Item 1

Department of Conservation
Te Papa Atawhai

Consultation Paper

Charging options for Basic and Bivvy huts Pricing Review 2024

Introduction and context

The Department of Conservation (DOC) is currently working towards improving its Visitor Network so that it better meets the needs of New Zealanders and international visitors and is financially sustainable.

The work underway this year to improve our visitor network includes:

- reviewing our visitor facilities and identifying priority recreation experiences with iwi and stakeholders
- reviewing the pricing of campsites and Basic/Bivvy huts
- increasing revenue, including making more facilities bookable where appropriate and exploring charging
- increasing third-party support for maintaining parts of the visitor network valued by specific groups and communities
- reviewing DOC's systems and processes, sustainability and resilience to climate change, and how we manage very popular sites to protect nature and heritage and maintain a quality visitor experience.

What we are consulting on

Revenue generation is an important part of DOC's work as only 8-10% of DOC's budget for recreation is recovered through user fees and charges on its facilities.

We are interested in your views on three sets of operational changes to the visitor network:

1. How we charge for DOC campsites – pricing review 2024
2. How we charge for DOC's Basic/Bivvy huts – pricing review 2024; and
3. Proposal to add more facilities to the booking system.

As there is crossover between these three topics, they are being consulted on together. You can share your views on one or all.

You may be aware that DOC is also undertaking broader consultation on some key policy changes. DOC will engage with partners and stakeholders separately on this, but we are happy to talk through the interdependencies with the operational changes proposed in this document.

Basic and Bivvy huts

This year, we are reviewing whether to begin charging for Basic and Bivvy huts. There are around 380 Basic and Bivvy huts, and they are the only DOC huts currently free of charge to use. This position has not been reconsidered since 2008. Therefore, charging a fee for these huts is an option to increase revenue and help DOC to be able to maintain the visitor network.

This paper is only intended to support DOC's engagement with its partners and stakeholders on options for **Basic and Bivvy hut pricing**. This work supports the Minister of Conservation's priority[1] to generate more revenue and recalibrate costs.

Considerations

This review seeks to identify a fair fee level for Basic and Bivvy Huts and the best way to collect those fees, to grow revenue and support DOC to maintain huts that people want to use and are willing to pay for. Like other huts, users paying a fee for their stays contributes towards the provision of the facilities and experience.

While DOC is exploring charging for Basic and Bivvy huts, DOC acknowledges and appreciates the contributions of organisations and people volunteering to maintain huts and tracks. This is part of the solution, but not the whole solution to maintaining the hut network. DOC's discount policy for its user fees and funding assistance to volunteer groups working on huts and tracks recognises the great contributions these groups make. Charging for the Basic and Bivvy huts will also provide revenue that can assist with supporting groups working on the network.

Only Basic and Bivvy hut pricing is in scope of this review. Other hut categories are out of scope.

The key challenges in setting a fee for the Basic and Bivvy huts are:

- the basis for and level of the fee or charge
- how the fee will be collected.

Some basic facts are set out in the table below.

Basic facts	Basic/Bivvy huts
Hut numbers (DOC owned)[2]	380
Proportion of DOC huts	40%
Average annual bednights | occupancy[3]	28,062 | 8%
Revenue	$0
Estimated Annual OPEX - hut maintenance[4]	$1.1 M
Estimated Total Annual Cost to supply[5]	$1.6 M

Note: all costs are estimated in 2024 dollars using models as the financial system does not record costs in a manner that can be attributed to the hut categories.

The Backcountry Hut Pass (BCHP) earns about $400,000 per year from about 3,500 sales (2024 financial year). It provides access to some 500 huts out of a total of about 950 (the BCHP excludes all Basic and Bivvy, all Serviced Alpine and some Serviced and Standard huts).

1 The Minister of Conservation has four priorities. You can read more here: New priorities to protect future of conservation: Media release 3 September 2024
2 This excludes huts in Te Urewera.
3 Hut bednights and occupancy are based on a five-year average from Hut Intentions Books.
4 OPEX includes time, materials and depreciation only.
5 Includes Overheads, Capital Charge and OPEX.

Potential charging options

Four options (two with two sub-options) have been identified and are described below. They have not been developed in detail to allow the maximum value from the consultation.

The main factors DOC considered when developing these options were:

- providing a spectrum of options for stakeholders to consider and provide input on
- costs involved in providing the facilities and number of users involved
- potential revenue and the best ways to collect the fees and risks of payment avoidance behaviour.

DOC is seeking partner and stakeholder input to help identify other potential options, fee levels and to find a preferred option.

The descriptions do not come with an assessment of costs and benefits at this stage. This is because DOC is looking to get stakeholder and partner views on the costs and benefits to inform and input to its assessment of the options. A range of questions is posed at the end of this paper to help guide the input and feedback. However, submitters do not have to restrict themselves to these questions.

Options	Description
1(a). Individual fee: maintain a balanced scale of hut prices	The fee under this option would be **$10/$5** per person per night (incl GST) for adult/youth. This will involve Standard huts being increased to $15/$7.50 (from $10/$5) to keep relativity. It is estimated that this option could earn an additional **$0.7 -$0.9 M** per annum (net of GST) from Basic/Bivvy and Standard huts fees depending upon sales uptake (or compliance) and final pricing. Fees could be collected through either: • Hut tickets[6] (or an electronic method for paying after staying) • Placing all facilities on the booking system.
1(b). Individual fee: targeting cost recovery	The fee under this option is initially estimated at **$57/$29** (incl GST) per person per night for adult/youth. It aims at 80% recovery of hut OPEX (maintenance cost only). It is estimated that this could earn an additional **$1.0- $1.3 M** per annum (net of GST) depending upon sales uptake and final pricing. Fees could be collected through either: • Hut tickets (or an electronic method for paying after staying) • Placing all facilities on the booking system. It is recognised that this fee would be out of sync with fees for most of the other hut categories and would test user willingness to pay. However, it does provide context for understanding the cost of providing these huts.

6 Hut tickets have been in used since 1988 for users to pay for Standard and Serviced huts and have not changed since then, and their use has declined as more huts become bookable.

Options	Description
2. New Basic/Bivvy Hut Pass	This option involves the production of a new and additional 12-month pass product covering only Basic and Bivvy huts. The fee for this pass is initially estimated at **$190/$95** (incl GST) per adult/youth and would cover about 380 huts. For the sole purpose of setting an initial fee level for this option it is based on an 80% recovery of hut OPEX (like Option 1(b)). These fees would be higher than the current BCHP fees[7]. The final fee for the new pass and/or the BCHP may require an adjustment to keep relativity. Also, the BCHP Terms and Conditions would require adjustment to distinguish between the passes. The pass would be placed on the booking system for purchase as is the case for the current BCHP. It is estimated that this new pass could earn an **additional $1.0-$1.3 M** (net of GST) per annum depending upon sales levels and final pricing.
3(a). Add to the Backcountry Hut Pass	This option involves updating the BCHP to cover the Basic and Bivvy huts in addition to the current Standard and Serviced huts valid under the BCHP. All current exclusions would remain. It would cover a total of about 890 huts (an additional 380). The new fee option is initially estimated at **$350/$175** (incl GST) per adult/youth per pass. For the sole purpose of setting an initial fee level for this option it is based on adding the Option 2 fee directly to the current BCHP fee. The pass would remain on the booking system for purchase. It is estimated that it could earn in an **additional $2.4- $3.0 M** revenue (net of revenue) per annum depending upon sales levels and final pricing. This revenue is notably higher than options 1(b) and 2 and the current BCHP fees because all purchasers of the BCHP pay more for access to a wider range and number of huts. (i.e. most Serviced and Standard, as well as the Basic/Bivvy, huts).
3(b). Modify Backcountry Hut Pass	This option involves adding Basics and Bivvy huts to the BCHP and excluding all Serviced Huts. It would cover a total of about 820 huts (an additional 310 on the current BCHP). The pass fee is initially estimated at **$256/$128** (incl GST) for an adult/youth. The pass would remain on the booking system for purchase. For the sole purpose of setting an initial fee level for this option it is based on a proportional point between option 3(a) and the current BCHP fees. The higher fee is due to the higher value created by its application to more huts. Bednights at Serviced huts would be purchased individually on the booking system. It is estimated that this option could earn an additional **$2.5-$3.1 M** revenue (net of GST) per annum from the pass and Serviced huts fees depending upon sales levels and final pricing.

7 Note the current BCHP fees (incl GST) are $160 for an adult and $80 for a youth.

Options	Description
	This revenue is notably higher than options 1(b) and 2 and the current BCHP fees because all purchasers of the BCHP pay more for access to a wider range and number of huts (i.e. Standard and Basic/Bivvy, huts only).
4. Increase fees on bookable Serviced huts	This option involves increasing fees on bookable Serviced huts to recoup costs of maintaining Basic and Bivvy huts, where fee compliance has the highest rate of success. There are 40 bookable Serviced huts; with a quarter of them having bespoke fees, rather than category fees. An initial fee level for Service huts fees would need to be: • **$44/$22** adult/youth fee for category fees • **50-60%** increase for Serviced huts with bespoke fees. These fees options are based on generating revenue of **$1.3 M** per annum (equates to 80% of maintenance OPEX for the Basic and Bivvy huts). It is recognised that this fee level may be out of relativity with other hut fees and test user willingness to pay. Ultimately, the realisable revenue will depend upon sales uptake and final pricing.

Seeking your feedback

DOC would like to get the thoughts of its partners, stakeholders and users on the options and initial pricing and if there are any other options DOC should consider. To help your feedback contribute to DOC's assessment of the options, please consider:

1. What are any advantages or disadvantages of these options?
2. Where do think the fee levels should be to maximise payment, use and revenue?
3. How do the individual options support or challenge use of the hut network?
4. Are there other payment options worth exploring? What would that option look like?
5. What payment option do you think would work best to support users to enjoy these huts and DOC to receive more revenue to be able to better maintain them?

Your feedback will assist with assessing and considering the options to select the preferred option and finalise the fee levels. Please provide feedback by 29 November 2024 via email to EMCengagement@doc.govt.nz.

Feel free to contact Steve Kerr (details below) to discuss these options as an alternative to, or in conjunction with making a submission.

Thanking you in advance for taking the time to share your feedback. DOC looks forward to receiving your feedback.

Steve Kerr
Principal Commercial and Revenue Advisor | Kaitohu Matua Pākihi/Pūtea
Experience Management and Commercial team
Heritage and Visitor Directorate
Department of Conservation | Te Papa Atawhai
Sec 9(2)(a) [redacted]

8 November 2024.

Item 2

Department of Conservation
Te Papa Atawhai

File Ref: DOC-7508729

Date: 6 December 2023

To: Stephanie Rowe, DDG, Biodiversity, Heritage and Visitors

CC: Cat Wilson, Director, Heritage and Visitors
Joe Ellingham, Manager (acting), Strategy, Investments and Pricing

From: Steve Kerr, Principal Commercial and Revenue Advisor

Subject: Great Walk Price Review for implementation in 2024/25 – Briefing Paper

Introduction

This memo sets out the recent price review of Great Walks. It is a limited review addressing three specific issues:

- Are prices keeping up with inflation?
- Should fees be introduced on all Great Walks for youth (5-17 years)?
- Should differential pricing now be extended to the Whanganui Journey?

It seeks a decision on

- **The implementation of a price increase of 6% for Paparoa and 18% on other Great Walks** to keep up with inflation and improve cost recovery.
- **The reintroduction of youth fees (5-17 years) at Great Walk huts and campsites** charged at 50% of the adult fee which aligns with youth charges at all other DOC facilities.
- And that the new fees will apply from 1 July 2024.

Extending differential pricing to the Whanganui Journey is not recommended due to a complex mix of factors, including low occupancy, a low perceived experience value for visitors, and the legal status of the river and discussions pending for that.

Context

Great Walks huts and campsites were last fully reviewed in December 2019, setting out a new base pricing structure. Around this time an evaluation of the Great Walks differential pricing was being trialled. It involved a different fee for international visitors.

Differential pricing was eventually implemented (having been deferred due to COVID) in July 2021, except for Whanganui Journey, Paparoa and Lake Waikaremoana. Since then, differential pricing for Paparoa has been reviewed and accepted (***Paparoa Price Review 2022***[1]) with the recommendation that it be implemented from October 2023. Lake Waikaremoana was not considered given its current challenges and was closed during this review.

1 DOC-7237310

The Base Pricing Review of 2019 also recommended that pricing processes specific to the Great Walks should begin to fall into a three to five year cycle, under the new title of *Structural Review*. There have been some delays implementing this – the first formal Structural Review is now planned for 2025, as part of the Great Walk Product Set Strategic Framework.

Prices and Inflation

An inflation adjustment is a key process, used to keep parity with cost increases in the short term.

The Consumer Price Index (CPI), an inflation index, derived from the Reserve Bank inflation calculator[2] was used. The period between Q2 2020 (the last fees calculated in April 2020) and Q2 2023 (the current extent of the CPI inflation calculator) showed that inflation has increased by **18%**.

The CPI index for adjusting the GW prices was used because it:

- measures the overall change in consumer prices based on a representative basket of goods and services over time.
- is the most widely used measure of inflation, closely followed by policymakers, financial markets, businesses, and consumers.
- recreation and cultural goods and services are within the 'basket of consumer goods' covered by CPI.

For Paparoa, a CPI figure of **6%** is used as it is the inflation rate over the last year when its fees were reviewed in 2022 as part of the planned total review that Great Walk.

Youth and Child Fees

Currently, youth go free in Great Walk facilities. This is inconsistent with the charges for youth (ages 5-17) for non-Great Walk's facilities. For example, a 50% fee is charged to youth staying at a conservation campsites and non-Great Walk standard and serviced category huts.

The Great Walk's 'free of charge' policy for youth aged 17 and under was implemented in July 2008. This approach was seen as removing a financial barrier to encourage the participation of New Zealand youth and families on Great Walks.

When differential pricing was implemented in the 2020/21 Great Walk season, a fee was introduced for international youth (ages 5-17).

Affordability has been identified as one of the barriers to participation. While fees for huts and campsites do contribute to the cost of the experience, they are only a small part of the total cost of doing a Great Walk. Other costs include tramping gear, transportation, food, and the cost of accommodation (before/after the walk) being significant. Supplying campsites and huts provides options to fit with various budgets and different ways to experience a Great Walk.

Re-introducing fees for youth is unlikely to have a significant impact on youth bed nights. An analysis[3] of the data shows that 'youth go free' has not substantially increased youth participation on the Great Walks. This may have a lot to do with the costs outside the Departments control.

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2 Inflation calculator - Reserve Bank of New Zealand - Te Pūtea Matua (rbnz.govt.nz)
3 Revenue Optimisation Framework - September 2021 (DOC-6441121), Table 17, page 68

In addition, the youth 'go free' policy has been misused by some visitors. Some bookers have reserved spaces, free of charge, by claiming to be youth at booking. There are also some situations where youths booked on the Great Walks, in particular the Abel Tasman Coast Track, have not shown up as there is no cost penalty. This situation may have prevented other individuals from enjoying the Great Walk. A youth and child fee would disincentivise this behaviour.

Differential Pricing for the Whanganui Journey

Differential pricing on the Whanganui Journey would not be consistent with the pricing policy criteria. The reasons for this relate to a complex mix of factors and resourcing issues for that Great Walk.

In summary, the main issues are:

- occupancy on this Great Walk is too low indicating that the perceived value of this experience to customers is not high enough to justify the large price increase for international visitors.
- the facilities require upgrading[4], and differential pricing would exacerbate the difference between price and value for international visitors.
- differential pricing would not improve access to facilities for New Zealanders[5]

Additionally, the Whanganui River now has the legal status of a person under the Whanganui River Claims Settlement Act (2017)[6]. Operations advise that there are concerns about activity on the surface (river) water and relevant discussions have not yet been set up under Section 64 of the Te Awa Tupua Act 2017 to address these issues.

Accordingly, differential pricing is not recommended to be implemented on the Whanganui Journey at this stage.

Revenue Impacts

It is estimated that the revenue impact of the changes proposed[7] should be in the order of $1.4 M to 2 M p.a. depending upon the visitor response to the changes (refer to the Tables below).

Table.1 Great Walks revenue estimate

Great Walks (*excl. Paparoa*)		**FY2024**	**FY2025**
Adult	New Forecast Revenue	$8,854,448	$9,091,501
	Revenue Impact	**$1,350,678**	**$1,386,839**
Youth	New Forecast Revenue	$554,679	$569,529
	Revenue Impact	**$554,679**	**$569,529**

Table. 2 Paparoa revenue estimate

Great Walk (*Paparoa Only*)		**FY2024**	**FY2025**
Adult	New Forecast Revenue	$612,290	$655,334
	Revenue Impact	**$34,658**	**$37,094**
Youth	New Forecast Revenue	$47,767	$51,125
	Revenue Impact	**$47,767**	**$51,125**

4 Work is planned in 2024 to improve the facilities. Advice from local operational staff.
5 Key concepts under differential pricing.
6 see https://www.ngatangatatiaki.co.nz/
7 Revenue Analysis – CPI Adjustment Great Walks DOC-7508709

The total revenue impact, expressed as an average over the next two financial years, with sensitivity analysis, is as follows:

Table. 3 Overall Great Walks revenue estimate and sensitivity

Total Great Walk Impacts FY2024/25	
Average per Year	**$2,016,185**
Sensitivity Analysis	
Elasticity	***Revenue Impact***
0.00 to -0.35	$2,109,760 - $1,421,982

Key Risks

The main risks with the proposed price increases are that:

- there will be adverse publicity, impacting DOC's reputation, from price increases during a period of heightened cost-of-living stress.
- domestic users will react negatively to increased fees for youth and children, seeing this as a disincentive and potential hardship for them and their families.

Key messaging in response to these has been prepared, as follows:

- …these fees were only adjusted for inflation, and we acknowledge the substantial increase. However, an analysis of the costs involved for people and families using the Great Walks shows that DOC fees are typically a small percentage of the total overall financial burden. Data on Great Walk users show that families using the Great Walks have above average incomes, and thus we believe, on balance, the impact on people is reasonable.
- …Children and youth will now be charged 50% of the adult fee at Great Walk huts and campsites, the same as for all other huts and campsites.
- …analysis has shown the "youth go free" approach did not noticeably increase children and youth participation on the Great Walks. In some cases, it was even used to hold places on the walks for free which went unused and sometimes cancelled at the last minute, practices that prevented others from being able to book a place on those dates.

Stakeholder Engagement

The Department received three submissions from two external stakeholders during the engagement phase of this review, which expressed differing degrees of support for the approach outlined above. One submitter suggested the use of the CPI to guide fee increases was insufficiently precise in taking account of actual operating and maintenance costs on the Great Walks, and that more and better data was required to support this. The same submitter disagreed with reintroducing youth/child fees, chiefly as a disincentivising move.

In addition to this, there was specialist input from DOC staff, and their response has been generally positive.

Key Implementation Steps

The implementation steps following an approval by DDG BHV of the new fees set out in this memorandum would include:

- Update (status report) the Minister of Conservation on increasing prices for the 2024/25 season
- messaging and media communications to partners, stakeholders and public
- update the booking system with the new schedule
- update any collateral about the new prices and changes
- brief front of house (i.e. Visitor Centre and i-SITEs) and operations staff
- general update to all DOC staff.

Conclusions

There does not appear to be any socio-economic conditions that indicate DOC should not increase the fees for the facilities covered in this memorandum. DOC always faces the risk of criticism over its prices or changes to them. The proposed and approved price increases are justified in terms of adjustments for inflation, improving revenue generation, cost recovery and demand management. However, some consider DOC should not increase any of its fees due to perceived hardships for certain groups.

Differential pricing at the Whanganui Journey cannot be implemented at this stage.

Messaging will be required so all audiences are aware of the increases and understand the rationale for them.

Recommendations

It is recommended that:

1. The Great Walk prices be increased as follows:
   - an 18% inflation adjustment for fees on all Great Walks (except Paparoa)
   - and a 6% inflation adjustment for fees on the Paparoa Great Walk

   and be effective from 1 July 2024.
2. Youth and child fees (ages 5-17 years) at Great Walk huts and campsites be reintroduced, and charged at 50% of the adult fee, effective from 1 July 2024.

Appendices

Appendix One: Supporting documents

- Differential pricing (DOC-6278157 & DOC-6278158)
- Base price review for Great Walks (DOC-6158956 & DOC-6045348)
- Revenue Analysis – CPI Adjustment Great Walks (DOC-7508709)

Biodiversity Heritage and Visitors Approval Sheet Item 3

Date:	1 December 2023	DocCM ref:	DOC-7513636	Deadline	7 December 2023

Approval sought from: DD-G Biodiversity, Heritage & Visitors: Stephanie Rowe			
Subject:	Recommended price changes for Great Walks – inflation adjustment and youth fees.		
Drafted by:	Nick Pearce	Phone No:	Sec 9(2)(a) [redacted]
Peer Reviewed by:	Steve Kerr	Phone No:	[redacted]
Proof-reader	Joe Ellingham	Phone No:	[redacted]
Endorsing Director	Catherine Wilson	Phone No:	[redacted]
Director Signature:			
Please return signed document to:		Nick Pearce (npearce@doc.govt.nz)	

Context:

The current price review of Great Walks is a limited review addressing three specific issues, with following decisions being sought:

- **The implementation of price increases of 6% for Paparoa and 18% on other Great Walks** to keep up with inflation and improve cost recovery.
- **The reintroduction of youth fees (5-17 years) at Great Walk huts and campsites** charged at 50% of the adult fee which aligns with youth charges at all other DOC facilities.
- And that the new fees will apply from 1 July 2024.

Please find attached a DDG Memo - Great Walk Price Review (5-page report): DOC-7508729

Consultation			
Corporate Services/CFO	yes/no	Legal Advice	yes/no
Operations	yes/no	Kahui Kaupapa Atawhai	yes/no
People	yes/no	Health & Safety	yes/no
Partnerships	yes/no	Governance	yes/no
BHV	yes/no	NGO/Other Community	yes/no

Recommendation from Director:

1. The Great Walk prices be increased as follows:
   - an 18% inflation adjustment for fees on all Great Walks (except Paparoa)
   - and a 6% inflation adjustment for fees on the Paparoa Great Walk

   and be effective from 1 July 2024.
2. Youth and child fees (ages 5-17 years) at Great Walk huts and campsites be reintroduced, and charged at 50% of the adult fee, effective from 1 July 2024.

DDG Approval	Approved	Declined	Endorsed	Noted

DDG signature		Date:	6/12/23

Item 4

FY23 Price Changes

Post-price implementation performance review of last season's price changes

February 2023
DOC-7283900

Review by: Nick Pearce and Audrey Mendoza – Strategy Investments and Pricing Team

DDG Approval: DOC-7283882

Department of Conservation
Te Papa Atawhai

New Zealand Government

Each year, SIP complete a post-price implementation performance reviews

Context

The Pricing (SIP) team undertake price reviews of DOC facilities on a cyclical basis. Performance reviews are completed eight months after prices are implemented to ensure changes had the intended effect.

In this cycle we have reviewed various changes made to campsite pricing, all of which is outlined and examined in the following summary slides and in the appendix.

The primary data source used to analyse performance comes through DOCs booking system, which is processed by the SIP team and presented in various formats in the following slides.

Overview of the FY23 post-price implementation performance reviews, and recommended changes for FY24

Refer to referenced slide for review findings and commentary

REVIEW SUMMARY: PRICE CHANGES IN FY23

- Category Price Increases – All Standard category, and some backcountry campsites *(slide 4)*
- Seasonal Price Increases – 15 of DOC's busiest campgrounds during the summer period *(slide 5)*
- Campsite Pass Increases & pass changes – Price increases for the monthly and annual campsite pass, and removal of the 1-week pass *(slide 6)*

REVIEW RECOMMENDATIONS: PRICE CHANGES FOR FY24

- Matatā Campsite – Implement high-demand pricing at this popular Standard category campsite *(slide 7)* *[PENDING DDG APPROVAL]*

APPENDIX

- Matatā Campsite Analysis *(slide 9)*

Category Price Changes

In December 2021 Standard & Backcountry campsite category prices increased. Demand does not appear to be impacted by price increases, any demand change is most likely due to external factors (e.g. COVID, weather events).

What changed in the last review (DOC-6862445):

Standard campsite fees were increased from $8 to $10, while varying fee increases were applied to Backcountry campsites, due to their location and demand profiles. (*refer to slide 38 for details*)

Observations from facility booking data (current year vs prior year)[1,2]

With **Standard campsites**, results for the observed periods are difficult to assess due to the impact of COVID and severe weather events. However, **price changes did not appear to impact visitor demand**. Regional variances are likely a result of very poor weather (in the North Island) over the last couple of months, and increased international visitors. Each Region is summarised in more detail in the appendix (*slides 10-17*).

Backcountry campsites where booking data is available are also covered in more detail later (*slides 18-22*). These, for the most part, showed varying increases in visitors and occupancy, which could be attributed to increased domestic visitation and return of international visitors.

Unfortunately, due to a temporary staffing issue, no formal booking data has been maintained for the **Queen Charlotte Track campsites** since the middle of last year. Informally, we are advised that it has been a "very busy year" for all these campsites, with significant demand in evidence.

International demand in all DOC campsites significantly increased to 25,000 occupied units this year following total opening of borders. **Domestic demand** slightly decreased by 8% to 88,000 occupied units.

[1] Dates analysed 1st November 2022 to 8th February 2023
[2] Data sourced from DOC Campsite & Hut pass dashboard

Seasonal Price Changes

From FY23 seasonal pricing was applied to 15 of DOC's busiest campsites between 28 Dec-8 Feb.

Analysis of results shows encouraging signs that demand is moving to off-peak periods due to lower pricing.

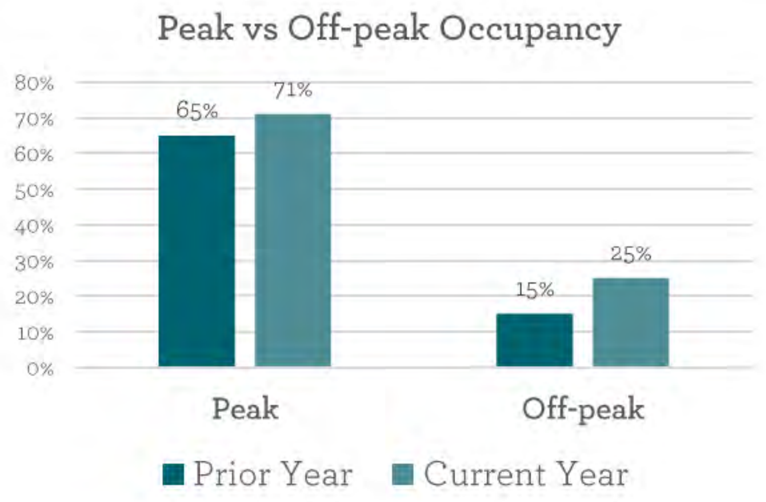
What changed in the last review (DOC-6862445):

Through the current summer period, to alleviate capacity issues, higher 'peak' seasonal pricing was implemented at 15 of DOC's busiest campsites. (*refer to slide 39 for details*)

Observations from facility booking data

Overall, there has been an increase of 16% in occupied campsites (96k-112k) with seasonal pricing. Comparing the different periods, bookings shifted up in both peak (6%) and off-peak (10%) periods due, we think, to higher domestic visitation, combined with the opening of our borders to international demand. Preliminary results on the impacts of seasonal pricing are encouraging with the higher increase during the off-peak period suggesting more campers are staying during these less busy periods.

Detailed analysis for each campsite with seasonal pricing is available in the appendix *(slides 23 – 36)*.



Campsite Pass changes

In FY23 campsite pass prices were increased and the 1-week pass was removed.

Pass sales have since increased 37% year-on-year this summer; with a roughly even split between domestic and international passes sold

What changed in the last review (DOC-6862445):

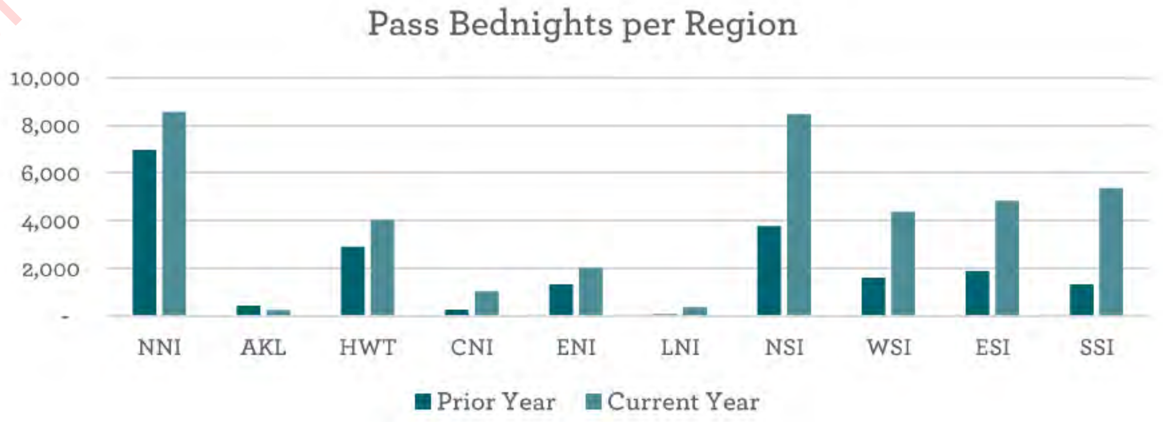
Price and validity period changes were applied to the campsite pass to improve its usage over DOC campsites, maintain minimal seasonal restrictions, and to improve cost recovery. *(refer to slide 40 for details)*

Observations from campsite pass sales and usage

Demand for the campsite passes significantly increased due to the easing of regional border restrictions and the return of international visitors. The removal of the 1-week pass has also shifted buying behaviour to the 1-month pass.

Total pass sales increased by **37% to 4,287 passes sold**. Passes sold were split evenly between 1-year passes and 1-month passes. The removal of the 1-week pass shifted demand to the 1-month which increased from 400 to 2,100 passes sold. 1-year passes remained steady at around 2,100. Estimated revenue from pass sales more than doubled from $220,000 to $480,000 (net GST). NZ vs International pass sales represent 55% and 45% of the total, respectively.

Total pass **usage increased from 21,000 to 39,000**; NNI topping the regions with the most pass stays.



Recommended fee update for FY24

Matatā Campsite fee changes are recommended. Data available from the booking system, starting December 2021, shows consistently high demand. It is recommended the nightly fee is increased from $10 to $15 per adult.

Post-price implementation reviews were completed and the following price update to Matatā Campsite is recommended to manage demand and improve cost recovery resulting in an estimated annual revenue gain of $25K.

Current Price	New Price
$10 per adult / $5 per youth	$15 per adult / $7.50 per youth

This recommendation is based on the analysis of full year FY22 and YTD February 2023 facility performance. The campsite has the highest occupancy among bookable camping facilities in Eastern North Island (ENI) and the campsite's demand is in the top 20% of all DOC campgrounds. Detailed analysis is available on slide 9.

An aerial view of Matatā Campsite. Image by David Finn

Appendix

Matatā Campsite analysis

(Analysis slides for other campsites reviewed are available in the full performance review DOC-7283866)

Department of Conservation
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Matatā Campsite

Newly-bookable hut in December 2021

What changed in the last review (DOC-6862445):

Matatā Campsite was only made bookable in December 2021, after the campsite price review was completed. Due to a lack of booking data, the fee in this campsite was increased based on the category fee for standard campsites, moving from $8 to $10 (per adult per night). Booking data for the last 12 months show strong demand in the campsite, it had the highest occupancy among bookable campsites in ENI during the summer period

Operation's feedback: Gerald Mullen from ENI Ops advises he and his colleagues are supportive of the new price. Pikowai Campground (the main competitor) charges $20 per site (for 2 adults and 2 youth), but is not directly comparable since its further from town. New pricing for Matatā Campsite should not have a direct impact on demand.

CaPS recommendation for FY23: To align with fee changes set in December 2021, a year-round price increase to $15 per adult.

Next price review: Recommend further monitoring of peak vs off-peak delta, and that pricing is benchmarked against other comparable experiences and adjusted accordingly.

Observations from facility booking data (current year vs prior year)

Demand and seasonality

- Occupied units (1st November to 8th February) increased by 36.4%, visitors also increased by 33% from the return of international visitors
- Total occupancy increased 10% points (28% to 38%)
- Annual occupancy (Dec 2021 to Dec 2022) of 21% and peak period occupancy (26 Dec to 08 Feb) of 57% are within the top 20% of DOC campsites, based on demand

Stay & user profile

- The portion of families staying has increased to 54%
- Booking lead time increased to 22 days since it's newly-bookable
- Average stay length (LOS) maintained at 2.1 nights

Observations from campsites in the area (Whakatane district)

Similar non-DOC campsites' average price in Whakatane is $17 per adult

- The other DOC Campsite in the district Manganuku Campsite has less facilities (no hot showers, water from streams, etc.) charges $10 per adult
- Similar DOC campsites in the country are priced at $15 per adult

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Matatā Campsite - Performance Review

Baseline Date Range

01/11/2021 08/02/2022

28%	2,124	2.1	2,235
Occ %	Occupied units	Avg LOS	Visitors
2.3	6	46%	10%
Avg Pax	Avg Lead Time	% Families	Pass Bednights

Occupancy %

Day	Occupied units	Occ %
Mon	250	22%
Tue	243	21%
Wed	230	22%
Thu	244	23%
Fri	362	34%
Sat	427	41%
Sun	368	35%
Total	**2,124**	**28%**

Off-peak	191	4%
Peak	1,933	61%

Age group	Visitors	% Tot. Visit	Occ Units	% Tot. Unit
Adult	1,592	71%	1,698	80%
Child/Youth	346	15%	553	26%
	248	11%	364	17%
Infant	50	2%	100	5%
Total	**2,235**	**100%**	**2,124**	**100%**

DOMESTIC VS INTERNATIONAL	Visitors	% Tot. Visitors
DOMESTIC	2,235	100%
Total	**2,235**	**100%**

Current Period

01/11/2022 08/02/2023

38%	2,897	2.1	2,969
Occ %	Occupied units	Avg LOS	Visitors
2.2	22	54%	16%
Avg Pax	Avg Lead Time	% Families	Pass Bednights

Occupancy %

Day	Occupied units	Occ %
Mon	378	36%
Tue	380	33%
Wed	348	31%
Thu	346	32%
Fri	477	44%
Sat	532	49%
Sun	436	41%
Total	**2,897**	**38%**

Off-peak	1,009	23%
Peak	1,888	57%

Age group	Visitors	% Tot. Visit	Occ Units	% Tot. Unit
Adult	1,826	62%	2,137	74%
	626	21%	739	26%
Child/Youth	385	13%	683	24%
Infant	132	4%	297	10%
Total	**2,969**	**100%**	**2,897**	**100%**

DOMESTIC VS INTERNATIONAL	Visitors	% Tot. Visitors
DOMESTIC	2,594	87%
INTERNATIONAL	375	13%
Total	**2,969**	**100%**

Item 5

Biodiversity Heritage and Visitors Approval Sheet

Date:	16 March 2023	DocCM ref:	DOC-7283882	Deadline	17 March 2023

Approval sought from: DD-G Biodiversity, Heritage & Visitors: Stephanie Rowe

Subject:	Recommended price change for Matatā campsite		
Drafted by:	Audrey Mendoza	Phone No:	Sec 9(2)(a) [redacted]
Peer Reviewed by:	Joe Ellingham	Phone No:	
Proof-reader	Joe Ellingham	Phone No:	
Endorsing Director	Andy Roberts	Phone No:	
Director Signature:			
Please return signed document to:		Audrey Mendoza (amendoza@doc.govt.nz)	

Context:

The Strategy, Investment and Pricing Team completes facility price reviews on a cyclical basis. In February each year, the team reviews the performance of facilities 8-months on from new prices being implemented (the previous July) to check there were no perverse outcomes, and to see if further changes are required.

The Campsite Price Review was completed in December 2021 and prices applied from July 2022. This year's performance review focused on these changes.

From the review, Matatā Campsite, near Whakatane, was the only facility we believe warrants a change. This standard category campsite became bookable in December 2021 and booking data for the last 14 months shows that the campsite is one of DOC's highest occupancy campsites (nationally).

The campsite's price is currently aligned to the category price of $10. However, its occupancy levels qualify it for high demand pricing (E.g., Tōtaranui Campground and White Horse Hill Campground) . To align with other DOC campsites with a similar demand profile, a year-round price change of $15 is recommended for Matatā campsite. This price is competitive with other non-DOC campsites in the area and the change has a forecasted revenue gain of $25,000 per annum.

During this review, Operations staff were consulted, no insurmountable issues raised and support the recommended price increase.

This recommendation is readily implementable and would apply for stays from **1st July 2023**. The implementation and the development of a comprehensive comms plan for price changes will be led by the Strategy, Investment, and Pricing team.

A high-level overview (9 pages) of FY23 post-price implementation performance reviews and supporting analysis for Matatā campsite's price increase is available in DOC-7283900.

Consultation			
Corporate Services/CFO	yes/no	Legal Advice	yes/no
Operations	yes/no	Kahui Kaupapa Atawhai	yes/no
People	yes/no	Health & Safety	yes/no
Partnerships	yes/no	Governance	yes/no
Policy and Visitors	yes/no	NGO/Other Community	yes/no

Recommendation from Director:

Recommended a year-round and seasonal pricing update to Matatā Campsite:

Current Price	Recommended Price	% increase
$10 per adult $5.00 per child/youth	$15 per adult $7.50 per child/youth	50%

DDG Approval	Approved	Declined	Endorsed	Noted
DDG signature		Date:	14/03/2023	

Item 6

FY24 Price Changes

Post-price implementation performance review of last season's price changes

March 2024
DOC-7594097

Review by: Yi Yang– Strategy Investments and Pricing Team
Price approval documentation: DOC-7594099

Department of Conservation
Te Papa Atawhai

New Zealand Government

Purpose, Target Outcomes and Strategy

One key outcome the Strategy, Investments and Pricing Team is to *Improved funding for and optimising investment in the heritage and visitor system.*

To help achieve this outcome, the team undertake price reviews of DOC facilities on a cyclical basis. Performance reviews are completed eight months after prices are implemented to ensure changes had the intended effect.

In this cycle we have reviewed the implemented price changes of hut price from July 2023. In addition, we have also completed a review of all facilities and recommended increases for DOC's highest demand huts and campsites.

The primary data source used to analyse performance comes through the DOCs booking system, which is processed by the SIP team and presented in various formats in the following slides.

Review summary

Last year's price increases did not impact demand and there are opportunities for further targeted fee increases at DOC's most popular huts and campsites.

REVIEW SUMMARY: PRICE CHANGES FROM FY24

- Hut price increases – Hut category fees, the backcountry hut pass, and an expiry date was added to hut tickets *(slide 4)*
- Price increases at Sole Occupancy Lodges – CPI price increase *(slide 5)*
- Matatā Campsite – The price charge increases to the "High-demand" category *(slide 6)*

RECOMMENDED PRICE INCREASES FOR FY25 (Fcst impact: +150K)

- Hut price increases – various price increases across nine popular huts *(slide 7)*
- Campsite price increases – various price increase across six popular campsites *(slide 8)*
- Sole occupancy facilities – Price changes to simplify the pricing structure *(slide 9)*

APPENDIX

- Analysis of Kerr Bay campsite, Whitehorse Hill campground , Port Jackson Campsite and High-Demand Facilities *(slide 9,10,11,12)*

Hut Price Changes

The high demand for huts indicates room to increase the price further or introduce a weekend pricing strategy.

What changed in the last review (DOC-7212326):

From July 2023, DOC implement the following changes:
(1) Hut category fee increases 66-100%;
(2) Backcountry hut pass increase by 11% (CPI);
(3) Start to charge for children aged 5-10 (they were free);
(4)The impact of adding an expiry date on hut tickets.

Observations from facility performance data (current year vs prior year)[1]

Hut category fees increased 66-100%

The demand does not appear to be impacted by this price increases. Bookable hut occupancy (mostly Serviced huts) increased from 48% to 52%. The occupancy for a few huts is around 90%, indicating room for pushing up the price further or updating the pricing strategy[2].

Backcountry hut pass price increases by 11%

Total sales of backcountry hut pass decreased from 2,236 to 1,262. A 6-month pass is preferred than a 1-year pass. The pass is being reviewed within the *Visitor fee payment system redesign*.

The impact of adding an expiry date to hut tickets

There was a large drop in ticket sales for Standard Huts after adding an expiry date to hut tickets (i.e. 52% decrease for Adult and 62% decrease for Youth). Visitor Centre also noted that a large chunk of tickets are sold through third-party retailers and are not included in the sales system. Tickets are being reviewed within the *Visitor fee payment system redesign*.

Charge for children aged 5-10

There is no significant impact on demand (i.e. stay at around 27%) after introducing charges for youth ages 5-10, this is a good story!

[1] Dates analysed 1st November 2023 to 31st January 2024
[2] Please see the table for details

Price Increase at Sole Occupancy Lodges

Results show continued demand growth for most sole occupancy lodges. There is room to either push up the price further or introduce a weekend pricing strategy.

What changed in the last review (DOC-7211575):

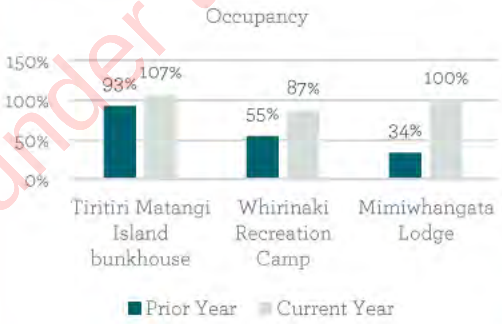
DOC has approved the increase of price charges for a few sole occupancy lodges to help keep up with demand and inflation.

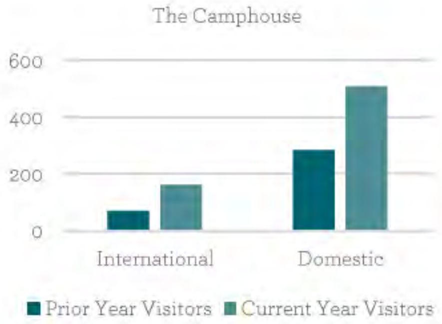
Observations from facility performance data

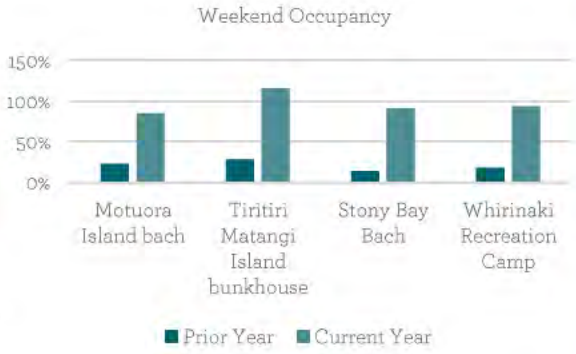
The occupancy for most of these sole occupancy facilities increases after increasing the price charge. During the summer season, the occupancy for Tiritiri Matangi Island bunkhouse, Whirinaki Recreation Camp and Mimiwhangata Lodge have exceeded 80% occupancy threshold. This indicates a potential to push up the price for these facilities further.

International demand of The Camphouse increased from 17% to 24% whereas the demand for other facilities was driven by domestic visitors.

The weekend occupancy for Motuora Island bach, Tiritiri Matangi Island bunkhouse, Stony Bay Bach and Whirinaki Recreation Camp have exceeded 80% occupancy threshold. DOC can look to increase price charges for Stony Bay Bach and introduce weekend pricing strategy for the other three sole occupancy lodges.







Matatā Campsite FY24 Price Increases

The demand for Matatā Campsite keeps increasing after the $5 price increase.

What changed in the last review (DOC-7283882):

Matatā Campsite price increase from $10 to $15 to qualify it for high-demand pricing and align with other DOC campsites with a similar demand profile. The change has a forecasted revenue gain of $25,000 per annum.

Observations from facility performance data

During the summer season, total occupancy increased from 37% to 46%. Occupied Units increased from 2,629 to 3,329. The number of visitors increased from 2,671 to 3,250. There is no change of the percentage for international and domestic demand. Average stay length (LOS) increased slightly from 2.1 to 2.2 nights. The portion of families staying increased slightly from 54% to 55%.

The campsite is also relatively new to DOC's booking system, this is likely a contributing factor.

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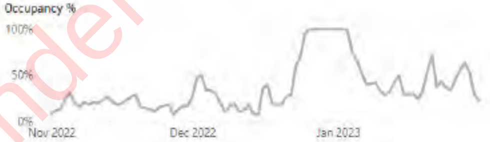
Te Papa Atawhai

Matatā Campsite - Performance Review

Facility
Campsite (FACILITY_TYPE) ...

Baseline Date Range
11/1/2022 1/31/2023

37% Occ %	2,629 Occupied units	2.1 Avg LOS	2,671 Visitors
2.2 Avg Pax	24 Avg Lead Time	54% % Families	15% Pass Bednights



Day	Occupied units	Occ %
Mon	360	36%
Tue	358	33%
Wed	308	30%
Thu	331	32%
Fri	433	42%
Sat	466	46%
Sun	373	37%
Total	**2,629**	**37%**
WD	1,730	34%
WE	899	44%

Age group	Visitors	% Tot. Visit	Occ Units	% Tot. Unit
Adult	1,653	62%	1,953	74%
	546	20%	660	25%
Child/Youth	346	13%	640	24%
Infant	126	5%	284	11%
Total	**2,671**	**100%**	**2,629**	**100%**

DOMESTIC VS INTERNATIONAL	Visitors	% Tot. Visitors
INTERNATIONAL	338	13%
DOMESTIC	2,333	87%
Total	**2,671**	**100%**

Current Period
11/1/2023 1/31/2024

46% Occ %	3,329 Occupied units	2.2 Avg LOS	3,250 Visitors
2.1 Avg Pax	20 Avg Lead Time	55% % Families	19% Pass Bednights

Day	Occupied units	Occ %
Mon	380	37%
Tue	375	36%
Wed	433	39%
Thu	454	44%
Fri	584	56%
Sat	640	62%
Sun	463	45%
Total	**3,329**	**46%**
WD	2,105	40%
WE	1,224	59%

Age group	Visitors	% Tot. Visit	Occ Units	% Tot. Unit
Adult	1,905	59%	2,205	66%
	841	26%	1,094	33%
Child/Youth	375	12%	610	18%
Infant	129	4%	254	8%
Total	**3,250**	**100%**	**3,329**	**100%**

DOMESTIC VS INTERNATIONAL	Visitors	% Tot. Visitors
DOMESTIC	2,819	87%
INTERNATIONAL	431	13%
Total	**3,250**	**100%**

Data refreshed: 20/02/2024 12:10:58 pm | Visitors = counting per period varies, see ***readme*** / **WE** = Weekend performance (Friday + Saturday) / Occupied Units = varies per facility type, see ***readme***

Huts:

Recommended fee increases for FY25

Weekend pricing and price increases is recommended for some of DOC's highest demand huts. These changes have a forecast impact of $59,071 p.a.

The price[3] update for the following facilities is recommended to manage demand and improve cost recovery.

Facilities	Current Price for Adult ($)	New Price for Adult ($)	Fcst revenue Gain[4] ($)	Notes
Hooker Hut (ESI)	$30	$40	$11,949	It is a high-demand hut with high occupancy (>85% during the season)
Peach Cove Hut (NNI)	Weekday: $25 Weekend$ 30 (Fri|Sat|Sun)	Weekday: $30 Weekend: $35 (Fri|Sat)	$4,166	The Occupancy on both weekdays and weekends is higher than 70%. Weekend pricing discontinued on Sundays.
Packhorse Hut (ESI)	Weekday: $25 Weekend: $30 (Fri|Sat|Sun)	Weekday: $30 Weekend: $35 (Fri|Sat)	$ 5,547	The occupancy on both weekdays and weekends is higher than 70%. The occupancy increased from around 30% to above 70%. Weekend pricing discontinued on Sundays.
Rod Donald Hut (ESI)	Weekday: $25 Weekend: $30 (Fri|Sat|Sun)	Weekday: $25 Weekend $35 (Fri|Sat)	$1,879	
Woolshed Creek Hut (ESI)	Weekday: $25 Weekend: $30	Weekday $25 Weekend: $35	$5,119	
Pinnacles Hut (HWT)	Weekday: $25 Weekend: $30	Weekday: $25 Weekend: $35	$3360	The occupancy on weekends is above 90%. Weekend pricing discontinued on Sundays.
Liverpool Hut (SSI)	$25	$35	$8,253	Benchmarking similar occupancy and experience to other Alpine huts, the occupancy of these huts is higher than other Alpine huts.
Brewster Hut (SSI)	$40	$45	$6,169	
Mueller Hut (SSI)	$45	$50	$12,630	

[3] Price for youth is half of the price for adult
[4] See related spreadsheet for details of revenue gain

Campsites:

Recommended fee increases for FY25

Various price increases are recommended at DOC's most popular campsites to help manage visitor demand and increase revenue. These changes have a forecasted revenue impact of $91,319 p.a.

The price update for the following facilities is recommended to manage demand and improve cost recovery.

Facilities	Current Price for Adult ($)	New Price for Adult ($)	Other Changes	Fcst revenue Gain[4] ($)	Notes
Matatā Campsite (ENI)	$15	Peak Season: $18 Off-peak Season: $15		$8,897	Peak season: 26 Dec to 8 Feb
Kerr Bay Campsite (NSI)	Peak Season: $22 Off-peak Season: $20	Peak Season: $25 Off-peak Season: $20	Extend the peak season to be from 19 October to 30 April.	$23,285	Kerr Bay Campsite was almost fully booked most of the time during the peak season. Powered sites remain +$3 per night.
White Horse Hill Campsite (ESI)	Peak Season: $18 Off-peak Season: $15	Peak Season: $18 Off-peak Season: $18	Extend the peak season to be from 19 October to 30 April.	$37,545	The occupancy was 91% between Dec 2022 and April 2023.
Gillespies Beach Campsite (WSI)	$10	$15		$7,117	The occupancy increased from 31% to almost 90%.
Lyell Campsite (WSI)	$10	$15		$4,958	The occupancy increased from 22% to 75%.
Avalanche Creek Shelter Campsite (ESI)	$10	$15		$9,517	The occupancy increased from 30% to 80%.

Sole occupancy facilities: Recommended fee updates for FY25

Some revenue neutral structure changes are recommended to simplify fees at some Sole Occupancy facilities.

In addition, the following changes for Sole Occupancy Facilities are recommended[5].

	Current Unit Price ($excl. additional person)	Additional Charges Per Person	Current avg. pax	The Maximum People to Charge Current Unit Price($)	Additional Unit Charges	Recommended full-unit price (no per-person charge)
Te Kopi Cottage	168	21	4.8	4.0	16.8	$190
Te Kopi Homestead	168	21	5.3	4.0	27.3	$190
Kauri Cottage	88	22	5.6	2.0	79.2	$161
Cookson Cottage	88	22	5.0	2.0	66.0	$161
Stony Bay Bach (Peak)	113	21	2.8	2.0	16.8	$130
Stony Bay Bach (Offpeak Weekend)	113	21	2.8	2.0	16.8	$130
Stony Bay Bach (Offpeak Weekday)	95	21	2.8	2.0	16.8	$112
Peel Forest Cabins	60	16	2.0	2.0	0.0	$60

[5] Assume these changes are revenue-neutral

In addition, we recommend the following changes of peak, shoulder and off-peak seasons for Mimiwhangata Beach House.

- Peak: 1 December to 8 Feb
- Shoulder: 19 October to 30 November, and 9 Feb to 7 June
- Offpeak: 8 June to 18 October

Appendix- Reviews

Kerr Bay Campsite

Review the Campsite Performance

What changed in the last review :

Booking data for the last 12 months show strong demand in the campsite, it had the highest occupancy among bookable campsites in NSI during the summer period.

Operation's feedback:

The operational lead confirmed that Kerr Bay Campsite has been full since 13 November 2023 and is fully booked up currently until 3 March 2024. The regional operational team suggested that Campsite Pass is not valid at Kerr Bay Campsite all year round. John agreed to extend the peak season to be 19 October to 30 April (and ensure that the Campsite Pass exclusion period is the same) and increase the price by $3.

SIP recommendation for FY23: [TBC]

Next price review: Recommend further monitoring of total occupancy, weekend vs weekday delta, and that pricing is benchmarked against other comparable experiences and adjusted accordingly.

Observations from facility booking data (current year vs prior year)

Demand and seasonality

- Occupied units increased slightly from 2,029 to 2,040
- Total occupancy increased 1% points (99% to 100%)

Stay & user profile

- The portion of families staying has increased slightly to 44%
- Booking lead time stayed at 22 days
- Average stay length (LOS) maintained at 1.4 nights

Observations from campsites in the area

A similar non-DOC campsite of Murchison Motorhome Park (50 mins drive) charges $23 with better facilities(e.g.f ree WIFI, hot water, underfloor heating, a central dining table and a wide screen TV)

The other DOC campsites in the same district have fewer facilities (e.g. no hot showers, no flash toilet etc.) charge $10 to $18 per adult

Department of Conservation
Te Papa Atawhai

Kerr Bay Campsite - Performance Review

Facility
Campsite (FACILITY_TYPE) ...

Baseline Date Range
11/1/2022 1/31/2023

99%	2,029	1.4	3,195
Occ %	Occupied units	Avg LOS	Visitors
2.2	22	43%	18%
Avg Pax	Avg Lead Time	% Families	Pass Bednights

Occupancy %


Day	Occupied units	Occ %
Mon	288	99%
Tue	299	96%
Wed	281	97%
Thu	284	98%
Fri	290	100%
Sat	292	100%
Sun	295	101%
Total	**2,029**	**99%**

WD	1,447	98%
WE	582	100%

Age group	Visitors	% Tot. Visit	Occ Units	% Tot. Unit
Adult	2,122	66%	1,479	73%
	665	21%	544	27%
Child/Youth	323	10%	272	13%
Infant	85	3%	107	5%
Total	**3,195**	**100%**	**2,029**	**100%**

DOMESTIC VS INTERNATIONAL	Visitors	% Tot. Visitors
INTERNATIONAL	1,474	46%
DOMESTIC	1,721	54%
Total	**3,195**	**100%**

Current Period
11/1/2023 1/31/2024

100%	2,040	1.4	3,062
Occ %	Occupied units	Avg LOS	Visitors
2.1	22	44%	21%
Avg Pax	Avg Lead Time	% Families	Pass Bednights

Occupancy %


Day	Occupied units	Occ %
Mon	287	100%
Tue	289	100%
Wed	308	99%
Thu	288	100%
Fri	287	100%
Sat	293	102%
Sun	288	100%
Total	**2,040**	**100%**

WD	1,460	100%
WE	580	101%

Age group	Visitors	% Tot. Visit	Occ Units	% Tot. Unit
Adult	2,022	66%	1,423	70%
	724	24%	620	30%
Child/Youth	240	8%	220	11%
Infant	76	2%	102	5%
Total	**3,062**	**100%**	**2,040**	**100%**

DOMESTIC VS INTERNATIONAL	Visitors	% Tot. Visitors
DOMESTIC	1,663	54%
INTERNATIONAL	1,399	46%
Total	**3,062**	**100%**

Data refreshed: 20/02/2024 12:10:58 pm | Visitors = counting per period varies, see ***readme*** / **WE** = Weekend performance (Friday + Saturday) / Occupied Units = varies per facility type, see ***readme***

White Horse Hill Campground

Review the Campsite Performance

What changed in the last review :

White Horse Hill Campsite experienced a high demand between December and April. The current peak season is set as December to February. DOC is looking to expand the peak season to be December to April so that the current capacity can meet the demand.

Operation’s feedback:

The operation team agreed to change the price and extend the peak season.

SIP recommendation for FY23: [TBC]

Next price review: Recommend further monitoring of peak vs off-peak delta, and that pricing is benchmarked against other comparable experiences and adjusted accordingly.

Observations from facility booking data (current year vs prior year)

Demand and seasonality

- Peak season Occupancy (Nov to Jan) decreased slightly but still above 80%
- The occupancy between Dec 22 to April 23 is 91%. The lowest occupancy happened on Wednesday was 87%
- Occupied units (1st November to 8th February) increased from 5,606 to 7,844;
- Visitors also increased from 9,127 to 12,524 due to the increase of both domestic and international visitors

Stay & user profile

- The portion of families staying and average stay length (LOS) remained unchanged
- Booking lead time decreased as occupancy decreased slightly but still above 25 days.

Observations from campsites in the area

Similar non-DOC campsites charge $27 per adult with better facilities (e.g. shower, Sky TV, unlimited WIFI and living room)

Department of Conservation
Te Papa Atawhai

White Horse Hill Campground - Performance Review

Facility: Campsite (FACILITY_TYPE) ...

Baseline Date Range: 11/1/2022 – 1/31/2023

85% Occ %	5,606 Occupied units	1.4 Avg LOS	9,127 Visitors
2.2 Avg Pax	29 Avg Lead Time	32% % Families	15% Pass Bednights

Occupancy %

Day	Occupied units	Occ %
Mon	817	87%
Tue	817	81%
Wed	785	84%
Thu	771	82%
Fri	803	86%
Sat	803	86%
Sun	810	87%
Total	**5,606**	**85%**
WD	4,000	84%
WE	1,606	86%

Age group	Visitors	% Tot. Visit	Occ Units	% Tot. Unit
Adult	6,813	75%	4,577	82%
	1,274	14%	1,051	19%
Child/Youth	748	8%	550	10%
Infant	292	3%	321	6%
Total	**9,127**	**100%**	**5,606**	**100%**

DOMESTIC VS INTERNATIONAL	Visitors	% Tot. Visitors
INTERNATIONAL	6,586	72%
DOMESTIC	2,541	28%
Total	**9,127**	**100%**

Current Period: 11/1/2023 – 1/31/2024

84% Occ %	7,844 Occupied units	1.4 Avg LOS	12,524 Visitors
2.1 Avg Pax	27 Avg Lead Time	32% % Families	17% Pass Bednights

Occupancy %

Day	Occupied units	Occ %
Mon	1,115	84%
Tue	1,133	85%
Wed	1,187	83%
Thu	1,085	82%
Fri	1,089	82%
Sat	1,111	84%
Sun	1,124	85%
Total	**7,844**	**84%**
WD	5,644	84%
WE	2,200	83%

Age group	Visitors	% Tot. Visit	Occ Units	% Tot. Unit
Adult	9,444	75%	6,183	79%
	1,938	15%	1,687	22%
Child/Youth	820	7%	640	8%
Infant	322	3%	389	5%
Total	**12,524**	**100%**	**7,844**	**100%**

DOMESTIC VS INTERNATIONAL	Visitors	% Tot. Visitors
INTERNATIONAL	9,063	72%
DOMESTIC	3,461	28%
Total	**12,524**	**100%**

Data refreshed: 20/02/2024 12:10:58 pm | * Visitors = counting per period varies, see ***readme*** / WE = Weekend performance (Friday + Saturday) / * Occupied Units = varies per facility type, see ***readme***

Port Jackson Campsite

Review the Campsite Performance

What changed in the last review :

In FY 23, the prices of Port Jackson Campsite decreased from $15 to $10 after the cyclone in order to increase the revenue income. If demand stays high, DOC will look to increase the price.

Operation's feedback:

Nick Kelly, the Operations Manager of Whitianga, confirmed that the team have already requested the prices to return to normal season pricing, which is $18 for peak season and $15 for off-peak season.

SIP recommendation for FY23: [TBC]

Next price review: Recommend further monitoring of peak vs off-peak delta, and that pricing is benchmarked against other comparable experiences and adjusted accordingly.

Observations from facility booking data (current year vs prior year)

Demand and seasonality

- Occupied units increased from 2,402 to 3,023
- Visitors increased from 1,864 to 2,479. The demand increase was driven by the increased proportion of domestic visitors (from 86% to 88%).
- Total occupancy increased from 36% to 44%

Stay & user profile

- The portion of families staying has decreased to 42%
- Booking lead time decreased to 16 days
- Average stay length (LOS) decreased from 3.1 to 2.6

Observations from campsites in the area

- There is no similar non-DOC campsite in this region.
- Similar DOC campsites (e.g. Fantail Bay Campsite, Fletcher Bay Campsite) in the country are priced at the same price per adult

Department of Conservation
Te Papa Atawhai

Port Jackson Campsite - Performance Review

Facility
Campsite (FACILITY_TYPE) ...

Baseline Date Range
11/1/2022 1/31/2023

36% Occ %	2,402 Occupied units	3.1 Avg LOS	1,864 Visitors
2.6 Avg Pax	44 Avg Lead Time	51% % Families	7% Pass Bednights

Occupancy %

Day	Occupied units	Occ %
Mon	343	36%
Tue	338	35%
Wed	335	35%
Thu	300	31%
Fri	335	35%
Sat	406	42%
Sun	345	36%
Total	**2,402**	**36%**
WD	1,661	34%
WE	741	39%

Age group	Visitors	% Tot. Visit	Occ Units	% Tot. Unit
Adult	1,306	70%	2,083	87%
Child/Youth	284	15%	806	34%
	189	10%	310	13%
Infant	84	5%	272	11%
Total	**1,864**	**100%**	**2,402**	**100%**

DOMESTIC VS INTERNATIONAL	Visitors	% Tot. Visitors
INTERNATIONAL	262	14%
DOMESTIC	1,602	86%
Total	**1,864**	**100%**

Current Period
11/1/2023 1/31/2024

44% Occ %	3,023 Occupied units	2.6 Avg LOS	2,479 Visitors
2.4 Avg Pax	16 Avg Lead Time	42% % Families	5% Pass Bednights

Occupancy %

Day	Occupied units	Occ %
Mon	393	41%
Tue	378	39%
Wed	404	39%
Thu	395	41%
Fri	464	48%
Sat	539	56%
Sun	450	47%
Total	**3,023**	**44%**
WD	2,020	41%
WE	1,003	52%

Age group	Visitors	% Tot. Visit	Occ Units	% Tot. Unit
Adult	1,815	73%	2,724	90%
Child/Youth	326	13%	860	28%
	247	10%	279	9%
Infant	90	4%	268	9%
Total	**2,479**	**100%**	**3,023**	**100%**

DOMESTIC VS INTERNATIONAL	Visitors	% Tot. Visitors
DOMESTIC	2,180	88%
INTERNATIONAL	299	12%
Total	**2,479**	**100%**

Data refreshed: 20/02/2024 12:10:58 pm | * Visitors = counting per period varies, see ***readme*** / **WE** = Weekend performance (Friday + Saturday) / ** Occupied Units = varies per facility type, see ***readme***

High-Demand Facilities

Review the Performance of Pricing

What changed in the last review :

In FY 23, a few serviced huts were highly demanded. DOC is looking to either further increase the price or adopt relevant pricing strategies to manage the demand and improve cost recovery.

Operation's feedback:

The regional operational team agreed with the price change for Rod Donald Hut and Lyell Campsite. The price changes for other facilities are to be confirmed.

SIP recommendation for FY23: [TBC]

Next price review: Recommend further monitoring of weekend vs weekday delta, and that pricing is benchmarked against other comparable experiences and adjusted accordingly.

Observations from facility booking data (current year vs prior year)

Demand and seasonality of high- demand huts

- Total occupancy for most huts increased. Whistle Rod Donald Hut had a decrease in total occupancy, the total occupancy is still 75%.
- Weekend (Friday & Saturday) occupancy for most huts increased. The weekend occupancy for Rod Donald Hut was maintained at 97%. There is a large discrepancy between weekday occupancy and weekend occupancy for all these huts except Pouakai Hut. The occupancy for Pouakai Hut is above 85% for both weekday and weekend.

Stay & user profile

- Except Woolshed Creek hut, the portion of families staying did not change much. The portion of families staying for Woolshed Creek Hut decreased from 47% to 39%.
- Booking lead time decreased
- Average stay length (LOS) remained at the same level as last year
- The demand was driven by domestic visitors

Observations from huts in the area

- There is no similar non-DOC huts in this region.
- Similar DOC huts in the country are priced at the same price per adult

Observations from facility booking data (current year vs prior year)

Demand and seasonality of high-demand campsites

- Total occupancy increased for all.
- Weekend (Friday & Saturday) occupancy increased significantly

Stay & user profile

- The portion of families staying has increased
- Booking lead time for Mangahuia Campsite increased. For Gillespies Beach Campsite, booking lead time decreased. The booking lead time for West Bay Campsite is unchanged.
- Average stay length (LOS) remained at the same level roughly
- The demand was driven by international visitors

Observations from campsites in the area

- There is a similar non-DOC campsite in the same region with Mangahuia Campsite – Discovery Campsite charges $24 for better facilities (e.g. powered sites, free showers and guest laundry). No non-DOC campsites near Gillespie Beach campsite. Buller Campground is a non-DOC campsite near West Bay Campsite charges
- Similar DOC campsites (e.g. Teetotal Campsite) in the country are priced at lower prices per adult due to less facilities

Biodiversity Heritage and Visitors Approval Sheet

Date:	15 March 2024	DocCM ref:	DOC-7594099	Deadline	31 March 2024

Approval sought from: DD-G Biodiversity, Heritage & Visitors: Stephanie Rowe

Subject:	Recommended price changes for huts and campsites		
Drafted by:	Yi Yang	Phone No:	Sec 9(2)(a) [redacted]
Peer Reviewed by:	Steve Kerr	Phone No:	[redacted]
Proof-reader	Joe Ellingham	Phone No:	[redacted]
Endorsing Director	Cat Wilson	Phone No:	[redacted]
Director Signature:			
Please return signed document to:	Yi Yang (yyang@doc.govt.nz)		

Context:

The Strategy, Investment and Pricing Team (SIP) reviews the facility prices on a regular basis. SIP has reviewed the pricing performance of facilities since the new prices were implemented. The aim of the review is to check whether a further change in price is needed.

From the review, we have the following main findings:

(1) Hooker Hut, Kerr Bay Campsite, White Horse Hill Campsite and Gillespies Beach Campsite are with occupancy large than 80%;
(2) The occupancy on both weekdays and weekends is higher than 70% for Peach Cove Hut;
(3) The weekend occupancy for Rod Donald Hut, Woolshed Creek Hut and Pinnacles Hut – HWT is above 90%;
(4) We also benchmarked the occupancy and experience of Liverpool Hut, Brewster Hut and Mueller Hut with other alpine huts and found that their occupancy is higher than the others;
(5) The occupancy for Gillespies Beach Campsite, Lyell Campsite and Avalanche Creek Shelter Campsite surged during the current period.

Therefore, we recommend price changes for those facilities to manage demand and improve cost recovery.

During this review, we also consulted Operations staff. No significant issues were raised, and they support the recommended price increase or change in the peak season.

For a complete analysis of category pricing, please refer to the summary slide deck, referenced below.

Summary slide deck (main deliverable): DOC-7594097

Consultation

Corporate Services/CFO	yes/no	Legal Advice	yes/no
Operations	yes/no	Kahui Kaupapa Atawhai	yes/no
People	yes/no	Health & Safety	yes/no
Partnerships	yes/no	Governance	yes/no
Policy and Visitors	yes/no	NGO/Other Community	yes/no

Sole Occupancy Accommodation Facilities	Recommendations
Mimiwhangata Lodge	Increase by 15%
Tiritiri Matangi Island bunkhouse	Increase by 15%
Mimiwhangata Cottage	Increase by 15%
Sierra Room	Increase by 10%
Haurangi Hut	Increase by 10%
Jans Hut	Increase by 10%
Turere Lodge	Increase by 10%
Mimiwhangata Beach House	Increase by 10%
Boar Inn	Increase by 10%
Whakapapa Holiday Park-Cabins	Increase by 10%
Motuora Island bach	Increase by 10%

Background and Context

The fees for the Great Walks (huts and campsites) were increased in 2023, with a 6% increase for Paparoa and an 18% increase for all other Great Walks apart from Lake Waikaremoana, where prices stayed the same. Youth fees (ages 5-17 years) were also reintroduced for the Great Walks in 2023.

The Great Walks and our high-demand facilities continue to show high use after the fees have been increased.

Analysis

Results

From this review, we identified those facilities that are in high demand - occupancy exceeded the testing thresholds (refer Table 1) with consistent and growing demand. Therefore, we recommend price increases for those facilities to primarily increase revenue. Table 1 shows the expected additional revenue from the proposed price increases.

The tables in Appendix 2 show the occupancy levels, recommended price changes and the reasons for those increases.

Methodology

The occupancy and booking data were extracted from the booking system for the relevant huts, campsites and sole occupancy accommodation. Occupancy is a guiding tool for evaluating the impact of prices charged on facilities. We use the number of booked bednights divided by the number of available bednights as the proxy of the occupancy. We identify high-demand facilities through a set of benchmarks[1] set out in Appendix 3. We then compared the occupancy of the previous year with this year to check for any change in demand. A high growth in demand is a change in occupancy greater than 5%. High demand in combination with stable to high growth indicates that further price increases are possible. However, this is tempered by the market and local circumstances. This requires

1 Based on the benchmarks in the paper "Occupancy Thresholds for DOC Recreation Facilities" (DOC-7105177).

judgement and is based on an interactive discussion amongst the analytical team members.

The potential additional amount of revenue generated from the proposed price increase is calculated. The price elasticity of demand[2] is factored into the revenue calculations. The analysis was reviewed by the Principal Commercial and Revenue Advisors (Steven Kerr and Joe Ellingham).

Revenue Impact

Additional Revenue =New Price x New Bednights - Old Price x Old Bednights.

The total additional revenue expected to be generated from the proposed price increases would be **$810,200**. Table 1 below is the breakdown of the additional revenue. Refer to DOC-10226702 for further details.

Table 1 Proposed facility price increases

Experience/facility	Expected additional revenue (excl GST)
Great Walks (5)	**$555,000**
Abel Tasman Coast Track	*$94,000*
Kepler Track	*$134,000*
Milford Track	*$187,000*
Routeburn Track[3]	*$112,000*
Paparoa Track	*$28,000*
High demand huts (4)	**$ 56,000**
Hooker Hut	*$20,000*
Brewster Hut	*$ 7,000*
Peach Cove Hut	*$12,000*
Mueller Hut	*$17,000*
Sole Occupancy Facilities (11)	**$199,200**
Mimiwhangata Lodge	*$50,000*
Tiritiri Matangi Island bunkhouse	*$13,000*
Mimiwhangata Cottage	*$64,000*
Sierra Room	*$ 4,000*
Haurangi Hut	*$ 4,000*
Jans Hut	*$ 4,000*
Turere Lodge	*$13,000*
Mimiwhangata Beach House	*$20,000*
Boar Inn	*$ 1,200*
Motuora Island bach	*$ 2,000*
Whakapapa Holiday Park- Cabins	*$24,000*
Total	**$810,200**

[2] This recognises the economics of price elasticity – how much demand (i.e. bednights) may be reduced by increases in prices.

[3] The prices of campsites also increase

Appendix 1 – Proposed New Prices

Specific Facility	Booking Type	Price category	Summer Price (October to April)	Shoulder Season Price (May, June)	Shoulder Season Price (September)	Off Season Price (July to August)	Weekdays (Sunday-Thursday)	Weekend - Friday	Weekend - Saturday	Additional Adult	Additional Child	Peak (1 Dec - 8 Feb)	Shoulder (10 Oct - 30 Nov)	Off-peak (1 Jul - 18 Oct)
Campsites - Tinline, Coquille Bay, Apple Tree, Akersten	per night	Adult - Domestic	21	21	21	21	refer columns G-J	-	-			-	-	-
Campsites - Tinline, Coquille Bay, Apple Tree, Akersten	per night	Adult - International	31	21	21	21	refer columns G-J	-	-			-	-	-
Campsites - Tinline, Coquille Bay, Apple Tree, Akersten	per night	Youth (5-17y) - Domestic	10	10	10	10	refer columns G-J	-	-			-	-	-
Campsites - Tinline, Coquille Bay, Apple Tree, Akersten	per night	Youth (5-17y) - International	15	10	10	10	refer columns G-J	-	-			-	-	-
Huts - Anchorage, Bark Bay, Awaroa, Whariwharangi	per bed	Adult - Domestic	55	42	42	33	refer columns G-J	-	-			-	-	-
Huts - Anchorage, Bark Bay, Awaroa, Whariwharangi	per bed	Adult - International	84	42	42	33	refer columns G-J	-	-			-	-	-
Huts - Anchorage, Bark Bay, Awaroa, Whariwharangi	per bed	Youth (5-17y) - Domestic	28	21	21	17	refer columns G-J	-	-			-	-	-
Huts - Anchorage, Bark Bay, Awaroa, Whariwharangi	per bed	Youth (5-17y) - International	42	21	21	17	refer columns G-J	-	-			-	-	-
Brod Bay, Iris Burn campsites	per night	Adult - Domestic	28	11	11	11	refer columns G-J	-	-			-	-	-
Brod Bay, Iris Burn campsites	per night	Adult - International	42	11	11	11	refer columns G-J	-	-			-	-	-
Brod Bay, Iris Burn campsites	per night	Youth (5-17y) - Domestic	14	6	6	6	refer columns G-J	-	-			-	-	-
Brod Bay, Iris Burn campsites	per night	Youth (5-17y) - International	21	6	6	6	refer columns G-J	-	-			-	-	-
Iris Burn and Moturau huts	per bed	Adult - Domestic	88	30	30	30	refer columns G-J	-	-			-	-	-
Iris Burn and Moturau huts	per bed	Adult - International	132	30	30	30	refer columns G-J	-	-			-	-	-
Iris Burn and Moturau huts	per bed	Youth (5-17y) - Domestic	44	15	15	15	refer columns G-J	-	-			-	-	-
Iris Burn and Moturau huts	per bed	Youth (5-17y) - International	66	15	15	15	refer columns G-J	-	-			-	-	-
Luxmore Hut	per bed	Adult - Domestic	88	35	35	35	refer columns G-J	-	-			-	-	-
Luxmore Hut	per bed	Adult - International	132	35	35	35	refer columns G-J	-	-			-	-	-
Luxmore Hut	per bed	Youth (5-17y) - Domestic	44	17.5	17.5	17.5	refer columns G-J	-	-			-	-	-
Luxmore Hut	per bed	Youth (5-17y) - International	66	17.5	17.5	17.5	refer columns G-J	-	-			-	-	-
Mintaro, Dumpling, Clinton huts	per bed	Adult - Domestic	106	30	30	30	refer columns G-J	-	-			-	-	-
Mintaro, Dumpling, Clinton huts	per bed	Adult - International	152	30	30	30	refer columns G-J	-	-			-	-	-
Mintaro, Dumpling, Clinton huts	per bed	Youth (5-17y) - Domestic	53	15	15	15	refer columns G-J	-	-			-	-	-
Mintaro, Dumpling, Clinton huts	per bed	Youth (5-17y) - International	76	15	15	15	refer columns G-J	-	-			-	-	-
Ces Clarke Hut	per bed	Adult - Domestic	50	50	50	50	refer columns G-J	-	-			-	-	-
Ces Clarke Hut	per bed	Adult - International	76	50	50	50	refer columns G-J	-	-			-	-	-
Ces Clarke Hut	per bed	Youth (5-17y) - Domestic	25	25	25	25	refer columns G-J	-	-			-	-	-
Ces Clarke Hut	per bed	Youth (5-17y) - International	38	25	25	25	refer columns G-J	-	-			-	-	-
Moonlight Hut	per bed	Adult - Domestic	78	61	61	50	refer columns G-J	-	-			-	-	-
Moonlight Hut	per bed	Adult - International	117	61	61	50	refer columns G-J	-	-			-	-	-
Moonlight Hut	per bed	Youth (5-17y) - Domestic	39	30	30	25	refer columns G-J	-	-			-	-	-
Moonlight Hut	per bed	Youth (5-17y) - International	58	30	30	25	refer columns G-J	-	-			-	-	-
Pororari Hut	per bed	Adult - Domestic	61	50	50	50	refer columns G-J	-	-			-	-	-
Pororari Hut	per bed	Adult - International	92	50	50	50	refer columns G-J	-	-			-	-	-
Pororari Hut	per bed	Youth (5-17y) - Domestic	31	25	25	25	refer columns G-J	-	-			-	-	-
Pororari Hut	per bed	Youth (5-17y) - International	46	25	25	25	refer columns G-J	-	-			-	-	-
Lake Mackenzie, Routeburn Flat campsites	per night	Adult - Domestic	28	11	11	11	refer columns G-J	-	-			-	-	-
Lake Mackenzie, Routeburn Flat campsites	per night	Adult - International	42	11	11	11	refer columns G-J	-	-			-	-	-
Lake Mackenzie, Routeburn Flat campsites	per night	Youth (5-17y) - Domestic	14	6	6	6	refer columns G-J	-	-			-	-	-
Lake Mackenzie, Routeburn Flat campsites	per night	Youth (5-17y) - International	21	6	6	6	refer columns G-J	-	-			-	-	-
Lake Mackenzie, Routeburn Falls and Routeburn Flat hi	per bed	Adult - Domestic	[illegible]	[illegible]	30	30	refer columns G-J	-	-			-	-	-
Lake Mackenzie, Routeburn Falls and Routeburn Flat hi	per bed	Adult - International	132	35	30	30	refer columns G-J	-	-			-	-	-
Lake Mackenzie, Routeburn Falls and Routeburn Flat hi	per bed	Youth (5-17y) - Domestic	44	17.5	15	15	refer columns G-J	-	-			-	-	-
Lake Mackenzie, Routeburn Falls and Routeburn Flat hi	per bed	Youth (5-17y) - International	66	17.5	15	15	refer columns G-J	-	-			-	-	-
Hooker Hut	per bed	Adult	50	50	50	50	refer columns G-J	-	-			-	-	-
Hooker Hut	per bed	Youth (5-17y)	25	25	25	25	refer columns G-J	-	-			-	-	-
Brewster Hut	per bed	Adult	50	50	50	50	refer columns G-J	-	-			-	-	-
Brewster Hut	per bed	Youth (5-17y)	25	25	25	25	refer columns G-J	-	-			-	-	-
Peach Cove Hut	per bed	Adult	35	35	35	35	refer columns G-J	40	40			-	-	-
Peach Cove Hut	per bed	Youth (5-17y)	18	18	18	18	refer columns G-J	20	20			-	-	-
Mueller Hut	per bed	Adult	55	55	55	55	refer columns G-J	-	-			-	-	-
Mueller Hut	per bed	Youth (5-17y)	28	28	28	28	refer columns G-J	-	-			-	-	-
Mueller Hut	per bed	NZAC members	40	40	40	40	refer columns G-J	-	-			-	-	-
Mimiwhangata Lodge	per booking	per booking	-	-	-	-	-	-	-			1,956	805	499
Mimiwhangata Cottage	per booking	per booking	-	-	-	-	-	-	-			2,351	1,087	604
Mimiwhangata Beach House	per booking	per booking	-	-	-	-	-	-	-			1,871	770	477
Tiritiri Matangi Island bunkhouse	per bed	Adult	48	48	48	48	-	-	-			-	-	-
Tiritiri Matangi Island bunkhouse	per bed	Youth (5-17y)	37	37	37	37	-	-	-			-	-	-
Sierra Room	per booking	per booking	-	-	-	-	-	-	-			145	145	145
Haurangi Hut	per booking	per booking	-	-	-	-	-	-	-			154	127	127
Jans Hut	per booking	per booking	-	-	-	-	-	-	-			138	116	116
Turere Lodge	per booking	per booking	-	-	-	-	-	-	-			143	121	121
Boar Inn	per booking	per booking	-	-	-	-	-	-	-			61	50	50
Motuora Island bach	per booking	per booking					98	116	116			116	refer column K-M	refer column K-M
Forest & Bird House (Sommes Island)	per booking	per booking					196	236	236			236	refer column K-M	refer column K-M
Standard Cabin double	per booking	per booking					99	110	110	26	21			
Standard Cabin single	per booking	per booking					94	105	105	26	21			
Self-contained cabin	per booking	per booking					160	160	160	25	20			

Appendix 2 – Occupancy, Proposed Changes and Reasons

Great Walks

Facility	23/24 Occupancy*	24/25 Occupancy*	Occupancy Change	Proposed fee increase	Reasons
Milford Track - all huts	98%	97-98%	No change	+15%	Operating at capacity for many years. No room for growth. Premium product. 18% price increase last year and operating at capacity tempering price increase.
Abel Tasman Coast Track – all huts	81-97%	83-97%	No change	+10%	High and stable demand. Very little room for growth in huts. 18% price increase last year and operating almost at capacity tempering price increase.
Kepler Track – all huts	92-97%	90-97%	No change	+10%	Operating at capacity for many years. Growth in last year returning to normal operating position. No room for growth in huts. Premium product. 18% price increase last year and operating at capacity tempering price increase.
Routeburn Track – all campsites	64-95 %	68-96%	+1-6%	+10%	Operating at capacity for many years. Growth in last year returning to normal operating position. No room for growth in huts, some capacity in campsites. Premium product. 18% price increase last year and operating at capacity tempering price increase.
Routeburn Track – all huts	86-98%	89-99%	+1-3%	+10%	
Paparoa Track -all huts	73-92%	75-91%	-1%-+3%	+5%	Close to operating at capacity. Pinch-point at Moonlight Tops. Moderate growth. Lack of hut capacity and 6% price increase last tempering price increase.

Non-Great Walks

Sole Occupancy Accommodation

Facility	23/24 Occupancy*	24/25 Occupancy*	Occupancy Change	Proposed fee increase	Reasons
Mimiwhangata Lodge	83%	91%	8%	+15%	Strong growth; top end of the high-demand group
Mimiwhangata Cottage	87%	84%	-3%	+15%	Demand decreased but is still strong; could be at the maximum of the price. Watch price and use.
Mimiwhangata Beach House	55%	61%	6%	+10%	Strong growth; middle of the high-demand group
Tiritiri Matangi Island bunkhouse	82%	87%	5%	+15%	Strong growth; top end of the high-demand group
Sierra Room	81%	83%	2%	+10%	Small growth; Strong demand. To test the premium for exclusive room. Watch price and use.
Haurangi Hut	70%	74%	4%	+10%	Moderate growth; middle of the high-demand group
Jans Hut	57%	62%	5%	+10%	Strong growth; middle of the high-demand group
Turere Lodge	52%	62%	10%	+10%	Strong growth; middle of the high-demand group
Boar Inn	51%	59%	8%	+10%	Strong growth; middle of the high-demand group
Motuora Island Bach	42%	50%	8%	+10%	Strong growth; middle of the high-demand group
Whakapapa Holiday Park- Cabins	63%	58%	-5%	+10%	Demand decreased but is still strong; could be at the maximum of the price considering product condition. Watch price and use.

Huts

Facility	23/24 Occupancy*	24/25 Occupancy*	Occupancy Change	Proposed fee increase	Reasons
Hooker Hut	88%	88%	No change	+$10	No growth, but high demand. Premium location. Align closely with Mueller Hut. Bunks in the hostel are above $100 (Hooker would be $50). Noting new carpark charges coming, small bunk capacity and prices increased every year.
Brewster Hut	69%	72%	+4%	+$5	Moderate growth. High demand group. Align more closely with Mueller Hut.
Peach Cove Hut	73%	80%	+10%	+$5	Strong growth. High demand group. Limited capacity (8 bunks) temper price increase.
Mueller Hut	61%	67%	+10%	+$5	Strong growth. High demand group. Year on year price increases temper this year.

Appendix 3 –Threshold and Recommendations

Thresholds for identifying price increases and high demand

Great Walks	Threshold	Recommendations
Huts	80-90%	Increase by 5%
	above 90%	Increase by 10%-15%[4]
Campsites	50-60%	Increase by 3%
	above 60%	Increase by 5%
Non-Great Walks	**Threshold**	**Recommendations**
Huts	Above 85% and a strong growth in demand	Increase $10
	65% -85% and a strong growth in demand	Increase $5
Sole Occupancy Accommodations	Above 85%	Increase by 15%
	45%-85% and a strong growth in demand	Increase by 10%

[4] As the occupancy of all facilities on Milford Track is above 90%, we recommend 15% price increases.

Item 8

Campsite Price Review

January 2025

Experience Management and Commercial Team

Nick Pearce – Business Analyst
Joe Ellingham – Principal Commercial and Revenue Advisor

Department of Conservation
Te Papa Atawhai

New Zealand Government

Cover: ***Puriri Bay (Whangaruru Head) Campsite (Dept. of Conservation)***
DOC-7858970

Quality Assurance Record

Project identification

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Report Endorsement Record

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Table of Contents

1 Overview

1.1 Price Review Scope

This price review includes all non-Great Walk campsites and the Campsite Pass. The categories reviewed were:

- Backcountry (48 campsites)
- Standard (145 campsites)
- Serviced (7 campsites)

We also evaluated whether DOC should begin to charge for the Basic campsites (71), which are currently free, and examined our high demand campsites with a view to growing revenue through custom high-demand pricing.

DOC's hut and campsite reviews have drawn on best practice revenue management methodology since 2019. Our approach for this campsite price review included:

- Benchmarking against others' campsites, in particular council campsites, and assessing willingness to pay
- Analysing demand, including by season and day of week
- Considering changes in CPI
- Applying price elasticities to forecast the impact of price changes on demand and revenue, and overall cost recovery
- Testing proposals with an internal pricing reference group and staff at place

In addition, we consulted with organised stakeholder groups such as the New Zealand Motor Caravan Association (NZMCA), Federated Mountain Clubs (FMC), Backcountry Trust (BCT) and others. And considered how recommendations could be implemented using current DOC systems.

1.2 Consultation and Implementation

1.2.1 Consultation

Internal and external stakeholders were consulted during this review. This consisted of an initial contact, followed by a consultation document that included proposed price changes and supporting analysis. We received 6 formal submissions – 4 external (NZMCA, FMC, NZAC & Te Araroa Trust) and 2 internal (HWT Ops and NSI Ops). We also received approximately 40 emails direct from NZMCA members, responding to a notice on their website.

Overall, there does not appear to be any feedback in these submissions that has a significant impact on our proposals, with broad support for most of what we put forward. The most common theme was a concern ***that price increases may negatively affect families and low-income visitors.*** Among NZMCA members there also seemed to be a clear dislike for non-compliance, which they reported to see regularly.

As a follow-on step to the affordability concerns, we will review the 25% discount we introduced in FY25 for Community Card holders to ensure it is meeting its intended purpose.

1.2.2 Implementation

Internal stakeholders were consulted at each stage of this review to ensure the recommendations were readily implementable. The key focus was to ensure the recommendations could be implemented 'on the ground', that the booking system had the required functionality, and DOC's website could be updated with the changes proposed.

All recommendations can be readily implemented.

1.3 Summary of Recommendations

Category Pricing

Category	Recommendation	Per Adult
Basic	Increase	from $0 (free) to $10 contingent on our exploring options to facilitate effective fees collection, and agreement on how to implement
Backcountry	Increase	from $6 to $10
Standard	Maintain	at $10
Serviced	Increase	from $20 to $25

Standard Category Campsites with High Demand Pricing

Demand Level	Recommendation	Per Adult
Top 5% (4)	Increase	from $15 to $20
Annual Occupancy above 20% (47)	Increase	from $15 to $18
Annual Occupancy close to 20% (28)	Increase	from $10 to $15
Annual Occupancy below 20% (66)	Maintain	at the Standard price of $10

Seasonal Pricing

Category	Recommendation	Per Adult
11 sites	Maintain	peak season differential
4 sites	Remove	high demand pricing

Sell Strategies

Strategy	Recommendation	Description
Stay length & site charge restrictions	Maintain	current settings at eight (8) campsites

Campsite Pass

Option	Recommendation	Rationale
Discontinue 1mth Pass and increase price of 1yr Pass	Recommended	Limited impact on 1mth Pass / substantial price increase required for 1 yr Pass ($195 up to $295) to offset displaced revenue – but retains a viable pass option for visitors

2 Rationale for these Recommendations

2.1 Category Pricing

Recommendations	Rationale
Increase **Basic Category Price/Adult** *...from **Free to $10.00***	*Basic* campsites provide minimal amenities. Our market analysis shows the average price for equivalent paid council campsites is $10.00 per adult. To increase revenue to contribute to the maintenance costs of these campsites, we recommend we set a similar price. • <u>contingent on</u> our exploring options to facilitate effective fees collection, and agreement on how to implement
Increase **Backcountry Category Standalone Price/Adult** *...from **$6.00 to $10.00***	These campsites are typically in remote locations that cannot be driven to in a car. 'Standalone'[1] *Backcountry* category campsites are currently priced at $6.00 per adult. We recommend that this price is adjusted to $10 per adult to match the new *Basic* category price, and the base price for Standard category campsites
Maintain **Standard Category** **Price/Adult** *...at **$10.00***	DOC's *Standard* category campsites are vehicle accessible and typically provide back to basics amenities like those offered by some Councils around New Zealand. While there is a significant overlap in amenities offered across this and DOC's own *Basic* category, scope remains for enhanced facilities. Given this, and minimal inflationary impact since the price was increased from $8 to $10 in 2022/23, the price point should remain as it is and aligned to the recommended *Basic* category price.
Increase **Serviced Category** **Price/Adult** *...from **$20.00 to $25.00***	DOC currently has only 7 campsites in the *Serviced* category, with 6 priced at $20 per adult, and one at $23. The market survey found 15 equivalent council campsites with prices ranging from $11.50 to $50 per adult, with an average of just under $22 per adult. These DOC campsites are most like privately run commercial campgrounds, so we have checked to ensure that our recommended fees remain competitive with similar private and council campsites in the area. Given this, and that the CPI forecast shows an inflationary impact pushing our current $20 price per adult to just over the $25 mark by June next year, we recommend we increase our price to match this. • with the exception of two sites (Peel Forest and Trounson) where analysis of the local market suggests these should remain at the current price level (see ***Appendix 1*** for detail)

[1] That is, a campsite that is not adjacent to a Backcountry Hut.

2.2 High Demand Pricing

High demand prices for 53 *Standard* category campsites were introduced in 2014 (under the then 'Scenic' Category) and have been reviewed only once (in 2019) since then.

We reviewed the occupancy of DOC's 145 *Standard* category campsites using booking data and forecasted occupancy and Operations feedback for non-bookable campsites. Occupancy was then compared against our occupancy thresholds[2].

Recommendations	Rationale
Apply **A three-tier pricing approach** *...for Standard campsites with high annual demand*	Annual occupancy figures in this group reveal campsites with the highest levels of use. Analysis suggests that a *three-tier pricing approach* is required to accommodate the range of market conditions impacting demand, as follows: • for the Top 5% (campsites above 44% annual occupancy) • for campsites above 20% annual occupancy • for campsites close to 20% annual occupancy
Increase **Campsites in the Top 5% Price/Adult** *...from **$15.00 to $20.00***	**Tier 1** - Number of Sites - 4 Council equivalent figures suggest there is room to move to the $20 per adult price point for campsites at the highest demand levels.
Increase **Campsites with annual occupancy above 20% Price/Adult** *...from **$15.00 to $18.00***	**Tier 2** - Number of Sites - 47 A more modest price increase seems justified for campsites at this occupancy level. The CPI forecast supports this, showing an inflationary impact of nearly four dollars on the current $15 fee (rising to $18.78 by June 2025). We recommend $18 to provide a range of price points, considering $20 as the highest demand in this category.
Increase **Campsites with annual occupancy close to 20% Price/Adult** *...from **$10.00 to $15.00***	**Tier 3** - Number of Sites - 28 Where a *Standard* campsite currently doesn't have high-demand pricing but has occupancy of around the 20% threshold, we recommend lifting that campsites fee from the $10 category fee to $15. We will monitor demand for the year ahead and, if demand is sustained, we will increase the fees to $18 in 2026/27.

For the remaining 66 *Standard* category sites where average annual occupancy levels fall below 20%, the current $10 category price will be applied without any additional fee.

See ***Appendix 2*** for list of sites affected in each Tier.

[2] SIP Pricing Guideline. sect. 3.5.1 DOC-6532099

2.3 Seasonal Pricing

Seasonal pricing was introduced following the 2021 Campsite Review, where our analysis suggested that DOC should begin to match this practice applied by Council competitors to grow revenue towards cost recovery.

There are currently 15 campsites (12 *Standard* and 3 *Serviced*) where a seasonal price is applied from 26 December to 8 February. Five of these have either minimum stay requirements, minimum site charges, or both, applied as well.

Recommendations	Rationale
Remove **Seasonal pricing from four campsites**	The four highest demand *Standard* campsites (top 5% by occupancy) currently have seasonal pricing. Because of the substantial year-round price increase, we recommend removing seasonal pricing at these four campsites (the four in Tier 1, ***Appendix 2***).
Maintain **Seasonal pricing at 11 campsites** *...with a "peak season" differential applied*	For the rest, there is no data suggesting a season-specific price increase or change in status is required. • the "peak season" differential is aligned to the relevant category increases (see ***Appendix 3*** for detail)

2.4 Sell Strategies (stay length & site charge restrictions)

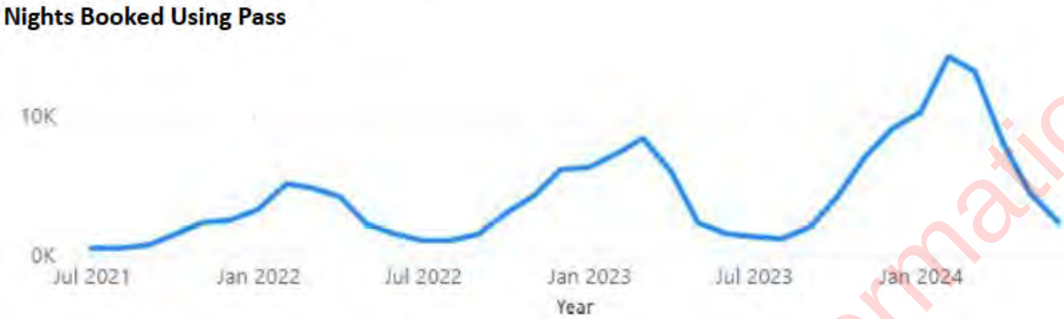
There are eight DOC campsites where stay length and site charge restrictions apply.

Minimum Night Stay requirements are used to prevent shorter one-night bookings, typically over New Years, displacing longer stay bookings. *Minimum Site Charge* requirements are chiefly used to dissuade vacant site bookings, where an adjacent site is booked next to one where the occupants want more space for their party or equipment (boat, etc) alongside their tent.

Recommendations	Description
Maintain **Stay length and site charge restrictions at the currently identified campsites**	Analysis suggests there are no changes in the underlying data or market conditions requiring any changes or additions to the current restrictions (see ***Appendix 4***).

2.5 DOC's Campsite Pass

The Campsite Passes were launched in July 2021, and we anticipated benefits like reduced administration overheads (through online self-service), increases in demand, better use of underutilised campgrounds, and increased revenue. The chart below shows the increasing use of the pass, especially summer on summer.



Between July 2023 and June 2024, a total of 8,671 campsite passes were sold, split roughly 50/50 between the one-year and one-month versions. Apart from purchases by regular members of the public, the only group purchasing a significant number were NZMCA, who took 2,149 one-year passes and 118 one-month passes. An additional 75 passes went to DOC staff and a handful of clubs etc. Purchases made by New Zealanders and Internationals were divided as follows:

Nationality	One-Month Pass	One-Year Pass
New Zealanders	1186	3496
International	3065	924

This clearly indicates a preference among international visitors for the one-month pass, and among domestic visitors for the one-year pass. Our research suggests there is no equivalent pass for campsites in use anywhere else in the world, and both in New Zealand and abroad the only alternatives are limited membership deals with % discounts (not unlimited use).

In contrast, and to offer an additional incentive, earlier this year DOC introduced a means tested 'Affordability Discount' of 25% per adult for Community Services Card holders for DOC's visitor facilities.

An unintended consequence of the campsite pass has been reduced revenue at popular campsites on peak demand dates, as the pass provides a discount when occupancy could be close to 100% with no discount. Alongside this, certain visitor behaviours, such as bookings being made under the pass for indeterminate numbers of people, or pass bookings not being made at bookable campsites resulting in overcrowding and visitors that booked missing out, have an additional negative effect.

Considering the viability of the campsite pass, we believe there are two options:

Options	Description
1. Discontinue the two Campsite Passes	Revenue forecasts indicate this could increase campsite revenue by up to $60k per annum to support DOC to better maintain its campsites.
2. Discontinue the One-month Campsite Pass *and…* **Increase the price of the One-year Campsite Pass**	Given that the One-month Pass is favoured primarily by international visitors and is of a type that doesn't exist anywhere else, its removal is unlikely to have any significant impact on that group. An increase in the price (currently $195) of the One-year Pass would need to be substantial, to offset displaced revenue from increased category prices and pass usage. We recommend the price be raised to $295. ***Our recommended option***

The only submissions here came from NZMCA and the two DOC Operations Teams. NZMCA members were split, with the larger proportion opposed two both options we presented, mainly on the grounds of convenience and affordability. Neither of the DOC Teams had any strong views to share, other than to suggest that there may be value in retaining some form of pass as an additional option for visitors.

Following this feedback and that 20% of all campsite bookings are made using a DOC campsite pass we recommend Option 2, with a review of this after 12 months.

3 Revenue Impacts

3.1 Category Pricing

* Additional Revenue for Basic contingent on further work to implement

Category	Forecast Revenue FY26	Forecast Additional Revenue (+/-10%)
Basic*		$0.17-0.21m
Backcountry	$0.12m	$7.0k-8.5k
Standard	$9.46m	$1.14-1.40m
Serviced	$1.77m	$0.24-0.29m
TOTAL	**$11.35m**	**$1.56-1.90m**

3.2 Campsite Pass

The impacts here are modelled for Option 2 above. The forecast revenue for the one-month pass is the amount not lost if the pass is removed.

Pass Type	Current Revenue from Pass	Forecast Additional Revenue (+/-10%)
One-year	$1.09m	$0.27-0.34m
One-month	$0.66m	$0.05-0.06m
TOTAL	$1.75m	$0.32-0.40m

4 Risks

Risk Type	Risk	Probability/ Impact	Mitigation
Reputational Risk	That price increases during a period of cost-of-living pressure may not be well-timed or well-received	Probability: Medium Impact: Medium	During the communication of new prices, highlight DOC's range of price points and campsite offerings, and focus key messaging that all prices remain within market averages, aligned to CPI (inflation).
	That DOC increasing prices is focused more on 'making profit' than recovering costs	Probability: Low Impact: Low	Focus communications on DOCs need for funds to sustain and improve the visitor network. Price setting should also reference a range of factors from ensuring reasonable investment of taxpayer funds to maintaining affordability of and access to DOC facilities.
Customer Experience Risk	That the price increases unfairly disadvantage families and lower income visitors	Probability: Medium Impact: Medium	Note that families already receive discounted fees through lower prices for children (from half-price to free). Also, that we introduced in FY25 a discount for Community Card holders, which we will review for its effectiveness in the coming months.
	That with increased prices, visitors who avoid payment unfairly disadvantage other honest, compliant visitors	Probability: Low Impact: Low	Note that we are looking to move all campsites with fees onto our booking system, which has been shown to increase compliance. And that we may also consider updates to regulations around non-payment of fees to improve enforcement.
	That the removal of the 1-month Campsite Pass, and the increased price of the 1-year Pass will negatively impact frequent campsite users.	Probability: Medium Impact: Medium	Focus messaging that the passes' intent is to offer great value to frequent camp users and encourage use of quieter DOC campsites and will still do that. Note that our data shows the 1-month pass is mainly used by international visitors, and its removal will have a minimal impact on that group.

5 Appendices

5.1 Appendix 1 – Serviced Campsites

Campsite	Current Annual Price	Proposed Annual Price
Kerr Bay Campsite	20	25
Momorangi Bay Campground	20	25
Peel Forest Campground	20	20
Pelorus Bridge (Kahikatea Flat) Campground	20	25
Trounson Kauri Park Campground	20	20
Waikaremoana Holiday Park	20	25(unpw)-28(pw)*
Whakapapa Holiday Park	23	25(unpw)-28(pw)*

* see Facility Pricing Review 1/6/23 (DOC-7358935)
unpw = unpowered site / pw = powered site

The two tables below, and maps accompanying, show how DOC's service features for two of our serviced campgrounds compare with other non-DOC campgrounds in their area – leading to the lower, bespoke pricing.

Geraldine

	Price (2 adults)	Hot Showers	Cooking Facilities	Powered Sites	Cabins	TV Room	WiFi	Other	*# of features*
DOC Peel Forest	$40								3
Geraldine TOP 10 Holiday Park	$48								5
Route 79 Holiday Park	*$40								7
The Farmyard Holiday Park	*$42								7

* min. 2 person charge

Kauri Coast	Price (2 adults)	Hot Showers	Cooking Facilities	Powered Sites	Cabins	TV Room	WiFi	Other	# of features
Waipoua Forest Camp Ground	$30								3
Pine Beach Campground	$40								2
DOC Trounson	$40								3
Dargaville Holiday Park	$50								6
Baylys Beach Holiday Park	$50								6
Kauri Coast TOP 10 Holiday Park	*$55								7
	* min. 2 person charge								

5.2 Appendix 2 – High Demand Pricing – Sites by Tier

TIER	Campsite	Reg.	Dist.
1	Otamure Bay (Whananaki) Campsite	NNI	Whangarei
1	Puriri Bay (Whangaruru North Head) Campsite	NNI	Whangarei
1	West Bay Campsite	NSI	Nelson/Tasman
1	White Horse Hill Campground	ESI	Canterbury

TIER	Campsite	Reg.	Dist.
2	Akapoua Bay Campsite	AKL	Gt Barrier Is
2	Avalanche Creek Shelter Campsite	ESI	North Canterbury
2	Awana Beach Campsite	AKL	Gt Barrier Is
2	Awaroa/Godley Head Campsite	ESI	Mahaanui
2	Broken Hills Campsite	HWT	Hauraki

2	Cable Bay Campsite	NNI	Bay of Islands
2	Cascade Creek Campsite	SSI	Te Anau
2	Deer Flat Campsite	SSI	Te Anau
2	Fantail Bay Campsite	HWT	Whitianga
2	Fletcher Bay Campsite	HWT	Whitianga
2	French Pass Campsite	NSI	Sounds
2	Gillespies Beach Campsite	WSI	South Westland
2	Harataonga Campsite	AKL	Gt Barrier Is
2	Henry Creek Campsite	SSI	Te Anau
2	Hot Water Beach Campsite	ENI	Rotorua
2	Kapowairua (Spirits Bay) Campsite	NNI	Kaitaia
2	Kinloch Campsite	SSI	Wakatipu
2	Kiosk Creek Campsite	SSI	Te Anau
2	Lake Mahinapua Campsite	WSI	Hokitika
2	Lake Okareka Campsite	ENI	Rotorua
2	Lake Paringa Campsite	WSI	South Westland
2	Lyell Campsite	WSI	Buller
2	Maitai Bay Campsite	NNI	Kaitaia
2	Mangahuia Campsite	CNI	Tongariro
2	Mangawhero Campsite	CNI	Tongariro
2	Matatā Campsite	ENI	Whakatane
2	Matiu/Somes Island Campsite	LNI	Wellington
2	Medlands Beach Campsite	AKL	Gt Barrier Is
2	Moke Lake Campsite	SSI	Wakatipu
2	Otto/MacDonalds Campsite	WSI	South Westland
2	Port Jackson Campsite	HWT	Whitianga
2	Rarawa Beach Campsite	NNI	Kaitaia
2	Stony Bay Campsite	HWT	Whitianga
2	Sunset Bay Campsite	NNI	Bay of Islands
2	Sylvan Campsite	SSI	Wakatipu
2	Tapotupotu Campsite	NNI	Kaitaia
2	The Green Campsite	AKL	Gt Barrier Is
2	Totara Campsite	SSI	Te Anau
2	Tōtaranui Campground	NSI	Golden Bay
2	Twelve Mile Delta Campsite	SSI	Wakatipu
2	Upper Eglinton Campsite	SSI	Te Anau
2	Uretiti Beach Campsite	NNI	Whangarei
2	Urupukapuka Bay Campsite	NNI	Bay of Islands
2	Waikahoa Bay Campsite	NNI	Northland
2	Waikawau Bay Campsite	HWT	Coromandel
2	Walker Creek Campsite	SSI	Fiordland
2	Whangapoua Campsite	AKL	Gt Barrier Is

TIER	Campsite	Reg.	Dist.
3	Anaura Bay Campsite	ENI	East Coast
3	Aussie Bay Campsite	NSI	Sounds
3	Cameron Flat Campsite	SSI	Central Otago
3	Canaan Downs Campsite	NSI	Golden Bay
3	Glencoe Campsite	SSI	Coastal Otago
3	Hans Bay – Lake Kaniere Campsite	WSI	Hokitika
3	Kidds Bush Reserve Campsite	SSI	Central Otago
3	Klondyke Corner Campsite	ESI	North Cantbury
3	Lake Pearson (Moana Rua) Campsite	ESI	North Cantbury
3	Lake Rotoroa Campsite	NSI	Nelson Lakes
3	Marble Hill Campsite	WSI	Greymouth
3	Marfells Beach Campsite	NSI	South Marlboro
3	Mistletoe Flats Campsite	ESI	North Cantbury
3	Nikau Cove Campsite	NSI	Sounds
3	Papatowai Campsite	SSI	Murihiku
3	Pleasant Flat Campsite	SSI	Central Otago
3	Puhi Puhi Campsite	NSI	South Marlboro
3	Purakaunui Bay Campsite	SSI	Murihiku
3	Rarangi Campsite	NSI	South Marlboro
3	Rerewhakaaitu, Ash Pit Road Campsite	ENI	Rotorua
3	Rerewhakaaitu, Brett Road Campsite	ENI	Rotorua
3	Skiers Beach	ESI	Mahaanui
3	Slab Hut Creek Campsite	WSI	Greymouth
3	Teetotal Campsite	NSI	Nelson Lakes
3	Trotters Gorge Campsite	SSI	Coastal Otago
3	Whakamaru Beach	ESI	Mahaanui
3	Whatamango Bay Campsite	NSI	Sounds
3	Whites Bay Campsite	NSI	South Marlboro

Item 9

Occupancy Thresholds for DOC Recreation Facilities

Audrey Mendoza – Analyst

Recreation Pricing and Commercial Strategy Team

July 2022

Department of Conservation
Te Papa Atawhai

New Zealand Government

Cover: Routeburn Track. *Photo: Audrey Mendoza*
DOC - 7105177

Contents

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Abstract

This report establishes a set of occupancy thresholds that will guide the price reviews of the Commercial and Pricing Strategy unit. The final set of occupancy thresholds are available in section Recommended Occupancy Thresholds and the process on how to use them are in Recommended Process for Using the Thresholds. Booking data from DOC's two booking systems were assembled producing 7 years' worth of occupancy data for huts, campsites, and sole occupancy lodges. The analytical methodology focussed on using different statistical measures. Ultimately the final set of thresholds were derived using percentiles due to their flexibility and ease of update. A work programme has been outlined to update the thresholds in the future. Some future work for related concepts (e.g., natural occupancy rate, revenue-optimising occupancy rate, and price elasticities) were also identified and their corresponding methodology were discussed as to how it could be applied to DOC's recreation facilities.

1 Introduction

1.1 Purpose

The purpose of this report is to recommend a set of occupancy rate thresholds that will guide and support the analysis in the price reviews of the Department of Conservation's (DOC) recreation facilities.

1.2 Background

Occupancy rate is a useful demand monitoring tool which helps determine popular or under-used accommodation facilities. It is calculated by taking the percentage of occupied space to total available capacity over a specific time period.

In DOC, occupancy rates are used to inform price reviews. The first documented use of occupancy rates for setting facility user charges is from the 2019 fee review[1] of popular (high demand) and serviced alpine huts. This report identified that bookable serviced huts and serviced alpine huts have a minimum 60% occupancy over the summer period (December 2018 to February 2019).

Since then, the 60% occupancy rate threshold has been used when conducting price reviews to identify popular huts. However, the recreation facilities DOC offers are very varied, catering to different visitor groups and recreation activities and there are no high demand/use thresholds for Great Walks, campsites, and sole occupancy facilities.

A high-level review of the average occupancy for the different facility types offered by DOC shows there is significant difference in demand between each facility type. This indicates that there should be specific occupancy thresholds for each DOC facility type.

Table 1 - Average Annual and Summer Occupancy per DOC Facility Type

*

Facility Type	Annual Occupancy*	Peak Summer Occupancy**	Summer Occupancy***
Great Walks	31%	48%	44%
Huts	15%	28%	23%
Campsites	20%	29%	26%
Sole Occupancy	29%	42%	37%

**2018 to 2022*
***December to February (2018 to 2022)*
****November to April (2018 to 2022)*

The primary purpose of the thresholds is to identify which facilities have consistently strong demand to support a price increase. These are facilities which have higher occupancies than the threshold. These facilities would then be subjected to an analysis of its current demand and prices.

1 Report – High Demand Hut Price Review 2019 - DOC-6048557

The thresholds should not be the sole factor for price changes, qualitative factors such as facility conditions, management agreements (authority to change prices for third-party managed facilities), and weather events should also be considered.

The thresholds are not intended to be used to solely identify facilities which could be candidates for price reductions. These facilities can also be identified based on Operations' staff recommendations, the quality of their service or change in product strategies. If a facility is identified to benefit from a lower price, an analysis of its occupancy figures could help the review.

This report endeavours to clearly define these occupancy thresholds and propose a systematic approach to calculate these thresholds.

This paper is structured as follows:

- Section 2 defines the data and data sources used in the analysis.
- Section 3 discusses the methodology for analysing the occupancy data and construction of the analytical models.
- Section 4 lists the set of occupancy thresholds per facility type and how they could be used in subsequent price reviews.
- Section 5 explores areas for additional research, workstreams with related concepts (i.e., revenue-optimising occupancy, elasticities).
- Section 6 concludes the report, and Section 7 outlines the recommended thresholds, process of use and work programme for future updates.
- An Appendix section includes more details and graphs on the data used, empirical methodology for additional research, and related documents for this report

2 Data and Descriptive Statistics

The primary sources of data used in this analysis are bookings data from DOC's booking systems. - the iBex (internet Booking Exchange), NVBS (National Visitor Booking System) and USeD (US eDirect) booking systems. DOC shifted from iBex to the USeD booking system in July 2020, and now uses USeD for bookings in both Great Walk and non-Great Walk facilities[2]. The table below summarises which booking data are available for use for each facility type.

Table 2 - Source of Booking Data per DOC Facility Type

Facility Type	iBex Data	USeD Data
Great Walks	Not applicable, used NVB system	From July 2018 onwards
Huts	From February 2010 to June 2020	From July 2020 onwards
Campsites		
Sole Occupancy		

2 Two booking systems were used by DOC prior to July 2020. iBex was used for non-Great Walk facilities while USeD managed the bookings for Great Walks facilities.

Since the bulk of comparable data is only available from certain periods, the fiscal years used in the analysis is 2017 onwards for non-Great Walk facilities, and 2018 onwards for Great Walks. The move to the USeD booking system in FY2021 prompted more facilities becoming bookable.

Table 3- Number of bookable facilities with available data per year (per facility type)

Facility Type	Number of Facilities with booking data per Fiscal Year					
	2017	2018	2019	2020	2021	2022
Great Walks	n/a*	n/a*	85	85	85	85
Huts	13**	18**	30	36	36	39
Campsites	29	34	37	47	98	102
Sole Occupancy	26	28	31	31	34	34

**Comparable data not available*

***Excluded 2017 and 2018 for huts because of very low usage data*

A summary of descriptive statistics of the occupancy figures is available in Appendix Section 1. This shows that Great Walks have the highest average occupancies among DOC facilities at 31%[3], while campsites and huts both have average occupancies at 15%. It also indicates that actual occupancy figures vary by 20% to 40% from average occupancies.

3 Methodology

3.1 Overview

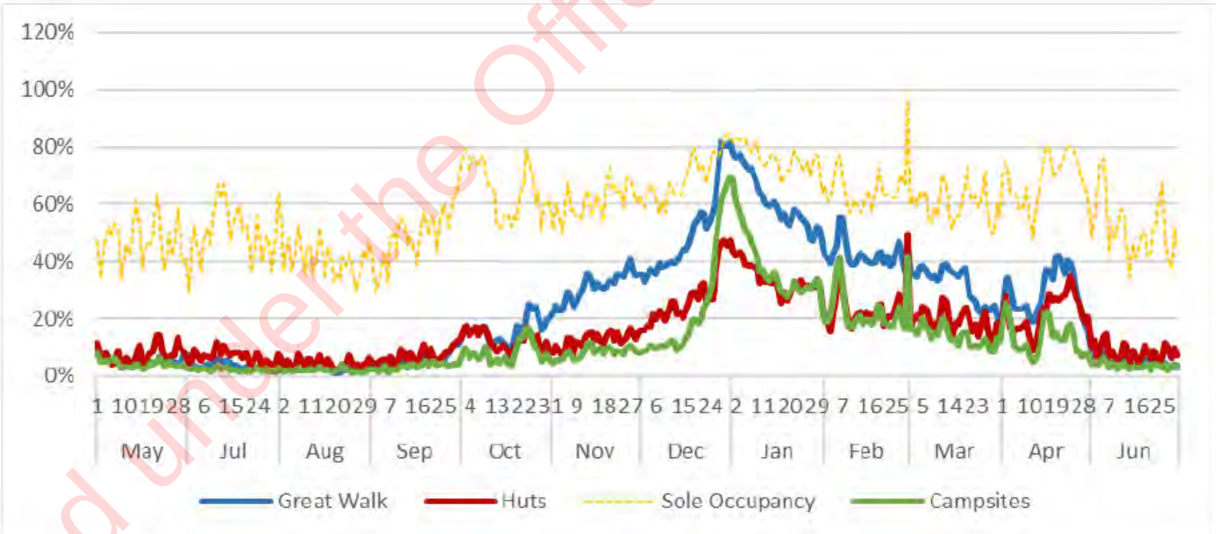
Initial analysis of the occupancies of DOC's recreation facilities showed that each facility type attracts various visitor demand behaviours resulting in different occupancies within and across the years. Figure 1 and Figure 2 show booking data in monthly and daily periods.

3 This includes both huts and campsites.

Figure 1 - Monthly Booking Data per DOC Facility Type from FY 2019 to FY 2022

**Sole Occupancy curve is overstated because most facilities could only be booked as a whole unit resulting to a 100% occupancy rate.*

Figure 2 - Daily Booking Data per DOC Facility Type from FY 2017 to FY 2022



At a monthly level, the occupancy curves for Great Walks, huts and campsites gradually increase from December, reaches peak occupancy from January to February, and steadily declines by the end of March. At a daily level, Figure 2 shows when exactly these changepoints occur. A sharp increase is shown in the end of December, tapering down by mid-January, before another sharp rise in February.

Figure 3 and Figure 4 show daily occupancy and day-of-week occupancies from December to March. Figure 3 shows a magnified version of Figure 2, showing that occupancies across all facility types tend to increase on the 26th of December, and 3rd of February. On a day-of-week view, Figure 4 shows occupancies are generally elevated for Friday and Saturday nights for huts and campsites. Great walks' facilities do not show as much variation because bookings are needed for consecutive nights, compared to one-night stays in non-Great walks' facilities.

Figure 3 - Daily Occupancy from December to March across all DOC Facility Types

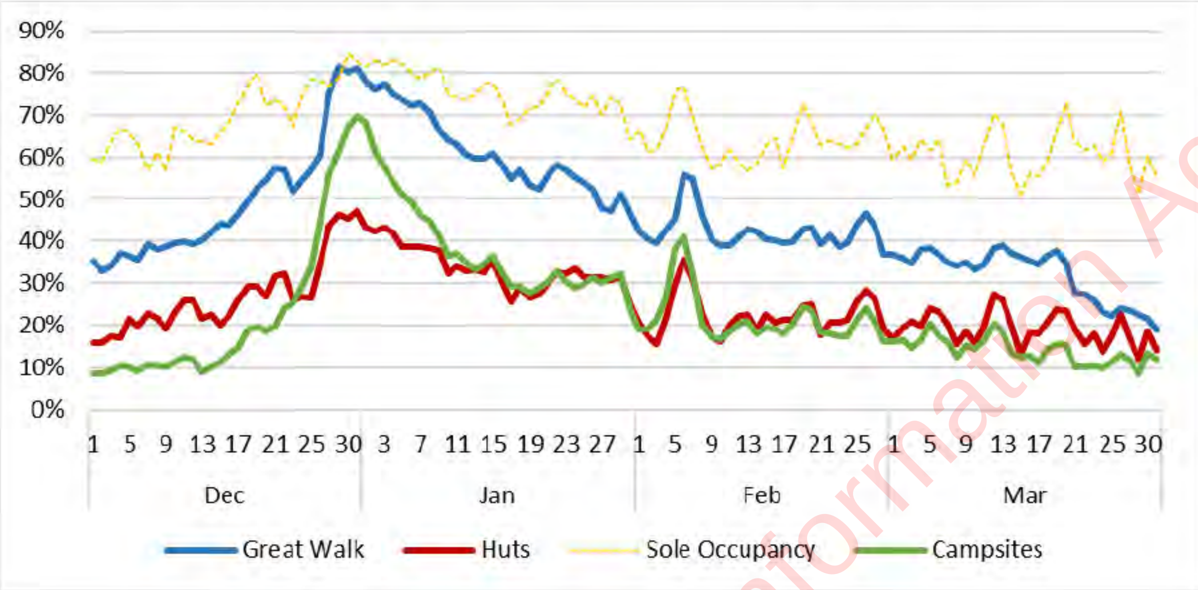
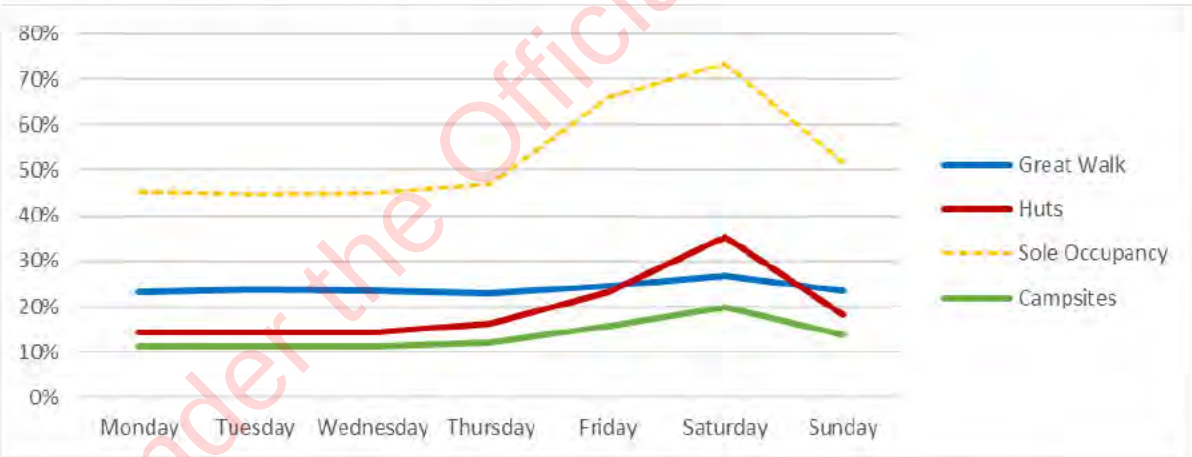


Figure 4 - Day of Week Occupancy from FY 2017 to FY 2022



Based on the charts above, six time periods were identified to exhibit generally popular time periods across all DOC facility facilities. Appendix Section 1 shows all the graphs for each facility type.

- Summer for Non-Great Walks facilities (December to February)
- Summer for Great Walks facilities (December to March) and Full Great Walks Season (November to April)[4]
- Christmas Peak (December 26 to January 10)
- Christmas Peak extended to Waitangi Weekend (December 26 to February 08)[5]
- Waitangi Week (February 01 to February 08)
- Weekend (Friday to Sunday)

4 This differentiates the very popular holiday period and the full run of the Great Walks season.

5 This extended holiday period considers DOC recreation facilities which have sustained, strong demand from the Christmas holidays to Waitangi weekend.

The average occupancy is calculated to obtain a proxy of the natural base occupancy of each facility type for each popular time period. This average occupancy could indicate the minimum occupancy a facility could reach in a specified time period.

Table 4 - Average Occupancy per DOC Facility Type across the six time periods

Facility Type	Annual	Summer	Christmas Peak	Christmas to Waitangi	Waitangi Week	Weekend
Great Walks Huts	51%	69%	85%	77%	65%	55%
Great Walks Campsites	19%	35%	69%	51%	35%	20%
Huts	15%	28%	40%	39%	25%	23%
Campsites	20%	29%	59%	43%	19%	24%
Sole Occupancy	29%	42%	58%	50%	40%	50%

3.2 Deriving the Occupancy Rate Thresholds

Statistical measures (e.g., mean (average), variance (difference between mean and observed figure), maximum (highest figure), etc.) are useful in summarising numerical data for analysis. The current occupancy threshold of 60%[6] was derived from taking the mean of summer occupancy figures in popular huts. This report broadens the application of statistical measures by also using percentiles.

Percentile thresholds were used to derive the threshold occupancy rate for each DOC facility type at a given time period. Percentiles are a convenient way to describe how a data value compares to all other values in a dataset. This is important since this analysis focusses on occupancy performance of DOC's accommodation facilities. It is used in statistics to describe a value that falls within a range from the first to 100th percentile.

The analysis first ranks the values in ascending order. Then an index *i* is computed using the formula below to determine the position of the data value.

$$i = \left(\frac{k}{100}\right)n$$

where;

k is the percentile of interest;

n is the number of DOC facilities in the dataset

The ranked data values are then counted using the index *i*[7]; this index corresponds to the data value. This data value represents the percentile of interest.

6 This threshold was used to guide DOC recreation accommodation price reviews until FY21/22.
7 If the computed *i* is not a whole number, round it up to the next highest whole number.

Excel provides a convenient way of deriving the data value of the percentile of interest by using the function PERCENTILE. The syntax is "=PERCENTILE(A1:AX,k)" where *AX* is the last row in the data set and k is the percentile value of interest.

In this analysis, the percentile of interest of 80% is to indicate high performance levels. According to Putcha et al.[8]' occupancy from 80% is considered desirable in the hotel accommodation industry. However, 80% occupancy is at the higher end for most DOC facilities. Using this occupancy would filter out most facilities, hence the 80% threshold is applied as a percentile to determine 'high' demand. Any facility that is above the 80th percentile is considered high demand in this report. To allow for granularity of analysis during busy periods such as Christmas Peak or Weekends, higher percentiles were examined (starting at 80th percentile) scaled at 5% increments (refer to recommendation section). Table 5 summarises the different occupancy thresholds for each DOC facility type at the 80th percentile. The full list of thresholds is presented in the Recommendations Section 7.1: Set of Occupancy Thresholds.

Table 5 - Occupancy Thresholds at 80th Percentile

Facility Type	Annual	Summer	Christmas Peak	Christmas to Waitangi	Waitangi Week	Weekend
Great Walks Huts	80%	85%	95%	95%	90%	85%
Great Walks Campsites	30%	55%	95%	75%	60%	30%
Huts	35%	65%	90%	80%	60%	50%
Campsites	20%	35%	85%	55%	40%	25%
Sole Occupancy	45%	70%	90%	85%	80%	85%

The figures in Table 5 indicate what the threshold occupancy rate would be to get the highest 20% DOC facilities for each DOC facility type. The threshold occupancy rates are calculated by taking the average of individual occupancy rates (for all available years with booking data) at the 80th percentile threshold. This was computed for each facility type, each identified time period, and each percentile threshold specified.

The occupancy models used to derive these thresholds are listed in Appendix Section 3. Each facility type has a separate Excel workbook because they are serving significantly different visitor groups with various demand profiles. Each Excel workbook per facility type includes the full dataset used, the percentiles chosen, a matrix set of occupancy thresholds based on time periods, and a model that shows facilities that could be candidates for price reviews depending on the occupancy threshold chosen.

Using percentiles allows for relative comparison between facilities. It considers the demand performance of all DOC facilities under a facility type, without skewing the thresholds themselves. Since DOC facilities are either skewed to higher occupancies (Great Walks facilities) or lower occupancies (non-Great Walk campsites), percentiles provide a more accurate method for thresholds analysis because it allows for granular breakdown of skewed

8 Putcha et al. (2015) *Financial aspects of determining optimal occupancy factor (rate) for hotels based on probabilistic analysis.*

datasets. Taking a standard average would bias the thresholds to outliers in the data, hence using percentiles creates consistency in choosing which occupancy thresholds could be used for price reviews.

Percentiles are also one of the friendlier statistics tools because of its simple formula. This makes the models (used to derive the set of occupancy thresholds) easy to replicate and update for future use. The suggested future work programme is outlined in the Recommendations Section 7.4.

Other industries (e.g., ecological research, hospital care, economic development, etc.) also use thresholds analysis to evaluate performance. A brief explanation of these studies is provided in Appendix Section 2.1.

4 Results

This section outlines the set of occupancy thresholds and a process diagram of how these thresholds could be used during price reviews.

4.1 Set of Occupancy Thresholds

Based on the research and occupancy analysis, the tables below outline the thresholds per facility type.

Table 6 - Occupancy Thresholds for Great Walks Huts (as of 2022)

OCCUPANCY THRESHOLDS (PER PERCENTILE)	80%	85%	90%	95%	100%
Annual	80%	85%	85%	90%	90%
Summer (Dec-Feb)	85%	90%	90%	90%	95%
Full Great Walks Season (Nov-Apr)	85%	85%	90%	90%	90%
Christmas Peak (26 Dec - 10 Jan)	95%	100%	100%	100%	100%
Christmas to Waitangi (26 Dec - 08 Feb)	95%	95%	95%	95%	100%
Waitangi Week (1 Feb - 08 Feb)	90%	95%	95%	95%	95%
Weekend (Friday and Saturday)	85%	85%	85%	90%	90%

Table 7 - Occupancy Thresholds for Great Walks Campsites (as of 2022)

OCCUPANCY THRESHOLDS (PER PERCENTILE)	80%	85%	90%	95%	100%
Annual	30%	35%	40%	45%	65%
Summer (Dec-Feb)	55%	55%	60%	65%	85%
Full Great Walks Season (Nov-Apr)	45%	50%	50%	55%	75%
Christmas Peak (26 Dec - 10 Jan)	95%	95%	100%	100%	100%
Christmas to Waitangi (26 Dec - 08 Feb)	75%	80%	80%	85%	95%
Waitangi Week (1 Feb - 08 Feb)	60%	65%	65%	70%	85%
Weekend (Friday and Saturday)	30%	35%	45%	55%	70%

Table 8 - Occupancy Thresholds for Huts (as of 2022)

OCCUPANCY THRESHOLDS (PER PERCENTILE)	80%	85%	90%	95%	100%
Annual	35%	35%	40%	45%	55%
Summer (Dec-Feb)	65%	65%	70%	75%	85%
Christmas Peak (26 Dec - 10 Jan)	90%	95%	95%	95%	100%
Christmas to Waitangi (26 Dec - 08 Feb)	80%	80%	85%	85%	95%
Waitangi Week (1 Feb - 08 Feb)	60%	65%	70%	75%	90%
Weekend (Friday and Saturday)	50%	55%	65%	70%	80%

Table 9 - Occupancy Thresholds for Campsites (as of 2022)

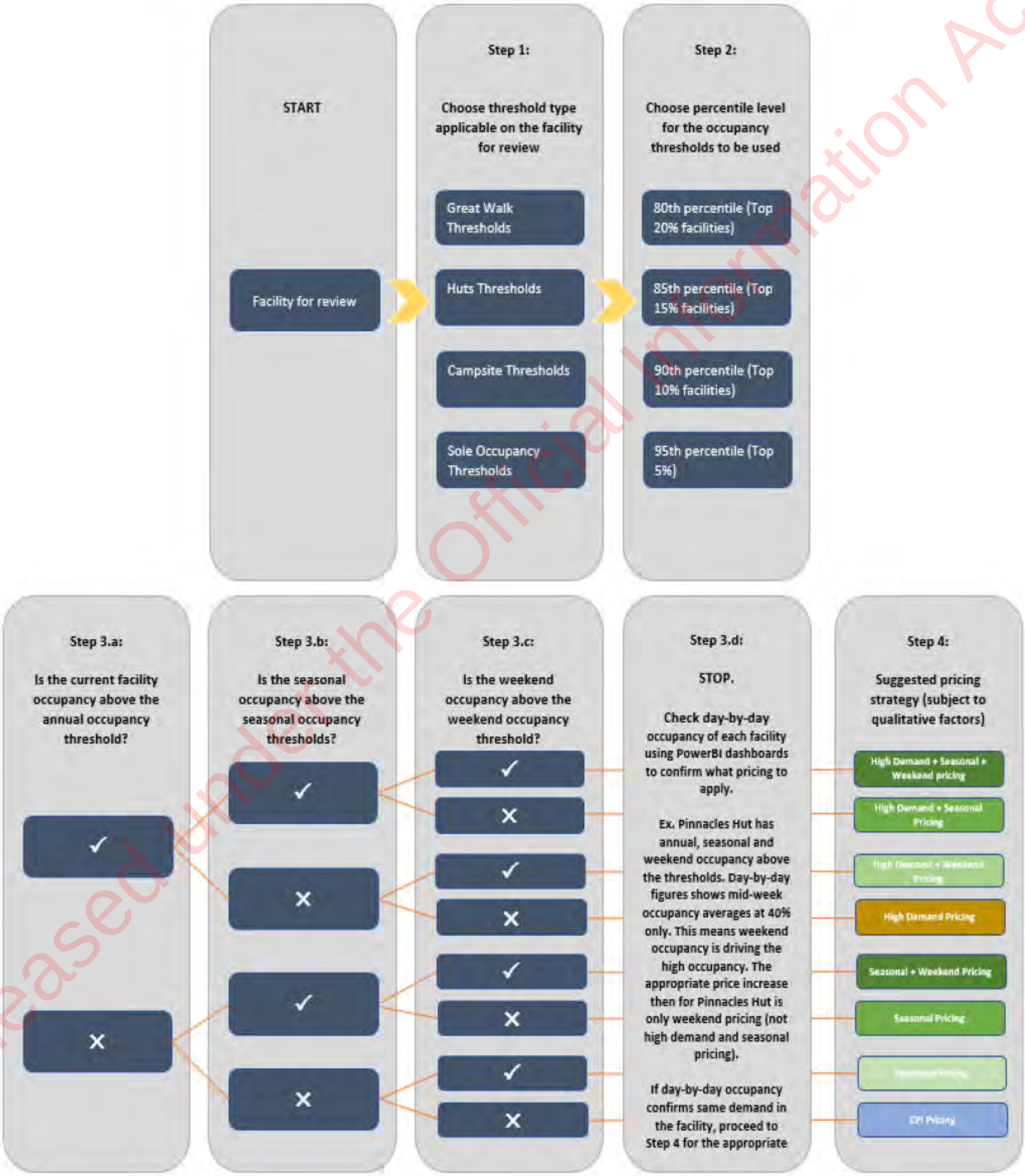
OCCUPANCY THRESHOLDS (PER PERCENTILE)	80%	85%	90%	95%	100%
Annual	20%	20%	25%	35%	65%
Summer (Dec-Feb)	35%	40%	45%	50%	85%
Christmas Peak (26 Dec - 10 Jan)	85%	85%	90%	95%	100%
Christmas to Waitangi (26 Dec - 08 Feb)	55%	65%	70%	80%	95%
Waitangi Week (1 Feb - 08 Feb)	40%	45%	50%	60%	90%
Weekend (Friday and Saturday)	25%	30%	35%	40%	70%

Table 10 - Occupancy Thresholds for Sole Occupancy (as of 2022)

OCCUPANCY THRESHOLDS (PER PERCENTILE)	80%	85%	90%	95%	100%
Annual	45%	50%	55%	60%	70%
Summer (Dec-Feb)	70%	70%	75%	80%	90%
Christmas Peak (26 Dec - 10 Jan)	90%	95%	95%	95%	105%
Christmas to Waitangi (26 Dec - 08 Feb)	70%	70%	75%	80%	80%
Waitangi Week (1 Feb - 08 Feb)	80%	90%	100%	100%	100%
Weekend (Friday and Saturday)	85%	85%	85%	90%	90%

4.2 Process for Using these Thresholds

Figure 5 - Pricing Decision Tree using Occupancy Thresholds



The diagram on the previous page shows how the thresholds can be used in a price review.

First step - identify which threshold type is applicable to the facility being reviewed.

Second step - select a percentile threshold that will be used. This would depend on if the price reviewer wants to look at top 20% of facilities (80th percentile) or top 5% (95th percentile).[9]

Third step - meeting a threshold would then trigger to analyse more granular thresholds for the facility (i.e., high seasonal demand would trigger looking at weekend demand).

Fourth step - the more popular time period (i.e., higher weekend occupancy during summer) indicates the type of pricing that will be reviewed for the facility. A high annual demand will trigger a general price increase for the facility, while stronger demand in shorter periods would indicate bespoke price increases (day of week or peak summer pricing) for the facility.

The advantage of having a range of occupancy thresholds (Table 6 to Table 10) to choose from is it provides flexibility in a price review given external factors (such as lower visitor numbers due to a pandemic or track closures due to storm damage) that affects facility demand.

These set of thresholds provides leeway for higher occupancies in the future, since these percentiles refer to baseline occupancy numbers. This allows for the thresholds to be updated, after a significant rise in demand for DOC accommodation facilities.

5 Areas for Future Work

Outlined below are related concepts that were identified during the literature review in this report. Further research on these areas could provide more robust analysis in subsequent price reviews.

5.1 Natural and Optimal Occupancy Rates of DOC facilities

A study on the long-term natural occupancy rate[10] of the US lodging industry[11], provided insights on the country's demand flows. This is important in the DOC context as it is one of the largest providers of recreation accommodation facilities in New Zealand.[12] Estimating the natural occupancy rates of DOC facilities would be helpful in providing insights whether there is over or undersupply of capacity in the visitor markets DOC caters to. It provides a signal how much capacity should be added or removed in the market. This exercise will also determine excess demand in hut or campsite facilities.

9 This is decided based on the discretion of the reviewer, considering other qualitative and external factors that could affect the price review.

10 Natural occupancy rates signal that the market has enough accommodation capacity to service recreation demand.

11 deRoos, J. A. (1999). Natural occupancy rates and development gaps: A look at the US lodging industry. *Cornell Hotel and Restaurant Administration Quarterly*, *40*(2), 14-22.

12 Market research completed by the RPaCs team estimates that DOC manages 30% of all camping facilities and 60% of all hut accommodation in the country.

Another related study in occupancy rates is a 2015 study by Putcha, estimating optimal occupancy rates based on capacity, booking times, and prices. With the availability of occupancy data not impacted by COVID, this analysis could help inform future thresholds to determine a maximum occupancy threshold for DOC facilities. A maximum occupancy threshold recommends the highest level of occupancy attainable for DOC facilities given a variety of factors (e.g., lower costs, improved revenues, minimal harmful effects on the environment, etc.). This maximum occupancy threshold could also support business cases on the development and construction of new DOC accommodation facilities.

These two studies in occupancy rates tie in nicely with estimating demand for DOC's visitor facilities. Applying these concepts to DOC facilities would provide a better understanding of the demand profiles and occupancy flows of DOC's accommodation facilities. Appendix Section 2.2 outlines their methodology and how it could be applied in the DOC context.

5.2 Analysis on Revenue-optimising Occupancy Rates

Research on revenue-maximising occupancy rates for DOC recreation facilities could provide opportunities on how to grow DOC's recreation revenues in the future. This could give insights how to efficiently manage occupancy to create optimal financial opportunities from DOC's accommodation facilities.

This focusses on optimising revenue, not optimising profitability. Optimising profits do not directly translate to higher profits due to associated higher costs required for maintenance of popular facilities.[13] Further, popular facilities are subject to overcrowding, potential environmental degradation, and decline in visitor experiences if not maintained and monitored regularly. Hence, further work should also consider qualitative factors[14] for optimising revenues in DOC accommodation facilities.

5.3 Links between Occupancy and Price Elasticity

Demand analysis is closely associated to estimating price elasticities in microeconomics. The first step to analysing price elasticities is to understand the demand structure of the product (in this case, DOC recreation facilities). This requires an established demand mass for the facilities. To properly estimate price elasticities, a direct causal effect of changes in prices to changes in demand must be available for analysis. Robust data is needed to examine pricing changes and the accompanying changes in demand. This suggests that DOC facilities may have various price elasticities depending on their demand structures and price adjustments. Currently, the elasticity used by the Recreation Pricing and Commercial Strategy team is based on Great Walks facilities, -0.3.[15] This assumes that price elasticities are linear and only vary based on time periods where they are applied (across the year, seasonal peak, and weekends).

Changes in DOC recreation facility prices have been minimal in recent years, and most of the new prices were implemented during a significant demand shock (pandemic). This

13 Chiu, Y. H., & Huang, C. W. (2011). Evaluating the optimal occupancy rate, operational efficiency, and profitability efficiency of Taiwan's international tourist hotels. *The service industries journal*, *31*(13), 2145-2162.

14 See Banos-Gonzalez, et al., (2018), Table 1 p. 6 for a list of environmental indicators that can be used as additional controls when maximising revenues subject to occupancy

15 Based on elasticity of demand calculations found in the Great Walks Differential Pricing Trial (Non-Price Effects) report (DOC-6247217)

creates a challenge on accurately tracing how price changes influenced demand in the current period. More data points with the incoming post-pandemic future would allow for efficient exploration of DOC's price elasticities.

Estimating price elasticities would also benefit from understanding competitor products. How customers choose substitutes (visitors choosing a holiday park over a standard campsite) could be gleaned from estimating cross-product elasticities of competitor products. This is a challenging exercise due to data privacy issues from competitor markets; hence usage of proxies[16] is recommended.

6 Conclusion

This paper examined a set of occupancy thresholds that would support the Recreation Pricing and Commercial Strategy team's price reviews. Based on literature, the thresholds were computed using percentiles, enabling a consistent reference point based on actual occupancy performance of DOC facilities. The resulting thresholds are categorised into DOC facility types; and more granular time period were also identified based on DOC's popular visitor time periods. Their usage would also depend on the time frame considered in the price review.

Areas for exploratory work were also assessed in this review. Research into natural and optimal accommodation occupancy would provide further insights how to manage visitor volumes in DOC's facilities. To maximise DOC's recreation revenue base and support product strategy work, analyses on revenue-optimising occupancies and DOC accommodation elasticities is recommended in the future.

7 Recommendations

7.1 Recommended Occupancy Thresholds

The recommended set of occupancy thresholds are the following:

Table 11 - Occupancy Thresholds for Great Walks Huts

OCCUPANCY THRESHOLDS (PER PERCENTILE)	80%	85%	90%	95%	100%
Annual	80%	85%	85%	90%	90%
Summer (Dec-Feb)	85%	90%	90%	90%	95%
Full Great Walks Season (Nov-Apr)	85%	85%	90%	90%	90%
Christmas Peak (26 Dec - 10 Jan)	95%	100%	100%	100%	100%
Christmas to Waitangi (26 Dec - 08 Feb)	95%	95%	95%	95%	100%
Waitangi Week (1 Feb - 08 Feb)	90%	95%	95%	95%	95%
Weekend (Friday and Saturday)	85%	85%	85%	90%	90%

16 MBIE's Accommodation Data Program tool provides national and regional-level occupancy data across the country. These could be used as proxies for estimating the non-DOC capacity when analysing price elasticities of competitor markets.

Table 12 - Occupancy Thresholds for Great Walks Campsites

OCCUPANCY THRESHOLDS (PER PERCENTILE)	80%	85%	90%	95%	100%
Annual	30%	35%	40%	45%	65%
Summer (Dec-Feb)	55%	55%	60%	65%	85%
Full Great Walks Season (Nov-Apr)	45%	50%	50%	55%	75%
Christmas Peak (26 Dec - 10 Jan)	95%	95%	100%	100%	100%
Christmas to Waitangi (26 Dec - 08 Feb)	75%	80%	80%	85%	95%
Waitangi Week (1 Feb - 08 Feb)	60%	65%	65%	70%	85%
Weekend (Friday and Saturday)	30%	35%	45%	55%	70%

Table 13 - Occupancy Thresholds for Huts

OCCUPANCY THRESHOLDS (PER PERCENTILE)	80%	85%	90%	95%	100%
Annual	35%	35%	40%	45%	55%
Summer (Dec-Feb)	65%	65%	70%	75%	85%
Christmas Peak (26 Dec - 10 Jan)	90%	95%	95%	95%	100%
Christmas to Waitangi (26 Dec - 08 Feb)	80%	80%	85%	85%	95%
Waitangi Week (1 Feb - 08 Feb)	60%	65%	70%	75%	90%
Weekend (Friday and Saturday)	50%	55%	65%	70%	80%

Table 14 - Occupancy Thresholds for Campsites

OCCUPANCY THRESHOLDS (PER PERCENTILE)	80%	85%	90%	95%	100%
Annual	20%	20%	25%	35%	65%
Summer (Dec-Feb)	35%	40%	45%	50%	85%
Christmas Peak (26 Dec - 10 Jan)	85%	85%	90%	95%	100%
Christmas to Waitangi (26 Dec - 08 Feb)	55%	65%	70%	80%	95%
Waitangi Week (1 Feb - 08 Feb)	40%	45%	50%	60%	90%
Weekend (Friday and Saturday)	25%	30%	35%	40%	70%

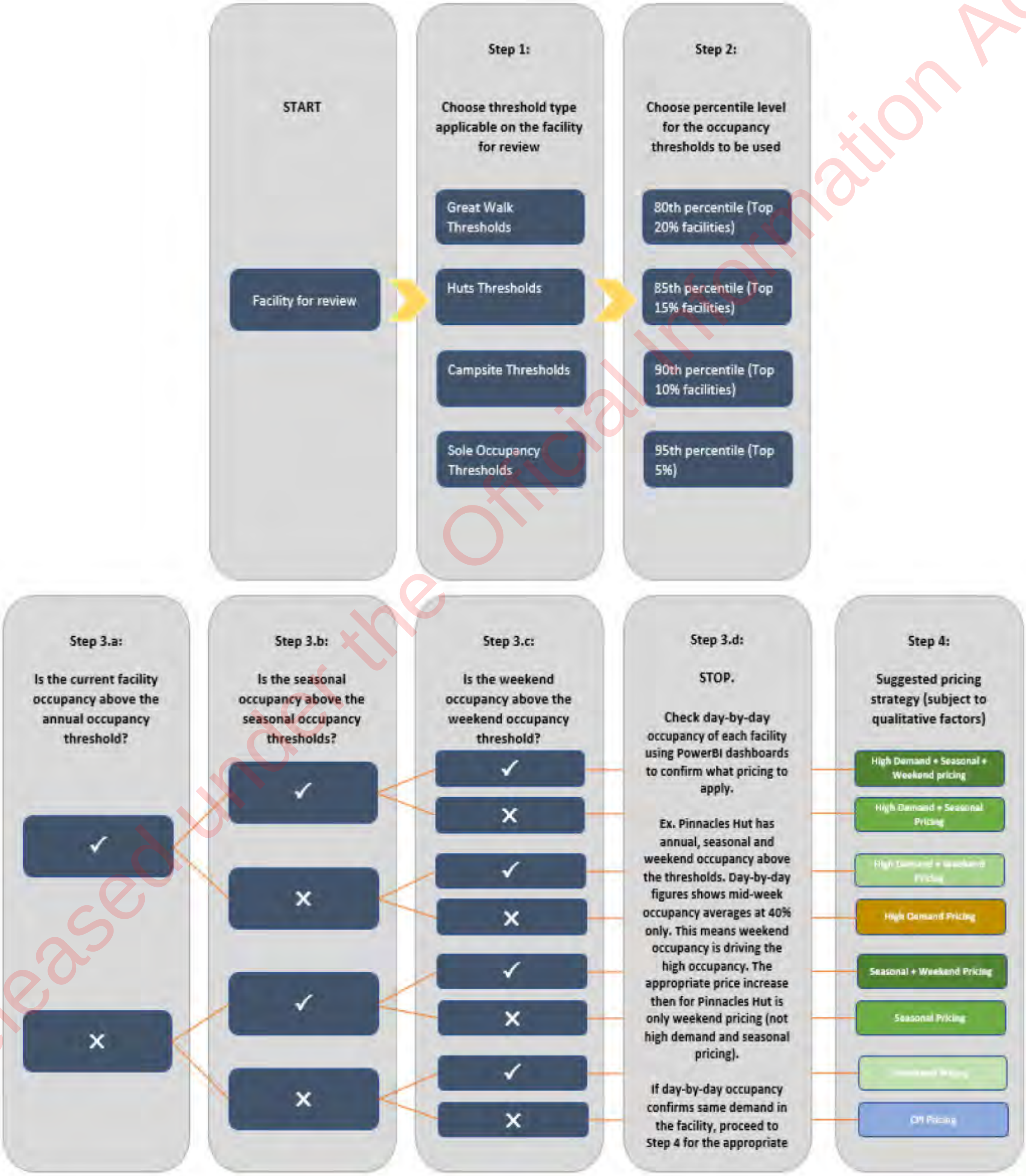
Table 15 - Occupancy Thresholds for Sole Occupancy

OCCUPANCY THRESHOLDS (PER PERCENTILE)	80%	85%	90%	95%	100%
Annual	45%	50%	55%	60%	70%
Summer (Dec-Feb)	70%	70%	75%	80%	90%
Christmas Peak (26 Dec - 10 Jan)	90%	95%	95%	95%	105%
Christmas to Waitangi (26 Dec - 08 Feb)	70%	70%	75%	80%	80%
Waitangi Week (1 Feb - 08 Feb)	80%	90%	100%	100%	100%
Weekend (Friday and Saturday)	85%	85%	85%	90%	90%

7.2 Recommended Process for Using the Thresholds

The recommended process for using the thresholds is illustrated in the diagram below:

Figure 6 - Pricing Decision Tree using Occupancy Thresholds



7.3 Recommend the Inclusion of Thresholds and the Process to use them in SOP

These thresholds and any subsequent updates are recommended to be included in the Recreation Pricing and Commercial team's standard operating procedures document.

7.4 Recommend that the Thresholds are Regularly Updated

To reflect new demand and occupancy rates in the future, a timeline for updating this work is recommended below.
The suggested period of reviewing these thresholds is every two years.

Timeline for model updates	*May-24*	*Jun-24*	*Jul-24*	*Aug-24*	*Sep-24*	*Oct-24*	*Nov-24*
1 - Update model with new occupancy figures							
2 - Review thresholds to be used for the year's price reviews							
3 - Price reviews							

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Appendix 1: Descriptive Statistics and Graphs on Seasonality

Section 1.1: Summary of Descriptive Statistics

Table 16 - Descriptive statistics for each facility type

Facility Type	Descriptive Statistics for Occupancy				
	Mean	Standard Deviation	Coefficient of Variation	Min Occupancy Rate	Max Occupancy Rate
Great Walks	31%	38%	123%	0%	155%
Huts	15%	31%	201%	0%	190%
Campsites	15%	26%	170%	0%	311%
Sole Occupancy	29%	19%	63%	0%	100%

Section 1.2: Seasonality Graphs per Facility Type

Great Walks (Huts and Campsites)

Figure 7 - Annual Occupancy from FY2019 to FY2022

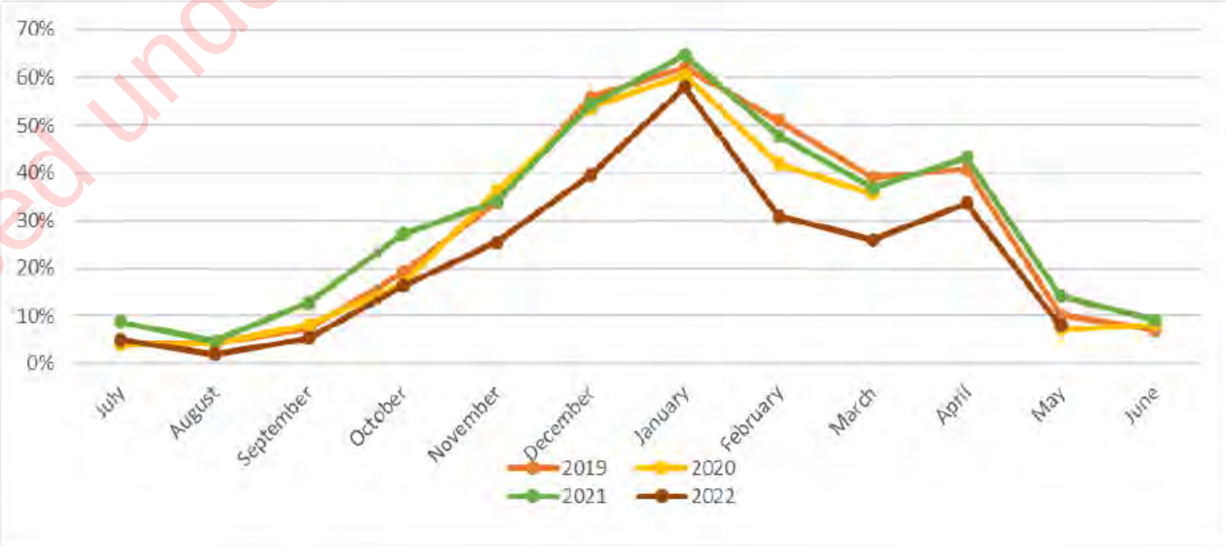


Figure 8 - Summer Occupancy from FY2019 to FY2022

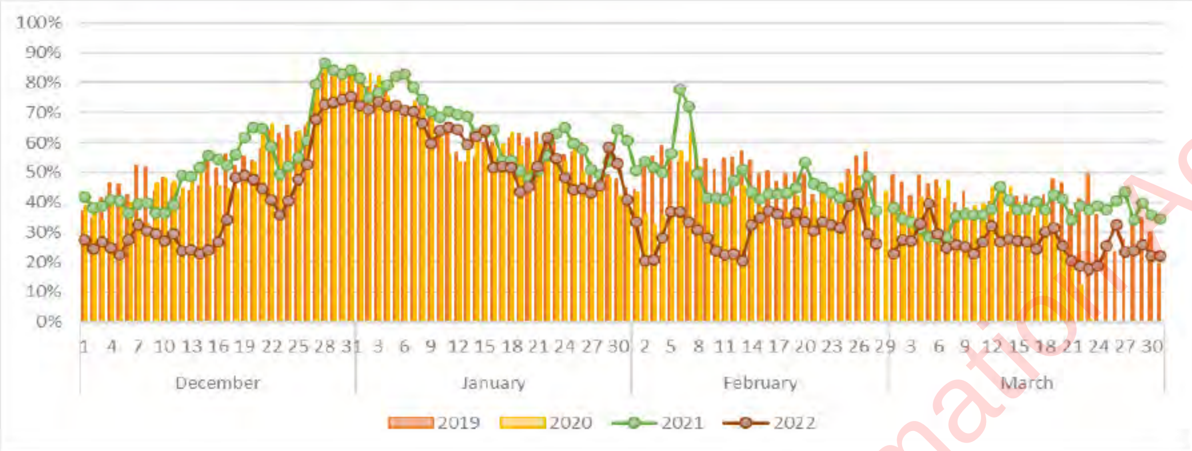
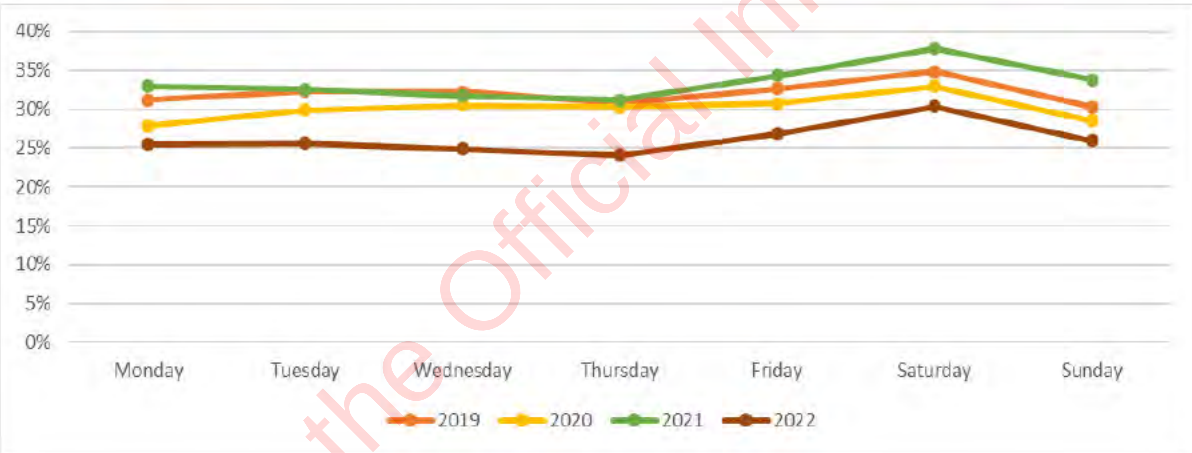


Figure 9 - Day of Week Occupancy from FY2019 to FY2022



Huts

Figure 10 - Annual Occupancy from FY2017 to FY2022

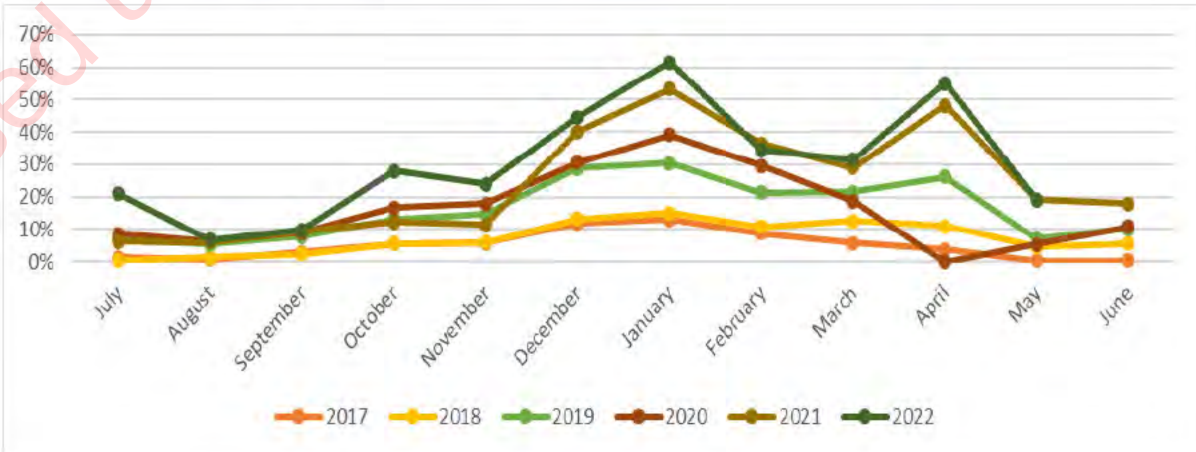


Figure 11 - Summer Occupancy from FY2017 to FY2022

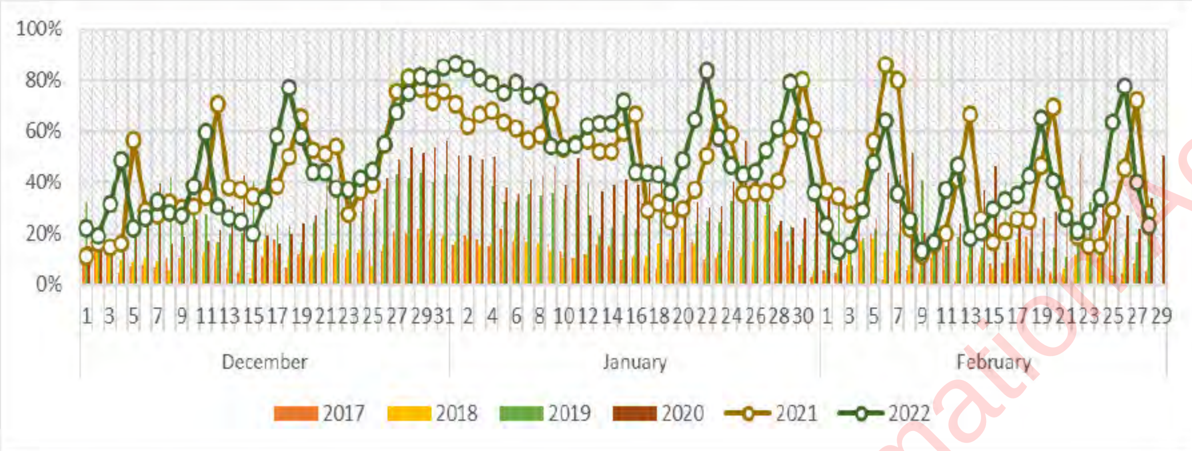
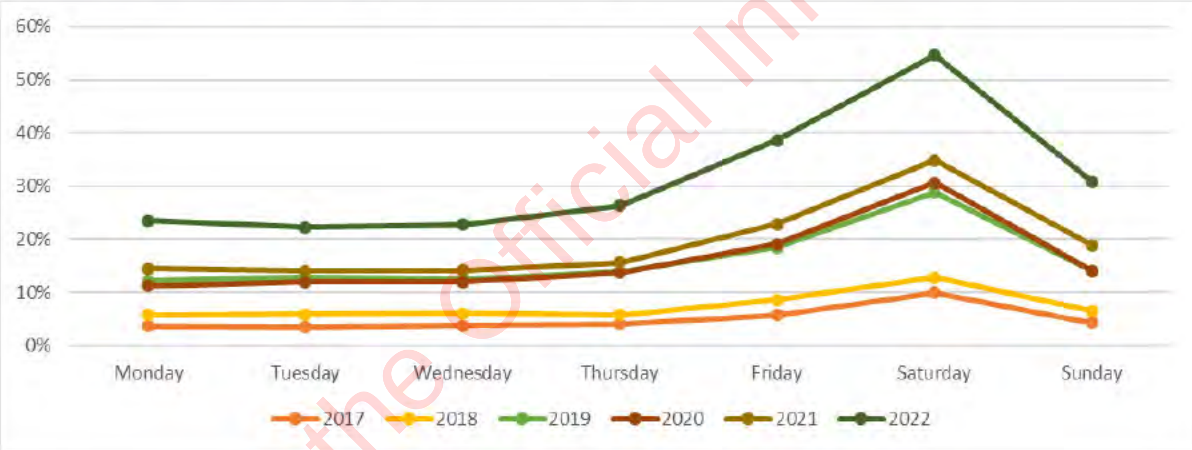


Figure 12 - Day of Week Occupancy from FY2017 to FY2022



Campsites

Figure 13 - Annual Occupancy from FY2017 to FY2022

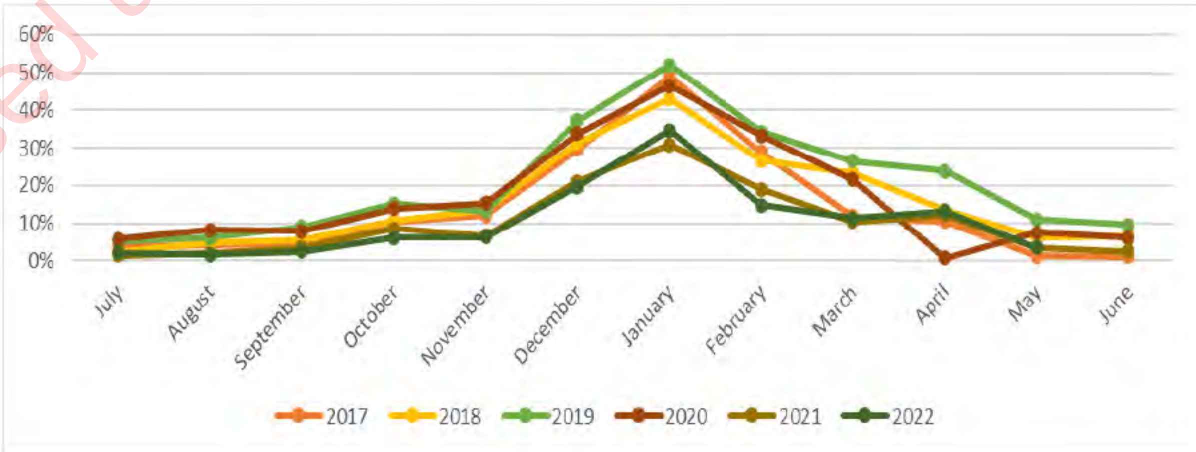


Figure 14 - Summer Occupancy from FY2017 to FY2022

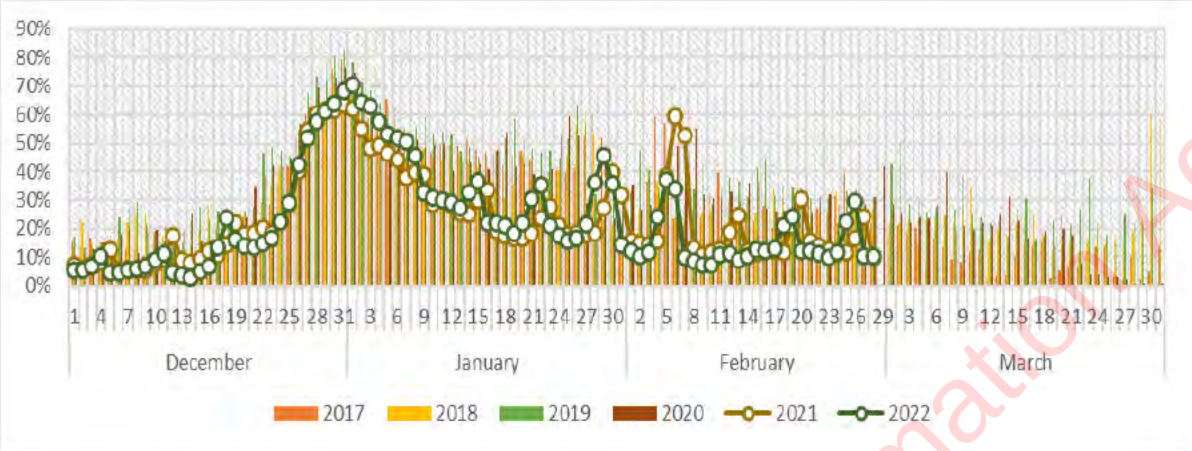
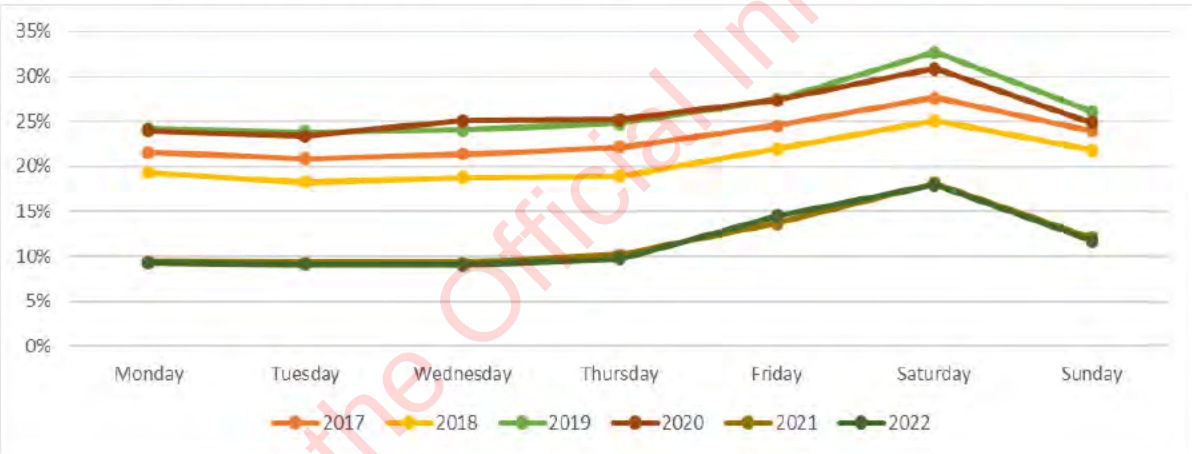


Figure 15 - Day of Week Occupancy from FY2017 to FY2022



Sole Occupancy

The daily occupancy line graphs for sole occupancy facilities are not reliable because these facilities are booked as a whole unit, reflecting 100% occupancies per day. Instead, the boxplots below illustrate the variances of occupancies from 2018 to 2022, during various time periods.

Figure 16 - Annual Occupancy from FY2018 to FY2022

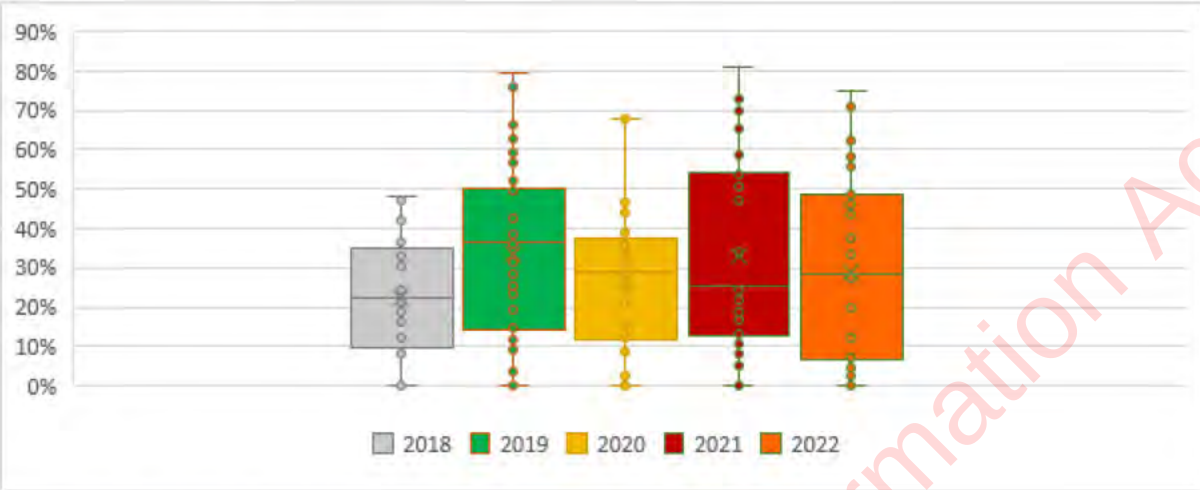


Figure 17 - Summer Occupancy from FY2018 to FY2022

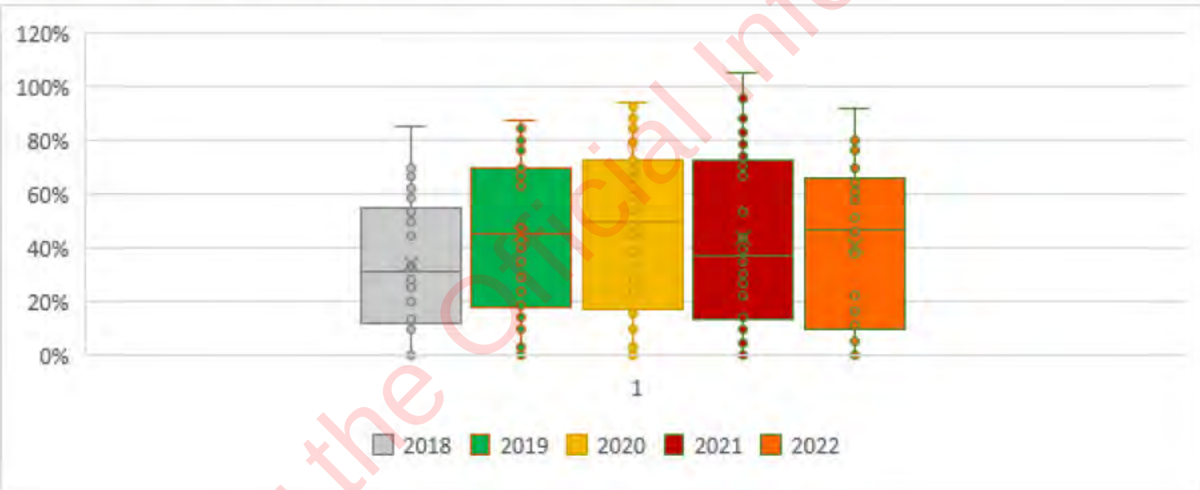
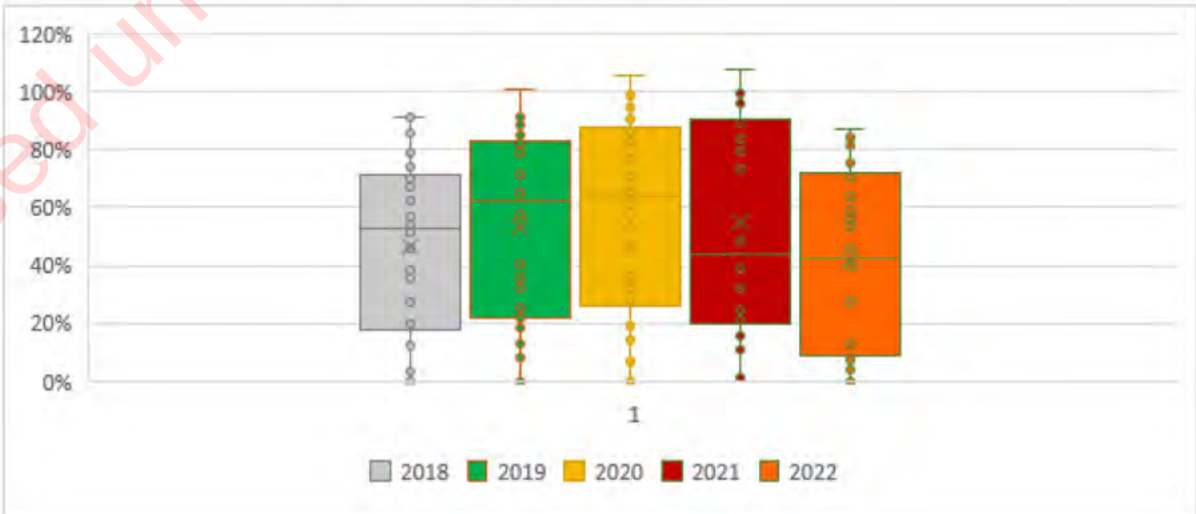


Figure 18 - Day of Week Occupancy from FY2018 to FY2022



Appendix 2: Related Studies and Methodology for Future Work

Section 2.1: Application of Thresholds Analysis to Other Fields

Thresholds analyses are heavily used in empirical studies across a variety of fields such as:

- ecological research and conservation species monitoring for studying overpopulation and habitat loss (Adams, et al., 2015; Muradian, 2001; Banos-Gonzales, et al., 2018),
- improving hospital care in emergency units by analysing bed occupancy (Bagust, et al., 1999; Kaier, et al., 2012; McCarthy, et al., 2008),
- measuring macroeconomic poverty thresholds (Fisher, 1992),
- microeconomic consumer behaviour indicators (Drakopoulos, 1992).

More theoretical analysis in the development of thresholds have been explored through probabilistic theory in mathematics (Kahn & Kalai, 2007), and statistical computing measuring thresholds or what the study refers to as 'change points' (Fong, et al., 2017).

The studies cited above involve a range of computational techniques that require robust data across several time periods. With the availability of occupancy data not impacted by COVID, one study that could be applied in the analysis of occupancy thresholds for DOC facilities is a 2015 report in the accommodation industry in the US. Putcha (2015) explores how to determine optimal occupancy rates for two hotels using only three independent variables in the regression model. These variables are total number of rooms, number of rooms sold, and price of each room. The methodology for this study is outlined in the next section (Appendix Section 2.2).

Section 2.2: Methodology for Natural and Optimal Occupancy Calculation

De Roos' 1999 study on natural occupancy rates and Putcha, et al.'s 2015 paper on optimal occupancy rates provide a statistically robust method for estimating occupancies which could be applied in the DOC context. Similar themes emerge in these two papers. Both focus on the US tourism industry dealing with hotel accommodation. They also recommend dealing with credible data with daily time periods.

Calculating Natural Occupancy Rates

De Roos' 1999 study on the natural occupancy of the whole US lodging industry could provide insights on how to approach similar research in the whole accommodation sector of NZ. DOC is seen as a market leader in the recreation accommodation industry with its network of over 1300 recreation facilities across the country.

The study first estimates the natural occupancy rate (NOR), or what De Roos describes as the long-run stabilised occupancy rate in the market, which serves as a benchmark in estimating needed accommodation supply in the future. This is estimated through regression analysis using average daily rates (ADR) and seasonally adjusted occupancy rates.

Data needed are monthly and daily occupancy data, daily accommodation prices, and seasonally adjusted consumer price index (CPI) data (available in StatsNZ). The period covered should be a minimum of eight years to ensure long-run market dynamics are incorporated.

The methodology to compute the natural occupancy rate is as follows:

1) Get the Real ADR. Derive the actual ADR by divide average daily occupancy to daily occupancy price, then divide actual ADR to CPI.
2) Remove seasonality of real ADR and monthly occupancy data[17].
3) Compute the monthly change in real ADR and seasonally-adjusted CPI to align with the monthly occupancy data
4) Estimate the following regression model:

$$\Delta ADR = b_0 + b_1 \Delta CPI + b_2 OCC + e$$

$where:$

$\Delta ADR \text{ is the monthly change in seasonally adjusted real } ADR$

$\Delta CPI \text{ is the monthly change in seasonally adjusted } CPI$

$OCC \text{ is the monthly seasonally adjusted occupancy rate}$

$e \text{ is the error term}$

5) The natural occupancy rate is then computed by getting the difference of the two coefficients, b_2 and b_0.

Calculating Optimal Occupancy Rates

Pucha, et al.'s paper[18] estimating optimal occupancies takes a more micro view, focussing the analysis on two hotels. The study only uses three independent variables; total number of rooms, number of rooms sold at a given period, and price of each room, for one year. Applying this in the DOC context, the unit of measure would be bunks/campsites (instead of rooms). The variables are total suite of DOC accommodation would be sum of all bunks/campsites, number of bunks/campsites sold at a given time period, and the price for each bunk/campsite. The new DOC booking system allows this level of granularity. While the analysis uses data with short time periods, the methodology outlined below involves a more rigorous statistical approach which would require data that is not impacted by COVID.

This approach involves identifying potential optimal occupancy rates thresholds through visual analysis, then fitting these rates in a probability density function. This would help

[17] This can be done through differencing, which is taking the current value and subtracting the prior value to it. This is computed for each value of the dataset. All statistical packages offer this functionality. The paper also recommends using the SASX11 procedure available here.

[18] Putcha, C., Sloboda, B., Putcha, V., Khani, M., & Tabba, A. (2015, January). Financial aspects of determining optimal occupancy factor (rate) for hotels based on probabilistic analysis. In Global Conference on Business & Finance Proceedings (Vol. 10, No. 1, p. 39). Institute for Business & Finance Research.

derive which of the occupancy rates are optimal based on their probabilities. The methodology is outlined below:

1) Calculate occupancy rate using total number of bunks sold divided by total number of bunks
2) Find the appropriate probability density function by visual analysis by plotting and analysing the histogram and density function of the occupancy rates. This would indicate the actual and expected (optimal) occupancy rate values.
3) Perform the chi-square test to check how the actual values are similar to the expected values:

$$\chi^2 = \Sigma_i (n_i - e_i)^2 / e_i$$

where:

i *is the individual bunk*

n_i *are the actual occupancy values*

e_i *are the expected occupancy values*

4) The chi-square test statistic is available in all statistical programs. Excel has a built-in function "CHITEST" to perform this analysis.

Appendix 3: Related Documents (Models of Occupancy Thresholds)

Great Walks Huts Model – DOC-7084447

Great Walks Campsites Model – DOC-7084454

Huts Model – DOC-7059116

Campsites Model – DOC-7059123

Sole Occupancy Model – DOC-7059120

Other graphs and figures (Figures 1 to 4 of main report, process of using thresholds, and work programme timeline) – DOC-7127472

SLT Weekly

Subject	**Understanding pricing for facility user fees**
Paper for	SLT Advice, information, and endorsement
Purpose	To inform SLT and to seek endorsement from SLT
Meeting date	30 October 2023
Sponsor	Steph Rowe, DD-G BHV
Author	Steven Kerr, Principal Commercial and Revenue Advisor
Attendees	Cat Wilson, Director H&V

Recommendation

It is recommended that SLT:		Para Ref
(a)	**Note** that DOC has a regular cycle of price reviews each year. In the current cycle is a review of the Great Walks prices, which is about to enter its second round of consultation before the end of 2023.	14,34,& 35
(b)	**Note** Fee reviews have notably increased revenue (+27%) over the last 5-6 years, however, pricing alone will only bring incremental improvements towards the affordability of DOC's visitor network.	16 - 19
(c)	**Note** that under current legislation DOC can only charge for the use of facilities and cannot directly charge for access to conservation land or for tracks or walkways (this is being explored through the Milford Opportunities Programme).	8 - 10, & 21
(d)	**Agree** that H&V Oversight Group provides ongoing oversight of pricing work.	15

Purpose

1. This paper sets out the context and processes for setting fees for DOC's visitor facilities such as huts and campsites (where fees are applied).
2. Pricing is one of DOC's levers to make the cost of its visitor network more affordable over time. While pricing has an important role in improving cost recovery, it will only deliver so much.
3. Having clear cost recovery targets would change DOC's current approach to pricing. The BHV Group is working with the Strategy and Policy Group on an approach to cost recovery that covers the policy implications and processes for implementing cost recovery targets.

4. The work underway on DOC's approach to cost recovery identifies what needs to be addressed *before* effective cost recovery (and ultimately sustainable funding) can be implemented. This work will be completed before the end of 2023.

Context and Background

5. DOC provides a range of visitor (including heritage) products and experiences so people can use and enjoy Public Conservation Land and Water (PCLW). There are many benefits people get from using DOC's products and facilities.
6. DOC currently charges a fee to use the following facilities:
   - Huts, including Great Walks (600 out of 950)
   - Campsites, including Great Walks (219 out of 330)
   - 'Sole occupancy' huts, lodges, cabins, and cottages (all 45)
   - Some other facilities such as hotpools (Morere), and Mansion House (heritage site).
7. Setting fees (or charges) can be an emotive and ideologically charged subject. Everyone has an opinion – to have or not have fees, how to set them, and what level they should be. Many of DOC's stakeholders oppose having any fees and/or oppose any increases.

Authority to charge user fees

8. Current legislation[1] authorises DOC to charge for the use of facilities (e.g. huts, campsites) but not for access to conservation land, tracks, and walkways.
9. Work on the Milford Opportunities Programme is exploring options to introduce charges for entry to this National Park. This work could identify options for DOC to explore.
10. DOC is in an uncommon position compared to most government departments in that it has the authority to recover more than the costs of its products[2]. This authority comes with the responsibility to avoid price (fee) exploitation and to <u>ensure fees are fair and reasonable</u> (reasonable is the key legal test for the fees).

The pricing process - setting fees

11. As a government department, DOC has taken a cautious approach to setting fees to date. This is driven by strong public oversight and a lack of competitive market conditions in some areas (e.g. the Great Walks).
12. DOC's pricing is supported by robust processes, data-based analysis, and internal and external engagement. Pricing relies heavily on economic principles, commercial acumen, and judgement.

[1] Conservation Act 1987 – ss 17(2), 51, 48(1)(j), 60A & D, National Parks Act 1980 ss 49(3), 56(1)(d), (e) &(g); and Reserves Act 1977 - ss44, 45, 53(1)(g) & (h), 55(2)(d) & (c), 59A(2).

[2] As a general principle, a government department cannot recover more than the cost of the service it provides. Otherwise, it is considered a tax - the prerogative of Parliament - and specific legislation is required to authorise 'over recovery' of costs.

13. Getting pricing right helps demand management, funding equity, and balancing supply and demand. Excessive fees can have significant adverse consequences including collapsing demand, and payment avoidance behaviour, revenue loss and funding inequity.

A cycle of reviews

14. DOC works to a cycle of fee reviews. Reviews are reasonably large-scale and can take upwards of six months. They build on data for a full previous season, involve stakeholder engagement, and need to be completed in time for new fees to be communicated, loaded into the booking system, and tested, before April when bookings open for the next season.

15. Currently, delegation is in place for the DD-G Biodiversity, Heritage and Visitors to approve pricing changes following larger reviews. However, there is an opportunity to improve agility by providing the Director Heritage and Visitors authority to approve smaller price changes (e.g. one-off reviews of a campsite or hut price). The H&V Oversight Group provides another layer of executive oversight of pricing and revenue generation.

Setting the right fee levels

16. DOC has had a specialist pricing team for the past 5-6 years. It was established to provide improved commercial acumen, advice, and robustness in the fee-setting processes. The aim was to increase revenue and improve cost recovery and general decision-making by applying commercial and economic thinking and methods. More detail on the pricing process is set out in Appendix A.

Figure 1 Recreation facility revenue growth

17. Since the team was established, facility revenue has grown 27%, to its highest level in 2019 (refer to Figure 1), following the introduction of Differential Pricing[3] on the Great Walks.

18. Facility user fee revenue fell from $22.7 M to $15.4 M[4] after COVID, but since then has revived, with last year hitting $20 M. It is forecast to reach $22.9 M for 23/24FY.

19. Recent fee reviews are forecast to contribute an additional $2.6 M per annum to revenue. However, this will have only a marginal impact on providing financially sustainable experiences. Details of fees that have been updated over the last three years are in Appendix B.

Revenue increases have not significantly increased cost recovery

20. H&V is working on a significant piece of work with the Policy team on DOC's approach to cost recovery from its recreation facilities. This is due for completion for H&V Oversight Group December meeting. To date, this work has highlighted the following key insights.

3 It earned an additional $2.1M that year. H&V also explored ways for greater cost recovery from international visitors (DOC-6726615).

4 This represents the pre- and post-COVID pandemic environment. 2019 and 2022 Annual Reports.

21. Only a third of the network generates revenue (refer to Appendix C), this is due to a mix of legal and practical restrictions. Options to generate further revenue are being explored.
22. It is estimated that user fee revenue only recovers approximately 30-40% of the costs to supply DOC's revenue-generating products and experiences.
23. The level of cost recovery varies significantly between different groups of experiences.
24. Overall cost recovery (all 'other revenue' - facility user fees, concession royalties, and administrative processes) represented 16% of Departmental funding (Vote Conservation) pre-COVID (was 6% during COVID)[5].
25. The overall Recreation and Heritage Opportunities appropriations for recreation and heritage combined are in the order of $190 - 200 M. As much as 40% of this is for Overhead functions, 15% for direct support functions (e.g. H&V and National Operations), and only 32% for regional operations.
26. While pricing and revenue are important for cost recovery, reducing our supply cost (e.g. by reducing the size of the network) will be more impactful.
27. DOC does not have in place all the necessary system pillars for effective cost recovery.

Strategic benefits of pricing

28. Pricing plays a strategic role in providing recreation and heritage experiences for visitors to PCLW. It earns revenue to maintain assets and supports DOC to manage visitor demand[6]. In conjunction with taxpayer funding, user revenue (and pricing), focused cost recovery and an 'efficient' cost base are the significant contributors to the [financial] sustainability of the network.
29. Pricing supports DOC to improve supply, efficiency, productivity, and responsiveness (from demand management and supply aligning to demand) and equity, whereby the users (who gain much private benefit from their use) and the taxpayer, 'fairly share' the cost of supply.
30. Cost recovery-based pricing can also increase cost consciousness for all stakeholders.

Challenges with the current settings

31. ***Revenue from visitor facility fees goes into a 'consolidated' fund*** to be allocated out across DOC. It is not explicitly directed towards maintaining the visitor experiences or products that have generated the revenue. This issue is regularly raised by our stakeholders and regional staff who do not get to see the benefits of the fees 'at place'.
32. ***DOC's user fees have been historically low***, based on the idea that fees should not be a barrier to experiences on PCLW. Lack of clear cost recovery targets to base fees on, results in ineffective cost recovery. Work underway on DOC's approach to cost recovery has identified key pillars for effective cost recovery. They include:
    - having a stable and sustainable cost base
    - the fee-setting process

5 *Analytical Report for Natural Resources Cluster Spending Review 2021*. The Treasury. April 2022.
6 This is a different function to a booking system that manages only through congestion. Pricing can spread demand before it 'hits' a booking system.

- understanding the balance between private and public benefits; and
- a financial system that attributes costs accurately and S4HANA will provide this but is still 'bedding-in' - it may take two years before it can be relied on for cost-based pricing.

33. *The number of staff and level of resources* available limits the breadth and depth of work DOC can do to drive change to produce revenue increases, such as:
    - moving more facilities onto the Booking System (proven to increase revenue).
    - improving data collection and developing pricing models
    - optimising revenue, efficiency, and cost recovery (requires P/L reporting on a product basis)
    - improving engagement with iwi and hapū
    - updating the Whanganui National Park Bylaw (has out-of-date campground fees)
    - developing more Price Elasticity of Demand indices to enable more accurate use and revenue effects of fee changes.

What's underway and what's coming up

34. Fee reviews are undertaken in a cyclical manner (every 3 years) as well as addressing issues as they arise (ad hoc fee review requests). A summary of the programme is set out below.

Fee review	Year
Great Walks Fee review	2023
Campgrounds and campsite Pass	2024
Huts and Backcountry Hut Pass	2025
Cottages and lodges ('sole occupancy' facilities)	2026

35. In 2023, the following reviews are being undertaken:
    - a limited **review of the Great Walk fees** (as a major structural review will be undertaken in two years' time). The team is about to commence the second round of consultation in the next few weeks proposing:
        - an 18% (inflation) increase in Great Walk hut and campsite prices
        - re-introducing child and youth fees (50% of adult fees).
    - a review of the non-recovery of **credit card transaction fees** has found fees are at least $300,000 p.a. and is exploring ways to recover them from users.
    - a review and redesign of the **Payment System** to make it more efficient and remove cash from the network and may identify ways to put in place fees for currently free facilities.
    - a review of the facility fees **discount policy**. The team is about to commence the third round of consultation proposing:
        - introducing an affordability discount (25%)
        - raising the qualification bar, reducing and simplifying discounts for organisations.

Appendix A: Pricing approach and methodologies

The Strategy, Investment and Pricing team uses a robust process for reviewing facility fees to ensure charges are '*reasonable*'. It involves:

- using economic and commercial methods (e.g. fees were similar to comparable products provided by others, such as commercial or council campgrounds)
- engaging with national and regional operations, communications, and finance teams and external engagement with partners and stakeholders.

The various pricing strategies currently in place include:

- ***Category pricing*** (most facility fees - based on the facilities' level of services category, such as Basic/Standard/Serviced). 'Basic' level facilities currently are free.
- ***Demand and value*** for the experience and include:
  - Peak pricing for facilities that are very popular (called 'high demand') or times that are very popular (e.g. weekends)
  - Sell strategies and restrictions – e.g. minimum night stay, minimum site charges
- ***Differential pricing***- currently based on residency (e.g. international differential pricing on the Great Walks)
- ***Discounts on the*** *fees* - age (e.g. youth fees) or contribution to conservation and recreation.

DOC does not use the following commercial strategies (largely not value-based):

- ***Cost-based*** pricing - e.g. cost plus (pricing based on a specific recovery target can be included here)
- ***Price skimming*** – set a high fee and lower it as the market evolves
- ***Penetration*** pricing – set a low fee to enter a competitive market and raise it later
- ***Discriminatory*** pricing – set a fee for individual customers (there are degrees of this, but full discriminatory pricing is illegal in New Zealand).

The pricing team uses guidance and partner and stakeholder consultation to test fee reviews.

- Recreation facilities and services pricing policy (DOC-6396546)
- Recreation facilities and services discount policy (DOC-6602349).
- SIP Pricing Guideline (DOC-6532099)

The pricing policy sets out pricing approaches and principles and represents a shift towards pricing on demand and value. Key principles include:

- no charge for public access to areas managed by DOC (legal limitation)
- fees are not to be a significant barrier to the public recreating in protected areas or learning about conservation
- where practicable, fees for the facilities should be established with stakeholder engagement and in a consistent manner
- fees will be charged where compliance is feasible, efficient, and can be safely collected

- methods to determine fees should, where relevant, primarily focus on four outcomes - Monetary focus, Customer focus, Product use focus, and Strategic focus
- application criteria for differential pricing for international visitors.

Setting fees in the government environment must be robust and cautious. In theory, the optimal price point is where demand = supply (refer to **Error! Reference source not found.**); this point is not always readily observable in a non-competitive market (in which DOC largely operates). For DOC, setting fees is akin to policy setting. Unlike the commercial sector, DOC is expected to engage with its partners and stakeholders.

A mix of observable market prices and non-market valuation techniques are used to determine fees. While there are strategic benefits to setting the 'right' fee, poorly considered fee setting will impact demand/use and revenue; if the fees are set too high this can result in collapsing demand, reduced payment compliance (already a significant issue), and a reduction in revenue; with a fixed supply, low fees can result in excess demand (over-crowding) for some facilities. Both these can result in inequity and misallocation of funding (i.e. the wrong people funding the wrong products and supply not matching demand).

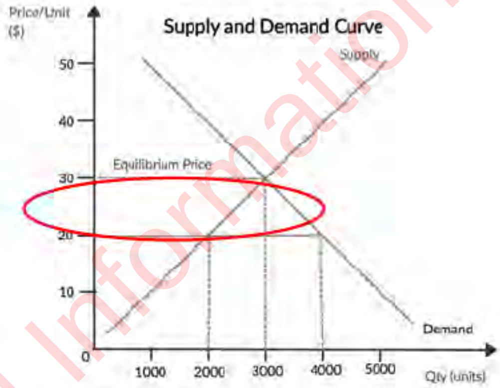


Figure 2 Optimal price point

Appendix B – Recent Fee Reviews

Year	Review	% change	$ change
2022/23	Hut Category fee review (incl. high-demand and weekend fees and off-season GW fees)	+25% to +100%	+$5 to $10
	Backcountry Hut Pass: Annual pass	+11%	+$12 to $14
	Sole-use facility fees	+11% (ave)	+$5 to $112
	Differential and capacity pricing for Paparoa Great Walk	+0% to 130%	$0 to +$60
	The 2 Holiday Parks (campgrounds)	+$5% to 7%	+$2 to $25
2021/22	Standard campsites	+25%	+$2
	Seasonal pricing for high-demand campsites (summer peak dates 26 Jan – 8 Feb)	+20%	+$3
	Campsite Passes	19% to +39%	+$15 to +$55
2019/20	Great Walk base fee structural review	+11% (ave)	$0 to $13
	Great Walks differential pricing (7 out of 10)	+50%	+$0 to $40
	Popular huts (2) and 4 popular multi-day tracks	+25% to 50%	+$5 to $10
	Weekend and seasonal fees introduced at 10 huts	+33% to $100%	+$5
	Sole-use facilities*	+0% to 35%	$0 to +$427

* This included different sell strategies such as minimum stays, weekends, and peak holiday fees.

- 2022/23 fee reviews changed fees for 23/24FY (link to web page of all changes)

- 2021/22 fee reviews changed fees for 22/23 FY (link to web page of all changes)
- 2020/22 fee reviews changed fees for 21/22FY (link to web page of all changes)

Appendix C: Comparison of cost to sources of revenue and revenue by source

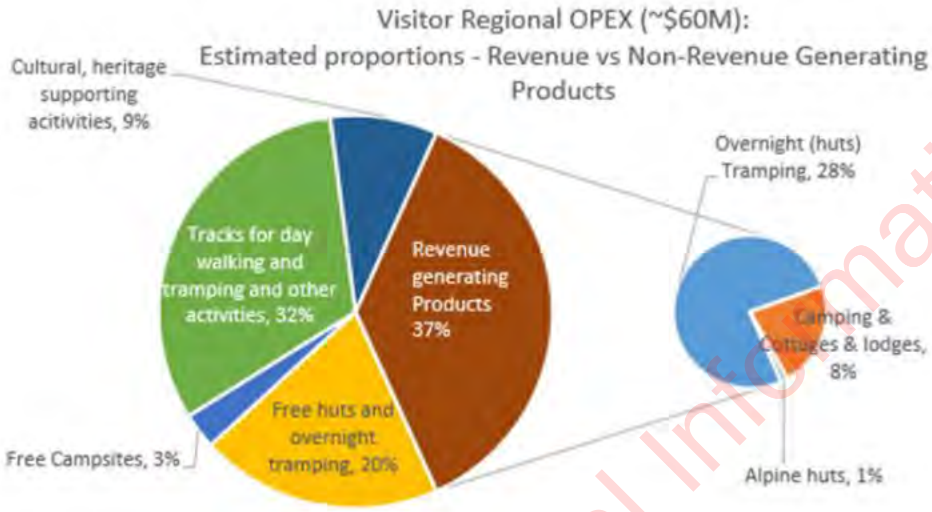


Figure 3 Comparison of cost to sources of revenue

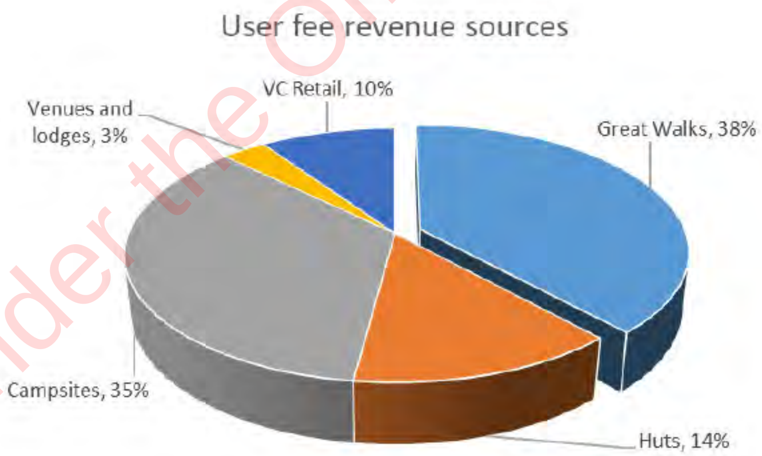


Figure 4 User fee revenue by source

Minute from SLT Meeting held on 30 October 2023

Future Visitor Network

Catherine Wilson joined the meeting. Ben Reddiex was absent for this item.

Part 1 – Core Visitor Network Model

Purpose: To update SLT on the Future Visitor Network Programme and to seek approval on the engagement approach.

Steph introduced the item. Cat took SLT through a presentation based on the paper provided.

SLT discussion focused on:

- The critical importance of engagement with Ministers, including the suggestion of convening a Ministerial Group and a stakeholder working group before wider consultation
- How best to engage Iwi, with a preference for local level engagement over national consultation
- The link to work on pricing and process for divesting of assets
- The link to Conservation Management Strategies

Decision: SLT

(a)	**Noted** the progress made over the past 120 days on the Future Visitor Network Programme.
(b)	**Agreed** to brief the incoming Minister on the approach as early as possible, including proposing a Ministers Group and stakeholder working group
(c)	**Deferred** agreeing on the engagement approach, including early engagement with tangata whenua, until after Ministers have been briefed and further work has been done on an engagement strategy

Part 2 – Pricing for facility user fees

Purpose: To seek endorsement on the approach for determining facility user pricing.

SLT took the paper as read and focussed their discussion on DOC's approach to cost recovery.

SLT indicated an appetite for increased cost recovery and supported decisions on cost recovery levels being made by Ministers, providing a framework for DOC to implement pricing changes.

Cat confirmed that work on a cost recovery strategy is underway and will go to the Heritage and Visitor Oversight Group and then to SLT before Christmas, and to Ministers in the new year.

Decision: SLT

(a)	**Noted** that DOC has a regular cycle of price reviews each year. In the current cycle is a review of the Great Walks prices, which is about to enter its second round of consultation before the end of 2023.
(b)	**Noted** that fee reviews have notably increased revenue (+27%) over the last 5-6 years, however, pricing alone will only bring incremental improvements towards the affordability of DOC's visitor network.
(c)	**Noted** that under current legislation DOC can only charge for the use of facilities and cannot directly charge for access to conservation land or for tracks or walkways (this is being explored through the Milford Opportunities Programme).
(d)	**Agree** that H&V Oversight Group will provide ongoing oversight of pricing work.
(e)	**Agreed** that a paper on cost recovery levels will come to SLT before Christmas prior to seeking Minsters' decisions.

The following items are publicly available and a link has been provided in the response letter.

Item 11. Conservation General Policy (revised edition)
Item 12. General Policy for National Parks
Item 13. The DOC Strategy
Item 14. Heritage and Visitor Strategy
Item 15. Hut Procurement Manual for Backcountry huts

Policy

Visitor Risk Management policy

About this document

Disclaimer	This document has been written for Department of Conservation (DOC) staff. As a result, it includes DOC-specific terms and refers to internal documents that are only accessible to DOC staff. It is being made available to external groups and organisations to demonstrate departmental best practice. As these procedures have been prepared for the use of DOC staff other users may require authorisation or caveats may apply. Any use by members of the public is at their own risk and DOC disclaims all liability for any risk.
Document Coordinator	Theo Chapman, Senior Advisor, Visitor Safety System Improvement
Document Owner	Catherine Wilson, Director, Heritage and Visitors Unit
Approved for use by	**Stephanie Rowe, DD-G Biodiversity, Heritage and Visitors Group** Date: 15/08/2023 DOC-7395941
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Policy
Standard Operating Procedure
Guideline

Department of Conservation
Te Papa Atawhai

New Zealand Government

Contents

1. Background

1.1 Purpose

The purpose of this policy is to outline the principles that guide Department of Conservation's (DOC) management of risk to visitors arising from recreational use of public conservation lands and waters.

1.2 Scope

In scope

This policy applies to the management of risk to visitors from the recreational use of public conservation lands and waters.

Out of Scope

This policy does not apply to:

- The management of risk to workers under the Health and Safety at Work Act 2015.
- The management of risk to visitors (other persons at workplaces) under the Health and Safety at Work Act 2015.
- The management of risk to visitors at Department of Conservation offices or visitor centres.
- The management of risk to visitors as clients of tourism operators/concessionaires.

1.3 Audience

The audience for the Visitor Risk Management Policy is all DOC leaders, managers and staff involved in decision making and managing risk to visitors that arises from recreational use of public conservation lands and waters.

1.4 Introduction/Context

Outdoor recreation is part of New Zealand's historic and cultural heritage and an important aspect of our national identity. Taking risks, challenging ourselves and proving our self-reliance are an integral part of the outdoor recreation experience.

Outdoor recreation is also a core part of New Zealand's tourism industry, with many recreation activities occurring on land and waters managed by DOC. As a result, DOC plays a key role in the tourism industry with its investments enabling the private sector to create value, through tourism operators (concessionaires) providing experiences and the businesses providing supporting services.

DOC is responsible for taking all reasonably practicable steps to ensure that risk is managed to an appropriate level for the predominant visitor group at visitor sites on public conservation lands and waters. Visitor safety is managed in accordance with legislation, statutory plans, policies, and management procedures.

The way DOC manages visitor safety must reflect a complex set of societal values and expectations. DOC enables the traditional 'nature on nature's terms' style of recreation where people are free to make their own decisions about the risks they take. For some visitors, a high degree of self-reliance and risk taking is essential to the quality of their experience, while for others the assurance that risk is being managed for them is critical.

The Visitor Risk Management Policy puts personal responsibility first. It then tailors the level of DOC intervention to the skill level of the visitors. What this means is that for experienced visitors we will provide information to enable them to manage their own risk, and for less experienced visitors we will manage some risk (for example, by providing bridges and barriers).

1.5 Objectives

The objectives of this policy are to:

- Outline the guiding principles that apply to all work undertaken by DOC in relation to visitor risk management.
- Guide decision-makers to balance the positive aspects of risk, such as a sense of challenge and accomplishment against the negative aspects of risk.

This policy is based on the understanding that effective risk management in outdoor recreation is a joint undertaking of DOC and the visiting public, requiring each party to exercise separate but interdependent responsibilities.

1.6 Guiding principles

1) The range of outdoor recreation experiences available to visitors will be preserved wherever possible.
2) DOC is responsible for identifying and assessing the hazards at visitor sites on public conservation lands and waters, and for providing information to inform visitors of those hazards and the risk arising from them.
3) All reasonably practicable steps will be taken to ensure DOC facilities are appropriate for the predominant visitor group and/or activity and meet all statutory obligations.
4) The level of skill and competence required for visitors to manage risk will be accurately represented.
5) Visitors are responsible for their decisions about the risks they take and for any others under their care and responsibility.
6) Visitors are responsible for providing the skills, competence, and equipment they require to effectively manage hazards.
7) DOC will prioritise management at popular sites which have a high level of risk and a high volume of low skilled visitors.
8) DOC is responsible for working with partners to continually improve visitor risk management practices.

DOC will:

- Undertake visitor risk management in accordance with the eight principles outlined above and the relevant legislation, policies, plans and standards that govern it.

1.7 Mandate

The Department of Conservation has a statutory responsibility for visitor safety. The DOC Conservation General Policy sections 8 a/b/c/d/e, 9.3 a/b and 11.1 d outline a position for DOC to manage risk to visitors.

The visitor risk management Policy (this document), the visitor risk management Standard Operating Procedure (doc-7555122) and hazard management Guideline (doc-7462131) set the context and provide specific guidance for visitor risk management.

Additionally, the following standards/legislation govern the management of visitor safety:

- National Parks Act (1980)
- Conservation Act (1987)
- Reserves Act (1977)
- General Policy National Parks Act (2005)
- Building Act (2004)
- Health Act (1956)
- Occupiers Liability Act (1962)
- Land Transport Act (1998)
- Walking Access Act (2008)

1.8 Terms and definitions

Term	Definition
Hazard	A source of potential harm or a situation with a potential to cause loss.
Monitor	To check, supervise, observe critically or record the progress of an activity, action or system on a regular basis in order to identify change.
Risk	The chance of a hazard(s) causing harm to a visitor(s). Risk is measured in terms of likelihood and consequence.
Risk identification	The process of determining the likelihood and consequence of a hazard(s) causing harm to a visitor(s), and the overall amount of risk at a visitor site.
Risk management	The culture, processes and structures directed towards reducing risk to the appropriate level for the predominant visitor group at a visitor site.
Risk management process	The systematic application of management policies, procedures, and practices to the tasks of establishing the context for, identifying, analysing, evaluating, treating, monitoring, and communicating risk.
Risk treatment	Selection and implementation of appropriate management actions for dealing with risk.
Stakeholders	Those people and organisations who may affect, be affected by, or perceive themselves to be affected by, a decision or activity.
Visitor Site	A place on PCL&W that facilitates non-commercial recreation. The specific visitor site definitions and boundaries used for risk management are shaped through the Site Control Plan process.

Term	Definition
Visitor Group	Term used internally within DOC to broadly define the characteristics of the users of facilities, services and places on land managed by DOC. In the context of this document, it is the predominant visitor group.
Predominant Visitor Group	The visitor group with the highest numbers using the site.

2. Roles and responsibilities

All staff members involved in managing risk to visitors must be familiar with the visitor risk management principles and apply them to their day-to-day work**.**

Managers and team leaders

In addition to their responsibilities as staff members:

- Are responsible for ensuring that visitor risk is managed to an appropriate level for the predominant visitor group.
- Must ensure their staff are familiar with the visitor risk management principles and apply them to their day-to-day work.
- Will provide support and guidance to assist staff to follow the Visitor Risk Management Policy.

Deputy Director-General Biodiversity, Heritage and Visitors

- Accountable owner for the coordination and strategy of visitor risk management within the Department.
- Promotes compliance with the Visitor Risk Management Policy, Standard Operating Procedure, and Guideline.

Director, Heritage and Visitors

- Business Owner. Responsible for the implementation of visitor risk management practices including the oversight of appropriate documentation, training, testing, monitoring, and reviewing of visitor risk management.

3. Policy statement detail

1) The range of outdoor recreation experiences available to visitors will be preserved wherever possible.
    - Each destination will have a predominant visitor group and activity identified for visitor risk management.
    - Recreation opportunities and activities will be managed for visitor groups according to their preferred outdoor recreation experience.
    - Risk management actions at each destination will actively preserve positive aspects of risk (such as sense of challenge) according to the preferences of the predominant visitor group and/or activity.
    - Risk management actions at each destination will also consider the needs of all visitors using the destination.
    - Visitor use at each destination will be periodically monitored, and the predominant visitor group and/or activity may be amended according to the findings.

2) DOC is responsible for identifying and assessing the hazards at visitor sites on public conservation lands and waters, and for providing information to inform visitors of those hazards and the risk arising from them.
    - All reasonably practicable steps will be taken to identify, and document hazards and associated risks at visitor sites and to mitigate risk to an appropriate level for the predominant visitor group.
    - Hazard and risk information will be communicated in a consistent manner via the DOC website, publications, visitor centres, signs and other communication channels.
    - A visitor alerts system on the DOC website will, as far as is reasonably practicable, provide information about any new or temporary hazards at visitor sites.
    - Monitoring will be periodically undertaken to evaluate the effectiveness of hazard and risk information services.
    - DOC is responsible for working with others to provide visitors with general information about hazards in the outdoors, and how to manage the risk presented by hazards.

3) All reasonably practicable steps will be taken to ensure DOC facilities are appropriate for the predominant visitor group and/or activity and meet all statutory obligations.
    - Facilities will be provided at levels appropriate to the needs and preferences of different visitor groups and activities.
    - Facilities will be located, designed, constructed, and maintained in accordance with all relevant statutes, regulations, and national standards.
    - Facility management is based on DOC Service Standards, which encompass all relevant statutes, regulations and national standards that govern operation of these facilities.

4) The level of skill and competence required for visitors to manage risks will be accurately represented.
    - Hazard and risk information services will be provided at levels appropriate to the needs and preferences of different visitor groups and activities.

5) Visitors are responsible for their decisions about the risks they take and for any others under their care and responsibility.

- Visitors are expected to exercise due diligence prior to engaging in outdoor recreation activities, to ensure they make well-informed decisions.
- Visitors are expected to choose recreational opportunities and destinations that are appropriate to the levels of skill, experience and equipment held by them and/or members of their group.
- Visitors are expected to actively manage risk, both for themselves and others in their care.

6) Visitors are responsible for providing the skills, competence and equipment they require to effectively manage hazards.
    - Visitors are responsible for ensuring they have the skills, competence, and equipment they require to identify hazards and manage the risks they present.
    - Visitors are expected to acquire, either for themselves or from others, the skills, competencies and equipment they require to identify hazards and manage the associated risks.
    - Visitors are expected to evaluate their skills, competencies and equipment and plan their chosen activity according to their competency level.

7) DOC will prioritise management at popular sites which have a high level of risk and a high volume of low skilled visitors.
    - A significant effort will go into site design and providing information in a way that will help visitors make informed decisions.
    - When risk cannot be managed to a level appropriate for the predominant visitor group, DOC will close the visitor site or parts of it as appropriate.
    - Strong governance will be applied to these sites including regular monitoring and audit of the management procedures and their application.
    - Stakeholders (at all levels) will be consulted about how risks are being mitigated.
    - Ongoing efforts will be made to understand the site-specific hazards and risks and how visitors are behaving.
    - Appropriate risk thresholds for the type of visitor will be used for making management decisions.

8) DOC is responsible for working with partners to continually improve visitor risk management practices.
    - DOC is responsible for working in partnership with other enterprises, agencies, organisations and community groups to share data to increase understanding of the drivers of incidents and accidents in outdoor recreation.
    - DOC is responsible for working with partners on visitor risk management initiatives, such as ensuring consistent messaging and best practices.

4. Related documents

For more information and related documents see the Policies, Standard Operating Procedures and Guidelines page on the DOC Intranet. Key related documents:

Policies

- Risk management policy (doc-2224884)

Standard Operating Procedures (SOPs)

- Visitor risk management (at visitor sites on PCL&W) SOP (doc-7555122)
- Visitor safety closures SOP (doc-7362830)

Guidelines

- Hazard management guideline for visitor sites on PCL&W (doc-7462131)

5. Document history

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Approved for use

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Approval record: DOC-7395941

Amendments

Amendment Date	Amendment details	docCM version	Amended by
1.0	Alignment to final external review recommendations	1562377 version 35	Jane Roberts
1.1	Alignment to High Use, High Risk project findings, Principle 4 added	1562377, version 42	Brendon Clough
01/06/2017	Approved by Lou Sanson	1562377, version 48	Shaun Sweet
30/08/2019	Details of doc owner and coordinator updated. Note that SPA for this policy is DD-G (confirmation email - doc-6057775)	1562377, Revision 55	Sarah Carr (SOP Administrator)
6/11/2019	Replacing the old RTH Unit with the new Heritage & Visitors structure	1562377, version 60	Mark Beardsley
18/12/2020	Migration to the new Policy Template	1562377, version 62	Denise Callaghan
15/08/2023	Minor changes per DDG approval memo (DOC-7395941)	1562377, version 71	Theo Chapman

28/02/2024	Visitor site definition updated, and visitor group definition added to terms and definitions table, to align with new visitor risk management SOP. SOP and Guideline document links updated. Intranet links updated to link to the new intranet.	1562377, version 74	Theo Chapman

The following item is publicly available and a link has been provided in the response letter.

Item 17. Recreation facilities and services discount policy

Item 18

Recreation facilities and services pricing policy

Version	Prepared by	Status	Date
Version 2.0	Steven Kerr, Senior Commercial and Revenue Advisor	First draft for feedback	10/08/20
Version 2.1	Steven Kerr, Senior Commercial and Revenue Advisor	Final draft for Peer Review	13/08/20
Version 2.2	Paul Bruere, Senior Policy Advisor	Reviewed	6/10/20
Version 2.3	Laura White, Director, Pricing and Economics	Approved	29/10/20
Version 2.3.1	Steven Kerr, Senior Commercial and Revenue Advisor	Updated reference to OAG guide	10/12/21
Version 2.3.2	Steven Kerr, Principal Commercial and Revenue Advisor	Updated status of Heritage and Visitor Strategy	23/12/21
Version 2.3.3	Steven Kerr, Principal Commercial and Revenue Advisor	Updated Unit name changes	4/04/22

Department of Conservation
Te Papa Atawhai

DOC-6396546

New Zealand Government

Introduction and context

The Department of Conservation (the Department) provides a range of outdoor recreation and tourism facilities and services on public conservation land and water (PCLW). As a government agency, it requires (and has) statutory authority to charge for the use of its facilities and services.

This policy is a guide to ensure that charges (prices or fees) for the use of the Department's recreational facilities and services are established using best practice and within the scope of the law.

User charges are a well-recognised tool for recovering costs from people who directly benefit from the use of the subject facilities and to help manage demand for those facilities. Recreation charges can be applied to facilities and services used by people who derive direct personal benefit from their use (that is, the facilities and services are either 'private' or 'merit' goods).

The pricing of the Department's recreational facilities often takes place in an environment where there is limited (if any) contestable or competitive market. In addition, the Department is often the market price setter. For example, the Great Walks is an internationally recognised brand offering experiences with limited competition in the private sector. In addition, some tramping clubs base their hut fees on comparative Department huts. Setting the price may require the Department to estimate the 'market' prices that the legislation enables.

The Department must, in all cases set charges that are reasonable. When assessing what is reasonable, the Department needs to be mindful of multiple factors:

- its legislative powers (and their limits) to charge
- it is a government agency with broad conservation, recreational and tourism policy drivers which are set out in its management plans and policies for national parks, conservation areas and reserves
- its goods and services are often in a monopoly position
- the array of commercial (market) and non-market pricing techniques available
- the role user charges can play in influencing use and demand for facilities
- the views of its partners, stakeholders and visitors (customers).

Accordingly, the establishment of policy guidance is important to ensure that prices are determined in a responsible manner amongst a myriad of competing factors.

The Deputy Director General, Policy and Visitors has the delegated authority (on behalf of the Minister of Conservation and Director General for Conservation) to approve the Department's prices and fee schedules.

Purpose of this policy

To provide guidance on how the Department sets the prices of its recreational products and services using robust methodologies that consider costs, value, demand, competition, reasonableness and legal authority.

Scope

This policy relates to setting prices for the use of the Department's recreation facilities and associated services in national parks, reserves and conservation areas. The basis for this is that the user derives a direct benefit from their use (i.e. it is like a 'private' and 'merit' good or service).

Sections 17(2) & 60A & D of the Conservation Act 1987 (CA87), 49(3) & 56(1) of the National Parks Act 1980 (NPA80) and 59A(2) of the Reserves Act 1977 (RA77) authorise fees to be charged for the use of a facility. The facilities affected by this policy are currently limited to huts, lodges, campsites and carparks[1]. Excluded from this policy are facilities located on the foreshore or within Marine Reserves.

For the purposes of clarity, ***this policy does not cover concession rentals or royalties.*** Guidance on concessionaire royalty pricing is in the Department's Pricing Book.

Authority and guidance to charge fees

Legislation

The following statutes contain authority for, and limits to, charging a fee (or price) for the use of facilities on PCL:

Conservation Act 1987. Sections 17(2), 51, 48(1)(j), 60A & D.

National Park Act 1980. Sections 49(3), 56(1)(d),(e) &(g).

Reserves Act 1977. Sections 44, 45, 53(1)(g) & (h), 55(2)(d) & (c), 59A(2), .

Policy

The following statutory documents provide policies on charges and fees for the use of facilities on PCL:

General Policy Conservation Act and Related Legislation. 9.1 (g). Department of Conservation (revised edition 2019)

General Policy National Parks Act. 8.1 (g). New Zealand Conservation Authority (April 2005)

While these documents do not provide policies directly relating to charges, the framework they provide for facilities may affect whether charging is considered

[1] The authority for charging for the use of these facilities is under the Maritime Transport Act 1994, which has a different purpose to the CA87.

desirable and at what level. Further, such charges and fees must not be inconsistent with, and seek to assist achieving the outcomes, objectives and policies in statutory documents such as conservation management strategies, conservation management plans, and national park management plans.

In addition, the

> *Heritage and Visitors Strategy. He Rautaki Tāonga Tuku Iho / Manuhiri Tuārangi. Department of Conservation (10 December 2019)*

sets goals and outcomes for DOC's management of visitors and recreation. Charges should not be inconsistent with and seek to achieve these goals and outcomes. For example, pricing can manage visitor use and capacity issues to maintain or improve the experience during use.

Guidance material

The New Zealand Treasury and Office of the Auditor General provide guidance material for setting fees, charges and royalties in the public sector:

> *Guidelines for Setting Charges in the Public Sector. The Treasury. April 2017. The New Zealand Government.*

> *Principles for Royalties on Non-mineral Natural Resources in New Zealand. Guerin K. The Treasury. November 2006. The New Zealand Government.*

> *Charging fees for public sector goods and services. The Office of the Auditor General. August 2021. The New Zealand Government.*

The guidance should be used when there is statutory authority to charge third parties to cover the costs of, or generate revenue from, an activity undertaken by government agencies.

Pricing Principles

The guiding principles for determining prices are:

1. **There will be no price, fee, or charge for general public access to areas managed by the Department of Conservation.**

   Explanation:

   - This principle applies to all visitors undertaking recreation activities on PCLW (covering both National Parks, conservation areas and reserves). It is largely based on section 17(1) of the CA87 which states that access [to conservation areas] shall be free of charge. The other Acts also protect the public's "freedom of entry and access". For instance, s4(2) NPA80 and s17(2)(a), 18(2)(b), 19(2)(b) RA77.

2. **The price or fee level should be set at a level that is not a significant barrier to the public recreating in protected areas or learning about conservation.**

Explanation:

- The purpose and principles of the CA87 contain fostering recreation on PCL and the objectives in the Department's Heritage and Visitor Strategy include connecting New Zealanders to conservation and outdoors experience. Accordingly, the Department offers a range of facilities and services (at a range of price points) to meet the needs of different visitor groups.
- The Department does not seek to 'price' people out of the opportunity to enjoy its facilities and services. It should explicitly consider the effect of the prices on the various societal groups as part of price reviews to determine whether a price represents a significant barrier to the use of its facilities by those groups.
- Affordability or barrier issues can be addressed through methods such as:
  - Forms of differential pricing or targeted discounts for the less affluent (e.g. community service card holders, gold card holders),
  - Providing a range of prices across all regions and seasons or
  - Setting all prices and fees at lower levels than market prices.

  There is a risk that these approaches may result in the Department either not recovering full cost or exacerbating an existing poor cost recovery position for the provision of the facilities. If this is the case, then it would require the underpinning of Departmental (taxpayer) funding to provide the service or facility. Whether the extent of non-recovery is acceptable will be determined on a case-by-case basis when actual facility prices are reviewed.

  However, any form of pricing that distinguishes between different groups of users should be assessed against New Zealand's anti-discriminatory laws and guidelines. This is to ensure that there is no illegal discrimination.
- This principle is also part of giving effect to the underlying concept of a "reasonable charge" in sections 17(2) of the CA87, 59A(2) of the RA77 and s49(3) of the NPA80.

3. **Where practicable, prices and fees for its facilities should be established with stakeholder engagement and in a consistent manner.**

Explanation:

- As a government department, transparency, accountability, and documentation are important for demonstrating how the prices for the use of its recreational facilities and services are determined.
- *Facility users* should be able to provide input to, or feedback on prices, and know how and why prices were set and that they are legally founded. Accordingly, that information should be available through engagement or consultation.

- *Consistency* can be provided through pricing methodologies, product sets, facility standards, prices, and the availability of discounts. Therefore, consistency does not require that the actual prices are the same for all facilities.
- This principle also is part of giving effect to the underlying concept of a "reasonable charge" in sections 17(2) of the CA87, 59A(2) of the RA77 and s49(3) of the NPA80.

4. **Fees will be charged where compliance is feasible and efficient, and those fees can be safely collected.**

   Explanation:

   - The efficiency of collection (i.e. transaction costs in managing a fee charging regime) must be considered in establishing prices and fees. The costs of maintaining the charging regime should not be out of proportion with the revenues and costs of the relevant facility(ies) involved.
   - There may be some circumstances where fee collection is not feasible (i.e. visitors not paying without supervision), safe (e.g. cash at place can present the risk of staff being robbed) or cost effective (e.g. difficult to collect in remote locations) in some parts of PCLW. Therefore, where this is the case, setting and applying fees for the use of facilities may not be practically feasible.

5. **Methods to determine prices should, where relevant, primarily focus on the following four outcomes, individually or collectively, in tandem with principals 1. -4:**

   i. ***Monetary focus*: Prices should seek to cover the Department's costs of providing recreation facilities and services.**

   ii. ***Customer focus*: Prices should reflect the value of the experiences or services delivered.**

   iii. ***Product use focus*: Prices should aim to manage demand (i.e. increase or decrease the use of facilities and services where appropriate). For example, prices can be used to improve low occupancy rates such as off-peak periods or incentivise participation of New Zealanders.**

   iv. ***Department strategies and objectives*: Pricing objectives should align with the Department's relevant strategies and objectives (e.g. Heritage and Visitor Strategy).**

   Explanation:

   - These four outcomes reflect the multiple factors the Department should consider when determining fees for its facilities ranging from optimising revenue, recovering costs for the provision of facilities to encouraging or managing visitor numbers and facility use (refer DOC-3170902). Not all these outcomes will be relevant to all facilities. This is where the importance of the Department's strategies and policies and this policy's principles 1.-4. serve as guidance for price determination.

- Treasury guidelines[2] indicate cross-subsidisation between services is inappropriate. To achieve the outcomes outlined above, prices can be set for individual facilities or categories of facilities (e.g. product sets, location or service level standards). The Treasury guidelines indicate that these categories (or groups) should be set on a reasonable and logical basis that assist with achieving the pricing objectives or outcomes. Therefore, if the logical basis for categories is demonstrated, the prices would not be considered as cross-subsidising other Department activities.
- Section 60D of the CA87 allows the Department to set fees for the use of its facilities without regard to the traditional governmental limit of cost recovery, subject to one or more of the qualifying criteria in that section. To set prices where it would result in revenue exceeding costs, an "exclusive right" must be present in the use of the facility; example, when a visitor occupies a bed, campsite, or carpark, where there is the ability for sole occupancy of a facility.
- Achieving any of these four outcomes in an efficient manner requires the use of commercial and economic pricing methodologies[3]. Such methodologies can include, for example, differential pricing, value pricing, demand pricing, cost recovery, discounting and dynamic pricing amongst others. These methodologies may require the use of either market or non-market valuation techniques. This will depend upon the nature of market and pricing information and data available for the subject facilities and services. These methods should be applied to relevant market conditions and within any legal constraints.
- This principle is also part of giving effect to the underlying concept of a "reasonable charge" in sections 17(2) of the CA87, 59A(2) of the RA77 and s49(3) of the NPA80.

6. The application of *Differential Pricing* to international visitors for access to facilities and services should

   i. only be where

   - it seeks to improve access to facilities or services for categories of visitors that may be disadvantaged in gaining access

[2] The Treasury. April 2017. *Guidelines for Setting Charges in the Public Sector*. The New Zealand Government.

[3] The differentiation between 'commercial' and 'economic' is that economic pricing recognises the positive or negative impact on others beyond the direct user of the good purchased, commercial pricing does not.

- there is a disparity between categories of visitors in the contribution they make to the costs of providing the facilities or service.

ii. *not be where*

- the use and/or perceived value of the facility or service is low
- it would result in not achieving the Department's other objectives for the facility or service
- it cannot be practically enforced
- it would incentivise unsafe behaviour by visitors.

Explanation:

- The Great Walks Differential Pricing trial run over the 2018/19 and 2019/20 seasons showed that differential pricing can achieve visitor consumption and revenue based objectives and was not unlawful discrimination.
- The results also showed the circumstances where differential pricing can work, where it is unlikely to achieve its objectives or where there are other circumstances that indicate it should not be applied. Those circumstances or criteria are set out above. They were informed by *Criteria for the use of differential pricing. Outlining which Great Walks should have differential pricing for international visitors*. DOC-6260961
- This principle also is part of giving effect to the underlying concept of a "reasonable charge" in sections 17(2) of the CA87, 59A(2) of the RA77 and s49(3) of the NPA80.

7. Prices are reviewed on a regular and rolling basis such that each charging category is reviewed and published at least every 3 years.

Explanation:

- Economic and other conditions change over time and prices should reflect the prevailing 'market' conditions (i.e. equate to the market price). The Office of the Auditor General recommends that the review cycle should be 3 years
- Pricing reviews may be undertaken sooner than every 3 years in cases where there are sudden changes in context or use
- Due to the range and large number of facilities managed by the Department, reviewing the associated prices for their use will need to be undertaken on rolling basis and in suitable and logical categories (e.g. such as the Great Walks or serviced campsites).

Review of this policy

This policy will be reviewed on a 3-yearly cycle to remain relevant with the environment within which the Department operates and provides its facilities.

However, this cycle will not prevent an earlier review if significant issues arise (e.g. a legislative change) that substantially alter the guidance this policy provides. If the legislation applicable to pricing changes, then this policy will be review within 6 months of the enactment of those changes.

Roles and Accountabilities

The key roles and accountabilities for this policy are as follows:

1. The Director, Commercial and Pricing Strategy Unit (CaPS) is accountable for the review of this policy and the preparation and review of all price schedules.
2. The Deputy Director General, Policy and Visitors is accountable for approving all price schedules.
3. The Deputy Director General Operations and Deputy Director Partnerships[4] are accountable for the implementation of the price schedules.
4. The Regional Operations Directors are accountable for the implementation of the price schedule in their respective regions.

Acknowledgements

This policy was developed with valuable input from the Heritage and Visitors, the Tourism Economic Development policy, Legal Services and Visitor Advice teams.

Glossary of Terms

The following definitions are provided for 'technical' terms used in this policy.

Contestable and Competitive Market - is a market where entities can enter and leave freely (low entry/exit costs), encouraging a competitive market - where there are many entities competing to provide consumers with the goods and services needed. No single producer or consumer can dictate the market.

Cost recovery - the method to recover an expenditure which an entity takes on. Generally, cost recovery is simply recovering the costs of any given expense.

Differential pricing - the strategy of selling the same product to different customers at different prices.

Discounts - reduced prices or something being sold at a price lower than that item is normally sold for. There may be specific reasons for discounts – rewards or incentives.

Dynamic pricing - the practice of varying the price for a product or service to reflect changing market conditions, for example, charging a lower price at a time of lesser demand.

[4] The Customer Engagement Unit (marketing and digital services) sit in this Business Group

The Market - a place where buyers and sellers can meet to facilitate the exchange or transaction of goods and services.

Market valuation - is the price a good or service would fetch in the marketplace, or the value that consumers would be willing to pay for a good or service. This price would normally be observable (i.e. there are comparable products or services).

Merit Good - a good or service, such as education, that is regarded by society or government as deserving public finance.

Non-market valuation – the methods or techniques used to determine the value of goods or services not normally traded in the marketplace or where there are not observable market prices (e.g. most environmental goods and services, such as clean air and water).

Private Good - a pure private good is one for which consumption is *rival* (only used by one consumer at a time) and from which consumers, who have not paid for it, can be *excluded* from enjoying its benefits.

Value pricing - a strategy where prices are based mostly on consumers' perceived value of the product or service.

Item 19

Business Planning Direction

April 2022

Strategy and Insights, Heritage and Visitor Unit

DOC - 6974204

The Business Planning Direction directs the Department of Conservation's work programme

This document provides the Department of Conservation instruction on what work should be prioritised for the 2022/2023 Business Year. This document should be used to prepare annual business plans that set out the proposed work programmes and resources allocated to each project. The Business Planning Direction has instruction across multiple units within the Department to acknowledge that it is not any individual team or unit's responsibility to achieve the outcomes intended through the Heritage and Visitor Strategy. Instead, it is a collective effort across the Department, which will see a success shift towards our goal; "*sustainably manage visitors to protect and enhance the value of New Zealand's natural, cultural and historic heritage*".

The Business Planning Direction is aligned with the Department of Conservation's Integrated Strategy

The Department's Integrated Strategy is embedded within these Directions. An overlay has been added during the drafting process to show how the Integrated Strategy sits within this document.

The Business Planning Direction is informed by the H&V Strategy and H&V Strategic Pathway

The Business Planning Direction is designed to implement the Heritage and Visitor Strategic Pathway (DOC-6974203), which was developed to give effect to the Heritage and Visitor Strategy. This sequencing of these documents and how they relate is shown in Figure 1 below.

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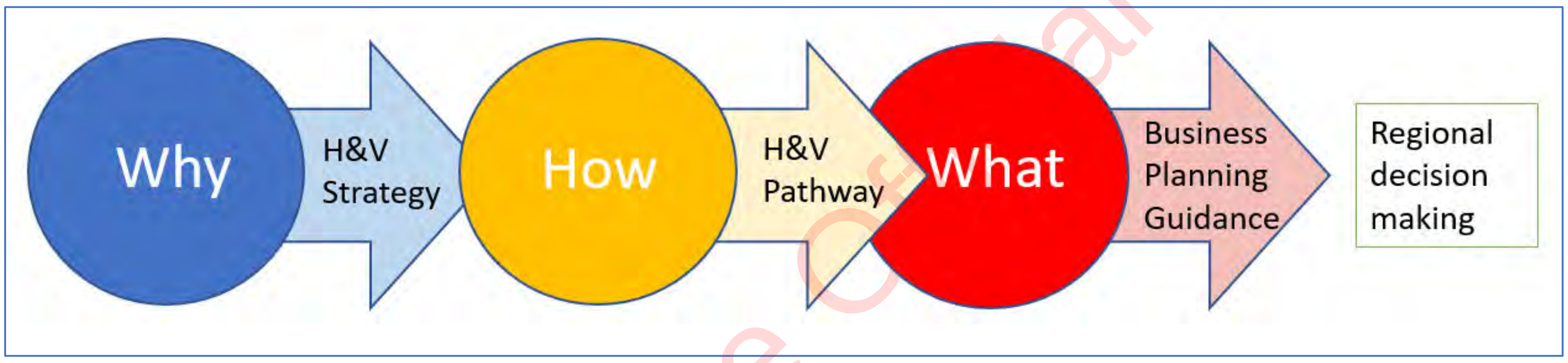

Figure 1: The pathway represents the "How" in delivering on the H&V Strategy

The H&V Strategy articulates the Department's 'Why' (why we are working towards common goals), while the H&V Pathway articulates the 'How' (how we are going to achieve our goals). The Business Planning Direction has been drafted to explain the 'What' (what the Department should work on).

The Direction covers a 4-year timespan

The Business Planning Direction is structured over years 3-4, and years 1-2. This will ensure the Department:

- plans for the medium and short term
- sequences and prioritises work appropriately, and
- has line of sight of potential future commitments.

A list of 'Don't do's' is also included for some units. These have been included to make it clear to the reader what the expectations are and aren't for delivery. They may be worded to direct priorities (doing one thing before another), to ensure that there are no unintended consequences, or simply to express what work is not desired.

Further support from the Heritage and Visitor Unit is available

Ongoing support is available to you in understanding the Business Planning Direction, and its relationship to your work. For Regional and District Operational teams, your first point of call is your Senior Heritage and Senior Visitor Advisors. If you are unsure who your advisors are, please contact the managers Lynnell Greer (Manager – Visitor Advice) and Raewyn Hutchings (Manager – Heritage Advice). For Operations Planning, PPL, and other DOC Units, please contact Tim Bamford (Manager – Strategy & Insights) for further assistance.

Business Planning Direction to achieve the Protect – Connect – Thrive goals of the H&V Strategy

This Business Planning Direction has been drafted based on the Milestones from the Heritage and Visitor Pathway and the Department's Integrated Strategy. The intent of the Directions is to keep our focus on the long-term goals, and the long-term success that the Department is trying to achieve. It is therefore important to note that our direction looks at Years 3-4 first, before Years 1-2. Where the Milestones are support the Department's Integrated Strategy, a coloured tag has been added to signal the connection, like this Supports Year 1&5 Priority xxxx. Each Priority has a different colour.

	Focus Areas	Do (Years 3 to 4)	Do (Years 1 to 2)	Don't do
Operations – Regional	**Regional leadership and planning functions**	Work with HVU to identify and understand how the core visitor network will adapt over a 10-year period. Supports Year 1&5 Great Experiences. [Placeholder: Implementing approach to divestment] Support implementation of approved components of destination management plans. Supports Year 1&5 Great Experiences.	Identify core network of experiences and destinations in regions and supporting infrastructure to support delivery. (Achieve by year 2. See H&V new action RE: How we identify a core network). Supports Year 1&5 Great Experiences. Identify the places and sites vulnerable to visitor impacts, and describe what is at risk and why; is the place culturally or biologically significant? (Achieve by year 2. See H&V new action RE: How we identify vulnerable places). Supports Year 5 Biodiversity Priorities Complete the Mahi Oranga (Treaty) Project and plan for work as required. Supports Year 5 Biodiversity Priorities. Supports Year 1&5 Treaty Partnerships. Input into destination management planning processes, as requested and appropriate in Tongariro, Milford, Aoraki/Mackenzie, and South Westland. Supports Year 1&5 Great Experiences. Identify existing and potential sustainable recreation and regenerative tourism opportunities with our partners and stakeholders (expected in Year 2). Supports Year 1&5 Great Experiences. Support implementation of refreshed visitor and heritage NFPLs (expected in Year 2) Supports Year 1 Financial and Asset Management. Ensure relationships with iwi, hapū, and whānau are strengthening, and contributing to the goals of the H&V Strategy. Supports Year 1&5 Treaty Partnerships. Supports Year 5 Partnering for Conservation.	
	Delivery at site (outside of Product Sets*) Invest in the management of visitor activities at iconic sites and place under high pressure *DOC Product sets currently include Great Walks, Short Walks,	Prioritise maintaining standard and service levels along with maintenance of sites within two hours of urban centres which broadly appeal to New Zealanders. Supports Year 1&5 Great Experiences. Manage visitor impact on kauri by maintaining track mitigation measures and tracks under kauri to standard. Supports Year 5 Biodiversity Priorities	Develop Heritage and Visitor 4yr maintenance plans for assets within region, with indicative costings. Supports Year 1&5 Great Experiences. Prioritise the maintenance of standard and service levels at iconic and gateway sites, as well as local treasure sites within two hours of urban centres (50,000+ residents) which have broad appeal to New Zealanders. Supports Year 1&5 Great Experiences.	Increase service levels at sites unless needed to manage impacts resulting from high use. Exceed visitor and heritage NFPLs at a national level (some regions NFPLs will need

	Focus Areas	Do (Years 3 to 4)	Do (Years 1 to 2)	Don't do
Operations - Regional	Day Hikes, Tohu Whenua, NZ Cycle Trails, Te Araroa Trails	Ensure hygiene stations are maintained to be effective in reducing visitors impact on kauri. Supports Year 5 Biodiversity Priorities Seek exemptions to reduce levels of service provided at standard huts where a reduction in service would both reduce maintenance costs and result in minimal impact to users (e.g., removing heating and/or cooking facilities). Supports Year 1&5 Great Experiences. Continued undertaking visitor-related enforcement and monitoring is undertaken as required/directed (e.g., concessions, differential pricing, responsible camping, vaccination requirements). See Regional Profiles on page 8 of this direction.	Manage visitor impact on kauri by maintaining track mitigation measures and tracks under kauri to standard. Supports Year 5 Biodiversity Priorities Ensure hygiene stations are maintained to be effective in reducing visitors impact on kauri. Supports Year 5 Biodiversity Priorities Where visitor safety issues require significant intervention, consider, in conjunction with HVU, whether the experience/asset is a strategic priority. If not, consider temporary or permanent closure of the asset. Use the 'Approach to end-of-life assets' flow chart to make recommendation on future of the asset DOC-6737363, Figure 6. Supports Year 1&5 Great Experiences. Ensure visitor-related enforcement and monitoring is undertaken as required/directed (e.g., concessions, differential pricing, responsible camping, vaccination requirements). Seek exemptions to reduce levels of service provided at huts where a reduction in service would both reduce maintenance costs and result in minimal impact to users (e.g., removing heating and/or cooking facilities). Supports Year 1&5 Great Experiences. See Regional Profiles on page 8 of this direction.	to be exceeded given the importance/safety requirements of sites). Note the NFPLs are likely to change by Year 2 and therefore this would no longer apply. Maintain routes and backcountry adventure tracks unless needed to manage visitor risks or impacts resulting from high use (i.e., Kauri dieback). Develop new experiences, unless external funding is provided (including depreciation, operating and capital charge).
	Product set* delivery Develop new opportunities and activities in areas of high visitor demand and where New Zealanders live and travel *DOC Product sets currently include Great Walks, Short Walks, Day Hikes, Tohu Whenua, NZ Cycle Trails, Te Araroa Trails	Support product set management, implementation and improvements as directed. Supports Year 1&5 Great Experiences.	Prioritise maintaining standard and service levels of Products. Supports Year 1&5 Great Experiences. Develop 4-year maintenance plans for existing Products, with indicative costings. Supports Year 1&5 Great Experiences.	Develop new opportunities and activities in year 1 and 2.
	Delivering work with others Explore new ways of working with others to unlock alternative delivery models for heritage and visitor activities	Explore potential new MOU arrangements to allow others to deliver heritage and visitor experiences on PCLW. Supports Year 5 Partnering for Conservation.	Deliver work through others where it is more cost effective and efficient to do so (i.e., campgrounds). Supports Year 5 Partnering for Conservation. Supports Year 1 Financial and Asset Management. Review all current MOU arrangements. Supports Year 5 Partnering for Conservation.	Prioritise work with others where: • There is no clear funding source, • The work with others is not a priority; and • DOC would need to fund this work
	Visitor safety Maintain and enhance visitor safety	Fully implement the revised visitor safety system with all places covered by Site Control Plans. Supports Year 1 Great Experiences. Supports Year 1 Financial and Asset Management. Monitor how completed visitor safety work is affecting use/experience. Supports Year 1 Great Experiences. Supports Year 1&5 Monitoring, Measurement, and Evaluation.	Complete all prioritised safety related work to ensure critical structures are maintained to appropriate service levels and asset standards. Supports Year 1 Great Experiences. Supports Year 1 Financial and Asset Management.	Undertake visitor safety assessments at sites that have low risk profiles.

	Focus Areas	Do (Years 3 to 4)	Do (Years 1 to 2)	Don't do
			Undertake visitor safety assessments at sites where there is a significant risk profile (sites to be identified through an HVU-led process). Supports Year 1 Great Experiences. Supports Year 1 Financial and Asset Management. Apply natural hazard risk assessment methodology where landslide issues become apparent. (seek advice from HVU) Supports Year 1 Great Experiences. Undertake visitor safety assessments where upgrades are being considered. Supports Year 1 Great Experiences. Supports Year 1 Financial and Asset Management. Plan the most appropriate response to remedy individual visitor risks. Supports Year 1 Great Experiences.	Over-manage visitor safety at sites where the risk belongs to the visitor.
	Heritage Maintain visitor experiences outside of high-pressure and iconic sites (covered above)	Maintain protection measures at priority sites, as identified the Regional 4-year plans. Supports Year 5 Great Experiences. Supports Year 5 Biodiversity Priorities Extend protection at place to second-tier locations, as identified in the Regional 4-year plans. Supports Year 5 Biodiversity Priorities Assess priority cultural heritage sites against confirmed standards. Supports Year 5 Great Experiences. Supports Year 5 Biodiversity Priorities	Develop maintenance / protection site plans for priority sites, as identified inside the Regional 4 year plans. Supports Year 5 Great Experiences. Supports Year 5 Biodiversity Priorities Prioritise resources towards the protection of deteriorating fabric. Supports Year 5 Great Experiences. Supports Year 5 Biodiversity Priorities	
Operations – Planning, Permissions, Land		Supporting implementation of destination management plans. Assess priority cultural heritage sites against confirmed standards. Supports Year 1 Great Experiences. Implement agreed expectations and parameters for all recreation and tourism providers on PCLW to be zero carbon (as set by HVU). Supports Year 5 Climate Change Priorities Implement agreed expectations and parameters for all recreation and tourism providers on PCLW to drive conservation outcomes (as set by HVU). Supports Year 5 Partnering for Conservation Ensure CMS reviews reflect the H&V Strategy. Supports Year 1&5 System Settings	Ensure CMS reviews reflect the H&V Strategy Supports Year 1&5 System Settings Ensure that all concessions that need audited safety plans have them. Supports Year 1 Great Experiences. Develop an assurance system for monitoring safety compliance. Supports Year 1 Great Experiences. Supports Year 1&5 Monitoring, Measurement, and Evaluation Improve audit system for Non-Adventure Activity concessions. Supports Year 1&5 Monitoring, Measurement, and Evaluation	
Operations - Planning			Strengthen DOC's asset management systems to allow informed decisions about the future of assets – these should include a range of options including divestment. Supports Year 1 Financial and Asset Management.	
Partnerships and Engagement		Deliver on opportunities identified through Heritage and Visitor-driven work, especially where the opportunities also align with biodiversity objectives.	Explore and develop a consistent approach to working with others (i.e., delivery models). Supports Year 5 Partnering for Conservation. Identify opportunities to work with others on Heritage and Visitor-driven work, especially where the opportunities also align with biodiversity objectives. Supports Year 5 Partnering for Conservation. Support changes to secondary schools' curriculum to include conservation and engagement in nature and cultural heritage, linking with the Heritage and Visitor, and Biodiversity Units.	Don't promote experiences or practices that have negative environmental impacts or are inconsistent with Heritage and Visitor Strategy outcomes.

	Focus Areas	Do (Years 3 to 4)	Do (Years 1 to 2)	Don't do
			Integrate Biodiversity and Heritage and Visitor messaging. Explore ways to empower concessionaires to clearly demonstrate how they support regenerative visitor experiences. Supports Year 5 Partnering for Conservation. Ensure any marketing and promotion supports: Supports Year 5 Great Experiences • A larger and more varied range of New Zealanders • Behavioural messaging • Provision for visitor safety information • Meets the goals of the Heritage and Visitor Strategy	
Policy		Contribute to cross-government policy work, and processes led by other agencies and organisations. Supports Year 1&5 System Settings	Identify and prioritise policy work to progress Heritage and Visitor Strategy outcomes, and support DOC to contribute to the shift to a regenerative tourism system. Supports Year 1 Great Experiences. Contribute to cross-government policy work, and processes led by other agencies and organisations. Ensure conservation law reform is informed by the objectives of the H+V Strategy. Supports Year 5 Biodiversity Priorities, Supports Year 1&5 System Settings	
Commercial Pricing and Strategy		Integrate financial reporting on assets with reporting on LSF. Supports Year 5 Financial and Asset Management.	Explore ways to empower concessionaires so that they can clearly demonstrate how they support regenerative visitor experiences. Supports Year 1 Great Experiences. Supports Year 5 Partnering for Conservation. Develop financial models to support the range of delivery model options (led by Partnerships and Engagement) for investments through third parties. Supports Year 5 Partnering for Conservation. Supports Year 5 Financial and Asset Management. Maintaining and updating revenue systems to drive Heritage and Visitor Outcomes. Supports Year 5 Financial and Asset Management. Increase DOC's commercial acumen to improve decision making and sustainability related to heritage and visitor assets. Supports Year 5 Financial and Asset Management. Identify, develop and support ways to increase revenue from existing assets, and clearly attribute revenue to assets. Supports Year 5 Financial and Asset Management.	
Kāhu Kaupapa Atawhai			Identify, develop and support ways to create conditions for iwi, hapū, whānau to exercise kaitiakitanga. Supports Year 1&5 Treaty Partnerships. Supports Year 5 Partnering for Conservation. Identify, develop and support ways to create more and varied opportunities for iwi, hapū, whānau to benefit from visitors to public conservation land and waters. Supports Year 1&5 Treaty Partnerships. Supports Year 5 Partnering for Conservation.	

	Focus Areas	Do (Years 3 to 4)	Do (Years 1 to 2)	Don't do
Biodiversity and Engagement		Develop and trial ways to integrate Biodiversity and Heritage and Visitor business planning.	Identify our most vulnerable sites and species and understand the impacts of visitors on them to ensure the Department can target the most appropriate resources and mitigation. Supports Year 1 Biodiversity Priorities Run a process with HVU to identify Biodiversity programmes of work that strongly contribute to Heritage and Visitor outcomes.	
Heritage and Visitor	Protect *Our most vulnerable places are identified, and impacts understood.* *DOC have identified the existing activity underway to safeguard vulnerable places.* *DOC have a toolbox of methods (regulatory and non-regulatory) for managing demand*	Develop and trial ways to integrate biodiversity and heritage and CEU visitor business planning. Set up agreements and tools to manage our most vulnerable places to safeguard options for future generations. Supports Year 1 Biodiversity Priorities Ensure work programmes at place have begun to address impacts at our priority vulnerable places. Vulnerable places include cultural heritage sites and those susceptible to system impacts. Supports Year 1 Biodiversity Priorities Review Operations progress in assessing priority cultural heritage sites and recommend changes to H&V Heritage policy settings if required. Supports Year 5 Biodiversity Priorities	Design an approach to identify a core network of experiences and destinations and supporting infrastructure. Implement approach in Y2 - See action in Y2 for Ops to identify this. Supports Year 1 Great Experiences. Design ways to identify and address visitor pressure at our most vulnerable places. See action in Y2 for Ops to identify these places. Supports Year 1 Biodiversity Priorities Confirm standards and policies for Cultural Heritage protection on PCLW and assist Operations. See Operations Heritage Year 3 and 4 above. Supports Year 1 Great Experiences. Supports Year 5 Biodiversity Priorities Run a process with Biodiversity and CEU to identify heritage and visitor programmes of work that strongly contribute to biodiversity outcomes. Supports Year 1 Biodiversity Priorities Set expectations and parameters for all recreation and tourism providers on PCLW to become zero carbon. Supports Year 5 Climate Change Priorities Define what a sustainable recreation and regenerative tourism opportunity is, to enable Operations to identify existing opportunities with our partners and stakeholders. Supports Year 1 Great Experiences. Supports Year 5 Partnering for Conservation. Set expectations and parameters for all recreation and tourism providers on PCLW to drive conservation outcomes. Supports Year 5 Biodiversity Priorities Supports Year 5 Partnering for Conservation.	
	Connect *We understand the current state of the experiences that already exists on PCLW and how well they achieve visitor needs.* *We have identified and grouped the range of experiences that exist on PCLW, and are clear around how well they achieve visitor needs and contribute to lifechanging experiences.*	Ensure the service standards for all Products are up to date to reflect the current expectations, including meeting zero carbon timeframes. Supports Year 5 Climate Change Priorities Implement the strategic frameworks for each product set, including the day-to-day product management plans. Supports Year 1 Great Experiences.	Develop strategic frameworks for each product set, sitting within the Product Portfolio Framework. This should include a plan for day-to-day product management. Supports Year 1 Great Experiences. Nationally, understand the core network of experiences and destinations in regions, and supporting infrastructure to support delivery. Supports Year 1 Great Experiences. Ensure DOC can explain to others what products DOC provides on PCLW, to meet the needs of our visitors and reflect the milestones around visitor experience in the pathway (based off a Product Portfolio Framework). Supports Year 1 Great Experiences.	Deliver experiences better provided by others Focus only on DOC lead products. Don't invest too much into product sets until product portfolio framework has been developed.

[redacted]

	Focus Areas	Do (Years 3 to 4)	Do (Years 1 to 2)	Don't do
		Consider whether DOC's visitor planning tools (e.g. user groups, destination management categories) are still fit for purpose; if not, develop a plan to refresh them. Supports Year 1 Financial and Asset Management. Review the 'success' of the new heritage and visitor NFPLs. Supports Year 1 Financial and Asset Management. Plan for Regional Destination Management Planning in places that most need help to manage the impacts from visitor pressure. Supports Year 1 Great Experiences. Develop an insight programme that addresses questions and challenges relevant to priority segments and priority programmes of work. Supports Year 1&5 Monitoring, Measurement, and Evaluation. Embed 'te ao Maori', 'visitor connection', and 'protection' perspectives within our products. Supports Year 1 Great Experiences. Prioritise products that deliver a strong storytelling element. Supports Year 1 Great Experiences.	Ensure the service standards for Great Walks, Short Walks, Day Hikes, Tohu Whenua, Te Araroa Trail and Great Rides are developed and/or up to date to reflect the current expectations including meeting zero carbon requirements. Supports Year 5 Climate Change Priorities, Supports Year 1 Great Experiences. Create clear alignment between the Heritage and Visitor system and organisational planning and prioritisation processes. Supports Year 5 Financial and Asset Management. Update the Heritage and Visitor NFPLs/output measures (Year 1) roll out to business (Year 2). Supports Year 1 Financial and Asset Management. Plan for Regional Destination Management Planning in places that most need help to manage the impacts from visitor pressure. Supports Year 1 Great Experiences. Regional Destination management planning processes Tongariro, Milford, Aoraki/Mackenzie, and South Westland. Supports Year 1&5 Great Experiences. Prioritise the development of visitor risk acceptance approach. Supports Year 1 Great Experiences. Implement the visitor safety system. Supports Year 1 Great Experiences. Insight programme to inform understanding of who our visitors are, where they are going, impacts, etc. Including visitor segmentation and an understanding of how to engage under 18's. Supports Year 1 Great Experiences. Supports Year 1&5 Monitoring, Measurement, and Evaluation. Insight programme that addresses questions and challenges relevant to priority programmes of work. Supports Year 1&5 Monitoring, Measurement, and Evaluation. Identify the most prominent stories of NZ – storytelling Supports Year 1 Great Experiences.	Deliver experiences that are net negative against LSF wellbeing's. Experience design at place that doesn't have attached funding (including opex, capex, depreciation, and capital charge) Prioritise updating standards and policies on assets outside of product sets, if possible, before those relating to our products are up to date.
	Thrive *Tangata whenua, regions and communities benefit from protecting and connecting visitors with natural, cultural and historic heritage.*	Continue investment into innovation and research that supports the future desired state sought by the H&V strategy.	Continue investment into research that supports the future desired state sought by the H&V strategy. Develop a framework that empowers others to develop sustainable recreation, cultural heritage, and tourism opportunities on PCLW. Supports Year 1 Great Experiences. Supports Year 5 Partnering for Conservation. Monitoring and evaluation programmes relating to strategic goals and programmes including monitoring of product sets focused on visitor/customer satisfaction. Supports Year 1&5 Monitoring, Measurement, and Evaluation. Build a framework to develop relationships in co-design with iwi, hapū, and whānau. Supports Year 1&5 Treaty Partnerships. Supports Year 5 Partnering for Conservation.	

	Focus Areas	Do (Years 3 to 4)	Do (Years 1 to 2)	Don't do
			Understand what authentic, high-quality visitor experiences iwi, hapū, and whānau would like to explore on PCLW. Supports Year 1 Great Experiences. Supports Year 1&5 Treaty Partnerships. Determine what effective partnership and collaborative planning for visitor management looks like to address fluctuating visitor numbers. Supports Year 5 Partnering for Conservation.	

Regional Profiles

The following regional profiles were developed through a collaboration between the Heritage and Visitor Unit and Operations in 2020. The intent and strategic direction within these profiles have not changed (though some wording has been altered to align it with the Business Planning Direction). It is envisioned that these profiles would be reviewed biannually. The Directions and Regional Profiles, along with all relevant statutory requirements, should be used during Business Planning to schedule your work over 20, 4, and 2 Years.

Northern North Island			
Regional long-term context	**10YR Milestones**	**4YR Milestones**	**2YR Milestones**
Support Treaty Partnerships in the region, and leverage opportunities through: • exploring alternative models and delivery methods, particularly with hapū, and whānau; and • building Treaty Partner capability and capacity to support and enable new models and approaches **Consider economic models** as an opportunity to fund more investment in conservation and cost recovery: • explore ways to optimise revenue from Northern North Island campgrounds and other experiences Improve resilience and protection of places • implement **climate change adaptation requirements**, and • continue to reduce the risk from visitors as vectors potentially contributing to biosecurity risks from kauri dieback and myrtle rust Focus on improving management of the Tohu Whenua Programme and heritage sites at risk of imminent loss, especially given the greatest number of archaeological sites are on public conservation lands. Key focus area: • build capacity for active management Look for opportunities for more integrated planning across Northland, including: • regional planning experience in the Bay of Islands • experience design opportunities for Te Rerenga Wairua • finalise Te Hiku Destination Plan, and • complete Rakau Rangatira Experience Project **Te Araroa Trail** • deliver partnership commitments	To be populated by NNI in collaboration with the Senior Heritage and Visitor Advisors.	To be populated by NNI in collaboration with the Senior Heritage and Visitor Advisors.	To be populated by NNI in collaboration with the Senior Heritage and Visitor Advisors.

Auckland

Regional long-term context	10YR Milestones	4YR Milestones	2YR Milestones
<u>Engage more Aucklanders</u> in conservation by reducing barriers: • improve Hauraki Islands infrastructure, in particular wharves • work with Auckland Transport, the private sector and others to improve ferry services to Hauraki Islands • encourage a broader spread of visitation across the islands to reduce concentration on small number of sites, and • explore ways to showcase Auckland's marine reserves and their importance to conservation Leverage opportunities related to **<u>major events</u>**, including ICC Women's Cricket World Cup, FIFA Women's World Cup: • work with ATEED and Government agencies to support legacy and leverage projects, and • Develop a targeted programme for site improvements (opex) and seek additional funding to bring places to standard and deliver appropriate maintenance in advance of events Focus on improvement at significant **<u>cultural heritage sites</u>** requiring maintenance and incorporation within a heritage programme; • scope improvements to Mansion House and identity funding partners • explore options for heritage improvements for Kawau Island, and • stabilise sites at risk of imminent cultural heritage loss, in particular Motuihe Water Tower, Sunday Site. Understand and identify range of opportunities to **<u>work with others</u>** to improve regional recreation and heritage offering • support spatial planning initiatives with Auckland Council/Walking Access Commission to improve coordination and consistency of recreation activities across reserves, PCLW, and Council parks and reserves, and • deliver partnership commitments with Te Araroa Trust. Work with DOC Partnerships to explore opportunities with partners in Taking Nature to the classroom, and opportunities within the history curriculum.	To be populated by Auckland in collaboration with the Senior Heritage and Visitor Advisors.	To be populated by Auckland in collaboration with the Senior Heritage and Visitor Advisors.	To be populated by Auckland in collaboration with the Senior Heritage and Visitor Advisors.

Hauraki – Waikato - Taranaki

Regional long-term context	10YR Milestones	4YR Milestones	2YR Milestones
Identify opportunities and develop a plan to **increase New Zealanders'** awareness of the range of natural and cultural heritage stories to be told and places to visit, across the region. Focus on activities suitable for families. • identify under-utilised products and services and work with tourism organisations in the region to encourage more visitation from young families at relevant DOC sites, and • consider the development of a short walk (Hakarimata Rail Track) in partnership with Councils and Waikato Tainui. Complete development of the **Pouakai Crossing** Explore options to improve the connectivity between existing experiences on the Coromandel Peninsula across Hauraki and in neighbouring DOC regions, to support improved regional spread of visitors: • explore the development of **experience design** and an investment plan to improve linkages between following places: Karangahake Gorge, Kauaeranga Valley, Broken Hills, Waiorongomai Valley, and Waitawheta Develop a plan for the management of nationally significant archaeological and **cultural heritage sites** in HWT: • upgrade opportunities and storytelling at Pukerangiora Pā, • Undertake urgent heritage stabilisation at actively conserved heritage sites where risk of loss is imminent (in particular: Dancing Camp Kauri Dam, Opoutere Midden, Repanga (Cuvier Island) Light settlement and, Ongarue Spiral & Tunnel), • Increase focus on heritage protection and storytelling. If required, improve storytelling at Heritage Icon sites (Kauaeranga Kauri, Ongarue Spiral and Tunnel, and North Egmont Camphouse), and • work as part of the Tohu Whenua programme to identify sites within the Region to be included on the national list; e.g., Waikato Wars stories. Explore options to rationalise the suite of **visitor experiences** on Taranaki Maunga: • consider spatial or experience design approach (building on the current Taranaki Maunga Project), and • identify alternative delivery models and/or partnership approaches as part of review of experiences on the maunga. Improve resilience and protection of places, implement **climate change adaptation action plan** requirements, especially at visitor and heritage sites across coastal Coromandel.	To be populated by HWT in collaboration with the Senior Heritage and Visitor Advisors.	To be populated by HWT in collaboration with the Senior Heritage and Visitor Advisors.	To be populated by HWT in collaboration with the Senior Heritage and Visitor Advisors.

Central North Island

Regional long-term context	10YR Milestones	4YR Milestones	2YR Milestones
Support Treaty Partnerships through increased planning and relationship support at place, to navigate across: • Tongariro National Park to deliver Treaty Partner expectations around recognising the mana of the Park, its World Heritage status, managing visitor numbers, protecting the health of the maunga, and improving statutory planning; • Te Urewera; to effectively work with Tūhoe to achieve their expectations and goals, while effectively linking into DOC systems and processes; and • Huka Falls; to respond to complex land management, to define the Crown funding role and iwi decision-making role, and drive for lower volume and better storytelling. Provide for the **local body infrastructure** in support of tourism and recreation within the Tongariro National Park. Key focus areas include: • completing asset management planning and long-term community planning to guide future investment; • completing an upgrade of Whakapapa Three Waters and other village infrastructure, including the protection of heritage buildings; and • continuing to explore charging or cost recovery models as part of the long-term infrastructure planning. Prioritise planning to address the following pressures on **visitor managements**: • consider establishing specific capital and operating funding programme for sustaining the Tongariro Alpine Crossing and carrying capacity options; • investigate whether the Whanganui Journey should remain a Great Walk • investigate risk thresholds and systems for geothermal/natural hazards; and • to reduce pressure on resources (in particular, backcountry and local treasure sites) work with Treaty Partners and/or others (Backcountry Trust, regional government, local community groups, heritage groups etc) on alternative models to manage places. Develop a plan for the management of significant **cultural heritage sites**, including Tongariro National Park as a World Heritage Area. Key focuses are: • Tohu Whenua sites: e.g., Tauwhare Pā, Karangahake, Waitawheta, Ohakune Coach Road, and the Bridge to Nowhere; • stabilisation of cultural heritage sites at risk of imminent loss; in particular; Hapuawhenua Viaduct, Waiorongomai and the, Tokaanu Wharf; and exploring opportunities for improved storytelling at site such as Opepe, Victoria Battery, and the Karangahake Cycle Way.	To be populated by CNI in collaboration with the Senior Heritage and Visitor Advisors.	To be populated by CNI in collaboration with the Senior Heritage and Visitor Advisors.	To be populated by CNI in collaboration with the Senior Heritage and Visitor Advisors.

Lower North Island

Regional Long-term context	10YR Milestones	4YR Milestones	2YR Milestones
Support Treaty Partnerships in the region through: • increased focus on capacity and capability to co-design and partner with iwi on heritage and visitor experiences; and • systems and processes that enable appropriate flexibility to partner with iwi. Work with other providers to increase **participation (more and new people)** improving connection across the region. Areas of focus include: • exploring offerings with partners by building on the approach with the Wellington Regional Trails Network and the Manawatu Gorge Governance Group; and • increasing awareness of opportunities in the region which are targeted towards New Zealanders. **Find new ways or options to manage the existing visitor network:** • explore options to improve current icon and gateway opportunities, including at Holdsworth, Ōtaki Forks, Catchpool- Ōrongorongo, Manawatu Gorge, Rangawahia, Sunrise, Mōrere Springs, and opportunities in lowland forests and urban-fringe nature like Hemi-Matenga/Waikamae Estuary, Lake Papaitonga, Carters Reserve, Cooks Cove and Gray's Bush; and • review DOC's backcountry offering to identify appropriate future needs. Build partnerships with Treaty Partners, stakeholders, and others to support track and hut maintenance activities. **Work with the regulatory system** to ensure that CMS and other regulatory tools enable a flexible approach and agility to respond as future context changes. Understand requirements of CMS and compliance (in particular, mountain biking access) **Consider economic models** as an opportunity to fund more investment in conservation and optimise revenue Seek to expand heritage programmes through the Tohu Whenua programme including: • Puhi Kai Iti Cook Landing; • Completing the Otatara Pā upgrade; • invigorating the Matiu / Somes Island experience; • progressing work to protect and profile Nga-ra-o-Kupe and Hapūpū Historic Reserve; and • work towards inclusion of the Remutaka Rail Trail into the Tohu Whenua programme. Support the implementation of DOC's **climate change adaptation plan;** in particular, the identification of at-risk heritage sites at coastal locations. Work with DOC Partnerships to support opportunities for **volunteers** to contribute to regional activities.	To be populated by LNI in collaboration with the Senior Heritage and Visitor Advisors.	To be populated by LNI in collaboration with the Senior Heritage and Visitor Advisors.	To be populated by LNI in collaboration with the Senior Heritage and Visitor Advisors.

Northern South Island

Regional long-term context	10YR Milestones	4YR Milestones	2YR Milestones
Explore new ways of enabling or enhancing DOC's ability to actively engage and work with iwi as kaitiaki within the region. Focus on: • capability and capacity to enable co-design and planning together; and • Partnering for cultural heritage mapping and supporting reassessment of cultural heritage management tools, to reflect iwi cultural heritage. This approach could be the basis for a pilot for future work with Treaty Partners. Work with regulatory systems to complete a review of CMS and national parks management plans, with a focus on complementing implementation of the direction from the pathway, and providing flexibility as context changes. Explore new approaches to delivery and management: • identify places not strongly aligned to the regional proposition, and work with Treaty Partners and/or others to develop different approaches (i.e. Backcountry Trust, local government, regional tourism organisations, heritage groups, etc.); • as part of the above process, consider places where divestment might be a feasible option as assets near their end of life, or downloading might be an option; and • consider options to increase revenue optimisation; in particular, existing huts and the Te Araroa Trail substitution. Explore ways to better integrate multiple experiences as part of a **destination** approach at: • Abel Tasman National Park with focus on the northern section of the Park; • Queen Charlotte Sound area; and • NLNP: focus on Travers Sabine track and St Arnaud front country sites. Consider **experience design** or investment plans for: Puponga Farm Park/Farewell Spit, Kaikoura Peninsula, and Kahurangi Gateway sites, providing access into the Park (Cobb/Mt Arthur/Wangapeka/Heaphy) and significant backcountry multi-day trips (Heaphy/Karamea – Leslie and Wangapeka tracks). Undertake longer-term planning and maintenance: • complete management plans for Te Pokohiwi – Wairau Bar and Rangitahi – Molesworth; • Explore a partnership approach for Rangitahi/Molesworth investment and options for storytelling and visitor experience design based around the road corridor; and • undertake planning for potential Tohu Whenua sites, including Meretoto – Ship Cove, Abel Tasman 1642 Memorial and Perano/Te Awite Whaling Stations and, Te Waikoropupū Springs. Improve the resilience of current and future investment and enable adaptive management over time: • support the implementation of DOC's **climate change adaptation** action plan which will have identified heritage and visitor sites at risk and confirmed management options to mitigate loss (focus on the Abel Tasman Coastal Track).	To be populated by NSI in collaboration with the Senior Heritage and Visitor Advisors.	To be populated by NSI in collaboration with the Senior Heritage and Visitor Advisors.	To be populated by NSI in collaboration with the Senior Heritage and Visitor Advisors.

Eastern South Island

Regional long-term context	10YR Milestones	4YR Milestones	2YR Milestones
Elevate Ngāi Tahu's role as kaitiaki across the region, accelerate the reflection of Treaty Partner values through work, and enable Ngāi Tahu to see their values reflected in our heritage and visitor work. Need a particular focus on: • the interpretation across the high-country cultural heritage landscapes and identification of cultural heritage sites of importance to Ngāi Tahu • increased capacity and capability to co-design future opportunities with Ngāi Tahu; and • the implementation of Te Waihora Joint Management Plan. Focus on actions to support National Parks: • Complete Te Manahuna ki Uta (Destination Mackenzie Collaborative Tourism Strategy) and use this to support future investment and planning; • Support the review of the Aoraki/Mount Cook National Park Management Plan and implementation plans; and • Complete and implement the SH 73 Arthur's Pass Destination and Investment Framework. Support the implementation of DOC's **climate change adaptation action** plan which will identify heritage and visitor sites at risk and confirm management options to mitigate loss. Prioritise work at important **cultural heritage sites:** • undertake urgent heritage stabilisation at actively conserved heritage sites where risk of loss is imminent; in particular, Ripapa, St James woolshed, and the nurses' station and immigration barracks on Ōtamahua/Quail Island; • utilise potential Tohu Whenua sites around Whakaraupō/Lyttleton Harbour and at Kura Tāwhiti in partnership with Ngāi Tahu and explore options to include future Tohu Whenua sites on PCLW; and • develop opportunities for improved storytelling at cultural heritage sites, including working in partnership with heritage community groups. Consider opportunities around partnering with others, in particular: • Christchurch City Council and Christchurch NZ, to leverage investment opportunities for Port Hills and Banks Peninsula; • community partnerships in the north and south foothills places close to centres of population including Mt Somers, Peel Forest, Oxford Forest, Mount Thomas Forest and Mount Grey; and • Selwyn and Hurunui District Councils, NZCT, Te Araroa and the Hurunui Trails Trust to leverage investment opportunities for the St James/ Molesworth area. There are likely to be opportunities to **optimise revenue** from experiences across the region; in particular, campgrounds. Consider the best avenues to include these drivers as part of national revenue optimisation work.	To be populated by ESI in collaboration with the Senior Heritage and Visitor Advisors.	To be populated by ESI in collaboration with the Senior Heritage and Visitor Advisors.	To be populated by ESI in collaboration with the Senior Heritage and Visitor Advisors.

Western South Island

Regional long-term context	10YR Milestones	4YR Milestones	2YR Milestones
Elevate partnership and role as mana whenua within the region; • work with Ngāi Tahu and Papatipu Rūnanga (Ngāti Waewae and Makaawhio) to elevate their role as kaitiaki within the region; and • enhance storytelling and partnership; in particular, the opportunity for developing the Pounamu Pathway. Build **stronger resilience and adaptability** across the region to manage the impacts of climate change, natural hazard events (including potential the alpine fault rupture), on the long-term sustainability of the visitor experience: • finalise and implement Te Tai Poutini Destination Management Plan with visitor experience design options for Franz Josef/Waiau and Fox Glacier/Weheka which will have considered climate change adaptation; and • implement the **climate change adaptation action plan**, including the identification and development of options for at-risk cultural heritage sites. Integrate experiences across the South Island to promote a longer period of visitation; in particular in the Buller and Grey Districts. There is an opportunity to link **'Destination Wai Pounamu'** with the key South Island destinations (Abel Tasman, Aoraki, Arthurs Pass, Queenstown/Wanaka, and Piopiotahi/Milford Sound Fiordland); • continue to work with organisations to implement the West Coast Tourism Strategy and use this avenue to consider new experiences to support the West Coast's development goals; and • complete the delivery of key government investment including Punakaiki/Dolomite Point, Oparara Basin and the South Westland Glacier Country resilience package. Focus on work at significant **cultural heritage sites:** • undertake urgent heritage stabilisation at actively conserved heritage sites where risk of loss is imminent (in particular Denniston, Brunner Mine, and Waiuta); • work with hapū to identify places of cultural significance that should be actively conserved; • utilise Tohu Whenua sites to highlight cultural heritage experiences and explore options to include future sites, in particular Ōkārito. Consider opportunities to link Tohu Whenua sites with the Pounamu Pathway; and • develop opportunities for improved storytelling at cultural heritage sites, by working with heritage community groups. Work with other parts of DOC to improve **system enablers** that enable delivery of key initiatives (in particular, the regulatory system) to: • complete a review of the West Coast Te Tai Poutini Conservation Management Strategy and National Park Management Plans, with a focus on complementing the implementation of the Te Tai Poutini Destination Management Plan. Enable concessions management approaches which complement delivery of the Te Tai Poutini Destination Management Plan.	To be populated by WSI in collaboration with the Senior Heritage and Visitor Advisors.	To be populated by WSI in collaboration with the Senior Heritage and Visitor Advisors.	To be populated by WSI in collaboration with the Senior Heritage and Visitor Advisors.

Southern South Island			
Regional long-term context	**10YR Milestones**	**4YR Milestones**	**2YR Milestones**
Shift towards giving greater effect to the Treaty Partner as kaitiaki and elevating Treaty Partnership: • work with Ngāi Tahu to define and shape shared propositions for cultural heritage and visitor activity within the region, to elevate their role as kaitiaki. Focus on: • repair, stabilisation or removal of high-risk structures across the region, as a priority; • identify places not strongly aligned to the regional proposition, and work with the Treaty Partner and/or others on alternative models to manage places (e.g., Backcountry Trust, regional government, and heritage groups); • build and maintain cycle trails in conjunction with community partners, avoiding investment that commits the Department to the ongoing maintenance of trails. Improve the connectivity of our experiences with other **destinations** within the South Island (West Coast, Aoraki, Christchurch): • finalise Piopiotahi/Milford Sound Opportunities Project and utilise it to plan future investments within Piopiotahi; • deliver new Hump Ridge Great Walk and establish a key part of the region visitor offering; and • support regional-led opportunities from others (e.g., regional government, RTOs) as appropriate, to plan and enhance the offering on Rakiura and the Catlins. Focus on maintenance at cultural heritage sites, and incorporation within a cultural heritage programme: • work with regulatory system and management planning to incorporate stronger focus on cultural heritage assets as part of a cultural heritage landscape; • stabilise Actively Conserved Heritage Places at risk of imminent cultural heritage loss as identified in the Districts' Four-Year Heritage Plans; and • explore opportunities with DOC Partnerships to build stronger connections to heritage sites, through education strategy and partnership with schools Increase and build the resilience of places throughout the network, or start managing the retreat from selected places. Support the implementation of DOC's **climate change adaptation action plan**, which will have identified heritage and visitor sites at risk and confirmed management options to mitigate loss.	To be populated by SSI in collaboration with the Senior Heritage and Visitor Advisors.	To be populated by SSI in collaboration with the Senior Heritage and Visitor Advisors.	To be populated by SSI in collaboration with the Senior Heritage and Visitor Advisors.

The Heritage and Visitors component of the Biodiversity, Heritage and Visitors Group Business Planning Directions for DOC

23/24 – 27/28

DOC - 7231595

Context:

The Business Planning Direction directs the Department of Conservation's work programme

This document provides the Department of Conservation instruction on what work should be prioritised for 2023/2024 Business Year through to 2027/2028. These directions should be used to prepare annual business plans that set out the proposed work programmes and resources allocated to each project. These business planning directions are Heritage and Visitor's component of the wider Biodiversity, Heritage and Visitor Groups directions. It has instruction across multiple units within DOC to acknowledge that it is not any individual team or unit's responsibility to achieve the outcomes intended through the Heritage and Visitor Strategy. Instead, it is a collective effort across DOC, which will see a successful shift towards our goal; "*Papatūānuku thrives*".

The Business Planning Direction is aligned with the Department of Conservation's Integrated Strategy

The Business Planning Direction is aligned with the Department's Integrated Strategy and our vision Papatūānuku Thrives. The Business Planning Direction will shift the Department closer to our Integrated Strategy's four outcomes and are particularly focused on our Year 2 Priorities and SLT Sharp Focus Areas for 23/24.

The Business Planning Direction is informed by the Heritage & Visitor Strategy

The Business Planning Direction is designed to implement the Heritage and Visitor Strategic Pathway (DOC-6974203), which was developed to give effect to the Heritage and Visitor Strategy. This sequencing of these documents and how they relate is shown in Figure 1 below.

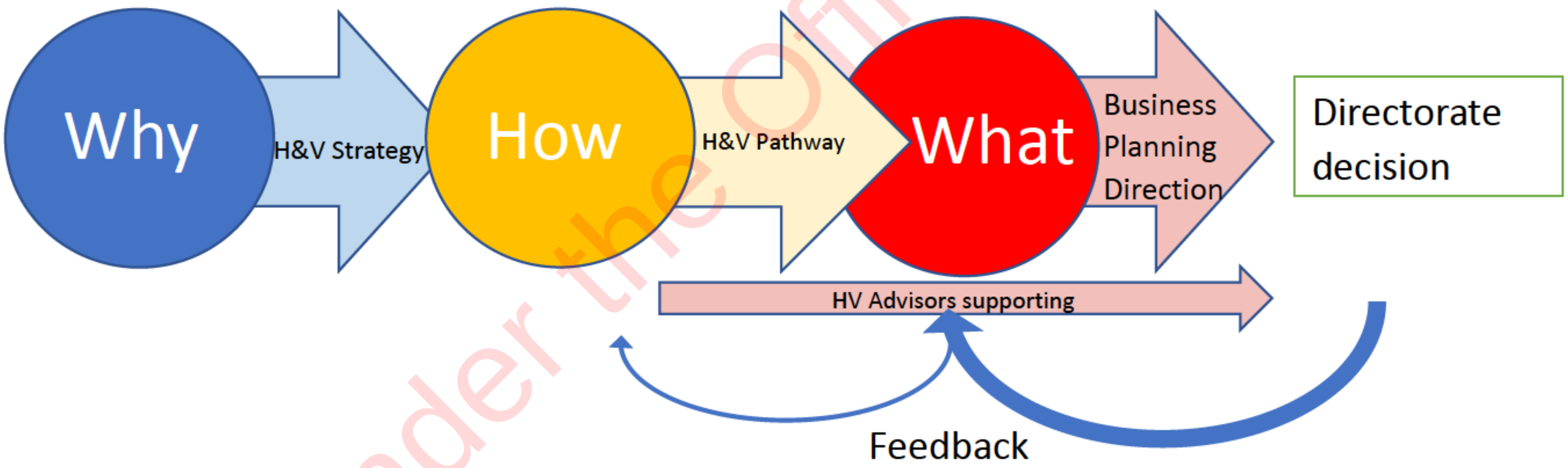

Figure 1: Sequencing of key documents

The Heritage & Visitor Strategy articulate the Department's 'Why' (why we are working towards common goals), while the ANZPS Implementation plan H&V Pathway articulate the 'How' (how we are going to achieve our goals). The Business Planning Direction has been drafted to explain the 'What' (what the Department should work on).

The Direction covers a 4-year timespan

The Business Planning Direction is structured over years 3-4, and years 1-2. This will ensure the Department:

- plans for the medium and short term
- sequences and prioritises work appropriately, and
- has line of sight of potential future commitments.

Business planning directions are issued each year as a rolling four-year plan so year 1 in these directions is 23/24.

A list of 'Don't do's' is also included for some units. These have been included to make it clear to the reader what the expectations are and aren't for delivery. They may be worded to direct priorities (doing one thing before another), to ensure that there are no unintended consequences, or simply to express what work is not desired.

Context for the Heritage and Visitor Component of the Biodiversity, Heritage and Visitors Business Planning Directions

The Heritage and Visitor Strategy and Pathway works to ensure the Department sustainably manages visitors to protect and enhance the values of New Zealand's natural, cultural and historic heritage

DOC is guided by our Integrated Strategy, which outlines a way forward for our heritage and visitor activity through its outcome area "Connection with nature and cultural heritage enriches people's lives". Supporting this outcome, DOC has a Heritage and Visitor Strategy which was released in 2021 with three hierarchical goals (Protect, Connect, Thrive). The strategy has a focus on a sustainable future through caring for Papatūānuku, fostering recreation in nature and sharing stories of our heritage in order to support benefits to our people and communities.

As discussed above, the Heritage and Visitor Strategy and Pathway allow the Department to articulate the 'what' through business planning directions.

Differences in the Heritage and Visitor component

The Heritage and Visitor component of the Business Planning Direction is guided primarily by the Integrated Strategy outcome area "Connection with natural and cultural heritage enriches people's lives". Within this, the Heritage and Visitor component feeds into many of the Year 2 Priorities and SLT Sharp Focus Areas for 23/24 with a particular emphasis on the Sharp Focus Area "DOC is a great organisation" and the Year 2 Priority "Connecting people to nature and heritage". As the Integrated Strategy matures, it's priorities will be further embedded within the Business Planning Directions.

An 'ongoing' column is included to indicate where directions are likely to be consistent for the next four years (and potentially further).

The directions also provide linkages and dependencies across the business. Where a direction is reliant or leads on to another, this is noted in brackets after the direction.

Links, typically containing Task Assignments or equivalent have been provided alongside some of the most important directions. The most prevalent example of this is the work the Heritage and Visitor Unit has commissioned on 'moving towards a strategically aligned and financially sustainable visitor network'. This work is referenced as 'Future Network' and relates to a briefing paper which explains how the department will work over the next four years to improve the visitor network. This work has key connections across the business planning directions.

Further support from the Heritage and Visitor Unit is available

Ongoing support is available to you in understanding the Business Planning Direction, and its relationship to your work. For Regional and District Operational teams, your first point of call is your Senior Heritage and Senior Visitor Advisors. If you are unsure who your advisors are, please contact the managers Lynnell Greer (Manager – Visitor Advice) and Raewyn Hutchings (Manager – Heritage Advice). For other DOC Units, please contact Joe Ellingham (manager – strategy investments and pricing (acting)) for further assistance.

Business Planning Direction to achieve the Protect – Connect – Thrive goals of the H&V Strategy

This Business Planning Direction has been drafted based on the Milestones from the Heritage and Visitor Pathway and the Department's Integrated Strategy. The intent of the Directions is to keep our focus on the long-term goals, and the long-term success that the Department is trying to achieve. It is therefore important to note that our direction looks at Years 3-4 first, before Years 1-2.

	Focus Areas	Ongoing	Do (Years 3 to 4)	Do (Years 1 to 2)	Don't do
Operations – Regional	**Regional leadership and planning functions**	Ensure relationships with iwi, hapū, and whānau are strengthening, and contributing to the goals of the H&V Strategy. Input and support into destination management planning processes, as requested by HVU. Support implementation of approved components of Regional Tourism Organisation destination management plans. Complete the Mahi Oranga (Treaty) Project and plan for work as required.	Support HVU and Planning Services to identify and map out how the visitor network will be optimised in the coming years. Implementing projects to optimise our visitor network as identified by Planning Services (Year1/2 direction). Identify the places and sites vulnerable to visitor impacts, and describe what is at risk and why (Achieve by year 3/4. See HVU new action RE: How we identify vulnerable places).	Complete the approach that has been developed by Planning Services Unit to match assets to product sets. (Achieve by year 2. See HVU and Planning and Services direction on designing the approach). (Future Network) Identify existing and potential sustainable recreation and regenerative tourism opportunities (as defined by HVU Year 1 direction) with our partners and stakeholders (expected in Year 2). Develop and/or refine your Heritage And Visitor 10 year plan with support from HVU that comprise of a 2, 4, and 10 year view that that reflect HVU's strategic directions. Achieve at a regional level, the agreed level of NFPL performance as directed by Planning and Services. Support the roll out and embedding of the refreshed Heritage System within regions in partnership with HVU.	Exceed visitor and heritage NFPLs set by Planning and Services for each region Maintain routes and backcountry tramping tracks unless needed to manage visitor risks or impacts resulting from high use (i.e., Kauri dieback).
	Delivery at site Invest in the management of visitor activities at iconic sites and places under high pressure *DOC Product sets currently include Great Walks, Short Walks, Day Hikes, Heritage Icons, Tohu Whenua, NZ Cycle Trails, Te Araroa Trails NB. these are subject to change through the development of the Product Portfolio Strategy.	Manage visitor impact on kauri by maintaining experiences under kauri to standard (i.e. hygiene stations etc). Prioritise maintaining standard and service levels at iconic and gateway site, defined product sets (i.e SW/DH Product set https://doccm.doc.govt.nz/cwxv4/wcc/faces/wccdoc?dDocName=DOC-7222588) , as well as maintenance of local treasure sites within two hours of urban centres (50,000+ residents) which broadly appeal to New Zealanders.		Deliver the Visitor and Heritage Asset Management Plans as directed by Planning Services. (Linked to Planning Services direction year 1 /2) Where visitor safety issues require significant intervention, consider, in conjunction with HVU and Planning Services, whether the experience/asset is a strategic priority. Consider alternative solutions to replacement of assets such as other visitor management tools, temporary or permanent closure of the asset. Use the 'Approach to end-of-life assets' flow chart to make recommendation on future of the asset DOC-6737363, Figure 6. Seek exemptions to reduce levels of service provided at huts where a reduction in service would both reduce maintenance costs and result in minimal impact to users (e.g., removing	Increase service levels at sites unless needed to manage impacts resulting from high use. Develop new experiences, unless external funding is provided (including depreciation, operating and capital charge). Consider upgrades to experiences unless a visitor safety assessment is undertaken.

	Focus Areas	Ongoing	Do (Years 3 to 4)	Do (Years 1 to 2)	Don't do
		Continue undertaking visitor-related enforcement and monitoring is undertaken as required/directed by Regulatory Services. Implement DOCs booking system at popular visitor facilities in accordance with the draft booking policy		heating and/or cooking facilities). Building off the Hut Service Standards (DOC-6095856). Identify priority assets for additional investment through Budget 22 funding. Develop 4-year maintenance plans for existing Products, with indicative costings. Ensure the Tongariro Alpine Crossing Pilot is supported fully locally.	
	Delivering work with others Explore new ways of working with others to unlock alternative delivery models for heritage and visitor activities	Support HVU and Strategic Partnerships and Investment to determine how to deliver work through others at heritage and visitor sites. When funding partners, ensure their outcomes align with DOC priorities. Explore with local iwi, hapu and whanau to what types of visitor experiences they wish to deliver on PCLW.		Continue to develop kaitiaki programmes and training to empower tangata whenua to deliver work on their key heritage sites.	Prioritise work with others where: • The work with others is not our priority; AND • DOC would need to fund this work
	Visitor safety Manage visitor safety at the right level for all visitor experiences	Manage visitor safety at the right level for the site. Assess natural hazard risks where they become apparent. Seek advice from HVU to see if the natural hazard risk assessment methodology should be used. As they are developed, implement the Site Control Plans.	Complete the Site Control Plans development for all sites as part of the role out of new Visitor Risk and Safety System. Allocate resources to monitor how completed visitor safety work is affecting use/experience.	Identify any priority safety work and prioritise mitigating risks to the appropriate level for the site. Initiate highest priority Site Control Plans development, working with the visitor safety team. Implement all completed SCP's.	Undertake external risk assessments without advice from HVU. Carry out management actions that are over and above the level of risk for the site
	Heritage at place	undertake maintenance and other work tasks for our heritage places as agreed with Planning and Services with support from HVU. Review and ensure Regional 4-year heritage plans are up to date supported by HVU.	Work with HVU to implement monitoring plans for sites of heritage work. Conduct maintenance at heritage icons as instructed by Planning and Services and funded by Heritage Budget 22. Ensure by 2028 all relevant staff have undertaken core competency heritage training package.	Deliver work funded by B22 Heritage Opex funding as directed by Planning and Services. With HVU & Planning Services begin to undertake condition assessments to enable monitoring programmes to be established (Yr 3-4) Compile a regional list of Heritage Places at Risk using TTA supported by HVU. Ensure that all regional operations staff undertake introductory heritage training module.	Undertake specific maintenance tasks at stable places of heritage work (Without agreement of SHA and Planning Services)

	Focus Areas	Ongoing	Do (Years 3 to 4)	Do (Years 1 to 2)	Don't do
				Support local implementation and embedding of the refreshed heritage system.	
Regulatory Services	**Develop an integrated approach to conservation and visitor management**	Lead and direct the undertaking of heritage and visitor-related enforcement and monitoring as required. Support implementation of DOC supported components of destination management plans. Continue to improve the concession process for tourism operators. Ensure CMS reviews reflect the Heritage & Visitor Strategy (and the Product Portfolio Strategy see business direction HVU).	Implement agreed expectations and parameters for all recreation and tourism providers on PCLW to be zero carbon (as set by HVU). Implement agreed expectations and parameters for all recreation and tourism providers on PCLW to drive conservation outcomes (as set by HVU). Implement the expectations and parameters set by HVU in year 1-2 for all recreation and tourism providers on PCLW to become zero carbon (See HVU 1-2 Protect directions).	Establish and implement a PCBU compliance system for concessions and 3rd parties. Ensure all concessionaires provide DOC with evidence demonstrating they meet their Health & Safety requirements to operate on PCLW. Develop an assurance system for monitoring safety compliance. Support HVU on visitor risk appetite, thresholds and response plans for concessions. Develop a framework that empowers others to develop regenerative and carbon neutral recreation, cultural heritage, and tourism opportunities on PCLW. (Year 2 after HV regenerative tourism piece is completed and linked to Regional Operations direction). Ensure that compliance staff understand DOC's responsibilities in relation to heritage enforcement, supported by HVU.	
Planning and Services	**Build long-term planning and investment capability and capacity**	Strengthen DOC's visitor asset management systems to allow informed decisions about the future of assets. Strengthen DOC's asset management systems to incorporate heritage values. Annual review of the Asset Management Plans, maturing their linkages to the Products Portfolio Strategy (Future Network) Monitor the safety status of all visitor assets. Manage DOC's NFPLs at a national level. Inform regions of their individual targets. Monitor the achievement of the NFPLs Progress divestment of visitor assets where divestment is the already agreed desired outcome. (Future Network)		Design an approach with support from HVU to match assets in the existing visitor network and fit them into Product Sets. See action in Y2 for Regional Operations to follow the approach). (Future Network) Develop DOC processes to allow efficient disinvestment of specific assets to occur when this action is deemed appropriate. Work with HVU to develop a Criteria to inform this process (Future Network). Consider how to manage assets long-term, that do not form the visitor network (Future Network) (Yr 2). Determine which visitor assets have the lowest strategic priority based off work from HVU (See directions for HV regarding defining and delivering a fit for purpose heritage and visitor network). (Future Network) Determine and administer the work programme funded by Budget 22 Heritage and Fit for Purpose Recreation Assets funding, with indicative costings and ensure all budget 22 funding is tracked supported by HVU. (Linked to Regional Operations Year ½ direction). Work with HVU on visitor risk appetite, thresholds and response plans.	Exceed visitor and heritage NFPLs at a national level (some regions NFPLs will need to be exceeded given the importance/safety requirements of sites). Note the NFPLs are likely to change by Year 2 and therefore this would no longer apply

	Focus Areas	Ongoing	Do (Years 3 to 4)	Do (Years 1 to 2)	Don't do
				Support Regional Operations with the Visitor Safety System site control plan implementation. Develop 4-year maintenance plans for existing Products, with indicative costings.	
Strategic Partnerships and Investment	**Working more effectively with partners**			Explore and develop a consistent approach to existing collaborations (i.e., Backcountry Trust and Te Araroa Trail Trust) to ensure the department's desired outcomes are achieved. Explore how to deliver work and collaborate with others at heritage and visitor sites (i.e donations). (Supported by HVU and Regional Operations).	
Business Services	**Develop an integrated approach to conservation and visitor management**	Ensure Heritage and Visitor governance has up to date and correct financial information.		Ensure that the EAM system reflects the refreshed Heritage System supported by HVU. Provide support for the design and implementation of the improved visitor safety system. Support HVU to complete a review of all existing payment methods and design a fit-for-purpose payment system across the department's paid recreation facilities. Lead the TTA and system governance refresh.	
People and Culture	**Develop the capacity & Capability of our people**			Work with HVU to develop organisational capacity and training to support improved heritage outcomes. Lead the DOC wide culture, including support for the culture change required around how DOC build the (Future Network).	
Strategic Communications and Engagement	**Support protection by helping New Zealanders connect to their natural, cultural and historic heritage**	Deliver on agreed opportunities identified through Heritage and Visitor-driven work, especially where the opportunities also align with biodiversity objectives (I.e Regenerative tourism, linking in with the tourism sector and Future Network). Work with HVU to scope future risks and hot topics. Ensure all information on DOC's website is up-to-date and accurate, with the priority being approved Product Sets.	Strengthen and embed the conservation and engagement with natural and cultural heritage aspects of the secondary school curriculum at place (linking with Biodiversity, Heritage, and Visitor Group).	Work with the Ministry of Education supported by HVU to ensure that our Heritage Icon sites support the development of new National Histories Curriculum. Integrate Biodiversity and Heritage and Visitor messaging. (i.e during conservation week focus on bio and cultural heritage conservation, brochures). With support from HVU produce and rollout an internal communications plan to showcase the refreshed Heritage System. Support the development of a comms plan to promote DOC's new product approach (as outlined in the Product Portfolio Strategy) with externals, informing them what DOC provides on PCLW, and how these meet the needs of our visitors (based off a Product Portfolio Framework). Support HVU on visitor risk appetite, thresholds and response plans for risk communication.	Don't promote experiences or practices that have negative environmental impacts or cause safety issues or are inconsistent with Heritage and Visitor Strategy outcomes.

	Focus Areas	Ongoing	Do (Years 3 to 4)	Do (Years 1 to 2)	Don't do
				Ensure any marketing and promotion supports: • A more diverse range of New Zealanders engaging with PCLW • Use of PCLW close to urban centres • Returning numbers of internationals • Behavioural messaging • Provision for visitor safety information.	
Policy	**Develop an integrated approach to conservation and visitor management**	Lead DOC's contributions to cross-government policy work (i.e IVL), and processes led by other agencies and organisations.		Identify and prioritise policy work to progress Heritage and Visitor Strategy outcomes, and support DOC to contribute to the shift to a regenerative tourism system (supported by HVU). Support development of a strategic position on cost recovery with respect to recreation (Future Network). Ensure conservation law reform is informed by the objectives of the Heritage and Visitor Strategy.	
Treaty Relationships	**Support more opportunities for tangata whenua to benefit from visitors to public conservation lands and waters**	Identify, develop and support ways to create conditions for iwi, hapū, whānau to exercise kaitiakitanga. Identify, develop and support ways to create more and varied opportunities for iwi, hapū, whānau to benefit from visitors to public conservation land and waters.		Support Regional Operations to develop kaitiaki programmes and training that empowers mana whenua to deliver work on their key heritage sites.	
Biodiversity	**Support protection by helping New Zealanders connect to their natural, cultural and historic heritage**			Identify the sites where ecosystems / species are most vulnerable to impacts of visitors and work with HVU and M&E to grow our understanding of the impacts of visitors on them. Run a process with Heritage and Visitors and Strategic Communications and Engagement units to identify Biodiversity programmes of work that strongly contribute to Heritage and Visitor outcomes.	
Monitoring and Evaluation	**Build a clear understanding of visitor impacts, behaviours, motivations and expectations**	Provide the Heritage and Visitor Governance with ongoing data on the performance of the heritage and visitor system. Continue to implement the Public Pulse of Conservation and Activity Counter work. Implement work commissioned by Heritage and Visitors (e.g. booking system survey)	Implement the monitoring and evaluation framework for the heritage and visitor system.	Contribute to development of measures for financial and non-financial performance as requested by individual product sets. Support biodiversity to identify our most vulnerable sites and species and to grow our understanding of the impacts of visitors on them.	

	Focus Areas	Ongoing	Do (Years 3 to 4)	Do (Years 1 to 2)	Don't do
Heritage and Visitor	**Building our Future Network** – Optimising revenue from the network	Maintaining and updating revenue systems to drive Heritage and Visitor Outcomes. Identify, develop and support ways to increase revenue from existing assets, and clearly attribute revenue to assets. Continue cyclical price / performance reviews as informed by the Product Portfolio Strategy (Future Network) Price reviews for recreation facilities as appropriate.	Implement the fit-for-purpose payment system across the department's paid recreation facilities as designed in years 1 -2.	Support Strategic Partnerships and Investment to continue evolving our range of delivery models for experiences on PCLW (Future Network) Develop a strategic position on recreation cost recovery (Future Network) (supported by Policy and Strategy) Complete a review of all existing payment methods and design a fit-for-purpose payment system across the department's paid recreation facilities (supported by Organisation Support). Develop tools/models to understand and forecast the cost of maintaining our visitor network and to enable the matching of revenue and cost (Future Network) (TA – DOC-7051544)) Develop a Booking Policy that aligns with the strategic cost recovery, visitor safety requirements and Product Portfolio Strategy. (Future Network).	Deliver experiences better provided by others Focus only on DOC lead products. Prioritise updating standards and policies on assets outside of product sets, if possible, before those relating to our products are up to date.
	Building our Future Network – Defining and delivering a fit for purpose visitor network	Insight programme to inform understanding of who our visitors are, where they are going, impacts, and motivators and barriers to participation.(TA – DOC-7231122) Ensure the service standards for all Products are up to date to reflect the current expectations, including meeting zero carbon timeframes.	Complete Product Portfolio Strategy Version 2 (Note potential need for wider consultation) (Future Network). Develop new products based on the priorities outlined in the Product Portfolio Strategy. Develop the strategic frameworks for each product set, including product plans (Future Network) (TA – DOC-7051544). Undertake review of heritage icon sites to ensure that they are representative.	Revise Product Portfolio Strategy v2 (Year 2). (Future Network) Conduct additional customer and segmentation research and insights to address information gaps relating to the Product Portfolio Strategy (Future Network) (TA – DOC-7231122). Develop strategic frameworks for each product set, sitting within the Product Portfolio Strategy (including the Visitor Centre network). This should include a plan for day-to-day product management. (Future Network) (TA – DOC-7051544) Support Planning and Services to identify a core network of existing experiences and fit them into Product Sets. (Future Network)	
	Building our Future Network – Shifting the culture and systems		Nationally, understand the visitor network of experiences and destinations in regions, and supporting infrastructure to support delivery (mechanics i.e	Scope and deliver work to identify the shifts in DOC's culture and systems to effectively manage the visitor network and work to ensure our visitor planning tools are fit for purpose). (Future Network)	

	Focus Areas	Ongoing	Do (Years 3 to 4)	Do (Years 1 to 2)	Don't do
Heritage and Visitor			inputting into TTA). As influenced by direction on systems and culture (project e)) (Future Network). Review the new heritage and visitor NFPLs. (TA – DOC-7051544)	Review Heritage and Visitor NFPL's to provide options for alignment with Integrated Strategy, HV Strategy, the Product Portfolio Strategy. (TA – DOC-7051544) Support programme owner to drive the multiyear work programme to achieve an optimised, sustainable and future focused visitor asset network. (Future Network).	
	Protecting people and places	Set expectations and parameters for all recreation and tourism providers on PCLW to drive conservation outcomes.	Deliver Regional Destination Management Planning in places that most need help to manage the impacts from visitor pressure. Set up agreements and tools to manage our most vulnerable places to safeguard options for future generations. Support Planning and Services to ensure work programmes at place have begun to address impacts at our priority vulnerable places. Vulnerable sites include cultural heritage sites. Design ways to identify visitor pressure at our most vulnerable places. See action in Year 3/4 for Regional Operations to identify future places.	Support RTO or DOC Destination Management Planning in regions where the management of the impacts from visitor pressure is ineffective and/or regenerative tourism is being developed. Prioritise work on visitor risk appetite, thresholds and response plans for the visitor safety system and its four sub-systems. Support Regional Operations to implement the visitor safety system (TA -DOC-7023172). Determine what effective partnership and collaborative planning for visitor management looks like to address visitor numbers. Pilot the Tongariro Alpine Crossing visitor management approach as a way to address visitor pressure at our most vulnerable places. See action in Year 1/2 for Ops to identify future places. Support biodiversity to identify our most vulnerable sites and species and to grow our understanding of the impacts of visitors on them. Support Biodiversity and Strategic Communications and Engagement units to identify heritage and visitor programmes of work that strongly contribute to biodiversity outcomes. Support operations to compile an inventory of heritage places at risk using TTA (see regional operations). Roll out across DOC the refreshed Heritage System. Develop cultural heritage site maintenance standards that align with cultural heritage policy developed in 22/23. Complete the review of the Visitor Risk Management Policy. Complete the update of the application of visitor groups particularly in regard to visitor safety. Implement the Heritage and Visitor evaluation program and commission monitoring.	Experience design at place that doesn't have attached funding (including opex, capex, depreciation, and capital charge)

	Focus Areas	Ongoing	Do (Years 3 to 4)	Do (Years 1 to 2)	Don't do
Heritage and Visitor	**Ensuring alignment with DOC's Climate Change and Carbon goals**	HVU to work across the cultural heritage and visitor sectors on climate change initiatives and link with wider climate change work in DOC to protect cultural and natural heritage susceptible to impacts.		Based on the Product Portfolio Strategy and Product Set Strategic Framework, ensure the service standards for Product Sets are developed and/or up to date to reflect the current expectations including meeting zero carbon requirements and regenerative practices. (TA – DOC-7051544) Define what a sustainable recreation and regenerative tourism opportunity based on regenerative principles, practices, and roadmap (See Regional Operations direction to identify existing opportunities following this). (TA – 7144341) Develop a work program to achieve to HVU's actions within the CCAAP Set the expectations and parameters for all recreation and tourism providers on PCLW to become zero carbon. And develop regenerative practices - enact this into concessions system. (See Regulatory Services Year 1/2 direction).	
	Working on the system	Targeted research programme that addresses questions and challenges relevant to priority programmes of work. Work with Public Affairs to scope future risks or hot topics. Continue investment into innovation and research that supports the future desired state sought by the H&V strategy. Continue to solidify approach for Budget 22.	Begin the full review of the Heritage and Visitor Strategy.	Build a framework to develop relationships in co-design with iwi, hapū, and whānau. Support Regional Operations to develop and/or refine their Heritage and Visitor 10 Year plans that comprise of a 2, 4, and 10 year view that reflect HVU's strategic direction. Ensure all the key underlying system components are functioning properly and updated as necessary.	

Heritage and Visitor Business Planning Directions 2024/2025

Issued May 2024

DOC-7630013

Purpose

This document provides Regional Operations direction on what work should be prioritised for 2024/2025 Business Year. These directions, along with all relevant statutory requirements, should be used to prepare annual business plans and reviewed quarterly.

Key Messages to support the Business Planning Directions for 2024/2025 can be found here: DOC-7630014.

Simplifying our approach to directions

These directions are reflective of a constrained fiscal environment, the Cultural Heritage Reset, Future Visitor Network Programme, and the Simplification Programme, which are being progressed this year. The directions are broken into five areas of focus:

1. Heritage & Cultural Heritage NFPLs
2. Future Visitor Network
3. Visitor Safety
4. Key Investment Priorities
5. Prioritising BAU via Visitor NFPLs

1. Heritage & Cultural Heritage NFPLs

Transforming the Heritage System

Cultural heritage management is undergoing a transformational shift. This is occurring through the Cultural Heritage Reset Programme which is due to run for the next 6 years.

The aim of the Programme is to overhaul and reset DOC's heritage management systems, processes, training, and internal funding models to ensure better delivery of our stewardship responsibilities for heritage. The Programme will also embed mātauranga Māori and intangible values at the heart of our cultural heritage work.

Regional Operations are critical to the programme outcomes as holders of key relationships at place. The Programme will support Operations through providing dedicated heritage training for staff, system improvements and priorities for increased investment in work at place.

The Heritage Advice Team will continue to be the first port of call for support and heritage advice to Operations, including for projects supported through the 4-year work planning process. Working closely with this team will ensure the right work is being prioritised in your region.

For further detail on the Cultural Heritage Reset Programme contact Tamsin Falconer (Programme Manager Heritage and Visitors).

Focussing cultural heritage work in the right places:

To build strong foundations for our heritage system, the following should be undertaken:

- Based on the District/Regional 4-year Heritage Plans ensure all projects bid for and funded by Heritage Opex 24/25 are delivered.
- Led by Senior Heritage Advisors, support completion of baseline inspections and condition assessments for all places of heritage work (Actively Conserved Historic Places) (target is 75% of the regions sites by 30 June 2025).
- Ensure all Operations staff undertake the newly developed introductory heritage training as it rolls out in 24/25, and support existing staff (as appropriate) to participate in role-specific training.
- Continue with scheduled heritage maintenance, unless specified in the maintenance plan or agreed with the Senior Heritage Advisor.
- Support the Cultural Heritage Reset Programme Pilot Projects that will be agreed with Regional Operations. There will be approximately 6 projects across the country which will be designed to support programme objectives and regional priorities, and they are likely to commence in Q2 and Q3.

Cultural Heritage NFPLs

The Cultural Heritage NFPLs remain broadly relevant for our work. The Cultural Heritage Reset Programme is likely to re-frame these NFPLs for future years to give further clarity – and input to that is welcome, but for 24/25 these NFPLs are relevant.

Table 1: Cultural Heritage NFPL

Historic heritage assets for which remedial work is completed to standard during the year (40) - This relates to the 'Heritage Opex' projects identified and agreed with Regions through the heritage 4-year planning process, and funded by B22 funding for Cultural Heritage. All projects should be completed as agreed.
Historic heritage assets for which regular maintenance work is on track to standard during the year (75%) - This relates to BAU maintenance of heritage assets and should be continued. - It is important to note that heritage maintenance needs to continue regardless of visitor experience changes.
Historic or cultural heritage assessment reports completed to standard during the year (40%) - Cultural heritage assessment reports underway by the Regions should continue. - Regional teams will also continue to work with the Heritage Advice Team on the completion of condition assessments for all Actively Conserved Heritage Places, and other reporting agreed through the 4-year planning process.

2. *Future Visitor Network (FVN)*

What to expect this year:

Over the next two years, the FVN Programme will determine what a financially sustainable and fit for purpose visitor network is, across the country. The first step of the Programme is to develop a Network Experience Strategy and Country-wide Network Plan. This work is currently underway and has influenced these directions.

Once completed, these two documents will provide you with a platform for Regional Planning and Engagement, enabling you to work with iwi partners and stakeholders in your regions to recommend local decisions. This phase of the project will require you to consider what visitor experiences DOC should invest in at a regional level. Timeframes for this stage are still being confirmed but are likely delayed until late 2024. This work will be signalled through the Operations Pipeline.

For more information on process please contact FVN@doc.govt.nz

What you should do in the interim:

We expect work in the regions to continue. Day to day decisions (e.g., to close sites due to visitor safety) need to be made regardless of wider processes. However, bigger decisions around investment or divestment should to wait until FVN's Regional Planning and Engagement process.

Any interim decisions to close sites or assets should be made with your Region's Senior Visitor and Senior Heritage Advisors. Interim decisions where there are issues of visitor risk or safety require input from the Visitor Safety Team (visitorsafety@doc.govt.nz).

Regions can use the following directions for interim decisions before receiving more direction from FVN. This advice builds on all previous directions that have been developed (in the last three years) and captures the intentions and outcomes desired through the FVN.

3. Visitor Safety

Ongoing commitment to visitor safety work is important, particularly in high-use and/or high-risk areas. The following are the most important things to focus on:

- Deliver the actions/tasks committed to in the high priority (tranche 1) Site Control Plans already developed with the Visitor Safety Team. These plans target locations of high-use and/or high-risk. Work tasks from these plans will be loaded into EAM and ready for scheduling from July 2024.
- Visitor risk should be managed in line with the predominant visitor group at the site. Prioritise visitor safety work required to maintain an acceptable level of risk for the predominant visitor group and avoid over-management. See the Hazard management guideline for visitor sites on public conservation lands and waters (doc-7462131) for approved hazard controls for visitor sites.
- Engage with the Visitor Safety Team in the development of the tranche 2 Site Control Plans. Tranche 2 plans will be developed during the 24/25 financial year.

For support, contact the Visitor Safety Team directly (visitorsafety@doc.govt.nz) or work through your Senior Visitor Advisor.

4. Key Investment Principles:

Looking after our busiest places first

Every Region has places that become under pressure from visitors either year-round or seasonally. These places should be looked after (on balance with other priorities below) to ensure the environmental and cultural heritage impacts are managed and visitor experience are maintained.

Contact your Senior Visitor Advisor for support on identifying which places are the busiest and most impacted by visitors in your region.

Prioritising our key Visitor Experiences

Our premium Visitor Experiences are Great Walks, popular campsites, Day Hikes, and Short Walks. The Department is committed to maintaining these to standard, therefore maintenance and investment should be prioritised.

The Business Plan for Short Walks and Day Hikes can be found here: DOC-7519044. This includes:

- advice on maintain existing Short Walks and Day Hikes (new funding available for summer OPEX and deferred maintenance allocation - advice to follow),
- adding new walks into the set in 24/25,
- proposed walks to enter the set over the next three years. Funding has not been secured for this expansion, but in the interim, these sites should be prioritised for maintenance over other similar experiences in your region.

Great Rides, Te Araroa Trail, Heritage Icons and Tohu Whenua sites should also be actively maintained. These are an important Visitor Experience that the Department is committed to maintaining.

Great Rides funding: MBIE have advised that the department can apply for additional operating funding for maintenance of NZ Cycle Trails. The fund will match the department's (and/or the cycle trail Trusts) current annual opex/operating spend up to a maximum amount.

Note applications must be made by June 2024. Contact Lynnell Greer (Manager, Visitor Advice) for more information.

Visitor Centres: Guidance to support delivery of Visitor Centres can be found here: DOC-7616193

Decommissioning assets

Where there are opportunities to decommission assets (prior to FVN decisions) this work should be prioritised. Financial support is available through 'B22 Fit for Purpose', including one off OPEX expenditure. This is an opportunity to progress divestment on some of our assets and relieve some of the longer-term financial burden on the department. Reasons for divestment could include:

- low visitor use, in particular where the department or others provide similar, better used experiences in the area.
- where the department is not best placed to deliver an experience and another provider is able and willing to do this.
- unacceptable level of visitor risk (for the predominant visitor group) that cannot be reduced to an acceptable level. See Visitor Safety Closures SOP (doc-7362830) for guidance and contact your Senior Visitor Advisor.
- susceptible to climate change.
- where there has been damage to the facilities (weather events, fire etc).
- where there is no longer appropriate access.

For places with heritage values, additional considerations apply. It is important to ensure that heritage maintenance continues even if decommissioning is being considered. Decommissioning any assets with heritage values need to be discussed with Senior Heritage Advisors.

Any decisions (prior to FVN) made around decommissioning should be made with your partners and communities and with a national lens applied through the H&V unit. Contact your Senior Visitor Advisor, Senior Heritage Advisors, and the Asset Management Team for support on divestment and Operations Support for advice on B22 Funding.

Maintaining and increasing revenue

Prioritise sites that are well used and generating revenue for the department within reasonable costs. The DOC booking system helps to increase revenue and manage congestion. Over the next 12-months, all paid campsites should be made fully bookable on DOC's booking system. Paid high use huts should also be placed on the DOC booking system in the first instance. HVU will be consulting on making all huts bookable over the coming year.

Contact your Senior Visitor Advisor for support on understand what reasonable revenue means and how to move huts and campsites to the booking system.

Kauri Dieback

Manage visitor impact on kauri by maintaining experiences under kauri to standard (i.e. hygiene stations etc).

Do Not

Expansion of the visitor network is not something the department is actively considering, outside of Great Walks, Short Walks, Day Hikes. Adding to the visitor network puts additional strain on our operating budget and is not something the department can afford. However, the Future Visitor Network Programme will signal areas of our visitor network that are under serviced and future areas for investment may be signalled.

5. Prioritising BAU via Visitor Related Non-Financial Performance Levels

Refining how (or if) we meet our NFPL targets:

This section of the directions has been included to direct where work should be prioritised, and where it is acceptable for work to be reduced. It is important to note that this section is bespoke to the 24/25 business year to acknowledge the:

a. difficulty to achieve the output measures (NFPL) while transitioning to a smaller and more strategically aligned visitor network.
b. financial constraints the Department continues to work within, and the expected increase in pressure over the upcoming years.
c. transitional period between operating in a business-as-usual context, and the changes which will be directed through the Future Visitor Network Programme, the Financial Sustainability Review, and the Simplification Programme.

Regional Operations should plan to deliver on its visitor and heritage NFPL commitments. Where a decision is made that has an impact on meeting NFPL commitments because of unplanned or other factors, please contact the National Planning Manager in Regional Operations. By prioritising the most important work, it could compromise the ability to achieve the volume and spread of work that has been occurring over past years. This is considered an important shift to make to enable the Department to focus on the most important work, manage resources, and implement the Regional Planning and Engagement step planned for late 2024.

It is acknowledged that financial limitations play a large role in how work is prioritised in the regions. Keeping visitor experiences to standard can be difficult with limited CAPEX and OPEX. These directions are not able to resolve all financial constraints, but they do offer more direction on trade-offs which can be made.

Visitor Safety remains a priority for the department so huts with high-risk visitor safety issues, especially those with outstanding extreme and high risk work orders in EAM, should be prioritised. All options to address visitor safety risks, including closure, should be considered. Reducing the number of huts and tracks to standard should only occur where it does not increase high-risk visitor safety issues.

Huts to standard (NFPL 90%)

The NFPL for huts to standard remain at 90%. However, for 24/25 these directions include advice on achieving a more strategic distribution of huts to standard across the country. This means undertaking work based on the most popular and highest valued huts, rather than those easiest to maintain.

Identifying which huts should be de-prioritised in achieving standards is difficult through this document. The below analysis of Hut Standards is only a tool to support your decision making. The FVN Programme will work with you later in the year to make longer-term decisions about which huts should be de-prioritised on a more permanent basis – either decommissioned or provided by others and no longer contributing to the department's visitor network.

In the interim, the focus should be:

Hut Standard / volume	Target % huts to standard	Explanation	As at 26th March 2024 % to standard
Great Walk (33)	95%	Aim to keep these to standard as much as practically possible.	72.7%
Serviced Huts (97)	80%	Maintain most of these to standard where possible, focussing on the most popular ones.	59.2%
Serviced Alpine (15)	80%	Maintain most of these to standard where possible.	66.7%
Standard (415)	70%	Reduce number of these to standard where possible,	68%

		focussing on the most popular ones.	
Basic/Bivy (387)	60%	Reduce number of these to standard where possible, focussing on the most popular ones.	71.9%

First Priority should be given to Great Walk Huts, with the aim of keeping them as close to 100% as possible, acknowledging the constraints that are out of DOC's control (e.g. significant damage from weather events).

Second Priority should be given to Serviced Huts with the highest values and visitation. Early indications from the FVN Programme show that we have more Serviced Huts than is required in the visitor network. Our Serviced Huts are very expensive to maintain and until we know which Serviced Huts should be deprioritised, we recommend maintaining the most popular ones in your region, and deprioritising those that have lower values and visitation.

Serviced Alpine Huts are challenging for the department. We currently have a reasonable level to standard and this could be maintained but not increased.

Standard, Basic/Bivy Huts have reasonably high achievement of standard levels (being a relatively low standard). The FVN Programme is likely to determine that we have more Standard, Basic/Bivy huts than can be afforded in the visitor network. We recommended pausing further (non-safety related) work to keep these huts to standard, except for those well-used huts in your region.

To support Regions in maintaining lower priority facilities, we will be working to increase facility maintenance carried out by third-party partners like BCT.

Tracks to Standard (NFPL 45%)

The NFPL for tracks to standard remain at 45%. However, for 24/25 these directions include advice on achieving a more strategic distribution of tracks to standard across the country. This means undertaking work based on the most popular and highest valued tracks, rather than those easiest to maintain.

Identifying which tracks should be de-prioritised in achieving standards is difficult through this document. The below analysis of Track Standards is only a tool to support your decision making. The FVN Programme will work with you later in the year to make longer-term decisions about which tracks should be de-prioritised on a more permanent basis – either decommissioned or provided by others and no longer contributing to the department's visitor network.

Priority	Visitor Experience	Track Standard	Target % to standard	Explanation
1	Great Walk	Great Walks (Primary track only)	95	The Great Walk track Standard should only be applied to the main track on the Great Walks Visitor Experience.
2	Day Hikes	Walking Track and Easy Tramping Track	95%	Different Track Standards apply to Day Hikes Visitor Experience. Manage appropriately.
3	Short Walks	Short Walk and Walking Track	95%	Different Track Standards apply to Short Walks Visitor Experience. Manage appropriately.
4	Unfunded new Short Walks and Day Hikes	Short Walk, Walking Track, Easy Tramping Track	80%	New Short Walks and Day Hikes are planned, but unfunded. Different Track Categories apply - manage appropriately.
5	Other	Various	As budget allows	Maintain tracks that are the most popular and accessible for visitors, and those that lead to huts that have also been prioritised.

First Priority should be given to the main walking track on Great Walks, with the aim of keeping them as close to 100% as possible, acknowledging the constraints that are out of DOC's control (CAPEX required to bring to standard).

Second Priority should be given to the main track on Day Hikes and Short Walks, with the aim of keeping them as close to 100% as possible, acknowledging difficult constraints (CAPEX required to bring to standard). Note the Short Walk track category does not directly correspond to the 'Short Walks' classification.

Third Priority should be given those tracks that are likely to join the Day Hikes and Short Walks Visitor Experience Sets. Although these routes are unlikely to join the visitor experience without a CAPEX uplift, they should be prioritised in the interim and kept to an appropriate standard. Refer to the Business Plan here: DOC-7519044

Fourth Priority should be given to tracks that are popular with visitors and/or accessible (wheelchair) to visitors. This could be across different track standards but likely to include Short Walk (disabled) Track Category.

Do not
Work should not be undertaken on tracks just to achieve our overall NFPL targets.

Structures to Standard (Overall NFPL 95%)

Overall, we recommend meeting the NFPL target. This is because structures often have a role in visitor safety. First Priority should be given to structures on or related to Visitor Experiences with high visitation (Great Walks, Short Walks, Day Hikes, Great Rides, Te Araroa Trail).

Use of the EAM system

When applying these instructions, it is essential to use the EAM system wherever relevant – including in the planning, scheduling, and completion of Work Orders. The EAM system is an important tool for monitoring performance across the Heritage and Visitor system and for visitor safety.

More purchasing for in-Region Heritage and Visitor work must be done as Work Orders in EAM. This will help DOC to understand the true cost of our asset base and will enable better conversations about what is possible within our limited capacity and financial resource. Accurate cost data in EAM will also help inform better business decisions and support budget bids for increased Crown funding.

Item 22

Strategic Direction for Heritage and Visitor Capital Expenditure

Fraser Clements

(Date: 04/11/2021)

Department of Conservation
Te Papa Atawhai

New Zealand Government

Contents

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Executive Summary

Purpose

The purpose of this guidance paper is to bring together DOC's vision and the heritage and visitor strategy and pathway, to provide a clear line of sight for decision makers on visitor capital expenditure.

The strategic direction for heritage and visitor capital expenditure will promote and ensure that the Heritage and Visitor Strategy and relevant insights are used to inform coherent national heritage and visitor capital investment decisions.

Strategic context

DOC is guided by our Kaupapa Papatūānuku Thrives. This means driving investment that considers conservation outcomes alongside fostering recreation in nature and sharing stories of our heritage to support benefits to our people and communities. The priorities are captured in DOC's Heritage and Visitor Strategy and its three goals: Protect, Connect, Thrive.

From the Heritage and Visitor Strategy, DOC developed a Heritage and Visitor Pathway which focuses our investment on five components: Destinations, Products and Services, Core Services, Innovation and System Enablers.

Shifting the focus of our visitor asset capital expenditure

Through our current insights, we understand the value of planning for more people to visit protected areas as the New Zealand population increases. At a high level, DOC should be:

- Investing in places that are close to population centres; and
- Investing in short and accessible experiences such as picnicking, bird watching and short walks.

DOC needs to invest more in the frontcountry while still providing a proportionate amount of backcountry experiences. Other key considerations include where visitors travel and what iconic places they visit.

Currently, the nature of DOC's visitor asset base varies region to region. It does not equate to visitation or experiences desired by the public. This is due to organisational challenges and complex historic decisions DOC has inherited. Due to the fiscal imbalance caused by our ageing infrastructure versus the budget we have to spend, DOC is currently almost exclusively investing in visitor safety. A challenge DOC faces is, how do we actively make decisions not to re-invest in some of our ageing infrastructure?

Disinvestment would allow us to focus our efforts on our most important places and areas that deliver more proactively towards our Kaupapa and Intermediate Outcomes. DOC's drivers for heritage and visitor capital spend on the current network should be: protecting the environment; visitor risk and safety; connecting people to key experiences; fulfilling legislative requirements; delivering on partnership commitments with iwi, hapū and whānau; and supporting collaborative commitments with others (Te Araroa, NZCT, BCT and other key community interest groups).

The COVID-19 pandemic has enabled DOC and the wider tourism industry to reassess New Zealand's offering. Across Government and industry, DOC has concluded that we need to take a values-based approach to tourism which gives back more than it takes from the four wellbeing's (environmental, social, cultural, economic).

Focus areas to inform capital investment
With the changing context of COVID-19, insights on our customers and available strategic guidance, there is an opportunity for DOC to focus its capital investment and to effectively use the CAPEX criteria (Appendix 1). To achieve DOC's Kaupapa, the Heritage and Visitor Strategy's shifts and our outcomes, DOC has developed nine focus areas to inform capital investment:

1. Focus on product sets that connect New Zealanders to nature
2. Effectively and efficiently manage visitor activities at our important places that are under high visitor and environmental pressure
3. Focus on destinations aligned with government priorities and legislation
4. Ensure visitor experiences are managed within appropriate risk tolerances
5. Provide effective and authentic storytelling
6. Give effect to Treaty settlement commitments and work with others as appropriate
7. Provide scope for sustainability and carbon reduction
8. Ensure financial implications of investments are understood and how they impact on both Capital and Operating budgets going forward
9. Undertake end-of-life Asset assessment.

1. Our Overarching Direction is guided by DOC's Vision - to ensure Papatūānuku Thrives

This guidance paper brings together DOC's Vision and the Heritage and Visitor Strategy and Pathway

The purpose of this guidance paper is to bring together DOC's Vision and the Heritage and Visitor Strategy and Pathway, to provide a clear line of sight for decision makers on visitor capital expenditure.

The guidance for the strategic use of heritage and visitor capital expenditure will promote and ensure that the Heritage and Visitor Strategy and relevant insights are used to inform coherent national heritage and visitor capital decisions. This will help DOC maintain our network and provide enriching experiences that meet the needs of most New Zealanders.

This direction will be supported by insights on our visitors and experiences, which will inform the capital intention process and decisions. This is a guidance paper that shows the strategic direction for heritage and visitor capital expenditure, not a process paper.

This guidance is to be used as a reference for DOC's strategic direction for heritage and visitor capital expenditure.

The guidance links our strategic documents to show how they work together, and what considerations need to occur in decision-making at a high level. This guidance document is a consolidation of policy, context, and tools, that should be used to inform decision-making on capital. The document reflects the current state of the system and tools, with some indication of future changes that might be embedded into the system. This is a living document and will be updated and reviewed as required.

This guidance can help DOC staff in different positions.

Leadership	Help to guide decision-making around capital investment which is aligned with strategic guidance, current insights and relevant forecasting.
Senior Visitor Advisors / Senior Heritage Advisors / Operation Planners / Asset Planners	Help to guide this group to assess, plan, design, and propose the work that should be done in line with DOC's overarching strategies and legislation.
Regional Staff	Help elevate the general understanding of DOC's overall strategic direction

The guidance sits within the wider planning and investment system as displayed at a high level below:

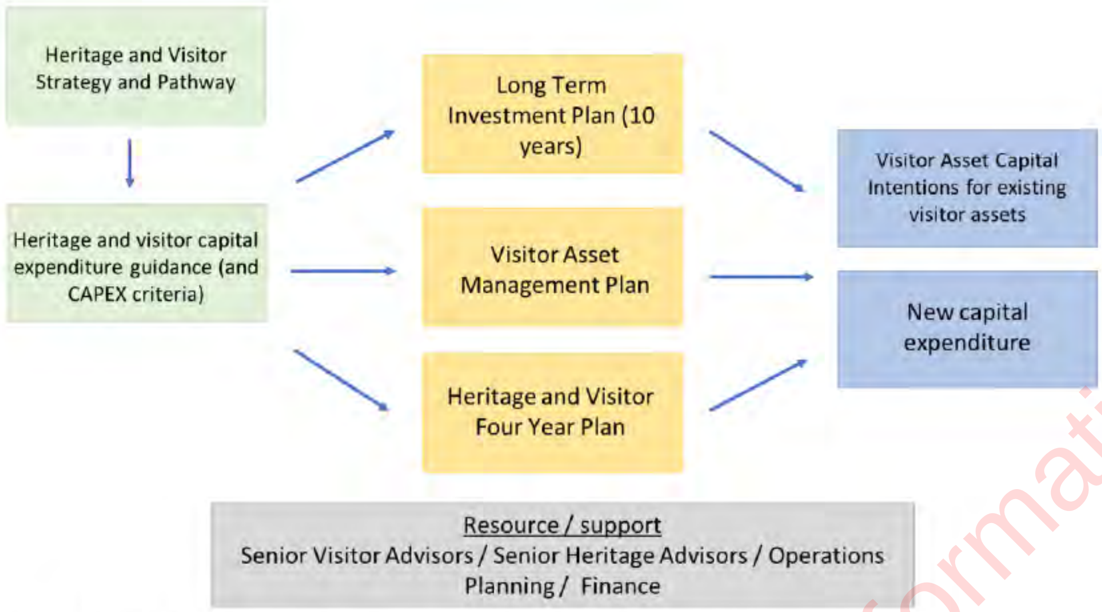

Figure 1: Positioning of the heritage and visitor capital expenditure guidance

DOC's Heritage and Visitor Strategic direction is underpinned by DOC's Vision

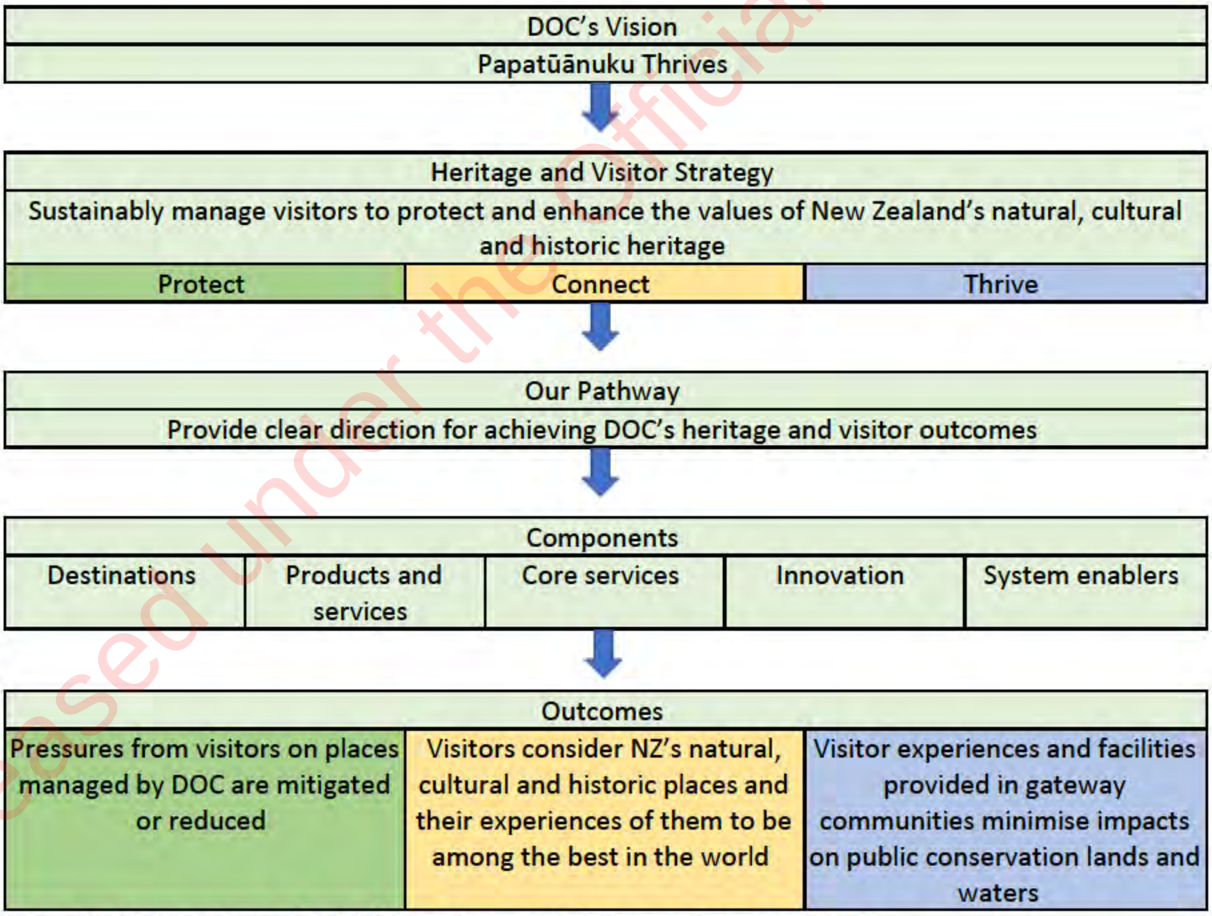

Figure 2: Strategic line of sight for heritage and visitor capital expenditure

In the Heritage and Visitor System, DOC's vision means enhancing the wellbeing of New Zealanders and Visitors

Our objective is to ensure Papatūānuku Thrives. For the Heritage and Visitor System, Papatūānuku will thrive through enhancing the wellbeing of New Zealanders and visitors through rich experiences of our natural and cultural heritage. This will, in turn, further the Kaupapa's vision of 'people that care' which flows into giving back to the environment and positive biodiversity actions. For visitors to care, it is vital that they connect first. Connecting has a positive impact on individuals wellbeing, so there is an opportunity for DOC to be more conscious in the messaging of care hardwired into the visitor experiences we deliver.

At the centre of this objective is an understanding that engagement with natural and cultural heritage in the outdoors plays a positive role in enabling people to lead fulfilling lives with purpose and balance. DOC seeks to encourage people to participate in recreational activities; visit our unique places; protect these places; and connect with their heritage and identity. New Zealanders will, in turn, support and protect these places through conservation and participation.

Through our visitor activities DOC aims to ensure people have a wide range of quality experiences that connect them with nature across Aotearoa. DOC seeks the desired facilities and social settings for our activities to match the expectations of current and future New Zealanders. DOC seeks to transition to protecting as well as telling stories about its cultural and historical assets. This will ensure New Zealanders understand, appreciate and actively contribute to the protection of our unique natural and cultural heritage.

DOC is operating within a complex context

DOC provides for and manages New Zealand's largest recreation network which includes over 14,600km of tracks, 326 campsites, 967 backcountry huts, 20 Heritage Icons, 13 National Parks, 44 Marine Reserves, and a range of other reserves where people can undertake recreation.

DOC faces challenges and problems within this recreation network:

- DOC has an estimated accumulated deferral of $60.5 million, for visitor assets alone. Our total available capital funding with forecast replacements will only cover 66 percent of required investment at current service levels.
- DOC struggles to manage heritage protection activities to maintain a representative sample of heritage sites and keep the fabric of active conserved heritage places stable, with many endangered, or lost already.

DOC's roles across the tourism system means that it has contributed significantly to both supporting the tourism recovery and shifting tourism to deliver greater benefits to New Zealanders across the four wellbeings (environmental, cultural, social, economic). There is a desire from the Government and the tourism sector to not return to the pre-COVID state of visitation and impacts when borders re-open. For DOC, this means taking a more active and strategic role in the visitor system.

DOC's approach is guided by our Kaupapa Papatūānuku Thrives. This means caring for Papatūānuku, fostering recreation in nature and sharing stories of our cultural heritage in order to support benefits to our people and communities. The priorities are captured in our Heritage and Visitor Strategy and its three goals:

• **Protect** – New Zealand's natural, cultural and historic resources are preserved and protected to maintain cultural and historic values, biodiversity, ecosystem health, landscapes and natural quiet.

• **Connect** – Visitors are enriched and better connected to New Zealand's natural, cultural and historic heritage.
• **Thrive** – Tangata whenua, regions and communities benefit from protecting, and connecting visitors with, their natural, cultural and historic heritage.

The Strategy has nine key shifts and is aligned with the Aotearoa New Zealand Government Tourism Strategy. DOC aims to move the visitor system towards a more sustainable and strategic model for visitor management, rather than responding to visitor-related issues as they arise.

The Senior Visitor/Heritage Advisors are available to help understand appropriate investment considerations on assets and whether they will meet (or not) the requirements of the experience or destination offering.

2. DOC has established a pathway forward

DOC has established a Heritage and Visitor Pathway with the vision of enhanced wellbeing for New Zealanders and visitors through rich experiences (recreation and heritage) of our natural and cultural heritage. The Pathway provides a platform for DOC to prioritise its activities and evaluate options to close the gap between where DOC would like to be in 10 years' time, in an ideal state with no constraints (unconstrained pathway), and the reality of the constraints that DOC faces for delivering our outcomes (constrained pathway).

The Pathway incorporates DOC's strategic drivers, Government strategies, the stretch goals and external and internal drivers. The investment components (image below) are aligned with the Strategy's Protect, Connect, Thrive goals. They will enable DOC to set places and visitor experiences up well for the long-term, provide a range of enriching activities that connect people to nature and heritage through working effectively with others.

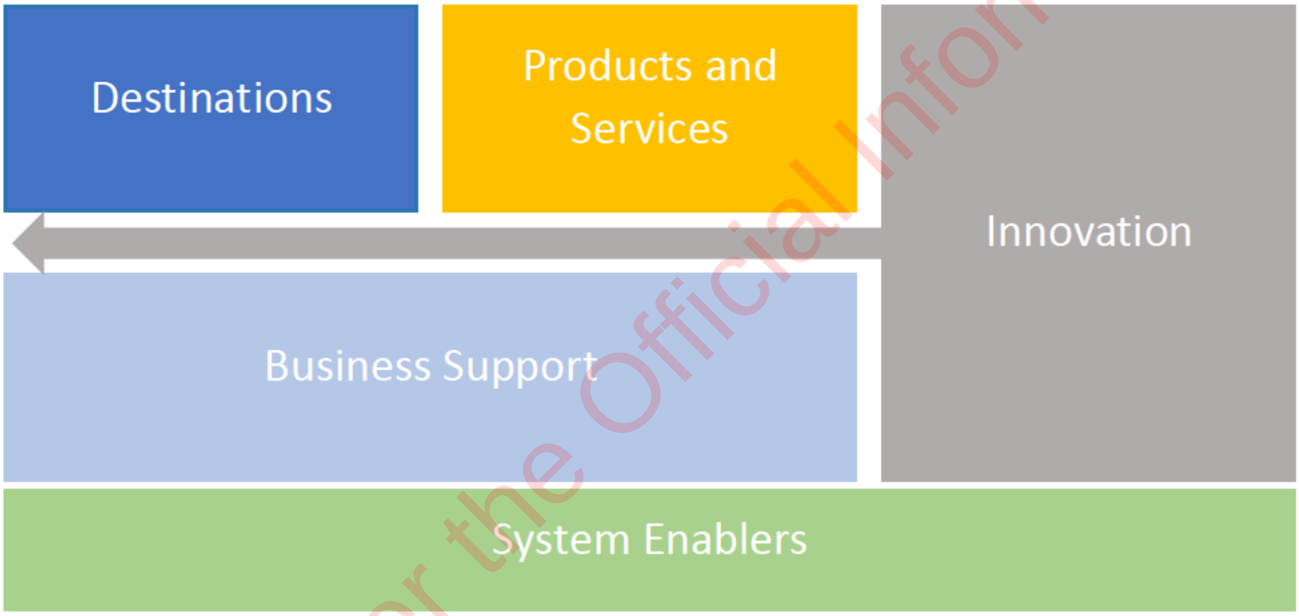

Figure 3: Heritage and Visitors Investment Components

DOC has an opportunity to engage New Zealanders and encourage them to explore their backyard ('back your backyard New Zealand') while welcoming international visitors and sharing with them our rich natural and cultural heritage. DOC will focus on products that best align with our outcomes (i.e. Short Walks, Day Hikes, Tohu Whenua), destination management (i.e Milford, Tongariro, South Westland, Mackenzie) and places close to urban centres (i.e Orongorongo's, Godley Head). This will include areas associated with strong growth in visitor numbers which indicate future tourism pressure challenges (DOC-5556033 and DOC-5549942). This will encourage people to connect with the outdoors, gain wellbeing benefits and facilitate a stronger connection to nature while continuing to enable DOC to protect New Zealand's natural and cultural heritage. Thus, supporting people to contribute back to nature and enabling them to ensure Papatūānuku Thrives.

<u>Heritage and Visitor Pathway Components</u>

The components of the pathway are:

a. the key destinations in New Zealand's visitor, recreation, and heritage network that are managed by DOC and require long-term planning with Treaty Partners, the community, and users

b. the products and services that best connect New Zealanders and international visitors to our natural and cultural heritage through enriched experiences

c. ensuring network resilience (core services) focus on heritage protection management and best practice asset management to provide the 'backbone' of the network being built around reducing risk, fixing if below standard, maintaining agreed service levels, disinvestment (if appropriate), and upgrading within the destination/products and services approach. Part of this will be to build visitor asset resilience to climate change impacts.

d. enabling innovation and improvements to take place within the system while insulating the risk to other components.

e. building the system enablers which support us to run the system effectively and deliver on our commitments.

3. Insights on who our visitors are should inform decisions

Our visitors

DOC knows a significant amount about our current visitor numbers, destinations and expenditure. We are progressing work on segmentation of our visitors and when completed, it will be used to inform capital decision making. Key considerations in capital decisions include: taking into account the people who interact with our natural and cultural heritage, and understanding expectations around experience. This understanding of expectations and experience will encourage more New Zealanders to connect deeply with our nature and heritage and gain the associated benefits. It will also help us understand and achieve our Heritage and Visitor Strategy outcomes which are:

- Pressures from visitors on places managed by DOC are mitigated or reduced
- Visitors consider NZ's natural, cultural and historic places and their experiences of them to be among the best in the world
- Visitor experiences and facilities provided in gateway communities minimise impacts on public conservation lands and waters.

Understanding New Zealand's domestic population and international visitors

Looking at New Zealand's population, it is likely to grow but the growth rate is anticipated to slow in the long term.[1] Auckland is projected to grow faster than the rest of New Zealand, followed by Waikato and Christchurch.

With the current state in mind, for our local population DOC should plan for more people to visit protected areas as the New Zealand population increases. We should also be aware that a higher proportion of these new visitors will have less experience recreating in the outdoors. DOC should be looking to invest, or work with others, in places and experiences that are within a 2-hour drive of main centres (such as Auckland, Wellington, Hamilton and Christchurch).[2]

Prior to COVID-19, Australia was New Zealand's largest international visitor market and this is likely to continue in a post-COVID environment.[3] DOC should be looking to understand Australian's needs and wants in order to future-proof international visitor expectations in the New Zealand outdoors. Acknowledging the huge uncertainty around border closures and openings, DOC should be adaptive to minimise negative impacts from new international visitor trends (i.e., flight shaming and sustainable tourism).

Other key information to note are:

- New Zealand's population is ageing;[4]
- Māori are younger and a growing proportion of New Zealand;[5] and
- New Zealand will continue to become more diverse.[6]

With our country's growing diversity our investment decisions should consider preferences from a range of ethnicities and age groups while being adaptive to change through long term thinking.

[1] Subnational population projections: 2018(base)–2048 | Stats NZ
[2] Subnational population projections: 2018(base)–2048 | Stats NZ
[3] 2019-2025 international tourism forecasts | Ministry of Business, Innovation & Employment (mbie.govt.nz)
[4] Subnational population projections: 2018(base)–2048 | Stats NZ
[5] New Zealand's population reflects growing diversity | Stats NZ
[6] Changing demographics | AA New Zealand

Segmentation model – New Zealand segments (New Zealanders in the outdoors - Domestic customer segmentation research (doc.govt.nz)) (PLACEHOLDER FOR NEXT ITERATION)

Types of experiences
Research, data and monitoring highlights that leisurely activities such as short walks, picnicking and sightseeing are popular with New Zealanders and will grow due to increasing time pressures and a growing population.[7] Annual visitation to cultural heritage places within recreational destinations is relatively high (fourth highest activity undertaken by New Zealanders in the outdoors) and will most likely grow in demand with education curriculum changes regarding New Zealand's history. When looking at experiences we should understand what Visitor Group these are tailored towards and what the visitors' associated expectations are.

DOC should focus on short walks, picnics, sightseeing experiences as they are popular with New Zealanders. Investing in compelling cultural and heritage products and engaging storytelling (interpretation) would help raise the profile of cultural heritage sites. DOC should also prioritise developing experiences focused on connecting people in a sustainable and engaging way to coastal experiences near beaches as a lot of visitor activity occurs here over summer. Within the backcountry DOC should continue to offer a range of overnight experiences, which is proportionate to visitor use, while continuing to explore bookable accommodation and appropriate levels of service.

Other prominent considerations are that lakes, beaches, coastlines or marine reserves were the most visited environment over summer and that DOC also needs to consider our backcountry experiences in order to maintain representative and proportionate range of our multi-day offerings amongst our range of experiences.[8]

Through our insights we know biking is a popular experience, but DOC should limit investment to the Great Rides. Outside of the Great Rides, investment should be minimal as it is provided by others and cyclists are already engaged and willing to travel to participate in this activity. Further thought needs to be undertaken on the impacts of cycling and how, as an activity, it connects New Zealanders to the outdoors and how we might work with others to provide for this experience.

User Charges
The revenue generated from DOC's accommodation facilities contribute to funding conservation and recreation throughout New Zealand. A key consideration in capital investment is understanding where user groups could contribute more to the investment operating costs for the facilities and the products they use as it can release more general funding to taxpayer funded 'public good' conservation work. The user charges set can also help manage demand and capacity to enable efficient use of CAPEX investment (by reducing the need to build for peak demands).

The setting of fees should be informed by DOC's knowledge of its visitors/customers (such as, their preferences, income levels, willingness to pay, the benefit they gain and the value they place on their experience) and the cost to deliver and maintain the resources and facilities visitors use.

7 New Zealanders in the outdoors - Domestic customer segmentation research (doc.govt.nz)
8 Summer 2020/21 visitor insights report (doc.govt.nz)

4. External influences contribute to our context and decision making

Context

Much has changed in New Zealand since the Government imposed a nation-wide lockdown in response to the COVID-19 pandemic on 26 March 2020. Prior to the impacts of COVID-19, the tourism sector had experienced considerable growth. This provided increasing economic value, but also brought challenges to our infrastructure, communities, culture, and environment. DOC, government agencies (such as MBIE AND TNZ) and others initiated a range of programmes to address these issues.

Visitor Risk and Safety

The land and waters managed by DOC have many significant natural hazards (volcanic, geothermal, adverse weather, avalanche, landslide, rockfall etc). Hazards can also arise from activities that people undertake on PCL&W, (e.g., boating, vehicle use, hunting, commercial use). Hazards can also come from assets that are not managed to a required safety standard.

DOC's Visitor Risk Management Policy requires hazards to be identified, assessed and users to be informed of risk. Users can then make more informed decisions on the level of risk they choose to accept.

In decision making regarding capital investments, the following issues must be considered:

- In the original concept phase, there must be a clear focus on the visitor group that the experience is designed for. Over investing at a site may attract users who are less skilled and less able to stay safe in the environment.
- Thorough visitor risk and safety assessments must be undertaken prior to committing to a capital investment or upgrade. E.g., making agreements with stakeholders about the desirability of any investment prior to a thorough risk and safety assessment.
- Once the range of risks or issues are identified it is critical to re-visit the original concept and determine whether the experience envisaged is still viable.
- All assets must be built to the appropriate regulatory standard. They must also be maintained to those standards through their life-cycle.
- In situations where there is a range of land ownership (DOC land, land owned by others), asset ownership (assets owned by others, assets owned by DOC), and various management agreements (managed by DOC, managed by others) there needs to be due diligence applied across the whole situation before risk acceptance and capital expenditure decisions are made.
- When existing assets or experiences have a proposed change of use, or a new risk and safety assessment is undertaken it is quite common that new hazards and risks are identified. This situation where increased capital spend is being requested, needs careful evaluation.
- Safety can be used as an excuse for a capital upgrade and may not be genuinely justified. When replacing an asset with a higher specification asset, rigour on the safety assessment is required.
- If there has been a visitor incident at a site, any upgrade proposal needs scrutiny. There can be a tendency to upgrade the asset when a better solution may be to manage the user expectation or promotion of the activity.
- At some sites, management of visitor hazards and risk may become too expensive. Decisions to down scale or disinvest should be considered.

Climate change adaption – a present and future threat
A recent Climate Change Adaptation Action Plan (CCAAP) outlines the actions DOC will take to reduce the risks posed by our changing climate between 2020/21 and 2024/25. Climate change will likely affect how people use New Zealand's PCL&W and how heritage sites are managed.

Parts of New Zealand that experience high rainfall will most likely become wetter, with more intense storms. Coastal heritage sites will be at risk from sea-level rise and storm surges. Assets at alpine sites will also be threatened.

Road access to some popular visitor destinations may be at risk of closure due to increased storm damage from more intense storms and the costs and viability of ongoing repairs. Coastal tracks and popular coastal campsites may experience more frequent damage and closures due to sea-level rise and increased storm damage. The loss of permanent ice (i.e., glaciers and permafrost) will cut off access routes and potentially result in slow-moving slips. These factors heavily effect where DOC invests, the level or risk and the appropriate usable life of our investments.

This means, when considering capital expenditure, thought needs to go into the resilience of the site, the sustainability of its fabrics and use and what impact climate change will have. Consequently, this will most likely shift what we invest in and where.

Climate Change Mitigation
Climate change mitigation is about decarbonation and waste minimisation. Mitigation measures are currently considered through the Indicative Business Case process, predominantly through the tender process in proposed solutions. For example, a tender must demonstrate the estimated percentage of carbon reduction over traditional design and demonstrate the ability/ease of recycling materials at end of life.

Our standards and policies also have potential to strengthen our commitment to sustainability. There are considerable issues to overcome in this space (e.g., the use of helicopters, diesel, coal, heating in huts). These decisions are complex, and all have consequences, so we need practical solutions to support the business in this space. There is an active and ongoing discussion between Operations and the Heritage and Visitors Unit about how and when to integrate sustainability into our standards and policies to meet our de-carbon commitments by 2025. Our capital decision making will change because of this work, so all projects should be well thought out, and seek internal guidance on our best practice mitigation advice.

Customer preferences – a rebalance of visitors
International travel is likely to become more costly in the short term due to COVID-19 pandemic disruption. It is also likely to become more costly in the longer term because of the search for lower emitting aircraft fuels.[9] DOC may see fewer international visitors than expected due to the cost to travel to New Zealand, but we will likely see more domestic tourists holidaying in New Zealand. DOC needs to understand these trends to ensure our experiences are aligned with our appropriate visitors' expectations.

We should also work to ensure DOC priorities are aligned or acknowledge Regional Tourism Operators priorities so that we can understand constraints and maximise collaboration opportunities.

Initial trends since COVID-19 have seen a change to the way people work and therefore live. A lot more people are now working from home, so there is less need for them to be tied to large urban

[9] nzier_insight_95_tourism_recovery.pdf

city areas. Therefore, the once declining smaller towns of New Zealand now seem to be thriving and growing at a pace never experienced before. Populations are wanting to live in areas where housing is affordable and close to areas that connect them to nature. DOC needs to be aware of these shifts in population and how this can affect even small PCL sites within easy access of small towns. These sites may grow rapidly in visitor numbers and can enhance people's connection with the natural environment and their desire to be involved in protecting nature.

Our role

DOC has a significant part to play in both supporting the tourism recovery and shifting tourism to deliver greater benefits to Aotearoa. This would involve DOC taking a more active and strategic role in the visitor system. DOC has already moved into this space through our Jobs for Nature mahi and contribution to cross government and agency initiatives such as the International Conservation and Tourism Levy (IVL), Destination Management Planning, the Tourism Futures Taskforce and the Parliamentary Commissioner for the Environment's report. With nature being the key reasons for both international and domestic travel, DOC has a key part to play in fostering recreation in a sustainable way. Through these opportunities we can support New Zealanders and our offering to give back more than it takes from the four wellbeings.

DOC's value approach

DOC aims to shift the narrative to a values-based tourism system, which aligns better with the notion that 'tourism gives more than it takes' and that there is an alignment of values between hosts and guests (What is high-value tourism? A Te Papa Atawhai approach).

DOC should move from a visitor-centric to a system-centric approach, and from a narrow revenue/expenditure interpretation to a broader values-based approach measuring visitor economy outcomes based on environmental, social, cultural and economic indicators.

To illustrate the importance of understanding and respecting underpinning values, we use the analogy of a tree with a healthy root system:

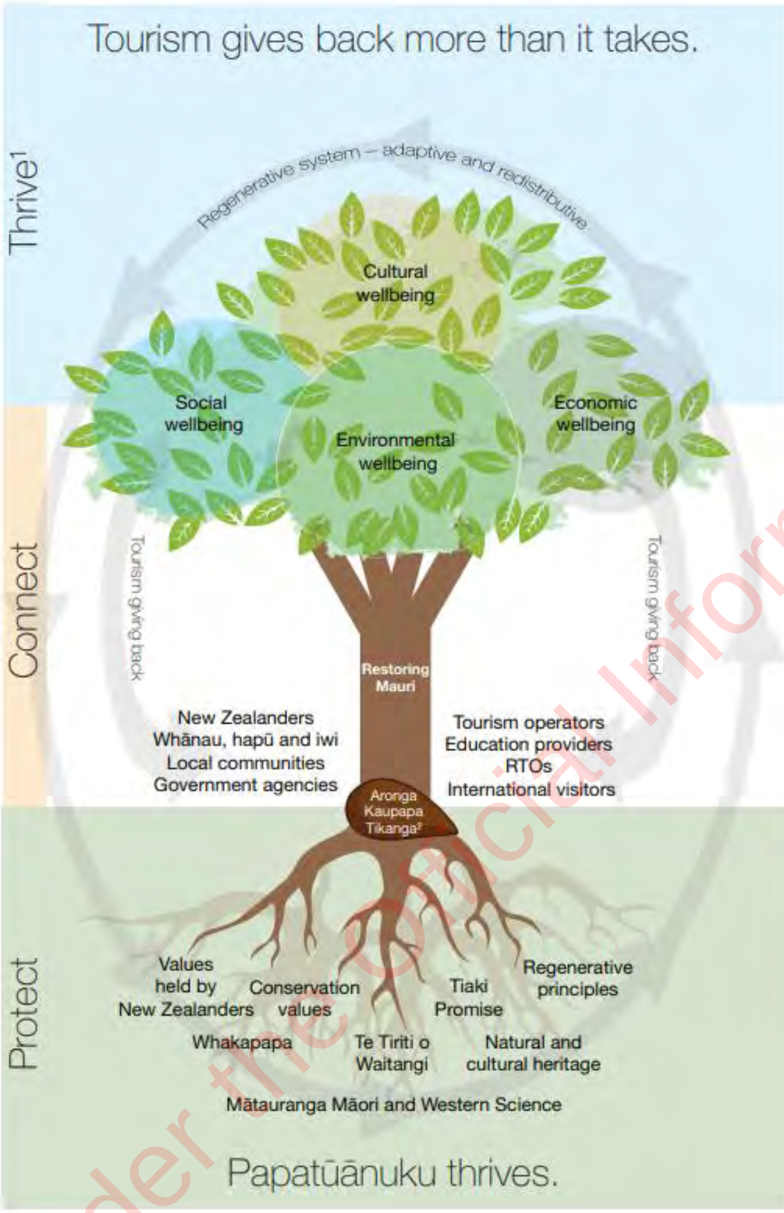

Figure 4: A strong base, rooted in New Zealand values, is essential for a sustainable, inclusive and resilient tourism system.

Drawing on different types of knowledge (including Mātauranga Māori and Western), tikanga values, and existing tools (e.g., Tiaki Promise) can help build the foundation. The crown of the tree is made up of four wellbeings, corresponding to the four capitals in Treasury's Living Standard Framework, namely natural, financial/physical, human, and social/cultural. Whilst all are important to generate positive outcomes for Aotearoa the health of our natural capital and the resulting environmental wellbeing is foundational to all other activities.

The next steps for DOC are to continue investing into strengthening footings, by working with tangata whenua, communities and businesses, and understanding place. Understanding and monitoring the outcomes of tourism must become central to investment, management and policy. To lay the foundation for a regenerative system, it is important to create opportunities for visitors to help restore Te Taiao. Mechanisms to enable contributing and 'giving back' need to become integral parts of the nature visitor experience.

5. DOC's Heritage and Visitor Asset Base

Context

Our current asset base is dispersed and varied region to region. This is due to a combination of inherited assets, organisation challenges and the complex historic decisions DOC and its predecessor organisations have made. DOC's current investment patterns and decisions are constrained to ensuring everything is safe, rather than strategically deciding what we should stop investing in to focus our best effort in the places we think are the most important.

Our current funding levels are struggling to maintain existing levels of service in the short-to-medium term with high levels of deferred replacement and reactive maintenance requirements. Our current levels of service will not be sustainable in the long-term. Operating levels are insufficient to keep up with the required levels of maintenance with accumulated backlogs creating a rolling cycle of deferral.

DOC has deferred capital asset replacements to operate within its depreciation funding affordability constraints. DOC has accumulated a large financial capital liability due to a backlog of assets in service that have reached the end of their economic lives. Therefore, investing in new assets will require additional capital. There is significant investment required in our three waters infrastructure, particularly at Whakapapa Village and Aoraki Mount Cook. Over the next 10 years, it is estimated the new investment required for three waters alone could be up to $90 million. There is only a limited funding pool for heritage maintenance.

This makes it challenging to adjust and transfer funding within the system to respond dynamically to changes in our external and internal environment or react to significant events. The deferral of previous investment also adds considerable pressure when DOC seeks to undertake new activities, partnerships or develop new products and services.

Regional asset spread

The amount of land and infrastructure DOC manages in the South Island compared to the North Island leads to a skewed asset base that is not focused on where the majority of New Zealanders live and play. We should also consider who else is operating in this space around us and how to best work with them. As a key principle DOC should not compete with commercial offerings but seek to complement these experiences or provide alternative experiences where there is a need to spread the load. Each region should understand and plan for both replacements and an exit from over commitments.

Regional spread – Population movement projections based off historical movement

Through our insights we know Auckland, Canterbury and Wellington regions have a large population base. Auckland's neighbouring regions and other large urban areas have high domestic demand. Key South Island tourism destinations (i.e., Fiordland, Otago, Mackenzie, Kaikōura and West Coast) had the highest ratio of international visitors to people in their regions. Some destinations experience more people on the weekends, especially in the summertime (i.e., the Far North and Coromandel).

This means DOC should be investing at places where many people live, or travel, such as Auckland, Canterbury, Waikato and Wellington. Places near Auckland such as Waikato, Northland and Coromandel have high domestic demand and this demand will continue to grow. DOC also needs to consider that coastal areas, such as the Far North and Coromandel, experience much higher visitor activity during weekends and summer.

Destination Management Framework (DMF) asset spread

DOC is currently using DMF categories to drive investment. This has initiated a shift to investing in Icons and Gateways more strongly than Local Treasures and Backcountry. However, many of DOC's assets are located in the backcountry and require high investment to keep to an appropriate standard and level of safety. The large quantity of investment in the backcountry and their short life cycle nature (tracks) require us to strongly consider what experience they provide and to whom. Given this, when assets reach end of life, DOC needs to consider all options when making decisions around backcountry infrastructure including non like for like replacement and removal.

Through looking at the general public's visitation patterns to PCL&W, DOC have begun to action a shift from backcountry to front country. To further this shift, DOC will continue to focus investing in Icon and Gateway sites. Currently, there is an over-investment in Backcountry and Local Treasures sites.

<u>Things to consider</u>
When considering capital investment, DOC needs to clearly understand what business problem/opportunity it is addressing. DOC can do this by considering (i) visitor volumes, (ii) the profile and expectations of the intended visitors, (iii) the experience DOC is providing and (iv) what outcomes DOC is expecting to achieve.

DOC should have a tight grasp on an assets' usable life, its condition, how it connects with the destination, the product, its surrounding assets and what experience it is trying to provide. It is important to think about when the optimum time is to make a decision on the asset, or the asset in relation to the whole experience or destination. This includes understanding what stop, repair or replace actions would have on the overall experience.

DOC should always consider the fiscal environment being operating in. If DOC has constrained resources, then DOC should not be looking to invest in new infrastructure. DOC should instead look to focus our investment on areas that already have infrastructure and make decisions based on what is necessary to achieve the desired outcome. This could mean a repair, a non-like for like replacement or decommissioning (Disinvestment).

6. Reasons for Capital Investment

DOC's investment decisions should be financially responsible and flow from DOC's strategic drivers and statutory responsibilities. DOC should be looking at what decisions need to be made around existing assets, and what context they fall into whether it be disinvestment, downgrading, replacement, upgrading, or new. Our drivers for capital investment are:

- protecting the environment and conservation / heritage values
- manage visitor experiences within established risk and safety tolerances
- key products and experiences
- connecting people to our heritage
- fulfilling our commitments (Treaty, community, CMS milestones, legislation, Pathway)

To deliver on our drivers for investment, the CAPEX Criteria (the Criteria) is to be used in assessment of proposals. Although the Criteria was first developed in 2017, the Criteria has been updated to introduce the product sets and align it to the Heritage and Visitor Strategy. The three priorities for investment remain unchanged and are simplified in the figure below.

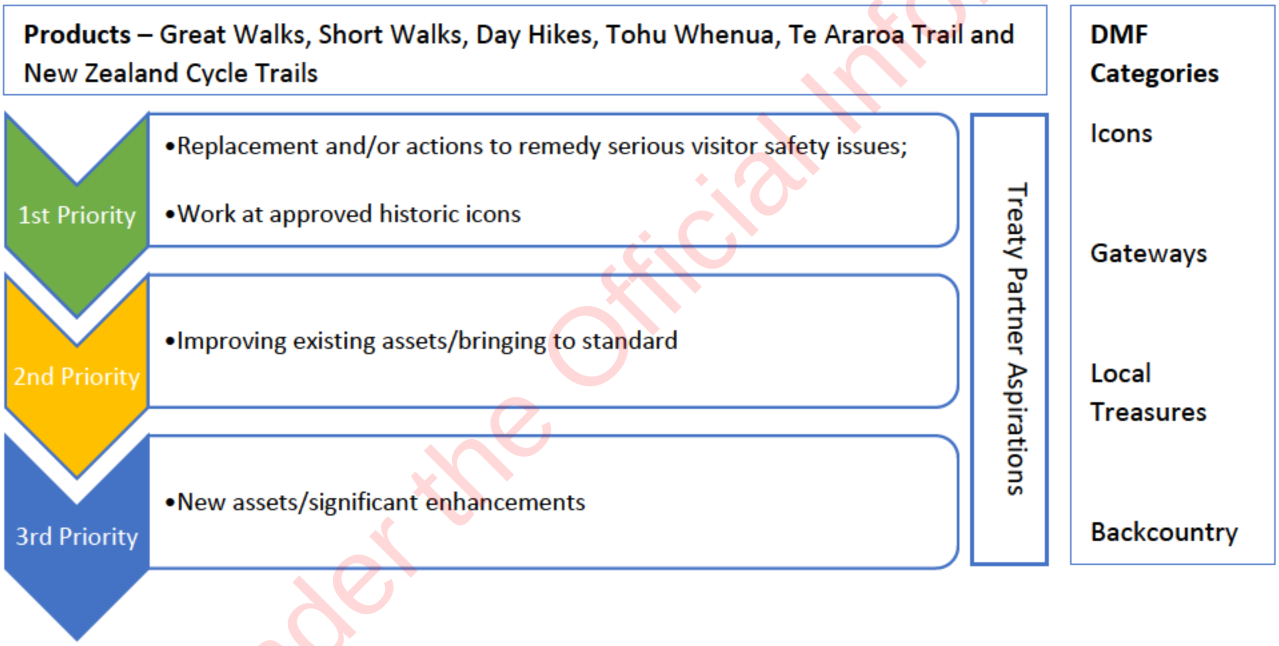

Figure 5: Simplified priorities of the Capital Criteria

The three priorities for investment are weighted differently depending on the DMF Category and if the asset is part of a Product set. The intent of the Criteria is to maintain a safe and varied network across New Zealand and focus our efforts on lifting existing experiences in our Product sets, Icons and Gateways. The Criteria provides an opportunity for new assets and significant enhancement, but for Local Treasures and Backcountry sites this is limited to situations with 3rd party funding. The Criteria is now embedded within Appendix 1 of this document which is a signal of its alignment with DOC's objectives.

<u>The purpose of the Criteria is to help facilitate good decision making on historic and visitor assets</u>
The Criteria helps ensure that we are doing the right work in the right places, reflecting visitor demand, within the resources available. The criteria are expected to cover all situations, but the DDG Operations may have priorities for visitor assets capital investment that take precedence over them. Ultimately, decisions around capital expenditure can sit outside of the Criteria as it is only one tool DOC has in aiding decision making.

The criteria are designed to ensure investment supports DOC's objectives
DOC's objectives, for participation in recreation, as expressed in the Statement of Intent and the Heritage and Visitor Strategy is central to the Criteria, while managing within the financial bounds of the Visitor Asset Management Plan. These documents, and the Destination Management Framework, work together to ensure that we:

- Align with DOC's strategic direction (Intermediate Outcome Objectives and stretch goals)
- Understand the long-term costs of investing in visitor assets
- Understand our visitors and their changing demands
- Provide quality experiences at the right standard and the right places
- Invest in bringing heritage to life
- Work with others to maintain and manage some of our visitor destinations
- Ensure that where we do spend capital, it is the right investment that supports DOC's strategic priorities for recreation and is affordable

Over Subscription
In the scenario where there is an over subscription of business cases which meet the capex criteria, a further prioritisation lens is required. A prioritisation tool managed by the Asset Management Team is used to weigh up all bids and the Recreation and Historic CAPEX Programme Governance Board make final recommendations on priority projects.

Balancing DOC's objectives for participation for recreation within financial boundaries can be challenging
The financial envelope that DOC must work within is confirmed annually and is influenced by a range of external factors that result in a budget which is smaller than what is needed to maintain the entire DOC network. This requires DOC to think strategically about what expenditure is necessary to maintain the minimum asset base to foster participation for recreation. Annual capital decision making should include 'what we want to stop investing in', rather than assuming like-for-like replacement of all end-of-life assets. Figure 7 below shows the questions we must consider over every asset at end-of-life. Decision makers must decide if assets are to be Removed, Reduced, Replaced, or Improved.

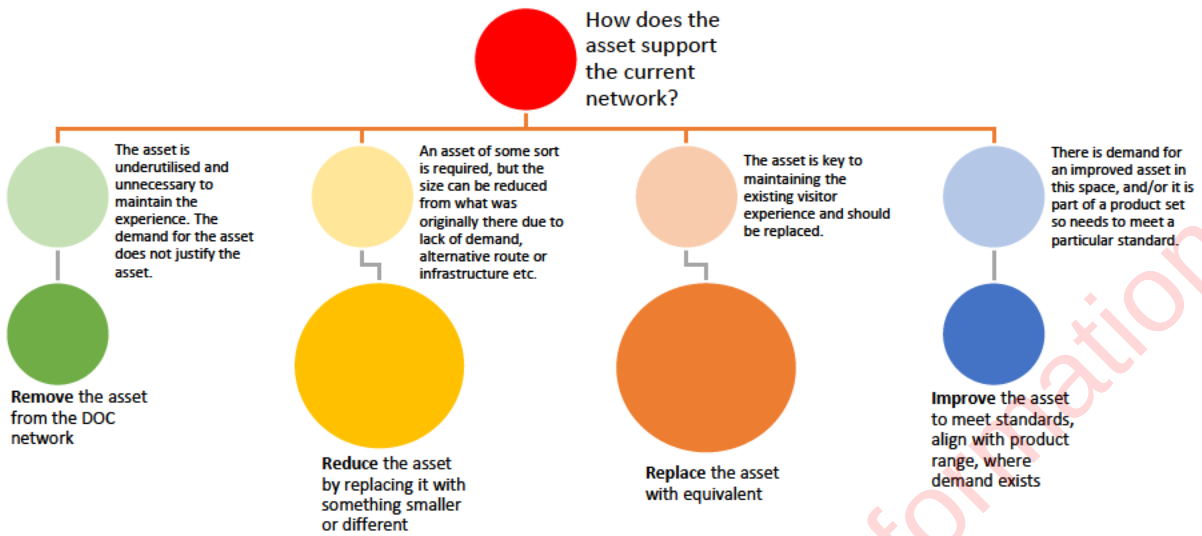

Figure 6: Approach to end-of-life assets

As indicated by the size of the circles, we would anticipate decision making under this model to result in a large proportion of assets being Reduced and Replaced, with a smaller proportion being Removed and Improved.

If a decision has been made to Remove the asset, management of 'Remove' could look different across the country. In some scenarios, the asset may be demolished and not replaced, where in others it may be that the asset is retained, but responsibility is shifted to a third party. The decision on what 'Remove' means is to be managed by a case-by-case basis, led by the Operations Unit.

7. Conclusion

This document brings together DOC's vision, the Heritage and Visitor Strategy, and the pathway, to provide a clear line of sight for decision makers on visitor capital expenditure. This guidance document is a consolidation of policy, context, tools, that should be used to inform decision making on capital. The document reflects the current state of the system and tools, with some snippets, but not all, of future changes that might be embedded into the system. Longer term, we expect changes to the Heritage and Visitor system, and supporting systems that will influence the content within this document. These include, but are not limited to:

- The planning system
- The Heritage and Visitor Pathway (Version 2)
- Segmentation research
- Product Portfolio/Framework
- Disinvestment Policy
- Heritage Investment

In order to enable the intended shift signalled in this guidance, and achieve DOC's Kaupapa, the Heritage and Visitor Strategy's shifts and our outcomes, DOC has developed nine focus areas to inform capital investment:

Focus areas to inform capital investment:

Recommendation	Justification/Explanation	Examples (note these are not exhaustive)	Things to avoid	Ideal Future State (placeholder)
Focus on product sets that connect New Zealanders to nature	DOC has an opportunity to engage New Zealanders and encourage them to explore their back yard ('back your backyard New Zealand') while welcoming international visitors and sharing with them our rich natural and cultural heritage We need to understand our visitors, what experiences they desire and what we can, and should, provide so that more New Zealanders can benefit from their connection with the environment. This will flow into more support for conservation and greater well-being benefits for the New Zealand population.	Existing experiences: Short walks, Day hikes, Tohu Whenua, Great Walks, Great Rides, Potential future products: Great Island visits, Sanctuary visits, First Hut experience, Campervan friendly campsite trails, Coastal experiences	Promoting poor quality or very risky sites to general population (i.e., if it has risk of rockfalls, avalanche, access issues during bad weather, etc)	A focus on understanding the needs of customers and targeting programmes to reach under-represented groups ensures many New Zealanders have a regular connection with nature The product approach is considering new or alternative ways/partnerships for delivery and design to address current levels of underinvestment – especially community or user participation in maintenance for backcountry, local tracks or recreation assets, and actively conserved heritage places which may not be managed at a national-scale.
Effectively and efficiently manage visitor activities at our important places that are under high visitor and environmental pressure	Through looking at the general public's visitation patterns to PCL&W DOC have begun to action a shift from backcountry to front country. In order to further this shift DOC need to continue to focus on our icon and gateway sites while ensuring appropriate experiences are provided and impacts are managed.	Places with a mismatch between visitor usage and level/quantity of infrastructure will require strong consideration to understand risk and opportunity (economic/physical/experience) in future years. Icons, Gateway, places that generate financial benefits, places showing visitor impacts.	Clustering too many in the same location.	Leading the way A world class network of protected areas and tourism attractions OR Where possible DOC should be integrating our work in these areas with other stakeholders for mutual benefit.
Focus on destinations aligned with government priorities and legislation	DOC needs to make the best use of spatial planning expertise to drive improved conservation outcomes This involves planning and prioritizing destinations at scale and focuses on experiences for a range of visitors. It also looks at the opportunities and challenges beyond DOC which can be delivered with Treaty Partners and others. This will drive positive social, economic, cultural and environmental outcomes.	Aligned with identified priority areas as shown in the regional planning teams identifications processes. (DOC-6588136) Sites aligned with strong growth in visitor numbers which indicate future tourism pressure challenges (DOC-5556033 and DOC-5549942)	Trying to compete with commercial providers.	First and second-generation plans will have been completed and implementation commenced. Third generation plans underway Planning will be providing clear investment direction that is protecting the natural, cultural and historic values and providing for exceptional experiences. They will be providing an avenue for different management approaches (i.e., limit setting) at our nationally significant destinations. The plans and approach will have strong buy-in from Treaty Partners, central government, operators, and the community
Ensure visitor experiences are managed within appropriate risk tolerances	DOC need to understand what the appropriate level of risk is for the intended experience and customer our investment is targeted towards. The land and waters managed by DOC have many significant natural hazards, hazards from activities that people undertake on PCL&W and hazards that	Things to consider: Explore the retirement loop/decommissioning/end of life Use existing infrastructure Think forward regarding future risk Considering non like for like replacement	Replacing assets without understanding the experience, destination and the visitor type needs. Investing in or promoting high risk sites	Rich outdoor culture The backcountry is available to be used by everyone, and the experiences are well designed to encourage high use by New Zealanders and international visitors

Recommendation	Justification/Explanation	Examples (note these are not exhaustive)	Things to avoid	Ideal Future State (placeholder)
	come from assets that are not managed to a required safe standard. DOC's Visitor Risk Management Policy requires hazards to be identified, assessed and users be informed of the risks so that the users can then make informed decisions on the level of risk they choose to accept.			
Provide authentic and effective storytelling	Visitor are seeking out unique and authentic experiences, and storytelling is a key delivery lever for this. Storytelling is needed: • For natural and cultural heritage conservation outcomes • For enriched and transformative visitor experience • To enable tangata whenua and communities to thrive	Opportunities in interactive interpretation and school curriculums Interactive School curriculum Remembering to tell all stories including recent changes to sites. (e.g., Matiu Somes Island has; Iwi, hapū and whanau, Settler Quarantine, WWII History (POW's & Gun emplacements), Landcare Research (first IVF in NZ livestock) and the development of the island into a nature reserve).	Decide on a design before appropriate collaboration and option scoping	Sharing New Zealand's stories The stories of a representative range of New Zealand's heritage is brought to life by the communities that care about them, and the fabric that supports these stories is protected. This produces world class heritage protection and a world class visitor experience. Or People are deeply connected to our places, for wellbeing, for learning for recreation, and feel inspired to contribute towards Papatūānuku thriving,
Give effect to Treaty settlement commitment and work with others where appropriate	Our Treaty partnerships are becoming increasingly complex, challenging, and rewarding. There is a significant opportunity to elevate our partnerships through the co-design and co-management of recreation, heritage and tourism experiences. There are ongoing expectations to explore non-statutory relationships. This includes priority access, decision-making responsibilities, co-design, and co-management that will challenge our existing models and capability. We should also work to ensure DOC priorities are aligned or acknowledge partners priorities so that we can understand constraints and maximise partnership opportunities.	Fulfil Treaty Settlement requirements – make moves against milestones. Understand and further iwi, hapū and whānau aspirations Build opportunities for tangata whenua to exercise their kaitiakitanga	Making decisions on outcomes/assets before doing any collaboration with partners	DOC will have new ways of interacting with cultural landscapes from tangata whenua heritage, cultural and ecological traditions. Working together on conservation/recreation related projects and nature based eco-friendly economic development projects. Integrating existing Māori concepts, institutions and tikanga. Mātauranga Māori is embedded into destinations to enhance visitors experience and conservation outcomes. Visitor economies that integrate Māori run ecotourism with exposure to cultural learning
Provide scope for sustainability & Carbon Reduction	We are working to improve sustainability and the carbon footprint of our visitor management activities. DOC need to develop better performance and sustainability through technology, efficient management approaches, and behaviour change.	Thought needs go into the resilience of the site, the sustainability of its fabrics and use and what impact climate change will have. Check against the sustainability strategy/CCAAP/NZCPS. Consider implications of infrastructure on alpine and coastal areas. Monitor effectiveness of investment against original business problem.	Immediately put forward like-for-like replacement	Our capital investment is increasing our resilience towards climate change impacts. DOC is investing in innovative approaches for visitor management e.g. through regenerative tourism and co-design with mana whenua DOC is collaborating with others on wider sustainability initiatives. We have mitigated the long-term impacts of climate change on the environment by reducing our emissions.
Ensure financial implication are	DOC needs to have a tight grasp on an assets' usable life, its condition, how it connects with the	Experiences that are fiscally sustaining themselves (or to this effect)		DOC understands what future investments are and when they will need to be invested in.

Recommendation	Justification/Explanation	Examples (note these are not exhaustive)	Things to avoid	Ideal Future State (placeholder)
understood and how they impact on both Capital and Operating budgets going forward	destination, the product, its surrounding assets and what experience it is trying to provide. This is so we do not negatively impact our future investment options.	Investment on areas that already have infrastructure. Investment at a time when multiple assets at a destination need a decision.		DOC looks at its investments at a destination scale instead of an asset scale.
Undertake end-of-life Asset Assessment	Assess end-of-life assets against how they support the current network to ensure we are not defaulting to replacing all assets like for like.	When as asset is nearing end-of-life consider how the asset currently contributes to the visitor network and what the most appropriate course of action is. Remove the asset entirely, Reduce it to something smaller/alternative, Replacing it with an equivalent, or Improving it.	Defaulting to replacing an asset like for like because that is the way it has always been. Completing the assessment in isolation. These can be complex questions to answer, and all nearby assets and experiences should be taken into account.	DOC has a manageable network of assets that foster visitor recreation on PCL&W.

Appendix 1: CAPEX Criteria

HVU Criteria for visitor assets capital allocations

CRITERIA

Overview

	Icon *	Gateway	Local Treasures****	Backcountry****	Priority
Business cases must illustrate how the work and proposed experience fits within the broader site context, and range of experiences provided in the visitor network for the region					Must have
Business cases must outline an adequate response to address a visitor need/experience and provide assurance that we are not overinvesting in a place. A picture of total investment at site must be provided.					Must have
Business cases must demonstrate how the work will meet the Intermediate Outcome Objectives and relevant stretch goals (international visitors, historic stories at icons and New Zealanders' lives being enriched)					Must have
Every business case must demonstrate how the work will sustain use and contribute to a better experience for visitors to the destination.					Must have
The business case must illustrate a good knowledge of visitor needs and trends in use (demand) and how this forms the basis of what is being proposed.					Must have
Regardless of the destination category there is a priority where capital is needed to meet the aspirations of our Treaty partners.					
1st Priority	Replacement with equivalent and/or actions to remedy serious visitor safety issues; Work at approved historic icons	Replacement with equivalent and/or actions to remedy serious visitor safety issues	Replacement with equivalent **and/or actions to remedy serious visitor safety issues	Replacement with equivalent**and/ or actions to remedy serious visitor safety issues	Prioritise this first
2nd Priority	Improving existing assets/bringing to standard	Improving existing assets/bringing to standard	Improving existing assets/bringing to standard**	Minor improvements/bringing key assets to standard**	Prioritise this next***
3rd Priority	New assets/significant enhancements, where demand exists and	New assets/significant enhancements, where demand exists and	New assets/significant enhancements only where demand exists &	New assets/significant enhancements only where demand exists &	Prioritise this last***

	strengthened by 3rd party contribution or revenue	strengthened by 3rd party contribution or revenue	3rd party or revenue funds most ongoing costs	3rd party or revenue funds most ongoing costs	
* Includes approved historic icons ** Where the site is in a strategic intentions group that is "favourable" *** Except where it is the DDG Operations, DG's or Minister's priority, in which case it is a top priority **** Great Walks, Short Walks, Day Hikes, Tohu Whenua, Te Araroa Trail and New Zealand Cycle Trails to be assessed under the Icon Criteria					

ICONS

Business cases need to demonstrate that they are meeting **Objective 3.1 –*"Icon sites are developed to support the growth of domestic and international tourism"* , and the relevant stretch goals.**

The focus of icon destinations is attracting New Zealanders on holiday and international visitors to these "must see" destinations.

The aim of the historic icon stretch goal is to increase the profile of heritage by growing cultural tourism.

a. <u>First Priority – Replacement with equivalent, and/or actions to remedy visitor safety issues and work at historic icons</u>

- The focus of this work is to maintain visitor safety, preserve functionality, and improve or retain current visitor numbers
- Equivalent replacement or improvement to existing facilities, and provision of new ones if required, where such facilities are needed to remedy serious visitor safety issues
- Equivalent replacement or improvement to existing facilities, and provision of new ones if required at approved historic icons that enables stories to be told and history to be brought to life
- Replacement of facilities at the end of their economic or physical life with something equivalent, where such facilities are needed to provide a quality visitor experience
- Facility replacement (prior to end of economic life), rationalisation, reconfiguration or third party provision where there is evidence that it will reduce ongoing costs to DOC and maintain (or grow) visitor use

b. <u>Second Priority - Improving existing facilities/bringing them to standard:</u>

- At icons where visitor numbers have grown substantially over the last three years and existing facilities need to be improved or brought to standard to meet this demand. Evidence of visitor numbers and trends must be provided.
- There must be evidence of the potential to grow visitor numbers and enhance the visitor experience/satisfaction.

- Where a destination or experience has a strong Maori cultural dimension that provides a clear point of difference for visitors, work that enables the stories of tangata whenua to be told and enhance visitors' appreciation of cultural values is a priority.

c. Third Priority - Significant enhancements or developing new facilities:

- Significant enhancements to existing facilities, or new facilities that have demonstrated potential to influence tourism patterns in the area or meet growing international visitor demand. Evidence of visitor numbers and trends must be provided.
- New product or experiences at an existing destination that has demonstrated potential to appeal to new audiences not currently well catered for at the site or in the area.

Significant third party support (a contribution to ongoing costs) should be sought as part of any new proposal or a strong case should be made for the work based on significant revenue generating potential reducing the net cost per visitor for the destination.

1. GATEWAYS

Business cases need to demonstrate that they are meeting **Objective 3.2 –*"Gateway destinations are developed to introduce new participants and to grow recreation in the outdoors",* and the relevant stretch goals.**

The emphasis for gateways is work that will encourage more New Zealanders to spend an increased amount of their leisure time engaging in the outdoors. The focus for gateways is on the aspects of the destination that make it appealing to new participants.

a. First Priority - Replacement with equivalent and/or actions to remedy visitor safety issues

- The focus of this work is to maintain visitor safety, preserve functionality, and improve or retain current visitor numbers
- Equivalent replacement or improvement to existing facilities, or provision of new ones if required, where such facilities are needed to remedy serious visitor safety issues
- Replacement of facilities at the end of their economic or physical life with something equivalent, where such facilities are needed to provide a quality visitor experience
- Facility replacement (prior to end of economic life), rationalisation, reconfiguration or third party provision where there is evidence that it will reduce ongoing costs to DOC and maintain (or grow) visitor use.

b. Second priority - Improving existing facilities/bringing them to standard:

- At gateways where visitor numbers have grown substantially over the last three years and existing facilities need to be improved or brought to standard to meet this demand. Evidence of visitor numbers and trends must be provided.
- Applies to all gateways but there must be evidence of the potential to grow visitation and enhance the visitor experience / satisfaction

c. <u>Third Priority - Significant enhancements or developing new facilities:</u>

- Where enhancements or new opportunities will attract people new to outdoor recreation, families and outdoor education groups, or meet growing visitor demand. In particular:
    - Destinations close to major urban centres where easily accessed opportunities are not well catered for
    - Opportunities for school groups where options are limited in the locality
    - "First tramp/ first hut" opportunities for families where options are limited in the locality
    - Opportunities for youth through evolving activities where there is evidence that these are experiencing growth
    - Gateways that are also catering for substantial increasing visitor numbers.
    - Evidence of visitor numbers and trends must be provided.

New proposals must have significant third party support (particularly a contribution to ongoing costs) or a strong case should be made for the work based on significant revenue generating potential reducing the net cost per visitor for the destination.

2. LOCAL TREASURES

Business cases need to demonstrate that they are meeting **Objective 3.3 –*"Locally treasured destinations are managed to grow community connection with, and use of, their locally important places"*, and the relevant stretch goals.**

Experiences provided at these locations should be focused on meeting the recreation needs of the community or people that they are seeking to serve, and the travelling public. The goal is to sustain a network of highly valued and well used local treasures that reflect the local flavour of the communities that they are associated with.

a. <u>First Priority – Replacement with equivalent and/or actions to remedy visitor safety issues</u>

- The focus of this work is to maintain visitor safety, preserve functionality, and improve current visitor numbers
- Equivalent replacement or improvement to existing facilities, or provision of new ones if required, where such facilities are needed to remedy serious visitor safety issues and the site is in a strategic intentions group that is favourable[10].
- End of life asset replacement with something equivalent or lesser where there is evidence of ongoing demand and the site is in a strategic intentions group that is favourable. These proposals should describe the expected impact on net cost per visitor for the site.

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10 A site in a "favourable" strategic intentions group in priority order are in investment groups 1, 2 or 3 (the two high demand groups, or the "medium demand/below median net cost per visitor" group) in DOC-2627490.

- Consideration should also be given to proposals at sites that are in a strategic intentions group that is not favourable, but replacement (or improvement to existing facilities, or provision of new ones) is essential to remedy serious visitor safety issues or to meet statutory requirements.

b. <u>Second priority - Improving existing facilities/bringing them to standard:</u>

- This is to address situations where there are existing assets but there are identified issues preventing us from getting the expected benefit from these. Addressing these barriers and reducing net cost per visitor could take the form of either improving facilities or bringing them to standard to increase participation; by reducing costs where the issue is affordability; or a combination of both.

- The site must be in a strategic intentions group that is favourable 1. These proposals should also describe the expected impact on net cost per visitor for the site.

- Applies also to local treasure sites (that are in a strategic intentions group that is favourable 1) where visitor numbers have grown substantially over the last three years and existing facilities need to be improved or brought to standard to meet this demand. Evidence of visitor numbers and trends must be provided.

c. <u>Third Priority - Significant enhancements or developing new facilities:</u>

New assets, significant enhancements or new opportunities are not a priority for locally treasured destinations. These proposals should only be considered if there is a compelling case that:

- Demonstrates that the proposal will make a significant difference to participation and what is provided, and

- Has evidence that there is demand that is best met by DOC rather than another party, and

- Would have a third party contribution to most or all of the ongoing costs, and/or ongoing costs can be shown to be met or mostly met by increased revenue.

- Is for proposals where there is evidence of significant population growth and as a result the community is under-serviced, or

- Is for local treasure destinations experiencing considerable visitor growth. In this case, evidence of visitor numbers and trends must be provided

3. BACKCOUNTRY DESTINATIONS

Business cases need to demonstrate that they are meeting **Objective 3.4 –*"The backcountry network is enhanced to attract a wider range of visitors and increase the use of these special places"*, and the relevant stretch goals.**

An enhanced backcountry network is one that is valued and used by a more diverse range of people undertaking a wide range of activities more often. It does not mean that all existing facilities and parts of the current network must or will be maintained into the future. The focus must be on the 'valued' parts of the network i.e. -

a. Well used

b. Have real potential to be well used in the near future or

c. Critical connections that enable the backcountry to be safely used and enjoyed.

a. First Priority – Replacement with equivalent and/or actions to remedy visitor safety issues:

- The focus of this work is to maintain visitor safety, preserve functionality, and improve current visitor numbers

- Equivalent replacement or improvement to existing facilities, or provision of new ones if required, where such facilities are needed to remedy serious visitor safety issues and the site is in a strategic intentions group that is favourable[11].

- End of life of life asset replacement with something equivalent or lesser where there is evidence of ongoing demand and the site is in a strategic intentions group that is favourable. These proposals should describe the expected impact on net cost per visitor for the site.

- Consideration should also be given to proposals at sites that are in a strategic intentions group that is not favourable, but replacement (or improvement to existing facilities, or provision of new ones) is essential to remedy serious visitor safety issues or to meet statutory requirements

b. Second Priority - Improving existing facilities/bringing them to standard:

- This is to address situations where there are existing assets but there are identified issues preventing us from getting the expected benefit from these. Addressing these barriers and reducing net cost per visitor could take the form of either minor improvement to facilities or bringing them to standard to increase participation; by reducing costs where the issue is affordability; or a combination of both.

- The site must be in a strategic intentions group that is favourable2. These proposals should also describe the expected impact on net cost per visitor for the site.

c. Third Priority - Significant enhancements or developing new facilities

New assets, significant enhancements or new opportunities are not a priority for backcountry destinations. These proposals should only be considered if there is a compelling case that:

- Demonstrates that the proposal will make a significant difference to participation and what is provided, and
- Has evidence that there is demand that is best met by DOC rather than another party, and
- Would have a third party contribution to most or all of the ongoing costs and/or ongoing costs can be shown to be met or mostly met by increased revenue, or

11 A site in a "favourable" strategic intentions group in priority order are in investment groups 1, 2 or 3 (the two high demand groups, or the "medium demand/below median net cost per visitor" group) in DOC-2627490.

- Is for a backcountry destination that is experiencing considerable visitor growth. In this case, evidence of visitor numbers and trends must be provided.

4. Notes

"Significant enhancement" means upgrading an asset to a higher service standard or increasing the size or capacity of an asset.

"Essential for visitor safety" means that the asset is required according to the relevant service standards or the Visitor Risk Management process

"Comply with the relevant legislation" means the asset is required under legislation such as the Building Act or Camping Ground Regulations

Proposals for new assets, opportunities or significant enhancements require careful assessment and must be based on an evidence of long term demand for the destination and analysis of options to confirm that the proposed investment is optimal. They also need to be consistent with any management plan, CMS, service standards assessment or signed management agreement with other parties.

5. Additional criteria

In addition to the criteria for icons, gateways, local treasure and backcountry destinations, proposals may also be considered favourably if they meet one or more of the following criteria:

I. **Value – does the proposal;**
   a. Contribute to more than one stretch goal
   b. Provide an opportunity to work with others and, in particular, iwi
   c. Provide access to lands or waters that have recently come to the Department
   d. Include a legal commitment to provide access through the high country tenure review process
   e. Prevent the loss or reduction of a valuable current opportunity[12]
   f. Prevent a significant failure; legal, safety, environmental, visitor expectations, or a higher cost to repair/replace following failure
   g. Improve facilities on sections of Te Araroa Trail on public conservation land where this can be justified as a response to growing through-trail numbers
   h. Improve or provide facilities at sites used by freedom campers to create a formal campsite where there is strong and increasing demand for camping and opportunities to increase revenue

II. **Effort – does the proposal;**
   a. Lead to lower whole of life costs while maintaining the current or proposed experience
   b. Involve no significant write offs. Where write-offs are unavoidable the write off costs must be fully stated

III. **Regulatory – does the proposal;**

12 "Valuable" is defined as icon and gateway sites, and those local treasure and backcountry sites in a "favourable" strategic intentions group in DOC-2627490, and are well used; have real potential to be well used in the near future or are critical connections that enable the backcountry to be safely used and enjoyed

a. Enable full compliance with legislation, management plans, CMS and policies without significantly over-servicing the requirements
b. Address a service standard issue that is causing visitor dissatisfaction (based on recent relevant evidence) and which results in facilities and services that meets (but not exceeds) DOC's service standards.

Asset Management Strategy

Item 23

Department of Conservation
Te Papa Atawhai

DOC Purpose — **Papatūānuku Thrives**

Toitū te marae a Tāne-Mahuta, toitū te marae a Tangaroa, toitū te tangata.
If the land is well and the sea is well, the people will thrive.

DOC Values — *DOC Values are currently in development*

Asset Management

VISION

We make clear and consistent decisions to safely and effectively manage every asset type, to deliver positive experiences for mana whenua, visitors, and staff.

PRINCIPLES
When faced with an asset management decisions we will…

ENABLED BY

Principle	When faced with an asset management decisions we will…	Enabled by
Partnerships & Stakeholder Relationships	• Work with whānau, hapu, Iwi and other communities to ensure decisions best align with their future vision, whilst balancing our role as an eco-system, species and heritage guardian	• Identifying and establishing forums through which to partner effectively
Operating Requirements	• Take advice from DOC's commitment to managed retreat to support our approach in mitigating the adverse impacts of climate change • Align to agreed asset management best practice and ensure that our statutory obligations are always being met	• Regular and effective co-ordination with SMEs • Agreeing and adapting best practice and DOC's statutory requirements to our unique context • Identifying and improving systems for efficiency and effectiveness
Capacity & Capability	• Identify opportunities that improve efficiency, effectiveness and collaboration across DOC, as well as our stakeholders and partners so that we meet our standards and levels of service	• Intentional location / re-location of strategic and operational functions • Evidence informed capacity and capability to ensure adequate place-based support • Being clear about DOC's service levels and standards
Financial Sustainability	• We will identify obsolete, ineffective and inefficient infrastructure for replacement or disposal • We will ensure staff and visitor safety by prioritising investment of critical assets	• Developing a shared understanding of DOC's financial capability gaps • Clear rationalization of DOC's assets base
Strategic Purpose	• We will identify and prioritise opportunities that add strategic value to DOC's asset portfolio • Maintain visibility in locations identified as strategic priorities, that align to DOC's purpose to ensure there is appropriate support of DOC's key functions	• Developing a clear and agreed asset management strategy, accountabilities and decision-making framework • Identifying and agreeing standards for evaluating functional purpose, and required maintenance of assets

Asset Management Strategy

Priorities

Department of Conservation
Te Papa Atawhai

Asset Management
SUCCESS FACTORS

- **Staff Happiness & Reduced Attrition**
- **Alignment of Assets to DOC's Integrated Strategy**
- **Reduced Health & Safety Risk of Staff & Visitors**
- **Value for Money**
- **Compliance**

1 to 2-year Priorities

- Improve information systems for our asset base for increased clarity and knowledge of our data
- Decide and determine which assets are part of our future i.e., what we can afford and where to invest.
- Develop a future state design of the asset portfolio based on H&V, Biodiversity strategy, and individual Asset Management plans including land management.
- Clarify accountabilities, responsibilities, and decision-making at all levels.
- Develop a current state asset base understanding: what do we own, how they deliver to DOC's purpose, and their current condition. Include critical assets and their risk profiles.
- Agree our portfolio asset standards and identify where we are not meeting these: focus on maintaining and managing our Property assets to standard.
- Clearly articulate the funding shortfalls needed to sustain DOC and realize our vision.
- Invest in Asset Management capability uplift to ensure the right capacity and capability at the right levels across DOC.

5-year Priorities

- Maintain assets to standards so we may ensure the safety of our people and visitors.
- Cohesive management of assets through the lifecycle, including future liabilities etc.
- Embed an effective and efficient work programme which enables delivery of our strategy.
- Evaluate and improve Asset Management plans to align to strategic directives.
- Invest in people and development of cultural capability. Design and implement a change management plan, focusing on culture, communication, and training.

Policy

Item 24

Asset Management Policy

About this document

Disclaimer	This document has been written for Department of Conservation (DOC) staff As a result, it includes DOC-specific terms and refers to internal documents that are only accessible to DOC staff. It is being made available to external groups and organisations to demonstrate departmental best practice. As these procedures have been prepared for the use of DOC staff other users may require authorisation or caveats may apply. Any use by members of the public is at their own risk and DOC disclaims all liability for any risk.
Document Coordinator	**Andrew Mercer, Asset Specialist Manager**
Document Owner	**Shan Baththana, Director Asset Management**
Approved for use by	**Mike Tully, Deputy Director-General Organisational Support** Date: 21/06/2024 *doc-7671954* **Endorsed by Asset Management Steering Committee 13 May 2024**
Effective date	21/06/2024
Last reviewed	13/05/2024 (please check this document within three years to ensure it is up-to-date)
Classification	UNCLASSIFIED
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Policy

Standard Operating Procedure

Guideline

Department of Conservation
Te Papa Atawhai

New Zealand Government

Contents

1. Purpose

To define the guiding objectives and principles for asset management across the Department of Conservation (DOC).

2. Scope

The assets and activities within the scope of this policy include:

- All assets recognised in DOC's asset registers and financial statements, including but not limited to: land and buildings, tracks and structures, plant and equipment, cultural and heritage collections, information and communication (ICT) systems and digital services, and asset owned by the department but managed by third parties.

- Activities related to the management of assets carried out by the Department or an outsourced service provider.

- Activities by staff who are creating, operating, maintaining, renewing, and disposing of tangible assets.

3. Background

DOC is one of the largest asset managers in New Zealand and act as stewards of public assets on behalf of the government. Assets are held to achieve DOC's legislative requirements and strategic objectives, which include:

- Protect natural, cultural and heritage values.
- Foster recreational opportunities
- Allow for tourism.
- Ensure DOC is a capable organisation.
- Achieve excellence in financial and asset management; and
- Be an honourable Treaty partner.

DOC's assets are grouped into the following portfolios:

- Taonga
- Visitor
- Biodiversity
- Heritage
- Roading
- Property
- Fleet
- ICT

This policy exists to provide consistency across DOC's asset portfolios and classes. DOC must make effective management decisions for all of our assets to optimise the value they all deliver. By taking a modern, contemporary, and internationally accepted asset management approach, we will better deliver our legislative requirements and strategic objectives.

We have made a commitment to work towards best practice asset management aligned to ISO 55001. The mandate for this policy originates from all of Government common process model governing the management of assets within the NZ government sector. A functioning Asset Management Policy is critical in maintaining a high investor confidence rating (ICR).

Under this Policy, DOC will have a strategic asset management plan and asset management plans for individual asset classes or portfolios. This suite of documents will inform the various DOC management systems to specifically provide robust asset management practices and financial management processes that guide investment decisions. The culture and systems change required to deliver this policy cannot be underestimated.

4. Objectives

The objectives of this policy are:

1. We achieve optimum value from existing and planned assets.
2. We provide commitment, direction and internal consistency for asset management.
3. Our assets are aligned to the delivery strategic outcomes, delivering value for DOC's stakeholders.
4. The management of our assets is environmentally and financially sustainable.
5. Our assets meet all legal requirements when they are acquired and as they continue through their full asset lifecycle.
6. We embed asset management discipline into all our core activities and management systems to ensure it is part of our everyday work.
7. We improve asset management capability by strengthening accountability, performance, and evidence-based decision-making.

5. Principles

Partnerships & Stakeholder Relationships

1. Work with whānau, hapu, iwi and communities to ensure decisions best align with their future vision, whilst balancing DOC's role as an eco-system, species and heritage guardian.

Operating Requirements

2. Apply our commitment to managed retreat to mitigate the adverse impacts of climate change.
3. Align our asset management to industry best practice and ensure that our legal obligations are always being met.

Capacity & Capability

4. Identify opportunities to improve efficiency and effectiveness across DOC, as well as our stakeholders and partners, so that we meet our performance measures, safety and asset standards and levels of service.

Financial Sustainability

5. Ensure staff and visitor safety by prioritising investment in critical assets.
6. Identify obsolete, ineffective, unsafe and inefficient infrastructure for replacement or disposal. Divestment opportunities must be considered as part of the asset life cycle, including when investment decisions are being made.

Strategic Purpose

7. We will identify and prioritise opportunities that add strategic value to DOC's asset portfolio.
8. Maintain visibility in locations identified as strategic priorities, that align to DOC's purpose to ensure there is appropriate support of DOC's key functions.

6. Roles and responsibilities

Deputy Director-General Organisation Support

The Deputy Director-General Organisation Support:

- is accountable for the coordination and strategy of asset management within the Department.
- will promote compliance with asset management policies, SOPs, and guidelines; and
- is accountable for the coordination and allocation of Group budgets to provide the financial resource aligned to each Group's asset maintenance needs and responsibilities.

Business owner – Director Asset Management

The Director, Asset Management is responsible for the implementation of asset management practices including the oversight of appropriate documentation, training, testing, monitoring, and reviewing of asset management.

The Director, Asset Management will facilitate approval and any updates by the Asset Management Steering Committee of this Policy, the Strategic Asset Management Plan and any asset management plans. The Asset Management Policy will be reviewed every three years.

Managers and team leaders

In addition to their responsibilities as staff members, managers and team leaders must ensure that they:

- Are responsible for operating and maintaining assets to agreed performance measures, following asset management standard operating procedures, and contributing to the improvement of assets standards and processes.
- Must ensure their staff and contractors are familiar with asset management best practices, performance measures and standard operating procedures.
- Provide support and guidance to assist staff and contractors to follow the policy.

All staff members

All staff undertaking Asset Management work must be familiar with the Asset Management principles described in this policy and apply them to their day-to-day activities.

7. Related documents

- The DOC Strategy (DOC-6976211)
- DOC Asset Management Strategy – Dec 2023 (DOC-7531686)
- Enterprise Asset Management Directorate Function (DOC-7526539)
- Asset Management Guidance for Agencies (Treasury New Zealand)

8. Document history

Date	Details	Document ID and version	Amended by
15/02/2024	Document Replaced	Asset Management Policy 2022-24 (DOC-7143736)	Andrew Mercer
DD/MM/20YY			
DD/MM/20YY			