

SUBMISSION TO THE COMMERCE COMMISSION

REQUEST FOR A MARKET STUDY INTO POSTAL SERVICES UNDER PART 3A OF THE COMMERCE ACT 1986

30 April 2026

Commerce Commission
Te Komihana Tauhokohoko
PO Box 2351
Wellington 6140

By email: contact@comcom.govt.nz

CC:

- Hon Scott Simpson, Minister of Commerce and Consumer Affairs, S.Simpson@ministers.govt.nz
- Hon Paul Goldsmith, Minister for Media and Communications; Minister for State Owned Enterprises, P.Goldsmith@ministers.govt.nz
- Ministry of Business, Innovation and Employment—Communications, Infrastructure and Trade, CommunicationsPolicy@mbie.govt.nz

Dear Commissioners,

We write on behalf of the Magazine Publishers Association of New Zealand (MPA) and PrintNZ to follow up on our submission of 21 March 2025 (ref: ENC0011337) regarding New Zealand Post's pricing of bulk Publication Post services.

We acknowledge the Commission's response of 30 April 2025, which assessed the complaint under Section 36 of the Commerce Act and concluded that enforcement action was not warranted. The Commission's reasoning was clear: Section 36 addresses conduct that has the purpose or effect of substantially lessening competition between firms, and high prices charged by a dominant provider to its customers—however extreme—do not in themselves constitute anticompetitive conduct under that provision. We accept that assessment. Indeed, it underscores why a different instrument is needed: the harm here is not that it is undermining

competitors, but that NZPost faces no competitive or regulatory constraint on what it charges the customers who depend on it.

We note, however, that the Commission’s response did not address another remedy we sought in our complaint: a market study into postal services under Part 3A of the Commerce Act.

We now write to formally request that the Commerce Commission exercise its power under Part 3A to initiate a competition study into the postal services market—or, alternatively, to recommend to the Minister of Commerce and Consumer Affairs that he direct such a study. We believe the evidence is now overwhelming that this market is failing consumers and that regulatory reform is necessary.

1. WHY A MARKET STUDY, NOT ENFORCEMENT

We understand that Section 36 may not capture the full scope of the harm occurring in the postal services market. As the Commission noted, high pricing by a dominant firm is not, in itself, a breach of Section 36. We accept this.

But the Commission’s Market Study function (requested in April 2025) exists precisely for situations like this—where the structure and conditions of a market are producing poor outcomes for consumers, even absent a clear breach of competition law. The Commission has itself described market studies as tools for examining “the structure, conditions and performance of the market itself rather than whether there could be a breach of the laws that we enforce.”

The postal services market is a textbook candidate. It is dominated by a single provider with no realistic nationwide alternative. Its pricing is subject to no external constraint, review or transparency requirement. And outcomes for consumers—particularly magazine publishers and rural communities—are deteriorating rapidly, year after year, with no mechanism for correction.

2. THE EVIDENCE HAS WORSENEDED SIGNIFICANTLY SINCE 2025

Since our original submission last year, the situation has materially deteriorated, with another 30% year-on-year price-hike, the fifth in a row of that order.

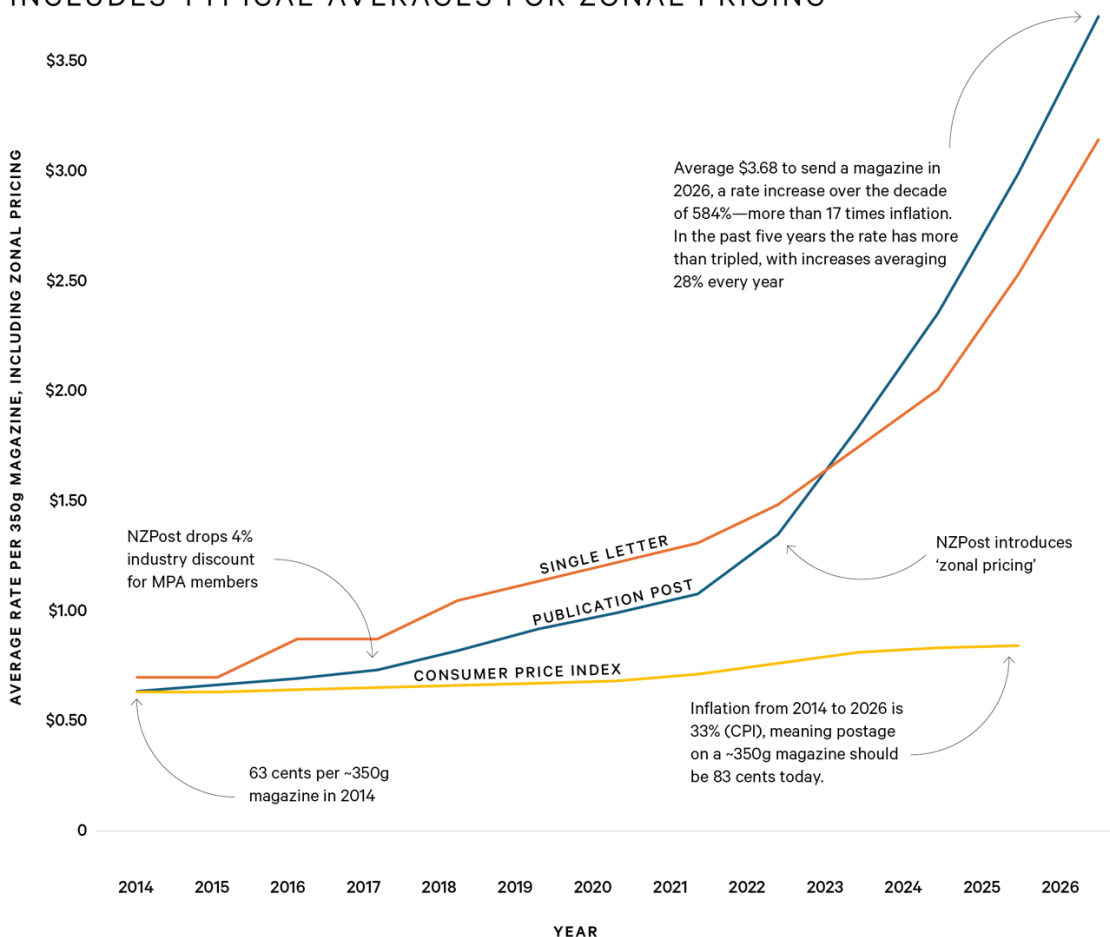
Price increases have continued at an extraordinary pace. From 1 July 2026, the MPA’s member publishers face a further effective increase of approximately 24% in Publication Post costs (incorporating the effects of zonal pricing). This brings the average cost of mailing a single 350g magazine to \$3.68 + GST, compared to 63 cents per magazine in 2014.

That represents a **584% increase over twelve years—more than 17 times the rate of cumulative consumer price inflation over the same period** (approximately 33%), outstripping

any other publicly available service. If postage had tracked inflation, the cost today would be approximately 83 cents.

Over the past five years alone, the rate has tripled, with annual increases averaging 28%. We attach an updated chart setting out the historical trajectory.

AVERAGE POSTAL COST PER MAGAZINE, PAST TEN YEARS, COMPARED WITH LETTER RATE AND INFLATION
 INCLUDES TYPICAL AVERAGES FOR ZONAL PRICING



For individual publishers, the impact is existential, with iconic titles like *North & South* disappearing from the market, and public life, unable to make the economics work. As a case study, *New Zealand Geographic* paid \$32,000 per year to mail its issues in 2014. The same volume of magazines now costs \$188,000 per year to mail. Yet the magazine—like all publishers—has had to remain competitive with pricing at or near inflation while absorbing the monopolistic behaviour of NZ Post, which faces no such constraint: A one-year subscription is \$79 just 7% more than 2014, with postage now representing roughly a quarter of subscription value, up from 6% a decade ago. The MPA can provide further confidential evidence of this to the Commission on request.

3. THE REGULATORY GAP: NO PRICE OVERSIGHT FOR A NATURAL MONOPOLY

The recently amended Deed of Understanding between NZ Post and the Crown (effective 25 September 2025) addressed service levels—reducing minimum delivery days, reducing the minimum number of postal outlets, and providing NZ Post with greater operational flexibility. MBIE explicitly framed these changes as necessary for “commercial sustainability.”

Critically, however, the amended Deed—like every version before it—contains no pricing provisions whatsoever. There is no cap, no floor, no transparency requirement, no advance notification obligation, and no independent review mechanism for the prices NZ Post charges.

This creates a profound asymmetry. The Crown has reduced NZ Post’s service obligations to help it achieve commercial sustainability, but has imposed no reciprocal constraint on pricing. NZ Post is free to set bulk mail prices at whatever level the market will bear—and in a monopoly, the market will suffer must whatever is charged, because customers have no alternative.

This is the definition of a regulatory gap. Service is being reduced. Prices are increasing at 25–30% per annum for years on end. And no public body is examining whether the resulting outcomes are reasonable, efficient, or in the long-term interest of consumers.

4. THE AUSTRALIAN MODEL: WHAT EFFECTIVE POSTAL PRICE OVERSIGHT LOOKS LIKE

Australia provides a direct, relevant, and practical model for how postal pricing can be subjected to independent oversight without heavy-handed regulation.

Under the Australian Postal Corporation Act 1989 and Part VIIA of the Competition and Consumer Act 2010, Australia Post is subject to a price notification regime administered by the Australian Competition and Consumer Commission (ACCC). The key features are:

Price notification for reserved services. Australia Post cannot increase the prices of its reserved letter services without providing written notice to both the ACCC and the Minister for Communications. The ACCC conducts a public consultation, undertakes an economic assessment, and publishes a decision on whether it objects to the proposed increase. The Minister may also disapprove the increase within 30 days.

Cross-subsidy monitoring. The ACCC monitors whether Australia Post is using revenue from its monopoly reserved services to cross-subsidise its competitive (non-reserved) services such as parcels. This is done through record-keeping rules and analysis of regulatory accounts.

Bulk mail dispute resolution. Under regulations made pursuant to Section 32B of the Australian Postal Corporation Act, the ACCC can inquire into disputes about the terms and conditions—including pricing—on which Australia Post provides bulk mail services. This gives bulk mail users a formal avenue to challenge unreasonable pricing.

Transparency and accountability. Australia Post is required to maintain regulatory accounts and comply with record-keeping rules administered by the ACCC. Price notification decisions are published with full reasoning.

This regime has operated for decades. It does not prevent Australia Post from increasing prices—the ACCC approved a 13.3% increase in 2025 and is currently assessing a further 8.8% increase proposed for mid-2026—but it ensures that increases are scrutinised, justified, and subject to public comment.

New Zealand has no equivalent mechanism. NZ Post sets prices unilaterally, with no notification, no independent assessment, and no recourse for affected customers.

5. WHAT A MARKET STUDY COULD ACHIEVE

A market study into postal services under Part 3A could examine:

a) The state of competition in postal delivery. Is the market effectively competitive? What barriers to entry exist? Is there any realistic prospect of competition emerging in bulk mail delivery, particularly for rural and provincial areas?

b) The efficiency and reasonableness of NZ Post’s pricing. Are sustained annual increases of 25–30% in Publication Post justified by underlying cost movements? What is the relationship between NZ Post’s pricing and its cost base? Is NZ Post operating efficiently?

c) The impact of zonal pricing on competition and consumers. Does the structure of zonal pricing—with discounts in urban areas where DX Mail competes and premiums in rural areas where NZ Post is the sole provider—serve a legitimate cost-reflective purpose, or does it function primarily to exploit captive rural customers and disadvantage competitors?

d) Cross-subsidisation between mail and courier operations. Are monopoly mail revenues being used to fund NZ Post’s competitive courier and parcel businesses? NZ Post’s own financial trajectory—from a \$56 million loss in 2023 to near break-even in 2025—coincides with the period of steepest mail price increases.

e) The adequacy of the current regulatory framework. Is the Deed of Understanding, with its exclusive focus on service levels and complete absence of price provisions, fit for purpose? Should New Zealand adopt a price notification or oversight mechanism analogous to Australia’s ACCC framework?

f) Whether Part 4 regulation is warranted. Should postal services—or at least bulk mail services in areas where NZ Post is the sole provider—be designated for price-quality regulation under Part 4 of the Commerce Act, as applies to electricity lines, gas pipelines and airports?

The Commission has successfully used market studies to identify systemic competition failures and recommend reform in groceries, fuel, personal banking and building supplies. The

postal services market presents an equally compelling—and arguably more clear-cut—case for investigation.

6. THE PUBLIC INTEREST TEST

Under Part 3A of the Commerce Act, a market study may be initiated where the Commission or the Minister is satisfied that it is in the public interest to do so, assessed by reference to the Act's purpose of promoting competition for the long-term benefit of consumers.

We submit this threshold is clearly met:

- NZ Post is a natural monopoly in national mail delivery, particularly in rural and provincial areas.
 - Prices have increased at more than 17 times the rate of inflation over a decade, with no sign of moderation, in fact it appears to be accelerating.
 - There is no competitive constraint, no regulatory constraint, and no transparency requirement on pricing.
 - The downstream effects include the closure and contraction of publications, reduced media diversity, and diminished access to information—particularly for rural communities.
 - The 2025 Deed of Understanding explicitly acknowledged the need for reform to ensure commercial sustainability but addressed only the service side, leaving the pricing side entirely unregulated.
 - A well-established international comparator (the Australian ACCC framework) demonstrates that effective postal price oversight is both feasible and practical.
-

7. REQUESTED ACTIONS

We request the Commerce Commission to:

1. Initiate a market study into postal services under Part 3A of the Commerce Act, with terms of reference encompassing pricing, competition, cross-subsidisation, and the adequacy of the current regulatory framework.
2. Alternatively, recommend to the Minister of Commerce and Consumer Affairs that he direct such a study, if the Commission considers ministerial initiation more appropriate.
3. Consider recommending, as part of any study's findings, the introduction of a price notification regime for NZ Post's reserved or monopoly postal services, modelled on the Australian ACCC framework—requiring independent assessment of proposed price increases before implementation.

4. Consider recommending that NZ Post be required to maintain regulatory accounts with transparent cost allocation between its mail and courier/parcel divisions, subject to independent review.

We also request a meeting with the relevant Commissioners or senior staff to discuss this submission and to present additional confidential data on the impact of NZ Post's pricing on the publishing sector.

CONCLUSION

The Commerce Commission's April 2025 response assessed our complaint narrowly against Section 36 and found insufficient basis for enforcement action. We respect that assessment. But Section 36 enforcement is not the most appropriate tool available.

The Commission's market study function under Part 3A was created for markets where the competitive process is failing consumers, even where no individual act may breach the law. The postal services market is a monopoly that is subject to less regulatory oversight than any other essential infrastructure service in New Zealand. It has no equivalent of the price-quality regulation that applies to electricity lines, gas pipelines, fibre networks, or airports. It has no equivalent of the ACCC's price notification regime that applies to Australia Post.

The result is a service provider that increase prices by 25–30% per year, every year, to captive customers who have no alternative and profound public effects. This is not a market that is working. And it is not a situation that can be resolved without regulatory intervention.

We urge the Commission to act.

Faithfully,



Stuart Dick

Chair, Magazine Publishers Association of New Zealand



Ruth Cobb

CEO – PrintNZ