INVESTMENT BULLETIN

STUDENT WRITERS · STUDENT OPINIONS

GIVING YOUR BANK ACCOUNTS A PURPOSE

BY KEEGAN MACDONALD

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SOVEREIGN WEALTH FUNDS
HOW TO GET RICH QUICK
WHAT HAPPENED TO NETFLIX?
THE CBAM

& FROM OUR PARTNERS:

CLOSING THE DIGITAL GAP
AN INTERVIEW W/ JOLIE HODSON, CEO - SPARK

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An update from the fund

A RUNDOWN OF THIS WEEKS PITCHES WRITTEN BY OUR INVESTMENT COMMITTEE ANALYSTS

WESFARMERS (ASX: WES)

Wesfarmers is an Australian conglomerate operating in the home improvement & consumer goods industry. It owns several well-known retailers such as Bunnings, Officeworks, Kmart, Target & Priceline, in addition to numerous health brands, chemicals, energy, fertilisers businesses as well as industrial and safety businesses.

Wesfarmers offers diversification with its large portfolio of strong brands in a number of key Australian industries. Wesfarmers has market dominance, pricing power and economies of scale which gives it a competitive edge over other major Australian retailers.

Wesfarmers plans to develop a market-leading data and digital ecosystem, while focusing on new acquisitions and investment into their existing businesses to deliver long-term growth to investors.

This company is a defensive stock to hold in potentially challenging market conditions, as consumers often look to budget retail when faced with lower disposable income. The recent 25% drop in share price has created a good entry point for long-term value investment, which is why this stock would be a great addition to the fund.

The Investment Committee passed WES to the valuation stage by a vote of 12/15. Joe Strawson, Abby Sathyendran & Isabelle Lee will conduct the valuation.

"Diversification is just the beginning"

- Joe Strawson

PERSONAL FINANCE

Giving your Bank Accounts a Purpose:

A Summary of Scott Pape's Bucket Budgeting Framework

BY KEEGAN MACDONALD

Ahoy, and welcome to my second article for the Bulletin! This article is a continuation of my first piece of work "How to get and secure the bag" and takes a deeper dive into tips and tricks for personal finance, namely focusing on how students may build a simple budget.

Disclaimer: This article is not personal financial advice from the author! It serves as a summary of "The Barefoot Investor: The Only Money Guide You'll Ever Need" by Scott Pape.

So without further ado, let's get stuck into it. Oftentimes people associate the word budget with a stout middle-aged man with square glasses ferociously entering his forecast expenses into an Excel spreadsheet… Oh, just me? Well, let's move on from that, the point of this article is to hopefully show you that budgeting as a student doesn't have to be as laborious or difficult as people make it out to be.

The saying "Keep It Simple Stupid" particularly applies here. I feel that simplicity is a good principle to abide by when constructing a budget, and Scott Pape, author of "The Barefoot Investor" agrees. He suggests that if you cannot write your financial plan or budget on a napkin, or easily explain it to your Nana, it's unlikely to be successfully implemented in the long term. To this end, Scott has been very helpful as he has constructed a Bucket Budgeting framework that ordinary people may use to take control of their finances. The purpose of the bucket framework is to assign a purpose to each of your bank accounts. This purpose will give you greater ownership and control over your wealth.

Scott uses the analogy that your income is like water flowing from a garden tap. You can collect this water in buckets (bank accounts), or you can let it slip your hands and wind up in the dirt (not nearly as desirable). So, let's examine the recommended roles of these buckets/accounts. The three main buckets are termed "Blow", "Mojo", and "Grow".

The Blow Bucket

The "Blow" bucket is where 100% of your take-home pay flows into. In practice, this may take the form of a bank account which your Student Allowance/Loan/Wages (income) are paid into. From this "Blow bucket", your day-to-day expenses are paid. However, if you can reduce your expenses and increase your savings, then more power to you. Also, Scott recommends that the "Blow" bucket should be a fees-free everyday transaction account to mitigate the risk of being charged unreasonable fees.

From your "Blow" bucket, money flows into three further buckets (accounts):

- Splurge: This is a short-term savings account for small-ticket treats for yourself like new shoes and a cozy quarter-zip jumper, or some snacks from Munchy Mart.
- Smile: This is a long-term savings account for bigger-ticket items, like an overseas getaway, or a smartphone upgrade.
- Fire extinguisher: This account acts as an emergency fund for yourself, and true to its name, should only be dipped into when there is an emergency. Examples of emergency expenditure may be unforeseen healthcare issues, vehicle maintenance, or the payment of rent if you are without work for a period of time.

The nominal allocation of income to each of these accounts is a 10/10/20% split, respectively. However, with the Fire Extinguisher account, once it has been topped up with 3-4 months' worth of expenses, then this allocation may be redirected to your Mojo bucket (explained later), as 3-4 months of funds saved up in preparation for an emergency should be sufficient for most issues.

The Grow Bucket

The "Grow bucket" is where a set percentage of your wages and employee contributions are deposited. For Kiwis, this takes the shape of your KiwiSaver. It is important to note that you do not need to deposit any finances into this bucket manually. This is because your KiwiSaver finances are automatically subtracted from your taxable income before you receive your take-home pay, and invested into your selected KiwiSaver fund. Your KiwiSaver is an incredibly important resource and if you are unsure who your provider is, I highly recommend you find out. It's super simple, and I've given some helpful hints on this topic in Edition 33 of the Bulletin if you're interested in reading up on this further.

The Mojo Bucket

The "Mojo" bucket is where it gets exciting. This is where your confidence in your finances can truly shine, and aptly why Scott coined this the Mojo bucket. Ideally, this account should be with another bank institution to disincentivize your withdrawals from this savings account and to mitigate this money mixing with any of your other accounts. This account should also be fees-free and should aim to maximise returns on your savings.

As of 2022, the best savings account for students that I could find that satisfied both of these criteria is The Cooperative Bank's Dosh Account which gives you a guaranteed 2.5% per annum on every dollar you save up to $4,000, regardless of any withdrawals. In comparison, ASB offers 1.05% on their FastSaver account (but only if you do not withdraw) and BNZ offers 1% (with one free withdrawal per month) on their highest return savings accounts for students.

Conclusion

Given that we as students live fairly chaotic lives, it can be useful to assign roles to our financial accounts to prevent our wealth from being spent whimsically. Further, by assigning percentage values of your income to your accounts, as opposed to gross figure goals, you can have greater confidence that you are saving the most with the resources that you have. I hope you have extracted some value from this brief summary of Scott Pape's Bucket Budgeting concept and I wish you the very best with your personal finance adventure!

GLOBAL

The Sovereign Wealth Funds of Nations

BY PHOEBE HORTON ANDREWS

Sovereign wealth funds are state-owned investment vehicles. They invest the state's surplus revenues in order to create wealth for future generations. The majority of large sovereign wealth funds were created with the excess proceeds from resource extraction. Accordingly, some of today's largest funds belong to key players in commodity markets, such as Australia, Brunei, Kuwait, Norway, Qatar, Saudi Arabia, and the United Arab Emirates.

"The meek shall inherit the earth… but not its mineral rights"

- J. PAUL GETTY, FOUNDER OF GETTY OIL

Dubai, UAE

For many countries, the goal of sovereign wealth is to both mitigate the impacts of a resource-dependent economy and create a bulwark against their ageing populations. Defined by this purpose, it becomes clear that these funds have an impressively long investment horizon and cannot afford to be unsustainable, two facts we'll come back to later.

Investing sustainably is at best, however, a nebulous notion. Who is to say whether a company is sustainable or not? And is every fund that calls itself sustainable *truly* so? Famously, the Government Pension Fund of Norway, *Statens pensjonsfond utland*,[1] takes its ESG[2] credentials seriously. It excludes tobacco producers (such as Philip Morris), coal producers (such as Glencore), and certain arms manufacturers (such as Lockheed Martin, Boeing, and Northrop Grumman).

This makes sense: tobacco is known to be harmful to human health, coal is anachronistic and putrid, and those arms manufacturers make nuclear weapons. However, the Norwegian Pension Fund also has almost $US14bn. in Amazon, $US10bn. in Nestlé, and over $US3bn. in BHP, which produced over 70 million tonnes of coal in 2020 alone.

This begs the question: is it necessary to make some concessions when investing? Could we hope, one day, to see sovereign wealth funds' funds entirely in ESG securities? Or, if we're hoping to secure a nation's future, is it necessary to accept that some investments won't meet society's standards? It's a tough set of questions to answer, but to start, let's look at a simpler problem: the case of the retail investor.

Retail investors (like you and I) aren't capable of making billion-dollar acquisitions, and we don't get to have a seat at the table. Our investing M.O. is entirely passive, and we look to tenets of financial economics for guidance.

Let's say we're looking for some exposure to global equities (which are among the best-performing asset classes out there). The S&P 500 is a good proxy for the global economy. Owing to its reach and size,[3] it is more robust to idiosyncrasies than others. If we used the ASX 200, for example, our data might be skewed by the value of the Australian Dollar fluctuating in lockstep with iron ore prices, Pacific geopolitics, or other issues. The US Dollar's status as the global reserve currency means that American funds have a reduced level of exposure to non-systemic risk; a broad, diversified, exchange-traded index-tracking fund like the IVV (which tracks the S&P 500) is therefore an easy choice for analysis.

Next, let's compare the returns from the S&P500 to a selected ESG fund. Because the S&P 500 is still an American index, it seems reasonable to use an American fund. In this case, we'll go with SUSA.[4] It's got decent exposure to large and mid-cap equities

Despite its impressive credentials, the Norwegian pension fund still has some controversial investments

without the indignities of a poor ESG rating or significant controversy in any of its holdings.

It's good to use funds as proxies because we can more easily download price data for them. Using this data, we can calculate the fund's daily return as the quotient of a day's close over the previous day's. We then take the natural log of this return data to normalise it,[5] and compare the results to draw conclusions:

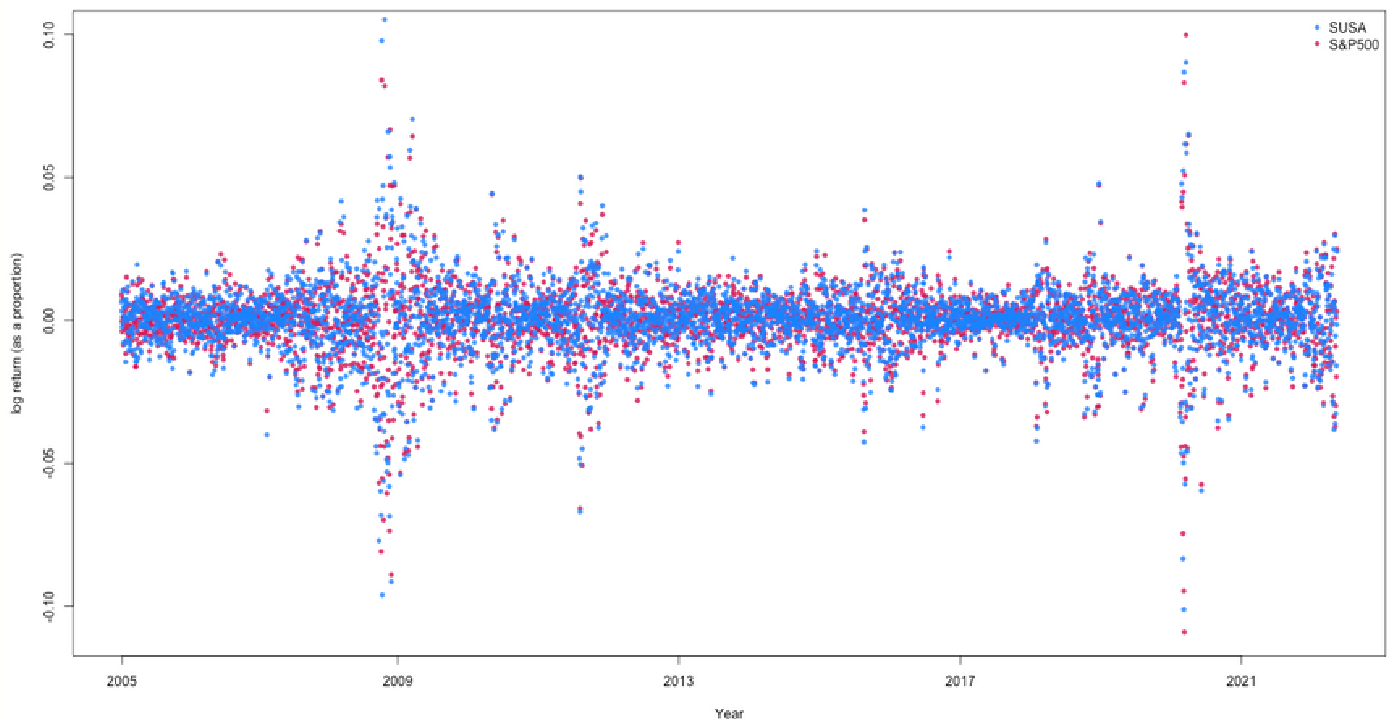
At first glance, there are a few interesting points. If you look carefully, you can spot global recessions based on the variability of returns in a given year: 2008 and 2020 stand out, with the Great Recession wreaking more havoc on markets than the COVID-19 pandemic.[6]

Another point worth mentioning is that the funds are highly correlated. Wherever there are a lot of red dots, there are a lot of blue ones, too. Here's why: the largest investments in SUSA are also part of the S&P 500, such as Microsoft (4.87%), Apple (4.77%), and Alphabet (2.22%). These tech stocks have great ESG credentials and have shown consistently high growth over the past decade. Because both of the funds we've picked are weighted towards them, it's no surprise that we see a lot of correlation.

This example outlines an impressive fact: large-cap and ESG indices are set to converge as firms preempt governmental regulation and double down on a sustainable model. If your model allows it, pursuing a sustainable strategy creates goodwill and clout. It's a smart move.

But tech stocks have impressive ESG policies only *because* their business model allows it. It's a lot easier for a firm to be carbon-neutral if its business is in producing software, for example, than if it's in mining coal. And the coal that those non-ESG firms produce goes into the steel that we use for everything today, from our phones to our cars. For example, the feasibility of producing a cheap, safe, and sustainable public transport network in Auckland depends in part on BHP's ability to mine met coal in Queensland and ship it to a smelter somewhere.

> *"What is better – to be born good, or to overcome your evil nature through great effort?"*
>
> *- Paarthurnax, The Elder Scrolls V: Skyrim*



log returns of S&P500 and an ESG fund (SUSA)

This is the irony: a sustainable future cannot occur without at least some environmental damage, and it would be sanctimonious to pretend otherwise.

What can we do? It's clear that we need to reevaluate our ideas of business ethics. If we look back to the investment horizon for a sovereign wealth fund, we see that it's incredibly long. Why can't we have a firm that currently pollutes but has plans to change that? Is it reasonable to expect new products while we shun the corporations that create them? Surely, we need to allow unsustainable firms the grace to change.

Today's sovereign wealth fund is an amazing machine. Using it, states can convert their natural resource wealth into a diversified mix of investments. They can protect their citizens from the impending troubles of an ageing population, and reduce the tax burden of healthcare on future generations. But they need the dexterity to avoid a more pressing issue: the climate emergency. While it's important to tolerate a little bit of unsustainable activity, we cannot abide this in the long-term.

Notes:

1. *Literally "Government Pension Fund Overseas".*
2. *ESG is an acronym for Environmental, Social, and Governance. It's used to refer to measures of a firm's ethics and sustainability.*
3. *It's a highly globalised index: almost half of the S&P 500's revenue comes from abroad.*
4. *SUSA is the ticker for the iShares MSCI USA ESG Select ETF, an exchange-traded fund that tracks an index of large and mid-cap companies hand-picked for their ESG merits.*
5. *We normalise the data to both make it easier to view and to help us down the line. For example, we could only check the kurtosis of the return distribution once we've normalised the data because we need it to be symmetrical. Stock returns are positively skewed; on average, Wall St will always be hitting a new record high.*
6. *An analogy that helps here is to think of cars travelling down a freeway. The COVID-19 pandemic created a lot of uncertainty in markets, which is like what happens when cars slow down in traffic. But the Great Recession wiped out a lot of the financial infrastructure; much like a road being closed for work, it took time to get things running again. That's why it created longer-lasting volatility than the 2020 recession.*

Aksla, Norway

GLOBAL

All aboard the gravy train: The vast world of get-rich-quick schemes

BY SKIP GEE

Sitting bored one evening this last summer, I scrolled, neck craned, over various social media platforms for what felt like an eternity. The stifling heat, sound of birds chirping, and smell of freshly mown grass all indicated another gorgeous day. Yet there I was, in a position that would make a physio sick, whiling away my precious summer holiday in a semi-trance. Procrastination had hit me hard. My colleagues, siblings, mates – everyone it seemed had signed up for this internship, or that summer job. I scrolled on. On and on. Scrolling until I stumbled upon an article which detailed the vast profits to be made from your living room while barely lifting a finger. Instantly I was enamoured. Had this been what I was looking for: the pot of gold at the end of the rainbow? The windfall? The gravy-train? I had stumbled upon the vast world of get-rich-quick schemes.

In 2022 there are more ways of making money than ever before. I am not the only one to have read in awe the lives of self-made drop-shipping entrepreneurs and teens who thought they had bought monkeys but instead struck gold. Anybody with a thousand followers on Instagram can be an influencer and last year your lowly AMC investor won big in the game of life. And so, like many before me, I researched into how to profit off these simple side-hustles and quirky investments. These are my experiences.

Some of these schemes need no introduction. Every flattie will know of the veritable treasure trove of unwashed clothes and decrepit furniture that is Facebook marketplace. I too found some success here over the summer. After moving home from a year of flatting I found myself in a room with too much furniture and too little space. My parents were all too happy to let me list the outmoded cupboards and retrograde wardrobes that littered the house. The old saying rings true; one man's trash is another man's treasure, and I found no trouble in selling off all of these pieces. If you find yourself staring at your worn out, drink-ridden couch at the end of a flat year, I implore you; fight the itch to burn it and make $50 instead.

The world of cryptocurrencies and day-trading is likewise a well-documented landscape at this point. Crypto millionaires are old news and for every smart alec that made a fortune off meme stocks, there are 100 poor sods who lost their life savings. I tried my hand in both, to varying degrees of success. At one stage my crypto wallet was a point of pride; these days I feel the slight urge to vomit every time I check it. On the other hand, with the help of an easy-to-use platform like Sharesies, I was able to involve myself in the very expensive but highly rewarding hobby of investing.

It may seem more difficult to find a bargain cryptocurrency nowadays and it feels more prudent to write the stock market a "get-well-soon" card than invest. However, as always, there is undoubtedly opportunity. In light of rising inflation and a hawkish FED, Catherine Wood, CEO of Ark Invest, has dealt with the worst downturn in its flagship ETF since inception. In spite of this she expects a sharp rebound to follow – promoting a potentially opportune time to enter the market. For those who have not quite dipped their toes, this could be the quasi get-rich-quick scheme you've been looking for.

The world of e-commerce is a burgeoning landscape for young tech-savvy entrepreneurs. Platforms such as Shopify exist to take away many of the barriers to entry of traditional retail. Drop-shipping is the jewel in the crown of hands-off e-commerce. Sit at home raking in profits by selling products you never had to handle, store, package, or ship. Too good to be true, is what I thought.

I was right. Shopify is hardly a cheap platform, with a beginner package costing $29 USD per month. The alternative is domain rental or purchase which is about as competitive as the Auckland housing market. Marketing cost varies but to stand out from the plethora of stores selling the same thing, a small-medium size store may cost as much as $100 per week. Atop these lofty costs there is no assurance whatsoever that people will purchase your off-brand Rolex or counterfeit Calvin's. There is no doubt e-commerce has made a lot of people a lot of money but like anything you must read the fine print.

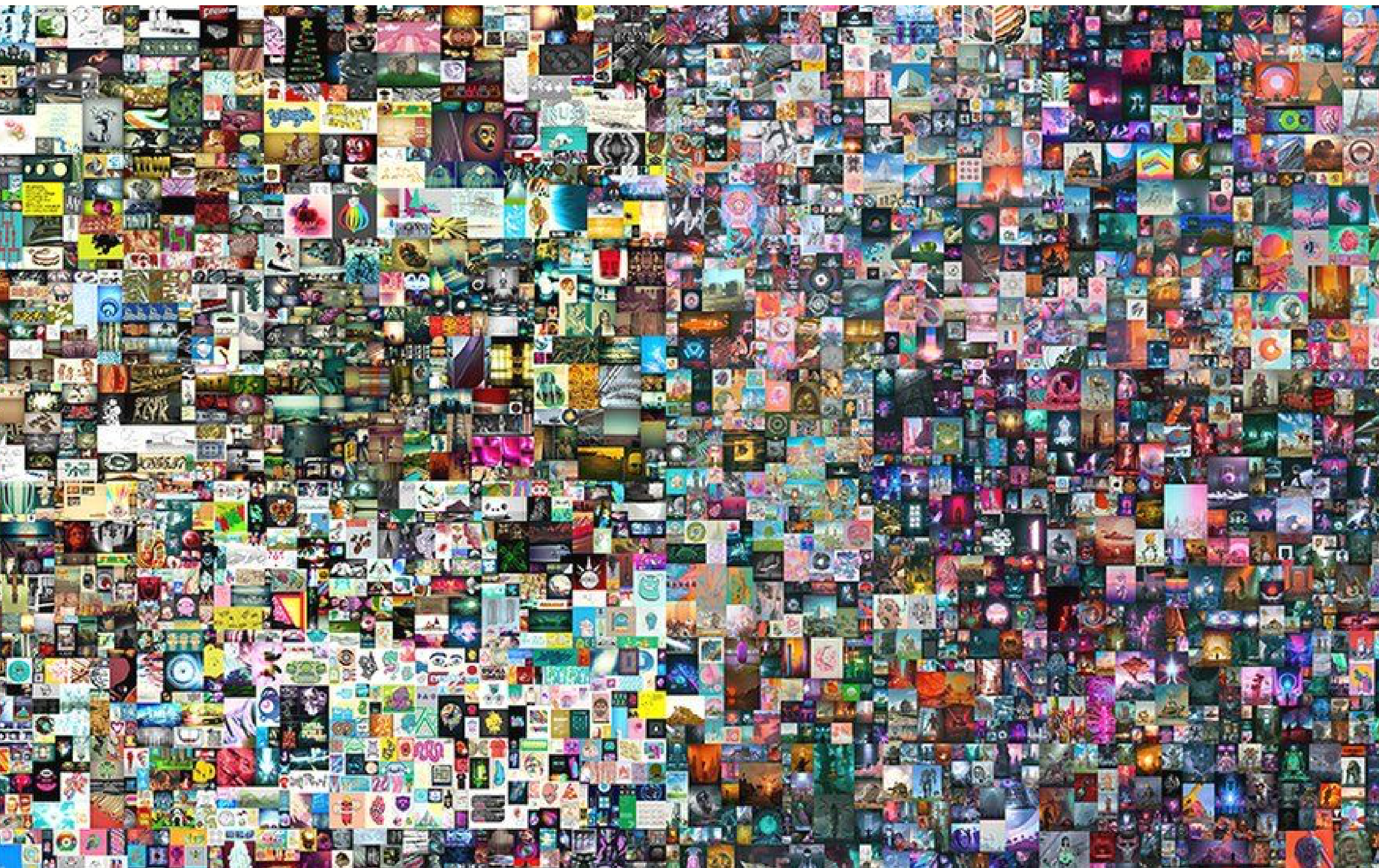
Perhaps the embodiment of a modern get-rich-quick scheme is the humble NFT. As I am sure you are aware NFT's are one-of-a-kind

Ark Invest CEO, Cathie Wood

images which offer their owners in equal parts both clout and utility. I do not pretend to be an expert in the subject but in my brief interaction I found the high gas fees in purchasing the required Ethereum to be a turnoff. That is, the high transaction cost of purchasing the currency required to then purchase the NFT. It also struck me as a bit of a lottery; a mate had his NFT featured on a Time Square billboard – a jackpot in terms of publicity. Others have been less successful.

Nevertheless, one does not have to venture far to hear wild tales of multi-million dollar NFT successes. The American artist Beeple sold his piece “Everydays: the first 5000 days” for $69 million USD last year. Billionaire investor, Mark Cuban is very bullish in the crypto sector but stated it was NFT’s which made him go “all in”. In particular, the ability to attach royalties to an NFT is game changing. This of course opens the ability to earn passive income aside from merely selling the token. Being an owner also can offer perks such as exclusive minting opportunities of new NFT projects and free giveaways. By their very nature, NFT’s are designed to create value for the owner and creator. The problem is finding the diamond in the rough and having the capital to purchase it when you do.

My forays into the get-rich-quick schemes were a reminder that working smarter not harder doesn’t mean putting in no work at all. But who knows? Perhaps there is a pot of gold out there; I haven’t tried gambling, selling plasma or TikTok yet.



Everydays: The first 5000 days (Beeple)

ENTERTAINMENT

Netflix: What went wrong?

BY FAHEEM IBRAHIM

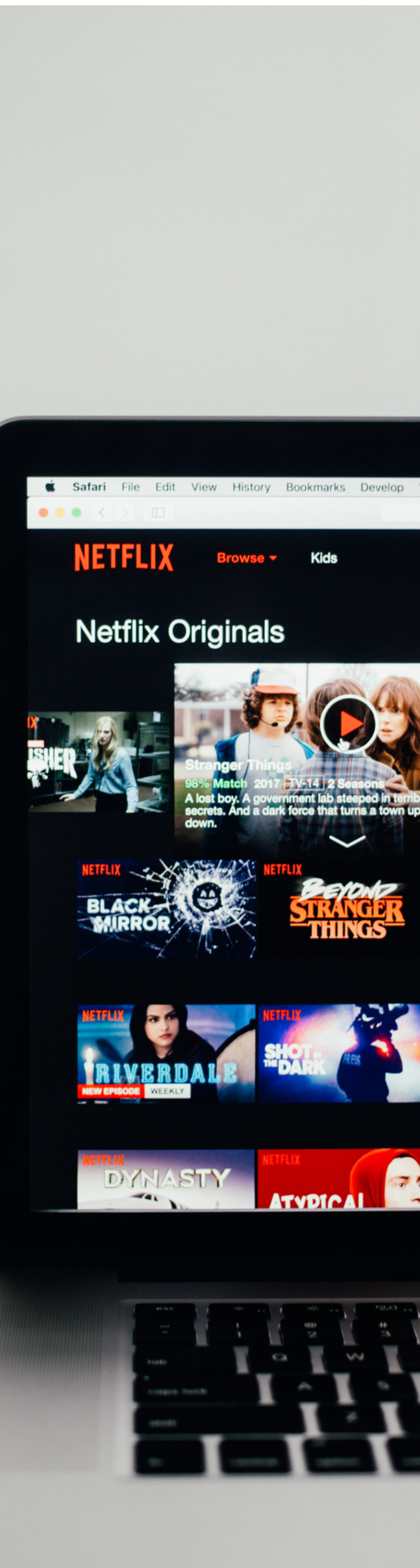
Netflix's share price has plummeted in the past couple of weeks after the company announced a net loss of 200,000 subscribers, losing tens of billions of dollars. Its share price dropped by more than 35% following the announcement, wiping out $55 billion off Netflix's value as subscribers rethink their commitment to the streaming giant. Since the start of 2022 the company has lost over two-thirds of its market value with its total value dropping below the $100 billion mark for the first time in years.

This is a company which has a large and unequivocal advantage when it comes to viewership and market share. At this point in time, Netflix has over 220 million subscribers worldwide, with over 1.2 million subscribers in New Zealand, equating to approximately 434,000 households across the country. In the US and Canada, 75 million out of 142 million households have a Netflix subscription. As we can see, Netflix is head and shoulders ahead of its competitors when it comes to subscribers and viewership.

Disney Plus is Netflix's closest competitor with 137 million subscribers. Hulu has 45 million and Paramount Plus has 32.8 million. Apple TV which is on the rise has only 8.1 million subscribers according to the latest estimates. Despite its substantial market share, Netflix is still facing colossal losses. So where is it going wrong for the streaming giant?

One possible explanation for Netflix's fall from grace is the growing number of rival streaming services that have entered the market. Why pay $22 a month for a premium Netflix subscription when you're not even sure whether the movie you are trying to watch is on Hulu, Neon, Disney Plus or Apple Plus? These rival streaming companies have started to offer better content and for cheaper prices as well. Netflix has been steadily increasing its prices over the years to the point where its premium subscription, the only one available which offers 4K viewing, has reached $22 a month, making it higher than any of its rivals. Such as:

- NeonTV - $16 a month



- Disney+ - $13 a month
- Apple+ TV - $9 a month
- Amazon Prime Video - $8 a month

Netflix's standard plan costs $17 a month, but that eliminates 4K content, which is a must for many viewers today and something which many of these other competitors already have. The "basic" plan at just $12 a month doesn't even include HD content which is something unheard of in 2022. As prices rise, Netflix's "worth" threshold is rising and pushing many viewers to the exit. Seeing this trajectory, many investors have already jumped ship.

Netflix claims that they charge more than their competitors because of the fact that they offer more content for their viewers. No one disputes the fact that Netflix doesn't have more content, however, whether this content is *better* is another question entirely.

There was a time when Netflix had a near monopoly on movies and television shows. Any movie or TV show that you were looking for could be found on the streaming platform. However, Netflix knew that this could not last forever. Eventually, they knew that the companies that held the licences for "The Office", "Breaking Bad" and "Mad Men" would pull their titles when their licence had expired. Anything not owned or produced by Netflix is licensed from other companies. This means that Netflix has to pay for the licence in order to offer this content to their customers.

This is why over the past few years, Netflix has piled money into producing original content. This is content that they own, and they can continue to offer these movies or shows for as long as they wish. While these original series generate a lot of hype, after the initial surge of viewership, subscribers lose interest quickly.

According to research from media analyst company, MoffetNathonson, Netflix's acquired series such as "Grey's Anatomy", "Manifest" and "CoCamelon" have higher viewership numbers than their original content, and can maintain these viewers for longer as well. Fed up with Netflix's strategy to all in on original series instead of renewing licences for acquired films and TV shows, many subscribers are switching to alternatives.

In response to these losses, Netflix executives have stated that they are looking to implement advertising to their service in return for a lower priced subscription. However, the deeper question the company needs to answer is whether it needs to change its actual product rather than fiddling with subscription tiers and price points. Investors will need to ask themselves whether Netflix's plans for the future show confidence - or panic?

GLOBAL

Carbon border adjustment mechanism:

The challenges of investing in greener production processes

BY ISABELLA HO

It appears that the New Zealand Government's policy on transitioning to electric vehicles is a bold step towards a greener future. As environmental pressure mounts and States rush to meet their climate commitments, emissions policies grow more ambitious worldwide. One such policy is the carbon border adjustment mechanism (CBAM). CBAM points to the existing trade regime as a challenge to protecting investments in greener production processes and the environment at large.

CBAM is a response to the EU's experience with their emission trading scheme (ETS). In the ETS, policy-makers limit the amount of greenhouse gases emitted and distribute carbon allowances to domestic firms. The price of carbon allowances change according to the government's supply of the allowances and firms' demand for allowances. This system incentivizes firms to invest in green production so that they can sell their unused allowances to other firms. However, a major problem with ETS is carbon leakage: when EU firms circumvent the ETS altogether by shifting their production to States with less stringent emissions regulations, hence cheaper production costs.

In recent years, the EU and US have floated CBAM as a potential solution to carbon leakage. The EU CBAM removes the benefits of cheaper production resulting from carbon leakage by imposing levies on EU imports of goods produced using carbon-intensive processes (e.g. iron, cement). The EU Commission intends to introduce CBAM in 2023 and allow it to become fully operational by 2026. But hold your horses! The EU Parliament must agree to CBAM before it becomes a formal reality. Here's the catch: the EU Parliament has decided to agree if CBAM complies with the WTO trade rules.

A big "if" indeed! Most trade experts would agree that it is highly unlikely that CBAM would be compatible with the WTO trade rules, which have been incorporated into various plurilateral agreements such as CPTPP and RCEP. The idea of the trade rules is to liberalise trade between all States. Two main rules promote trade liberalisation.

Firstly, States must give equally favourable trading conditions to imported "like" products regardless of which State they came from. For example, States cannot discriminate between trading partners by lowering taxes for goods imported from one State but not for "like" goods imported from another State. Secondly, States cannot favour domestic products over "like" imported products. For example, States cannot make domestic goods more competitive by having regulation that limits sale opportunities for imported goods but not "like" domestic goods.

It is likely that CBAM breaches both main rules. Let's say a good is produced using climate-friendly methods and a "like" good is produced using carbon-intensive methods. Both goods are most probably still "like" products as long as they have a competitive relationship (e.g. the goods are substitutes), regardless of the emissions in their production processes. If so, the EU cannot legally favour the climate-friendly good under the trade rules.

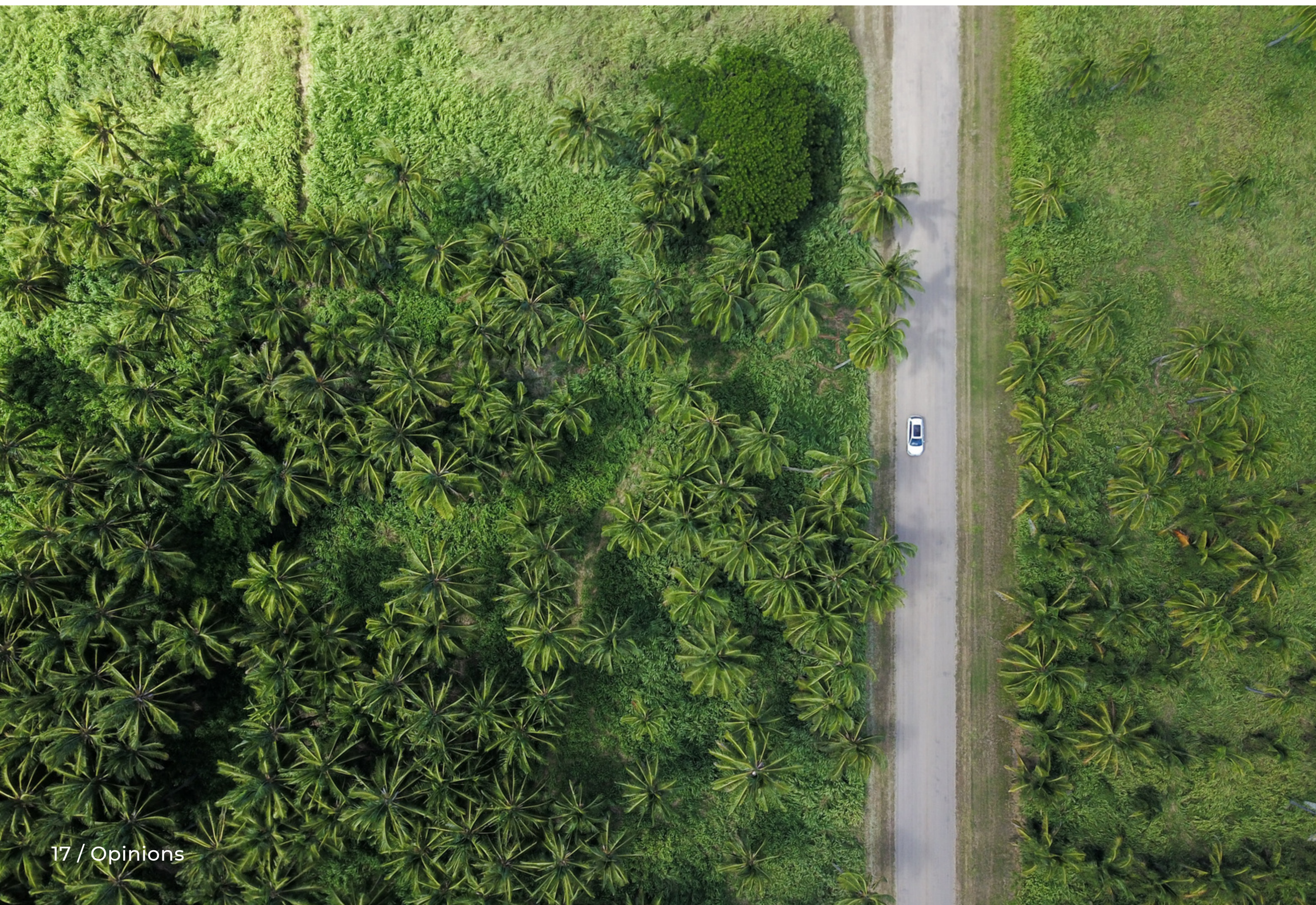
But CBAM does exactly that. CBAM would breach the first rule if the EU put levies on imported goods produced from States that use carbon-intensive processes. Similarly, CBAM would breach the second rule if the EU put levies on imported goods but not domestic goods to favour domestic goods

that are produced through greener processes. There is an exception allowing for non-trade compliant policies such as CBAM. But in practice, this exception is notoriously hard to apply, with a current success rate of 2 out of 48 cases.

All this suggests that the WTO dispute settlement body would likely find that CBAM violates trade rules. If so, the EU would have to abandon CBAM or risk trade retaliation from complainant States. A sad day for investors of greener production processes. But not for States in which carbon leakage occurs. For them, CBAM was an unwelcome means for other States to use trade levies to pressure them into adopting the same green production standards as the EU. States generally are suspicious of "extraterritorial regulation" as it erodes their sovereign abilities to regulate their own affairs in this area.

On the bright side, trade rules have been used to *drive* climate initiatives in some cases. For example, New Zealand is currently negotiating the Agreement on Climate Change, Trade and Sustainability (ACCTS). Among other things, ACCTS aims to lower tariffs on environmental goods and services so that green products and processes become cheaper for firms. New Zealand and the negotiating States aim to convince the larger players (e.g. US, EU) to join ACCTS at the Ministerial Conference in June 2022.

Yet, the trade-CBAM saga suggests that there is some truth to the view that the benefit of globalisation competes with the costs of globalisation. The benefit being trade liberalisation. The cost being climate change. Must one interest yield to the other? Will the CBAM work, or will it crumble under trade rules so that investors in green production lose out to competitors who contribute to carbon leakage? Only time will tell whether the green investor lived happily ever after or whether they emitted a sigh of disappointment into the atmosphere.



MYOB COLUMN

The key to going digital: Keep it simple

Approached the right way, digitisation delivers benefits across the board.

MYOB Chief Sales and Support Officer Daniel West penned an op-ed for the official journal of the Institute of Public Accountants, sharing research from MYOB's *Closing the Digital Gap* paper.

How more is sometimes less

In the race towards digitisation, businesses have been led to believe that simply using lots of different online tools to replace manual processes will make their business run faster and better.

However, the reality is this approach creates issues from the cost of multiple subscriptions, time wasted checking data between systems, and the deflection of valuable human resources. In many cases, digitisation has simply not lived up to the promise. This is bad digitisation.

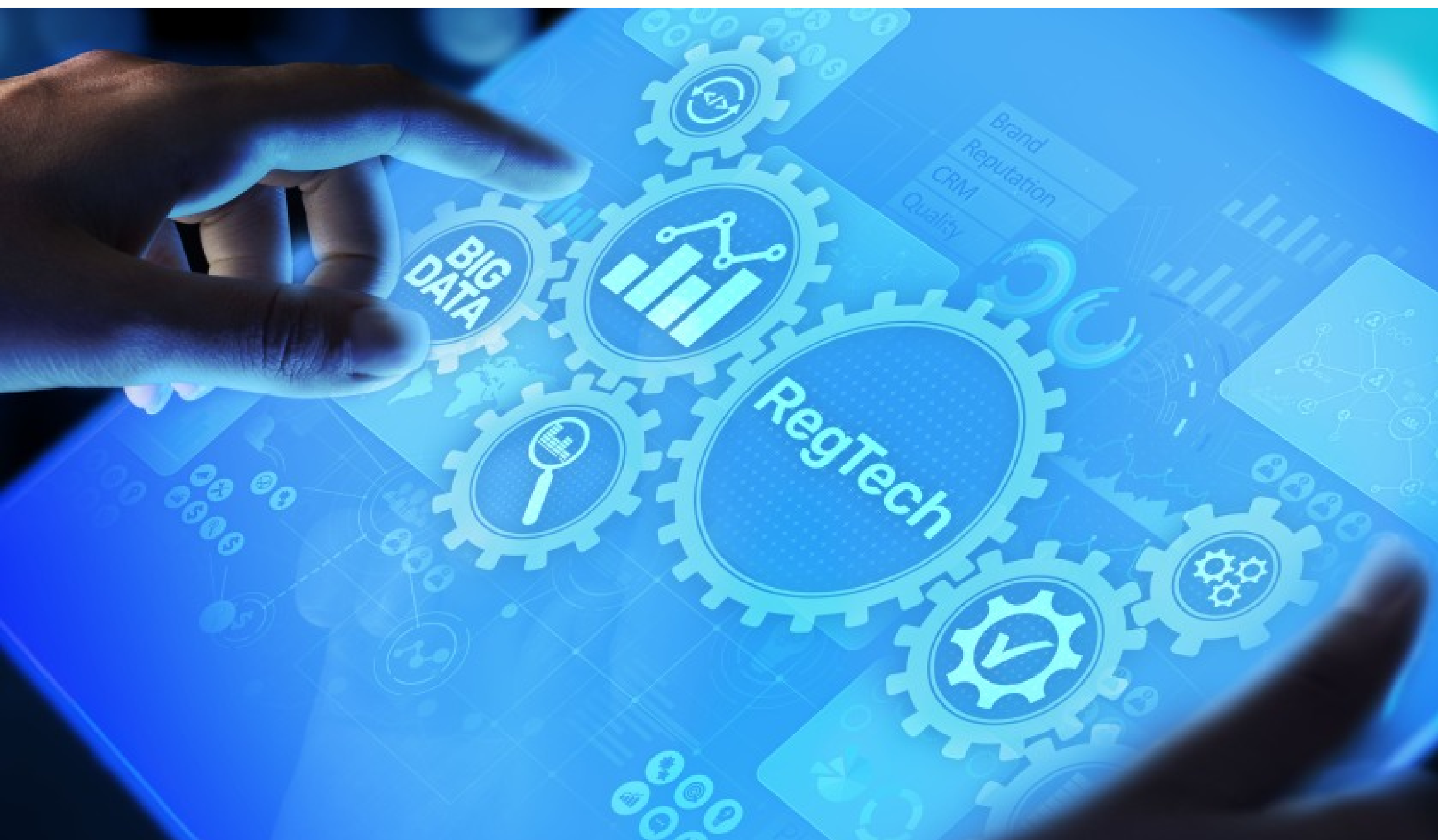
Good digitisation should be simple to recognise – it's when everything works seamlessly together.

The signs of digital success

If a practice is correctly focusing on its key business functions through good digitisation, it should be able to:

- Make decisions with confidence
- Provide great client experiences
- Be more productive
- Grow the business

Read Daniel's full article here.



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Forsyth Barr FOCUS

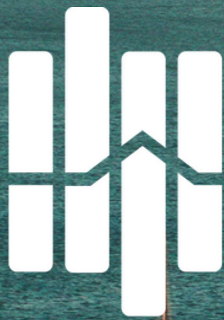
An interview with Jolie Hodson - CEO of Spark

Despite the rapid growth in the use of their services, telecoms generally haven't been a great hunting ground for investors over the past decade or so.

Companies have struggled to balance the rapidly changing industry and the need to continually invest in new technologies, with delivering appropriate returns to shareholders.

Notwithstanding this challenging backdrop, Spark has delivered as one of the best performing telcos globally. It's come a long way from the days when it was Telecom and once reckoned to have "the worst corporate reputation in New Zealand".

Read the full interview here.



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