





9 November 2012

HNA Handicap Update

Dear Sir/Madam,

There appears to be a misconception that the new maximum score of 2 over and 3 over on any hole, depending on handicap, has caused an imbalance in the handicap system. Handicaps Network Africa would therefore like to update the golfers on the actual statistics on the handicap system.

The essence of a handicap system is that it should allow golfers of differing abilities the opportunity to compete with one another on an equal basis.

So how do we measure how well or badly the SAGA Handicap system is delivering on the above objective?

The only true measure is in the statistics, because it is quite clear that golfer's perceptions and the reality are very different.

The accepted international standard is to look at how often golfers play to or below their handicaps, and secondly how often do golfers shoot exceptional scores of more than 3 below their handicap.

The statistics for Golfers playing to their handicap are reflected below.

Male

| HCP Range | Apr '12 | May '12 | Jun '12 | Jul'12 | Aug '12 | Sep '12 | Oct '12 |
|------------------|---------|---------|---------|--------|---------|---------|---------|
| -6 to 5 | 17% | 19% | 15% | 15% | 15% | 19% | 22% |
| 6 to 12 | 17% | 18% | 16% | 15% | 16% | 19% | 21% |
| 13 to 18 | 17% | 19% | 16% | 16% | 17% | 19% | 22% |
| 19 to 24 | 17% | 18% | 16% | 16% | 17% | 19% | 21% |
| 25 to 36 | 19% | 19% | 18% | 19% | 20% | 22% | 22% |
| Total | 17% | 18% | 16% | 16% | 17% | 19% | 21% |

Female

| HCP Range | Apr '12 | May '12 | Jun '12 | Jul'12 | Aug '12 | Sep '12 | Oct '12 |
|------------------|---------|---------|---------|--------|---------|---------|---------|
| -6 to 5 | 18% | 20% | 17% | 14% | 18% | 19% | 17% |
| 6 to 12 | 16% | 18% | 16% | 16% | 14% | 19% | 19% |
| 13 to 18 | 17% | 18% | 16% | 16% | 17% | 20% | 20% |
| 19 to 24 | 14% | 15% | 15% | 14% | 15% | 17% | 17% |
| 25 to 36 | 13% | 14% | 14% | 14% | 16% | 17% | 16% |
| Total | 14% | 15% | 15% | 14% | 16% | 18% | 17% |

From these stats it is quite clear that golfers play to or below their handicap at a similar percentage of the rounds played, so the system is fair to all golfers and not favouring any handicap group.

The Statistics for exceptional scores of 3 or more shots below handicap are reflected below.

| HCP Range | Apr'12 | May '12 | June '12 | July '12 | Aug '12 | Sep '12 | Oct '12 |
|-----------|--------|---------|----------|----------|---------|---------|---------|
| -6 to 5 | 2.79% | 3.50% | 2.41% | 2.37% | 2.38% | 3.42% | 4.12% |
| 6 to 12 | 3.41% | 3.84% | 3.09% | 2.83% | 3.04% | 3.86% | 4.93% |
| 13 to 18 | 3.84% | 4.10% | 3.47% | 3.27% | 3.58% | 4.22% | 4.96% |
| 19 to 24 | 3.89% | 4.24% | 3.69% | 3.77% | 4.18% | 4.70% | 5.16% |
| 25 to 36 | 4.32% | 4.75% | 4.49% | 4.69% | 5.10% | 5.81% | 5.68% |
| Total | 3.71% | 4.10% | 3.47% | 3.39% | 3.70% | 4.40% | 5.05% |

From these statistics it is clear that, as expected, the higher the handicap the slightly easier it becomes to shoot 3 or more below handicap, this is of course due to the number of shots and their percentage of handicap. This statistic is in line with international statistics and the small increase as handicaps increase has not varied significantly with the change in maximum score.

Better Ball Scores

It clearly does not matter how high or low the scores are in a better ball competition, as long as the opportunity is the same for all the players, and the handicap system does not favour the higher or lower handicap. Clearly on a good day with an easy course set up better ball stableford scores will be higher and with a hard course set up scores will be lower.

The only way to correctly determine the trends in the handicaps of winning better ball scores, is from the clubs, because the handicap system has no record of club competitions.

HNA did a club survey in June 2012 and asked the clubs to give us the handicaps of the first three scores in the club competitions for the last four months – since the change - and as disclosed this survey showed, from the 50 or so clubs that responded, that there was no bias towards any handicap group since moving to the new maximum score in February. If anything the lower handicaps had a slight advantage. We will continue to ask the clubs to record their better ball winning scores and handicaps so we can continue to confirm the initial statistics.

| HCP Range | % of Winners | % of Total Golfers |
|-----------|--------------|--------------------|
| -6to 5 | 10.00% | 6.00% |
| 6 to 12 | 30.00% | 22.00% |
| 13 to 18 | 34.00% | 30.00% |
| 19 to 24 | 19.00% | 23.00% |
| 25 to 36 | 7.00% | 19.00% |

Better ball winning percentages further action.

The study we did compared the scores over 4 months from 50 or so clubs and then compared this with the national average percentage of players in each handicap group. Clearly it would be more statistically accurate if we compared the winning scores to the handicap percentages of players who actually played on that day. Subject to support from the clubs we will be able to use the scores entered on the system on the competition day, on the system, to get a more accurate statistic.

If we can show that there is a problem with one handicap group winning more than the other, then we can all work out a solution. It is interesting to note that there are no complaints from golfers regarding scores in individual competitions.

How has the new maximum score per hole affected the average handicap and number of players in each handicap group?

Male

| Month | Feb '12 | Mar'12 | Apr'12 | May '12 | Jun '12 | Jul '12 | Aug '12 | Sep '12 | Oct '12 |
|----------|---------|--------|--------|---------|---------|---------|---------|---------|---------|
| Avg. HCP | 15.98 | 16.03 | 16.09 | 16.18 | 16.25 | 16.32 | 16.40 | 16.48 | 16.53 |

Female

| Month | Feb '12 | Mar'12 | Apr'12 | May '12 | Jun '12 | Jul '12 | Aug '12 | Sep '12 | Oct '12 |
|----------|---------|--------|--------|---------|---------|---------|---------|---------|---------|
| Avg. HCP | 25.18 | 25.28 | 25.40 | 25.49 | 25.58 | 25.61 | 25.66 | 25.71 | 25.73 |

As can be seen the handicaps for both men and women have moved out by 0.55 of a stroke.

The following table gives the percentage split between the number of golfers in the different handicap groups before the February change and as at October 2012.

Male Female

| HCP Range | Jan '12 | Oct '12 |
|------------------|---------|---------|
| -6 to 5 | 8.08% | 6.94% |
| 6 to 12 | 26.45% | 24.67% |
| 13 to 18 | 32.36% | 33.04% |
| 19 to 24 | 22.31% | 22.94% |
| 25 to 36 | 10.80% | 12.41% |
| Total | 100.00% | 100.00% |

| HCP Range | Jan '12 | Oct '12 | | |
|------------------|---------|---------|--|--|
| -6 to 5 | 1.48% | 1.48% | | |
| 6 to 12 | 5.69% | 4.74% | | |
| 13 to 18 | 14.99% | 13.57% | | |
| 19 to 24 | 24.91% | 23.94% | | |
| 25 to 36 | 52.93% | 56.27% | | |
| Total | 100.00% | 100.00% | | |

This table reflects a slight decrease in the percentage of lower handicaps and a slight increase in the percentage of higher handicaps. This however is also slightly skewed by a 2% increase in golfers with handicaps, between the two dates, the majority of which are high handicaps.

Why are some golfers concerned about the higher handicaps being allowed to enter a maximum score of 3 over on any hole but not the lower handicaps able to enter a 2 over on any hole?

The changes introduced in February 2012 were made to bring our handicaps more in line with those internationally.

The low handicaps used to be able to only put in 2 overs on stroke holes, and they can now put in unlimited 2 overs. So for example a 4 handicap can now put in 18 x 2 overs. The same goes for high handicappers, a 22 used to be able to only put in 3 overs on stroke holes and can now put in unlimited 3 overs. So both the low and high handicaps can have potentially higher gross scores for handicap purposes. As can be seen from the above statistics this has not made a big difference to the average handicaps. Why is this?

The answer is due to the fact that like the USA, New Zealand and Australia we use the average of only the best scores for the handicap calculation. So if a 22 or 24 handicap has a bad day and has three or four 3 overs (i.e. 12 over on 4 Holes, plus of course 2 overs and 1 overs) the score will probably not count as one of their 10 best. In the same way if a 4 handicap has even 3 x 2 overs (6 over) the score will also probably not count. If these scores do count then the player was clearly under handicapped, in international terms, and his handicap will go out.

How do we compare to international systems with regards to maximum score per hole.

The USGA have a number of breaks where one handicap group gets an extra maximum shot a hole as follows. Up to 9 handicap 2 over on any hole, 10 to 19 handicap maximum score of 7, 20 to 29 a maximum score of 8 and 30 to 39 a maximum score of 9. So they have a number of handicap groups that suddenly get an extra maximum shot a hole and they also have no unacceptable bias issues between these groups in their statistics.

All the other countries have a maximum score per hole of net double bogey. South Africa still has the lowest maximum score for handicap purposes, in the World.

The changes to the maximum score to bring us more in line with the rest of the world have in fact increased the lower handicaps more than the higher handicaps. Yet the complaints we hear are only about the fact that the higher handicaps have benefited more. We are not sure why this is because the statistics don't support this.

The higher handicaps (above 24) are only 10% of male golfers and in the club survey conducted do not win at a higher percentage than their percentage of players, but as advised we need further accurate research to verify this.

HNA are also happy to have any of the handicap statistics, which we have published above, audited by any recognised audit firm, on the basis that we would pay 50% of the costs.

Conclusion

The current SAGA handicap system is statistically completely fair to all handicap groups, and like the USGA and New Zealand who use the same system, we see absolutely no problem or bias in favour of any one handicap group, or any need to change it.

No one has yet come up with a sound set of statistical results that shows one group is benefiting over the other, in any form of competition. We do however take note that this appears to be an emotive issue at club level and so we will embark on a more extensive and accurate research project to establish the correct picture over the whole of South Africa.

In the meantime we would suggest golfers should just get on and play and accept that better ball winning scores are all about dove tailing, and not to do with a problem in the handicapping system, which is now totally in line with world standards.

Kind regards,

Handicaps Network Africa