



NZTR Stakeholder Study

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

September 2013

New Zealand Thoroughbred Racing / NZTR Stakeholder Research Study

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Date: September 2013

Job Reference: NZTR12R - 01



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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. This study follows on from a similar study conducted in July 2012. The 2013 report includes benchmarking of key results where applicable.

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.
- 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.
- 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. The methodology remained consistent with 2012; however the length of the survey was reduced to allow for benchmarking of key indicators only.

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 form 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 18 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 over 7,500 participants and Club personnel. The overall sample of participants was 1,293 (17.2%).

The sample size at an aggregate level produced a confidence interval of +/- 2.48 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 stable hands due to low samples within these categories. For this reason, IER has combined jockeys, trainers and stable hands to form 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).

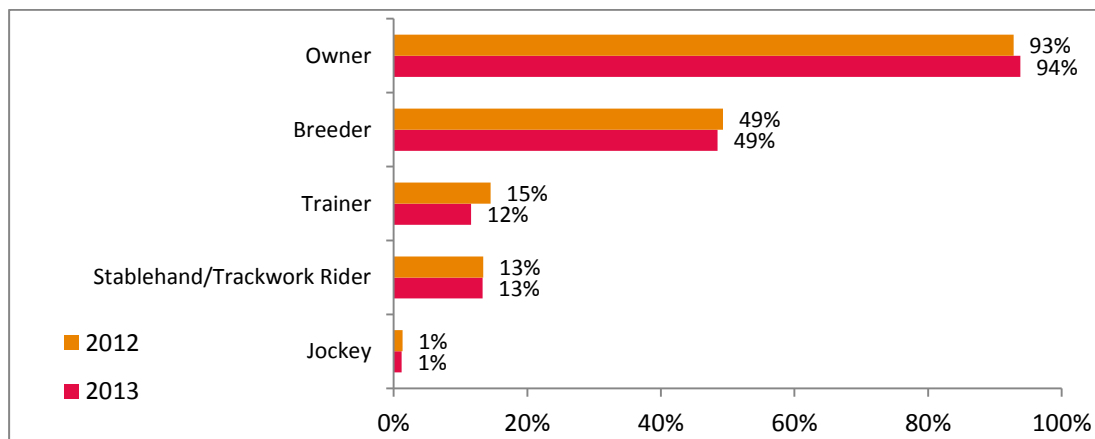
Licensees - includes licensed jockeys, racehorse trainers and stablehands.



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. Similar to 2012, owners constituted over 90% of all participants in the sample, while breeders made up close to 50%. Trainers and stablehands/trackwork riders formed 12% and 13% of the sample consecutively.

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

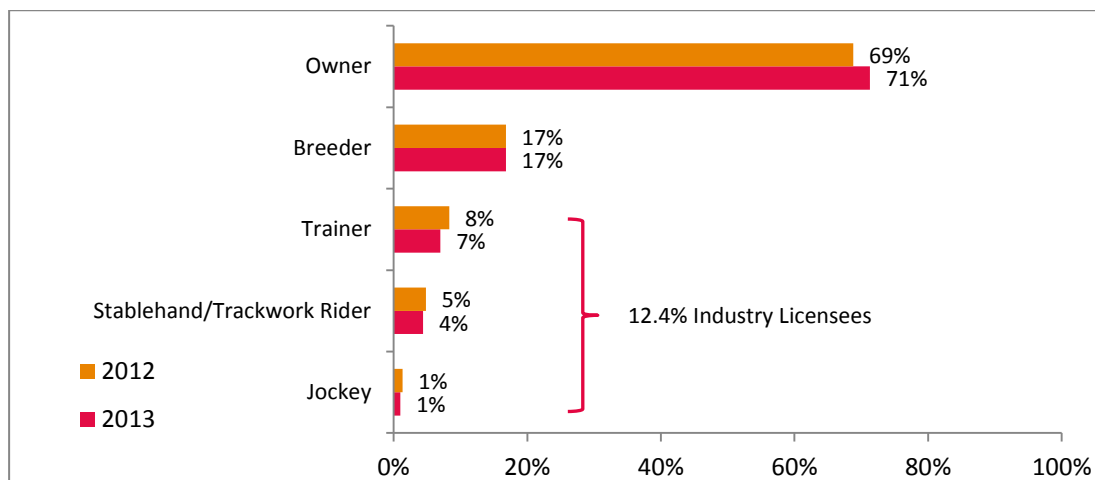


Base: Participants (n=1,281)

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 over 70% of the sample, with breeders (17%), trainers (7%), stablehands/trackwork riders (4%) and jockeys (1%) forming the remainder of the sample. Overall, the proportion of primary involvement by industry participants was very similar to 2012.

Figure 2: Primary Involvement in the NZ Racing Industry



Base: Participants (n=1,281)

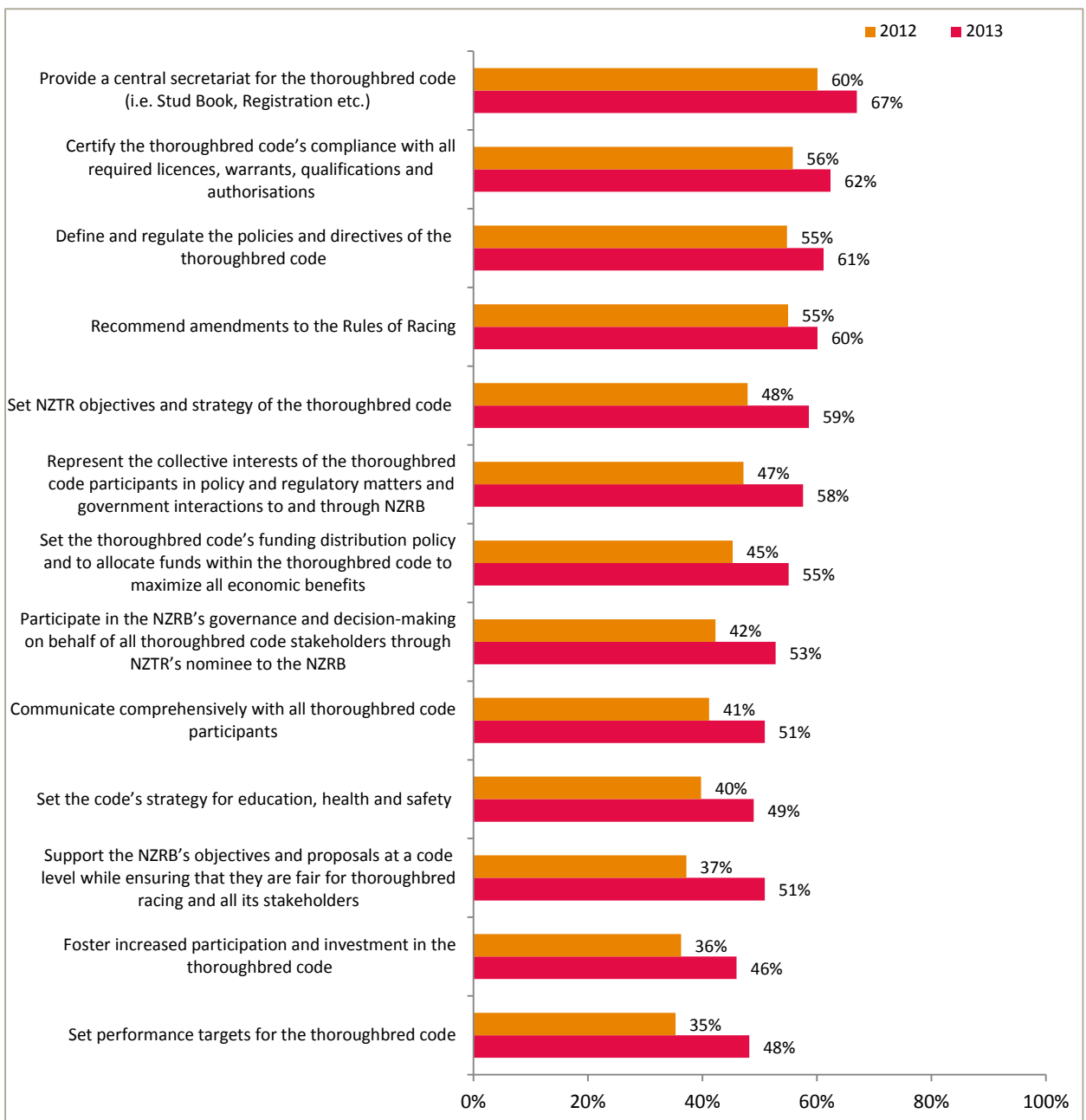
Q: Which of the following roles would you consider as your primary involvement in the NZ thoroughbred racing industry?



3. Awareness and Satisfaction of NZTR Responsibilities /

The following chart compares the awareness ('very aware') of NZTR's governing body responsibilities by participants (not racing Clubs) compared to 2012. The chart illustrates an increase in awareness across all responsibilities. There is a high level of awareness by participants of NZTR's responsibility in 'Providing a central secretariat for the thoroughbred code' (67%), 'Certify the thoroughbred code's compliance with all required licences, warrants, qualifications and authorisations' (62%) and 'Define and regulate the policies and directives of the thoroughbred code' (61%).

Figure 3: Awareness of Operational Responsibilities



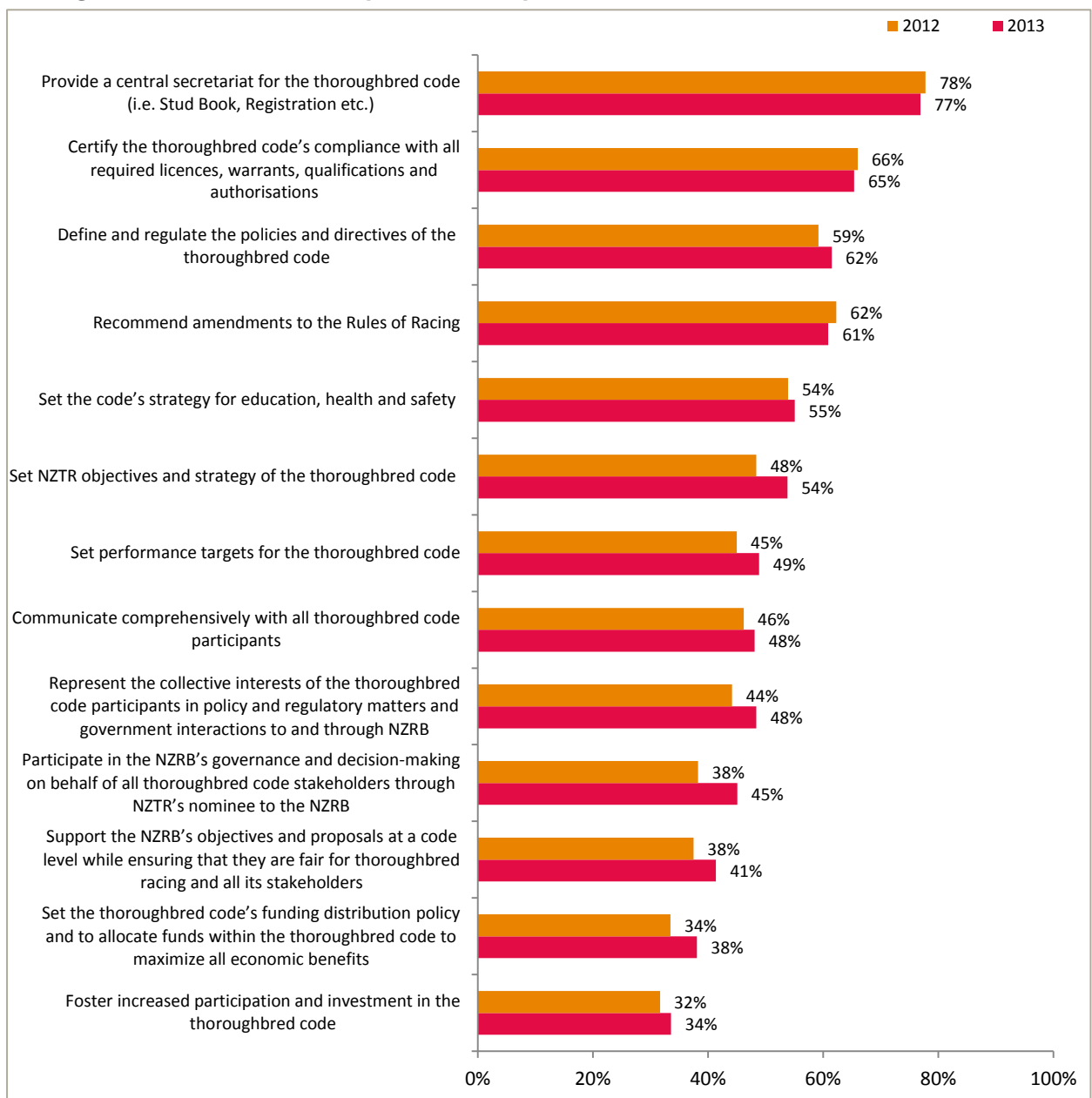
Base: All Respondents (n=1,214)

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?



The following chart compares the satisfaction ('well' and 'very well') of NZTR's governing body responsibilities by participants (not racing Clubs). Overall, ten of the thirteen ratings increased when compared to last year. Similar to 2012, 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.)' (77%), 'Certify the thoroughbred code's compliance with all required licences, warrants, qualifications and authorisations' (65%) and 'Define and regulate the policies and directives of the thoroughbred code' (62%). To 'Participate in the NZRB's governance and decision-making on behalf of all thoroughbred code stakeholders through NZTR's nominee to the NZRB' (45%) experienced the largest increase in satisfaction (by 7%).

Figure 4: Satisfaction with Operational Responsibilities



Base: All Respondents (n=1,214)

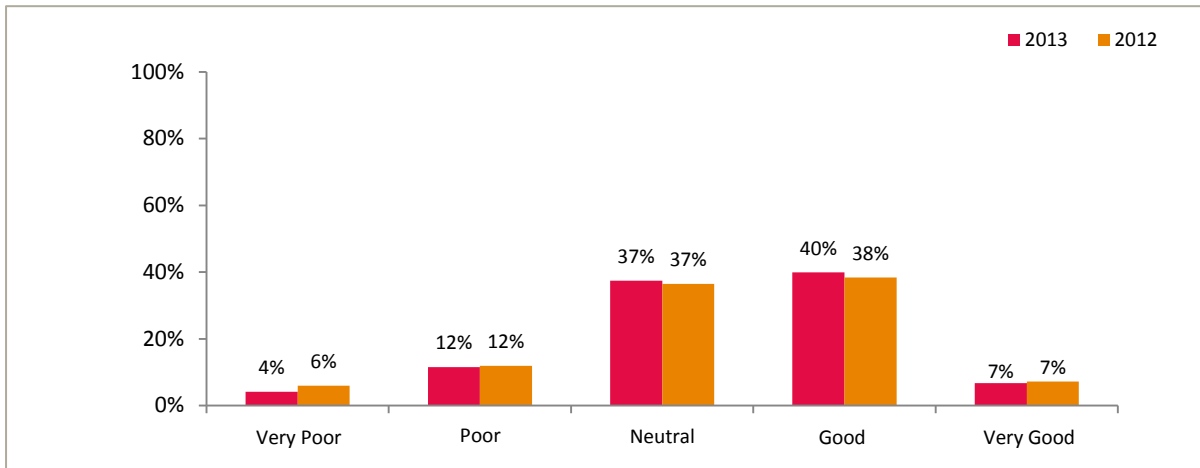
Q: Looking at the list of responsibilities that you had some awareness of, how well do you believe NZTR delivers on each? (where 1 = very poorly and 5 = very well)



4. NZTR Board and Management Performance /

The survey asked respondents to rate the performance of the NZTR board and management team. Overall, 47% of stakeholders rated 'good' to 'very good' for the NZTR board – an increase of 2% when compared to 2012. Similar to last year, close to one-third of stakeholders rated 'neutral – neither poor nor good' (37%).

Figure 5: NZTR Board Performance

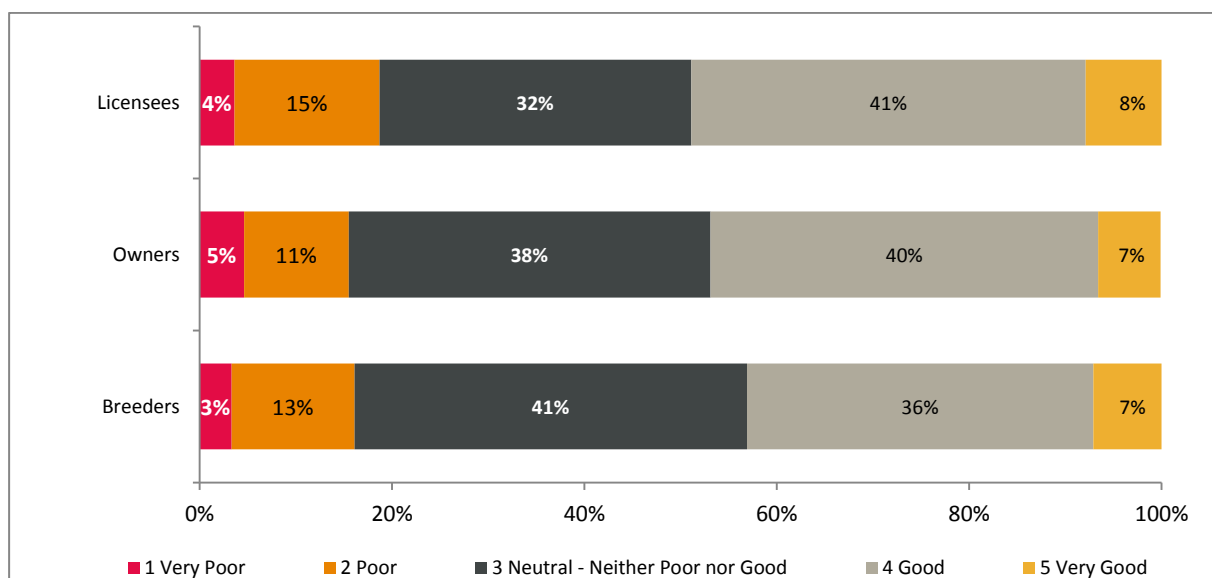


Base: All respondents (n=1,117)

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 49% (48% in 2012) compared to owners (47% - 47% in 2012) and breeders (43% - 40% in 2012).

Figure 6: NZTR Board Performance by Stakeholder Segments



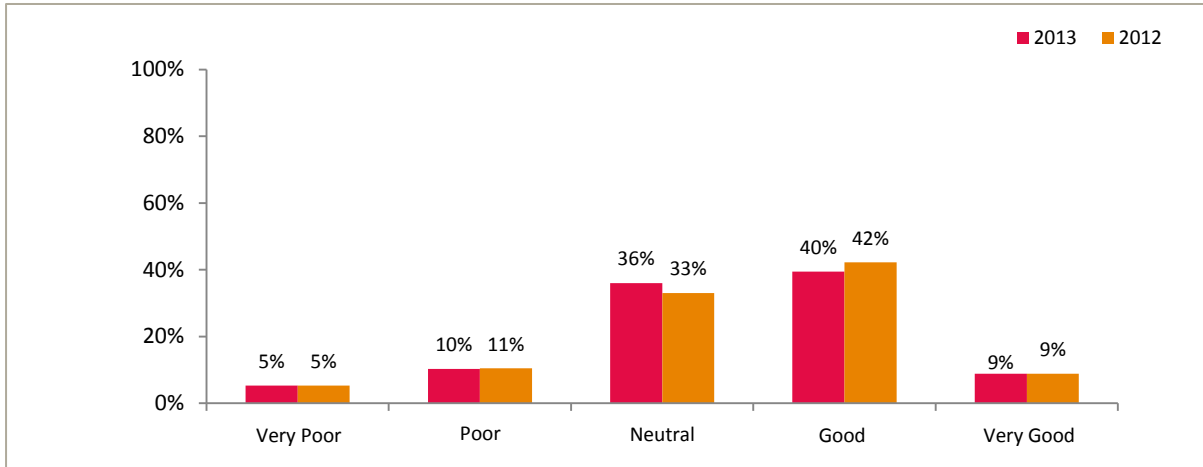
Base: All respondents (n=1,117)

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



When assessing NZTR management, stakeholders rated very similar to last year – ‘neutral’ gained 3%, taking 2% from ‘good’ and 1% from ‘poor’.

Figure 7: NZTR Management Performance

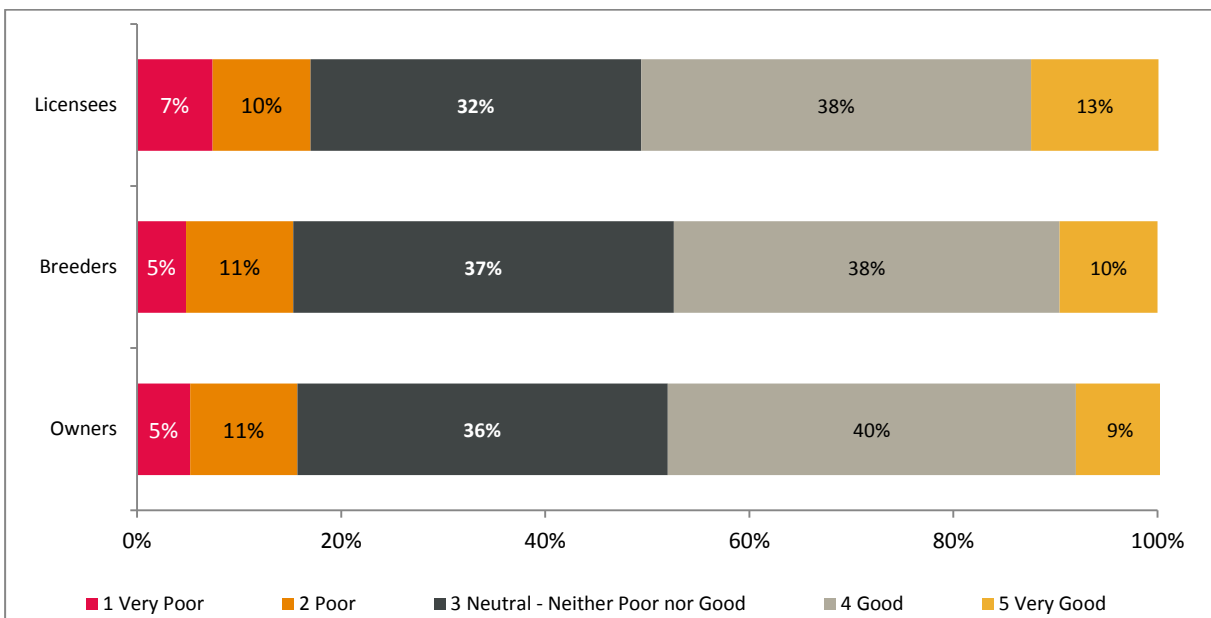


Base: All respondents (n=1,117)

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

When NZTR management performance is cross-tabulated with the stakeholder segments, the survey revealed that licensees again rated highest (combined ‘good’ and ‘very good’) at 51% (52% in 2012), followed by breeders (48% - 51% in 2012) and owners (49% - 51% in 2012).

Figure 8: NZTR Management Performance by Stakeholder Segments



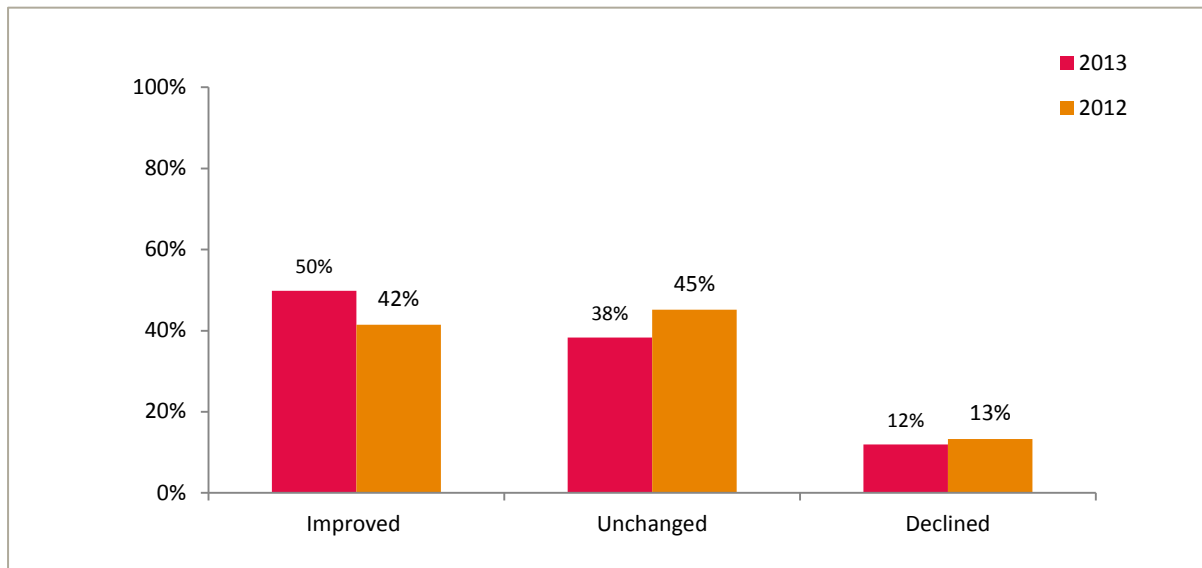
Base: All respondents (n=1,117)

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, half of all stakeholders stated that they felt it had ‘improved’. This was an increase of 8% when compared to the 2012 results. Just fewer than 40% stated that it was ‘unchanged’ – a decrease of 7% when compared to 2012. Only 12% stated that NZTR’s performance had declined.

Figure 9: NZTR Performance Compared to 3 years ago

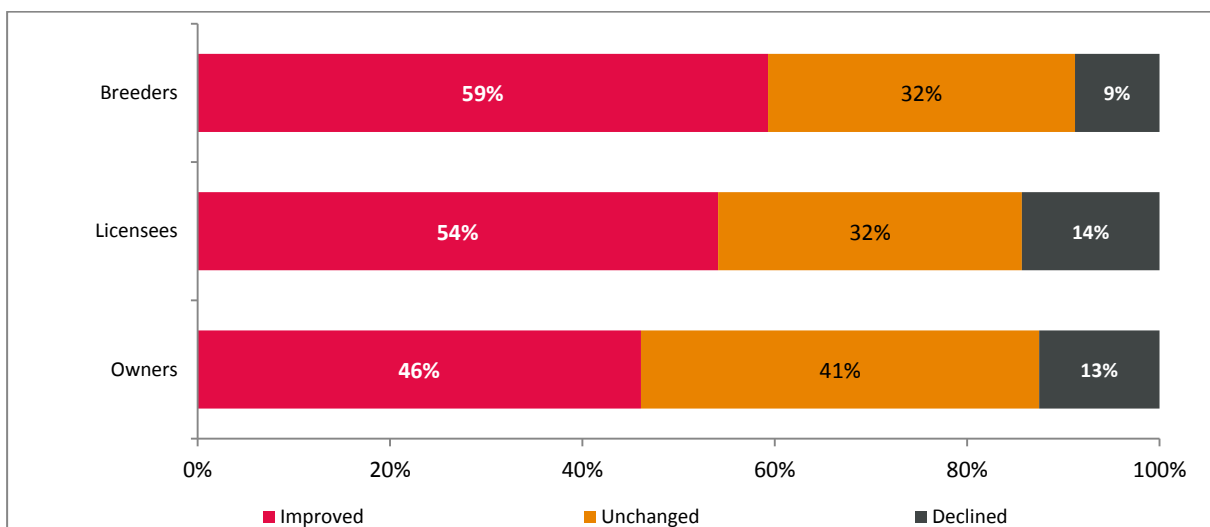


Base: All respondents (n=1,165)

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

When NZTR performance compared to 3 years ago is cross-tabulated with the stakeholder segments, the survey revealed that breeders rated highest (improved) at 59% (47% in 2012), compared to Licensees (54% - 44% in 2012) and Owners (46% - 40% in 2012). Interestingly, some Licensees appear to have some level of dissatisfaction with NZTR when compared to three years ago, with 14% 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?

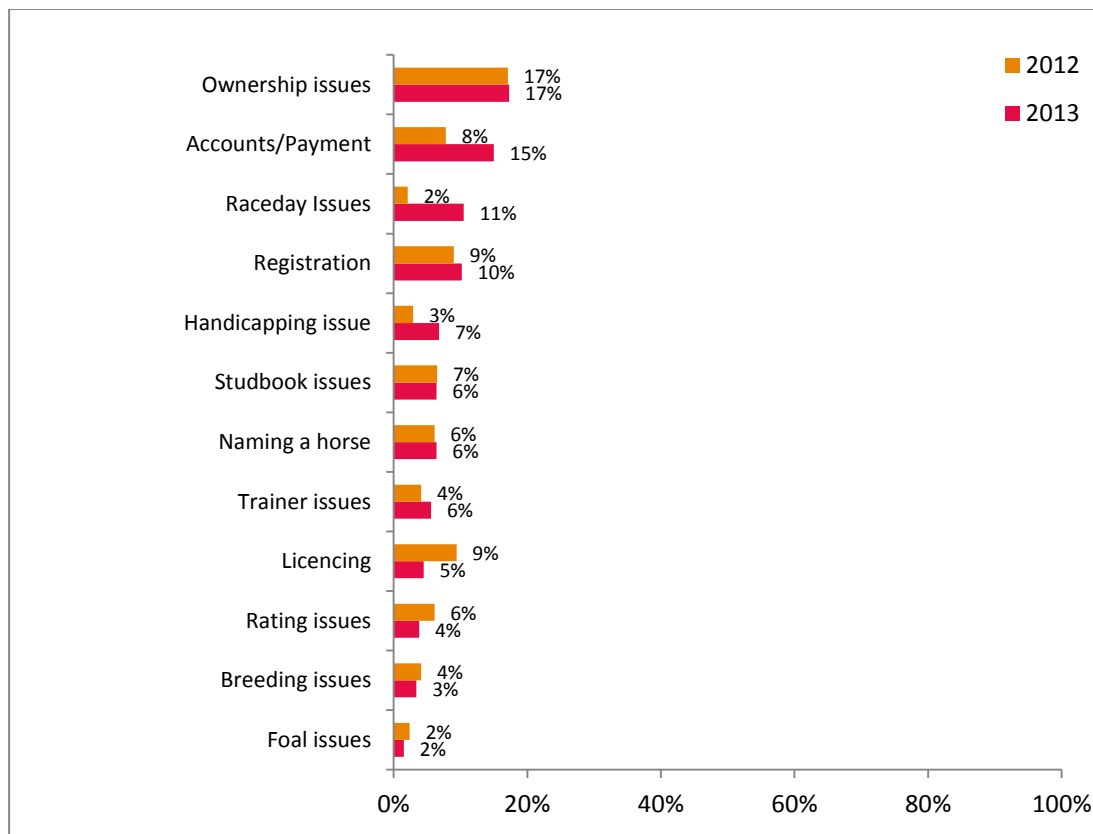


5. Communication with NZTR /

5.1 Stakeholder issues

In the last two years, 29% (33% in 2012) of stakeholders (n=353) 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. 'Ownership issues' accounted for 17% of enquiries and communication with NZTR, followed by 'accounts/payment' (15%) and 'raceday issues' (11%).

Figure 11: NZTR Stakeholder Issues



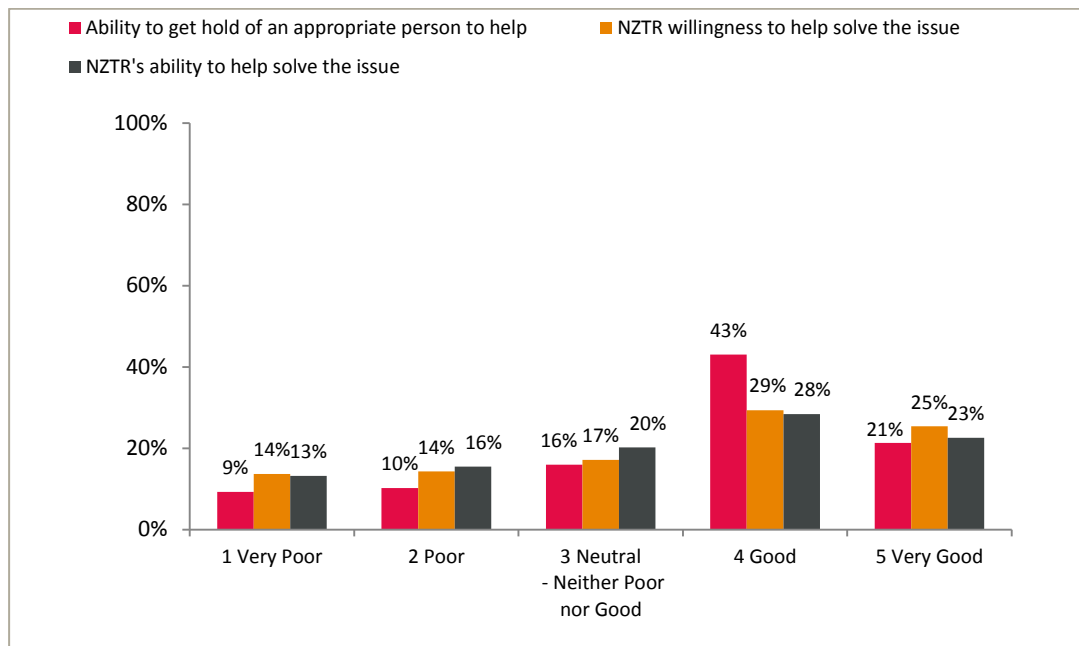
Base: All attendees (n=345)

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

The chart on the following page illustrates that almost 65% of stakeholders rated NZTR's ability to get hold of the appropriate person to help as 'Good' or 'Very good' – slightly lower than 2012 (69%). Stakeholders who rated the ability to get hold of an appropriate person to help as 'poor' or 'very poor' (19% or n = 53), were asked if they could elaborate on why they felt let down. The majority of feedback was related to not having received a response to the issue. This feedback included responses such as 'no reply', 'never heard from anyone' and 'no response to my email request'.



Figure 12: Communication Performance



Base: All respondents (n=343)

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

In 2013, 54% of stakeholders rated NZTR’s willingness to help solve the issue as ‘Good’ or ‘Very good’ (60% in 2012). Those who rated NZTR’s willingness to help solve the issue as ‘poor’ or ‘very poor’ (28% or n=72) were asked if they could explain why they felt let down. Responses varied from not receiving any feedback to an unwillingness or inability to solve the issue in some format.

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. Fifty-one percent of stakeholders rated NZTR’s ability to help solve the issue as ‘Good’ or ‘Very good’ (54% in 2012). Just fewer than 30% of stakeholders rated NZTR’s ability to help solve the issue as ‘poor’ or ‘very poor’. The reasons given by stakeholders for this rating (n=68) was mainly due to ‘not replying or taking action’. The remaining responses related to very specific issues and their resolutions.

NZTR’s 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).

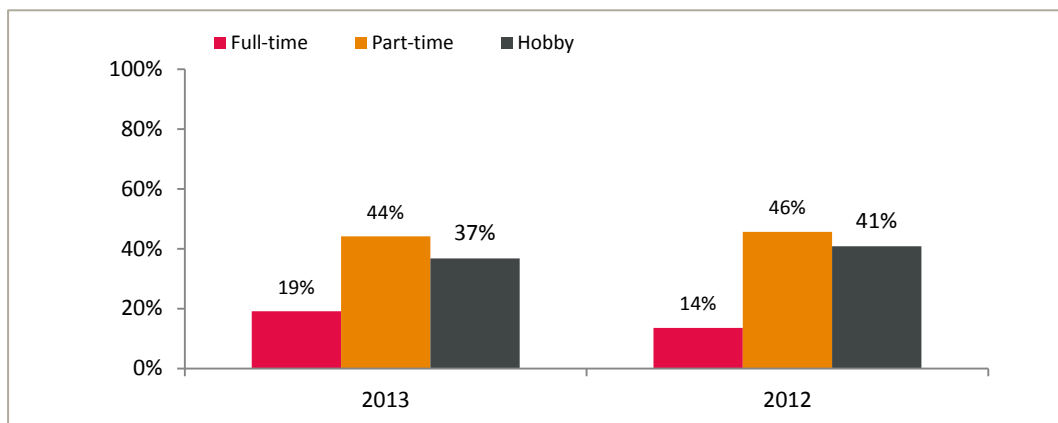


6. Racing Participants /

6.1 Breeders

The survey asked breeders how they identify themselves in terms of their involvement as a breeder. The graph below illustrates that just fewer than 45% consider themselves to be part-time, with a further one in five identifying themselves as a full-time breeder. Close to 37% stated that they were a hobby breeder. Compared to 2012, the proportion of full-time breeders in the sample has increased – at the expense of hobby breeders.

Figure 13: Breeder Involvement

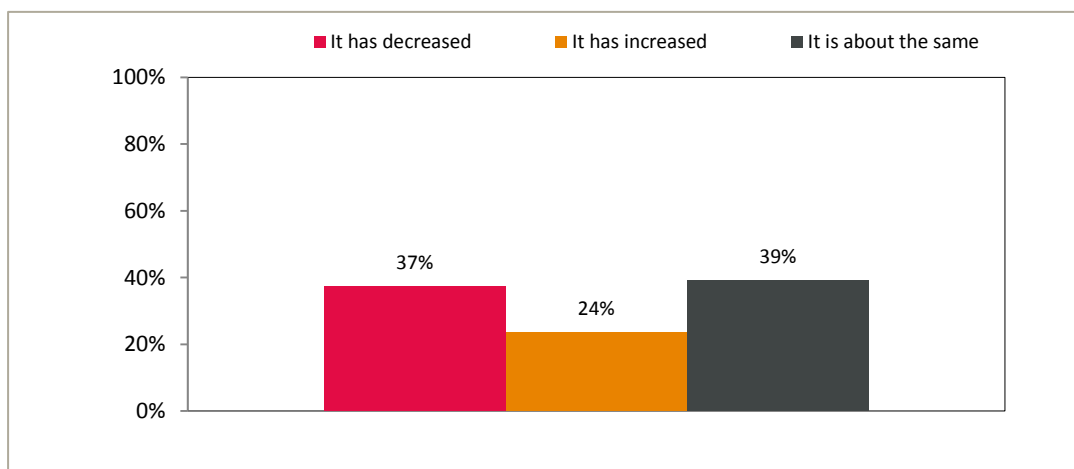


Base: Breeders (n=204)

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

The chart below illustrates that close to 37% of breeders consider that the size and nature of their breeding interests have declined over the past 12 months. Close to one in four stated that that their interests had increased while a further 39% of breeders revealed that their breeding interests had remained about the same over the past 12 months.

Figure 14: Size of Breeding Operation compared to Twelve Months Ago



Base: Breeders (n=204)

Q: How does the current size and nature of your breeding interests compare to 12 months ago?

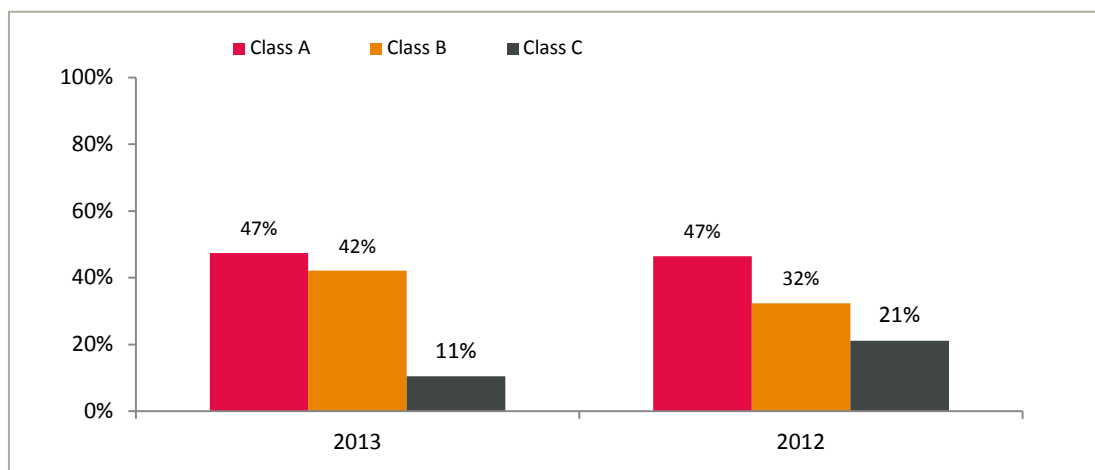
Breeders were asked to explain what they believed were the major challenges facing the breeding industry in New Zealand. Their responses were wide and varied: -

- The involvement of future generations of New Zealanders in all aspects of the industry
- Profitability decline through rising costs
- Race stakes increases to ensure ownership
- Price of service fees
- Loss of public interest in racing
- The economic climate
- No breeding incentives
- Fostering interest and participation
- Weakness of domestic racing
- Participation of those under 40yrs old
- Consolidating racecourses

6.2 Trainers

The survey asked trainers in which category they currently train racehorses. The following chart illustrates that 47% hold a Class A license, 42% hold a Class B license and just over 10% hold a Class C licence. Compared to 2012, the proportion of Class B trainers in the sample has increased – at the expense of Class C trainers.

Figure 15: Trainer Category

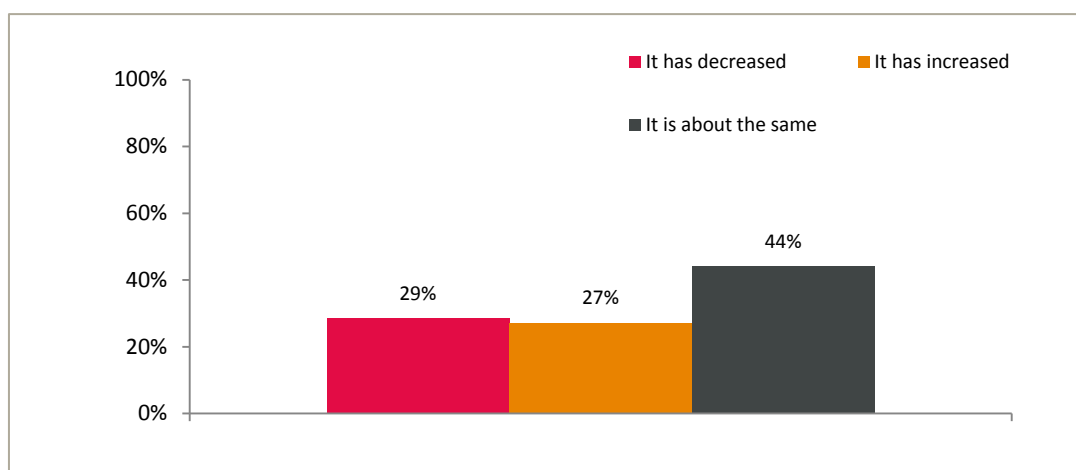


Base: Trainers (n=76)

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 12 months ago. Overall, approximately the same proportion of trainers who had reduced their operation (29%) was similar to those who had increased their interests (27%) with the just under 45% maintaining the same sized operation.

Figure 16: Size of Training Operation compared to 12 Months Ago



Base: Trainers (n=77)

Q: How does the current size and nature of your training operation compare to 12 months ago?

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

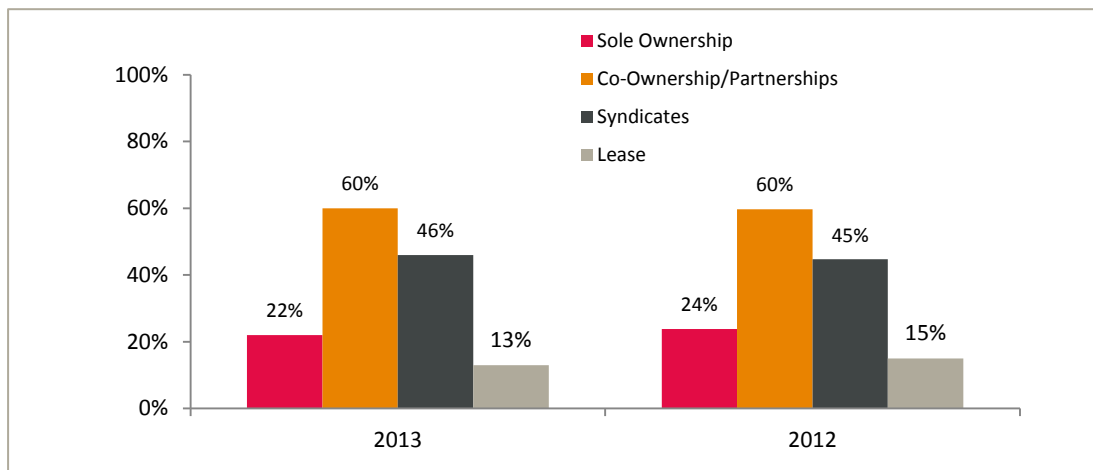
- Low stake money/prize money
- Increasing costs
- Poor programming of races
- Retaining clients
- Finding new owners
- Quality of training tracks
- Lack of trackwork riders



6.3 Owners

The survey revealed that the average owner in NZ has been involved in ownership for just over 18 years. As the chart illustrates below, the majority of owners categorise themselves as co-owners/partners of racehorses (60%), followed by syndicates (46%). The proportion of owners in the sample was very similar to 2012.

Figure 17: Current Ownership Categories

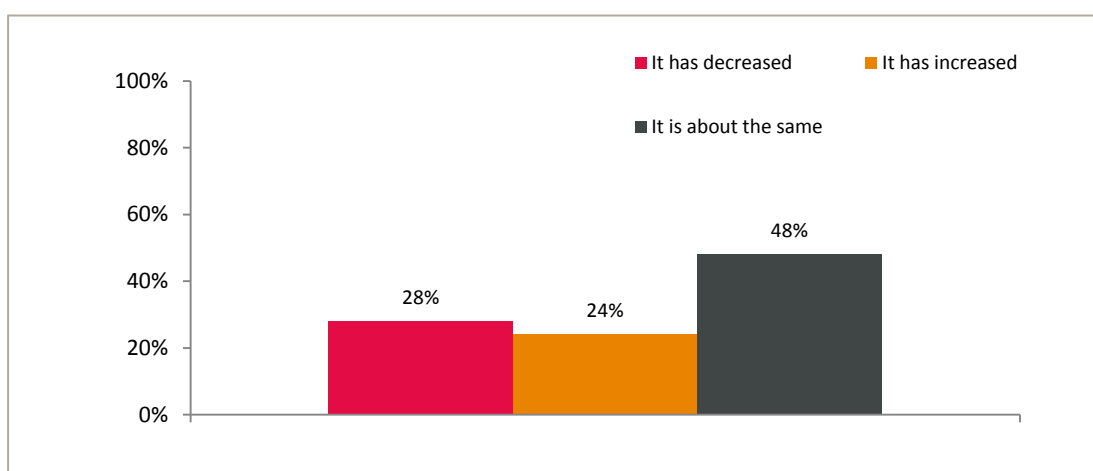


Base: Owners (n=837)

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

The chart below illustrates that of the current ownership pool, close to 28% have decreased their ownership interests in the past 12 months. Close to a quarter of the sample stated that their ownership interests had increased (24%).

Figure 18: Size of Ownership Interests compared to Twelve Months Ago



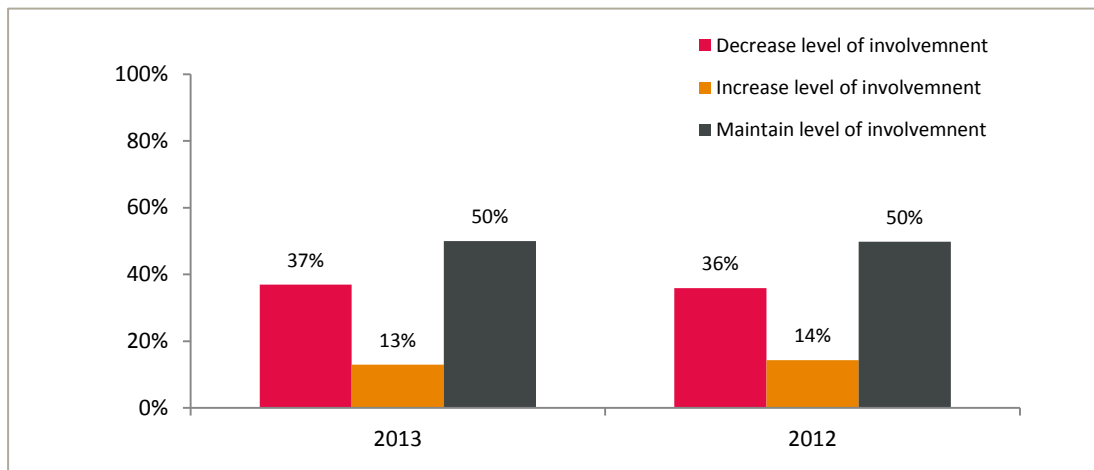
Base: Owners (n=834)

Q: How does the current level of ownership compare to 12 months ago?

The survey asked owners if they could describe their future level of involvement in the racing industry. Half of the entire sample stated that they would maintain their level of ownership interest (50%), with a

further 37% indicating that they would decrease their level of involvement. Only 13% said they would increase their involvement. These results are nearly identical to 2012.

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: -

“Cost and lack of return both through racing and costs of selling with poor returns on foals, yearlings”

“I don't get the same enjoyment as I used to - there are no benefits to owners, the costs are higher, the stakes are lower, and you cannot visit your horse at the race meetings”

“It is costing a fortune and my blind enthusiasm is nearly been beaten to death”

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: -

“If financially viable I would love to increase my involvement because I am passionate about horses and love racing”

“I love the sport and the game itself, so want to be more actively involved”

“I enjoy the Challenge”

Owners were asked to explain what they believed were the major challenges facing ownership in New Zealand. Similar to 2012, 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: -

- Increases costs decreasing returns
- Returns to Owners
- Return on investment, poor overall racing experience, too many poor facilities
- Trying to encourage people to share in Ownership of a Horse
- Affordability - total stakes too little compared with total expenditure on training
- The increasing cost to own a horse and the nomination, scratching , acceptance and riding fees
- Quality tracks; poor stake money; professionalism of track riders
- Lack of return on investment