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Kia ora

TIA submission on DOC Great Walk Pricing Review

Tourism Industry Aotearoa welcomes the opportunity to comment on the Department of Conservation's Great Walks Pricing Review.

TIA supports the intent of the review as a periodic review of the price structure for the Great Walks. It is important that the prices charged enable access for both international domestic visitors while generating sufficient income to allow the Department to be investing back into both the facilities used and the quality of the biodiversity at those places.

Tourism Industry Aotearoa

TIA is the peak body for the tourism industry in New Zealand. With over 1200 members, TIA represents a broad group of key tourism businesses across hospitality, accommodation, adventure and other activities, attractions, retail, aviation, land and sea transport, as well as tourism-related services.

TIA established the tourism industry's strategic document, *Tourism 2025 & Beyond – A Sustainable Growth Framework*. This has the Vision of 'Growing a sustainable tourism industry that benefits New Zealanders'. TIA has recently released to its members for consultation the next iteration of the industry tourism strategy: *Tourism 2050 – a Blueprint for Impact*. This has specific actions relating to conservation, including to 'Transform tourism and conservation' and 'Champion Predator Free 2050'. Central to this is the premise of establishing a positive relationship between tourism and conservation.

TIA gives effect to this via the New Zealand Tourism Sustainability Commitment that was launched in 2017 to drive to a sustainable tourism future. It has the Vision of 'Leading the world in sustainable tourism'. Refer: <https://sustainabletourism.nz/>. The TSC's Te Taiao-related action being:

Commitment 10

Restoring Nature - Contribute to protecting and enhancing Aotearoa New Zealand's environment, including water, biodiversity, landscapes and clean air.

Clearly, TIA has a strong and enduring interface in ensuring the tourism and conservation interface is working well, for the benefit of both.

TIA has a strategic interest in how the conservation lands and waters work for and with tourism and a strong interest in the Great Walks and how they operate. The Great Walks are a once in a lifetime experience and represent the pinnacle of who we are as Destination Aotearoa New Zealand. The imagery of these places are iconic and many people, both international and domestic, are motivated to travel to experience these places.

It is therefore important we get the Great Walk settings right so we can optimize the benefits.

Submission on Great Walk settings

TIA recognises the dual objectives for the Department, essentially to facilitate access to our special conservation places and to ensure there is sufficient income generated for the ongoing development and maintenance of these facilities. We also note that there is excess demand for some of the Great Walks meaning that the allocation process itself must be fair and transparent.

TIA has supported the steps taken over the years to improve the booking, allocation and pricing mechanisms, and so we support the current consultation on pricing.

In working through the Q&As in the consultation document a number of important questions or points emerged:

1. **Support for Pricing Reviews.** In an area where input costs and demand factors can quickly change, it is important we have responsive or dynamic pricing mechanisms, and this certainly applies to the prices for our Great Walks. Within the fabric of both the international and domestic travel markets, the Great Walks have a special place. For international visitors they are an iconic part of the attraction of New Zealand as a visitor destination, and for many New Zealanders they are central to that sense of being a Kiwi. DOC, we feel, has responsibilities to both markets and pricing is a means to manage these interests.
2. **Price rises are supported.** New Zealand is a quality visitor destination and the facilities and experiences it provides must reflect this. Our strong sense is that there is underinvestment in many facilities, including those provided by DOC, and that this is a central constraint to improving and developing key parts of the tourism system. While we note that Great Walks do generate a surplus, we are not sure whether this is invested back into the Great Walk network or is utilised elsewhere. In general TIA supports price increases that directly enhance the quality of the facilities or the experience. From the consultation paper, we are not convinced that this direct relationship between the price and reinvestment back into the facilities is set out.
3. **Differential Pricing.** TIA support differential pricing where the Department has the ability to do this fairly. For the Great Walks, and particularly the iconic and world-class Great Walks such as the Milford and Routeburn tracks, the price for international users should reflect the value gained by those visitors and the true costs of operating the service. This can be difficult to apply in practice, but TIA supports the approach being used where we can. In the consultation document, it was not clear what the proposed

differential prices were to be set at. On the suggestion for youth rates, TIA is also supportive in principle. The question for DOC is around the extent of the income it would forego in applying youth rates. As mentioned in the consultation document, there are strong benefits for getting young New Zealanders exposed to these special places.

4. **Further Analysis.** In considering the consultation document, we were left with many questions. For instance:

- What is the current usage of the Great Walk capacity – what is the utilisation or occupancy rate (e.g. by track, by month)?
- What is the split between international and domestic Great Walk users? Has this changed over time?
- How do people get their bookings for their Great Walk experiences?
- What proportion of the available bookings are allocated through the online book release process?
- Is there satisfaction or Net Promotor Score data for track users?

If we understood these questions, we would be better able to form a broader view on the way the Great Walks are operated and priced.

To conclude, TIA is generally supportive of the positions set out in the Great Walk Pricing Review, but we do feel that important questions have been left unanswered and we would appreciate further consultation on these points.

We are most happy to contribute further. Please contact Bruce Bassett, Chief Advisor, to advance this (bruce.bassett@tia.org.nz, 021 609 674).

Ngā mihi,

Rebecca Ingram
Chief Executive

TIA Comments on the Frequently Asked Questions

Question	TIA Comment
Why does DOC charge for recreation facilities?	<p>TIA supports charging where there are facilities provided to visitors. TIA's interest is in the quality of the facilities and the ability to reinvest in them over time to both maintain and develop them. TIA is mindful the quality standards and expectations of visitors increase over time so it is important there are mechanisms for ensuring the Department can invest in these better facilities.</p> <p>TIA is pleased to see from the analysis that the Great Walks generate a surplus over costs. The key is ensuring that these funds are directly invested back into the facilities themselves.</p>
How much of that cost does DOC recover through user charges?	<p>Clearly, DOC recovers only a small proportion of its costs from user charges, with the Great Walks notable as generating a surplus. This means that DOC is expending a large portion of its income in facilitating access to conservation places for the benefit of New Zealanders primarily, but clearly also for international visitors that use the lower tier of DOC facilities.</p> <p>TIA suggests investigating what can be done to improve user-pays at these lower tiers.</p>
What does DOC do with the fees that it collects?	<p>TIA would like a closer tie between the revenue gained and the reinvestment back into the place that generated it. At the moment it seems that this relationship is weak which means the revenue-generating difficulties, such as Great Walks, are supporting other facilities but are not being themselves improved.</p>
How does DOC set the prices?	<p>TIA appreciates the multiple objectives and requirements that DOC must meet in setting process, many of these are inherent in the legislation governing the Department, especially around free access to tracks and other DOC places and many facilities.</p> <p>This means there are just a few areas where pricing can be used for facility access and for managing the high demand for the Great Walks especially over the peak and shoulder seasons.</p> <p>In these cases, TIA supports the use of demand-based pricing, off-peak pricing and other such tools.</p>
Why do prices increase?	<p>TIA does not object to prices increasing in line with the cost of providing services or to generate surpluses where there is excess demand or a superb visitor experience on offer.</p> <p>The key here is the rationale and the transparency for users.</p>
Why are prices so high?	<p>TIA would generally take the view that prices are not high, especially given the very low-cost recovery achieved by the Department (just 9% in 2020/21).</p> <p>Even at the highest end, say for the Milford Track, per night rates are moderate, especially considering the demand levels and the outstanding nature of the experience and the facilities provided.</p> <p>The next tier of tramping tracks often rival the Great Walks and cost much less.</p> <p>TIA would be interest to know from DOC, what sort of price resistance exists from the Great Walks given our understanding is that many are sold-out over the course of the year.</p> <p>TIA is interested to know the 'occupancy rates' for each of the Great Walks. This information would be invaluable in considering the impact of price changes.</p>
Why do taxpayers subsidies the costs to maintain DOC's huts and	<p>TIA understands the social aspects around enabling access to our publicly owned places, and we support this.</p> <p>However, this approach likely means that DOC is structurally under-investing in the very facilities that can enable access.</p>

<p>campsites rather than users paying the full cost?</p>	<p>In these days of higher health and safety standards, this can only result in fewer facilities and access points being provided in future. This is clearly happening in practice. TIA does not consider this to be a good position to be in for tourism nor for the New Zealand public. As such, TIA is supportive of better revenue-generating options where the proceeds generated are reinvested back into the place.</p>
<p>Why do I have to make a booking?</p>	<p>TIA agrees that booking facilities are an essential part of managing places where there is strong or perhaps excess demand over periods of the year. More dynamic booking that matches supply and demand is important for the quality of the experience and for health and safety to ensure a bed for everyone along a walk, for instance. TIA is interested in how the booking systems can be used to, where appropriate, optimize revenue for the Department.</p>
<p>Why are international visitors charged more on the Great Walks? What is differential pricing?</p>	<p>TIA supports differential pricing for international visitors where there is clear relationship between the quality of the experience and the pricing involved. TIA does not consider New Zealand taxpayers should subsidise international visitors, but on the other hand we must value international visitors to ensure they are treated fairly and get good value, and not left to feel like they are a cash cow. TIA is very interested in the metrics from the Great Walks booking and usage data. What are the usage levels, what proportion are international and domestic, are the single point of time booking releases disadvantaging access by international visitors? Such data and analysis should be driving this Great Walks pricing review. The levels of the differential prices were not clear in the paper so TIA is not able to comment on the differential levels.</p>
<p>Are these lower rates for New Zealanders?</p>	<p>TIA supports differential rates for New Zealanders and for such measures as youth rates and season pass-type options to improve affordability for Kiwi families. The question remains whether the underlying price is too low to ensure maintenance and development of the facilities in question.</p>
<p>How do DOC prices compare to prices of overseas tramps?</p>	<p>TIA believes international comparisons are not directly relevant given the nature of our Great Walks which are quite distinctive to New Zealand and given they grew out of our backcountry recreation tradition with its minimalist shared-facilities approach. That said, it is the quality of the experience that needs to be considered as the point of reference or comparison overseas.</p>
<p>Does DOC offer price discounts to facility users?</p>	<p>TIA is comfortable that discounts can apply, and this could be a good way to address specific access needs as opposed to have low overall price levels.</p>
<p>What else besides accommodation might DOC charge for in future? Will it charge for carparking, track access?</p>	<p>TIA understands the legislative constraints faced by DOC in this area, and this is one reason why TIA favours reform of the conservation legislation to allow DOC to have better tools and measures available to it. Certainly, charging for facilities like carparking must be an option as is the provision of concessions to private providers who can then on-sell value-add services to visitors, in return for a concession fee to DOC. TIA considers that there is much more that can be done in this space.</p>