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NEOCLOUD PROVIDERS: SELLING SHOVELS IN THE GOLD RUSH

BY DANIEL SONG

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AI IS CREATING AN ALLERGY TO MISTAKES – AND HUMAN CAPITAL IS THE COLLATERAL
BY MEGHANA GADDAM

MACHIAVELLIAN MONEY
BY WAEJEN KWAN

BUTTER LUCK NEXT TIME: THE COST OF NEW ZEALAND'S DAIRY SUCCESS
BY ALICE HOUT

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FORSYTH BARR FOCUS: PHILANTHROPY AND THE GREAT WEALTH TRANSFER

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INFRASTRUCTURE

Neocloud Providers: Selling Shovels in the Gold Rush

BY DANIEL SONG

In order for the AI disruption to take place in our daily lives, there must be a facility that houses the specific infrastructure needed to train, deploy and deliver AI applications and services. These are called AI data centres. They are physical rooms that store and manage data associated with services.

Data Centres

Data centres evolved from privately owned on-premise infrastructure in the 1950s to 19190s to purpose-built data centres in the early 2000s. These modern centres were located near major fibre routes and reliable power grids, often sprawling across hundreds of thousands of square feet and equipped with advanced fire suppression, sophisticated cooling technology and strict physical security measures.

Some companies viewed this as a business opportunity. In the early 2000s, hyperscale facilities were built to offer greater computing power more efficiently. These are cloud computing. Popular providers include Amazon Web Services (31% market share), Microsoft Azure (21% market share), Google Cloud Platform (12% market share) and Salesforce. Cloud computing displaced the need for businesses to own their own physical servers.

Today, the explosion of interest in generative AI has resulted in a new arms race to develop AI data centres. The biggest difference between AI data centres and traditional data centres is the extraordinary capacity for high-intensity AI workloads that require high-performance graphics processing units (GPUs). While earlier cloud computing service providers have offered access to GPUs, a demand for AI-tailored services has grown.

Neocloud Providers

This AI frenzy has led to the advent of the so-called neocloud providers. They offer cloud computing heavily centred on GPUs. In essence, they represent a GPU-as-a-Service (GPUaaS) business model. Notable names include CoreWeave (NASDAQ: CRWV), Nebius (NASDAQ: NBIS), Crusoe, Vast.ai and Lambda.

Neocloud providers have focused on delivering raw GPU performance. This differentiates them from traditional cloud service providers that provide proprietary services with GPU options. Partly owing to this focused business model, neocloud providers have been able to ensure competitive pricing. For example, CoreWeave's pricing for renting eight NVIDIA L40S GPUs can cost USD\$18.00/h compared to Amazon AWS at USD\$30.13/h. In response, traditional cloud service providers, such as Amazon AWS, Microsoft Azure and Google Cloud Platform, have joined the trend to offer GPUaaS.

CoreWeave exemplifies the explosive growth potential in the sector. Beginning in 2017 as Atlantic Crypto, a cryptocurrency mining operation, the company pivoted to AI cloud infrastructure and scaled from USD\$15.8mn in revenue in 2022 to USD\$1.9bn in 2024. 96% of the revenue was represented by committed contracts. This represents revenue visibility, locked-in customers and a greater potential for future financial leveraging as perceived repayment risk is lowered.



Additionally, unbilled revenue reached USD\$15.1bn in December 2024, expected to be recognised within 2026. This includes USD\$11.9bn commitment from OpenAI, further showing a strong foundation for future revenue.

CoreWeave's IPO took place in March 2025, opening at USD\$39/share and reaching an all-time high of USD\$187/share in June 2025. Currently, it is trading at USD\$130/share and has a USD\$62.4bn market capitalisation.

Nebius represents a different path into the market, emerging from geopolitical complexity. Originally the Dutch parent company of Russian tech giant Yandex, Nebius completed a USD\$5bn divestment of its Russian operations in August 2024.

In August 2025, Nebius recorded USD\$105mn in Q2 revenue, a 625% year-over-year increase from USD\$14mn. Volozh provides a high estimate of a 2025 annual revenue run rate of USD\$1bn. With available cash of USD\$1.74bn and debt of USD\$1.0bn, Nebius may be fairly well placed for further expansion.

The 145% year-to-date stock rally shows investors' perception of Nebius as an acceptable competitor in the neocloud sector.

It is currently trading at USD\$68.78/share and has a USD\$16.4bn market capitalisation.

Tailwinds

So far, neocloud providers have enjoyed a few tailwinds. First, Wall Street institutions have provided financial backing using GPU assets as collateral through power-purchase agreements. Blackstone, Pacific Investment Management Company, Carlyle and BlackRock have reportedly loaned more than USD\$11bn to the niche group of tech companies to acquire tens of thousands of Nvidia's GPUs.

Between mid-2023 and mid-2024, CoreWeave raised USD\$12bn in debt and venture financing, and its valuation jumped nine times from USD\$2bn to USD\$19bn. Following its March 2025 IPO, the company achieved a market capitalisation of USD\$62bn, demonstrating the sector's valuation potential.

In December 2024, Nebius also raised USD\$700mn from Nvidia and venture capital Accel Partners. In June 2025, it raised further USD\$1bn in convertible debt.

This not only provides financial ammo for the neocloud providers to take on the traditional cloud service providers, but it also reassures the investors that the

fledgling tech companies have won Wall Street's confidence and may remain competitive in the market long-term.

Secondly, neocloud providers are extremely motivated to grow. CoreWeave recently announced a USD\$6bn investment for a new 300MW data centre in Lancaster, Pennsylvania. It now operates 33 AI data centres globally with 1.6GW contracted power capacity.

CoreWeave also focuses on improving efficiency. The acquisition of Weights & Biases in May 2025 added AI model training tools to CoreWeave's services. This provides an integrated service directly, and it adds a customer base of more than 1,400 organisations.

Nebius is also focusing on global expansion. In 2024, it announced expansion of its Finnish data centre capacity from 25MW to 75MW, pledging to invest USD\$1bn in Europe's AI infrastructure. The same year, it deployed its own GPU cluster in a pre-existing data centre (not owned by Nebius). It further deployed a 5MW GPU cluster in another pre-existing data centre in Kansas City. In 2025, Nebius announced plans to build a 300MW data centre in New Jersey.

It also aims to provide a broader



service. In June 2025, Nebius announced a partnership with Saturn Cloud to integrate a machine learning platform into the cloud service.

Lastly, the AI software and services sector is projected to continue its high growth for the next years. McKinsey's low estimate has the sector revenue growing 17 times, from USD\$85bn in 2022 to USD\$1.5tn in 2040. There will be plenty of headspace for specialised cloud providers to grow into.

Headwinds

However, the technological elation requires some caution. First, the chips' values depreciate through high usage and the introduction of newer models over time. They may not maintain the same collateral value and may expose the borrowers to greater financial risks over time.

This may pose a complex problem for CoreWeave in carrying a significant debt. The capital-intensive nature of the business has resulted in significant leverage, with total cash of approximately USD\$2.5bn against

debt of USD\$8.7bn as of March 2025. The recent retraction in the stock market suggests investors' concern with the potentially hefty valuation and overreliance on Nvidia and OpenAI.

Secondly, there's a heavy reliance on Nvidia for the hardware supply. Nvidia itself invests in cloud providers, which use the chips to secure loans to buy more Nvidia chips. Any disruption in Nvidia's production line can directly impact the cloud provider. Additionally, the circular financing can inflate the value of the cloud providers and create a high leverage relative to their equity and assets.

Lastly, cloud providers will have to brace for intense competition. Neocloud providers compete directly with traditional cloud providers with giant financial, technical and market resources. Amazon CFO Brian Olsavsky is reportedly aiming to spend more than USD\$100bn in AWS data centres in 2025, and 90% of that spending will be for AI systems. That's 1.5 times CoreWeave's market capitalisation as of August 2025. This can potentially create significant pressure on smaller cloud providers' pricing and

margins. Often, this can easily attract investor doubts. This was the case for CoreWeave when its IPO went down to USD\$23bn in the days prior to its stock market debut after initially reaching an estimate of up to USD\$32bn.

Conclusion

Neocloud providers represent a compelling investment thesis in the AI gold rush. Their specialised focus on GPUaaS has enabled them to compete against giant traditional cloud service providers. The sector's explosive growth, backed by private and public investors, demonstrates the immense opportunity within AI infrastructure. Forbes shares this assessment, placing CoreWeave 29th and Nebius 84th on their 2024 Cloud 100 list.

However, success is far from guaranteed. The sector faces significant debt risks, depreciating GPU collateral values, dangerous dependence on Nvidia's supply chain and the looming threat of traditional cloud service providers. Neocloud providers must be persistent with expansion and diligent with reassuring the investors. 🏗️



SOCIETY

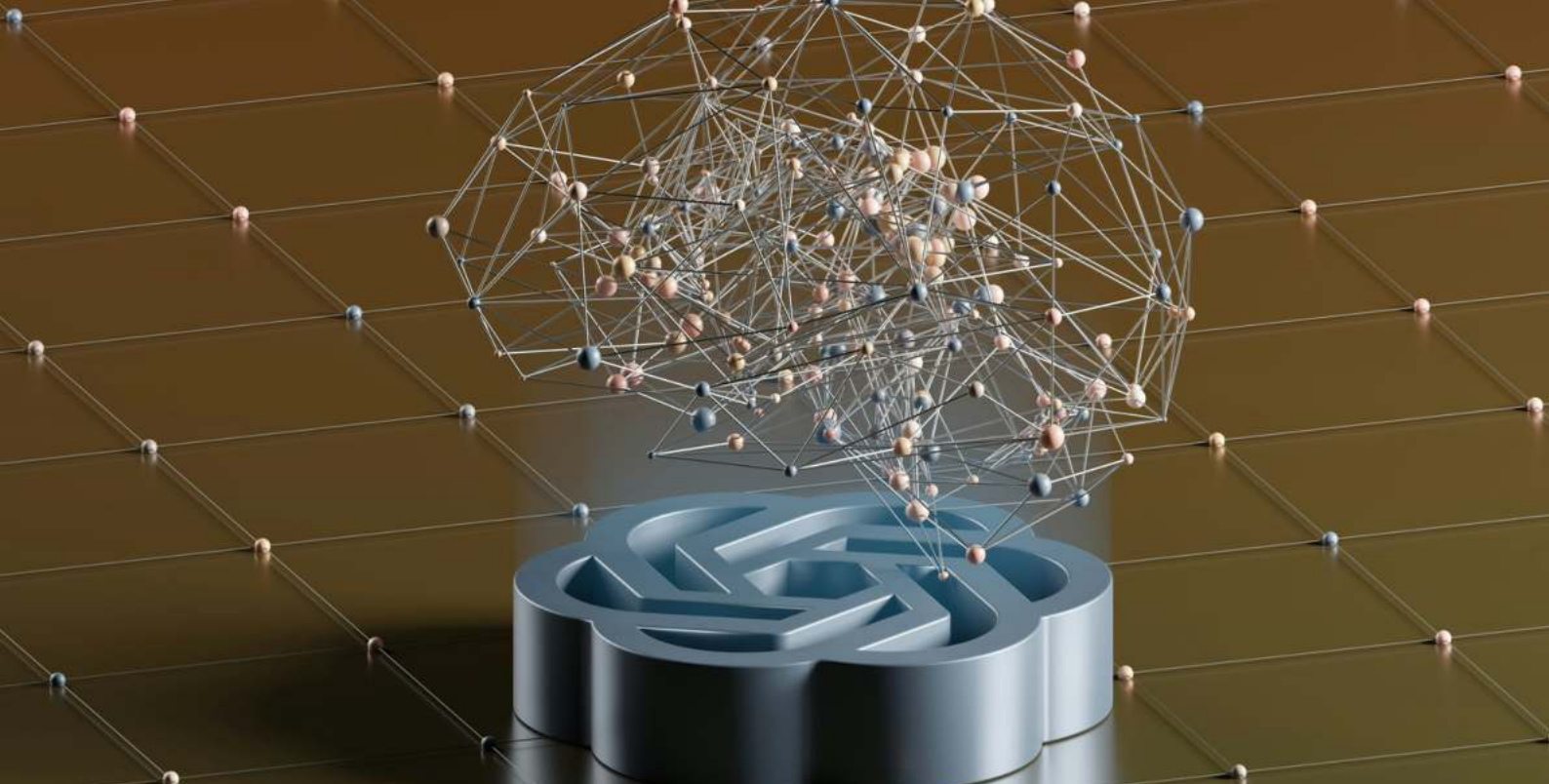
AI is creating an allergy to mistakes – and human capital is the collateral

BY MEGHANA GADDAM

I used to love to write. Now I want to write the perfect article.

There is a stark difference between the former, which focuses on the process, and the latter, which focuses on the outcome. In a world filled with em-dashes, the word “robust” and the phrase “it is not X, it is Y tangentially related idea,” we as human seem to be focusing on the most impactful product, without realising, reckoning with, or reflecting on the impact it is having on us.





“Why write an essay without ChatGPT when it is the future?” the technophiles asked. Luckily and soon enough, we will not have to. AI technophobes, critics and your standard contrarian rejoiced when a recent study from MIT validated what we generally suspected – even a small amount of regular ChatGPT use results in cognitive atrophy. This alone, however, does not justify eliminating the usage of generative AI in educational settings. Indeed, human capital has been slowly whittled away over centuries of economic development. Decades ago, I would have known how to embroider, ride horseback, and potentially speak a native, disappearing language. Generally, most are happy to forego this capital in favour of other opportunities to upskill. Generative AI, however, seduces us to forget the most important skill of all – one that has separated us from every other species on the planet. The simple ability to think, that is, to learn through creation.

The same arguments arise from the technophobes: “I know how to think, how to form an opinion, it just speeds up the process.” They may even refer to the unconscious belief that a rising tide will lift all boats.

As one of my favourite contemporary thinkers, Simon Sinek suggests, this holds true until there is a storm. Those who did not need to row, do not know how. Those who relied on the current to navigate, cannot steer themselves towards the right path again. Once we have lost that human capital, the ability to recapture it, much like the addiction recovery process, is painstaking. For a few who did not know life before it: impossible. To recontextualise, swimming is having neural connectivity, that is, executive control, creative ideation and attention. Ultimately, all kinds of human capital are not made the same, and some hold greater priority to preserve. Embroidering does not hold the value of emotional engagement, and

riding horseback does not hold the same value as relational judgement. The study found that ChatGPT users did not demonstrate the latter, whilst those who wrote using their brain only did. They also demonstrated higher levels of satisfaction with work – the kind that comes from knowing you conquered a hard task.

The acceleration of mistake aversion


Human capital is created through mistakes. AI seeks to fix this very problem statement: we make mistakes, and we are slow to learn from them. When we use AI, we avoid these flaws. Unfortunately, the collateral to us is learning – however slow, painful and economically useless.

As AI becomes even more perfect, the cost of a mistake rises. Our benchmarks shoot up, and our dignity takes a beating against them. Eventually humans become allergic to mistakes, and like most

allergies, the reaction becomes even more severe each time we are exposed to one. Unfortunately, the organ affected in this case, is the brain.

However, as the price of perfection decreases exponentially, we may see the rise of the “human premium” -- the marginal price that we are willing to pay for things inclusive of the human touch; the expertise that comes with dealing with other mistake-making humans. Examples include comforting advice from a friend who has gone through the exact same kind of breakup as you; tips from a grandmother who knows the perfect amount of turmeric in a dish varies even if the recipe is the exact same; a painting that you bid double the reserve price for, because the artist came from your hometown, or fought in a war that you learned about while on a trip.

Paradoxically, we are valuable to each other because of the very reason we are less valuable in the face of AI. Humans are irrational, unpredictable and make decisions that AI on the balance of probabilities, would not. The burden of emotion is the most valuable asset in the new economy, as long as we spend the time introspecting to understand it, rather than undermining it in the pursuit of unattainable perfection.

Nothing that has been written here is new. Decades old adages decree: “it’s not the destination, it’s the journey,” and “everything in life is either a memory or a lesson.” Finally, perhaps one that we and Big Tech should be more mindful of: “just because we can does not mean we should.” 





GLOBAL

Machiavellian Money

BY WAEJEN KWAN

Machiavellian (adjective): cunning, scheming, and unscrupulous, especially in politics.

If you live in the United States, or anywhere really, chances are you've interacted with a company called BlackRock without even knowing it. Whether you're buying groceries, flying on a major airline, or swiping your credit card, BlackRock is quietly profiting behind the scenes. It might just be the most powerful company in the world. And you've probably never heard of it.

BlackRock (NYSE: BLK), a silent behemoth of an investment company, has 11.6 trillion USD of assets under management, nearly half the United States GDP. Much of this comes from managing passive index funds, which means their stakes in many companies are a by-product of tracking major market indices rather than targeted acquisitions. Still, this staggering concentration of wealth raises an uncomfortable question: Can one company's success come at the expense of a genuinely competitive economy? Subject to both online speculation and serious academic debate, BlackRock holds positions in almost all of the largest companies. It has been hired by governments worldwide to help manage financial crises and, in many ways, shape the modern economy. As I see it, BlackRock represents the paradox of contemporary capitalism: efficient, yes, but alarmingly unchecked. So, is BlackRock an all-powerful puppet master steering the world in its favour? Or are they merely a passive investor riding the wave of American economic expansion?

How BlackRock Owns (Almost) Everything

When you have \$11 trillion sitting around, you have to put that money somewhere. Eventually, that somewhere becomes everywhere. BlackRock, alongside Vanguard and State Street (known collectively as "The Big Three" asset managers), holds stakes in nearly every listed corporation in the United States.

BlackRock owns 7.85% of Microsoft, 7.79% of Nvidia, 7.68% of Apple, 7.67% of Meta, 6.71% of Google, and 6.60% of Amazon. You get the idea. At first glance, these percentages may not sound like a lot, but it's enough that selling all of it at once would likely crash that entire stock. The irony here is striking: while ordinary investors are advised to "diversify" to mitigate risk, BlackRock's omnipresence gives it power far beyond market safety nets. This isn't diversification, it's world domination. In many academic studies, more than 5% ownership in any company is significant because if and when shareholdership is dispersed, 5%

makes you the single largest shareholder. As a business model, BlackRock, Vanguard and State Street are the same. So, when you combine their individual ownership, these holdings collectively make the Big Three the most influential shareholders in corporate America.

Take Amazon, for example. Jeff Bezos might still be the face of the company, but the Big Three collectively own 18% of Amazon's outstanding stock, dwarfing Jeff Bezos' 8%. This ownership isn't just about making profits - it's about potential power. While the Big Three say they're passive investors and often vote with the majority, the sheer size of their holdings means that, if they chose to, they could influence the outcome of key corporate decisions. Whether they actively use this influence is debated, but with BlackRock almost always sitting in the top 3, maybe 5 if they're feeling broke, a little basic maths will tell you that's a lot of votes.



The Hidden Costs of Universal Ownership

Evidence shows that universal ownership (the concept that institutional investors hold such large, diversified portfolios representing a slice of the entire market) creates anti-competitive behaviour. Looking at the apparel industry, the Big Three collectively own 22% of Nike, 24% of Lululemon and 17% of Under Armour. If you're BlackRock, Vanguard or State Street, do you care which brand outperforms the other? Not really, because either way, you profit. For consumers, this feels less like free-market capitalism and more like being stuck in a rigged casino. No matter what brand you bet on, the house always wins. The same logic applies to airlines, banks, and countless other industries. In the United States, the Big Three are all large shareholders of the major airlines (19% in American, 21% in Delta, 25% in United) and banks (22% in JPMorgan, 20% in Bank of America, 22% in Citigroup).

After all, if all the profits funnel back to the same players, there's arguably less incentive to compete on price or innovate for the consumer's benefit. If you have taken a basic economics class, this might sound like the textbook case for regulating monopolies, even though this article isn't about monopolies. Therefore, it's no surprise some argue that flights, housing, and everyday essentials are more expensive than ever. When the same investors own every major player, the "invisible hand" they teach you in economics, starts feeling more like a closed fist.

Friends in High Places

BlackRock's influence extends beyond corporate boardrooms. The company's deep ties to government agencies and international financial institutions significantly amplify its reach, where many of its executives seamlessly transition from influential bodies like the U.S. Treasury and Federal Reserve and global organisations like the International Monetary Fund (IMF) and the World Economic Forum (WEF).

Larry Fink, BlackRock's CEO, is often seen as the wizard behind the curtain. He is on the board of the WEF and even tried to get himself selected as Hillary Clinton's would-be treasury secretary in 2016 by assembling a veritable shadow government full of former Treasury Department officials. On the Joe Rogan podcast, entrepreneur and news media podcaster Patrick Bet-David pointedly said, "We say we have a Commander-in-chief, but really, the Commander-in-chief is Larry Fink... the guy running. BlackRock is really the president of the United States."

After the 2008 financial crisis, BlackRock's political influence became even more apparent. The U.S. government created the Financial Stability Oversight Council (FSOC) to oversee entities like BlackRock that control a lot of money but aren't banks. The FSOC pointed to BlackRock as an organisation that is "too big to fail" and that its failure could cause another economic collapse.



A Never-Ending Money Loop

Here's an unsettling thing to think about: asset managers are the ones who decide whether *they themselves* are passive enough to avoid government oversight. Let me repeat that: asset managers decide if asset managers need regulating. BlackRock and other asset managers submit annual letters self-certifying that they've complied with the terms of passive investment regulations. This is like the financial equivalent of "trust me bro." At this scale of wealth, the idea of self-regulation becomes laughable and dangerous. That's like being allowed to declare whatever you want on your taxes and then audit yourself, except if you also had \$11 trillion.

Here's where it gets even more alarming. While BlackRock already has their eggs in basically every basket and is making money off

seemingly everyone, it goes even deeper than that. The largest investors in BlackRock are Vanguard and State Street. The largest investors in Vanguard are BlackRock and State Street. And the largest investors in State Street? You guessed it: BlackRock and Vanguard. I had to read that twice, and I'm the one who wrote it. Like Robert F Kennedy Jr. said, "There's three giant corporations, BlackRock, State Street, and Vanguard, which collectively own each other... but they also own 89% of the S&P 500. They own everything...". Asset managers are the shareholders of asset managers. This is true for all financial firms, including those listed on the stock market and private equity firms. This circular ownership isn't just an interesting quirk, it's a loop that sucks money in and never seems to spit it back out. It's a self-sustaining cycle where the financial sector effectively owns itself. The biggest

companies they own, own them right back. They play all sides of the game because, at a certain point, you can't lose when you're playing against yourself.

Does BlackRock Really Own Everything?

Technically, no. BlackRock doesn't outright own most of the companies it invests in. But does it control everything? Not exactly. By holding just enough shares to have potential influence, BlackRock has become the ultimate middleman. It profits off every corner of the economy while maintaining a level of passivity to avoid heavy government regulation. Think of it this way: BlackRock doesn't pull the strings on every decision made by every company, but it has enough influence to nudge those decisions in directions that protect its bottom line. It's not outright control - it's a lot more subtle yet just as powerful.



Currently, the Consumer Financial Protection Bureau (CFPB) and the Federal Deposit Insurance Corporation (FDIC) are working so that asset managers who own large chunks of banks like BlackRock are regulated like banks. As expected, the asset managers are not happy. In 2022, BlackRock disclosed spending \$2.38 million on federal lobbying, up 63% from 2021. Within that, it more than doubled the money it paid to high-powered lobbying companies. In 2023, BlackRock, Vanguard, State Street and Fidelity collectively spent \$7.6 million on U.S. lobbyists following a barrage of attacks by Republican politicians over their lack of consideration of ESG factors when investing public pension money.

The Slow Death of Shareholder Democracy

Here's the uncomfortable truth as I see it: shareholder democracy is

dead. BlackRock didn't kill it alone but they've perfected the ability to profit from its absence. The old system, where investors rooted for individual companies to succeed, has replaced a new reality where a few giant firms profit no matter who wins. As the saying goes, "don't hate the player, hate the game". BlackRock didn't necessarily create this system, they've merely mastered it. But with rising costs, stagnant wages, and growing inequality, something has to change.

BlackRock is just a symptom of a much larger disease: a financial system designed to concentrate power and wealth in the hands of a few. If we want a system that works for most of the population, it's time to ask the hard questions. How do we ensure accountability for companies like BlackRock? Can we dismantle the legal loopholes that keep the money and power at the top? And most importantly, how do

we create a future where the wealth of nations truly benefits the people who create it? The answers won't come quickly or easily (nothing in politics ever does), but the questions are long overdue. 🏢



LOCAL

Butter Luck Next Time: The Cost of New Zealand's Dairy Success

BY ALICE HOUT

If you've been to the supermarket recently and reached for a shockingly expensive block of butter, you've witnessed one consequence of the country's dairy success. Butter has been the latest symbol of ongoing cost-of-living pressures in New Zealand. These past few months, Kiwis around the country have been hit with soaring butter prices, with [StatsNZ reporting a price increase of 46.5% from last year](#). It's caused quite the commotion among consumers, who are frustrated at having to shell out more money for a household staple. The issue has even made its way to Parliament, prompting a meeting between Finance Minister Nicola Willis and Fonterra CEO Miles Hurrell. So what's behind the price tag? Can it be lowered, and in any case, should it be?





Breaking Down a Block of Butter

It's no surprise that dairy is the backbone of the nation's economy. In fact, we've prided ourselves on being a prime dairy exporter. The New Zealand dairy industry generates a staggering \$23 billion NZD annually, with 95% of the dairy produced here being exported. As such, butter prices are largely determined by the global dairy market. This is in contrast to other nations, where domestic consumers usually make up the bulk of demand - in these countries, dairy prices are determined by domestic demand instead. For a 500g block priced at \$8.50, 80% of the cost will come from the global price of butter, while the rest results from packaging, storage, and distribution costs. Margins will then be added as it makes its way down the supply chain, with GST included last. However, global demand clearly plays a dominant role in pricing.

Global Demand Driving up Prices

So, how are global prices set? Dairy products are sold internationally through auctions, with the Global Dairy Trade (GDT) dominating online dairy trading. Through this platform, suppliers from across the world trade their products with buyers, who resell them within their respective markets. Prices are set fortnightly, based on the demand and supply levels set by buyers and sellers. Due to dairy being increasingly sought after in China, demand is currently outstripping supply. China has consistently been one of our nation's top butter buyers, and its growing middle class continues to show a keen interest in New

Zealand's famous grass-fed butter. Demand from Saudi Arabia and the Middle East have risen for the same reason. The effect of this has been rising prices overseas and back at home.

High Prices: A Blessing and a Curse

Surging butter prices are a blessing and a curse, and there are strong arguments from both sides. On one hand, farmers are benefiting, and economists assert that this has positive flow-on effects for the rest of society. In theory, farmers will reinvest their profits back into the economy through increased spending on wages and capital, which promotes greater employment. Regrettably, the broader benefits that firms like Fonterra bring to the national economy are less visible than the fluorescent price tags on supermarket shelves. On the other hand, locals are not happy with the hike in prices, which are shifting a daily necessity into luxury territory. Many are frustrated with paying high prices despite dairy being produced in New Zealand. As a result, domestic consumers, from local businesses to households, have resorted to importing cheaper substitutes or loading up their trolleys at Costco, in a manner eerily reminiscent of lockdown.

Despite all the clamour, Fonterra boss Miles Hurrell firmly believes that rising butter prices are a "good news story" for the country. While acknowledging the ongoing cost-of-living crisis, he maintains that Fonterra's focus is to act in the best interests of farmers by securing the highest prices possible. Although the company supplies a small amount of product to the domestic

market, it is not under any obligation to do so. Chief Executive Brad Olsen at Infometrics, a leading economic consultancy firm, notes the unique position Fonterra is in. Due to our dairy market being export-led, he remarks that “it would be better for Fonterra if they didn’t have to deal with the New Zealand market and just exported everything.” While this makes financial sense, such a decision would certainly be unpopular amongst Kiwis. However, it’s understandable that Fonterra’s primary obligation is to maximise returns for its farmer shareholders. All in all, this issue raises interesting questions around whether companies are under an obligation to give back to the land they profit from, even if they are export-focused.

Potential Solutions for Kiwis

So what can be done to lessen the sting? A two-tier pricing system has been suggested, where prices are set at market rate on a global scale, with lower prices set domestically. This idea was flatly rejected by Hurrell, who said it would be unsustainable in the long term. Fonterra has stated that “selling it for less would mean a business choosing to sell at a loss or giving a subsidy.” Additionally, New Zealand’s free trade agreements also affect the

feasibility of this option. Policy changes, such as removing GST from necessities like butter, could provide a solution. But this is unlikely to occur, given the prevailing argument that GST should be collected and redistributed to increase welfare for lower-income households. Revising the amount of goods exported by Fonterra is also undesirable, since this would entail substantial economic losses. As Olsen says, “It’s not nearly worth trying to change the domestic butter game at the expense of our very lucrative export potential.”

Willis believes that tackling New Zealand’s supermarket oligopoly could provide relief, seeing this as “the most powerful lever that the government has on this issue.” However, there are concerns about how much impact this approach would actually have. While Woolworths has stayed silent on its butter margins, Foodstuffs CEO Chris Quin has openly announced that butter is a loss-leader at PAK’nSAVE, with stores “absorbing a loss of nearly \$1 on every block sold” to keep prices low. Hypothetically, increasing competition in the grocery sector would deliver lower prices in general, but this would be an indirect way to tackle butter prices specifically.

Final Thoughts

Overall, rising butter prices are a matter close to the hearts of many Kiwis. While dairy is an integral part of the nation’s economy, locals will unfortunately have to fork out more or cut back on it for the time being. Current solutions do not seem viable, and on the whole, it appears that not much can be done to alleviate the issue. Perhaps a glass-half-full perspective should be taken. The world just can’t get enough of New Zealand’s beautiful grass-fed butter, and high prices may simply be the cost of its widespread benefits to our national economy. 🇳🇿



Forsyth Barr FOCUS

Philanthropy and the Great Wealth Transfer

New Zealand ranks among the world's most generous nations. While our philanthropists may not be household names like their counterparts in the United States, charitable giving is alive in our culture. New Zealand consistently sits in the top 10 countries in the Charities Aid Foundation's World Giving Index. Over the years, donations to charity have steadily increased, reflecting a growing commitment to philanthropy across the country.

Read the full article [here](#).



National Business Review

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