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Building, Resources and Markets

Ministry of Business, Innovation and Employment

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### **PrintNZ submission on changes to NZ Post's mail service obligations**

Printing Industries New Zealand Inc (PrintNZ) represents the printed media and communications sector in New Zealand. Our members deliver essential local journalism, public notices, printed materials, educational matter and community content that forms the backbone of informed and connected communities across both urban and rural New Zealand. Our broad industries represent over 1000 businesses employing more than 20,000 people across New Zealand.

The industry encompasses a diverse range of services including commercial printing, packaging, labels, signage, and publications. From large commercial printers with international capabilities to specialised local providers, our members collectively serve the print needs of New Zealand businesses and public sector organisations, allowing them to communicate effectively with the community.

Our interest in this submission process is primarily driven by what we see as a regular and unsustainable increase in the cost of the postal service, and secondly by its frequency of delivery. We have spoken out for some time about our concerns here, where in 2023 we ran a widespread campaign highlighting the implications that the Postal Deed of Understanding (the Deed) has on these postal service cost increases. We engaged with Ministers, government officials and multiple media outlets on this alongside the likes of Federated Farmers, Rural Women New Zealand, Grey Power and the Rural Advocacy Network. We now welcome the opportunity to be consulted.

The frequency of delivery and the number of delivery points is of concern to us, but it is the escalating cost of postal services that threatens the viability of print communication across New Zealand. While delivery frequency dominates policy discussions, the fundamental issue facing our industry is pricing. Current postal rates have increased by over 75% in the past five years, forcing many businesses, including Government agencies, to reduce their mail volumes or seek alternative solutions, often at the expense of effective communication with the community.

Small and medium enterprises particularly struggle with rising postal costs. A twice-weekly delivery service is meaningless if base postal rates make regular customer communication prohibitively expensive. Some of our members report that postal costs for certain mail

distribution projects exceed that of the printing production costs themselves. This cost burden disproportionately affects regional businesses attempting to keep those in the community informed by maintaining effective communication through physical mail. We have found this is especially prominent throughout those in rural communities that are often underserved due to factors such as being digitally excluded.

NZ Post is a publicly owned organisation with a mandate that extends beyond the scope of a typical commercial enterprise. As an entity owned by the people of New Zealand, it carries an obligation to deliver services that provide a public benefit as well as purely commercial considerations. This includes NZ Post providing a service at a price level that allows organisations to continue using physical mail to inform the community, especially those that are traditionally underserved.

The current Deed's silence on pricing oversight has allowed substantial rate increases while reducing service levels at the same time. The lack of price regulation mechanisms means the postal service has been able to implement rate increases with no industry consultation or consideration of broader economic and community impacts. This gap in the Deed requires urgent attention – the frequency of delivery becomes irrelevant if businesses cannot afford basic postal services.

We recommend incorporating pricing governance mechanisms into the revised Deed, including:

- Requirements for industry consultation before significant rate changes
- Price increase caps tied to inflation or cost indices
- Different rate structures for essential business communications
- Volume-based incentives that make services accessible to smaller operators

The viability of New Zealand's postal network hinges not just on frequency but on affordability. While delivery schedules can be adjusted to match changing market conditions, excessive pricing threatens the entire ecosystem of communication.

Without intervention, we risk creating a two-tiered system where only the largest organisations can afford regular postal services, undermining the democratic and economic principles that have historically made our postal system a cornerstone of national infrastructure.

The next Deed must address this pricing crisis and ensure there are mechanisms for genuine consultation to protect the sustainability of both the postal network and the many industries and communities that depend upon it. The future of allowing effective communication in New Zealand communities depends on maintaining not just a functional postal service, but an affordable one.

## **1. What sector of the economy does your business or organisation operate in?**

PrintNZ is the peak body representing the printed media and communications sector. Our members deliver essential local journalism, public notices, printed materials, educational matter and community content that forms the backbone of informed and connected communities across both urban and rural New Zealand.

The industry encompasses a diverse range of services including commercial printing, mail houses, packaging, labels, signage, and publications. Our members range from large commercial printers with international capabilities to specialised local providers, including NZ Post's printing operations themselves, collectively serving the print needs of New Zealand's business community and public sector organisations.

## **2. Roughly how many letters does your business or organisation send in a month? And how many do you receive?**

Our industry collectively prints and distributes hundreds of thousands of mail pieces to the community per month; from local newspapers and our favourite magazines, to correspondence from New Zealand's most critical charities, trusted local businesses and the government.

As an industry we rely heavily on postal services for distributing essential business communications, marketing materials, publications, and time-sensitive documents. The reliable delivery of printed materials remains fundamental to ensuring that all communities have an equal opportunity to remain informed and aware.

## **3. Are you planning to undertake any programmes to reduce your business' or organisation's reliance on mail e.g. transitioning toward digital alternatives. Why/why not?**

While our industry actively embraces digital innovation, research underscores the continued importance of print distribution in helping businesses and public sector organisations effectively communicate with New Zealanders. The reliance on mail is not a concept that needs to be moved on from. It is an essential component of the communications network and it is more important to consider how it can work more effectively than it is to find alternative solutions to force a move away from it.

For instance, a study by the New Zealand Marketing Association found that readers spend an average of 20 minutes engaging with community newspapers, compared to just two minutes with digital news content. The University of Canterbury's 2023 Media Consumption Study further highlights that print advertisements were shown to engage regions of the brain associated with emotional processing and memory formation, resulting in 30% higher engagement rates and 65% better message comprehension than digital formats. These cognitive benefits translate into tangible outcomes, with print reporting 40% higher conversion rates compared to digital-only campaigns.

The significance of this evidence of print media being such an effective form of communication is that it allows a wide range of the public to remain well informed. It enables individuals to stay updated on what is happening in their local community and across New Zealand – from providing greater choice in what information people access and consume, through to providing valuable information for the purchases they make.

Beyond neurological advantages, New Zealand's unique demographics and geography make a full digital transition impractical. The 2023 Digital Inclusion Report revealed that 20% of New Zealanders face digital accessibility challenges, while the 2023 New Zealand Census shows 10% of New Zealanders remain digitally excluded. This is especially prominent in our rural and

elderly communities. The older demographic data shows 75% of readers over 65 preferring physical newspapers for local news, underscoring its importance in fostering an inclusive and well-informed society.

The effectiveness of physical mail as a communication channel is consistently demonstrated, most recently in crises such as the Covid-19 pandemic and Cyclone Gabrielle. Minimising such an essential communication channel would place communities at risk, reducing their access to critical information during these times.

Print media and physical mail is vital to maintaining a connection with those who are often the most underserved in our community – from those who face digital accessibility challenges, through to our rural and elderly communities. For these New Zealanders to remain informed, it is essential for the effective communication channel of print media through physical mail to continue. The letterbox remains as the only method of communication possible with every New Zealand household.

#### **4. Is there some amount of mail you still need or expect to send even if your business uses alternative communication channels?**

Print products remain essential across many business sectors as well as government, each requiring reliable postal delivery. Post provides the most secure and trusted method of delivery for matters such as financial services, healthcare, compliance and critical communications. These materials often carry legal requirements for physical delivery and archival properties. Industries such as banking, insurance, and legal services maintain strict compliance protocols requiring trackable physical documentation.

The manufacturing sector relies on printed packaging, labels, and instruction materials that must align with delivery schedules. Retail businesses depend on catalogue distribution, direct mail marketing, and promotional materials timed to market conditions. Educational institutions also require secure delivery of examination materials, certificates, and official correspondence.

Integration between print and postal services is vital for efficient supply chain operations, especially for such industries reliant on mailing printed materials and those in the community who rely on such physical services. Stable postal pricing ensures this coordination remains viable and prevents disruptions and cost increases that could impact businesses to the extent that they can no longer provide physical information to keep the public informed.

#### **10. If you were moving to a location that was not currently within NZ Post's mail network footprint (e.g. not receiving mail delivery), how would you feel about receiving mail at a community collection point, or other means than through a letterbox at your property?**

The print industry already serves diverse markets requiring different delivery solutions based on current rural and urban classifications. We would be supportive of the proposal to include an increasing number of 'collection points' within the network.

We do note that rural delivery services are particularly crucial for maintaining nationwide business operations. Many print businesses have developed specialised solutions for rural

clients, including consolidated shipping and optimised production schedules aligned with delivery routes.

Current classifications generally reflect operational realities, though rapid urban development in some regions suggests the need for regular review.

**13. Do you have any feedback on the proposal for the next Review of the Deed to take place by three years from the date of any revised Deed following the 2024 Review?**

As the organisation representing the largest generators of post, PrintNZ is well-positioned to coordinate a postal industry group. This group would provide a platform for collaboration between NZ Post, government officials, and industry stakeholders, ensuring a robust process for engagement and information sharing. By establishing such a group, the industry can remain well-informed and actively involved in addressing any changes or challenges as they arise.

We believe that greater industry engagement throughout the term of the Deed is vital to ensuring that all New Zealanders, especially those that are underserved in the community, can continue to be informed by the effective communication channel of print media via the postal service.

While we do not have a specific view on the timing of the next Deed review, we strongly believe that ongoing engagement with industry throughout the term of the Deed is essential.

**15. What is your view on the need to retain the current obligation in the Deed for NZ Post to provide other postal operators with access to its delivery network?**

Open network access remains fundamental to New Zealand's postal ecosystem. As an industry, we have developed productive relationships with multiple postal providers, enabling efficient and cost-effective distribution solutions. These partnerships have fostered innovation in delivery methods and created healthy competition that benefits all users of postal services.

We strongly advocate for maintaining network access provisions in the revised Deed. The success of current arrangements demonstrates that open access strengthens rather than weakens the postal network. As mail volumes evolve, maintaining competition through network access becomes increasingly important for service innovation and cost management, with the broader ambition of being able to keep the public informed with physical mail.

**16. Do you have any other feedback about the proposals in this discussion document that you would like to provide to MBIE?**

We wish to reiterate that print material and *the mail* still have a vital role to play in the lives of New Zealanders, with the postal service remaining the only channel that can provide communication to every household in New Zealand.

Again, physical mail services are vital for connecting businesses and government with a diverse range of households within the community. Businesses in particular cherish this connection with the community, while government utilises this channel for direct communication, especially for delivering important information to those who are harder-to-reach.

Further research from Victoria University in the 2024 paper *Physical vs Digital: Information Processing in Local Communities* highlights that print media creates stronger community engagement, with 65% of readers discussing local news content with neighbours and family members. This social sharing multiplies the impact of both editorial content and advertising, creating what researchers term a "community knowledge network" that strengthens local democracy and engagement.

## Summary

To restate, we recommend incorporating pricing governance mechanisms into the revised Deed that provide for a consultation process and foreseeable pricing structure so that this effective channel of communication can continue to keep the community well informed. This includes:

- Requirements for industry consultation before significant rate changes
- Price increase caps tied to inflation or cost indices
- Different rate structures for essential business communications
- Volume-based incentives that make services accessible to smaller operators.

As mentioned, PrintNZ is well-positioned to lead the coordination of a representative and accessible postal industry group. This group would provide the opportunity for both NZ Post and government officials to provide a robust consultation and information sharing process for any proposed future changes.

We would welcome the opportunity to meet with government officials to discuss this submission further and are happy to provide any additional information. We are excited to remain actively engaged on this topic as the process continues.



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