

Statement of Issues**Public Version****Rafting JV Co/Rotorua rafting operators****5 February 2026****Introduction**

1. On 12 November 2025, the Commerce Commission (Commission) registered an application (the Application) from a yet to be incorporated joint venture company, referred to in the Application as Rafting JV Co¹ (the Applicant), seeking clearance to acquire the rafting and sledging assets of:
 - 1.1 Rotorua Rafting Limited trading as (t/a) Rotorua Rafting;
 - 1.2 Rotorua Raft & Sledge Limited t/a Kaitiaki Adventures; and
 - 1.3 Kaituna Rafting Limited t/a Kaituna Cascades (together, the Parties) (the Proposed Merger).²
2. To grant clearance for the Proposed Merger, we must be satisfied that it will not have, or would not be likely to have, the effect of substantially lessening competition in a New Zealand market.
3. This Statement of Issues (Sol) sets out the potential competition issues we have identified following our initial investigation. This is so the Parties and other interested parties can provide us with submissions relating to those issues.
4. In reaching the preliminary views set out in this Sol, we have considered information provided by the Parties and other industry participants. We have not yet made any final decisions on the issues outlined below (or any other issues). Our views may change, and new competition issues may arise, as the investigation continues.

The issues we are continuing to investigate

5. We have concerns about the competitive effects of the Proposed Merger that we are continuing to investigate.
6. We are still to conclude on the definition of the relevant market(s) for assessing the competitive effects of the Proposed Merger. However, our preliminary view is that market that best isolates the potential competition issues that might arise from the Proposed Merger is the market for the supply of guided rafting trips in Rotorua.

¹ The working legal name for this company is currently Rotorua Rafting Holdings Limited, but the Applicant states this is likely to change. See the Application at [7].

² A public version of the Application is available on the [case register](#) on our website.

7. That said, regardless of the boundaries of the relevant market(s), we focused our assessment on the closeness of competition between Rotorua Rafting, Kaitiaki Adventures and Kaituna Cascades, and the strength of competitive constraints from other tourism activities.
8. We are concerned that the Proposed Merger would substantially lessen competition due to unilateral effects, leading to higher prices or a reduction in quality or customer choice. We are also concerned that the Proposed Merger would substantially lessen competition due to an increase in barriers to entry, given the merged entity's monopoly position in the market for the supply of guided rafting services in Rotorua.
9. We continue to explore issues and competitive constraints, but our current views are as follows:
 - 9.1 The Parties are each other's closest competitors and impose significant competitive constraint on one another. With the Proposed Merger, the constraint that each of the Parties provide on one another would be lost.
 - 9.2 While rafting operators likely face a degree of competitive constraint from other tourism operators in Rotorua, the extent of this constraint is unclear. Our preliminary view is that constraint from other tourism operators in Rotorua is unlikely to materially constrain the merged entity and prevent a likely substantial lessening of competition, including because tourism operators offer activities that are highly differentiated in terms of price, level of thrill and duration of activity.
 - 9.3 Barriers to entry appear to be significant. In particular, commercial rafting operators on the Kaituna River must hold a Department of Conservation (DOC) concession. We have been told that there may be a limited number of concessions available.³ The Parties currently hold all of the concessions for Kaituna River rafting, which they intend to continue using post-merger.⁴ We understand that the Lake Rotoiti Scenic Reserve Board (the Board) consider the Kaituna River is at capacity indicating further concessions are unlikely to be approved by the Board.⁵ We understand that the Lakes District Council will soon require both new and existing operators to obtain resource consents in order to provide rafting trips.⁶ In addition, operators must comply with Worksafe registration requirements.⁷
 - 9.4 We have also not seen any evidence that new entry would be likely, sufficient in extent and timely enough to constrain the merged entity. Based on the evidence we have seen, there is no real indication that any existing tourism operators in Rotorua would seek to capitalise on any potential increase in

³ Commerce Commission interview with Lake Rotoiti Scenic Reserve Board (2 December 2025) and e-mail from Lake Rotoiti Scenic Reserve Board to the Commerce Commission (7 January 2026).

⁴ Email from A&B Lawyers (on behalf of Rafting JV Co) to the Commerce Commission (12 December 2025).

⁵ Commerce Commission interview with Lake Rotoiti Scenic Reserve Board (2 December 2025) and e-mail from Lake Rotoiti Scenic Reserve Board to the Commerce Commission (7 January 2026).

⁶ E-mail from Rotorua Lakes District Council to the Commerce Commission (6 January 2026).

⁷ Health and Safety at Work (Adventure Activities) Regulations 2016.

price or reduction in quality by the merged entity and expand into offering guided rafting trips. Further, we have not seen any evidence to indicate that rafting operators based elsewhere in New Zealand would seek to capitalise on any potential increase in price or reduction in quality by the merged entity and expand existing operations into Rotorua.

- 9.5 It is currently unclear whether wholesalers, agents, resellers and tour operators that offer commercial rafting trips in Rotorua have any countervailing power, and if they do whether they would have an incentive to use it to constrain the merged entity.

The issues that do not currently raise concerns

10. We are currently of the view that the Proposed Merger would not be likely to cause a substantial lessening of competition due to coordinated or conglomerate effects. Coordinated effects is unlikely in any relevant market(s) because of the differentiated nature of tourism offerings which is not conducive to coordination. Similarly, conglomerate effects would not be likely due to lack of incentive by the Parties to cease to offer its rafting/sledging trips as standalone offering or bundled with activities of other tourism operators.
11. We are currently of the view that the Proposed Merger would not be likely to cause a substantial lessening of competition due to unilateral effects in a market for guided sledging trips in Rotorua. As discussed below, Rotorua Rafting has acquired the River Rats domain names and the DOC concession/operating rights associated with River Rats' operations. No physical assets were transferred as part of this transaction. While River Rats used to operate sledging trips on the Kaituna River, Rotorua Rafting is not doing so, meaning that the Proposed Merger does not result in any overlap in sledging.
12. We do not discuss coordinated, conglomerate effects or unilateral effects in relation to sledging further in this Sol, but we welcome any submissions on these points.

Process and timeline

13. We have agreed with the Parties to extend the period in which to make a decision from the initial 40 working day statutory timeframe until 14 April 2026. Further extensions may be agreed between the Commission and the Parties.
14. We would like to receive submissions and supporting evidence from the Parties and other interested parties on the issues raised in this Sol. We request responses by close of business on 20 February 2026, including a confidential and a public version of any submission made.
15. All submissions received will be published on our website with appropriate redactions.⁸ All parties will have the opportunity to cross-submit on the public

⁸ Confidential information must be clearly marked (by highlighting the information and enclosing it in square brackets). Submitters must also provide a public version of their submission with confidential material redacted. At the same time, a schedule must be provided which sets out each of the pieces of

versions of submissions received from other parties. Cross-submissions must be received by close of business on 3 March 2026.

16. If you would like to make a submission but face difficulties in doing so within the timeframe, please ensure that you register your interest with us at registrar@comcom.govt.nz so that we can work with you to accommodate your needs where possible.

The Parties and the Proposed Merger

The applicant – Rafting JV Co

17. Rotorua Rafting, Kaitiaki Adventures and Kaituna Cascades intend to incorporate a new company, Rafting JV Co, for the purposes of the Proposed Merger.⁹ The shareholders of Rafting JV Co will comprise the shareholders of Rotorua Rafting, Kaitiaki Adventures and Kaituna Cascades. The shareholdings in Rafting JV Co will be:
- 17.1 the shareholders of Rotorua Rafting with 36%;
 - 17.2 the shareholders of Kaitiaki Adventures with 32%; and
 - 17.3 the shareholders of Kaituna Cascades with 32%.
18. The Proposed Merger involves combining the assets and operations of all of the providers of rafting and sledging¹⁰ activities in Rotorua.¹¹

The targets and vendors

19. All three of the Parties currently provide rafting experiences along the Kaituna and Rangitāiki Rivers (and for Kaitiaki Adventures and Kaituna Cascades, the Wairoa River) at various grades.¹²¹³ Throughout this Sol we refer only to the Kaituna river, this is because the Wairoa River is only rafted 26 days a year and the Rangitāiki river tends to be used only if the Kaituna river cannot be rafted.

Rotorua Rafting

20. Rotorua Rafting is a privately owned business that operates year-round guided rafting experiences along the Kaituna, Rangitāiki, and Wairoa Rivers. It offers grade 5 guided rafting experiences along the Kaituna River from its base at Ōkere Falls.¹⁴

information over which confidentiality is claimed and the reasons why the information is confidential (preferably with reference to the Official Information Act 1982).

⁹ The Parties' current working legal name for Rafting JV Co is Rotorua Rafting Holdings Limited.

¹⁰ Sledging involves traversing a river on a body board head-first, propelled only by flippers and the current. Sledging on the Kaituna is a three-hour adventure on the Grade 3 Ōkere section of the Kaituna River.

¹¹ It is intended that the Parties will operate Rafting JV Co's business under a single brand. The Application at [7].

¹² Grade 1 rivers offer relatively tranquil waters, while grade 5 is regarded as an extreme sport. See <https://www.newzealand.com/nz/rafting/>.

¹³ Kaitiaki Adventures provides guided sledging services on the Kaituna river which occurs on a lower grade section of the river.

¹⁴ The Application at [13]-[14].

21. Its main offering on the Kaituna River traverses 14 rapids and three waterfalls, including the Tutea Falls. Rotorua Rafting also offers “half trips” along the Kaituna River, assessed at grade 3, and grade 4 rafting experiences along the Rangitāiki River when the Kaituna River is flooded.¹⁵
22. After the Application was registered, Rotorua Rafting acquired the River Rats domain names and the DOC concession/operating rights associated with River Rats’ operations (subject to DOC approval). Rotorua Rafting did not seek clearance for this acquisition. No physical assets were transferred as part of this transaction. These rights would be included within the scope of the Proposed Merger.¹⁶ Rotorua Rafting has ceased all of River Rats operations, aside from rafting on the Kaituna River.

Kaitiaki Adventures

23. Kaitiaki Adventures¹⁷ is a privately owned business that offers guided rafting and sledging experiences along the Kaituna River.¹⁸
24. It offers grade 5 guided rafting experiences along the Kaituna River from its base at Ōkere Falls. This involves rafting through 14 rapids and three waterfalls, including the Tutea Falls. It also offers 14km long grade 3-4 rafting experiences along the Rangitāiki River and, for 26 days a year, grade 5 rafting experiences along the Wairoa River.¹⁹

Kaituna Cascades

25. Kaituna Cascades is a privately owned business that offers rafting experiences on the Kaituna, Rangitāiki and Wairoa Rivers.²⁰
26. It offers grade 5 rafting experiences through 14 rapids and 3 waterfalls along the Kaituna River, including the Tutea Falls. Its base is at the Ōkere Falls.²¹

¹⁵ The Application at [14].

¹⁶ River Rats previously offered grade 5 guided rafting experiences on the Kaituna River, grade 3-4 and grade 2 experiences along the Rangitāiki River, grade 3 experiences along the Tongariro River, and grade 5 experiences along the Wairoa River. River Rats also previously offered guided sledging experiences on the Kaituna river. Following its acquisition of River Rats, Rotorua Rafting has ceased all rafting and sledging services previously offered by River Rats aside from rafting on the Kaituna River. River Rats still independently offers kayaking experiences on Lake Rotoiti. The Application at [15]-[16] and e-mail from A&B Lawyers (on behalf of Rafting JV Co) to the Commerce Commission (3 February 2026).

¹⁷ Kaitiaki Adventures also offers a river sledging experience along the Kaituna River which carries a grade 3 rating. Outside of rafting and sledging, Kaitiaki Adventures offers half-day and full day guided hikes up Mt Tarawera to the volcanic crater, with options which include additional cultural experiences such as hāngi. These non-water based operations are outside the transaction and will be operated independently. In addition to rafting experiences, Rotorua Rafting is an agent for a zip lining business, Okere Adventures Limited and offers zip lining above the Kaituna River. The zip-lining business and agency are not part of the Proposed Merger and will be operated independently. The Application at [18] and [23].

¹⁸ The Application at [20].

¹⁹ The Application at [21].

²⁰ The Application at [25].

²¹ The Application at [26].

Summary of the Parties offerings

27. Table 1 summarises the rafting offerings of the Parties by river.

Table 1: Rafting offerings on the Kaituna, Rangitāiki and Wairoa Rivers

River	Trip type	Operators
Kaituna ²²	Grade 5 rafting	Rotorua Rafting; Kaitiaki Adventures; Kaituna Cascades
Rangitāiki	Grade 3-4 rafting	Rotorua Rafting; Kaitiaki Adventures; Kaituna Cascades
Wairoa	Grade 5 rafting	Kaitiaki Adventures; Kaituna Cascades

The relevant markets

28. Market definition is a tool that helps identify and assess the competitive constraints a merged entity is likely to face. Determining the relevant market requires us to judge whether, for example, two products are sufficiently close substitutes as a matter of fact and commercial sense to fall within the same market.²³
29. We define markets in the way that we consider best isolates the key competition issues that arise from a specific merger or acquisition. In many cases this may not require us to precisely define the boundaries of a market. What matters is that we consider all relevant competitive constraints, and the extent of those constraints. For that reason, we also consider products which fall outside the market, but which still impose some degree of competitive constraint on the merged entity.²⁴
30. We are yet to form a final view on the exact scope of the relevant market(s) for assessing the competitive effects of the Proposed Merger. However, for the purpose of this Sol, our preliminary view is that the competition issues that may arise from the Proposed Merger are best assessed and isolated by defining separate markets for the supply of guided rafting trips in Rotorua.
31. Our preliminary view is narrower than the market for adventure tourism activities (or all tourism activities) in Rotorua as submitted by the Parties. However, in other cases involving tourism related services it may be appropriate to define narrower (or broader) relevant markets to assess the competitive effects as market dynamics and demand and supply side substitutability can change over time and may also differ from merger to merger.
32. We discuss in turn below, our preliminary views on the product dimension of the relevant market(s), the geographic scope of the relevant market(s) and the customer dimension of the relevant market(s), with reference to the evidence currently before us.

²² The Parties also offer low grade rafting trips on part of the Kaituna River.

²³ Commerce Commission, Mergers and Acquisitions Guidelines (May 2022) at [3.7]-[3.8].

²⁴ Section 3(1A) of the Commerce Act 1986. See also *Brambles v Commerce Commission* (2003) 10 TCLR 868 at [81] and Mergers and Acquisitions Guidelines above n23 at [3.7]-[3.10].

33. We invite submissions on our current approach to market definition and for parties to provide us with further evidence on the scope of the relevant market(s).

The Parties' submissions

34. In the Application, the Parties submit that the relevant markets for assessing the competitive effects of the Proposed Merger are:²⁵
- 34.1 at its broadest, a market for all the tourism experiences available to tourists visiting Rotorua (the Rotorua tourism experiences market); or, alternatively,
 - 34.2 at its narrowest, a market for all adventure tourism activities available to tourists visiting Rotorua (the Rotorua adventure tourism market). That would include the rafting and sledging activities offered by the Parties.
35. The Parties further submit that, in relation to rafting:²⁶
- 35.1 the relevant market is broader than a market for rafting experiences in Rotorua – a narrow Rotorua rafting market would not accord with the evidence that is available, or with commercial common sense;
 - 35.2 rafting in Rotorua does not enjoy iconic status (especially when compared to geothermal and Māori culture attractions in Rotorua) and is therefore not a “must do” activity;
 - 35.3 the typical tourists attracted to rafting skew younger and are those who tend to be more price sensitive and have a lower spend overall compared to other demographics. In addition, younger people tend to engage in a more diverse group of outdoor activities;
 - 35.4 activities that deliver a similar adventure experience are likely to be the most closely substitutable for rafting, but Rotorua offers a range of other adventure activities that offer a similar kind of experience, and at a similar price point; and
 - 35.5 given the primary reason that tourists visit Rotorua is to experience geothermal or Māori cultural experiences, all Rotorua adventure tourism operators – including the Parties – are not only competing with each other, but also competing to win tourists’ time and attention away from Rotorua’s “must do” geothermal and Māori cultural experiences, and other types of tourism experiences in Rotorua.
36. The Parties also submit that activities that deliver a similar adventure experience are likely to be the most closely substitutable for rafting. In addition to rafting, Rotorua offers a range of other adventure activities that offer a similar kind of experience, and at a similar price point. These include:²⁷

²⁵ The Application at [40].

²⁶ The Application at [39], [45], [52], [54]-[58] and [62].

²⁷ The Application at [58].

- 36.1 jetboating;
- 36.2 mountain biking, including in the Whakarewarewa Forest;
- 36.3 luge;
- 36.4 Canopy Tours (Zipline);
- 36.5 Zorb;
- 36.6 Redwoods Treewalk and Zipline;
- 36.7 4WD tours;
- 36.8 Velocity Valley, an adventure park offering a 43 cordless freefall jump, jetboating, a bungy swing, a wind tunnel/sky diving simulator, a pedal-powered monorail racetrack and a bike park; and
- 36.9 Drift Kartz.

Our view

- 37. The conceptual framework we use when defining the relevant market in a merger involves a 'hypothetical monopolist test'. We ask whether a hypothetical monopolist could profitably impose a small, but significant, non-transitory increase in price (a SSNIP) of at least one of a merged firm's products or services. This will be the case when there are few good substitutes to the product or service in question.²⁸
- 38. We consider substitution by both customers and suppliers and ask, if prices increased, whether:²⁹
 - 38.1 customers would switch sufficient purchases to alternative products, services or locations so that a SSNIP is not profitable (*customer or demand-side substitution*); and/or
 - 38.2 rival firms (having observed an increase in price) would easily, profitably and quickly (generally within one year) switch production to the products, services or locations in question without significant cost so that a SSNIP is not profitable (*supplier or supply-side substitution*).
- 39. We may also define separate markets for different types of customers where there are customers with different supply alternatives and suppliers are able to price discriminate between customers on the basis of those differences. This may result in different product market dimensions for each customer type.
- 40. Regardless of the boundaries of any relevant markets, what ultimately matters is that we consider all relevant competitive constraints, and the extent of those constraints. If we define a market narrowly, we will consider competitive constraints

²⁸ Mergers and Acquisitions Guidelines above n23 at [3.17]-[3.18].

²⁹ Mergers and Acquisitions Guidelines above n23 at [3.16].

from outside a market. If we define a broad market, we will consider how closely different suppliers compete within that broad market. A substantial lessening of competition in a significant section of a broad market could still amount to a substantial lessening of competition in that market overall.

Product dimension

41. The starting point for product market definition is the area(s) of overlap among the Parties (ie, guided rafting) We then ask whether other tourism activities are sufficiently close substitutes for rafting that they should be included in the relevant market.
42. Currently, we consider that the competition issues that may arise from the Proposed Merger are best assessed and isolated by defining separate markets for the supply of guided rafting trips.

How we have assessed the relevant product market

43. Our assessment of product markets has focused on demand-side substitution, as opposed to supply-side substitution. This is because we consider that suppliers of other tourism activities could not easily, profitably or quickly switch to supplying guided rafting trips in response to a SSNIP due to the barriers to accessing the necessary DOC concessions.
44. In assessing the product dimension of the market(s) and the substitutability of different tourism activities on the demand-side, we have been considering:
 - 44.1 the extent to which other tourism activities are close substitutes for (as distinct from being complements to) a guided rafting, having regard to the differences in individual preferences of specific groups of customers; and
 - 44.2 how visitors to Rotorua choose between different tourism activities and the relative importance of factors such as cost, time, type of experience and nature of the activity (which may range from relaxed or scenic through to high adrenaline or extreme adventure) in determining the closeness of substitutability between different activities.
45. In considering demand side substitutability, we had limited quantitative data and qualitative evidence to make firm conclusions due to:
 - 45.1 the differentiated nature of tourism activities and the tourists' diverse preferences for these activities which makes it difficult to apply the traditional SSNIP framework to identify the exact boundaries of the relevant market(s);
 - 45.2 a lack of credible evidence of how tourists choose between various tourism activities and the extent to which they consider these activities to be close substitutes for rafting; and

- 45.3 a lack of direct evidence or data on visitors to Rotorua switching between different tourism activities.
- 46. We invite parties to provide us with further evidence on the above. In particular:
 - 46.1 the tourism activities that visitors to Rotorua consider to be close substitutes for rafting;
 - 46.2 evidence of rafting operators taking account of other tourism operators in setting their prices and marketing strategies (and vice versa); and
 - 46.3 evidence of rafting operators gaining or losing revenue as a result of price increase (or decrease) from other tourism operators in Rotorua.
- 47. We discuss rafting market further below.

Market for the supply of guided rafting trips in Rotorua

- 48. For the product market, we considered whether the market ought to extend beyond guided rafting trips to include other types of adventure activities, or all tourism activities.
- 49. The Parties overlap in the supply of guided rafting experiences in Rotorua, specifically on the Kaituna and Rangitāiki Rivers (and for Kaitiaki Adventures and Kaituna Cascades, the Wairoa River also). There is direct, significant overlap between the Parties with respect to grade 5 rafting trips on the Kaituna River (and in fact, are the only three providers of grade 5 rafting services on the Kaituna river), and so this has been the particular focus of our assessment.
- 50. In considering the product dimension of the market and the substitutability of different tourism activities on the demand-side, we assessed:
 - 50.1 which other tourism activities customers consider as likely close substitutes for a rafting experience; and
 - 50.2 whether there is evidence of customers switching between rafting trips and other tourism activities (and vice versa) in response to differences in price and/or quality.
- 51. We have received some mixed evidence from market participants on this point. For example, several tourism operators have told us that rafting on the Kaituna River is not a “must do” like geothermal and Māori cultural experiences in Rotorua.³⁰ However, some of these tourism operators and other market participants also provided evidence that supports a narrow market for guided rafting trips in Rotorua.

³⁰ Commerce Commission interview with [], Commerce Commission interview with [], Commerce Commission interview with [], Commerce Commission interview with [] and Commerce Commission interview with [].

- 51.1 Five market participants indicated that rafting on the Kaituna river is a unique due to the safe nature of the river, the highest commercially rafted waterfall in the southern hemisphere and the accessibility from Rotorua, and a “draw card”. Some told us that rafting on the Kaituna has become a “bucket list” activity or experience.³¹
- 51.2 [] considered there to be a group of people that would come to New Zealand specifically to raft on the Kaituna River indicating that no other activity would be a substitute.³²
- 51.3 [] notes that rafting the Kaituna River has increasingly become a bucket list experience, particularly for international travellers who view it as the signature Rotorua adventure product. Accordingly, it considers that rafting demand appears relatively inelastic for those who intend to do it.³³
52. We also received evidence from some tourism operators and other market participants that could support a broader market(s), as summarised below. However, we note that the evidence is too general in nature and does not reflect the extent of the competitive constraint imposed on rafting by adventure tourism operators.
- 52.1 Some parties provided general but inconclusive evidence that could support a broader market for adventure tourism in Rotorua (of which rafting is a part of).³⁴ In addition to written submissions received, one tourism operator considers that while it does not compete with rafting since its offering is land based and rafting is water based, all adventure activities compete against each other at some point, in some area.³⁵ Two tourism operators indicated that a zipline is substitutable for a rafting trip.³⁶
- 52.2 In addition, several market participants provided general but inconclusive evidence that the relevant market may be even broader ie, for all tourism activities in Rotorua, with most indicating time being a strong constraint on visitors’ due to limited time and money to spend on activities. Seven market participants considered that to some extent all tourism operators compete

³¹ Commerce Commission interview with [], Commerce Commission interview with [], Commerce Commission interview with [], Commerce Commission interview with [], E-mail from [].

³² Commerce Commission interview with [].

³³ E-mail from [].

³⁴ Submission from Contiki NZ (10 November 2025), submission from Rotorua NZ (11 November 2025) and submission from Tourism Industry Aotearoa (26 November 2025). While [] does not consider activities like bathing experiences to fall within the same market and compete with adventure tourism activities, it told us that all operators price monitor each other to a certain extent. See Commerce Commission interview with [].

³⁵ Commerce Commission interview with [].

³⁶ Commerce Commission interview with [] and Commerce Commission interview with [].

with each other, typically tourist's time and money or share of wallet.³⁷ One operator considered that activities that are similar in price and duration are more competitive to a certain extent.³⁸ Another operator indicated that some customers may substitute between rafting and other adventure activities, others will choose an activity based on how it fits within their itinerary.³⁹

53. Based on the mixed evidence cited above, we consider there is a possibility that the relevant market for assessing the competitive effects of the Proposed Merger for rafting may be slightly broader than just a market for guided rafting trips in Rotorua, but not as broad as a market for all adventure/ all tourism activities in Rotorua. However, due to the limited data and evidence received to date in terms of the switching behaviour of tourists in Rotorua, it is not clear that the Parties compete sufficiently with other tourism activities (including adventure activities), such that it is appropriate to define a broader market .

Geographic dimension

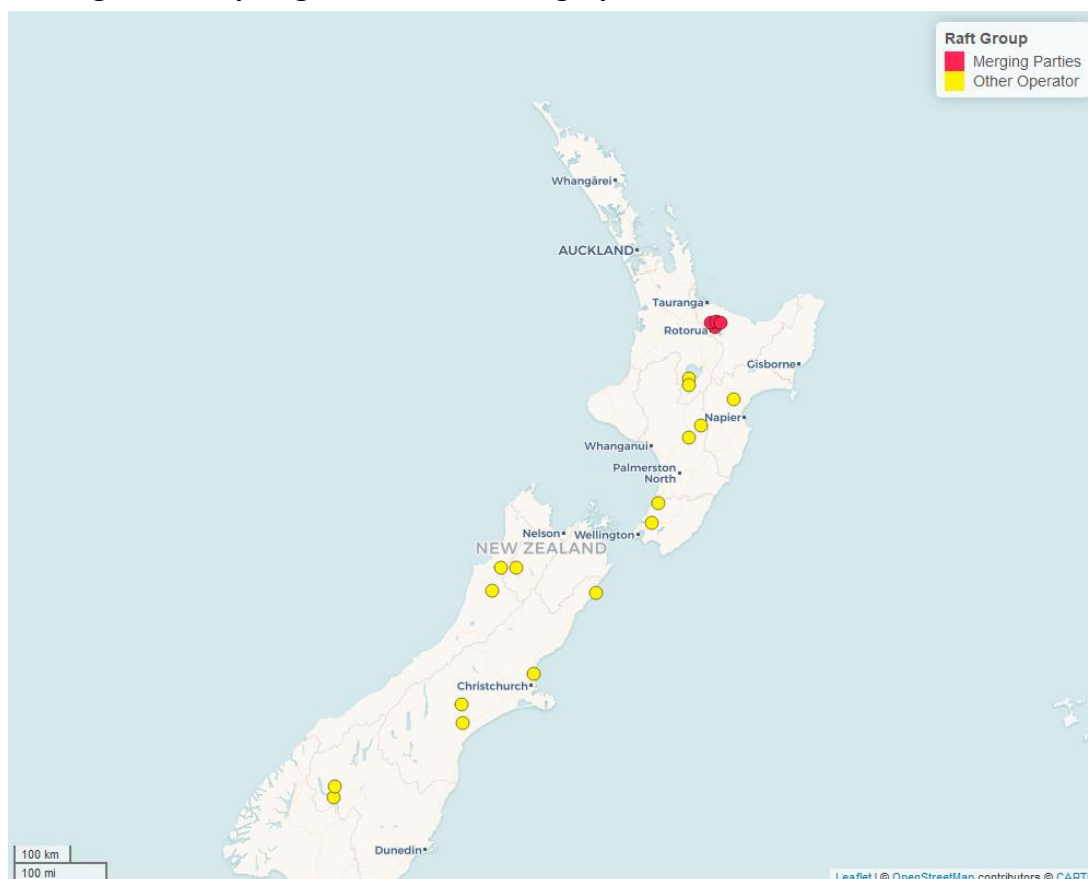
54. Currently, we consider the competition issues that may arise from the Proposed Merger are best assessed and isolated by defining the geographic scope of the market(s) as Rotorua, being both where the Parties are located and where their operations are undertaken.
55. In assessing the geographic scope of the market(s), we are investigating the extent to which customers would switch between rafting in Rotorua, and rafting or other tourism activities in alternative locations outside Rotorua in response to changes in price or quality. In order to answer this question, we have been considering:
- 55.1 whether location is relevant to how closely rafting operators compete, and whether Rotorua rafting operators compete more closely with each other than with tourism operators further afield;
 - 55.2 the proportion of tourists who visit only Rotorua versus those who travel around other parts of New Zealand where they could also do a guided rafting trip; and
 - 55.3 the extent to which the merged entity's product offerings differ from those in other locations, and whether those differences influence the degree of substitution between regions.
56. Figure 1 below shows the location of the Parties relative to other rafting operators in New Zealand which highlights the potential constraint faced by the Parties in the provision of guided rafting trips.

³⁷ Commerce Commission interview with [], Commerce Commission interview with [], Commerce Commission interview with [], Commerce Commission interview with [], Commerce Commission interview with [] and Commerce Commission interview with [].

³⁸ Commerce Commission interview with []

³⁹ Commerce Commission interview with [].

Figure 1: Map of grade 4 and 5 rafting Operators in New Zealand⁴⁰



Source: Commerce Commission analysis based on location information obtained from various rafting operators' websites

57. As with product market definition, we have received mixed evidence on the geographic scope of the market(s).
58. There is a mix of international and domestic tourists that go to Rotorua, however the Parties customers are made up of 70% international visitors,⁴¹ many of whom travel throughout New Zealand, either independently or as part of a tour group. Given that many tourists visit a wide range of locations across the country, they may be willing to substitute a tourism activity in one region (such as Rotorua) for a comparable activity in another region (such as Queenstown).
59. We received some evidence that supports a narrow Rotorua regional rafting market:
 - 59.1 Other rafting operators (outside of Rotorua) that we spoke with do not consider that they compete directly with rafting operators in Rotorua,⁴² with

⁴⁰ We have included River Rats in this map, however we note that it has subsequently been acquired by Rotorua Rafting (as discussed above). That acquisition was not subject to this application.

⁴¹ The Application at [72].

⁴² Commerce Commission interview with [], Commerce Commission interview with [] and Commerce Commission interview with [].

one noting that Rotorua rafting operators have been established for around 10-15 years.⁴³

59.2 [] told us that customers can only participate in experiences that the bus takes them to, indicating itinerary constraints.⁴⁴

59.3 [] viewed the geographic scope of the rafting market as limited to Rotorua.⁴⁵

60. We have not received any evidence suggesting that the geographic scope of the rafting market is wider than Rotorua. Accordingly, our preliminary conclusion is that the rafting market is limited to Rotorua.

61. Some tourism operators told us that they compete with other tourism operators outside of their region. However, we note that the evidence is too general in nature and does not reflect the extent of the competitive constraint imposed on rafting in Rotorua by such tourism operators.

61.1 Contiki NZ told us that travellers to Rotorua and Aotearoa, New Zealand have a wide range of comparable and substitute adventure experiences that continue to provide strong competitive pressure and that rafting in Rotorua competes directly with numerous adventure options across Aotearoa.⁴⁶

61.2 Six tourism operators considered that adventure tourism activities in Rotorua compete with other regions in New Zealand such as Queenstown and Taupo who offer similar adventure tourism activities.⁴⁷ One indicated that rafting in Queenstown would be the main competition for rafting operators in Rotorua.⁴⁸

61.3 In comparing Rotorua to Queenstown, [] described it as there being “fierce competition” whereby most tourists typically allocate a greater amount of their itinerary to the South Island (eg, one week in the North Island, and two weeks in the South Island). This places additional time constraints on tourists when visiting regions such as Rotorua.⁴⁹

62. We consider it appropriate at this stage to define the geographic scope of the market as Rotorua. However, in our competition analysis, we consider the extent to which rafting operators in Rotorua face competitive constraint from, and compete with,

⁴³ Commerce Commission interview with [].

⁴⁴ Commerce Commission interview with [].

⁴⁵ Commerce Commission interview with [].

⁴⁶ Submission from Contiki NZ (10 November 2025).

⁴⁷ Commerce Commission interview with [], Commerce Commission interview with [], Commerce Commission interview with [], Commerce Commission interview with [], Commerce Commission interview with [] and Commerce Commission interview with [].

⁴⁸ Commerce Commission interview with [].

⁴⁹ Commerce Commission interview with [].

rafting operators further afield in other regions. We will continue to test the geographic scope of the relevant market(s).

63. We invite industry participants to provide us with any further evidence of tourists switching between a guided rafting experience in Rotorua, and a guided rafting experience (or other tourism experience) in other regions. We also welcome any evidence of rafting operators in Rotorua taking account of other rafting operators (or other tourism operators) elsewhere when setting their pricing and marketing strategies (and vice versa). Furthermore, we welcome evidence of rafting operators gaining or losing revenue from/to other operators (including rafting) outside of Rotorua as a result of price increase (or decrease) from other tourism operators in Rotorua.

Customer dimension

64. We have been assessing whether it is appropriate to define distinct customer markets for the supply of guided rafting services in Rotorua. This is because the Parties all supply guided rafting trips direct to visitors in Rotorua, and through indirect channels (ie, via wholesalers, agents, resellers and tour operators). In doing so, we have been considering whether:
- 64.1 the requirements for larger customers (eg, tour operators) differ substantially from smaller customers (eg, individuals), such that fewer suppliers can fulfil their demand and they have different supply alternatives; and
 - 64.2 suppliers have the ability to price discriminate between customers because their competitive alternatives vary, either due to their size as a customer or what customers may view as substitutes for rafting.
65. Some industry participants considered that like many adventure tourism activities, rafting is predominantly done by 16-35 year olds with a good level of physical fitness. The Parties consider this age group to be more budget conscious.⁵⁰ We have not received any evidence to indicate that the Parties have the ability and/or incentive price discriminate based on particular customer groups (ie, by age, whether booked individually or part of a group, visitor location or sales channels).
66. Accordingly, we do not consider it necessary to conclude or define distinct customer markets. In this Sol, we have considered the impact of the Proposed Merger in a market for all sales channels and all visitors (domestic and international). However, in our competition analysis, we take into account the potential for the Proposed Merger to affect some customers differently.
67. We invite industry participants to make further submissions on this, specifically any evidence of price discrimination between customer groups, or between international and domestic tourists based on how they purchase rafting experiences in Rotorua.

⁵⁰ The Application at [57].

With and without scenarios

68. Assessing whether a substantial lessening of competition is likely requires us to:
- 68.1 compare the likely state of competition if the Proposed Merger proceeds (the scenario with the merger, often referred to as the factual) with the likely state of competition if it does not (the scenario without the merger, often referred to as the counterfactual); and
 - 68.2 determine whether competition is likely to be substantially lessened by comparing those scenarios.

With the Proposed Merger

69. With the Proposed Merger, Rotorua Rafting, Kaitiaki Adventures and Kaituna Cascades would combine the assets and operations of their rafting and sledging activities in Rotorua under a new company, Rafting JV Co.⁵¹ Absent new entry, the merged entity would be the only provider of guided rafting in Rotorua.

Without the Proposed Merger

70. The Parties submit that absent the Proposed Merger, the Parties would continue to operate their businesses independently, and that they would each need to develop a strategy to deal with the dual challenge of increased DOC concession fees and the less predictable revenue flows associated with climate-related closures.⁵²
71. Our current view is that it is appropriate to assess the Proposed Merger against a status quo counterfactual where the Parties continue to compete separately. There is no evidence currently before us of any other likely counterfactuals.

Unilateral effects – overview

72. Unilateral effects arise when a firm merges with a competitor that would otherwise provide a significant competitive constraint (particularly relative to remaining competitors) such that the merged firm can reduce quality or profitably increase price above the level that would prevail without the merger without the profitability of that increase being thwarted by rival firms' competitive responses. A lessening of competition does not need to be felt across an entire market, or relate to all dimensions of competition in a market, for that lessening to be substantial. A lessening of competition that adversely affects a significant section of the market may be enough to amount to a substantial lessening of competition.⁵³
73. In the following sections, we assess whether unilateral effects are likely to arise from the Proposed Merger by considering:
- 73.1 the closeness of competition between the Parties; and

⁵¹ The Parties' current working legal name for Rafting JV Co is Rotorua Rafting Holdings Limited and it is intended that the Parties will operate Rafting JV Co's business under a single brand. See the Application at [7].

⁵² The Application at [36]-[37].

⁵³ Mergers and Acquisitions Guidelines above n23 at [2.25] and [3.62].

- 73.2 the likely constraint that the merged entity would face following the Proposed Merger. This includes discussion on:
- 73.2.1 the degree of constraint that other tourism operators would be likely to impose on the merged entity;
 - 73.2.2 how easily rivals could enter and/or expand in the relevant market; and
 - 73.2.3 the countervailing power of wholesalers, agents, resellers and tour operators in the relevant market.

Summary of the Parties' views

74. The Parties submit that the Proposed Merger would not be likely to substantially lessen competition due to unilateral effects because, in a broad adventure tourism or tourism market:⁵⁴
- 74.1 the merged entity would be constrained by the variety of tourism experiences available to tourists in Rotorua, especially given that rafting accounts for 1% of visitor days and revenue in the Rotorua tourism market (or 20% in a narrower Rotorua adventure tourism market);
 - 74.2 the merged entity would also be constrained by the ability of tourists to switch to other adventure tourism offerings throughout New Zealand, even if these fall outside of the market;
 - 74.3 this out of market constraint includes 29 other rafting operators in New Zealand; and
 - 74.4 even if the Parties are wrong and the merged entity was able to raise prices without being constrained by other tourism experiences, then a new operator (either a new entrant or an existing rafting operator expanding to Rotorua) could be expected to enter and compete away those price increases as there are no significant barriers to entry.

Summary of our current views

75. At this stage, we have concerns that the Proposed Merger would substantially lessen competition in the market for guided rafting trips in Rotorua due to unilateral effects, whereby:
- 75.1 the merged entity could raise the price of rafting trips and/or reduce the quality of the offering; and
 - 75.1 the Proposed Merger (being a merger to monopoly in a narrow rafting market) could also in and of itself deter potential new entrants from entering the market. In a market subject to high barriers to entry, a monopoly position may make it harder for new entrants to justify market entry due to the

⁵⁴ The Application at [68]-[69], [71], [75] and [79]-[86].

potential strategic behaviour of the merged entity (eg, leverage increased market power, threats of retaliation through price discounts etc), leading to a durable monopoly position. Although monopoly rents could create an incentive for new entry, the high barriers to entry and relatively small size of the rafting market in Rotorua may not provide sufficient scale for a new entrant to compete against the only rafting provider in Rotorua.

76. Based on the evidence gathered to date:

- 76.1 the Parties are each other's closest competitors and impose significant competitive constraint on one another. With the Proposed Merger, the existing competitive constraint that each of the Parties provide on each other, would be lost;
- 76.2 other existing rafting operators outside of Rotorua would not be likely to materially constrain the merged entity and prevent a substantial lessening of competition due to the differentiation in their offerings, and geographic focus;
- 76.3 while the Parties likely face a degree of competitive constraint from other tourism operators in Rotorua (more so, adventure tourism operators), the extent and strength of this constraint is unclear, and our preliminary view is that constraint from other tourism operators in Rotorua is unlikely to materially constrain the merged entity;
- 76.4 there may be barriers to entry, in particular due to a restriction on the number of DOC concessions available for operators on the Kaituna River under DOC concessions;
- 76.5 even if concessions for additional Kaituna River rafting operations were available, we have not identified any appetite amongst other existing rafting operators outside of Rotorua or other tourism operators (both in and outside of Rotorua) to expand or otherwise enter the market to start offering rafting trips on the Kaituna River; and
- 76.6 it is unclear whether wholesalers, agents, resellers and tour operators have countervailing power, and if they do, whether they would have the ability and/or incentive to use it to constrain the merged entity. We will continue to assess this.

Closeness of competition between the Parties

- 77. At this stage, the evidence we have gathered to date shows that the Parties compete closely to supply guided rafting trips on the Kaituna River, and they impose a significant degree of competitive constraint on one another. In turn, the Proposed Merger would remove the existing vigorous competition between them to supply tourist rafting trips on the Kaituna River.

78. Where a tourist seeks to do a grade 5 rafting trip on the Kaituna River, the Parties are the only three options available for a tourist to choose from.⁵⁵ The Proposed Merger would be a three-to-one merger of operators of grade 5 guided rafting trips on the Kaituna River.
- 78.1 We have been told that rafting on the Kaituna River is unique and accessible, a “bucket list” “one of a kind” activity, there being nowhere else in the world like it in terms of the way the river flows, the canyons, the scenery and waterfalls, including being the highest commercially rafted waterfall in the world.⁵⁶
- 78.2 The Parties also describe their guided rafting trips on the Kaituna River as “...one of the most iconic rafting destinations in New Zealand...”⁵⁷ and not “...just a bucket list tick”⁵⁸, with customer feedback viewing the experience as “...a must do when in and around Rotorua.”⁵⁹
79. Evidence indicates that there is little to no differentiation between the product offerings of the Parties, in that they all traverse the same part of the Kaituna River, starting and ending the journey at the same points in the river, offering a 50–60 minute excursion on the water (between 2-3 hours total, including travel time) through 11-14 rapids and over three waterfalls, including the 7 metre Tutea Falls, as shown in Figure 2.⁶⁰ The Parties also appear to service broadly the same types of customers including families, school groups and tour groups.

⁵⁵ A tourism operator considered that the Proposed Merger would make it challenging for a new entrant where the merged entity would be a “one stop shop” for tourist rafting trips in Rotorua. See Commerce Commission interview with [REDACTED].

⁵⁶ Commerce Commission interview with [REDACTED], Commerce Commission interview with [REDACTED], Commerce Commission interview with [REDACTED], Commerce Commission interview with [REDACTED], Commerce Commission interview with [REDACTED] and e-mail from [REDACTED].

⁵⁷ <https://kaitiaki.co.nz/rafting/>.

⁵⁸ <https://www.rotorua-rafting.co.nz/kaituna-river-rafting>.

⁵⁹ Kaituna Cascades customer testimonial, <https://kaitunacascades.co.nz/rafting/kaituna-river-rafting/>.

⁶⁰ For example, [REDACTED] considers that customers typically view a rafting trip on the Kaituna River as being similar across operators and that the product offering itself is the focus of customer choice. E-mail from [REDACTED].

Figure 2: The Parties' area(s) of operation on the Kaituna River⁶¹



80. As discussed briefly in the section below, the Parties differ from other rafting operators elsewhere in New Zealand in terms of product offering and geographic location.
81. While the Parties told us that they do not generally consider the pricing of each other's offerings,⁶² their pricing in respect of their grade 5 rafting trips on the Kaituna River indicates otherwise. Currently, the pricing of Rotorua Rafting and Kaituna Cascades is the same, with both parties charging \$135 (for an adult) compared to Kaitiaki Adventures which is priced slightly higher at \$139 (for an adult). We received data on price changes for the Parties' trips in recent years and note that all three Parties have tended to have similar pricing for guided grade 5 rafting trips, consistent with them being close competitors. Kaitiaki Adventures is consistently priced at a slight premium to Rotorua Rafting and Kaituna Cascades, although at times some rafting operators have/have had the same prices or changed their prices at similar times.

81.1 [

81.2

81.3]⁶³

82. Market feedback also highlights how closely the Parties compete and the significant degree of competitive constraint that the Parties currently impose on one another in

⁶¹ See Kaituna Cascades website

⁶² The Parties tend to set their prices based on the [], albeit []. See Commerce Commission [] with the Parties (3 November 2025).

⁶³ Email from A&B Lawyers (on behalf of Rafting JV Co) to the Commerce Commission (9 December 2025).

order remain competitive in the market, particularly with respect to price. For example:

- 82.1 [] told us that the rafting companies in Rotorua compete most closely with each other and there is zero differentiation in products noting that the only way they can compete with each other is by heavily discounting their offerings. It also considered that the pricing of a rafting trip on the Kaituna River to be lower than it should be (due to aggressive competition) when considering the quality of the product offering.⁶⁴
- 82.2 [] told us that Rotorua rafting operators are in a race to the bottom in that they push volume and low prices in order to stay competitive on the river. It also considered pricing for a rafting trip on the Kaituna River should be ~\$180-\$200, or otherwise comparative to a Canopy Tour offering given the similarity in duration of the trip.⁶⁵
- 82.3 [] told us that competition between the rafting companies has kept prices down, with the cheaper booking sites there has been a bit of price war between rafting companies.⁶⁶
83. Several market participants did not consider that the Proposed Merger would provide the merged entity with the opportunity to raise prices, as to do so would be to price itself out of the market and tourists would simply switch to another tourism activity in Rotorua.⁶⁷ Although some market participants suggested that there is a subset of tourists that would choose to do a rafting trip on the Kaituna River over any other tourism activity, regardless of the price.⁶⁸
84. We are continuing to explore and invite submissions on this point. In particular, we welcome submissions on:
- 84.1 how the Parties have competitively reacted to each other in the past, following price increases and/or decreases in quality of the offering; and
- 84.2 the extent of competition between the Parties that would be lost with the Proposed Merger, compared to a counterfactual where the Parties continue

⁶⁴ Commerce Commission interview with [].

⁶⁵ Commerce Commission interview with [].

⁶⁶ Commerce Commission interview with [].

⁶⁷ Commerce Commission interview with [], Commerce Commission interview with [], Commerce Commission interview with [] and Commerce Commission interview with []. Although [] noted that while some travellers may consider other adventure products such as ziplining or Canopy Tours, these tend to reflect a different preference rather than a response to rafting prices. E-mail from [].

⁶⁸ Commerce Commission interview with [], Commerce Commission interview with [], Commerce Commission interview with [] and e-mail from [].

to supply tourist rafting trips on the Kaituna River, separately from/and in competition with, each other.

Constraint from other tourism operators (out of market constraints)

85. There is currently no evidence to suggest that rafting operators outside of Rotorua impose any material degree of constraint on the Parties.
86. Beyond the Parties, there are no other rafting operators supplying tourist rafting trips on the Kaituna River.⁶⁹ There are a number of other existing rafting operators across New Zealand. Below we have considered other rafting operators that are based within the broader North Island region, but are differentiated to the Parties offerings (ie, different rivers, grades and geographic locations).⁷⁰
 - 86.1 Tongariro River Rafting is based in Tūrangi (Taupō) and supplies grade 2 and 3 tourist rafting trips on the Tongariro River, ranging from 1-4 hours in duration (including travel time) and from \$140 (for an adult) to \$209 (per person) in price, noting the upper end of the price scale is for a grade 4 rafting trip that only operates three days of the year due to the Hydro Scheme.
 - 86.2 Mohaka Rafting is based in Napier (on the Napier-Taupō road) and supplies grade 2-4 tourist rafting trips on the Mohaka and Ngaruroro Rivers, ranging from half to full day tours, and from \$130 (for an adult) to \$285 (per person) in price, noting trips offered on the Ngaruroro River is a wilderness excursion between two and five days in duration.
 - 86.3 Awastone Rafting is based in Mangaweka and supplies a grade 2 tourist rafting trip on the Rangitikei River of 2 hours in duration, and for a price of \$109 (for an adult).
 - 86.4 River Valley Ventures is based in Taihape (Manawatu/Whanganui) and supplies grades 2 and 5 tourist rafting trips on the Rangitāiki River, ranging from 2-3 hours in duration, and from \$235 (for an adult) to \$265 (per person) in price.⁷¹
87. Market feedback we have received to date indicates that rafting operators outside of Rotorua do not compete closely or at all with the Parties⁷² and instead, other rafting operators see themselves competing more closely with other water-based

⁶⁹ The Parties submit that

[].

⁷⁰ See Figure 1: Map of Rafting Operators in New Zealand.

⁷¹ As previously stated, outside of the Kaituna River, the Parties also all supply tourist rafting trips on the Rangitāiki River, with Kaitiaki Adventures and Kaituna Cascades also offering tourist rafting trips on the Wairoa River (Tauranga).

⁷² Albeit we note one tourism operator told us that it the main competition for rafting operators in Rotorua are other rafting offerings in Queenstown. See Commerce Commission interview with [].

activities,⁷³ adventure tourism activities within the region they operate from,⁷⁴ or other destinations more broadly.⁷⁵ In addition, there is no appetite among existing rafting operators to materially expand to supplying tourist rafting trips on the Kaituna River.

88. We acknowledge that there is likely some degree of competitive constraint imposed by other tourism operators in and around Rotorua. Evidence to date indicates that the Parties may compete with other tourism activities that are similar in terms of duration, price, level of adventurousness and physical effort, customer demographic and accessibility of the offering. For example:

88.1 [] sees itself competing most closely with other [], but indicates its offering substitutable for a rafting trip alongside Redwoods Treewalk, Velocity Valley, Skyline Rotorua, and mountain biking for example.⁷⁶

88.2 [] sees itself as competing against the Parties who fall within the same adventure set which includes the likes of Bungy and Velocity Valley's offerings for example.⁷⁷

88.3 Tourism Industry Aotearoa submits that Visitors typically choose between a range of activities, including rafting, ziplines, jet boating, mountain biking, scenic tours, and cultural experiences.⁷⁸

88.4 [] sees itself as competing with other adventure related activities including rafting, Zorb and the Luge which have an adrenaline focus and are all competing with each other for a tourist to come to their activity.⁷⁹

88.5 [] considers that [] competes with rafting to a point, although considers [] and [] to be its direct competitors based on the type of ride.⁸⁰

88.6 [] considers that Zipline operators, Velocity Valley, Zorb, Adventure Playground, 4x4, Katoa Jet, rafting, Skyline, Tree Walks, Hells Gate, and Wonder World form part of the same adventure/soft adventure product set as part of a continuum, and are all competing for same pool of customers, for

⁷³ Commerce Commission interview with [].

⁷⁴ Albeit one rafting operator considered that it indirectly competes with rafting operators in Rotorua to a degree, but that it competes more closely with other adventure tourism activities more broadly in its region. See Commerce Commission interview with [].

⁷⁵ Commerce Commission interview with [].

⁷⁶ Commerce Commission interview with [].

⁷⁷ Commerce Commission interview with [].

⁷⁸ Submission from Tourism Industry Aotearoa (26 November 2025).

⁷⁹ Commerce Commission interview with [].

⁸⁰ Commerce Commission interview with [].

peoples' time. It considers that rafting competes with all other adventure tourism operators.⁸¹

- 88.7 Contiki NZ submits that guests actively choose between a wide range of comparable adventure experiences throughout their journey; such as jetboating, bungy jumping, ziplining, skydiving, and geothermal sightseeing, depending on personal interest, price, and timing.⁸²
- 88.8 [] considers that customers have limited budgets and are willing to substitute rafting for other activities such as Zorb, Skyline, Luge, or kayaking, noting that operators compete for inclusion in itineraries and for customers' limited budgets.⁸³
89. Conversely, some Rotorua-based tourism operators do not consider they compete closely, or at all with rafting operators in Rotorua. For example:
- 89.1 [] sees itself as competing with tourism activities of a similar price point and duration albeit does not consider that it competes with rafting products in Rotorua.⁸⁴
- 89.2 [] sees itself as competing more closely with activities with the same 'hands on'/level of excitement and boutique product offerings with a higher price point such as Skydiving.⁸⁵
- 89.3 [] sees itself as competing with every other tourism business in Rotorua for a tourist's time and money and considers the likes of [] in setting its prices. It does not view rafting in Rotorua as a direct competitors.⁸⁶
- 89.4 [] sees itself as competing most closely with other land-based adventure activities including [] and distinguishes competition on rafting on the basis of it being a water-based activity.⁸⁷
90. While rafting operators likely face a degree of competitive constraint from other tourism operators in Rotorua, the extent of this constraint is unclear based on the mixed evidence received to date. Our preliminary view is that constraint from other tourism operators in Rotorua is unlikely to materially constrain the merged entity and prevent a likely substantial lessening of competition, including because tourism operators offer activities that are highly differentiated in terms of price, level of thrill and duration of activity.

⁸¹ Commerce Commission interview with [].

⁸² Submission from Contiki NZ (10 November 2025).

⁸³ Commerce Commission interview with [].

⁸⁴ Commerce Commission interview with [].

⁸⁵ Commerce Commission interview with [].

⁸⁶ Commerce Commission interview with [].

⁸⁷ Commerce Commission interview with [].

91. We are continuing to explore and invite submissions on the extent to which other tourism operators in/around Rotorua would impose a competitive constraint on the merged entity. In particular, we invite submissions and evidence on:
- 91.1 the factors considered by visitors to Rotorua when choosing and switching between different tourism activities;
 - 91.2 how rafting operators have competitively reacted to changes in product offerings of other tourism operators (or vice versa); and
 - 91.3 the degree of constraint provided by other tourism operators on the Parties.

Constraint from entry/expansion of other rafting operators

92. To constrain an exercise of market power by the merged entity, entry or expansion in response to a price increase or other exercise of market power by the merged entity has to be likely, sufficient in extent, and in a timely fashion, satisfying what is termed the Likelihood, Extent and Timeliness Test (LET test). While we look at evidence of whether parties are already planning to enter or expand (and consider the impact of that entry or expansion), what matters for our analysis is whether entry and expansion in addition to that already planned would be likely if prices increased post-acquisition.⁸⁸
93. We have considered both the conditions of entry and expansion, and also whether entry or expansion is likely. Based on the evidence currently before us, it appears that there may be barriers to obtaining a DOC concession to supply commercial rafting trips on the Kaituna River. Entry by new rafting operators appears unlikely at this time. We are not aware of any likely entrants.

Conditions of entry/expansion

Summary of Parties' views

94. The Parties submit that for a party to supply tourist rafting trips on the Kaituna River, it would require rafts and associated equipment, leasing a location to operator from, marketing and employing or contracting rafting guides (who need to hold a National Raft Guide qualification), a DOC concession to operate on the Kaituna River and registration with WorkSafe as an adventure activity operator under the Health and Safety at Work (Adventure Activities) Regulations 2016. The Parties further submit that a rafting operation with four rafts could be established for less than \$100,000 and very little of which would be sunk costs.⁸⁹ The Parties further submit that:⁹⁰
- 94.1 while entering the market would be a non-trivial undertaking, a new operator would not need to incur upfront sunk capital costs to enter;
 - 94.2 although there would be competition for raft guides, they can switch operators easily and so access to raft guides is unlikely to be a barrier to entry

⁸⁸ Mergers and Acquisitions Guidelines above n23 at [3.95]-[3.96] and [3.99].

⁸⁹ The Application at [71]-[86].

⁹⁰ The Application at [80]-[81] and [83]-[84].

– raft guides tend to work by season and can be sponsored from overseas to work in New Zealand;

94.3 there are currently four concessions for rafting on the Kaituna River and the Parties have no reason to believe that a concession would not be granted to an appropriate operator post-merger;⁹¹ and

94.4 the presence of numerous adventure tourism operators in New Zealand suggests that the health and safety requirements do not pose a significant barrier to entry.

Summary of our views

95. As noted above, rafting is an adventure activity governed by the Adventure Activities Regulations. As such, any commercial rafting business is required to register with WorkSafe as an ‘adventure tourism operation’ and becomes subject to the Health and Safety and auditing requirements under the Health and Safety at Work Act 2015. One condition of entry is therefore a need to comply with Worksafe registration requirements.

96. Another condition of entry is the need to have a DOC concession to commercially raft on the Kaituna River.⁹² We have been told that there are a limited number of concessions. The Parties currently hold all of the concessions for Kaituna River rafting,⁹³ which they intend to continue using post-merger.⁹⁴ Our enquiries have revealed that the Kaituna River is considered to be at capacity and that additional concessions from DOC/the Board to offer commercial rafting trips on the Kaituna River are unlikely to be available, over and above the concessions already held by the Parties. This would mean that there is little to no prospect of new entry.

⁹¹ Post-merger, the Parties expect to continue operating under their existing concessions (subject to any approvals required). The Parties
[

]. See e-mails from A&B Lawyers (on behalf of Rafting JV Co) to the Commerce Commission (12 December 2025) and (3 February 2026).

⁹² Commerce Commission interview with DOC (24 November 2025), Commerce Commission interview with Lake Rotoiti Scenic Reserve Board (2 December 2025).

⁹³ Currently held concessions can be assigned to a new party (the assignee). The Assignee would then be granted the benefits of each concession enabling them to operate under the terms and conditions of each concession assigned. The assignment process would not merge the five concessions into one though, therefore the Assignee would be operating the 5 concessions individually (with the associated fees for five concessions). An assignment does not sever the liability for the Assignor. This is to ensure that the terms and conditions of the concession are met throughout the term of the concession. Alternative to an assignment, the original concessions can be surrendered, and a new application can be made by the new party. This way there is no liability for the current concession holders. E-mail from DOC to the Commerce Commission (29 January 2026).

⁹⁴ The Parties have told us that the concession previously held by River Rats has been reassigned/transferred to Rotorua Rafting as part of the completed acquisition, subject to DOC approval and timing. E-mails from A&B Lawyers (on behalf of Rafting JV Co) to the Commerce Commission (9 December 2025) and (3 February 2026).

97. In considering an application for a concession, DOC consults with relevant stakeholders. For rafting on the relevant section of the Kaituna River, within the Okere Falls Scenic Reserve, this would require consultation with the Board.⁹⁵ We understand that concessions on the Kaituna River are generally granted for 10 years, with three yearly 'rent reviews' for assessment of the DOC fee.⁹⁶
98. Evidence before us indicates that there may be restrictions around the number of commercial operators that may be permitted to hold concessions on the Kaituna River.⁹⁷ The Board has indicated that under its new Reserve Management Plan (which is due to be finalised in 2027), it would likely limit its approval to five concessionaires being able to operate on the Kaituna River at any one time. The Board considers that:⁹⁸
- 98.1 five concessionaires is the number of operators that it is able to comfortably manage and monitor;
 - 98.2 its strong preference reflects a tikanga-based limit informed by mātauranga Māori, generations of observation by mana whenua, and long-standing experience of cumulative impacts on the river system - the limit seeks to protect the mauri, wairua, and whakapapa of the river, while also upholding manaakitanga by ensuring safety, quality experiences, and respect for both people and the environment;
 - 98.3 capacity assessments draw on mana whenua mātauranga, the practical knowledge of guides who work daily on the river, ecological science, and long-standing community experience; and
 - 98.4 conditions of existing concessions ie, limits on frequency of trips, party size, and seasonal operations are central to its assessment of river pressure and will continue to guide future decision-making and are reviewed through monitoring of river use, cultural safety considerations, incident and near-miss information, environmental indicators, and feedback from hapū, iwi, DOC, community groups, local community boards, and regional and district councils.
99. The Board noted that any application for an additional concession would:⁹⁹
- 99.1.1 require exceptional justification;

⁹⁵ As per the Māori Purposes Act 1931 and the Reserve Act 1977.

⁹⁶ Commerce Commission interview with DOC (24 November 2025).

⁹⁷ As outlined earlier, following the acquisition of River Rats concession/operating rights by Rotorua rafting, the merged entity would hold all of the active concessions for rafting on the Kaituna River.

⁹⁸ Commerce Commission interview with Lake Rotoiti Scenic Reserve Board (2 December 2025) and e-mail from Lake Rotoiti Scenic Reserve Board to the Commerce Commission (7 January 2026).

⁹⁹ E-mail from Lake Rotoiti Scenic Reserve Board to the Commerce Commission (7 January 2026).

99.1.2 need to demonstrate how it reduces overall pressure on the river, adds cultural value, and strengthens the wellbeing of Te Awa o Ōkere, rather than simply increasing competition; and

99.1.3 be required to include demonstrable alignment with kaitiakitanga and tikanga, clear support from hapū and iwi with mana whenua, tangible environmental enhancement, and meaningful community benefit.

100. We note that in turn, the above may affect DOC's future decisions on concessions.¹⁰⁰

101. Even if further concessions were available, there may be an additional condition of entry relating to resource consents. The Parties told us that they do not require a resource consent to operate commercial rafting trips on the Kaituna River.¹⁰¹ Conversely, we have received some information to suggest that resource consents could be required in the future.¹⁰² We are continuing to consider this point and whether resource consents could be a barrier to entry/expansion in the future

Likelihood of entry/expansion

102. We have received mixed evidence with respect to the likelihood of entry or expansion into guided rafting trips in Rotorua.

102.1 [] considers that there are around one to two new tourism operators entering the tourism market in Rotorua every few years (eg, Wai Ariki, Glow Worms and Treewalk recently), and that barriers to entry are 'pretty' low.¹⁰³

102.2 [] indicated while there would theoretically be nothing to stop a new entrant to the market, it would be hard to get the scale to operate, particularly in terms of being able to work safely within the audit system.¹⁰⁴

102.3 [] considered that too many operators on the river could be a barrier where there is too much competition which makes it harder to gain sufficient customer numbers.¹⁰⁵

102.4 [] told us that there may be barriers in terms of the capital required to set up and operate a rafting business and that access to the river might be

¹⁰⁰ DOC indicated that in any situation where it receives an application for a new concession that it would work with the Board to assess a new application in alignment with any limits in the statutory planning documents. E-mail from DOC to the Commerce Commission (29 January 2026).

¹⁰¹ E-mail from A&B Lawyers (on behalf of Rafting JV Co) to the Commerce Commission (19 November 2025).

¹⁰² E-mail from Rotorua Lakes Council to the Commerce Commission (6 January 2025).

¹⁰³ Commerce Commission interview with [].

¹⁰⁴ Commerce Commission interview with [].

¹⁰⁵ Commerce Commission interview with [].

difficult and that it would be hard to break into if there was only one rafting operator.¹⁰⁶

- 102.5 A further four market participants considered that there are relatively low barriers to entry for operating rafting trips on the Kaituna River,¹⁰⁷ with one indicating that a new entrant could simply get a DOC concession, raft guide and second-hand raft to start operating and take volume from other operators.¹⁰⁸ Another indicated that there are too many operators on the river which has a downward pressure on quality, consistency and standards.¹⁰⁹
103. We have not identified any parties with plans to enter and start supplying tourist rafting trips on the Kaituna River, or to materially expand the scope of any existing rafting operations into Rotorua.
- 103.1 [] told us that it has no plans to expand, noting that while it could expand into Rotorua if it wanted to, it would need to obtain a number of things (eg, get a concession, get an audit, have a base, get some guides, have rafts) and that it is too congested on the river currently.¹¹⁰
- 103.2 [] had no current plans to expand [] into rafting in Rotorua.¹¹¹
- 103.3 [] told us that it has not considered expanding into offering rafting trips noting that its [] and that there already low yield and no product differentiation within rafting in Rotorua. It considers the Kaituna River is not at capacity but is unsure how hard or easy it is to get a DOC concession to operate on the River.¹¹²
- 103.4 [] told us that it sticks to its own base [].¹¹³
104. While one water-based operator considered that it could expand to rafting trips on the Kaituna River, it noted that would require [] and it wasn't sure this is something it wanted to do. It added that if the Proposed Merger goes ahead it would be hard to compete for a new rafting company, especially from a marketing perspective.¹¹⁴ Beyond the Parties, there are currently two other operators holding DOC concessions

¹⁰⁶ Commerce Commission interview with [].

¹⁰⁷ Commerce Commission interview with []. Commerce Commission interview with [], Commerce Commission interview with [], and Commerce Commission interview with []. Albeit conversely, [] also noted DOC concession and iwi requirements as key barriers to entry, in addition to financial resource and time.

¹⁰⁸ Commerce Commission interview with [].

¹⁰⁹ Commerce Commission interview with [].

¹¹⁰ Commerce Commission interview with [].

¹¹¹ Commerce Commission interview with [].

¹¹² Commerce Commission interview with [].

¹¹³ Commerce Commission interview with [].

¹¹⁴ Commerce Commission interview with [].

to operate on the Kaituna River – one being River Rats (which has now been acquired by Rotorua Rafting outside of the Application) and the other being New Zealand Whitewater Academy which currently holds a concession to operate tandem kayaking trips on the Kaituna River. Based on current evidence, while we understand there are no statutory barriers to prevent a concession being granted to an appropriate operator, it is unclear the extent to which any new application for a concession to operate on the Kaituna River (beyond those currently held by concessionaires) would be granted a concession by DOC.¹¹⁵

105. Based on current evidence, there is nothing to indicate that entry or expansion would be likely and sufficient in extent and timeliness to constrain the merged entity. Based on the evidence we have seen, there is no real indication that any existing tourism operators in Rotorua would seek to capitalise on any potential increase in price or reduction in quality by the merged entity and expand into offering guided rafting trips. Further, we have not seen any evidence to indicate that rafting operators based elsewhere in New Zealand would seek to capitalise on any potential increase in price or reduction in quality by the merged entity and expand existing operations into Rotorua.
106. We are continuing to assess and invite submissions on the barriers to entry for new rafting operators and the extent to which rafting operators may have the ability and/or incentive to expand their operations. This includes the extent to which other tourism operators might be incentive to start offering guided rafting trips in Rotorua in response to the merged entity raising its price or reducing the quality of its services.

Countervailing power of wholesalers, agents, resellers and tour operators

107. A merged firm's ability to increase prices profitably may be constrained by the ability of certain customers to exert substantial influence on negotiations, through countervailing power. Countervailing power exists when a customer possesses characteristics that give that customer the ability to substantially influence the price the merged entity charges. This may be the case if:¹¹⁶
 - 107.1 the customer can discipline the merged firm by switching or credibly threatening to switch to suppliers of the same product in other geographic markets where competitive conditions are different;

¹¹⁵ We consider that DOC is likely to be restricted by the Board's preference for a limit of five concession holders. While the Board noted that the limit is not immutable in perpetuity, it would only change if tikanga, mātauranga, and monitoring evidence demonstrated that the mauri of the river remains strong and that any increase would provide clear benefit to iwi, hapū, and the wider community without compromising environmental integrity, cultural expression, or user safety. It also indicated that such change would require a tikanga-led process driven by mana whenua, including cultural assessment, ongoing monitoring, and direct kōrero with those who hold whakapapa obligations to Te Awa o Ōkere. E-mail from Lake Rotoiti Scenic Reserve Board to the Commerce Commission (7 January 2026).

¹¹⁶ Mergers and Acquisitions Guidelines above n23 at [3.113]-[3.115].

- 107.2 the customer can switch or credibly threaten to switch to suppliers of other products it acquires from the merged firm;
 - 107.3 the customer can take action to reduce the merged firm's sales by, for example, giving less favourable retail placement to the merged firm's products; and/or
 - 107.4 the customer purchases enough product to make it feasible for the customer to sponsor new entry.
108. Rafting trips can be sold to tourists directly and indirectly through intermediaries such as local and online travel agents, inbound tour operators, resellers and other wholesalers.
109. In assessing the constraint from countervailing power, we have been considering:
- 109.1 whether wholesalers, agents, resellers and tour operators are likely to have countervailing power, and the strength of any countervailing power; and
 - 109.2 the incentives that wholesalers, agents, resellers and tour operators would have to use any countervailing power to constrain the merged entity.
110. It is currently unclear whether wholesalers, agents, resellers and tour operators have countervailing power, and if they do whether they would have an incentive to use it to constrain the merged entity. Even if they do, this would not protect tourists who buy through different channels (including directly from rafting operators).
111. Where tour operators are able to switch between different types of tourism experiences or to rafting operators in other regions outside of Rotorua (in deciding what they choose to include in their tours), they may have some degree of countervailing power.¹¹⁷
112. Wholesalers, agents and resellers who generate a significant portion of bookings for the Parties could also potentially have some countervailing power. For instance, while the direct sales channel accounts, on average, for the []¹¹⁸ of the Parties' revenue, agents have also generated a []¹¹⁹ of sales.¹²⁰ In addition, separate to the bundle or combo offerings that the Parties put together themselves (whether that be with their other complementary offerings or with other tourism operators) wholesalers, agents and resellers arrange bundle deals of tourism activities with different activity providers.¹²¹ However, some evidence we have

¹¹⁷ Albeit Contiki NZ submits that rafting in Rotorua is an optional add-on in its national tour itineraries, rather than a core inclusion. Submission from Contiki NZ (10 November 2025).

¹¹⁸ []%.

¹¹⁹ []%

¹²⁰ The Application at Attachment A.

¹²¹ For example, EverythingNZ offers bundles that include a Rotorua rafting trip, zipline, Hot Pool, Mud Bath and sledging. <https://www.everythingnewzealand.com/category/rafting/rotorua-activities/>.

received indicates that these parties may not be able to influence customer bookings.

112.1 One online travel agent has told us that tourist bookings for rafting only accounts for around []% of its total bookings.¹²²

112.2 [] indicated that rafting is not considered a top-tier activity for its customers and that all operators are competing for a customer's time and inclusion in their itinerary.¹²³

113. However, we do not consider it likely that wholesalers, agents, resellers and tour operators would self-supply or sponsor entry of new rafting operators.

114. We are continuing to explore and invite submissions on the countervailing power of customers. In particular, we invite submissions and evidence:

114.1 from tourism operators on instances where wholesalers, agents, resellers or tour operators have exercised countervailing power, particularly against rafting operators;

114.2 from wholesalers, agents, resellers or tour operators to provide further evidence of their negotiation power (or lack thereof) with tourism operators, in particular, the Parties; and

114.3 on the incentives of wholesalers, agents, resellers and tour operators to use any countervailing power to constrain the merged entity.

Next steps in our investigation

115. We are currently scheduled to decide whether or not to give clearance to the Proposed Merger by 14 April 2026. However, this date may change as our investigation progresses.¹²⁴ In particular, if we need to test and consider the issues identified above further, the decision date may extend.

116. As part of our investigation, we are identifying and contacting parties that we consider will be able to help us assess the issues identified above.

Making a submission

117. We are continuing to undertake inquiries and seek information from industry participants about the impacts of the Proposed Merger. We welcome any further evidence and other relevant information and documents that the Parties or any other interested parties are able to provide regarding the issues identified in this Sol.

¹²² E-mail from [].

¹²³ Commerce Commission interview with [].

¹²⁴ The Commission maintains a case register on our [website](#) where we update any changes to our deadlines and provide relevant documents.

118. In **Attachment A**, we summarise the matters that we are interested in receiving submissions on.
119. If you wish to make a submission, please send it to us at registrar@comcom.govt.nz with the reference “Rafting JV Co/Rotorua rafting operators” in the subject line of your email, or by mail to The Registrar, PO Box 2351, Wellington 6140. Please do so by close of business on **20 February 2026**.
120. All information we receive is subject to the Official Information Act 1982 (OIA), under which there is a general principle of availability. We recognise, however, that there may be good reason to withhold certain information contained in a submission under the OIA, for example in circumstances where disclosure would unreasonably prejudice the supplier or subject of the information.
121. Please clearly identify any confidential information in your submission and provide both a confidential and a public version. We will be publishing the public versions of all submissions on our website.

Attachment A: Matters on which we are interested in receiving submissions

At this point, the key issues which we consider are most likely to be determinative of our decision are:

Market/issue		Matters/questions
Market Definition	<i>General</i>	<ul style="list-style-type: none"> We invite submissions on our current approach to market definition and for parties to provide us with further evidence on the scope of the relevant market(s).
	<i>Product dimension</i>	<ul style="list-style-type: none"> The extent to which other tourism activities that visitors to Rotorua consider are close substitutes for rafting. The extent to which rafting operators taking account of other Rotorua tourism operators in setting their prices and marketing strategies (and vice versa). Evidence of rafting operators gaining or losing revenue as a result of price increase (or decrease) from other tourism operators in Rotorua.
	<i>Geographic dimension</i>	<ul style="list-style-type: none"> The extent to which tourists switch between a guided rafting experience in Rotorua, and a guided rafting experience (or other tourism experience) in other regions. The extent to which Rotorua rafting operators take account of other rafting operators (or other tourism operators) elsewhere when setting their pricing and marketing strategies (and vice versa). Furthermore, we welcome evidence of rafting operators gaining or losing revenue from/to other operators (including rafting) outside of Rotorua as a result of price increase (or decrease) from other tourism operators in Rotorua.
	<i>Customer dimension</i>	<ul style="list-style-type: none"> The extent to which there is price discrimination between customer groups, or between international and domestic tourists based on how they purchase rafting experiences in Rotorua.

Market/issue		Matters/questions
Unilateral effects	<i>Closeness of competition</i>	<ul style="list-style-type: none"> • The extent to which the Parties have competitively reacted to each other in the past, following price increases and/or decreases in quality of the offering. • The extent of competition between the Parties that would be lost with the Proposed Merger, compared to a counterfactual where the Parties continue to supply tourist rafting trips on the Kaituna River, separately from/and in competition with, each other.
	<i>Constraint from other tourism operators</i>	<ul style="list-style-type: none"> • The factors considered by visitors to Rotorua when choosing and switching between different tourism activities. • How rafting operators have competitively reacted to changes in product offerings of other tourism operators (or vice versa). • The degree of constraint provided by other tourism operators on the Parties.
	<i>Constraint from potential competition</i>	<ul style="list-style-type: none"> • The extent to which rafting operators may have the ability and/or incentive to expand their operations, including the extent to which other tourism operators might be incentive to start offering guided rafting trips in Rotorua in response to the merged entity raising its price or reducing the quality of its services.
	<i>Countervailing power</i>	<ul style="list-style-type: none"> • Evidence of wholesalers, agents, resellers or tour operators have exercised countervailing power, particularly against rafting operators. • Evidence of wholesalers, agents, resellers or tour operators negotiation power (or lack thereof) with tourism operators, in particular, the Parties. • The incentives of wholesalers, agents, resellers and tour operators to use any countervailing power to constrain the merged entity.