaneous

- Sub-letting and sub-contracting for specific services
 - Ancillary services
 - Maintenance services
- Contract duration – recommended minimum 5 years, subject to meeting Trust-set KPIs

Summary of Potential Revenue Streams

SUKA SUKAN TRUST



- ✓ **Sponsorship** - Financial supporters of the Trust or private corporations
- ✓ **Funding** - Untapped government and corporate grants related to sports.
- ✓ **Donations** - Goodwill from the public and wealthy individuals.
- ✓ **Hub Naming Rights** - An income from potential corporate partners or financial supporters of the Trust.
- ✓ **Management fee** – Annual fee equivalent to 4% and 2% of the initial capital allocated by the Trust to Hubs and satellites respectively.
- ✓ **Surplus sharing** - Profit sharing of 40% from the operators as recurrent income.
- ✓ **Digital Advertising** - As the user base grows in the online platform, this can be monetized for digital advertisement and be a significant revenue stream for the Trust.

HUB






- ✓ **Booking Fees** – Revenue to maintain facilities.
- ✓ **Local Sponsorship** – Local community organisations can sponsor and support the Hubs.
- ✓ **Programme and event fees**- Regular sporting events can be held at the Hub.
- ✓ **Rental** – Fee from retail operators in the Hub and vacant spaces

Diversified revenue for the Trust and Operators to ensure sustainability and growth

Strategic Principles for Hub Operators (1/2)

- To ensure the success of the Hub and Satellites, Hub Operators would follow these **six principles to inform and the guide the approach, design, governance and operations of a practical centre.**

 Built for easy maintenance	 Accessible and Convenient	 Anchor & Auxiliary
<ul style="list-style-type: none">• Hubs and Satellites should be designed to be easily-maintained. The aim should be to refurbish and revitalise rather than build from scratch; this can range from infrastructure to equipment• For instance, the use of simple or recycled multi-purpose materials that are made to last volatile climates can help minimise maintenance costs over the long term.	<ul style="list-style-type: none">• A Hub or Satellite should be within a 5-10 minute walking distance from its target community members• Hubs and Satellites should be accessible to all sectors of society regardless of income, age, location, or capability.• Activities held should cater to a range of ages and physical abilities.• Newly developed centres should be accessible by wheelchair. Older facilities should be retro-fitted where possible.	<ul style="list-style-type: none">• Each Hub and Satellite would have a primary “anchor” sport and this can be endorsed by a ‘hero’ or champion (e.g. former national athletes)• Support a range of auxiliary activities other than sports to create a ‘multi-use’ destination to accommodate different groups• This can be done through partnerships with non-governmental organisations, local co-operatives to cater to the interests and needs of a given community

Strategic Principles for Hub Operators (2/2)



Frequent Activities

- Activities and programmes held at Hubs and Satellites should be organised frequently and consistently. This helps streamline the planning of events over time and helps build user loyalty.
- Ensure a good balance of public and privately held activities to encourage ongoing initiatives and provide organisational support where necessary
- For instance, engaging former national athletes for coaching sessions can be a course of income and help market the hub.



Security for Safety

- Ensure that all Hubs and Satellites provides a safe environment and space for members of community to freely access the facility
- Common areas should be maintained and checked regularly to ensure safety is always guaranteed.
- A small medical facility dispensing first-aid should be made available in all hubs where possible.



Locally-Adaptive

- Hubs should be responsive to the interests and needs of the community and be able to adapt quickly to changing trends and demands.
- Hub operators should thrive to build strong partnerships with community members and leaders to increase engagement and involvement
- Members of the community should feel a sense of ownership with a vested interest to preserve and contribute to the success of the Hub/ Satellite.

Key features will ensure hubs are run successfully

Operator Selection: Potential Candidates in Kuala Lumpur

- Potential candidates may include sports associations with a strong reputation, proven track record and a history of community development with prior experience running facilities and sports programmes.
- In Kuala Lumpur, a number of private operators and civil society organisations are potential operators for community sports hubs across the city.
- Although operators are run autonomously, they are all part of a network so resources, ideas and best practices can easily be shared to ensure the hubs are operated effectively and efficiently for the benefit of all those involved.



PIPELINE FOR POTENTIAL CANDIDATES

Private Operators	ISS Malaysia, KnightFrank- Total Facilities Management (TFM), experienced private operators from universities' sports facilities
Sports Associations	Yayasan Kebajikan Atlet Kebangsaan (YAKEB), Majlis Sukan Negara
Social Enterprises	Btop Academy, Knocked Out Youth Association (KOYA), Discover Muay Thai, Peniagawati, Otak-otak, Golazo
Youth Associations	Majlis Belia Malaysia
Local Communities	<ul style="list-style-type: none"> • <i>Rukun Tetangga</i> (Neighbourhood Watch) – 295 organisations exists in Kuala Lumpur, 975 in Selangor, 45 in Putrajaya. • <i>Jawatankuasa Perwakilan Penduduk</i> • Local school communities such as the Parents Teacher Association

Hub Operations: Day-to-Day activities and Inter-Hub Interactions

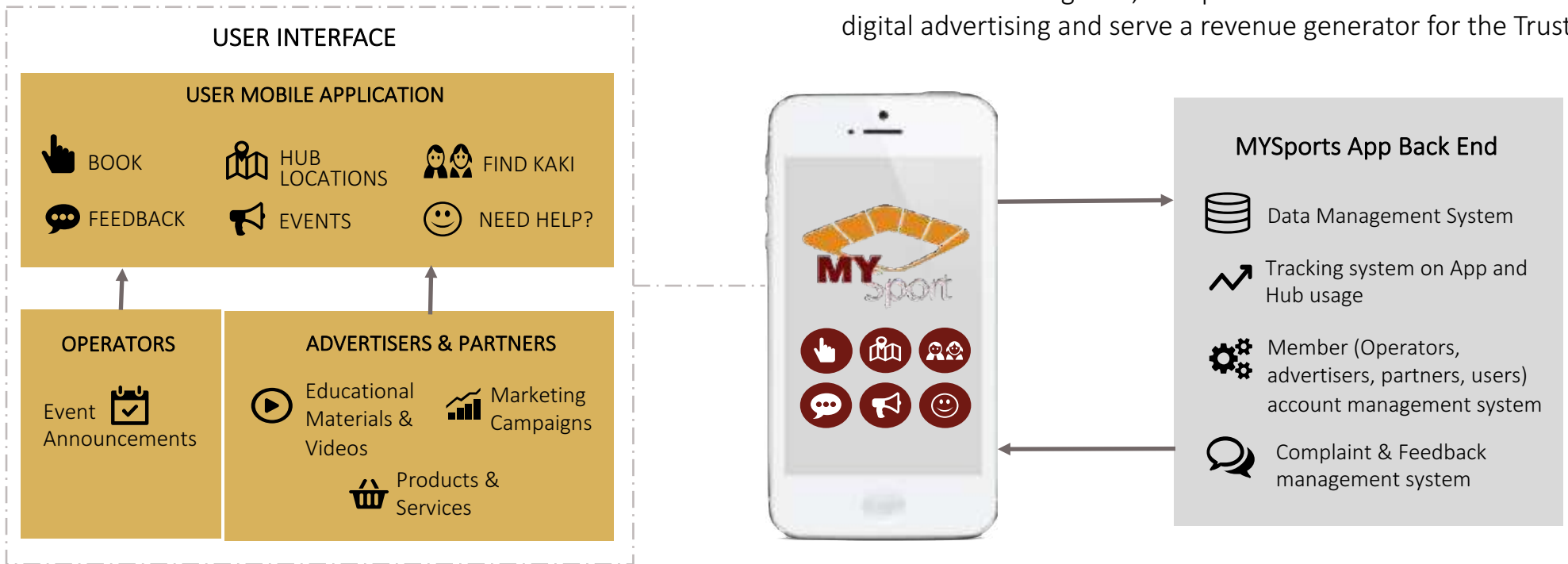


- Upon being awarded a contract, operators are granted a high degree of **autonomy** in running the hubs and overseeing the satellites, including in the management of operating hours, membership details (if relevant), food and beverage options, etc.
- Operators are also responsible for minor **maintenance** jobs at the hub and should regularly monitor the status of adjacent satellites.
- To be successful, operators will have to ensure a sufficient **flow of activities**, collaborate with retailers & partners and manage costs closely on a day-to-day basis to ensure the hub is profitable in the long term.
- Staff working at the hub should also be trained on how to use the front and backend of the **MYSports** mobile platform to help manage bookings, payment methods and ensure that all data and relevant information is captured and saved.
- Once a certain number of Hubs are in place, Operators should facilitate **inter-hub interactions** to build stronger communities. Operators can share information, and together organize larger sporting events across the network. More synergies across the network can support sportsmanship and fairplay that come from friendly competition. It also builds a stronger sporting community and contributes to user loyalty.

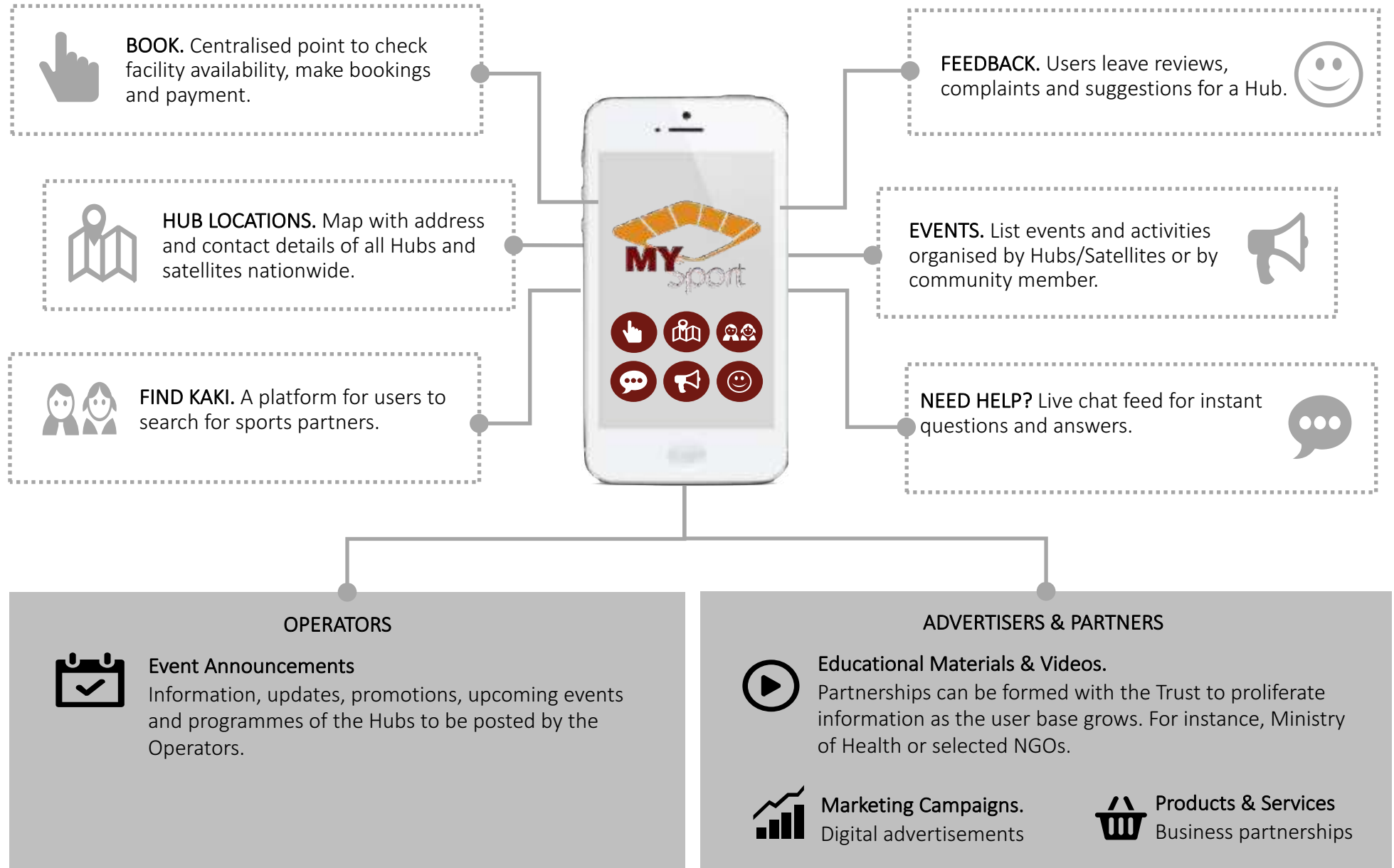
A mix of activities, good management and sound maintenance are essential to support hub profitability

MYSport Mobile Platform

- The current sales and booking system of public sports facilities are predominantly manual, from checking for availability and booking facilities. To encourage public usage of the Hubs and Satellites, it is crucial that important information about the hub, booking procedures, fees, etc. be readily available and updated on a regular basis.
- MYSport** is a mobile platform managed by the Suka Sukan Trust designed to connect users with hubs and hubs amongst themselves.
- Besides practical information on hubs and satellites, the platforms would allow users to book a facility at the click of an app, connect with other potential users, see what is going near them, etc. With the support of strategic partners, the platform could also host a series of educational materials and videos to help promote sports and healthy living.
- Data from the platform can be used to monitor performance of Hubs and operators, as well as track usage and frequency of sports engagements among different communities and neighbourhoods.
- As the user base grows, the platform can be monetized for digital advertising and serve a revenue generator for the Trust.



MYSport Mobile Platform: User Interface





GOVERNANCE & ORGANISATIONAL STRUCTURE

Why Good Governance Matters

What is meant by good governance?

- Good governance is driven by principles such as conducting business with integrity, fairness and transparency and making all the necessary disclosures so as to protect the interest of all stakeholders.
- Organisations, both public and private, should comply with all the laws of the land, be accountable and responsible towards stakeholders, and commit to conducting business in an ethical manner. They should focus on balancing shareholder interests with those of other key stakeholder groups, including customers, communities and supporters.
- Governance mechanisms include the monitoring of the actions, policies, practices, and decisions of companies or organisations, their agents, and affected stakeholders

Why does the Suka Sukan Trust need governance mechanisms?

- Governance mechanisms ensure that accountability and transparency are observed throughout the Trust and that the different interests of stakeholders, such as donors and the management team are protected. Governance mechanisms also ensure the objectives of the Trust are met through well-established legal norms.
- Good governance will positively influence the reputation of the Suka Sukan Trust and can mitigate the risks associated with managing funds and multiple operators.



Overview of Governance in the Suka Sukan Trust

Good governance is essential to the credibility, success and sustainability of the Suka Sukan Trust.

Key features of the Business Model

- Source of funding includes corporate sponsorship and government grants
- Mission to use sports to generate cross sectoral and cross generation social impact
- Reliance on Operators in service delivery which operate on a commercial basis
- Request for financial sustainability in running the hubs
- Large number of hubs operated by diverse operators in different districts
- Specific contractual terms embedded in each license granted to a successful Operator applicant

Essential governance features

- Appropriate disclosure and transparency are fundamental to assure key stakeholders of Suka Sukan's ethical standards.
- Diversity and expertise of multiple disciplines in Board and management team
- Mechanism and system to ensure, maintain and improve performance and service quality of the Operators. This includes regular performance review with appointed Key Performance Indicators (KPI) that are derived from the mission of the Trust.
- Mechanism and system to facilitate and enable revenue generating power and management efficiency of operators.
- Mechanism and system to facilitate good understanding of the hubs, satellites and community such as providing training service to the Operators

Good governance is essential to the credibility, success and sustainability of the Suka Sukan Trust

Organisation & Governance of the Suka Sukan Trust: Key Roles

The Suka Sukan Trust will be run by a core management team and governed by a Board of Trustees.

- **Board of Trustees**

The Board is responsible for overall strategic direction and monitoring to ensure the stewardship of financial resources in achieving the Trust's objectives. It will be made up of individuals from experienced and diverse expertise. For e.g., legal, businesses, social welfare and government.

- **CEO of the Suka Sukan Trust**

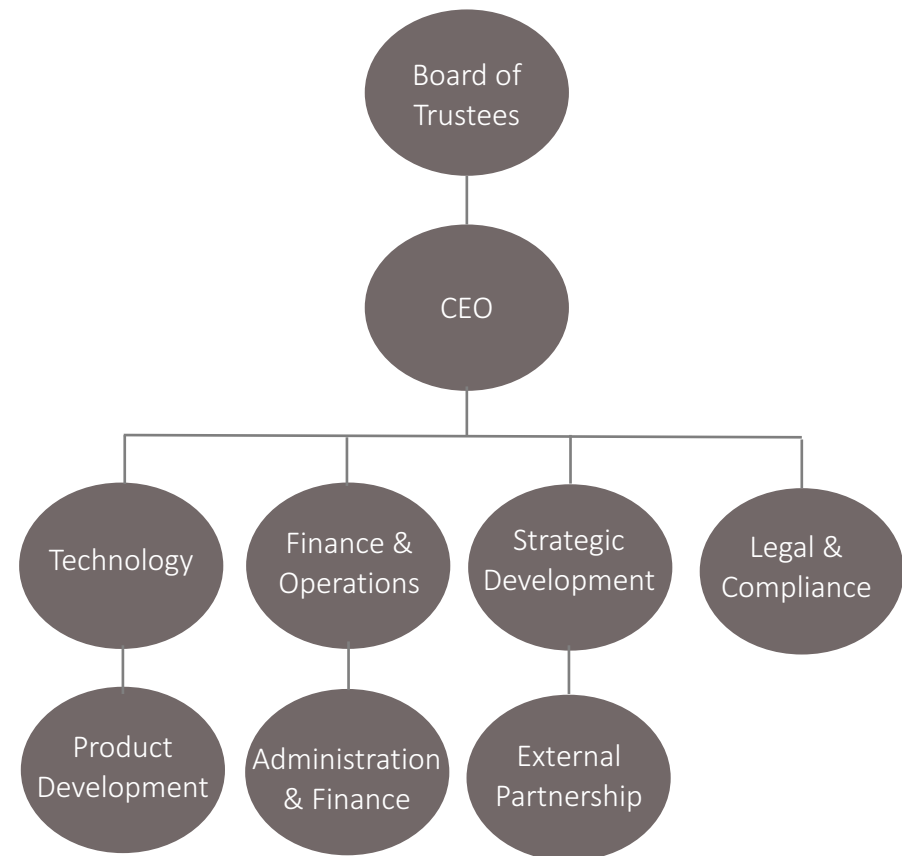
The CEO of the Suka Sukan Trust is responsible to the Board in providing leadership in the daily operation of the business and executes the Board's decisions in order to achieve the Trust's objectives and ensure good management and performance. The CEO acts as an channel between the Board, the Operators and the Suka Sukan Management team.

- **Management Structure**

The Suka Sukan management structure is responsible for directing the Trust's activity, ensuring it is well run and delivers outcomes. It is appointed and dismissed by the Board.

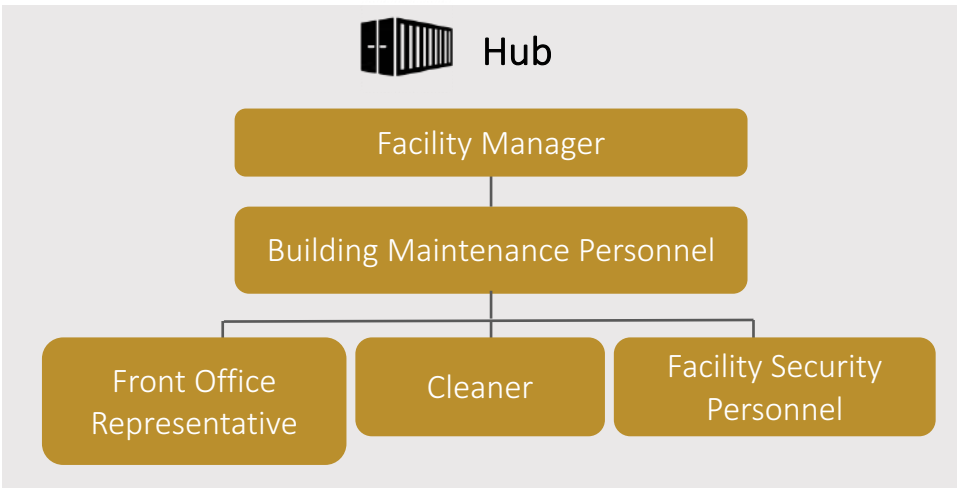
- **Operators**

The Operator is accountable to the Trust. Services are operated and delivered in accordance to the terms and conditions set out at the contractual arrangement with the Trust.

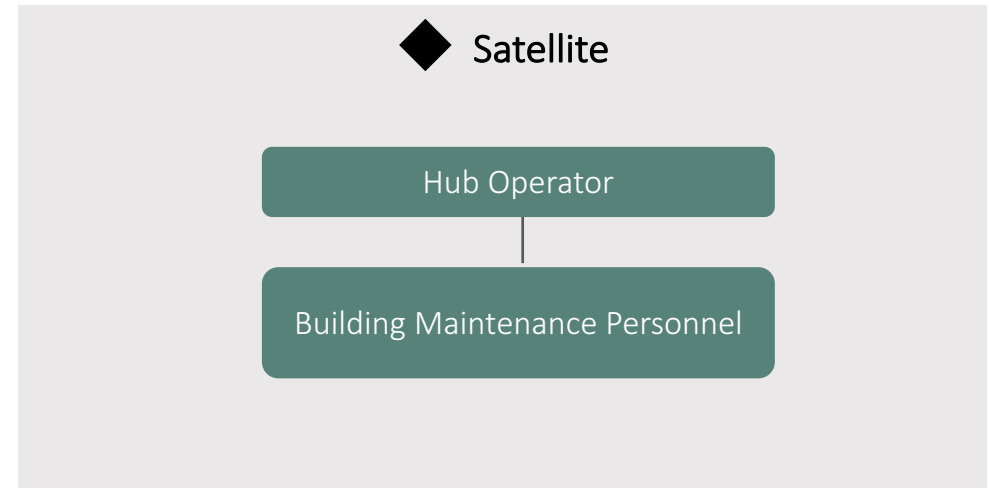


Staffing Requirements for Hubs and Satellites

Upon being awarded a contract operators will be offered a high degree of autonomy in running the Hub. Besides hiring the relevant staff to run the hubs, operators will also be responsible for sourcing coaches and sports professionals for their respective programmes.



Staff	Wages
Facility Manager	RM5,000
Front Office Representative	RM2,600
Facility Security Personnel x 2	RM1,200 each
Cleaner	RM1,000
Building Maintenance Personnel x 2	RM2,600 each



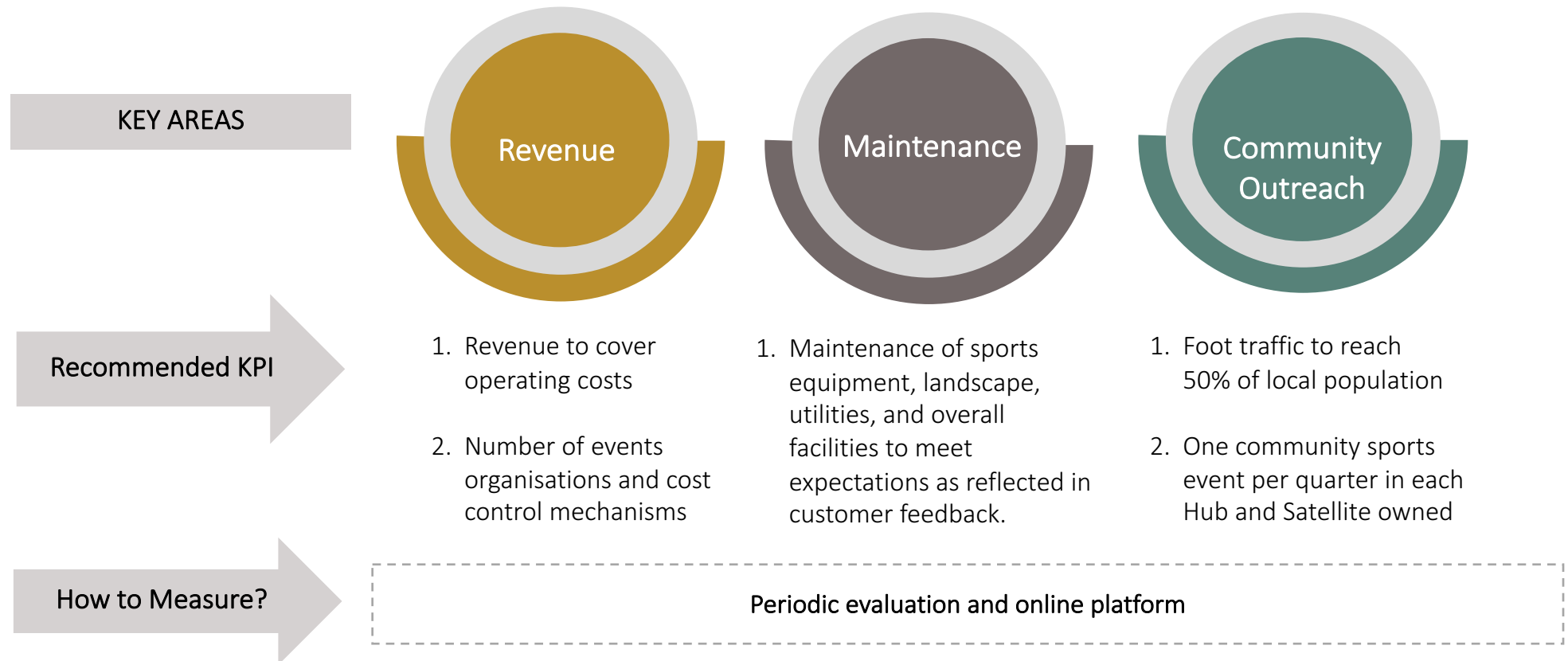
Staff	Wages
Building Maintenance Personnel	RM2,600*

*Satellites will be overseen by Hub operators and volunteers can help maintain the premises.

Volunteers from members of the community can help to reduce overhead costs

Hub Operator Key Performance Indicators

Operators will be assessed and their performance benchmarked against a set of rigorous KPIs set by the Trust. The following three key areas act as guiding principles to ensure the operations of the Hub meet both their financial and social targets.

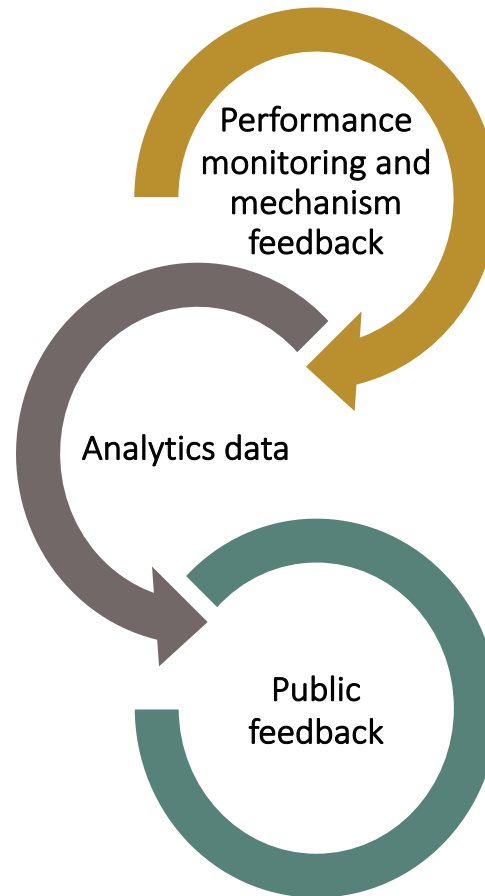


Periodic evaluations against a range of KPIs ensure the Hubs' sustained performance

Service Quality Management

To ensure the Hubs and Satellites provide quality service, the Suka Sukan Trust will observe three levels of governance:

- The Suka Sukan Trust will monitor the community usage of the Hubs and Satellites through the data gathered from the online platform
- This way the Trust can draw conclusions about the quality of service on the Operators, Hubs & Satellites and determine key sporting activities that attract different community groups



- Operators will be required to follow specific protocols upon agreeing to the contract:
 - › Obligated to protocols and manuals in managing the Hubs and Satellites.
 - › Submit Monthly Financial & Progress Reports to the Trust
- Independent external audit will be conducted by the Trust.
- Channels for feedback collection from users from the online platform- MySports, focus group sharing, evaluation forms, survey, questionnaires and interviews
- Complaints handling procedure is in place to allow fair handling and investigation by the Trust

Three avenues for monitoring and feedback ensure the Hubs provide quality service at all time.

Transparency & Disclosure

With funding and support from financial supporters, mechanisms need to be in place to deliver information on where money is directed, what programmes are conducted, how the Trust and Operators are managed and what social impact is created.

Monitoring by Board

- Regular board meetings to evaluate performance of the Trust and Operators
- Oversight of Operator contracts and site selection of Hub/ Satellites
- Authority to hire, dismiss and compensate top management

Internal Controls

- Regular reporting from management team to board of trustees
- Internal audits to test design and implementation of governance and control mechanisms
- Regular performance monitoring on Hubs and Satellites to ensure reliability of financial reporting

Public Disclosure

- Terms of Reference of Board and Committees
- Audited financial reports included in Annual Reports
- Declarations of interest
- Annual General Meeting held and financial supporters, operators and community members invited to attend



POLICY RECOMMENDATIONS

Policy Recommendations (1/2)

Policies are fundamental to create an enabling environment for the establishment of the Trust and to allow authorities, investors, developers and operators to be key stakeholders in this approach for public-private-partnerships.

TAX INCENTIVES & EXEMPTIONS

Tax policies have a substantial influence on the flow of funding, especially when it comes to donations. To stimulate funding and engagement with the community sports hubs and satellites, the following tax policies are recommended:

- **Extension of tax relief.** Presently, 7% of aggregate individual income is subject to tax relief upon a donation to recognized foundations. Extending tax relief to all donations made to the Suka Sukan Trust will stimulate funding.
- **Exemptions for corporate sponsorships of sports.** There are currently no tax benefits related to corporate sponsorships for sports activities or programmes, even though such sponsorships help support community sports and engagement. A certain measure of corporate tax-exemption could be applied to corporate sponsorships for community sports, especially if these help achieve scale.
- **GST exemptions for Community Sports Hub sports activity fees.** Community sports should be considered a public good. A GST waiver for expenses made to the Hubs (e.g. booking fees) would stimulate public engagement and support for the hubs. This waiver need not necessarily apply to commercial goods or services that might be exchanged at the Hubs (e.g., retailers leasing spaces in the Hub, or a food and beverage vendor).
- **Increase in sports-related tax relief.** The current tax code provides an allowance of RM300 for the purchase of sports equipment. It is recommended that this allowance be increased, that it include other sport-related expenditures (such as booking and/or membership fees) and be extended to cover other sports besides the 39 currently listed under the scheme.



Policy Recommendations (2/2)

PHYSICAL EDUCATION

- **Physical Education Requirements.** Current policies set a Physical Education requirement of 48 hours per year (less than an hour per week per student) across all primary and secondary school students. This does not allow for a Sporting Nation goal to be met. An increase of the requirements to 240 hours per year (5 hours per week) would set an important benchmark and apart from sending a message to the public, would help develop a generation of sport-loving and healthy children and teenagers. Also if this requirement is set as a 'passing mark' at school, this would reaffirm that physical education is an integral component of a student's success.
- **Physical Education Expertise.** It is recommended that it be mandated that full-time qualified Physical Education teachers are employed at all primary and secondary schools. Qualified PE instructors can monitor students' physical activity and general health conditions on a regular and rigorous basis, as well as develop them into keen athletes.



CITY COUNCIL 1 + 1 DEVELOPMENT

- **Placing Sports On The Development Agenda.** The concessions for Property Developers in residential areas will include requirements to build or fund a new sports hub in their development areas proportional to the projected population of the local community. For every new development project, one city council project should be considered.

Policies are essential for the success of the Suka Sukan Trust



COMMUNITY & SOCIAL IMPACTS

Overview

Poor accessibility to public sports centres and dilapidated facilities often mean that venues and spaces are left idle with little community engagement. Private facilities on the other hand are well kept and utilisation is high but entry/user fees are costly, as are membership schemes.

In this environment, the network of community sports centres provided by the Suka Sukan Trust contributes to great social impact.

- The **Suka Sukan Trust** enables its management team as well as key partners and collaborators to get a one-stop overview of the level of sporting engagement at community and grassroots level. This can help design, monitor and review sporting events and engagement strategies over the short, medium and long-term and ensure that no neighbourhood or community gets left behind.
- The **Hubs and Satellites** do not only provide easily-accessible sports venues. They also transform the city's urban culture and sporting landscape by creating a more engaging, outgoing and inclusive environment for everyone to play sports where and when they want to.
- The **MYSports platform** and network creates opportunity for interaction nationwide and allows the network to achieve objectives that they could not achieve individually.



1. YLP participants with former national athletes from *Yayasan Atlet Kebajikan Negara (YAKEB)*
2. Participants in discussion with parents from SK Asli Bukit Cheding in Banting

Expected Socio-economic Benefits

Operators under the Suka Sukan Trust have more than financial and social obligations. The Hubs and Satellites would be an important foundation for building a sports community nationwide. Expected benefits include:

- **Stronger community culture.** Impacts related to sports such as collective ownership, discipline, teamwork, physical and mental health, and fairplay are practiced at community-level and help build more vibrant, resilient and inclusive neighbourhoods. Children and young adults gain self-esteem whilst character building and leadership are learnt at a young age.
- **Employment opportunities.** The running of the trust and hubs require a range of functional and management skills that can be extended to people from all walks of life. There would also be many opportunities to volunteer and give back to one's community. Economic opportunities would increase with improved productivity within the community.
- **Improved health and overall quality of life.** Regular physical activity can reduce the risk of heart disease, strengthens the body, reduces stress, increases self-confidence and contributes to mental health and a positive mood. This translates to less costs on the government health bill.
- **Access to usage records.** The network provides a one-stop platform for the collection of date and information on sports participation, such as user numbers, frequency of use, preferred times and booking fees per hub. This can help improve the management and operational system of the hubs which in turn provides an enhanced user experience.
- **Greater production of sports talent.** More exposure to ad-hoc sports for all citizens increases the chances of nurturing sports talent from a young age.



Measuring and Reporting on Social Impact

- Social impact will be measured through both quantitative and qualitative indicators. Robust monitoring and evaluation mechanisms will ensure that these targets are achieved.
- Measuring the impact of the Trust and Hubs and communicating the impact to donors, government and strategic stakeholders can support the trust's many objectives, such as: garner further support, attract new funding partners, raise public awareness of the initiative, help influence the government for greater policy support, and share best practice amongst the network.



POTENTIAL INDICATORS

- Potential indicators can include but are not limited to data-based and survey-based indicators. Strategic third party can support data collection to supplement the data to be collated from the MYSports platform.
- Data-based indicators use quantitative methodological studies; survey-based indicators will use polling and statistical techniques as well as qualitative analysis to determine a hub's impact on a specific community.
- Reporting social impact performance provides a better understanding on sports participation in Malaysia and contribute to advocacy efforts for policy changes in Malaysia.

Data-based Indicators

- › Health indicators such as average Body Mass Index (BMI), incidence of non-communicable diseases (NCDs), etc.
- › Youth delinquency & crime rates
- › Youth employment rates
- › MYSports downloads and usage
- › Financial targets (ROI & IRR)
- › Number of hubs & satellites
- › Academic performance & absenteeism

Survey-based Indicators

- › Surveys conducted through regular polling of neighbours to determine the impact of the Hub/ Satellite on the community.
- › Community and user feedback can be collected on a quarterly/annual basis, at events or on an ad-hoc basis
- › User satisfaction recorded through surveys and MYSports

Potential Partners

- › Third party organisations and partners to support data collection, conduct surveys and data analysis.
- › This may include the Ministry of Health, Ministry of Women, Family and Community Development, Institute for Youth Research Malaysia (IYRES), Active Healthy Kids Alliance and universities.

Stories from a Sporting Nation

CONNECTIVITY THROUGH A NETWORK

Ahmad recently moved to a new neighborhood and hasn't made any friends yet. He discovers the **MYSport mobile app** and finds an **open game** of football happening at a field nearby that is within a five minute walk. Ahmad decides to join, and ends up making new friends!



Ahmad, 15



Gopal, 63

GIVING BACK TO THE COMMUNITY

Gopal, a **retired national hockey player**. An old teammate tells him about a new **coaching opportunity** in his nearby sports hub. He visits the Hub and meets with the operator. Gopal offered to coach every Monday evening at a fee. The operator agreed and he can be found at the hub every Monday coaching children while earning some **side income** in the process.

A LEAGUE OUT OF NOWHERE

The *Kelab Harimau* futsal team has dominated their neighborhood rivals for over a year, but they have been **running out of teams to play against**. Their captain discovers the option to 'host' a game on the MYSport platform, automatically booking a futsal court in the process. He creates a game, and a team from another neighborhood signs up. A few weeks later, the *Antara-Taman* futsal league is hosting regular games, attracting local crowds and new players.



Kelab
Harimau



Puteri, 45

INCLUSIVE SPORTS

Puteri used to practice *silat* every evening but recently broke her leg. Missing her regular sessions, she feels lonely at home. She opens up the **MYSport app** and **finds out the local badminton schedules** at her nearby hub. She boards the shuttle bus there and watches the games, making use of the **disabled-friendly facilities** and **spectator-friendly setup**.

ENGAGEMENT ACROSS ALL AGES

Alex used to be a sprinter, but a knee injury made it difficult for him to run. He began spending more time **sitting around** at the nearby playground, and noticed an old couple quietly practicing *tai chi*. Fascinated, he started talking to them, and they **offered to teach** him. He found himself surprised at how much he was **enjoying interacting with them** and started to invite a few friends to join. Before long, a local community of *tai chi* enthusiasts had formed in the satellite.



Alex, 33



May Lee, 11

A SPACE FOR ENGAGEMENT

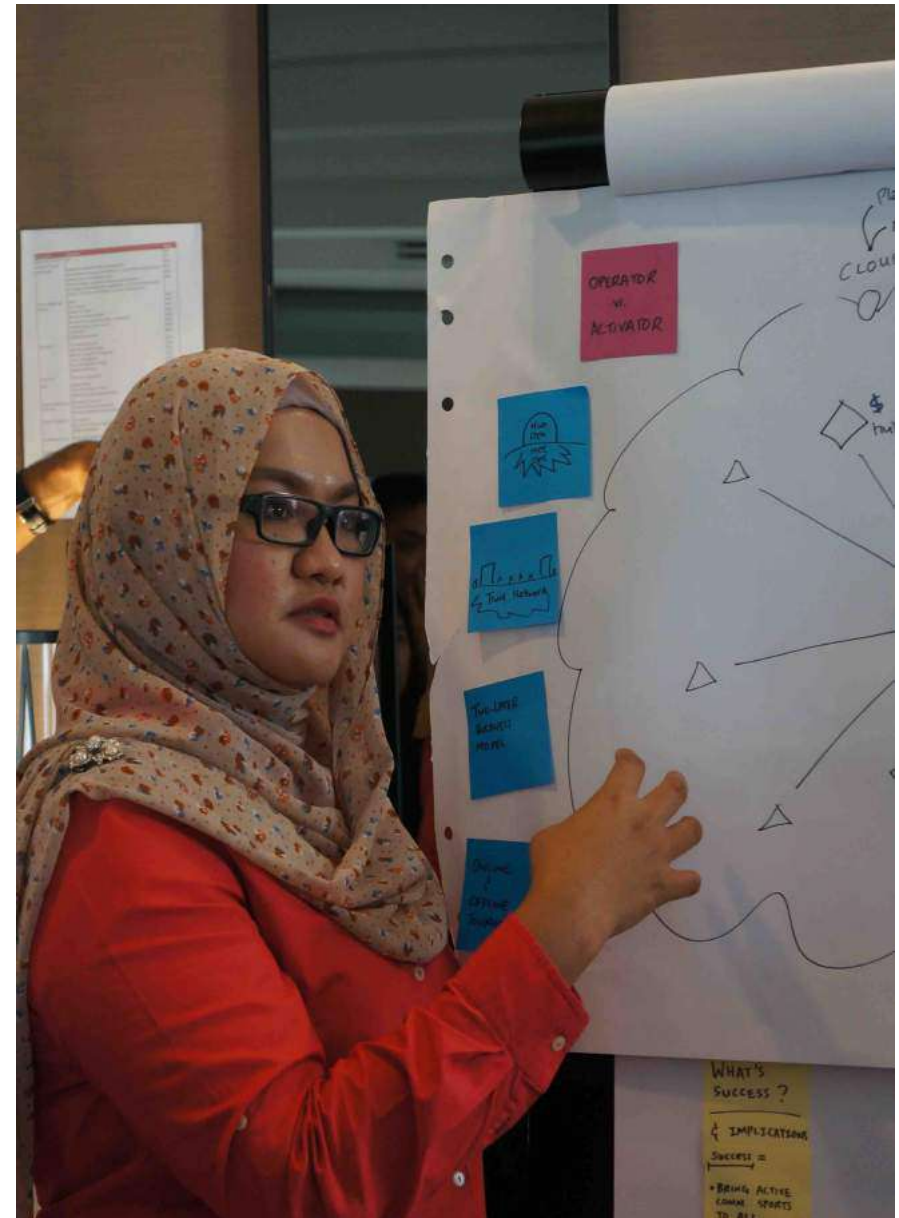
May Lee spend most of her after-school hours at home because her parents felt safest with her at home. One day, she noticed a newly opened Hub constructed nearby her house. May Lee decided to try it out one evening and made some new friends. Now she prefers to spend her afternoons **playing and learning** with at the hub that is five minutes away from her house.



FINANCIAL ANALYSIS

Summary

- 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.
- This section includes the base case financial projections for the Trust and prospect Hub Operators for the first five years of operations.
- The Suka Sukan Trust will require an initial investment of RM16million to cover capital expenditures and expenses.
- The Trust's operations are self-sustaining by Year 3 in the base case, best case assumes Year 3 and worst case assumes Year 4.
- On the other hand, for prospect Operators of the Hubs and Satellites,
 - » Base case assumes operations are self-sustaining by Year 2 (average of 60% utilisation rate)
 - » Best case assumes operations are self-sustaining by Year 2 (average of 80% utilisation rate)
 - » Worst case assumes operations are self-sustaining by Year 5 (average of 40% utilisation rate)
- 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 instance, naming rights can be shared on an individual basis and the ratio of profit sharing can be increased periodically from 20% onwards in the first three years of operations.



Key Financial Assumptions for the Suka Sukan Trust

Revenue Assumptions

- Management fee of Hubs (4%) and Satellites (2%) from the Operators based on the initial capital obtained.
- Surplus sharing of Operator's net profits at 40% before depreciation and taxes.
- The Trust's profit accumulated from digital advertisements (30% of advertiser's revenue) in the MYSports app network

Scale of Operations

- Launch of operations at Year 0 with 15 centres (5 Hubs and 10 Satellites)
- **Close to 2,000 centres by Year 5** (500 Hubs and 1,500 Satellites), operational nationwide in all 13 states and 2 Federal Territories

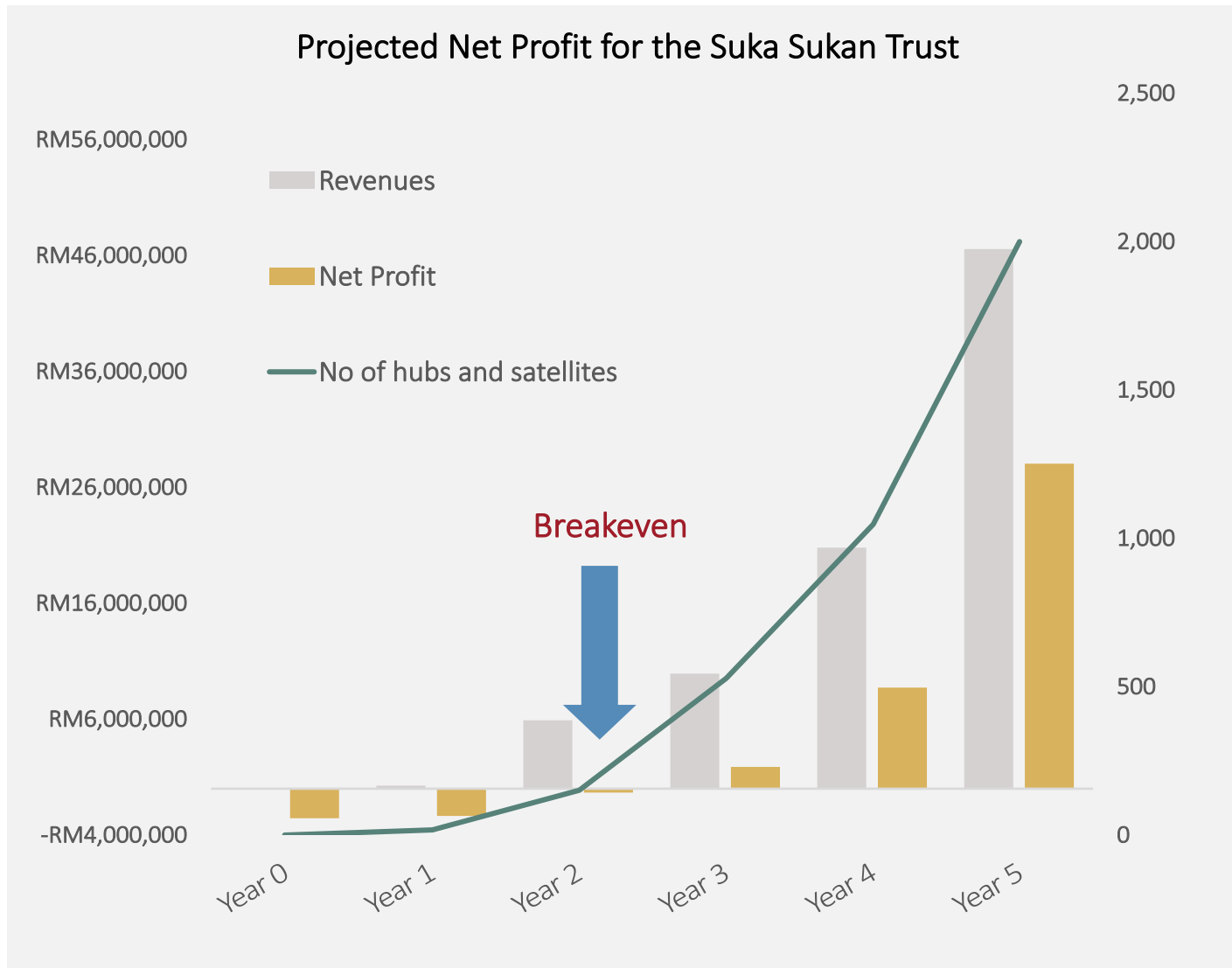
Operating Assumptions

- Number of personnel for Trust operations to start from 8 staffs at Year 0 (RM582 000 per annum) to 98 staffs at Year 5 (RM6.6million per annum)
- Rental of workspace at RM1.47million per annum
- Operating cost of the platform to decrease by 50% after Year 0

Investment

- Total capital of **RM456million** for 5 years is required (estimated 88% from the Private sector, 12% from Govt. funding)
- Subsequent funds are being raised from Sustainable Responsible Investing (SRI) *sukuk*: RM400m (3.5% annual coupon, 7Y maturity, rolled over upon maturity)

Overview of Financial Profile of the Suka Sukan Trust



- 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

Robust financial projections with a break-even point by the end of Year 2

Capital Structure & Investment Requirement for the Suka Sukan Trust

	MYR					
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Capital Requirements						
Renovation - Hub	2,000,000	18,000,000	40,000,000	60,000,000	80,000,000	-
New development - Hub	1,500,000	13,500,000	30,000,000	45,000,000	60,000,000	-
Renovation - Satellite	500,000	4,500,000	13,750,000	18,750,000	37,500,000	-
Digital Platform	2,000,000	1,000,000	1,000,000	500,000	500,000	-
Office Furniture	660,000	-	-	-	-	-
Working Capital	4,985,892	-	-	-	-	-
Rental Deposits	4,410,000	-	-	-	-	-
Others	-	-	-	-	-	-
Total Requirements	16,055,892	37,000,000	84,750,000	124,250,000	178,000,000	-

An initial capital of RM16 million is required to set up the Trust and its initial operations

Income Statement Projection for the Suka Sukan Trust

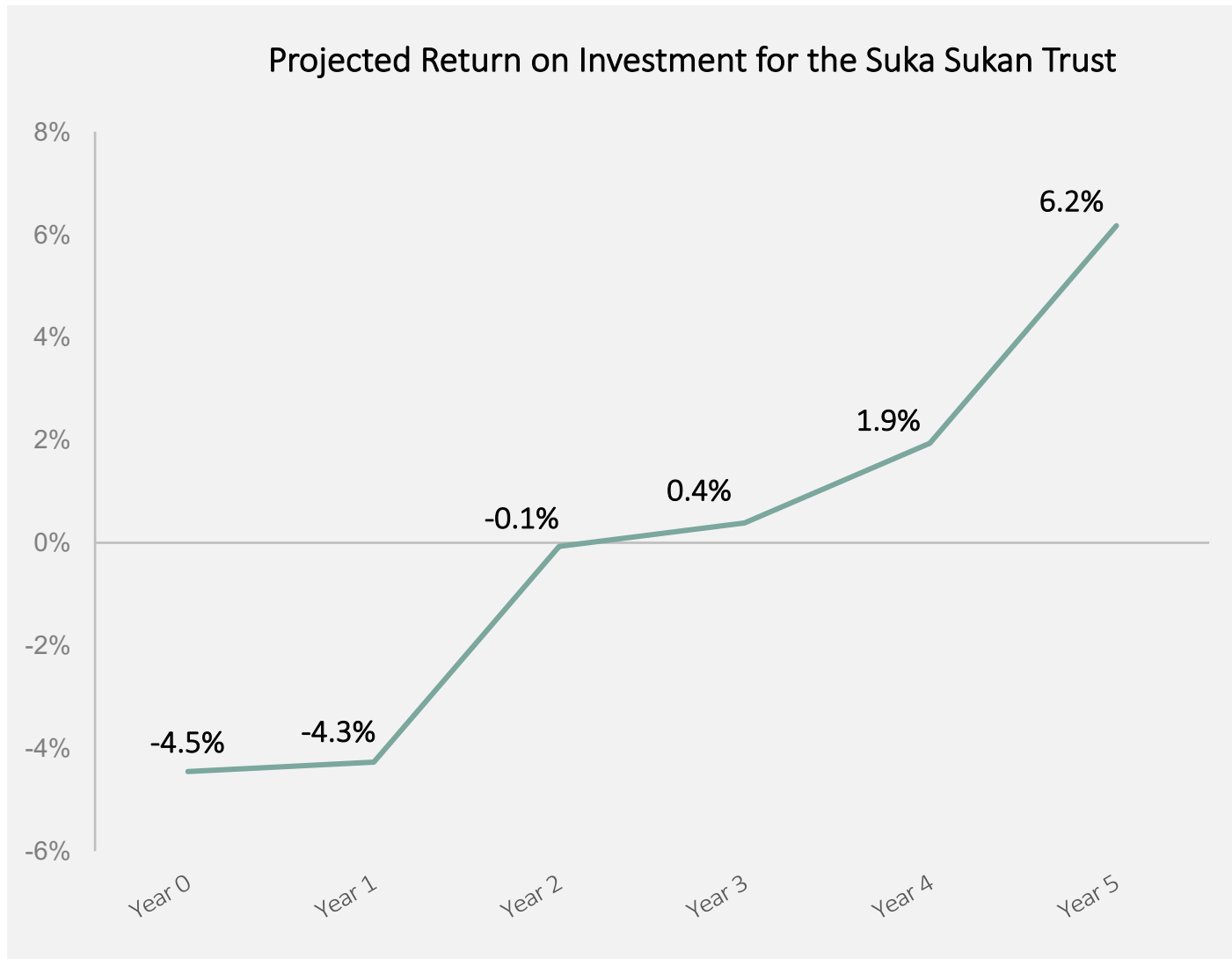
	MYR					
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues						
Management Fee	-	150,000	1,500,000	4,575,000	9,150,000	15,500,000
Surplus Sharing	-	-	20,043	778,599	6,901,645	26,217,528
Naming Rights	-	-	3,850,000	3,850,000	3,850,000	3,850,000
Digital Platform - Advertising	-	-	600,000	780,000	900,000	1,080,000
Total Revenues	-	150,000	5,970,043	9,983,599	20,801,645	46,647,528
Expenses						
Salary	-582,000	-582,000	-4,243,200	-5,304,000	-6,630,000	-6,630,000
Rent	-1,470,000	-1,470,000	-1,506,750	-1,506,750	-1,506,750	-1,544,419
Utilities	-105,946	-105,946	-108,595	-108,595	-108,595	-111,309
Insurance	-35,000	-80,000	-180,000	-330,000	-530,000	-530,000
Professional Fees	-300,000	-300,000	-307,500	-307,500	-307,500	-315,188
Total Expenses	-2,492,946	-2,537,946	-6,346,045	-7,556,845	-9,082,845	-9,130,916
EBIT	-2,492,946	-2,387,946	-376,002	2,426,754	11,718,800	37,516,612
Net Profit	-2,492,946	-2,387,946	-376,002	1,820,066	8,789,100	28,137,459
	-4.5%	-4.3%	-0.1	0.4	1.9%	6.2%

The Suka Sukan Trust is sustainable from Year 3 onwards

Cash Flow Statement for the Suka Sukan Trust

	MYR					
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Cash flows from operating activities						
Cash receipts	0	150,000	5,970,043	9,983,599	20,801,645	46,647,528
Cash paid	0	-2,537,946	-6,346,045	-7,556,845	-9,082,845	-9,130,916
Cash generated from advertisement	0	0	4,450,000	4,630,000	4,750,000	4,930,000
Proceeds to renovation	-4,000,000	-36,000,000	-83,750,000	-123,750,000	-177,500,000	0
Tax Payment / Receipt	0	0	0	-606,689	-2,929,700	-9,379,153
Net Cash from operating activities	-4,000,000	-38,387,946	-79,676,002	-117,299,934	-163,960,900	33,067,459
Cash flows from investing activities						
Digital Platform	-2,000,000	-1,000,000	-1,000,000	-500,000	-500,000	0
Office Furnitures	-660,000	0	0	0	0	0
Working Capital	-4,985,892	0	0	0	0	0
Deposits	-4,410,000	0	0	0	0	0
Others	0	0	0	0	0	0
Net Cash from investing activities	-12,055,892	-1,000,000	-1,000,000	-500,000	-500,000	0
Cash flows from financing activities						
Proceeds from donations	56,000,000	0	0	0	0	0
Proceeds from soft loan borrowings	0	0	400,000,000	0	0	0
Payment of soft loan borrowings	0	0	0	-16,000,000	-16,000,000	-16,000,000
Net Cash from financing activities	56,000,000	0	400,000,000	-16,000,000	-16,000,000	-16,000,000
Net change in cash and cash equivalents	39,944,108	-39,387,946	319,323,998	-133,799,934	-180,460,900	17,067,459
Cash at beginning period	39,944,108	39,944,108	556,162	319,880,161	186,080,226	5,619,327
Cash at end period	39,944,108	556,162	319,880,161	186,080,226	5,619,327	22,686,786

Projected Returns Analysis for Suka Sukan Trust



- The Trust's operations is profitable from Year 3 onwards with a healthy profit margin

Sound value proposition can attract private sector operators

Key Financial Assumptions for the Hub Operators

Revenue Assumptions	
Hub	Satellite
<p>Multi-purpose hall</p> <ul style="list-style-type: none"> • RM2k per day (weekday) • RM4k per day (weekend) <p>Futsal</p> <ul style="list-style-type: none"> • RM60/hr (weekday) • RM80/hr (weekend) <p>Badminton</p> <ul style="list-style-type: none"> • RM15/hr (weekday) • RM20/hr (weekend) 	<p>Booking fee for events*</p> <ul style="list-style-type: none"> • RM700 per day (weekday) • RM900 per day (weekend) <p>*Use for sports is free-of-charge</p>

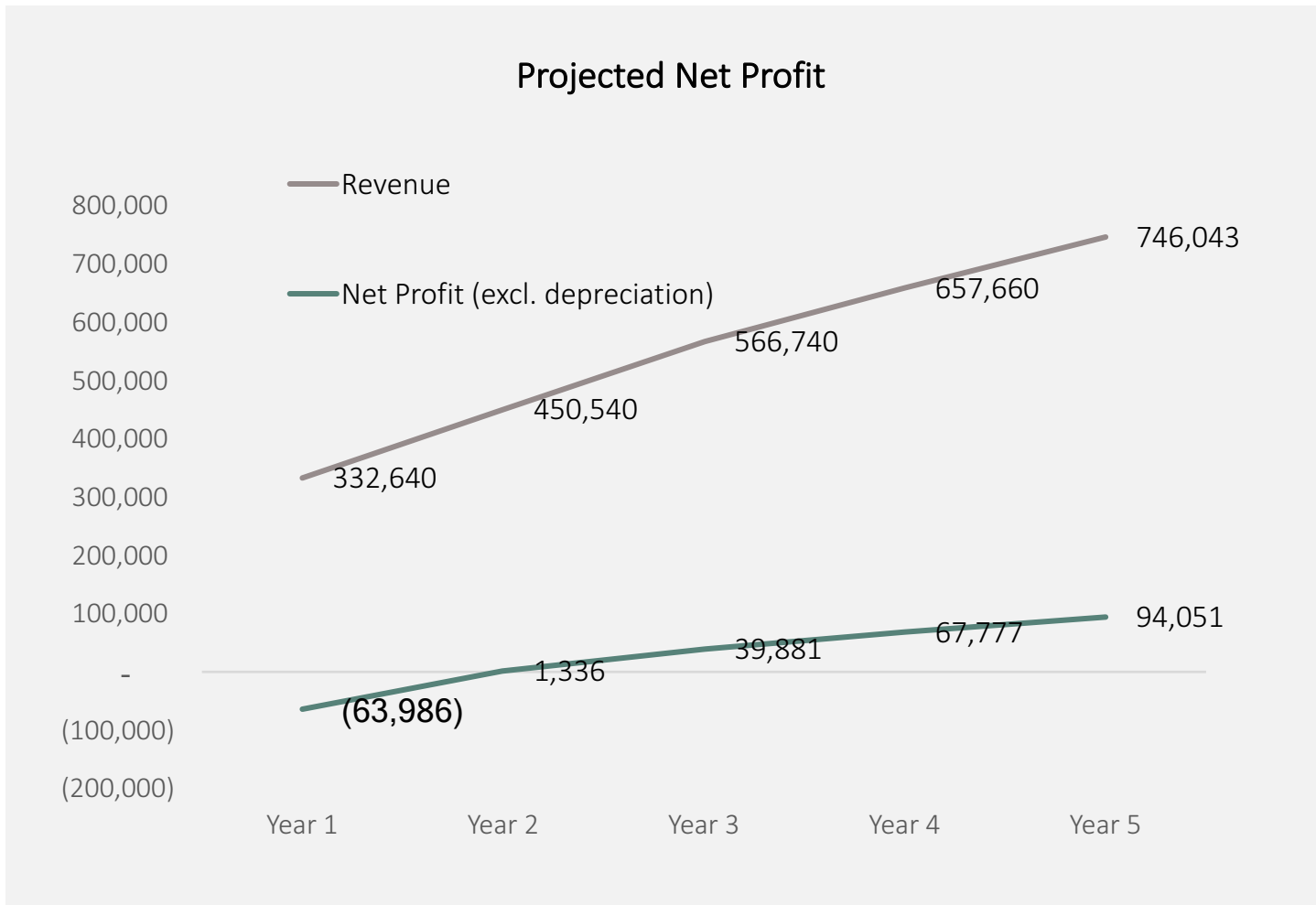
Scenarios
Utilisation Rate
<ul style="list-style-type: none"> • 20% as starting point • Base case- 60% • Best case- 80% • Worst case- 40%

Operating Assumptions
<ul style="list-style-type: none"> • Personnel cost of RM16,200 per month for 7 employees per Hub and RM2,500 per month 1 employee in each Satellite • Hub- 4% of initial capital obtained from the Trust as management fee • Satellite- 2% of initial capital obtained from the Trust as management fee

Cost Assumptions
<ul style="list-style-type: none"> • Utilities and Maintenance cost of 15% of Hub revenue • Utilities and Maintenance cost of 10% of Satellite revenue • Surplus sharing of 40% (before tax and depreciation) repaid to the Trust

Investment
<ul style="list-style-type: none"> • Start up cost (Year 0): RM16million • Total capital of RM456million for 5 years is required for the Trust to scale 2,000 centers nationwide (500 Hubs + 1,500 satellites)

Overview of Financial projections for Operators



- This analysis is based on a combined profile for an operator with one Hub and three Satellites
- Utilization rate increases from 20% to 60% in Year 5

Healthy projections for hubs based on increased utilization rates and number of hubs

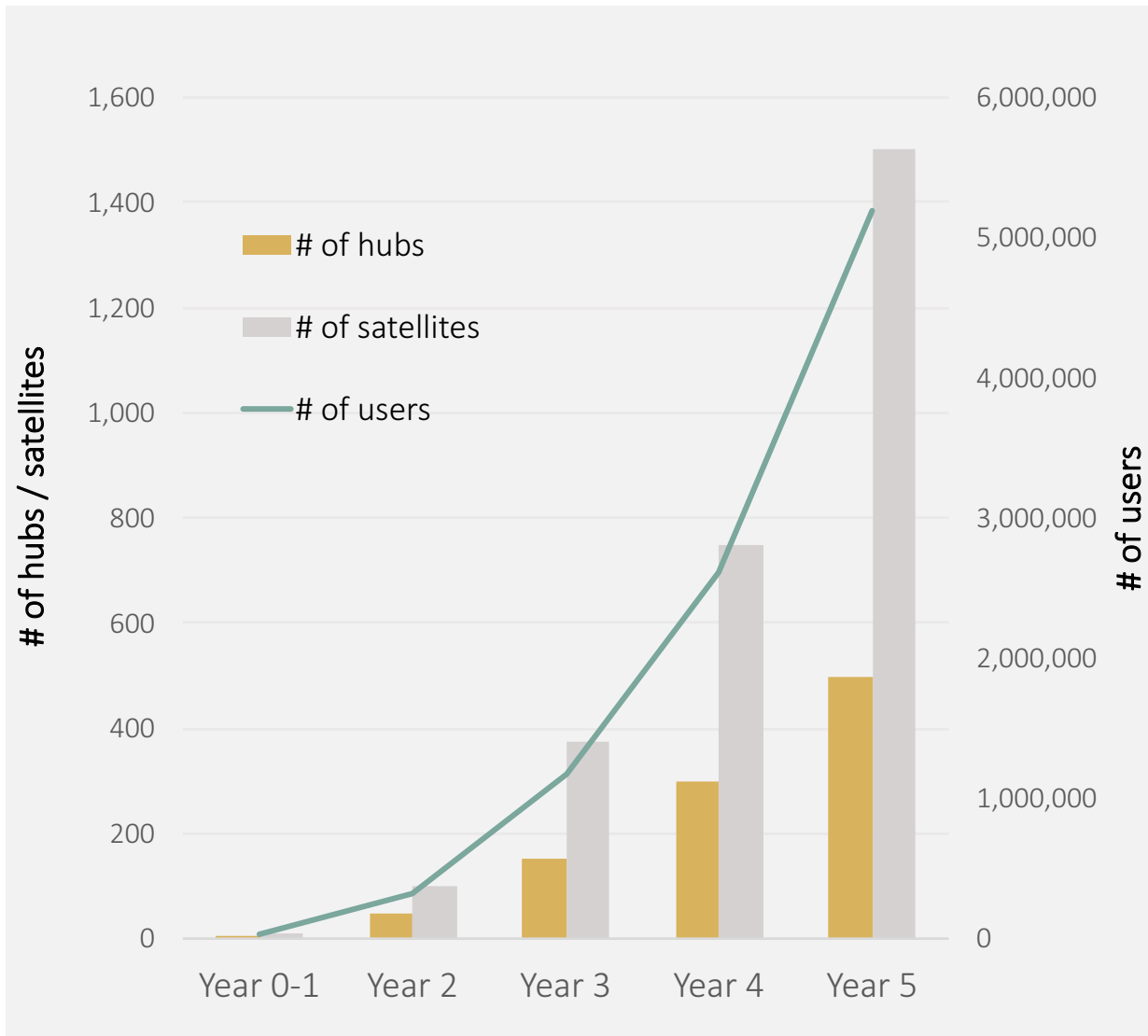
Income Statement Projection for the Hub Operators

Base Case	MYR					
	Per month	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue						
Facility booking fees						
- Sport	14,777	177,320	227,500	277,680	327,860	378,040
-Non-sport	11,527	138,320	190,840	240,760	266,240	288,080
Rental of lettable areas	1,250	15,000	28,200	42,300	55,560	69,923
Program / Event fees	166.67	2,000	4,000	6,000	8,000	10,000
Total revenue	27,720	332,640	450,540	566,740	657,660	746,043
Expenses						
Personnel cost & allowances	18,700	224,400	235,620	247,401	259,771	272,760
Coaching fees	1,300	15,600	16,380	17,199	18,059	18,962
Utilities fees	4,158	52,830	70,149	87,310	100,916	114,281
Marketing fees	1,386	14,766	20,055	25,344	29,593	33,842
Maintenance fees	4,158	58,030	75,109	92,018	105,359	118,446
Management fees	2,583	31,000	31,000	31,000	31,000	31,000
Total expenses	32,285	396,626	448,313	500,272	544,698	589,290
Gross Profit	(4,565)	(63,986)	2,227	66,468	112,962	156,752
Surplus sharing	-	-	891	26,587	45,185	62,701
Net profit (excl. depreciation)	(4,565)	(63,986)	1,336	39,881	67,777	94,051
Depreciation	4,416.67	53,000	53,000	53,000	53,000	53,000
Net profit (incl. depreciation)	(8,982)	(116,986)	(51,664)	(13,119)	14,777	41,051

(i) This analysis is based on one operator with one hub and three satellites;

(ii) Although all financial projections are presented as income statements, it is effectively a cash flow analysis as it is adjusted for depreciation.

Growth Trajectory and Scale



	# of Hubs	# of Satellites	# of Users*
Year 0-1	5	10	31,138
Year 2	50	100	322,512
Year 3	150	375	1,182,267
Year 4	300	750	2,615,377
Year 5	500	1500	5,192,234

**Estimated 10% of users (approx. 500k) actively using sports facilities in the hubs/satellites. Growth in users derived based on utilisation rates and booking projections (i.e. group sizes estimated based on unique bookings).*

Building a network of sports hubs for a sporting nation

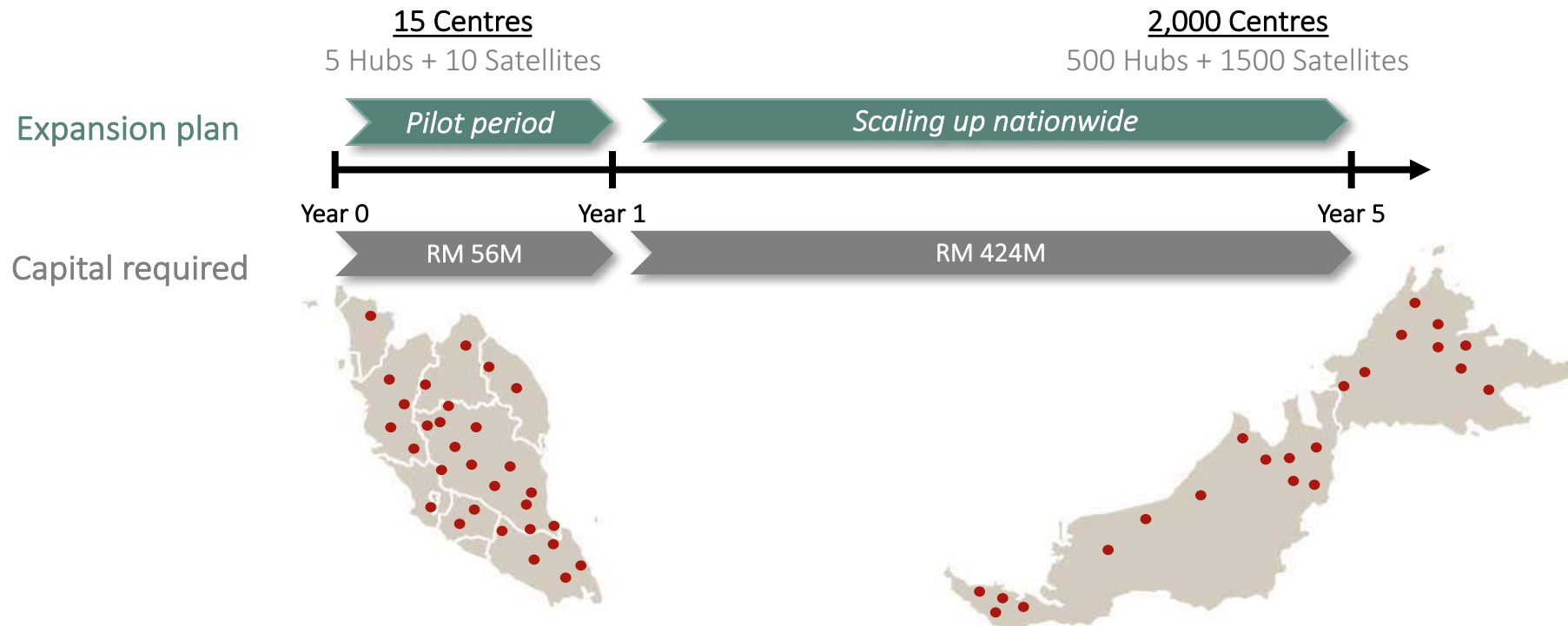


IMPLEMENTATION PLAN

Implementation Plan

In the first 6-12 months, preliminary activities would include sharing the project proposal and objectives with key influencers and securing funding for a feasibility study and feasibility project team. Only then can the Trust established and the management team recruited. Work then starts to attract funding for pilots and identify suitable sites.

In its first year of operations, the Trust would seek to establish 5 community sports hubs and 10 satellites as part of a pilot to test the approach to operational issues and the financial models in Kuala Lumpur. 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, that are safe, run efficiently and meet the needs and requirements of their respective communities. 2,000 sporting centres would be a significant contribution to KBS's vision of Malaysia becoming a full-fledged sporting nation and a major achievement within the context of TN50.



5 years: A nationwide network of community sports hubs and satellites

Initial Steps and Parameters for Pilot Phase

Initial Steps

- Once a feasibility study has been carried out and funding secured, the Trust can be established and the management team recruited.
- The Suka Sukan Trust will assess and shortlist potential sites. Factors to consider in site selection include but are not limited to location, demand by the community, demographics.
- A pipeline of potential operators will be assessed based on experience, capabilities, rapport with the community. The suggested profit sharing ratio can be adjusted to provide the necessary incentive to the operators over the short and long term.
- The Trust will select and match pilot sites and operators. Guidelines and necessary support will be provided to the operators.
- As the pilot phase progresses, iterations to the implementation will be made as needed based on observations, key learnings and community input.

Parameters for Pilot Phase

- 5-15 pilot sites in Kuala Lumpur (mix of Hubs and Satellites)
- Diverse communities, site features, operators, and models
- Focus on activating underutilised spaces in underserved communities instead of constructing new buildings
- Target communities with good pilot potential (active potential partners, not saturated)
- Pilot budget fund to be estimated in line with analysis of initial pilot sites and extent of refurbishment required.



Adaptive fund raising to match stage of network development

Initial Stage

- Focus on experimentation to refine key assumptions of the operational model and best practices at both the Trust and Operator level
- Financial returns deprioritised at this stage in favour of learning
- Experimentation with multiple and alternative revenue models
- May not be able to meet fixed repayment commitments
- Small and experimental scale of operations

Build-up/ Post-Pilot Stage

- At this stage, parameters for running the Trust and key factors are established and ready to be implemented.
- Optimal revenue model identified and moderate financial returns are expected
- Sufficient cashflow generated to meet repayment commitments
- Scalable operations

- Allocation from government
- Contribution from corporations
- Untapped government and private grants earmarked for sports

Sources of Funds

- SRI Sukuk/ Bonds
- Soft Loans
- Crowdfunding (Equity Crowdfunding & P2P Lending)

- Non-financially motivated investors without fixed repayment commitments

Rationale

- Wider range of investors reachable via multiple instruments.
- Ability to raise funds directly from rakyat to deepen 'investment'

Amount to be raised

=

Cost of Development + Buffer

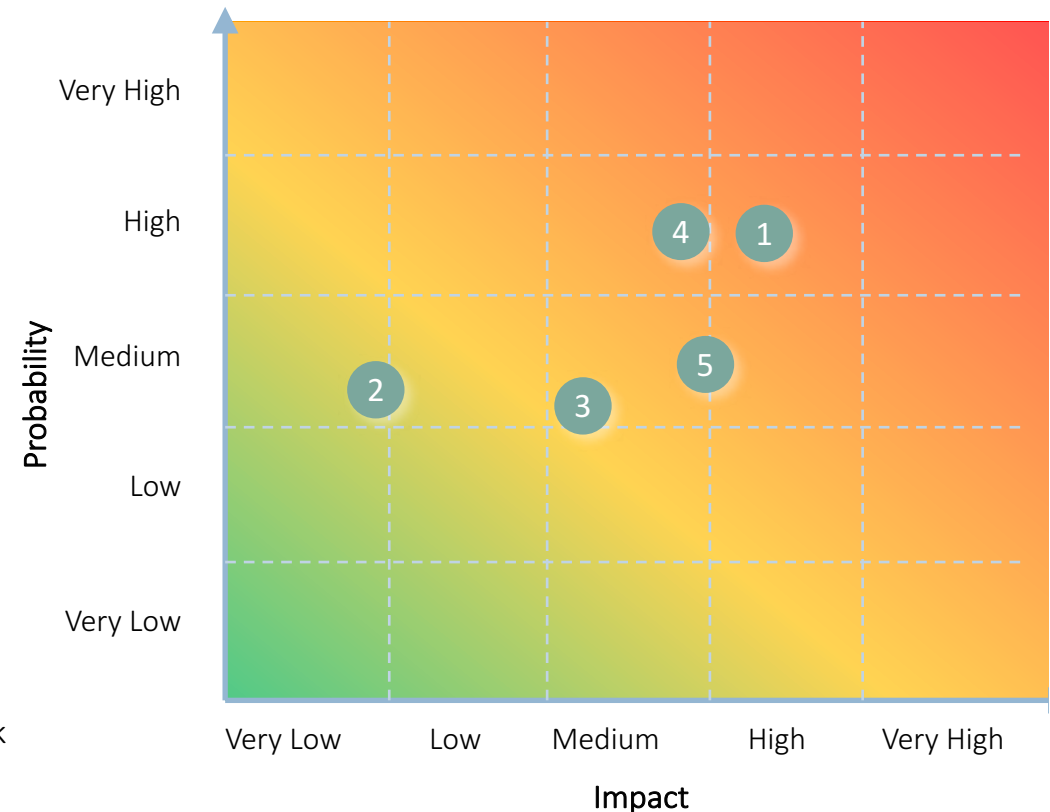
Buffer funding is for contingencies (e.g., if an operator is terminated due to non-performance), as the Trust serves as an operator-funder of last resort. Unused funds can be funnelled back to funders.



RISK ANALYSIS & MITIGATION

Operational Risks

- 1 Operator Profitability:** Risk that hubs are not financially profitable due to low participation rates in core businesses
Mitigation: Trust as a lender of last resort for supporting the viability of the hubs in the short term to ensure that core activities such as maintenance are tended to.
- 2 Neglect of Satellites:** As hubs are anticipated to be more profitable than satellites, private operators may be more attracted to hubs, underserving satellites.
Mitigation: Semi-annual / annual performance reviews of operators' KPI and follow through from HQ management team on steps being taken to address needs and support satellites.
- 3 Shortage of qualified operators:** Insufficient operators to meet the Trust's targets and selection criteria
Mitigation: Seek operators willing and capable of running multiple hubs, provide sport and training for potential operators and defer confirmation of hub until operator is confirmed
- 4 Under-utilisation of hub facilities:** Usage of hubs is not optimized or used irregularly
Mitigation: Partnership with local stakeholders who can co-design and run activities not just limited to sports (daycare, vocational training, business meetings, etc.) to promote usage during off-peak times.
- 5 Poor maintenance of hubs:** Risk that equipment and infrastructure are not properly and regularly maintained due to insufficient monitoring or resources
Mitigation: Clear guidelines in contract regarding expected standards and regular audits of conditions of facilities



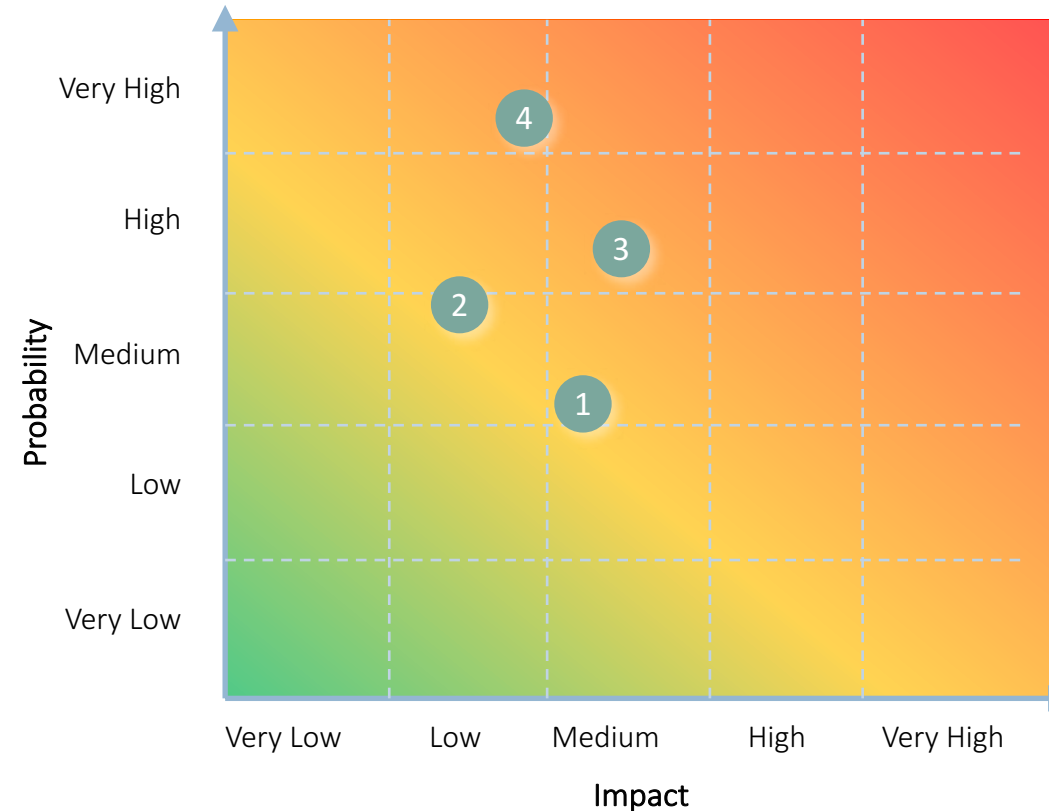
Reputational and Legal Risks

Reputational

- 1 Perception of the Hubs:** Risk that Hubs function as just another exclusive sports venue
Mitigation: Strong community outreach and consultation during Hub design and construction/ revitalisation phase
- 2 Value diversion:** Operators may deviate from the Trust's values
Mitigation: Strict vetting process and Trust's expectations to be made explicit in the contract for all operators
- 3 Funds disbursements:** Donors and financial supporters may question the funds and profits are used
Mitigation: Transparent reporting and disclosure through annual reports and communications

Legal

- 4 Injury of users:** User to sustain injury in the Hubs while utilising the facilities
Mitigation: Ensure all Hubs are covered by insurance and is made clear users are liable for their own injuries





CONCLUSION

Critical Drivers For Success

The current landscape of sports facilities in Malaysia and the various challenges present a significant opportunity for a unique idea that can create social and financial value to achieve the vision of a sporting nation.

Key drivers for success include:

- 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 proposed 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.



“

Sports is something fun when you bring the community together where everybody can enjoy. With sports and family, it can never go wrong.

**Tun Jeanne Abdullah,
Patron of the Paralympics Council**

”



Interested to find out more?

For more information on the Suka Sukan Trust project please contact *Pial Khadilla* at

pkhadilla@global-inst.com | Direct: +603 2246 6074