

Submission to the



## New Zealand Commerce Commission

### Proposed Merger of Three Rotorua White Water Rafting Operators

*In Support of Merger Clearance and Authorisation*

<b>Date of Submission</b>	29 May 2026
<b>Submitted by</b>	Tourism Export Council of New Zealand
<b>Relevant Market</b>	White water rafting and river adventure tourism, Rotorua region, North Island, New Zealand
<b>Application Type</b>	Merger Clearance (s 66) / Authorisation (s 67), Commerce Act 1986
<b>Regulator Reference</b>	New Zealand Commerce Commission (Te Komihana Tauhokohoko)

## 1. Executive Summary

This submission is made on behalf of the Tourism Export Council of New Zealand (TECNZ) relating to three Rotorua-based white-water rafting and river adventure operators who seek merger clearance (or, alternatively, authorisation) from the New Zealand Commerce Commission (the Commission) under the Commerce Act 1986. The three operators collectively provide the majority of white-water rafting and river sledging experiences available in the Rotorua region.

Kaitiaki Adventures, one of the white-water rafting companies, is a member of the Tourism Export Council of New Zealand.

TECNZ understands the **Commission's has two key concerns:**

1. No industry/national data is available or collected on the white-water rafting sector to help the Commission with decision making. **This is correct and not unexpected when the tourism industry is made up of many sectors and sub-sectors. Government funding is only collected/collated on a regional basis that provides source of country/region of visitor spend and number of visitors on a monthly and annual basis.**
2. A merger would likely substantially lessen competition and increase prices for consumers. **This thinking does not accurately reflect the competitive reality of the market in which these businesses operate.**

A broader analysis of the national market demonstrates that:

- Whilst we appreciate the Commission is only focusing on the Rotorua rafting region, it is important to put into context where the three applicants sit amongst the national rafting scene and the choices on offer for discretionary visitor spend.
- Rotorua is one of multiple competitive rafting regions in New Zealand, with well-established operators in Taupō/Turangi, Hawke's Bay, Queenstown, Murchison, and the South Canterbury region, all of which are accessible to both domestic and international visitors.

- Pricing comparisons (set out in Appendix A) show the merged entity would remain mid-market by national standards.
- Without a merger, the current economic environment — characterised by elevated operating costs, post-pandemic structural pressures, reduced domestic discretionary spending, and ongoing wage inflation — places one or more of the three operators at material risk of insolvency or closure.
- The loss of one or two operators would itself substantially reduce competition and consumer choice in the Rotorua region, producing precisely the harm the Commission seeks to prevent. A merged entity is the most effective mechanism for preserving competitive supply in the region.
- The public benefits of the proposed merger — including operational resilience, safety investment, employment retention, and sustained Rotorua tourism infrastructure — outweigh any theoretical lessening of intra-regional competition.

## **2. Background and Context**

### **2.1 The Applicant Operators**

The three applicant companies are each independently owned and operated white water rafting and river adventure businesses based in the Rotorua region. Their primary operating river is the Kaituna River, which flows through the Te Arawa rohe and is internationally recognised for containing the world's highest commercially rafted waterfall. The operators also provide trips on the Wairoa and Rangitaiki Rivers.

Each business is a small-to-medium enterprise (SME) with relatively fixed costs — including specialised equipment, certified guides, insurance, Maritime New Zealand compliance, and safety systems — which are not easily scaled down during slow periods. All three have operated in the region for a significant period and have individually contributed to Rotorua's reputation as one of New Zealand's premier adventure tourism destinations.

### **2.2 Nature of the Proposed Merger**

The proposed merger would consolidate the three operators under a single legal entity while retaining all existing operations, staff, and guiding capabilities. The intention is not to reduce the volume or range of rafting experiences available to customers, but to achieve operational efficiencies that allow the combined business to survive and thrive in a challenging economic environment. Specifically, the merger would potentially involve:

- A single booking / reservation platform, reducing duplicated digital infrastructure costs;
- Consolidated fleet maintenance, storage, and equipment purchasing;
- Shared guide training, certification, and rostering;
- Combined marketing spend, particularly for international visitor acquisition;
- Unified compliance, insurance, Adventure Mark audit processes and DOC concession.

The merged entity would continue to operate multiple daily departures across the rivers currently serviced by the three operators, maintaining or expanding service availability for customers.

## 3. The Relevant Market

### 3.1 White-Water Rafting and River Adventure Market

TECNZ submits the national white-water rafting and river adventure tourism market context must be considered with the Commission's review not just a Rotorua-specific market.

The following factors support a national market definition:

- The overwhelming majority of white-water rafting customers in New Zealand are either international visitors or domestic tourists travelling specifically for adventure tourism. These visitors plan itineraries that may include Rotorua, Queenstown, Taupō, or other regional destinations interchangeably. The Rotorua operators are competing for the same pool of adventure-seeking visitors as operators throughout the country.
- New Zealand is a relatively small country (approximately 268,000 km<sup>2</sup> with a road network that makes most regions accessible within a day's drive or a short domestic flight). Queenstown, Taupō, and Murchison — all of which offer highly competitive rafting products — are commonly included on multi-stop itineraries alongside Rotorua.
- Online booking platforms (Bookme, Viator, GetYourGuide, and operator direct booking sites) present all New Zealand rafting operators' side by side, enabling direct comparison shopping by customers globally. There is no structural barrier that would confine a customer's purchasing decision to Rotorua operators alone.
- Travel agents and wholesale tourism distributors routinely package Rotorua and Queenstown adventure activities together, meaning the two regions' operators compete directly for visitor spend.

### 3.2 National Competitor Landscape

A review of the active national market (detailed in Appendix A) identifies at least 13 commercial white-water rafting and river adventure operators across New Zealand, spanning both the North and South Islands:

- North Island: Kaituna Cascades, Rotorua Rafting, Kaitiaki Adventures (Rotorua); Rafting New Zealand (Turangi/Taupō); Mohaka Rafting (Hawke's Bay)
- South Island: Ultimate Descents Aotearoa, Wild Rivers Rafting (Murchison/Buller Gorge); Inland Adventures (Reefton/West Coast); Hidden Valleys Rafting (South Canterbury); Challenge Rafting, RealNZ, Family Adventures New Zealand, Serious Fun Riverboarding (Queenstown)

Even within the North Island, customers have meaningful alternatives, particularly visitors based in Taupō, Auckland, or the Bay of Plenty who can readily choose between Rotorua's Kaituna River experience and the Tongariro River Grade 3 experience offered by Rafting New Zealand in Turangi. Both are marketed nationally and internationally as premier rafting destinations.

### 3.3 Price Comparison Across the National Market

A price survey of current operator pricing (see Appendix A) demonstrates that the Rotorua operators are not premium-priced relative to the national market. On the contrary, they sit at the lower-to-mid end of the national pricing spectrum:

- Rotorua operators (Kaituna Cascades, Rotorua Rafting, Kaitiaki Adventures): \$110–\$142 per person
- Mid-market operators (Rafting New Zealand, Wild Rivers Rafting, Challenge Rafting): \$145–\$185 per person
- Higher-priced operators (Hidden Valleys Rafting, RealNZ, Family Adventures NZ, Serious Fun Riverboarding): \$175–\$299 per person

This comparison demonstrates that even if the merged Rotorua entity were to increase prices modestly to fund operational improvements, it would remain competitively priced relative to the national market. The Commission's concern that a merger would produce anticompetitive pricing is therefore not supported by the available evidence.

## 4. The Economic Case for Merger

TECNZ does not have customer/visitor data for all three applicants for the merger application, but we believe each company has a similar profile. The following data has been provided by Kaitiaki Adventures.

### 4.1 Who are Kaitiaki Adventures Customers?

When looking at the visitor profile for Kaitiaki Adventures █ % of annual customers are **international visitors**. These visitors find pricing for activities through a variety of booking channels. OTAs are the largest booking channel, followed by Inbound travel trade.

Any bookings coming via NZ Inbound travel trade (who receive bookings on behalf of their offshore tour wholesaler and travel agent clients) have prices negotiated 1-2 years in advance and become contracted rates. Depending on where each visitor comes from and foreign exchange rate for that country, rates will vary.

From a seasonal split perspective when looking at annual numbers █ % of visitors are hosted during the six-month season (1 Oct-31 Mar) each year. This illustrates the cost structure challenge for operators carrying fixed overheads across a heavily seasonal business.

TECNZ believes this strengthens the economic case for merger.

### Summer international profile

Summer visitation overwhelmingly international, concentrated in Europe, UK, Australia, USA — predominantly FIT/backpacker and itinerary-based travellers. Strong foreign exchange exposure across 5+ major currencies.

**VISITOR SEGMENTS**

Largest to smallest (indicative)

FIT / independent travellers

Backpacker / itinerary

Group bookings (8+ pax)

Cruise / trade-hosted

Education / school groups

Incentive / corporate

Trade famils & media

---

Most international visitors purchase as part of a broader NZ itinerary — not searching for a specific Rotorua operator. This confirms national market substitutability.

**PRICING STRUCTURE NOTES**

Peak summer pricing

Shoulder season pricing

Off-peak / winter promotional

Education / student discounts

Wholesale / trade contracted rates

OTA real-time dynamic pricing

Trade contracted rates fixed up to 2-3 years in advance. OTA pricing fluctuates in real time based on occupancy, promotions and commission incentives. Specific prices to be provided by operator.

## 4.2 The Current Economic Climate for Small Tourism Operators

New Zealand's small adventure tourism operators have faced an exceptionally challenging economic environment over the 2023–2026 period. Key factors include:

- **Inflation and input cost pressures:** Non-tradeable inflation in New Zealand remained above 4.9% as recently as late 2024 (BERL, 2024), driving up wages, insurance premiums, fuel, equipment costs, and compliance costs. The Reserve Bank's Financial Stability Report (May 2026) notes diesel prices are at 50-year inflation-adjusted highs — a direct cost pressure for operators who transport customers to rivers by vehicle.
- **Elevated interest rates:** The Reserve Bank of New Zealand raised the Official Cash Rate to 5.5% in 2023 — the highest since 2008. Although monetary easing has since begun, many small businesses re-financed equipment loans or operating credit at significantly higher rates, with debt servicing costs remaining elevated into 2025–26.
- **Suppressed domestic demand:** Treasury and BERL forecasts through 2024–25 consistently flagged weak domestic consumer spending as a structural headwind. With New Zealand GDP growth running below trend, the domestic adventure tourism segment — which includes school groups, New Zealand holiday-makers, and local corporate bookings — has contracted materially.
- **Post-pandemic structural adjustment:** The tourism sector's workforce was severely disrupted by COVID-19 border closures, causing many experienced raft guides and adventure operators to leave the industry. Rebuilding guide teams, re-certifying staff, and restoring capacity has required significant capital expenditure at a time of already elevated costs.
- **Insurance cost escalation:** Following multiple severe weather events in the Bay of Plenty and Waikato regions (including Cyclone Gabrielle in February 2023), insurance

premiums for adventure operators have increased substantially. Liability and asset insurance are a major fixed cost component for rafting businesses operating in inherently high-risk river environments.

### **4.3 The Failing Firm / Exiting Competitor Analysis**

TECNZ understands each of the three applicants are under stress and one or more of the three businesses faces a material risk of insolvency or cessation of operations within the next 12–24 months.

Indicators include:

- Revenue per departure has declined as a percentage of cost per departure, compressing operating margins to levels that do not cover full fixed cost allocation;
- Equipment replacement cycles have been deferred, creating both safety risk and increasing maintenance costs — a cycle that becomes increasingly unsustainable without capital investment;
- Guide recruitment and retention has become more difficult and expensive, as the broader labour market competition for outdoor recreation professionals has intensified;
- Individual operator marketing budgets are insufficient to compete effectively in the international digital marketing environment against better-resourced Queenstown and South Island operators.

The exiting competitor doctrine — recognised in the Commission's own Mergers and Acquisitions Guidelines — provides that a merger should be assessed against the realistic competitive landscape that would emerge if the merger did not proceed. Where it can be demonstrated that one or more of the merging parties would exit the market absent the merger, the counterfactual state of competition is reduced regardless of whether the merger proceeds.

In this case, the credible counterfactual for the Rotorua market is not three competitors — it is one or two operators with reduced combined capacity, degraded safety investment, and reduced service availability. The merger does not produce this outcome; it prevents it.

### **4.3 Economies of Scale and Operational Benefits**

The operational efficiencies achievable through merger are not trivial. White water rafting businesses share a cost structure dominated by:

- Equipment (inflatable rafts, wetsuits, helmets, life jackets, sledges, vehicles): Each operator maintains a full independent fleet. A merged entity would achieve purchasing efficiencies and eliminate the duplication of inventory that is seasonally underutilised by each individual operator.
- Safety and compliance: Adventure Mark audits, adventure activity operator registration, first aid and swift water rescue training — all of which involve a fixed per-operator cost. A single merged entity pays this once, freeing capital for reinvestment in guide training and equipment.
- Insurance: A merged entity with a larger, diversified operational footprint may attract more competitive premium rates than three individually underwritten small operators.

- Marketing: International visitor acquisition through Google, TripAdvisor, Viator, and Booking.com requires significant investment. Three operators individually competing for the same international search terms produces inefficient, duplicative spend. A merged entity can invest in a coherent international brand presence at a fraction of the per-booking cost currently borne by each operator.
- Staffing flexibility: A merged entity with a larger combined guide team can better absorb guide absences, training rotations, and seasonal demand peaks without compromising service delivery or safety ratios.

## 5. Consumer and Public Benefits

### 5.1 Retention of the Rotorua Experience

The Kaituna River rafting experience is not merely a commercial product — it is a significant component of Rotorua's tourism identity and New Zealand's international brand as an adventure destination. The Kaituna's Tutea Falls is the highest commercially rafted waterfall in the world, and this distinction is actively promoted by Tourism New Zealand and regional tourism organisations in international marketing campaigns.

The loss of one or more of the current Rotorua operators would not only reduce competition — it would reduce the operational capacity, frequency of departures, and flexibility of booking options available to international visitors. This would directly harm Rotorua's competitiveness as an adventure tourism destination, with ripple effects across the region's accommodation, hospitality, and transport sectors.

### 5.2 Safety Investment

White water rafting is an inherently high-risk activity. The ability to invest in safety systems — equipment maintenance, guide training, swift water rescue capability, and operational protocols — is directly correlated with the financial health of the operator. Financially stressed operators are at elevated risk of deferring safety investments.

A financially stable merged entity would be better positioned to:

- Maintain current equipment to manufacturer standards and replace items on schedule;
- Fund ongoing guide development and swift water rescue certification;
- Invest in enhanced pre-trip safety briefing systems and customer risk assessment;
- Respond promptly and comprehensively to Adventure Mark audit recommendations.

### 5.3 Employment and Regional Economic Contribution

Tourism directly employs approximately 182,000–189,000 people across New Zealand and contributed NZ\$17 billion (4.4% of GDP) to the national economy in 2024.

The adventure tourism sub-sector — including white water rafting — forms part of the 'high-value experience' category that Tourism New Zealand's strategy prioritises for growth through 2028.

The three applicant operators together employ a significant number of full-time and seasonal guide and support staff in the Rotorua region.

Their closure or consolidation without merger would produce redundancies, whereas an approved merger would protect existing employment while enabling the growth investment needed to take on additional staff as international arrivals continue to recover.

The public benefits identified in this submission — including the preservation of Rotorua's adventure tourism infrastructure, the retention of employment, the safety investment that a financially stable merged entity can sustain, and the contribution to New Zealand's tourism export goals — collectively constitute significant and demonstrable public benefit that would justify authorisation even if some lessening of intra-Rotorua competition were found to exist.

## **6. Addressing Likely Commission Concerns**

### **6.1 Concern: The Merger Creates a Monopoly in Rotorua**

This concern conflates geographic market definition with competitive reality. Even if the merged entity were the only commercial rafting operator based in Rotorua, it would remain one of 13+ operators in the national market, competing for the same international and domestic adventure tourists. The Commission's own guidelines recognise that substitutability — the ability of customers to choose alternative products or destinations — is central to market definition.

International visitors planning a New Zealand adventure itinerary compare Rotorua (Kaituna Grade 5, Tutea Falls), Taupō (Tongariro Grade 3, 60+ rapids), and Queenstown (Shotover Grade 3–5, Skippers Canyon) as genuine alternatives within a single purchase decision. The existence of a single Rotorua operator does not remove competitive constraint on its pricing or quality.

### **6.2 Concern: The Merger Will Lead to Price Increases**

The national price comparison in Section 3.3 demonstrates that current Rotorua pricing (\$110–\$142 pp) is already at the lower end of the national market. The operational efficiencies achieved through merger are more likely to reduce cost-per-delivery than to increase it.

Any modest price adjustment to reflect improved safety investment and quality of experience would remain well within the competitive range of the national market.

The Commission is reminded that the current multi-operator environment has not produced downward price competition — all three Rotorua operators operate at broadly similar price points. This reflects the price floor set by the genuine input costs of operating a safety-certified river rafting business, not the exercise of market power.

### **6.3 Concern: Other Operators Could Enter the Market**

The Commission may consider whether new entrants could replace the competitive constraint lost through merger. The applicants submit that the barriers to entry in commercial white-water rafting are significant:

- Adventure Mark operator registration and safety audit requirements;
- Adventure Activity Operator registration under the Health and Safety at Work (Adventure Activities) Regulations 2016;

- River-specific resource consents and access agreements;
- Capital requirements for commercial raft fleet, vehicles, and safety equipment;
- Time required to build experienced, certified guide teams;
- Booking platform reputation (TripAdvisor ratings, Google reviews) that new entrants cannot immediately replicate.
- Obtaining a Department of Conservation concession for a new entrant

These barriers make rapid, effective new entry unlikely within a timeframe relevant to the competitive analysis. The existing operators' years of operational experience, safety records, and customer relationships represent genuine competitive assets that cannot be easily or quickly recreated.

## **7. Conclusion and Requested Outcome**

The Tourism Export Council of New Zealand respectfully request that the Commission:

*“Grant clearance for the proposed merger under s 66 of the Commerce Act 1986, on the basis that the merger is likely to support and enhance the white-water rafting and river adventure tourism offering in Rotorua.”*

The Tourism Export Council of New Zealand encourages the review to assess competition in the real world, not in an idealised market that no longer reflects the economic conditions facing New Zealand's small adventure tourism operators.

*I am happy to speak to this Submission. Email: [lynda@tourismexportcouncil.org.nz](mailto:lynda@tourismexportcouncil.org.nz) Phone: 027 6644 836*

## Appendix A: National White Water Rafting Market — Operator Price Comparison

The following table sets out all known commercial white-water rafting and river sledging operators currently active in New Zealand, together with their location, activity type, rivers operated, and publicly advertised pricing as at May 2026. All prices are in New Zealand dollars per person (NZD/pp) and represent the standard adult entry-level price for the operator's primary day trip offering.

Company	Location	Type	River(s)	Price (NZD/pp)
Kaituna Cascades	Okere Falls, Rotorua	Rafting	Kaituna, Wairoa, Rangitaiki	From \$110 pp
Rotorua Rafting	Rotorua	Rafting	Kaituna	~\$110 pp
Kaitiaki Adventures	Rotorua	Rafting & Sledging	Kaituna	\$142 pp (rafting)
Rafting New Zealand	Turangi (near Taupō)	Rafting	Tongariro	\$145 pp (adult)
Mohaka Rafting	Hawke's Bay	Rafting	Mohaka, Ngaruroro	\$205–\$285 pp
Ultimate Descents	Murchison, Nelson-Tasman	Rafting	Buller, Clarence	POA
Wild Rivers Rafting	Buller Gorge	Rafting	Buller	\$180 pp
Inland Adventures	Reefton, West Coast	Rafting	Grey, Inangahua	POA
Hidden Valleys Rafting	Peel Forest, S. Canterbury	Rafting	Rangitata, Landsborough	\$175–\$275 pp
Challenge Rafting	Queenstown	Rafting	Shotover	\$185 pp
RealNZ	Queenstown	Rafting	Shotover, Kawarau	\$239–\$299 pp
Family Adventures NZ	Queenstown	Rafting	Shotover (Grade 1–2)	\$299 pp
Serious Fun Riverboarding	Queenstown	Sledging/Riverboarding	Kawarau	~\$270 pp

### Note on pricing data

Prices sourced from operator websites, Bookme, Viator, and MustDoNewZealand.co.nz (May 2026). 'POA' indicates price on application — these operators offer a range of multi-day and custom trips where fixed pricing is not publicly listed. Prices may vary by season, group size, or trip grade. The Rotorua applicant operators' pricing (\$110–\$142 pp) sits at the lower-to-mid end of the national market range (\$110–\$299 pp).