UNIVERSITY OF AUCKLAND INVESTMENT CLUB

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STUDENT WRITERS - STUDENT OPINIONS

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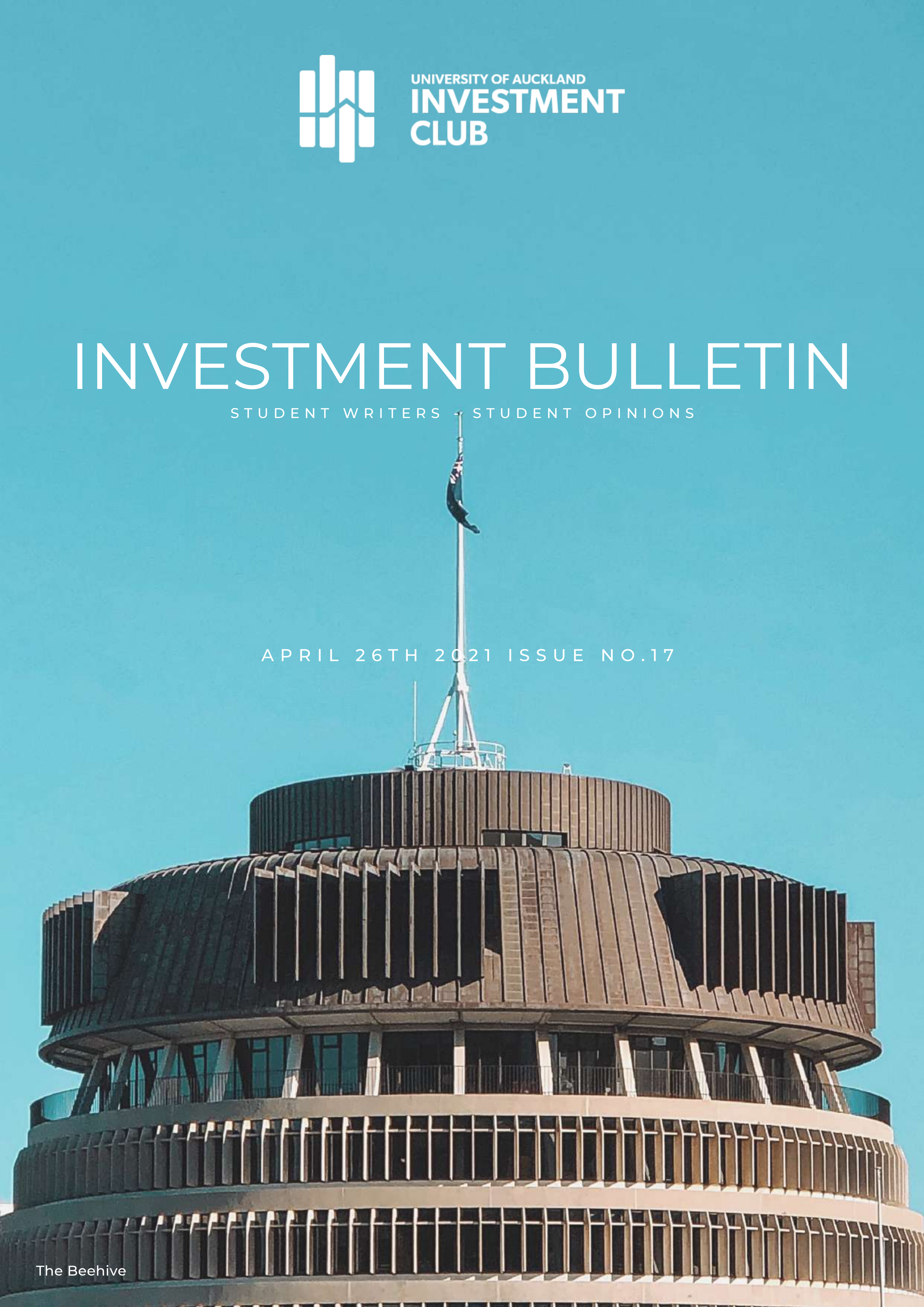

The Beehive

The University of Auckland Investment Club
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Contents

Jarden stock pitch competition

ONE OF UAIC'S BIGGEST COMPETITIONS IS BACK FOR 2021! TAKE PART IN THE JARDEN STOCK PITCH COMPETITION IN EITHER THE OPEN OR FIRST TIMERS DIVISIONS, WITH A PRIZE POOL OF $2000 + SPOT PRIZES!

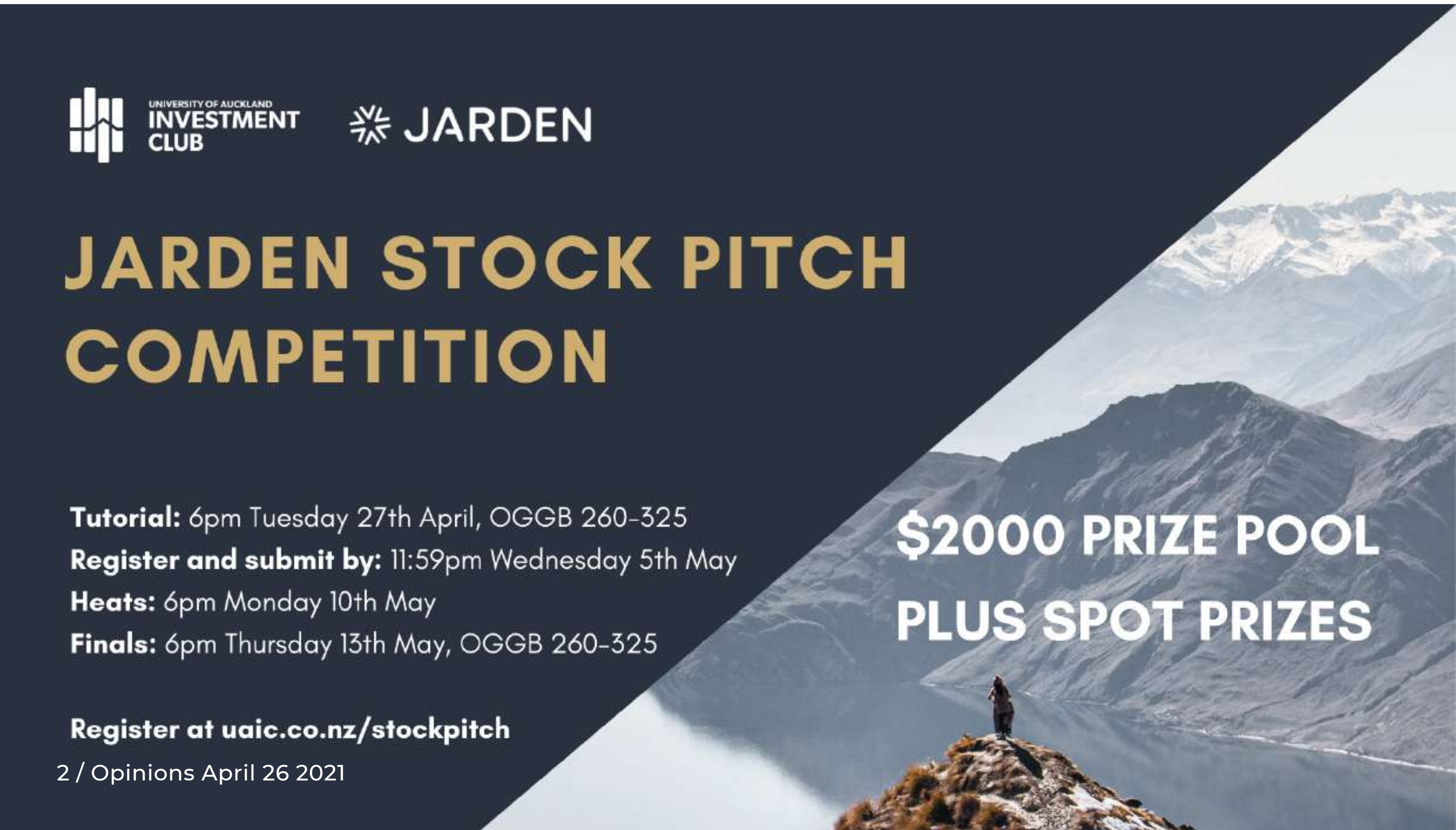
Teams will pick an NZX stock and provide a qualitative and quantitative analysis to present to the judges. This competition is designed to be fun and engaging for students from all backgrounds, degrees, and ages!

There are three stages to the competition - Submissions, Heats and Finals. Come along to the Stock Pitch Fundamentals tutorial event on 27th April at 6 pm in 260-325 (OGGB Decima Glenn) if you are unsure or would like to learn from Jarden Investment Bankers how to analyse a stock. You don't have to participate in the competition to attend the tutorial.

Registrations are now open and close on the 5th of May, register your team here

Key dates:
26th April: Competition brief will be made available on the website
27th April: Tutorial at 6 pm in 260-325
5th May: Registrations close at 11:59 pm
5th May: Submissions due at 11:59 pm
10th May: Heats
13th May: Finals and Awards

Good luck to all entrants!



An optimists view on DHB reform

WRITTEN BY LOGAN RAINEY

LAST WEDNESDAY, HEALTH MINISTER ANDREW LITTLE ANNOUNCED SWEEPING CHANGES TO THE STRUCTURE OF NEW ZEALAND'S HEALTHCARE SYSTEM. HEALTH REFORM HAD LONG PREVIOUSLY BEEN THE THIRD RAIL OF NEW ZEALAND POLITICS, WITH ANY POTENTIAL CHANGE BEING POLITICAL KRYPTONITE FOR SUCCESSIVE GOVERNMENTS. VOTERS CARE A HELL OF A LOT ABOUT HEALTHCARE, GIVEN THAT THE IMPACT FOR THEM CAN SOMETIMES BE AS EXTREME AS LIFE AND DEATH.

Government spending on health is a major component of the budget and indeed the whole economy, amounting to nearly a tenth of our entire economy (9% of GDP). As such, the stakes for health reform have always been high, with previous governments settling for the status quo rather than gambling on a roll of the political dice.

Yet, the status quo in health has arguably been failing New Zealanders for decades. Our health system has long been lacklustre in performance, with significant shortcomings compared to countries we would typically consider our peers like Australia. Just using the example of cancer care, survival rates in New Zealand are markedly lower than in Australia.

The Cancer Society has argued that over 2500 New Zealanders would still be alive today if they had happened to be treated in Australia rather than New Zealand. Furthermore, the quality of care for Maori in our health system is simply inadequate, with Maori health statistics lagging Pakeha in this country for generations. Maori, on average, have a life expectancy of 7-8 years shorter than other New Zealanders. This is not good enough.

The main mechanism by which the government has provided public access to healthcare has historically been through the District Health Boards (DHB) system. DHBs are quasi-government institutions that receive funding from the Ministry of Health to provide healthcare services to New Zealanders on a not for profit basis in line with government policy objectives. DHBs are governed by partially elected bodies, with some central government oversight, and have a degree of autonomy in achieving health objectives.

DHBs were established with the purpose of introducing some degree of market competition to the public health sector while enabling local communities to have a say in the governance and provision of healthcare. After twenty years of existence, it is safe to say that the DHB experiment has proven an expensive exercise in how not to provide public healthcare.

Minister Little announced the government's intention to abolish all twenty District Health Boards favouring a centralised health organisation called Health NZ, with a new Maori Health Authority also established. For a country our size, it has never made any sense to have twenty separate District Health Boards. Instead of benefitting from competition in terms of reduced procurement costs, we've instead experienced a bloated system with excessive administrative costs. Twenty separate boards have meant twenty different sets of administrative overheads and twenty separate procurement strategies. Different DHBs have IT systems that are not interoperable with each other, and the system is generally considered a bureaucratic mess on many levels.

Alongside providing comparably inferior health care compared to our peers, the DHB system has also led to the development of regional disparities in healthcare outcomes. Dubbed the 'Postcode Lottery', the quality of care for New Zealanders has become dependent on the area you live in. This is an unacceptably inequitable outcome for a country that prides itself on giving everyone a fair go.

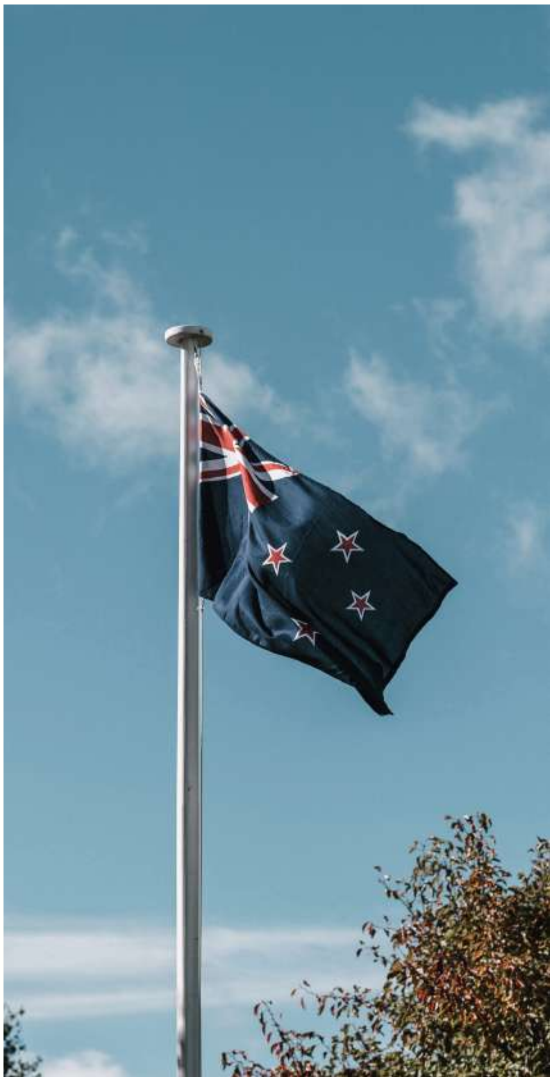
Health NZ would aim to centralise our regionally fragmented system into one centralised healthcare provider. This provider would be tasked with ensuring the uniform quality of care across the country for all New Zealanders and would aim to address the byzantine procurement and health record-keeping systems we currently have. While the Labour government has not yet provided any projected costings for this major initiative, industry figures are generally expected to result in some degree of administrative savings.

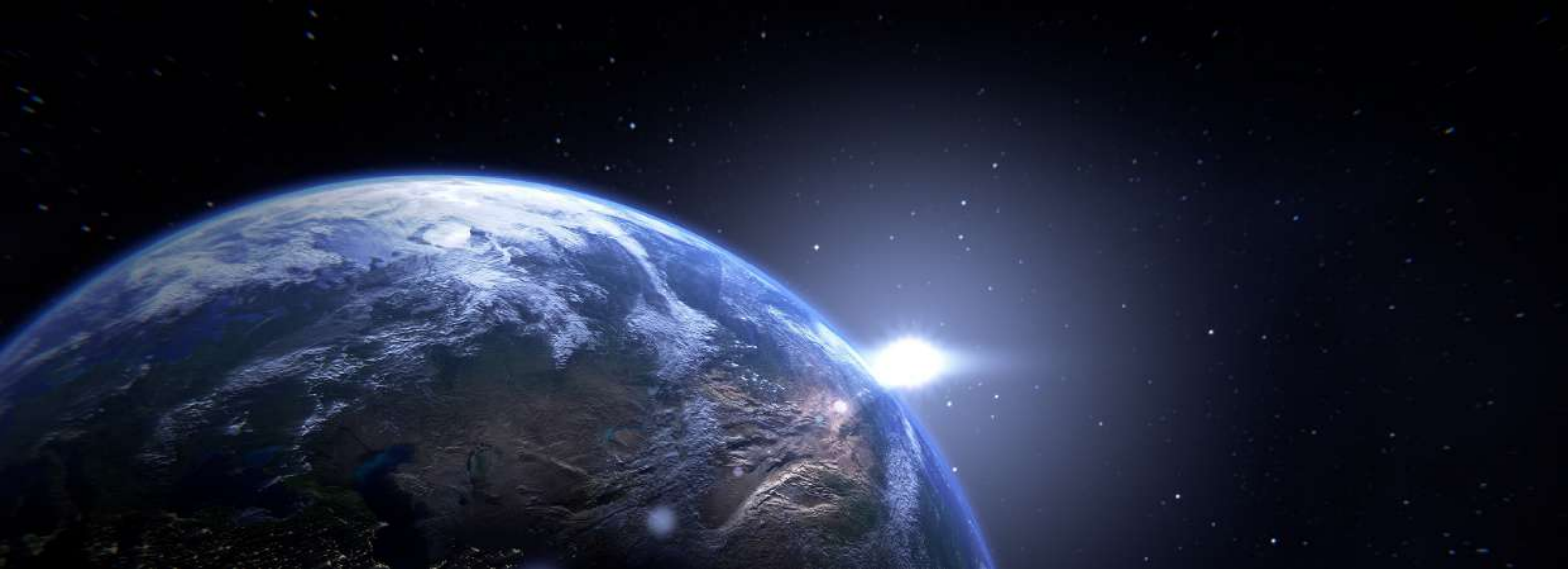
As part of the announced reforms, Labour has committed to creating a new Maori Health Authority that would seek to correct for generations of inequitable healthcare outcomes for Maori. The new Maori Health Authority has controversially been described as having veto power in the wider healthcare ecosystem over decisions it considers as having an adverse effect on Maori. Beyond this, exact details for the structure and funding of this new authority remain scarce, and it is difficult to ascertain what impact this will have on actual health outcomes.

The National Party has come out in opposition against the reforms, arguing that they will reduce the say of local and rural communities in making healthcare decisions and will likely lead to reduced access to services. Opposition leader Judith Collins has pledged to restore the DHB system and abolish the Maori health authority if elected in 2023. Given the poor historical performance of DHBs and the abysmally low quality of elected DHB board members, it seems like National has ended up on the wrong side of this issue. If you ask me, let the experts decide healthcare policy rather than washed out retired politicians on DHB boards!

Now, this Labour Government has a track record of promising big initiatives and failing miserably to deliver them. Think of the long-suffering Kiwibuild program or the complete failure of this government to address child poverty. Whether they can effectively restructure the entire healthcare system, which accounts for roughly 9% of GDP, is a very open question. A lot is riding on these reforms both politically and in terms of actual health outcomes. Voters have a long history of punishing governments that fail to deliver on healthcare. The stakes for Labour couldn't be higher. Assuming they can pull it off, it will be a long-overdue reform to our bloated and inefficient system.

Call me a cautious optimist because abolishing DHBs is courageously good policy. Can this government successfully pull it off without massive disruption to one of the most crucial sectors in New Zealand?





Investing in space: to a trillion and beyond?

WRITTEN BY ANDREW MENG

THERE'S A FUNDAMENTAL SHIFT HAPPENING IN THE SPACE INDUSTRY. WHAT WAS ONCE RESERVED AS THE EXCLUSIVE DOMAIN OF GOVERNMENT AGENCIES HAS TURNED INTO A BILLIONAIRE'S PLAYGROUND. THE TURN OF THE 21ST CENTURY HAS BROUGHT WITH IT NUMEROUS PRIVATE SPACE ENTERPRISES, WITH THE MOST WELL-KNOWN BACKED BY SOME OF THE WORLD'S WEALTHIEST INDIVIDUALS. BUT CAN THE CHARM OF BILLIONAIRE-BACKERS SUSTAIN THE PUBLIC'S INCREASING INTEREST AND PROPEL THIS INDUSTRY TO ITS MULTI-TRILLION FORECASTS?

It's been 64 years since space exploration began with the space race between the Soviet Union and the USA. In the time since, we've seen some of humanity's most incredible achievements. We've seen the first humans on the moon, we've seen the construction of orbiting space stations, we've even seen probes sent right out to the edge of our galaxy. When we think of these early achievements in space exploration, we tend to associate them with government agencies exclusively. However, we've seen this idea gradually begin to shift over recent years.

The modern space race

When you think of the space industry now, you probably think more along the lines of SpaceX, Blue Origin, charismatic billionaire founders, and extravagant visions of humanity's future.
It could be argued that we are now in the midst of a new space race, not one between governments trying to establish technological superiority, but rather a race between profit-seeking companies to prove that space is, in fact, a cost-sustainable venture.

The most high-profile companies and ones that are perhaps the furthest ahead in this race are Elon Musk's SpaceX, Jeff Bezos's Blue Origin, Sir Richard Branson's Virgin Galactic, and New Zealand's very own Rocket Lab. Although these companies differ in their space ambitions, they all share an overarching mission to bring the cost of accessing space down.
This is by no means saying that government agencies are leaving the ball game. The launch of NASA's Artemis program, Ingenuity's first flight on Mars, and even the establishment of the much-ridiculed United States Space Force prove that public-sector involvement in space is still on the rise.

What's different now is that private companies are beginning to take the initiative. With space technologies developing at breakneck speeds, young space companies actively search for new commercial opportunities in areas that were once only conceivable in sci-fi films.

To a trillion and beyond

The revenues generated in the commercial space industry currently sit around the US$400 million mark. Morgan Stanley and Goldman Sachs predict this value will reach US$1 billion by 2040, while Bank of America forecasts the industry to reach US$3 billion in the same time frame. Although there is a significant discrepancy between these predictions, the overall consensus is that there is considerable growth for the industry.

Arguably, the single largest driver propelling the industry forward is the development of reusable launch vehicles. Continuing to decrease the cost of space access is beyond critical for the industry's success, given that launch services are the foundation for all other forms of space exploration.

Significant headway has already been made in this area, with SpaceX claiming they have reduced the cost of launching a single satellite into space from ~US$200 million to ~US$60 million with their reusable Falcon 9 program. Other well-known companies like Rocket Lab, Blue Origin, and Virgin Galactic are all in the midst of developing their own reusable vehicles as they too strive to shift down the cost curve.

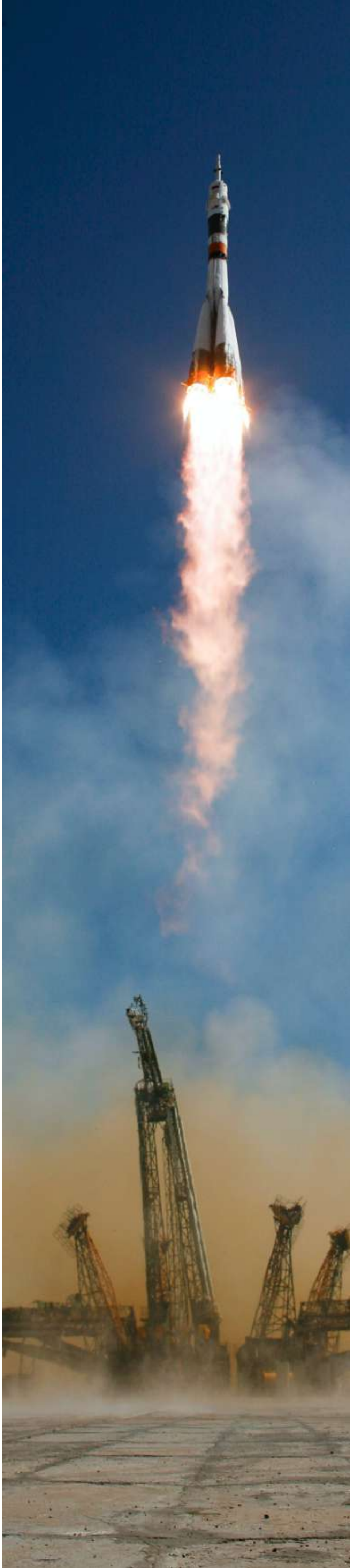
Outside of this, we've seen young space companies emerge in fields ranging from high-speed product delivery and climate change monitoring to space tourism and asteroid mining. These ventures all stand to benefit significantly with space becoming increasingly accessible. However, the sector that's likely to benefit the most is the satellite broadband sector. Morgan Stanley projects that satellite broadband could make up to 50% of the space industry's projected growth through 2040, primarily due to the expected rise in IoT, AI, virtual reality, and autonomous vehicles.

The investor's guide to the galaxy

With visions of Earth's first 'spaceline', settlements on Mars, and orbiting space colonies, there is certainly no shortage of hype that surrounds the modern space industry. Despite the ever-surging interest in the industry, the truth for retail investors is that there still aren't many options to invest purely in space technologies.

Investors have always been able to get some exposure to space if you consider the defence giants who have contracted with NASA in the past. The likes of Boeing (NYSE: BA), Northrop Grumman (NYSE: NOC), and Lockheed Martin (NYSE: LMT) have all developed components and systems that have ended up in space, but space activities have never been the bread and butter of these companies.

There's been the recent news of young space companies Astra Space, Momentus, and Rocket Lab all going public via SPACs sometime in the not-so-far future. Apart from these imminent listings, Virgin Galactic is really the only prominent publicly-listed company dedicated to space. There are many smaller, publicly-traded satellite companies such as



Iridium Communications, Intelsat, and Maxar Technologies, and the option of the recently launched ARK Space Exploration & Innovation (ARKX) ETF by Cathie Wood's Ark Invest. However, this fund has also raised plenty of eyebrows, given the fund's 39 holdings also include the likes of Netflix, John Deere, and JD.com – not names you'd align with space technologies.

Even if we had a whole myriad of options, there are some essential risks investors need to consider.

Investors need to be aware of the great risk that comes with operating in the space industry. Unsuccessful missions and equipment losses that result in multi-million dollar losses (and in some cases, loss of life) are, unfortunately, part of the business. Last year, Rocket Lab lost contact with their rocket during their "Pics, Or It Didn't Happen" mission, resulting in the total loss of seven customer satellites. In 2014, a Virgin Galactic pilot was killedduring a test flight after the VSS Enterprise vehicle they were co-piloting broke apart mid-flight in the Mojave Desert. Israel's SpaceIL also suffered a failed mission in 2019 when its Beresheet spacecraft crash-landed into the moon.

Overall, space stocks are only suited to investors with a considerable risk appetite. An industry led mainly by the ambitions of outspoken billionaires is bound to receive plenty of media attention. Investors need to be cautious of the inevitable herding behaviour and day-to-day market swings that come with these hype stocks. Virgin Galactic's share price history is a classic example of the volatility and uncertainty that could surround any prominent space stocks in the future too.

Space stocks are definitely still a speculative asset, given most commercial companies are still in the phase of proving that they can create profitable business models. Not only are there the issues of high capital costs and uncertain financial returns, but many space start-ups are also going public via SPACs. Meaning there is a lot less reliable financial information available to investors trying to make an informed decision.

Nevertheless, the proposition of investing in space is an intriguing one, and no matter the economic uncertainties, there will be a large and eager audience ready to buy into any space company going public. It's undeniable that we will see significant development in the space sector in the coming years.

To be honest, it's pretty exciting to think about what some of these companies could be able to achieve decades down the line. I suppose that might be what some investors are looking for. They're looking to invest in an idea, an ambition, a vote of confidence in what humanity can achieve. But at the end of the day, it is a balancing act. It's important to keep in mind that these private companies don't have the blank-cheque funding of government agencies in the past. They still have a responsibility to explore space in economically sustainable ways.

The brain's last stand

WRITTEN BY ROHIT RAJAGOPAL

THE RISE OF MACHINES CAN OFTEN BE A SCARY YET EXCITING PROSPECT. IN 1997, DEEP BLUE – A SUPERCOMPUTER BUILT BY IBM – WAS ABLE TO DEFEAT WORLD CHESS CHAMPION GARRY KASPAROV IN A CONTEST LABELLED "THE BRAIN'S LAST STAND".

Ultimately, this victory indicated a watershed moment for Artificial Intelligence (AI). Such technology has since been used widely across a range of industries, such as self-driving cars for transport and providing diagnoses for patients.

However, there has also been a massive surge of its applications in the financial markets. This brings me to the following questions: Why haven't all firms switched to such schemes already, and should these algorithms replace humans at the forefront of the markets?

As the 4th Industrial Revolution looms, firms across the world look to automation to drastically change the way humans work. In terms of finance, many firms have already implemented machine learning models. These algorithms make useof complex mathematical structures to analyse large sets of data and assign a probability to various outcomes. This stems from the overarching principle known as AI, which comes in different forms but is programmed for one purpose – intelligent decision making and problem-solving.

Currently, quants embrace this technology to navigate the markets and capitalise on trading opportunities (Algorithmic Trading). The term is derived from "quantitative", which alludes to the use of statistical metrics to solve problems. These highly specialised individuals benefit from high-frequency exchanges, and market volatility as the models can be deployed in a mere matter of seconds. Banks and insurance companies also apply such methods in risk aversion schemes, whilst others use them to manage ETFs and index funds.

I believe AI will be most effective in the trading market. Purists may disagree by suggesting that thorough qualitative analysis and research will pay more dividends. Still, the matter is that only 10% of all trading is done via stock pitches (CNBC, 2017). Whilst such methods are becoming offset, algorithmic trading has risen to nearly 80% of all equity markets in the U.S. over the last decade. Companies that seek to incorporate new technologies will be given a competitive edge. Those who neglect such opportunities will likely fall behind.

Pros

The key advantage of using AI is the unimaginable amount of data that can be processed at any one time.

Algorithms can account for years of stock prices and detect minute fluctuations. In turn, such trading methods incorporate predictive models that can be extrapolated into the near future.

The efficiency of costs plays a huge factor for a firm over time, and if the right cards are dealt, the company can thrive immensely. However, AI solutions offer low management fees which human counterparts can't match. An example of this is seen through Vanguard – creator of the index fund – who soared to become one of the world's largest asset managers. In addition, algorithms tailored for optimal performance can make faster investment decisions and exploit narrow price differentials. Likewise, they remove any impulse or greed element that humans may submit, which often leads to hasty trades.

Cons

On the other hand, our current technology stack still has limitations, leading to a very restricted set of functions. Some aspects cannot be converted to the quantitative format required by statistical models such as a company's culture or current events. Often this determines stock prices and can be quite detrimental if such information cannot be accounted for.

It is important to note that the quality of data fed into a machine learning model is crucial for its accuracy: "garbage in, garbage out". This places emphasis on a well-established database which is unlikely to be found in smaller firms. As a result, the results may be misleading.

Perhaps the biggest concern lies in the fact that companies may deploy the same strategies – inevitably making the same strategies – inevitably making the same decisions simultaneously. Of course, this renders the algorithms useless as there is no competitive advantage. Regardless, this does elevate the opportunity for innovation and fresh ideas.

The Effect on how we work

Given firms transition to AI across the board, there will be major ramifications to the way we work. Automation will undoubtedly increase productivity, lead to greater efficiency, and reduce errors when analysing financial data. The biggest concern will be the security of data. Firms must maintain transparency with how their data is being collected, especially hedge funds seeking external investments.

Subsequently, companies will be inclined to grow their programming team and develop improved strategies. This may require employees to re-skill to survive, or else they may be replaced with more qualified staff. Although, job security should improve as trading algorithms will need to be tweaked regularly to stay up to date with the markets.

The verdict

As we return to the key question I posed earlier, I think it is safe to say it is a matter of when machines will replace humans rather than if. Over the next few years, I believe it is vital to find a synergy between ourselves and AI to deliver the best results. This way, we will be well equipped to ensure the machines of the future are here to stay. I, for one, am truly excited to see where this new age of technology takes us, and I hope you are too.

How to (kinda) change the world

WRITTEN BY JOSHUA PAUL

IMPACT INVESTING IS NOT A NEW CONCEPT BY ANY MEASURE. IT IS, HOWEVER, RARELY DISCUSSED AS AN ENTRY POINT FOR THE ROOKIE INVESTOR. IN THIS PIECE, I AIM TO HIGHLIGHT THE APPEALS OF THE IMPACT FUND FOR THE STUDENT INVESTOR.

Before I get underway, I've got to be honest. This article was supposed to be about something else. I had initially wanted to write about how people's misunderstanding of investment as a concept often leads to disappointing results.
Unfortunately, in my research, I found that there wasn't all that much misunderstanding going on. However, I found that many people who aren't yet investing have stayed away for two main reasons—a lack of knowledge and a lack of will. I'm writing this article to lend a hand to those people.

To give you a bit of context for the rest of this article, I will quickly explain what a fund is. For those of you who know, feel free to skip ahead. For all intents and purposes, an investment fund is a pool of money managed by someone (a fund manager) who oversees all the fund's activities and constituent securities. Usually, when you put your money into a fund, you pay a fee to that fund manager, and in doing so, you are essentially paying for their knowledge and expertise. Pretty straightforward really. It goes without saying, but it is expected that your investment will grow over a period of time.

In getting a good understanding of why so many of us don't invest, I noticed an opportunity. Impact Investing. Specifically, investment into Impact Funds.

For those of you who don't feel like you know enough to start investing, here is your solution. For those of you who don't have the time to research and monitor individual stocks, here is your solution. And for those of you who want to change the world but don't want to get out of bed, here's your solution (kinda).

Fundamentally, Impact investing is investing with the specific intention of stimulating positive social or environmental change. In doing so, you also make some money for yourself. The easiest way for someone starting out to get involved is to invest in an impact fund. Impact Funds look to support companies and organisations that work to improve the standard of living worldwide. In essence, this means that by investing in an impact fund, you as an individual can make a meaningful difference without giving up the future use of your money as you would if you simply donated it. There's another aspect to this as well. When you invest the money rather than donate it, you create an extra sense of accountability for the organisation that received your money; they must show progress to justify your investment.

The impact funds that can help you do this aren't all that hard to find either. To give you a proper idea of how accessible these impact funds are, I'd point you to New Zealand's very own Pathfinder. Pathfinder has a fund

called "The Global Water Fund", which invests in companies trying to solve the global water crisis. The Global Water Fund has grown 9.6% every year since its inception. A healthy return on your investment, far better than anything you'd have made on anything in your bank account over that same period. To give you an idea of what that looks like over time, if you invested $1000 into the fund at the age of 20, given that it continues growing at the same rate, you'd have $62,564.19 by the time you hit 65. And the way I see it, with increasing populations and a limited supply of water, water infrastructure is only going to become more valuable.

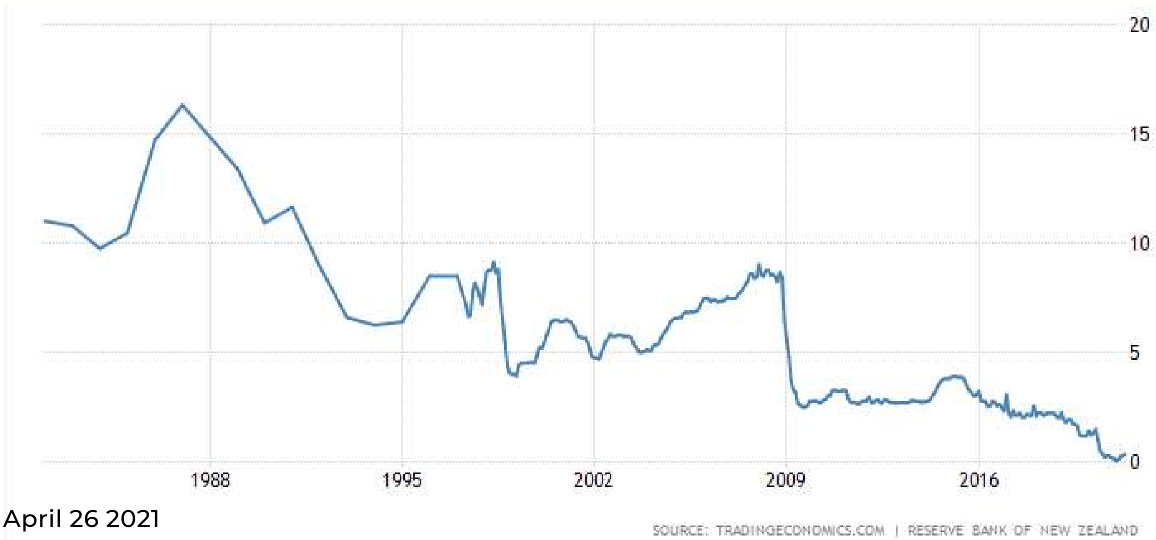
By the way, the average return on money that's just been left in the bank has been decreasing steadily over the last 40 years. The graph below on deposit interest rates shows this pretty clearly. At the current rate shown on that graph, that same $1000 would only be worth $1,166.60 over the same period if you left it in a bank. Obviously, both rates are subject to change over time, but you get the gist.

Since its inception, money put into The Global Water fund has been invested in over 50 different companies worldwide, looking to solve one of the most pressing issues of our time. I believe so much in the severity of the water issue that I have invested into the Global Water Fund. For me, there was no complex spreadsheet, and there were no extended hours of research that went into my decision. The decision came from two things; the research that I did in preparation for an NCEA exam on the global water crisis in 2018 and a Netflix documentary on that same water crisis. It became my understanding that we will inevitably need to either better manage and process the potable water that we have or find innovative ways to create more. By investing in The Global Water Fund, I was able to both support people working towards a solution and also personally benefit from their work. The best part for you guys is that there's an impact fund for pretty much every issue; you've just got to find it.

I'm guessing that most of you already have a Kiwisaver. This is your first opportunity to put your money into an impact fund and probably the easiest way to invest any substantial amount at this age. It's not like you're going to have access to that money anytime soon anyway!

If you want to be more proactive, platforms such as Hatch and Sharesies are highly intuitive and easy to use. Regardless of how you choose to invest, I think that the most important thing to remember is to start investing as soon as possible. A great friend of the Investment Club, Raymond Webb, likes to remind us that "you need to be in the water to catch the wave."

Looking to the future, there are countless opportunities to both invest and make a difference simultaneously. Impact funds worldwide are looking to develop and innovate in healthcare, education and renewable energy, among many others. All of these are exciting opportunities, just waiting to be explored. Given that you're now nearly 900 words in, I take it that impact investing has, at the very least, piqued your curiosity. If so, I implore you to get started as soon as you can. Although I'm no expert on the matter, I know enough to tell you that there's a world of change to be made and a world of money to make alongside it. All you have to do is look. It's easy, I promise!



Commercialising morals

WRITTEN BY SARAH JEONG

TWENTY FOUR YEARS OF FAIRTRADE HAS SEEN IT ESTABLISHED AS A HOUSEHOLD NAME. HOWEVER, AS CERTIFICATIONS AND LOGOS CONTINUE TO PROLIFERATE, DOES THE LEGACY OF FAIRTRADE LIVE UP TO ITS NAME OR IS ITS ESSENCE PASSING INTO OBSCURITY?

In my time working at a homewares and lifestyle store, I remember reading a training manual on the global organic cotton and responsible feather down standards the company had adopted. I was told that these standards aligned with our companies virtue pillars and how to use this when conversing with customers. However, even as I sold pillows stuffed with responsible down and organic cotton sheets, I itched with scepticism: could I say these were happy ducks at the end of the day? And more importantly, happy farmers?

Fairtrade international was founded in 1997. It has since become synonymous with ethical consumerism, with Fairtrade UK claiming that 93% of British shoppers recognise the logo and 83% believe that it is ethical. Fairtrade has since built a massively profitable service to provide its certification amidst the growing interest and demand among first-world consumers.

The 2017 report saw a 57% increase in Fairtrade cocoa beans from the previous year. 2018 headlines reported global Fairtrade sales reaching USD 9 billion. A breakdown of funding in 2019 disclosed that 86% of Fairtrade UK's income was sourced from licensee fees from certified products, amounting to £10.28m.

The latest 2020 report stated that in 2019, 1822 producer organisations supplied over 35000 licensed products for 2785 companies in 145 countries. Each annual report reflects an impressive increase in growth for the organisation, which has held since the early 2010s.

There is little resistance to the ethos of Fairtrade: consumers and businesses pay a higher price or fee for Fairtrade products and certifications, which goes towards a living wage for farmers as well social investment funds that service community projects.

Companies are therefore required to meet specific standards for each product. A report is then produced by a third-party auditor. A further price must be paid in order to display the well-known logo on individual products. But in exchange, they receive positive recognition from a large and growing portion of the market's consumers.

For popular goods such as coffee and cocoa, Fairtrade has long since become a basic standard. Operating with the certification is no longer an advantage but an

expectation, to the extent that to be without it could act to the company's detriment. Recent trends have since shown a swift shift of businesses incorporating similar social models into their operations, where it has become a normalised expectation. For example, Nestlé (NSRGY) made headlines in 2020 when they announced they would no longer source their cocoa and sugar from Fairtrade traders - needless to say, the general response wasn't positive. Vegan beauty products, social investment funds and traceable fibres are a few examples amongst hundreds of relatively new social enhancements entering the market in hot demand.

Popular interest in social business and conscious consumption has occupied a spotlight in global consumerism and has yet to show signs of slowing down. Fairtrade is one of the organisations to have enjoyed a significant boost, surfing at the top of the ethical wave. No one dislikes seeing big corporations putting people over profit. No one discourages paying farmers a living wage. However, despite its admirable ethos and easy to read infographics, the Fairtrade initiative and others similar to it have been a point of contention since their existence.

The task they have taken on requires a high level of cooperation at every stage of the product's life, from producer to customer. The movement has had consistent critics on its alleged economic implications and administrative inefficiencies for years.

However, the global social a logo can assure a moral purchase, even if only partially. Ultimately, these certifications are not the be-all-end-all of corporate responsibility. Not even Fairtrade itself claims that and critics have steadily built a webwork of reports challenging the real impact of these certifications.

A simple Nestle search continues to reap headlines on excessive plastic pollution despite recently parting ways with Fairtrade to set up their own ethical operations within the company. Starbucks (SBUX) launched CAFE Practises in 2004 and came under fire last year for the alleged use of child labour. Cadbury opted to partially internalise their ethical initiative "Cocoa Life" in 2017. Examples in other industries include fast-fashion giant H&M's "Conscious Collection" green tagged sustainable range and investment banks such as Credit-Suisse developing financial products for the social investor.

As time progresses, whether or not these companies are making adequate long term contributions to sustainability and social change is becoming a question not unanswered but a question unasked. Not asking such questions would be setting a precedent where these initiatives are considered ethical if they are successfully marketed to be so. It is still the customer's choice on whether to accept a company's model of social responsibility. To its credit, certifications like Fairtrade have increased awareness of the market's failure to remedy a legacy of colonisation and mercantilism that destroyed localmanufacturing industries worldwide. However, it's becoming increasingly apparent that this vision can be replicated and commercialised. Outsourcing a recognised certification has ceased to be the only option available to brands looking to incorporate fair trade values into their operations.

As we approach in-house initiatives and updated company visions accompanied by marketing campaigns, we should remember that the significance of Fairtrade (successful or not) was never its name or its logo. Instead, it attempted to redress a profound, historic economic disparity. Now, amidst certifications and claims from all corners of the market, companies are hiding in plain sight. It's fools gold. It's label fatigue. It's far too easy to hide in a crowd. However, it is difficult to attribute the issue entirely to companies attempting to secure their bottom lines, because of our personal responsibility in complacency: are we looking in the right places? Or is a floating logo with a happy duck enough to satisfy the conscience?

The next few years will define whether Fairtrade and Fairtrade-esque certifications are tools for consumers to pressure companies to meet acceptable standards of responsibility, or whether they will become a way for companies to cut corners on ethical business and social responsibility.

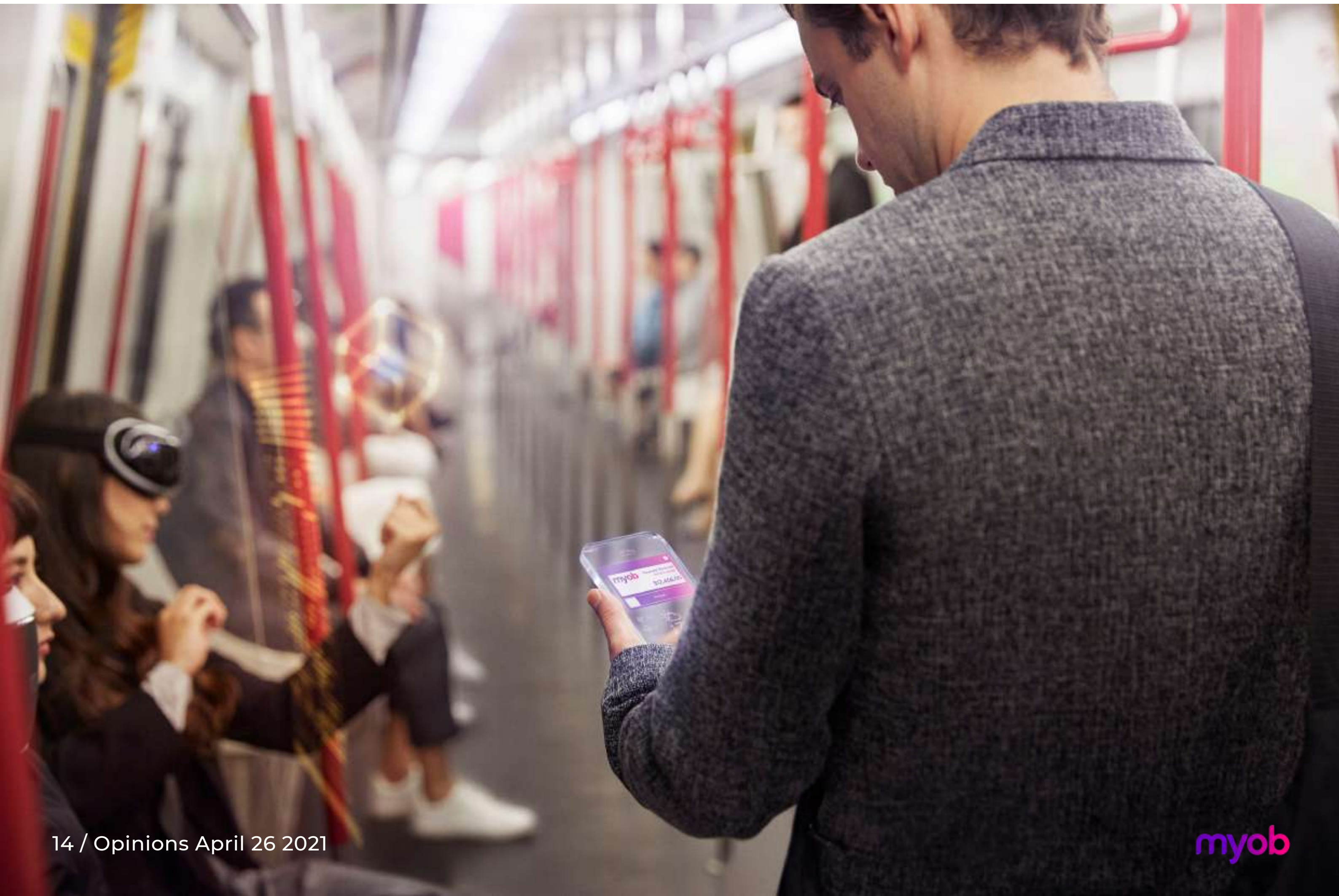
MYOB column

SMEs continuing to explore tech horizons as adaptation to 'new normal' continues

One year on from the first lockdown, local SMEs are more reliant on technology as they adapt to new ways of working, new patterns of demand, and the ongoing risk of disruption, according to new research by MYOB.

The latest MYOB Technology Snapshot found that in the last six months, almost half (49%) of New Zealand’s SMEs looked into new technology to help their business, continuing a trend seen in the initial response to COVID-19 in July 2020, when 55% of SMEs MYOB surveyed had started exploring new technology options.

Read more from the latest MYOB Technology Snapshot here

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