

Territory Wildlife Parks Pricing Policy

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1 Background

The Territory Wildlife Parks (TWPs) were established by the Northern Territory Government as a Government Business Division following the opening of the Territory Wildlife Park in 1989 and the Alice Springs Desert Park 1997. The original intention of declaring the parks as a GBD was to stimulate the tourism industry in the Northern Territory, provide conservation opportunities through captive breeding and to educate visitors about the wildlife and habitats of the Northern Territory.

TWPs is determined to be a GBD under the *Financial Management Act*.

A GBD is defined as an agency, or a part of an agency, that recovers a significant proportion of its operating costs through charges on users, and is determined by the Treasurer to be a GBD.

Today, TWPs is responsible for supporting the Northern Territory's tourism, biodiversity through captive breeding of endangered, rare and threatened species and educating Territorians on the benefits of the natural environment.

TWPs primary source of income is from the Northern Territory Government in the form of a Community Service Obligation (CSO) payment. The CSO allows identifiable community or social objectives to be achieved, which would not otherwise be achieved if outcomes were purely commercially delivered. The currently approved functions for which Cabinet approved CSO funding is received include:

- Conservation of Biodiversity.
- Education.
- Tourism.
- Botanical Gardens (Alice Springs Desert Park only).

The non-commercial activities conducted to fulfil the CSOs are detailed in Item 3 of Appendix 1.

The objective of the competitive neutrality policy is the elimination of resource allocation distortions arising out of the public ownership of entities engaged in significant business activities: Government businesses should not enjoy any net competitive advantage in commercial operations simply as a result of their public sector ownership. These principles only apply to the business activities of publicly owned entities, not to the non-business, non-profit activities of these entities. In the case of the TWPs the competitive neutrality principle only applies to the commercial activities conducted by the TWPs.

2 Purpose

The purpose of this document is to provide a pricing structure framework for TWPs, to be used to set the prices of goods and services taking into account the GBD status, the payment of CSO funding and competitive neutrality principles.

3 Objectives

The Pricing Policy seeks to ensure that:

- a) pricing of all activities provided by TWPs are transparent and consistent with competitive neutrality principles
- b) pricing of commercial activities are fully cost-reflective
- c) TWPs retains flexibility to price in a competitive manner and respond to changing market conditions.

4 General Pricing Principles

TWPs general pricing principle is to reflect the efficient price of goods and services for the commercial elements of the operation (i.e. the pricing of goods and services other than the community service obligation elements of the operation).

As a GBD, TWPs are required to pay the full cost of resources used (including tax equivalents), set efficient prices based on costs, and operate under appropriate commercial accounting and management structures.

In setting an efficient price, TWPs must take into consideration the following applicable factors:

- Cost of supply (including operational and future capital requirements).
- Commercial rate of return (where possible).
- Specific price conditions imposed by government (where applicable).
- Level of demand.
- CSO funding received from Government.
- Usual commercial practices (e.g. discounting or special deals).
- Comparative pricing for like goods and services across Australia.

In setting any prices, TWPs should aim to earn a reasonable return on equity. TWPs will consult with the Department of Treasury and Finance (DTF) on an appropriate rate of return.

5 Pricing Procedure for General Entry

The TWPs will undertake a cost allocation process across the commercial and non-commercial activities (including all associated costs of providing those activities), to determine the costs of providing the commercial activities, the cost of providing the non-commercial activities and allocation of CSO funding to the non-commercial activities, to determine what costs are to be included in ticket pricing or separately charged for. The assumptions set out in Item 2 of the Appendix will apply to this process.

A benchmarking process of the pricing across like-for-like wildlife experiences will be conducted following the cost allocation process to determine the price for entry into the TWPs and for separate commercial activities conducted on the TWPs. The like-for-like wildlife experiences are set out in Item 4 of Appendix 1.

Benchmarking of prices is a procedure undertaken to compare the prices with other experiences, to gauge demand for goods and services and the likelihood of uptake of these at the price calculated, and to permit adjustment of the price to achieve uptake.

6 Pricing Procedure for Specific Commercial Activities

General Pricing Principles apply to each activity (other than entry) conducted by TWP, for example – personalised encounters and special events and calculating the cost of providing the commercial activity.

In setting an efficient price, TWPs must take into consideration the following factors as applicable:

- Cost of supply (including operational and future capital requirements).
- Commercial rate of return (where possible).
- Level of demand.
- Usual commercial practices (e.g. discounting or special deals).
- Comparative pricing for like goods and services across Australia.

In setting any prices, TWPs should aim to earn a reasonable return on equity.

To eliminate resource allocation distortion arising out of the public ownership of the Park site an additional amount is to be added in accordance with Assumption (c) in Item 2 of Appendix 1.

- The revenue earned from the Specific Commercial Activities must first be applied to the cost-recovery.
- Any profit made is to be applied to a purpose nominated prior to the event.

7 Approval Process

Entry ticket pricing is to be based on this policy and demonstrate it has been calculated in accordance with a full cost-recovery model. Once developed, the entry ticket pricing will be submitted to the Commission for approval.

It is expected that prices will be increased at least in line with the Consumer Price Index and subject to formal review at least every three years.

TWPs and its funding agency, the Department of Tourism, Sport and Culture (DTSC) may seek external review of its prices if required.

If an amendment to the entry ticket price to the TWPs is sought, the Commission will as soon as practicable seek approval of the Minister to the amendment of the *Territory Parks and Wildlife Conservation By-Laws* and where approval is given, apply the relevant procedures for amendment to give effect to the amendment of the pricing for entry.

In accordance with the *Territory Parks and Wildlife Conservation By-laws*, and having first obtained the approval of the Commission, TWPs may depart from approved prices, if the approved departure:

- is a discount or waiver of fees to a class or group of persons identified in a by-law
- is consistent with this Pricing Policy
- does not materially impact on TWPs financial position.

Specific Commercial Activities is to be based on this policy and demonstrate it has been calculated in accordance with a full cost-recovery model.

Once developed, the special commercial activities pricing will be submitted to the Executive Director for approval.

All departures from approved prices are to be reported to DTSC on an annual basis.

Any significant changes to the methodology for setting of prices should be submitted to the Chief Executive Officer of DTSC for approval.

TWPs provide a number of goods and services both at the Territory Wildlife Park and the Alice Springs Desert Park and these are defined in Appendix 1.

8 CSO Funding

The Pricing Policy aims to ensure that any CSO funding targeted towards non-commercial activities with community benefit objectives is consistent with competitive neutrality principles.

CSO funding is approved by Government as part of the Budget process, following a submission by the Department of Tourism and Culture (the purchasing agency).

A submission by the purchasing agency for CSO funding is the basis for identification of non-commercial functions which have historically included education, biodiversity, Botanic Gardens management (Alice Springs Desert Park only) and to some degree tourism industry support.

Community Service Obligations are currently provided to the TWPs for providing services in the following areas:

- Conservation/Biodiversity.
- Education.
- Tourism.
- Botanical Gardens (Alice Springs Desert Park only).

Details of the CSO activities undertaken by the TWPs in each of these categories are set out Item 3 of Appendix 1.

An application for funding made by DTSC will identify the community services being provided through the TWPs and provide justification for funding these non-commercial activities.

9 Reporting

Reporting by DTSC – will occur in the DTSC Annual Report about total annual revenue of the TWPs (and for each park), summarising specific sources – across all activities (commercial and non-commercial), the commercial activities undertaken and the total revenue received per activity, visitor numbers (total, and totals for each origin of visitors by international/interstate/NT residents) and the total revenue from ticket sales.

TWPs Pricing Policy – will be made available on the DTSC website and on the respective websites of the Alice Springs Desert Park, Territory Wildlife Park and DTSC.

Reporting on TWPs Pricing – of goods and services will be included in the DTSC Annual Report - for the past financial year. This will include the total amounts collected for and the

price charged for entry tickets, special event tickets (for events held at either park and conducted by the TWPs, using the grounds or facilities, but not necessarily associated with the usual operation of the park), individual or group special activities (such as encounters with animals and other specialised opportunities using park assets or any part of its collection).

Changes to pricing – DTSC will include in its Annual Report:

- any changes made by TWPs (or either park) to pricing during the past financial year and the basis for any change made to pricing, including short-term discounting and special offers
- any proposed or effected change to pricing applicable in the financial year the Annual Report is tabled and the basis for the change to any pricing, including CPI increase, decrease due to market influences, adjustments based on review or benchmarking.

TWPs will report annually to DTSC on:

- pricing of goods and services, including entry tickets, special event tickets (for events held at either park and conducted by the TWPs, using the grounds or facilities, but not necessarily associated with the usual operation of the park), individual or group special activities (such as encounters with animals and other specialised opportunities using park assets or any part of its collection)
- any discounting or special offers, the duration of these, the basis for these, and the impact these had on revenue and visitor numbers.

Current Pricing - will be made available on the respective websites of the Alice Springs Desert Park, Territory Wildlife Park and DTSC.

10 APPENDIX 1: General Classification of Activities and Assumptions

10.1 Item 1: Classification of Activities

100% Commercial Activities	Mixed Commercial/Non-Commercial	100% Non-Commercial Activities
Retail sales of Souvenirs and Gifts	Formal Wildlife Presentations	Conservation/Biodiversity Programs or Activities
Retail sales of food and beverages		Research Programs or Activities
Animal Encounters for individuals		Educational NT School Children Programs or Activities
Private Functions		Wildlife Rescue, Care and Management
Corporate Off-site Events		Management of Confiscated and Donated Animals
Commercial events and activities (e.g. Twilight Nights, Nocturnal Tours, Camp-outs etc.)		Community Programs or Activities

10.2 Item 2: Assumptions

- a) **100% COMMERCIAL ACTIVITIES** – no CSO funding applied to these activities, full cost of providing services applied in ticket price or by separate charges where ticketing not relevant.
- b) **100% NON-COMMERCIAL ACTIVITIES** - only those non-commercial activities currently covered by the definition of the CSO will attract CSO funding. All other non-commercial activities are to be funded from within existing budget resources, scaled back, operated commercially, or no longer provided.

Note: where a cost is attributable to more than one defined CSO activity, a percentage split may be applied with an explanation for the determined percentage split (for example, 70 per cent of Zoologist direct salary attributed to biodiversity captive breeding program, 30 per cent attributed to education program).

MIXED COMMERCIAL AND NON-COMMERCIAL ACTIVITIES may attract CSO funding for the non-commercial component of the activity on a percentage basis, if the non-commercial activity is covered by the current CSO definition. For example, the entertainment value of an animal presentation may be 50% of the total presentation time, presentations occur two times per day for 40 minutes, as a percentage of the time/effort and expenses per day, the non-commercial activity may attract CSO funding if it is included in education or biodiversity functions. If the non-commercial activity is not covered by the CSO definition then it should be charged at cost recovery. The commercial activity will not attract CSO funding, but will be incorporated into the ticket pricing.

Cost Items that may be split, including but not limited to: Corporate Support Services, Operational Costs of Park (including utilities, cleaning), repairs and maintenance (where not attributed to a specific program, depreciation).

10.3 Item 3: Community Service Obligations – Activities of Non-Commercial Type

Category of CSOs	Description
Conservation/Biodiversity	<ul style="list-style-type: none"> › conducting species conservation/breeding programs on-site › botanic conservation through seed banking, propagation and planting on-site › conducting conservation/biodiversity educational seminars, sessions and other messaging on-site › supporting conservation and biodiversity research activities on site conducted by other organisations (through financial or in-kind support) › supporting conservation/biodiversity research activities off-site (through financial or in-kind support) › conducting research programs › conducting feral animal reduction programs or activities › conducting biosecurity risk mitigation programs or activities
Educational	<ul style="list-style-type: none"> › delivery of educational experiences for school children associated with curriculum-based courses › hosting and supporting delivery of educational programs and experiences during school camps on park › delivery of educational programs and experiences for young children during school holidays › delivery of practical training for students enrolled in tertiary programs relating to park operations › conducting educational seminars and sessions in line with school curriculum to Kindergarten to Year 12 on or off-site › conducting higher education programs with vocational and tertiary students on or off-site › educational presentations delivered on-site to general visitors or groups relating to flora, fauna, habitats, ecosystems, conservation, biodiversity, feral animal control or biosecurity risk management › educational interpretive messaging on or off-site › educational experiences delivered on park › educational presentations delivered to general public off-site (supporting government policies and community messaging) › educational presentations, activities or messaging on safety in habitats of the Northern Territory (for example Be Crocwise, Beat the Heat)

Category of CSOs	Description
Tourism	<ul style="list-style-type: none"> › Supporting the tourism industry by providing attractions that encourage visitors to the Territory to increase their length of stay in the Territory. The CSO also aims to increase visitor understanding and appreciation of the natural and cultural environments of the Territory.
Botanical Gardens (Alice Springs Desert Park Only)	<ul style="list-style-type: none"> › propagation, planting and maintaining specific collections of botanical species displays › maintenance of botanic species database › collection of seeds (on or off-site) to ensure the conservation of Northern Australian botanic species › exchanging botanical specimens with recognised botanic gardens › contributing Northern Australian botanic species to Australian and global botanic collections › performing horticultural maintenance on park, including the management of weeds and other pests

10.4 Item 4: Benchmarking against ‘like for like’ wildlife experiences

As set out in the section titled ‘General Pricing Principles’, benchmarking of prices is a procedure undertaken to compare the prices with other experiences, to gauge demand for goods and services and the likelihood of uptake of these at the price calculated, and to permit adjustment of the price to achieve uptake.

The following four organisations have been chosen for the TWPs to be benchmarked against as they are either Not-For-Profit organisations, Conservation Charities or Statutory Authorities and are all affiliated with Government, these organisations are the pinnacle of Zoos and wildlife parks around Australia, each offering conservation and education programs, biodiversity and to some extent tourism. They are akin to the TWPs, offering experiences with Australian wildlife housed in similar enclosures and viewing platforms.

The pricing of entry into privately operated zoos and wildlife experience operators across Australia, including local operations, have not been included for benchmarking. The basis for this is that it is not possible to benchmark against entry prices without knowledge of the economic basis, direct costs and profit margins which form the basis of the pricing implemented by them. This information is commercial in confidence and would not ordinarily be shared or be made publicly available by such organisations.

Perth Zoo	Zoos Victoria	Zoos SA	Taronga & Western Plains Zoo
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