



NZTR Stakeholder Study

Prepared for New Zealand Thoroughbred Racing by IER Pty. Ltd.

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New Zealand Thoroughbred Racing / NZTR Stakeholder Research Study

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1. Background Information /

1.1 Introduction

IER was commissioned by New Zealand Thoroughbred Racing (NZTR) to undertake a research study of stakeholders in the New Zealand racing industry. The population of interest to this study is defined within the following qualifying criteria: -

- Breeders
- Licensed jockeys
- Owners
- Race clubs
- Racehorse trainers
- Stable hands

The objectives of the study include: -

- What key roles and responsibilities participants/stakeholders understand NZTR is currently performing for the Thoroughbred Code.
- If they consider these key roles and responsibilities are not the ones NZTR should be performing, what do they think our roles should be, and why?
- How participants / stakeholders perceive the organisation's performance (including its strengths and weaknesses), against each of the broad roles listed previously for which it has responsibility. This includes understanding respondents' thoughts on whether NZTR has improved / declined / stayed the same in its performance over the past 2-3 years.
- How participants / stakeholders perceive the performance of the organisation's Board of Directors within their specific roles, in terms of serving the interests of the Stakeholders as a whole.
- How participants / stakeholders perceive the performance of the NZTR management and, importantly, specific services (listed in Appendix 2). Are there weaknesses/strengths and how can we improve them?
- How effectively and inclusively, NZTR consults and communicates with participants / stakeholders on matters that impact participants / stakeholders. Where there are failures / shortcomings in their consultation and communications, perceived or otherwise, exactly where are these, and what NZTR should do to address these failures / shortcomings?

1.2 Methodology

IER, in conjunction with NZTR adopted the following methodology to satisfy the objectives of the study: -

Population of Interest

The population of interest to this study included participants and Clubs who form the stakeholders of the New Zealand thoroughbred racing industry - Breeders, licensed jockeys, owners, race clubs, racehorse trainers and stablehands. In a number of cross tabulations, IER has combined jockeys, trainers and stable hands to for a category called 'licensees'.

Instrumentation

IER and NZTR agreed to proceed with an on-line survey for the conduct of this study. The participants/clubs were sourced from NZTR in the form of a database of each category in an excel spreadsheet. In total, the survey comprised of up to 28 questions; however the number of questions completed was dependent upon certain responses selected by the participant/club.

Data Collection

IER successfully sent the stakeholder survey to 8,672 participants and 395 Club personnel. The overall sample of participants was 1,272 (14.7%) and 64 (16.2%), Club management and committee/board.

The sample size at an aggregate level produced a confidence interval of +/- 2.54 at a 95% confidence level. This small confidence interval demonstrates that the results have a suitably high degree of accuracy; hence this is likely to be a true reflection of the results of the wider population of stakeholders in the New Zealand thoroughbred racing industry.

It must be noted that caution should be used when assessing both jockeys and stables hands due to low samples within these categories. For this reason, IER has combined jockeys, trainers and stable hands to for a category called 'licensees'.

Definitions

IER has used a number of definitions in the report which are important to be explained: -

Stakeholders – includes breeders, licensed jockeys, owners, race clubs, racehorse trainers and stablehands.

Participants – includes breeders, licensed jockeys, owners, racehorse trainers and stablehands (not race clubs).

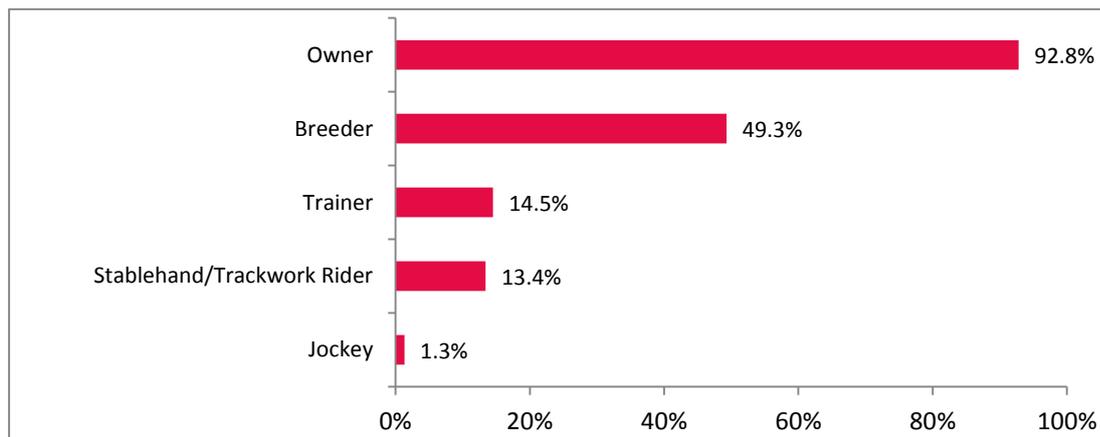
Licensees - includes licensed jockeys, racehorse trainers and stablehands.



2. Involvement in the New Zealand Racing Industry /

The survey asked all participants (not Club personnel), which roles they are involved in as a participant in the NZ thoroughbred racing industry. The chart below illustrates that participants undertake multiple roles in the industry. Owners constituted over 90% of all participants in the sample, while breeders made up close to 50%. Trainers and stablehands/trackwork riders formed 14.5% and 13.4% of the sample consecutively.

Figure 1: Involvement as a Participant in the NZ Racing Industry

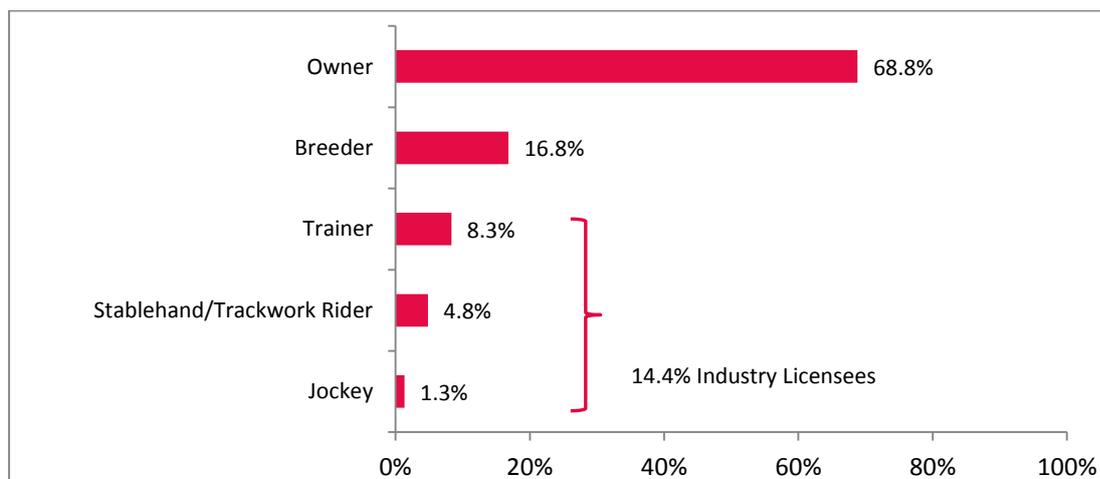


Base: Participants (n=1,272)

Q: In which of the following roles are you involved as a participant in the NZ thoroughbred racing industry?

The chart below illustrates the participant's primary involvement in the NZ thoroughbred racing industry. Overall, owners made up close to 69% of the sample, with breeders (16.8%), trainers (8.3%), stablehands/trackwork riders (4.8%) and jockeys (1.3%) forming the remainder of the sample.

Figure 2: Primary Involvement in the NZ Racing Industry



Base: Participants (n=1,272)

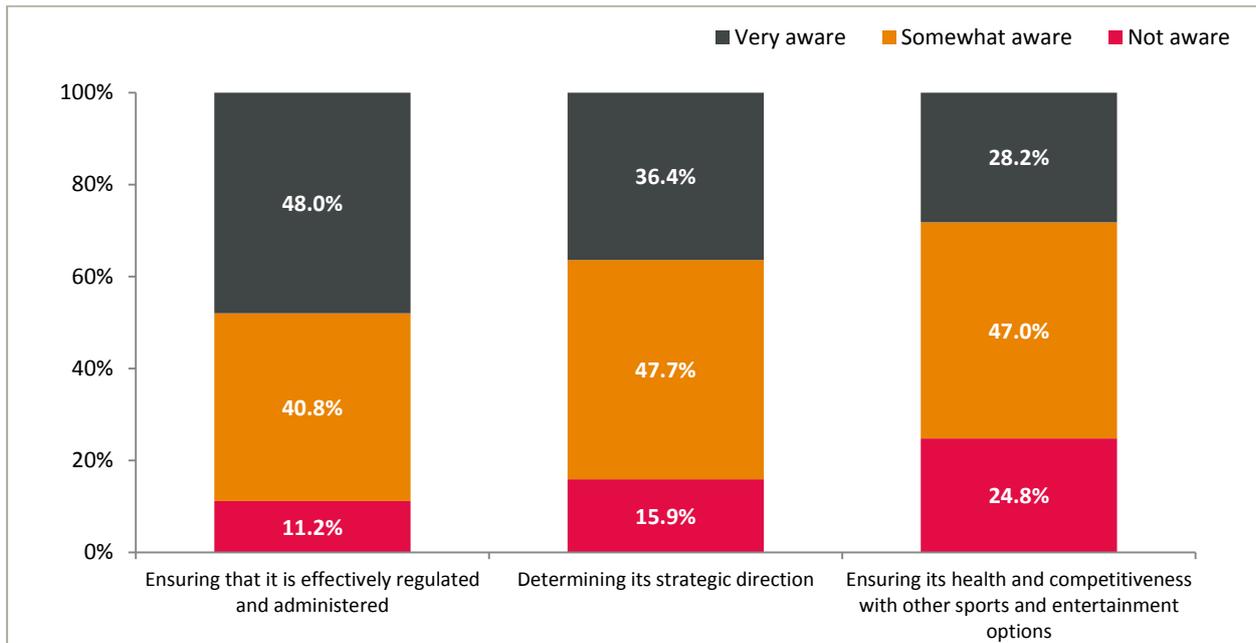
Q: Which of the following roles would you consider as your primary involvement in the NZ thoroughbred racing industry?



3. Awareness of NZTR Aims /

The survey asked all stakeholders if they were aware of the aims of NZTR. The graph below illustrates that the majority of stakeholders had some level of awareness (very and somewhat), of the aims of the organisation. "Ensuring its health and competitiveness with other sports and entertainment options", (24.8% - not aware) was the least recognised of the three strategic aims.

Figure 3: Awareness of Aims of NZTR



Base: Participants (n=1,258)

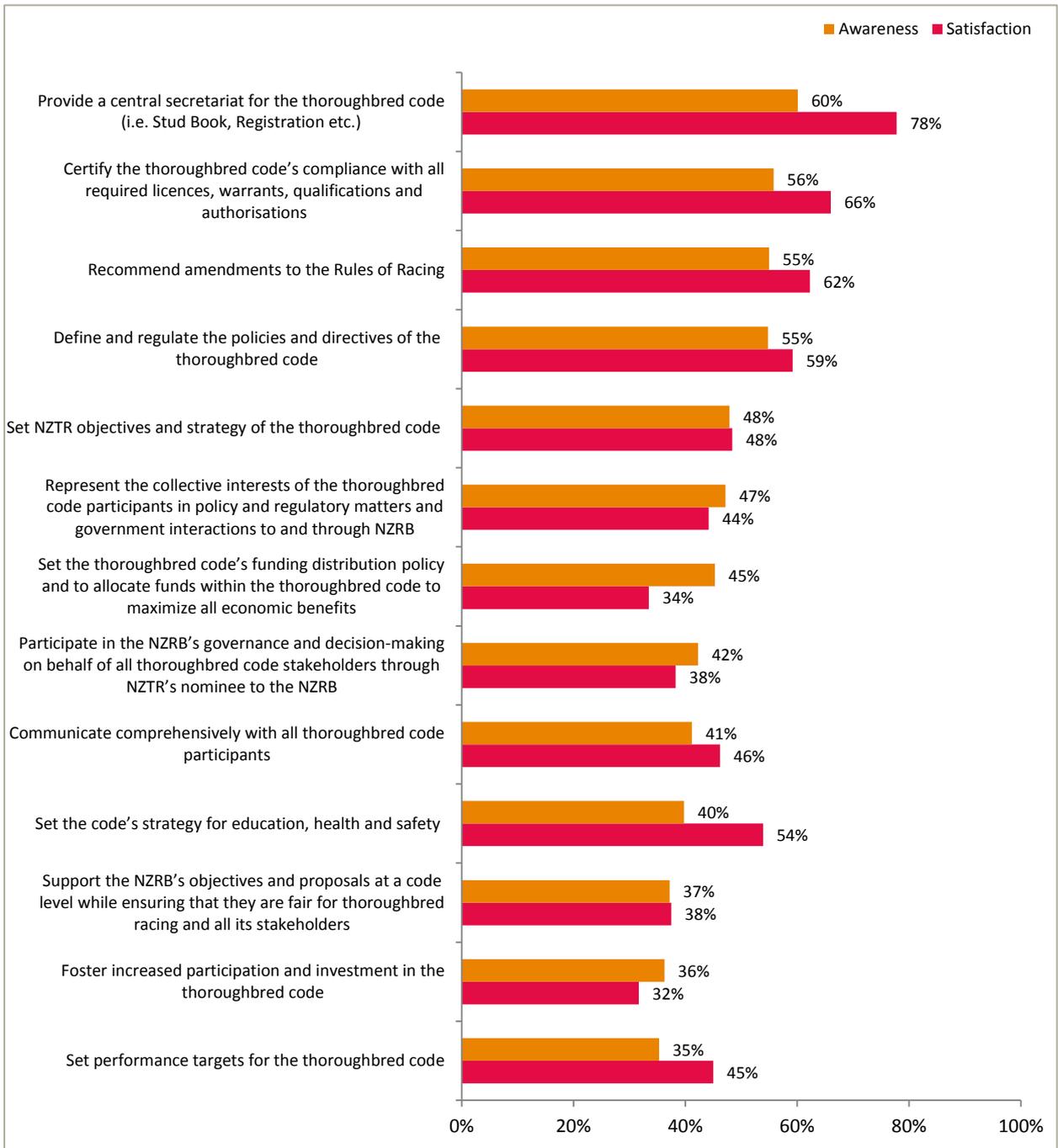
Q: The stated AIMS of NZTR are listed below. To what extent were you aware that these were the aims of NZTR?



4. Awareness and Satisfaction of NZTR Responsibilities /

The following chart compares the awareness ('very aware') and satisfaction ('well' and 'very well') of NZTR's governing body responsibilities by participants (not racing Clubs).

Figure 4: Awareness and Satisfaction with Operational Responsibilities



Base: All Respondents (n=1,214)

Q: The following list outlines the governing body responsibilities undertaken by NZTR. To what extent were you aware that NZTR had these responsibilities prior to now?

Q: Looking at the list of responsibilities that you had some awareness of, how well do you believe NZTR delivers on each? (where 1 = very poorly and 5 = very well)



It is important to note that only participants that were aware of the governing body responsibilities, were asked to rate their satisfaction.

The graph on the previous page illustrates that there is a high level of awareness by participants of NZTR's responsibility in 'Providing a central secretariat for the thoroughbred code' (60%), 'Certify the thoroughbred code's compliance with all required licences, warrants, qualifications and authorisations' (56%), 'Recommend amendments to the Rules of Racing' (55%) and 'Define and regulate the policies and directives of the thoroughbred code' (55%). Areas of low awareness by participants included 'Set performance targets for the thoroughbred code' (35%), 'Foster increased participation and investment in the thoroughbred code' (36%) and 'support the NZRB's objectives and proposals at a code level while ensuring that they are fair for thoroughbred racing and all its stakeholders' (37%).

The chart also compares the level of satisfaction (ratings – 'well' and 'very well') with the NZTR governing body responsibilities. Overall, participants indicated that they were very satisfied with NZTR's ability to 'Provide a central secretariat for the thoroughbred code (i.e. Stud Book, Registration etc.)' (78%), 'Certify the thoroughbred code's compliance with all required licences, warrants, qualifications and authorisations' (66%) and 'Recommend amendments to the Rules of Racing' (62%).

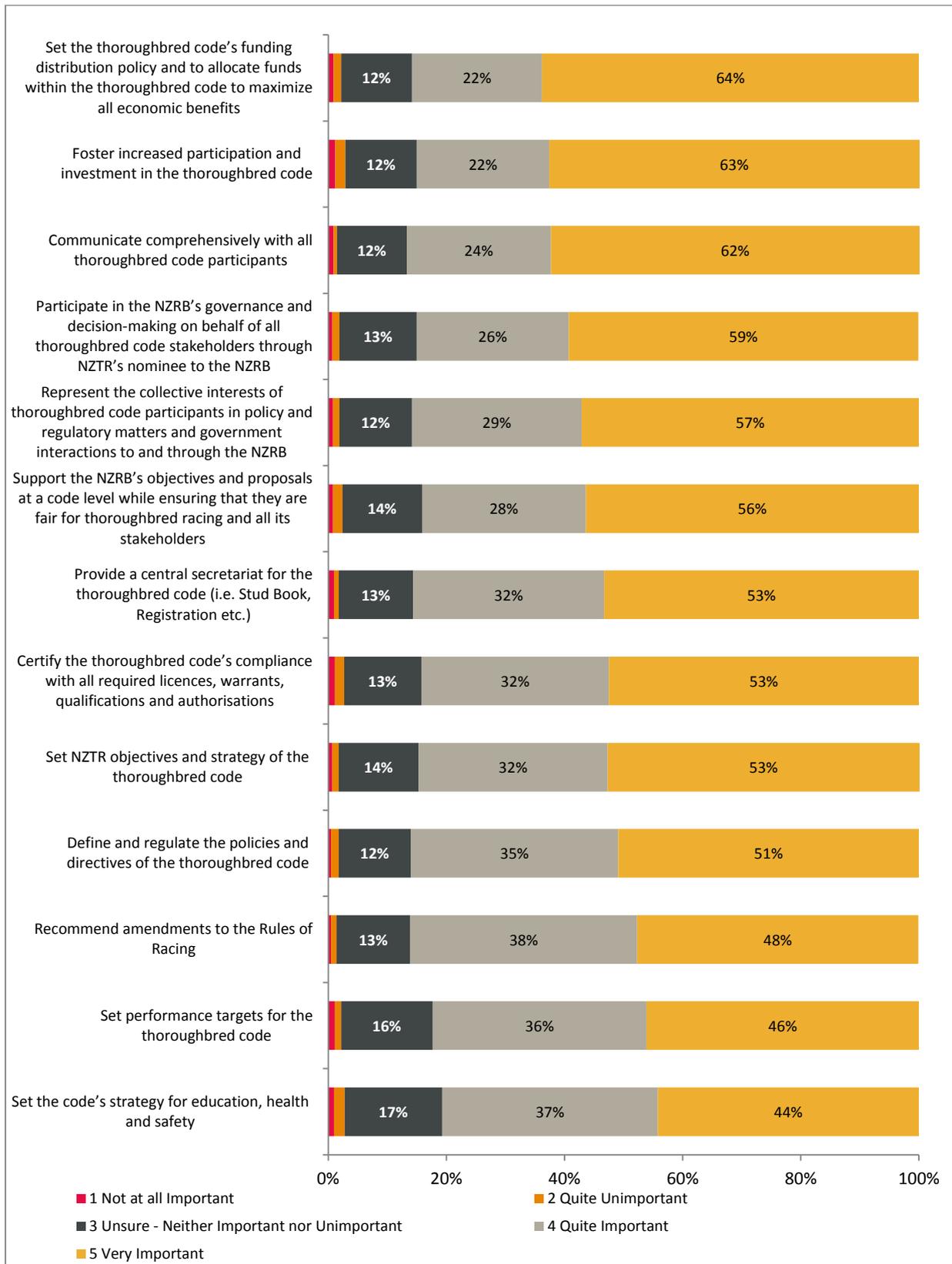
'Fostering increased participation and investment in the thoroughbred code' (32%), 'set the thoroughbred code's funding distribution policy and to allocate funds within the thoroughbred code to maximize all economic benefits' (34%) and 'supporting the NZRB's objectives and proposals at a code level while ensuring that they are fair for thoroughbred racing and all its stakeholders' (38%) were all rated low in terms of satisfaction with their delivery.

The chart on the following page illustrates the importance stakeholders placed on NZTR to undertake each of the operational responsibilities. Overall, when 'quite important' and 'very important' are combined, over 80% of all stakeholders believed that each responsibility held some level of importance. The three responsibilities with the highest importance included: -

1. Set the thoroughbred code's funding distribution policy and to allocate funds within the thoroughbred code to maximize all economic benefits **(86%)**
2. Communicate comprehensively with all thoroughbred code participants **(86%)**
3. Foster increased participation and investment in the thoroughbred code **(85%)**
4. Participate in the NZRB's governance and decision-making on behalf of all thoroughbred code stakeholders through NZTR's nominee to the NZRB **(85%)**



Figure 5: Importance of Operational Responsibilities



Base: All respondents (n=1,064)

Q: Looking at the list below, how important do you think it is that NZTR undertakes each of these responsibilities? (Where 1 = not at all important and 5 = extremely important)

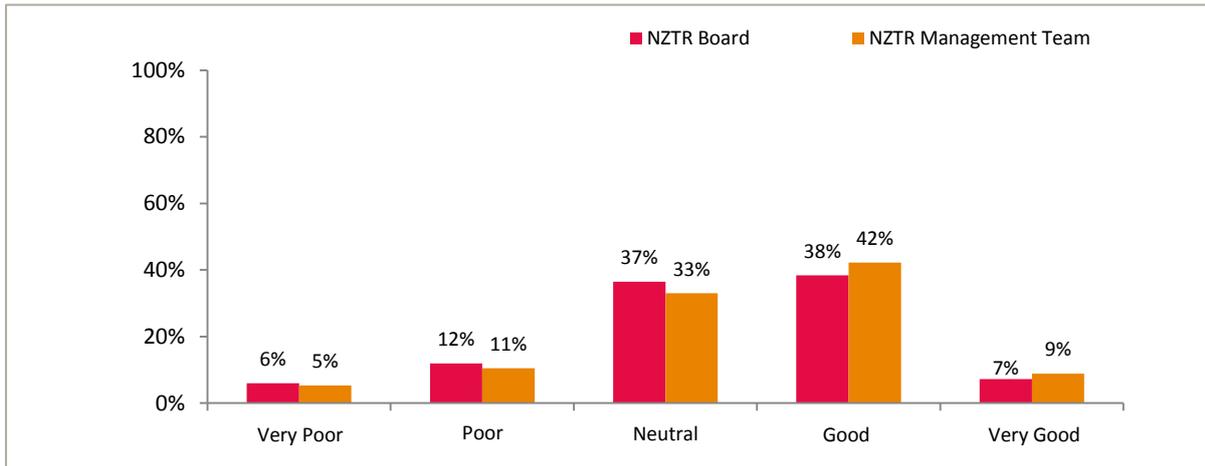




5. NZTR Board and Management Performance /

The survey asked respondents to rate the performance of the NZTR board and management team. Overall, 45% of stakeholders rated 'good' to 'very good' for the NZTR board, while 51% rated positively for the NZTR management team. Close to one-third of stakeholder rated 'neutral'.

Figure 6: NZTR Board and Management Performance

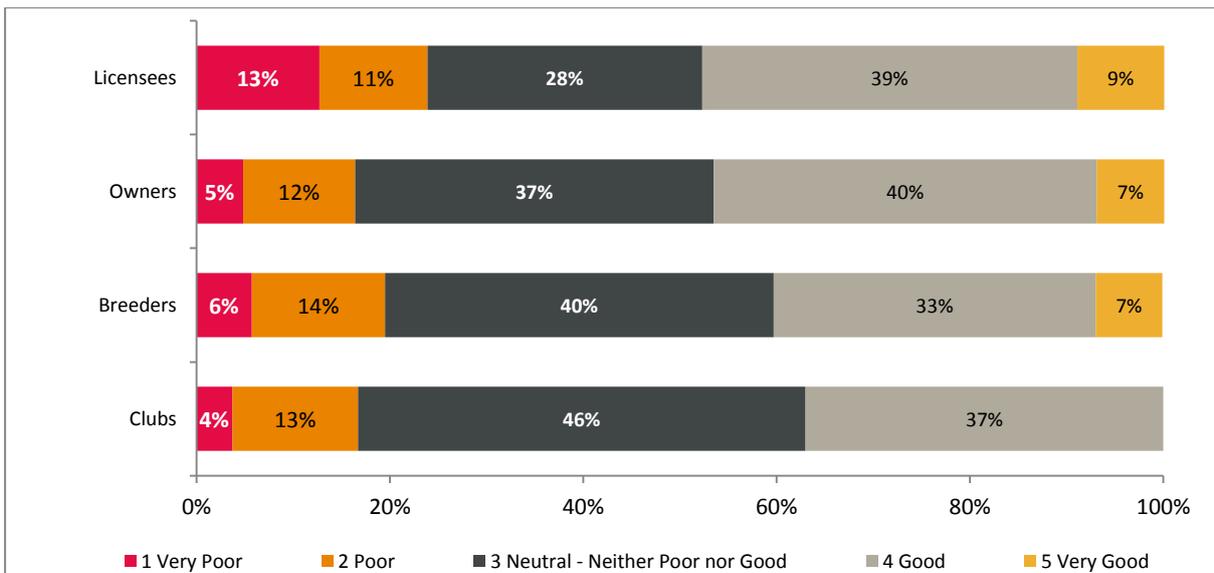


Base: All respondents (n=1,117)

Q: As an organisation that represents the Thoroughbred code, how would you currently rate NZTR's performance overall?

When NZTR board performance is cross-tabulated with the stakeholder segments, the survey revealed that licensees rated highest (combined 'good' and 'very good') at 48% compared to owners (47%) and breeders (40%).

Figure 7: NZTR Board Performance by Stakeholder Segments



Base: All respondents (n=1,117)

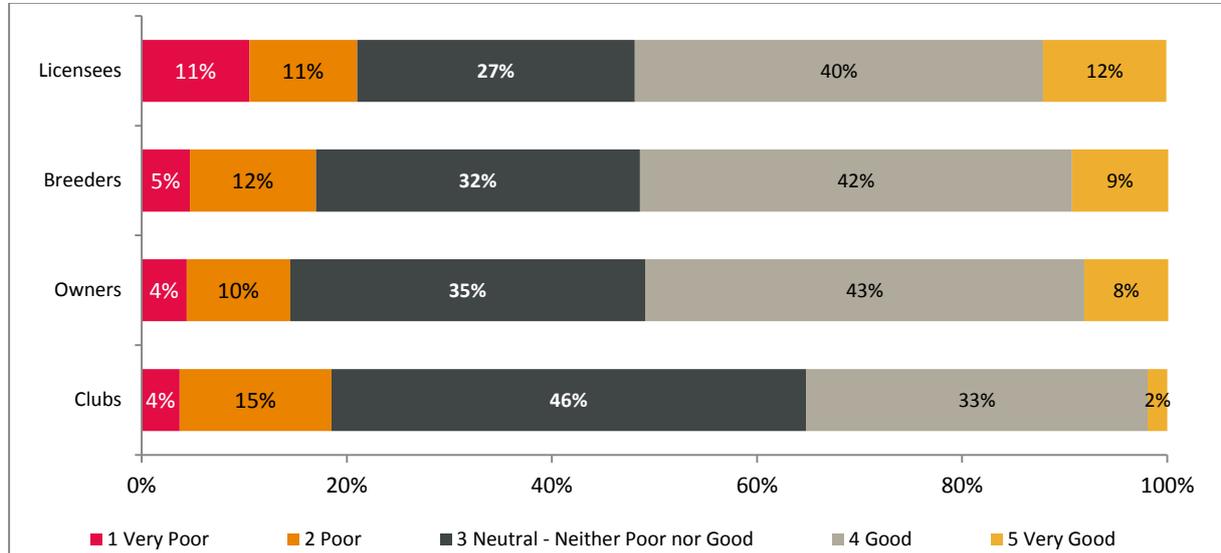
Q: As an organisation that represents the Thoroughbred code, how would you currently rate NZTR's performance overall?





When NZTR management performance is cross-tabulated with the stakeholder segments, the survey revealed that licensees again rated highest (combined 'good' and 'very good') at 52%, followed by breeders (51%) and owners (51%).

Figure 8: NZTR Management Performance by Stakeholder Segments

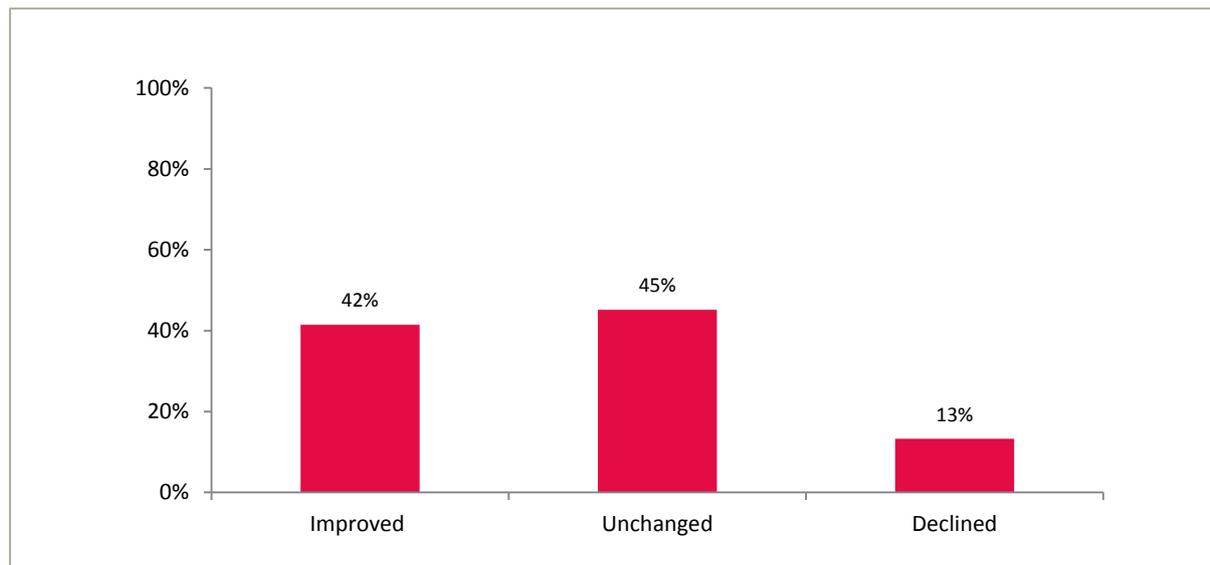


Base: All respondents (n=1,117)

Q: As an organisation that represents the Thoroughbred code, how would you currently rate NZTR's performance overall?

When asked to assess the NZTR's performance compared to 3 years ago, more than two in five stakeholders stated that they felt it had 'improved'. 45% of stakeholders indicated that NZTR's performance was 'unchanged'. Only 13% stated that NZTR's performance had declined.

Figure 9: NZTR Performance Compared to 3 years ago



Base: All respondents (n=1,011)

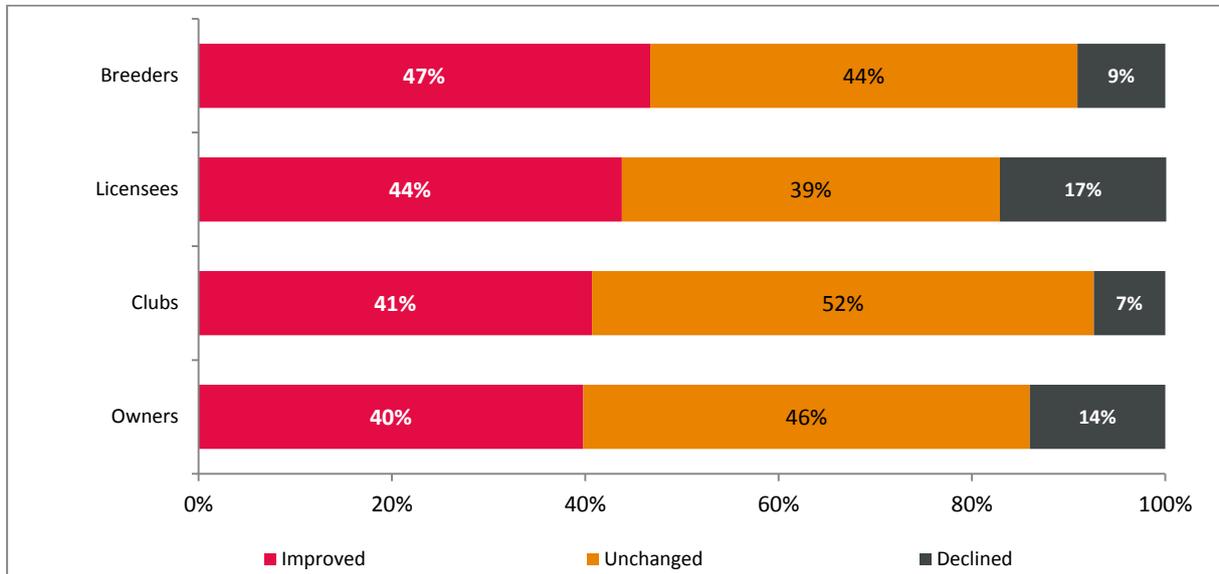
Q: How would you rate NZTR's performance today compared to 3 years ago?





When NZTR performance compared to three years ago is cross-tabulated with the stakeholder segments, the survey revealed that breeders rated highest (improved) at 47%, compared to Licensees (44%) and Clubs (41%). Interestingly, some Licensees appear to have some level of dissatisfaction with NZTR now when compared to three years ago, with 17% rating, 'declined'.

Figure 10: NZTR Performance Compared to 3 years ago by Stakeholder Segments



Base: All respondents (n=1,117)

Q: As an organisation that represents the Thoroughbred code, how would you currently rate NZTR's performance overall?

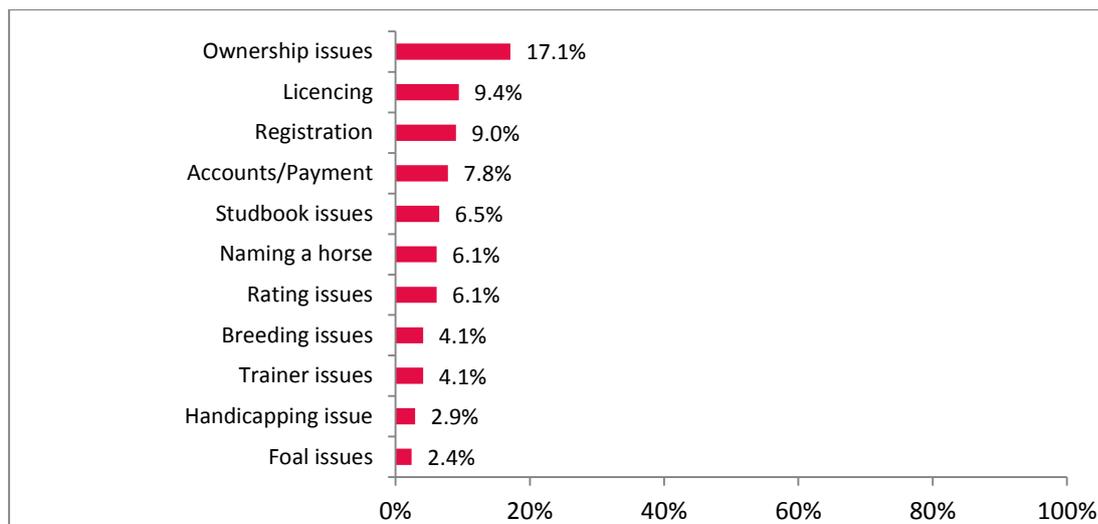


6. Communication with NZTR /

6.1 Stakeholder issues

In the last two years, 33% of stakeholders (n=1,005) have had cause to contact NZTR in relation to an issue or challenge faced. As the figure below illustrates, various ownership issues are the most common reason for stakeholders to contact NZTR. Licencing and registration account for almost 20% of enquiries and communication with NZTR, followed by Accounts (8%) and Studbook issues (7%).

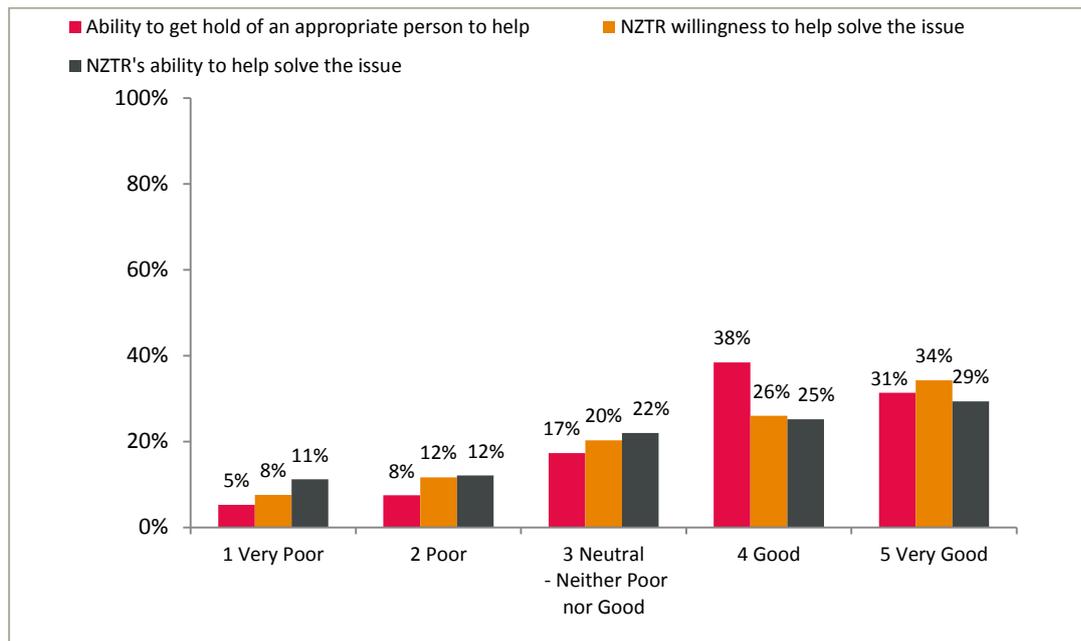
Figure 11: NZTR Stakeholder Issues



Base: All attendees (n=245)

Q: What issues specifically have caused you to contact NZTR directly?

Almost 70% of stakeholders rated NZTR's ability to get hold of the appropriate person to help as 'Good' or 'Very good'. Stakeholders who rated the ability to get hold of an appropriate person to help as 'Poor' (13%), were asked if they could elaborate on why they felt let down. Apart from not being able to have their query or request actioned, they were annoyed by being rotated through staff who couldn't help (18%), and having to explain the situation each time, or by the end person not having the necessary authority. Additionally, 47% of those who gave further explanation (n=34) said that they never received a reply email or phone call to resolve their issue. These dissatisfied stakeholders felt that NZTR taking 'ownership' of a problem and seeing its resolution through to the end is necessary for their rating to change to 'Good' or 'Very good'. Replying to emails and phone call messages was also seen as a crucial aspect of customer service and communication.

Figure 12: Communication Performance

Base: All respondents (n=318)

Q: How would you rate the following elements of those communication(s) with NZTR?

60% of stakeholders rated NZTR's willingness to help solve the issue as 'Good' or 'Very good'. Those who rated NZTR's willingness to help solve the issue as 'Poor' (20%) were asked if they could explain why they felt let down. Almost 15% said it was because they never received a reply, 37% referred to a culture of passing the buck or the query/complaint handler not being interested in the problem. The remainder of responses referred to specific matters or the unfavourable response to their request or query. Stakeholders dissatisfied with NZTR's willingness to solve the issue had recommendations that would result in a more favourable rating, and these were similar to those above. Specifically, more professionalism in receiving and responding to queries; taking ownership of a problem end to end (as opposed to passing the stakeholder around through departments); and showing genuine interest and concern for the stakeholder and the issue, were suggested.

While willingness to resolve the issue represents the staff's interest and effort to solve the problem, the third question in this section of the survey assessed stakeholder's perceptions of the competence of the staff handling queries and complaints. Almost 55% of stakeholders rated NZTR's ability to help solve the issue as 'Good' or 'Very good'. 23% of stakeholders rated NZTR's ability to help solve the issue as 'Poor'. The reasons given by stakeholders for this rating (n=53) included, 'not replying or taking action' (38%), 'passing the buck' to clubs or not acknowledging the complaint or issue when communicated (30%). The remaining responses related to very specific issues and their resolutions. As with the other two dimensions of communication with NZTR, stakeholders said that simply listening, acting and following up queries or issues, was required for a higher rating. From individual comments it appears that it is not an unfavourable outcome that irritates stakeholders, rather long delays in responding (or no response), or difficulties in logging an issue for attention in the first place (internal transfers).

One possible solution may be to devise a formalised complaint handling system that logs issues. Having a team member become responsible for a problem end to end may smooth the communication process internally and ensure that a stakeholder receives updates or resolutions in a timely manner. For example, it may be easier for the staff member who takes the initial call or email to record all the necessary information once, work out if the next level of management is required and if so, seek a response then report this to the customer. Passing the reporting and following up to a senior manager, (who is likely to be more time poor), or transferring the call/forwarding the email, is likely to result in the continuation of unanswered messages and emails. It may also be of use to provide a refresher course for complaint handling, as the individual comments suggest it is empathy that stakeholders desire above all else. Feeling a complaint has been heard, contemplated/acted on and then reported back to the stakeholder in a timely fashion, is the crux of these poor ratings, not the rulings themselves.

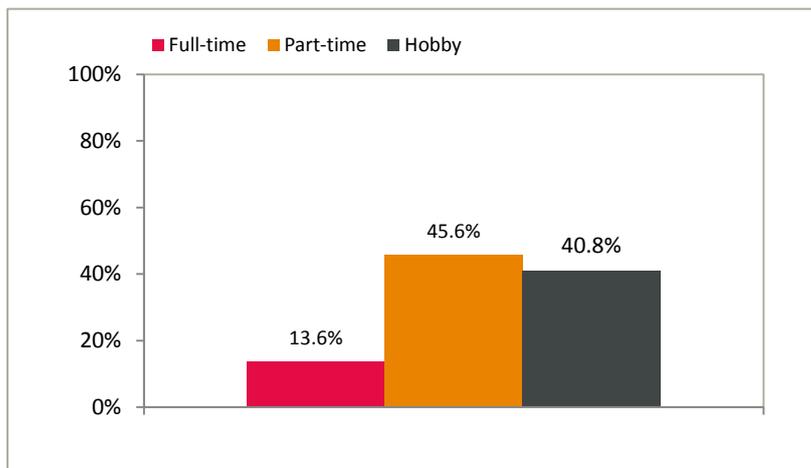
When filing a complaint or raising an issue, receiving communication from NZTR was highly desirable, but 90% of stakeholders (n=971) believe it is important to hear from NZTR regularly in general. The 10% who felt it was not important, were asked to expand on why they felt it unnecessary. The most common response was that it was only necessary to hear about important matters (50%, n=66), with some going further to say that if NZTR is performing its role well there is actually no need to hear receive communication. Individual respondents suggested that communication about only the most important matters could be done on a 6 month or yearly basis. Almost 10% said that the website provided enough information and stakeholders could control how much they accessed the site, themselves.

7. Racing Participants /

7.1 Breeders

The survey asked breeders how they identify themselves in terms of their involvement as a breeder. The graph below illustrates that just over 45% consider themselves to be part-time, with a further two in five identifying themselves as hobby breeders. Close to 14% stated that they were a full-time breeder.

Figure 13: Breeder Involvement



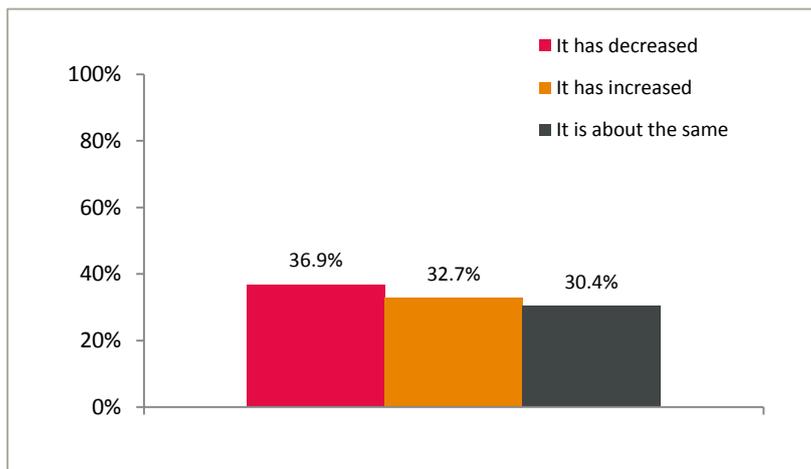
Base: Breeders (n=169)

Q: How do you consider your involvement as a breeder?

The survey also asked breeders to identify how many horses they bred in the last three seasons. On average, full-time breeders bred 14.3 foals, part-time breeders bred 3.6 foals and hobby breeders produced 1.5 foals. Furthermore, the survey asked breeders how long they had been breeding thoroughbreds – the average was 17.5 years.

The chart on the following page illustrates that close to 37% of breeders consider that the size and nature of their breeding interests have declined over the past 5 years. Close to one-third stated that their interests had increased while a further 30% of breeders revealed that their breeding interests had remained about the same over the past five years.

Figure 14: Size of Breeding Operation compared to Five Years Ago



Base: Breeders (n=168)

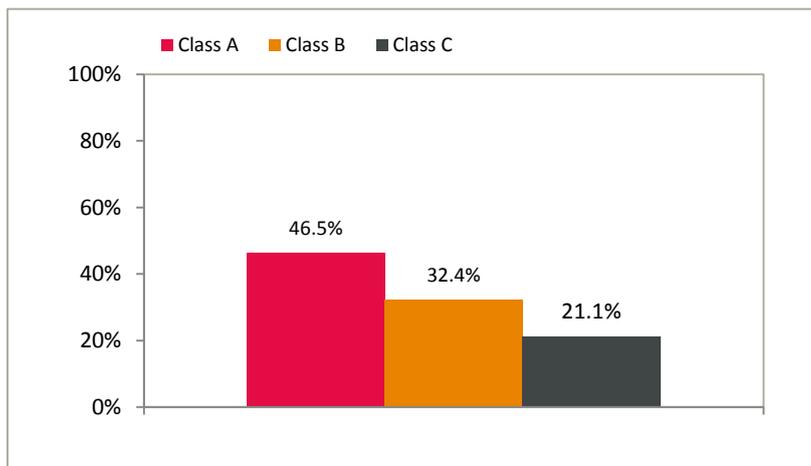
Q: How does the current size and nature of your breeding interests compare to 5 years ago?

Breeders were asked to explain what they believed were the major challenges facing the breeding industry in New Zealand. Their responses were wide and varied: -

- Low stake money/prize money
- Maintaining a strong domestic racing industry
- Increasing the value of fillies/fillies races
- Increasing costs
- Increasing attendances at race meetings
- Government lobbying/government recognition
- Rationalisation of racing clubs
- Declining number of local buyers
- Overall state of the economy
- Exchange rate
- No breeding incentives
- Fostering interest and participation

7.2 Trainers

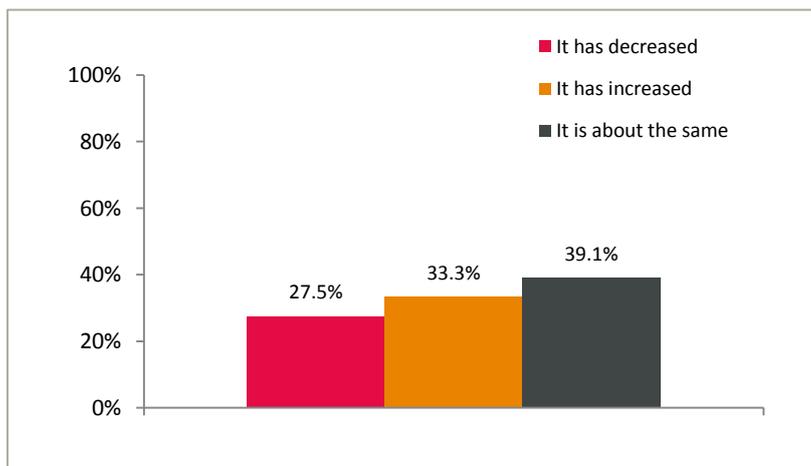
The survey asked trainers in which category they currently train racehorses. The chart on the following page illustrates that over 45% hold a Class A license, 32.4% hold a Class B license and just over 20% hold a Class C licence.

Figure 15: Trainer Category

Base: Trainers (n=71)

Q: In which of the following categories do you hold a trainers license?

Similar to breeders, trainers were asked to describe the size of their training operation in comparison to five years ago. Overall, more trainers had increased their interests (33%) with the just under 40% maintaining the same sized operation.

Figure 16: Size of Training Operation compared to Five Years Ago

Base: Trainers (n=69)

Q: How does the current size and nature of your training operation compare to 5 years ago?

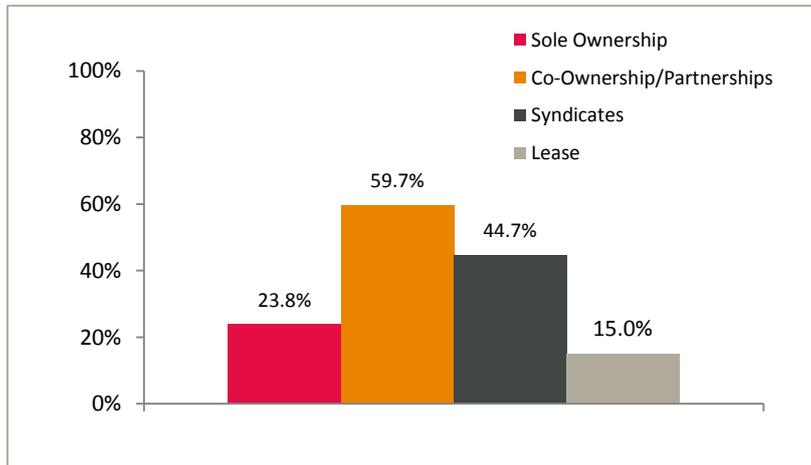
Trainers were asked to explain what they believed were the major challenges facing training in New Zealand. The following list provides a summary: -

- Low stakemoney/prizemoney (49%)
- Increasing costs (22%)
- Attracting new clients (13%)
- Quality of tracks (6%)
- Lack of trials (4%)
- Generating income (3%)
- Owners not paying (3%)

7.3 Owners

The survey revealed that the average owner in NZ has been involved in ownership for just over 17 years. As the chart illustrates below, the majority of owners categorise themselves as co-owners/partners of racehorses (59.7%), followed by syndicates (44.7%).

Figure 17: Current Ownership Categories

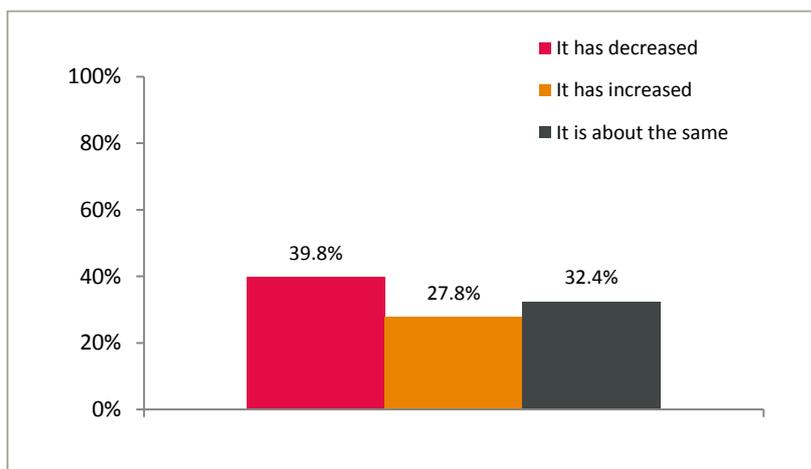


Base: Owners (n=682)

Q: In which of the following ways do you currently own horses?

The chart below illustrates that of the current ownership pool, close to 40% have decreased their ownership interests in the past five years. Close to a quarter of the sample stated that their ownership interests had increased (27.8%).

Figure 18: Size of Ownership Interests compared to Five Years Ago

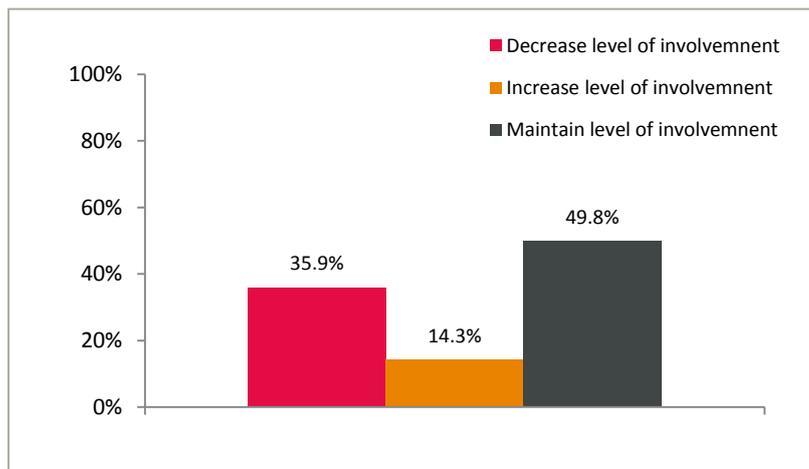


Base: Owners (n=986)

Q: How does the current level of ownership compare to 5 years ago?

The survey asked owners if they could describe their future level of involvement in the racing industry. Close to half of the sample stated that they would maintain their level of ownership interest (49.8%), with a further 36% indicating that they would decrease their level of involvement. Only 14% said they would increase their involvement.

Figure 19: Future Level of Ownership in the Racing Industry



Base: Owners (n=986)

Q: Which of the following statements best describes your future level of involvement in the racing industry?

When asked why they intend to decrease their involvement, the majority of owners referred to increasing costs and the lack of return from prizemoney. Examples of comments included: -

“Ancillary costs are too expensive: Agistment, Vet fees, Float fees have all gone up to a greater level than stakes”

“Solely because the stakemoney is insufficient to sustain any involvement whilst costs have sky rocketed to a unacceptable level”

“Stakemoney is too low in relation to costs. I’m not in it for the money as I love thoroughbred racing but we need to get real with the stakemoney as we will not entice new young owners to be involved in the future”

When asked why they intend to increase their involvement, the majority of owners referred to their love of racing/sport and the enjoyment. Examples of comments included: -

“Purely because I enjoy it, certainly not because it is getting easier or more fruitful for small owners”

“I’m passionate about the industry and love the ownership side”

“My love of the sport”

Owners were asked to explain what they believed were the major challenges facing ownership in New Zealand. The majority of owners focused on the rising cost of ownership, current prizemoney levels being insufficient and lack of return on investment. The following list provides a summary: -

- Low stakemoney/prizemoney (43%)



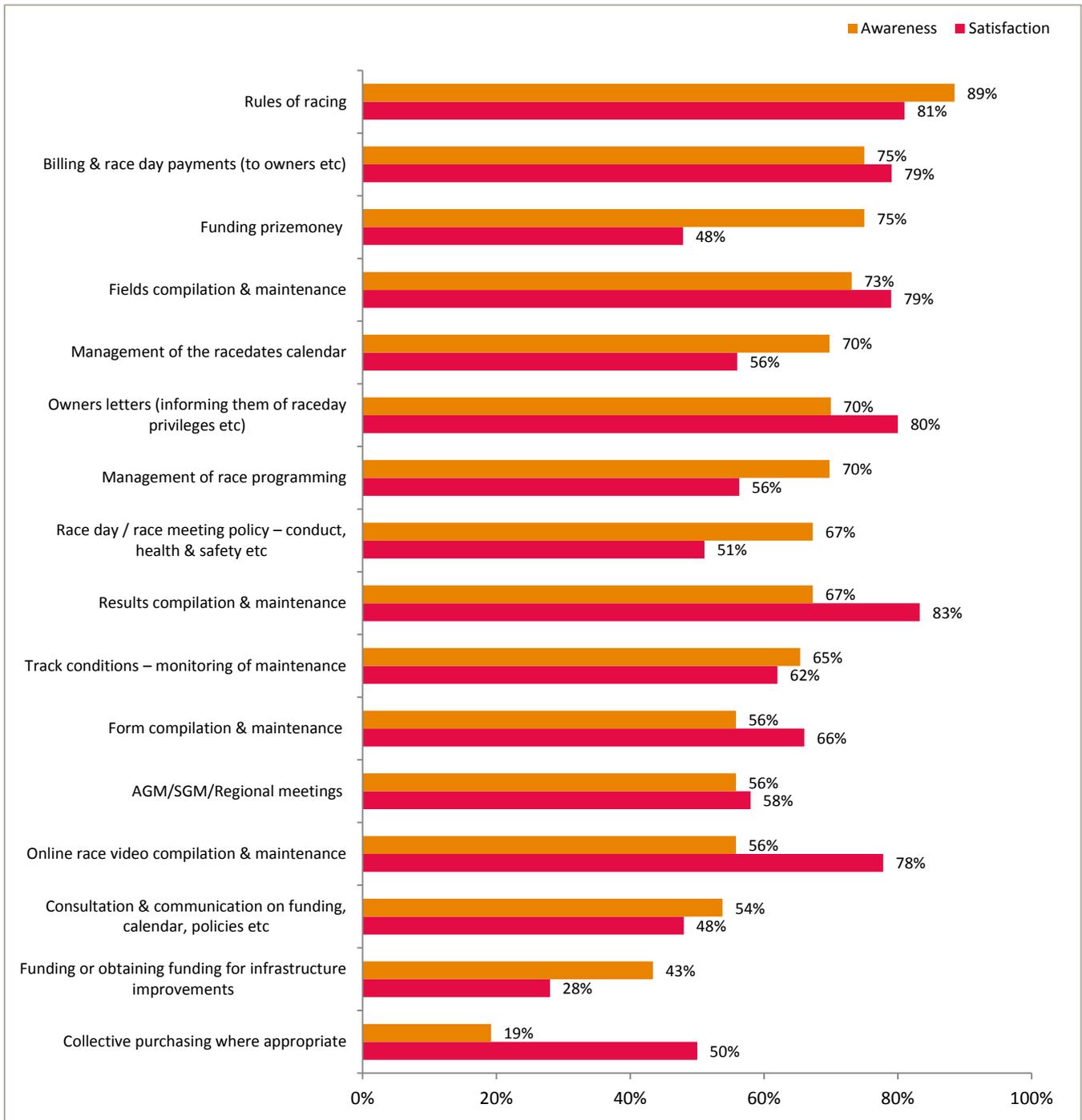
- Increasing costs (31%)
- Lack of return on investment (21%)



8. Racing Clubs /

The following chart illustrates the level of awareness (very aware) and satisfaction (ratings – well and very well) with a number of NZTR operational responsibilities by Clubs.

Figure 20: Awareness and Satisfaction with Operational Responsibilities



Base: Clubs (n=53)

Q: The following list outlines a number of operational responsibilities undertaken by NZTR. To what extent were you aware that NZTR had these responsibilities prior to now?

Q: Looking at the list of operational responsibilities that you had some awareness of, how well do you believe NZTR delivers on each? (where 1 = very poorly and 5 = very well)



The graph demonstrates that there is a high level of awareness by Clubs of NZTR's responsibility in managing the 'rules of racing' (89%), 'billing and raceday payments' (75%), 'funding prizemoney' (75%) and 'fields compilation and maintenance' (73%). Areas of low awareness by Clubs included 'collective purchasing' (19%), 'funding or obtaining funding for infrastructure improvements' (43%) and 'consultation and communication' (54%).

The chart also compares the level of satisfaction (ratings – well and very well) with the NZTR operational responsibilities. Overall, Clubs indicated that they were very satisfied with 'results compilation & maintenance' (83%), 'owner's letters (informing them of raceday privileges etc.)' (80%), 'fields compilation & maintenance' (79%) and 'billing & race day payments (to owners etc.)' (79%). It is important to note that only Clubs that were aware of the operational responsibilities were asked to rate their satisfaction.

'Funding or obtaining funding for infrastructure improvements' (28%), 'funding prizemoney' (48%) and 'consultation and communication' (48%), were all rated low in terms of satisfaction with their delivery.

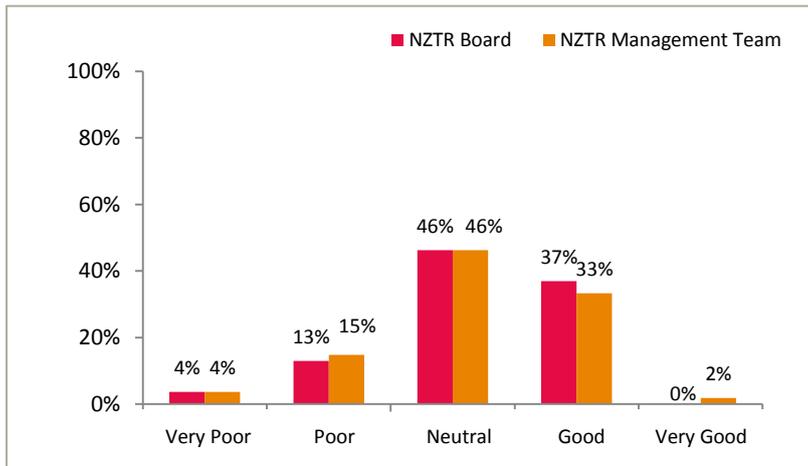
Clubs were asked to explain what they believed were the major challenges facing Racing Clubs in New Zealand. Their responses were wide and varied: -

- Providing a product attractive enough to engage the general public to come to the races
- Retaining owners
- Attracting younger people back to the races
- Cost of maintaining facilities
- Ability to self-fund, self-manage and govern effectively
- Lack of industry funding and too much reliance on voluntary labour
- Increased stakemoney
- Improving the image of racing and maintaining the standard of racecourses
- Demands placed by OSH and sourcing of sponsorship for weekday meetings
- Race dates to suit locality
- Too much Australian racing

The chart on the following page illustrates that Racing Clubs mostly rated the NZTR board and management team in the categories of 'neutral' (46%) and 'good' (37% & 33%). Less than 6% of the sample rated at either ends of the scale – 'very poor' and 'very good'.



Figure 21: NZTR Board and Management Performance (Racing Clubs)

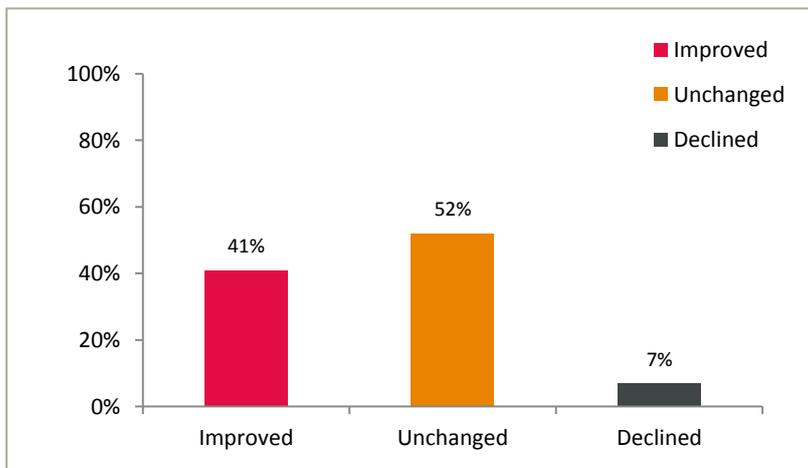


Base: Race Clubs (n=54)

Q: As an organisation that represents the Thoroughbred code, how would you currently rate NZTR's performance overall?{

When asked to assess NZTR's performance compared to 3 years ago, more than two in five Race Club personnel stated that they felt it had improved. Just over half of Club personnel indicated that NZTR's performance was 'unchanged'. Only 7% stated that NZTR's performance had declined.

Figure 22: NZTR's Performance Compared to 3 years ago



Base: Race Clubs (n=54)

Q: How would you rate NZTR's performance today compared to 3 years ago?

