



Transport capabilities

On a journey together

The KPMG difference

November 2018

kpmg.com/nz

**FUELLING
PROSPERITY** 

FUELLING PROSPERITY

We passionately believe that the flow-on effect from focusing on helping fuel the prosperity of our clients significantly contributes to ensuring that our communities, and ultimately our country and all New Zealanders, will enjoy a more prosperous future.

At KPMG we are all immensely proud of the contribution we make to the future prosperity of New Zealand. This passion and pride is manifested in the approach with which we undertake all our work. With KPMG you can be assured of engaging with a team of dedicated professionals who have a wide range of specialist expertise and knowledge, specifically tailored, to help make your organisation the success you dream it to be. This commitment reflects our passion and belief that together New Zealand can maximise its potential, and that by helping inspire a market full of successful enterprises, we will in turn inspire a country of which we can be more proud.

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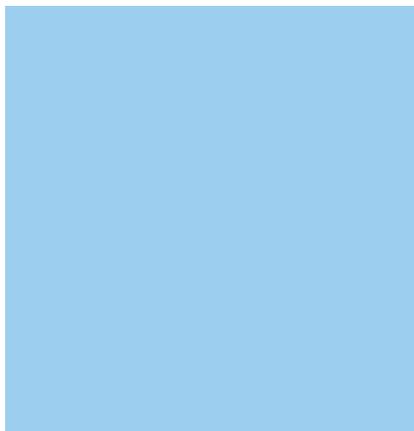
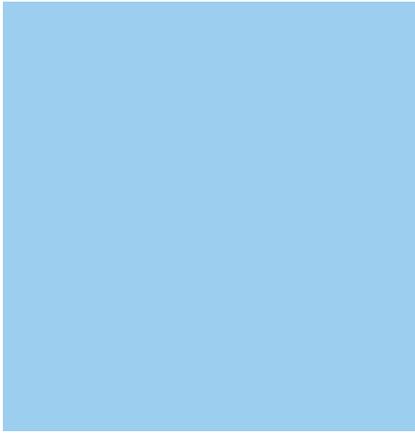
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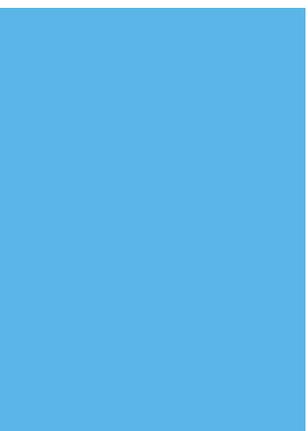
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Transport

> On a journey together

The existing business model of transport and logistics companies is undergoing unprecedented challenge with increasing customer expectations, labour shortages, decreasing margins, and innovation and technology changing the way that companies operate within the sector.

While these challenges represent a risk to those that are not ready for change, they also represent an opportunity to those that adopt technology and invest in collaborative partnerships with other participants in the industry. Resources have to be invested wisely to remain relevant and meet these increasing demands.

Transport: Critical to our success

Globalisation has had a profound impact on demand for the transportation of freight and passengers over recent decades. Currently international trade represents around 60% of New Zealand's total economic activity. As a trading nation, our ability to efficiently move goods is critical to our success and ability to compete.

While the transport sector in New Zealand directly contributes approximately 4% to our GDP, in reality transport contributes much more than that. The transport sector is critical to organisations in almost every sector of the New Zealand economy from construction, agriculture, retail and wholesale trade through to the Government and service sectors. Growth of the economy and the prosperity of New Zealanders is heavily dependent on investment in transport infrastructure and optimising the transportation of freight and passengers by rail, road, sea and air.

Challenges: Sector under stress

There are a number of challenges facing the transport industry in New Zealand. At a macro level we are expecting significant population growth and a shift in demographics of where people choose to live. By 2031 the percentage of people living within the golden triangle, Auckland, Hamilton and Tauranga, is expected to reach 53% of our population. The New Zealand population is expected to be 5.6 million by 2033. Our roads are only going to become more congested and harmful emissions are only going to increase. The NZIER recently estimated that congestion is costing the Auckland economy \$1.3 billion per year with productivity losses of up to 30%. A reliance on road transport, dependence

on fuel prices and demands for improved safety in the work place are challenges which are going to intensify as transport volumes increase.

Road transport is responsible for moving 70% of New Zealand's freight based on tonne-kilometre, while rail and coastal shipping represent approximately 15% each. Significant underinvestment in the rail network and rolling stock has resulted in rail struggling to provide its customers with a reliable service with reasonable transit times. Customer demand has made trucks the preferred solution providing flexibility and more control over delivery. Rail offers significant benefits of providing bulk transportation in a sustainable manner, significantly reducing congestion and demands on our roads. However, the forgone cost of investment in the past is much higher today, and it is questionable whether the investment currently being made by the Government is sufficient to enable the railway system to meet the needs of transport companies and get freight off the roads. Despite a recent commitment from the Government to invest in regional rail projects, it is likely our road network will need to absorb the lion's share of the projected increase in freight demand. That presents a serious challenge for freight and logistic operators in New Zealand, particularly when the road transport industry has an ageing workforce and struggles to attract young talent into the industry.

Adding value: Investment and consolidation

The freight sector in New Zealand is heavily fragmented with many small independents ready to operate with low margins. It has been a long term struggle for the sector to add value with customers that are only looking to decrease their transportation spend. A number of successful transportation

companies have invested in large transportation networks and an effective freight management system, enabling flexibility to re-sort freight at multiple locations and thereby minimising the distance freight needs to move and the number of times it needs to be handled. Track and trace capabilities complete the customer experience. To achieve this requires significant investment and consolidation. With thin operating margins, it is a challenge to raise the necessary capital, and those looking to exit struggle to justify values at which they are ready to dispose of their investment. As a result, there is a trend to build collaborative alliances to achieve efficiencies and provide a complete customer experience, while cutting out intermediaries such as freight forwarders, in search of better margins.

The big picture: Effective use of limited resources

These challenges require investment in solutions that are not only focused on the individual modes of transport, but in solutions that consider the bigger picture of all the moving parts, avoiding wasted investment as a result of solo thinking. While it is incredibly difficult to predict the global impact of future demands on our transport infrastructure, individual participants making decisions alone is unlikely to result in the best use of resources. Dredging all of New Zealand's ports to accommodate the increasingly large and more cost efficient vessels is unlikely to result in an efficient investment of resources. The establishment of key international ports with the use of coastal shipping to transport freight to and from domestic ports would most likely provide a better bang for the buck. With the expected future demands on the transport sector, it is critical that every dollar available for investment adds incremental value.

Technology: An opportunity for the sector

Technology represents an opportunity to address a number of these challenges. Electronic tracking systems can target traffic flows, thereby control congestion and pollution while at the same time fund the infrastructural spend by those that use it. Use of electric or even hydrogen powered vehicles will assist achievement of emission targets and limit dependence on volatility in fuel prices. Autonomous vehicles may change personal car ownership behaviours, enable more efficient transportation of commuters, and thus reduce congestion and wasted resource. Blockchain technologies will enable real time information to be provided to suppliers, customers and other stakeholders throughout the supply chain process, and create a seamless supply chain with automatic ownership transfer, bank and insurance settlement. Development of freight optimisation systems with “Uber” for truck type capabilities are already being implemented enabling companies to engage with independent truck drivers and utilise the excess capacity of existing operators at market rates. Technology will almost certainly change the economics of how freight is moved throughout the country.

Other solutions may seem futuristic right now, however, major motor vehicle manufacturers are investing heavily into driverless vehicles with many already introducing self-steering, distance control and self-braking capabilities. As soon as full vehicle autopilot is achieved, the use of autonomous vehicles on our roads will become a reality very quickly. And the efficient use of autonomous vehicles will require us to rethink our cities. One may question whether the light rail link to Auckland airport considers the technological

opportunities that are already coming on line? Autonomous vehicles working in a controlled ecosystem environment are already a reality. Arguably a designated corridor to the airport for autonomous vehicles would be a more cost effective and flexible means of getting passengers through the city to their flights on time.

Decisions being made today will impact our ability to take advantage of technological advancements in the future. If decisions are made without regard for technological change, with New Zealand being a trading nation, we are at risk of being left behind potentially impacting our future ability to compete.

KPMG transport: Fulfilling our purpose

KPMG’s Global Transport Group regularly work with transport planners and policy makers throughout the world enabling us to gain insights, develop thought leadership and assist with the development and implementation of business solutions. Our transport team in New Zealand are an integral part of our global transport group, enabling us to draw on our international capabilities and add value here in New Zealand. Our credentials in the transport and logistics sector are outlined in this document.

It is an incredibly exciting time to be involved in the transport industry. There is every possibility that the next 10 years will see an evolutionary shift similar to the early 1900s when the horse and cart was replaced by mass produced automobiles. A period when massive efficiency and productivity gains can be achieved. We believe that by working with and supporting key participants in the transport industry, we are able to fulfil our purpose and do our part in fuelling prosperity for all New Zealanders.



Aaron Woolsey

Partner, Head of Transport

KPMG AUCKLAND

m › +64 27 807 8806

e › aaronwoolsey@kpmg.co.nz

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Aaron Woolsey Partner > KPMG

**STRATEGY &
TRANSFORMATION**



Strategy & Transformation



Ian Williamson

Partner, Performance

KPMG AUCKLAND

m › +64 22 010 7392

e › iwilliamson@kpmg.co.nz

Transport executives are rethinking how to effectively deal with the opportunities and threats that are reshaping their industry. Forces such as sector convergence are shrinking the lifespan of business models and the time available to generate returns on investment. New technologies, volatility, regulation, globalisation, changing consumer behaviours and attitudes are forcing New Zealand businesses to update their strategies to increase optionality, speed and agility.

In this environment, we see a unique opportunity to create value in the transport sector through well-defined strategy and disciplined execution. Strategically, achieving a competitive advantage requires investment in optimising freight movements using smart analytics, achieving scale through acquisitions and alliances, building a network that provides flexible solutions to customers, and an understanding of Government policy, changing regulations and technology. Disciplined execution starts with a thorough assessment of internal capabilities, namely; availability and skillset of human resources, asset intensity and balance sheet capacity. Understanding these factors will influence decisions on whether to own or lease, build or buy or become a non-asset based integrator by adopting a platform based business model.

How we can help

KPMG's global network of strategy professionals provide specialist support, ideas and insights in-sector, cross-sector and cross-border. We draw on KPMG's broad industry experience across large-scale transformation, change management, mergers and acquisitions, corporate and finance restructuring, tax structuring and risk management. Global strategy group professionals also work with specialists in Cyber, Data & Analytics, Asset and Regulatory to elevate and broaden the conversation in the boardroom and maximize the value delivered to clients.

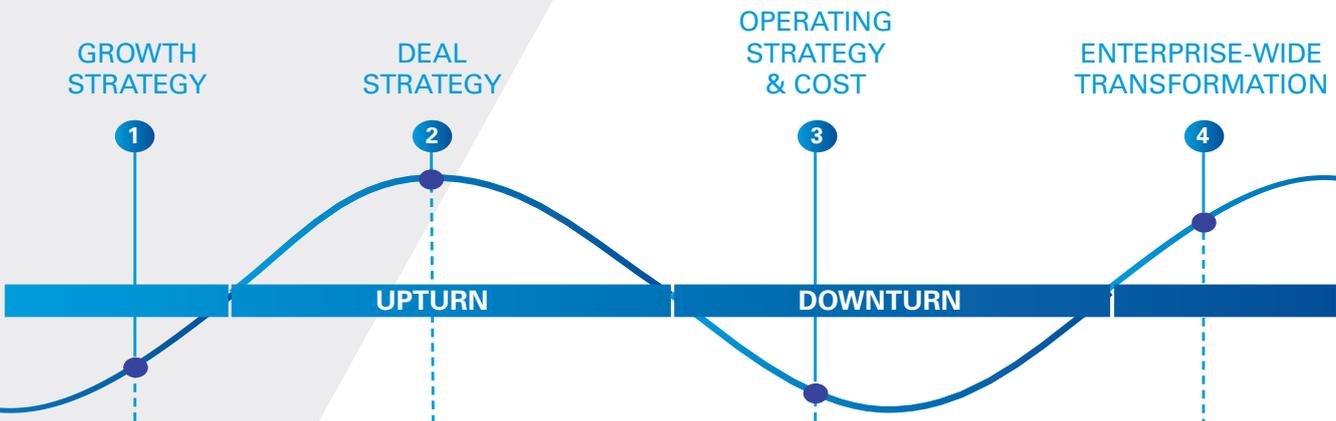
Our approach is to work shoulder to shoulder with your local leadership team and pull in SME's from our extensive global network, connecting you with the right people, information and analysis to make informed choices.

KPMG provides an objective and unbiased point of view to help you navigate complex issues. For example, five common client concerns include:

1. We need to transform in order to withstand disruptive external forces and maintain profitability simultaneously
2. We want to globalise our business but are challenged by rising competition

3. The portfolio synergies we had anticipated have not materialised, we need to revisit the deal rationale and identify hidden upside
4. Our profit pools are declining, limiting FCF so we need to raise capital or release cash to access new markets
5. Changing regulations or market conditions have introduced the threat of new entrants who can leverage technical and digital innovation – how should we respond?

STRATEGY AND TRANSFORMATION PROPOSITION



- Drive step-change growth by accessing new and unmet revenue and profit pools
- Drive top-quartile performance
- Commercialise innovation

- Acquire assets/ capabilities
- Access new markets, products or clients
- Refinance/ raise capital
- Dispose of non-core assets
- Identify and deliver synergies/ value creation opportunities

- Improve the returns from existing offering/ business model
- Improve the operating model's alignment to the strategy
- Manage costs

- Transform business and op. models to redefine the client's future
- Plan for long-term success in a disruptive environment
- Clarify and materialise the portfolio's anticipated synergies

OUR APPROACH



Helps to engage and shape CEO and C-suite thinking - from innovation to results



Helps to align client management teams during an engagement



Enhances the quality and effectiveness of the client's strategic thinking as it is holistic in nature



Focuses investment and effort on the most significant and critical ideas and initiatives



Helps the engagement team to identify enablers and deliverables/outputs as agreed with the client at the outset

THOUGHT LEADERSHIP



NO NORMAL IS THE NEW NORMAL: Make disruption work for your business (Jun 2018)



SUCCEEDING IN DISRUPTIVE TIMES: Three critical factors for business transformation success (Jun 2016)

Case study

> Kotahi

CLIENT: **KOTAHI LOGISTICS**

STANDING TOGETHER AS ONE

Client challenges

Formed in 2011, Kotahi is New Zealand's largest supply chain collaboration and a partnership between Fonterra and Silver Fern Farms. Kotahi, meaning "standing together as one", enables New Zealand business to win on the world stage. Focusing initially on ocean freight, Kotahi is missioned with providing easy to use, reliable and efficient ways to move goods around the world.

Kotahi is building on its significant success through expanding how it creates and delivers value for customers as a data-driven, customer centric supply chain organisation. This is being enabled through increased collaboration with infrastructure and technology players, and operational 'reach' and optimisation initiatives which leverage digital opportunities.

KPMG's role

Over the past two years, Kotahi has engaged KPMG to enable its future growth strategy in several areas including:

Lean Process Management: Kotahi engaged KPMG to develop, embed and support a Lean-based continuous improvement initiative over several months covering education, training and culture change, operational design / implementation and on-going support. With over 40 Kotahi employees

and the Executive team trained in Lean Awareness, our Performance Consulting team supported them in the identification of improvement opportunities and existing initiatives that could be incorporated into a Lean programme.

Kotahi has since applied Lean methodologies through its Moments of Truth programme which measures 11 elements of critical performance for customers' cargo movement. A key output of this work is the establishment of five continuous improvement teams which have driven year-long improvement of the 11 elements. In 2018, this resulted in one of Kotahi's best-ever customer satisfaction results.

Transport Management System (TMS):

Kotahi leverages smart technology on its journey to be a best-in-class provider of data centric, online, integrated supply chain solutions. A critical step was the selection of a single group-wide TMS. Our Information Technology team undertook a robust system selection process to identify a TMS able to meet Kotahi's current and future business requirements. We're currently providing business readiness, quality assurance and governance related services to Kotahi in support of the implementation of the selected system.

Import Growth Strategy with

BoxConnect: We provided strategy consulting support to develop Kotahi's BoxConnect product, which matches

“ KPMG is a key partner bringing expertise, professionalism and an ability to roll their sleeves up and work beside us across a range of areas as we drive our business forward. They understand our company's mission, leveraging our expertise, digital supply chain solutions and partnerships to provide easy-to-use, reliable and efficient ways to move goods around the world. ”

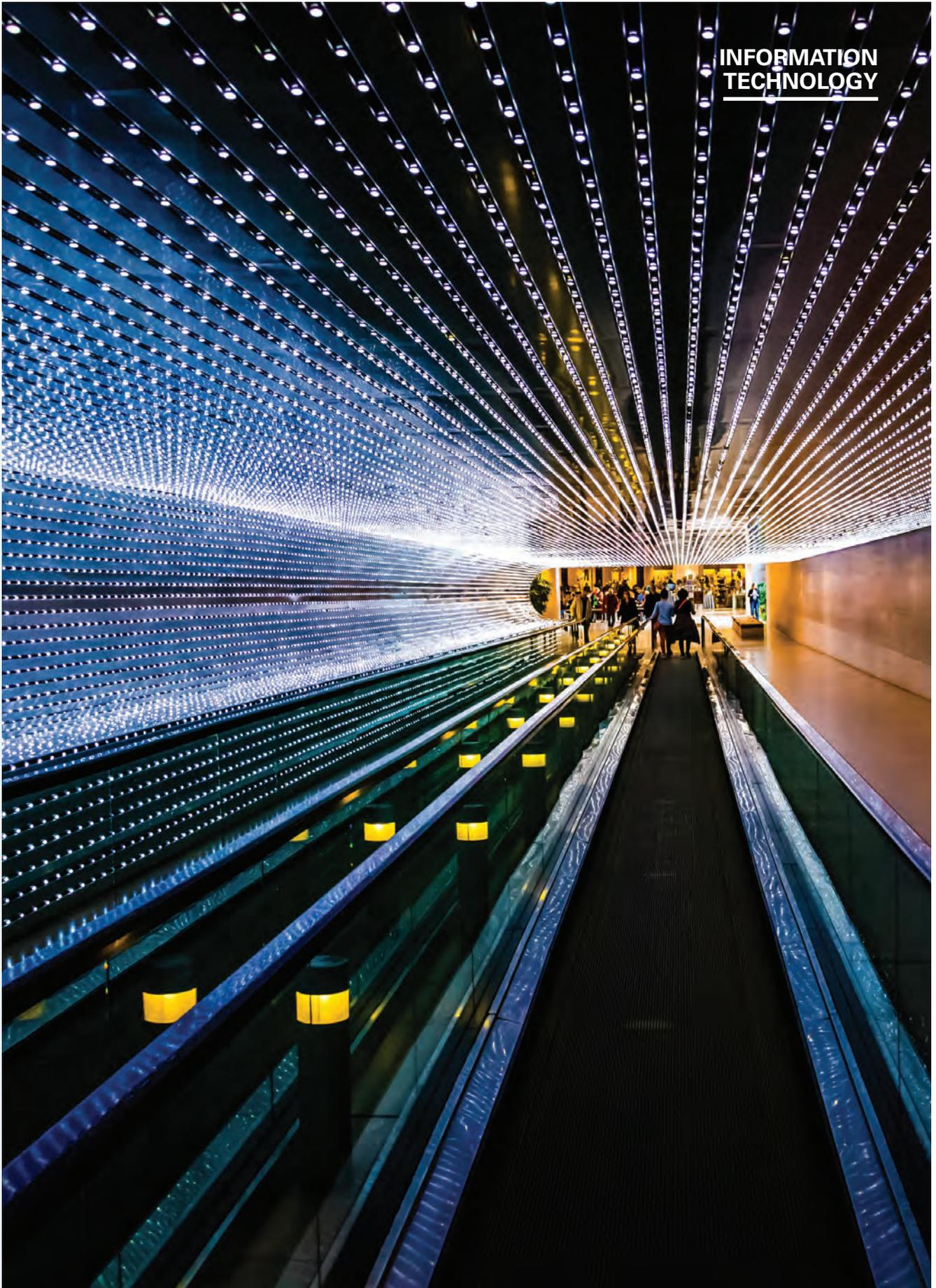
David Ross CEO > Kotahi

import and export flows across Kotahi's network to optimise utilisation of empty container assets. Our team built a detailed cash flow model to provide Kotahi with an understanding of the likely value streams, value from its specific components, value assumptions and selected sensitivity analysis. As an input to this analysis KPMG performed research on existing Kotahi container flows in and out of Australia and New Zealand, as well as potential sources of additional container flow southbound out of Asia.

How KPMG delivered value

- Ability to quickly and flexibly leverage a broad range of specialist skill-sets including financial modelling, process improvement, technology selection, change management and quality assurance
- In-depth understanding of Kotahi's challenges, opportunities, the eco-system that it operates within as well as strong working relationships with its key people
- Deep industry knowledge through the provision of assurance services to port companies, supply chain providers and large users of containerised ocean freight across the Asia Pacific region, including New Zealand's Ports of Auckland, Port of Tauranga and Coda Group, Kotahi's landside joint venture with Port of Tauranga

**INFORMATION
TECHNOLOGY**



Information Technology



Andrew Tubb
Partner, Transformation

KPMG AUCKLAND

m › +64 21 615 602

e › atubb@kpmg.co.nz

The transport industry’s heavy reliance on information systems is continuously growing as technology becomes increasingly sophisticated. Information Technology has enabled transportation companies to significantly improve their operational efficiency and provide better connectivity with customers. It is critical to every stage of the transportation process, from planning, ticketing, track and trace to solving problems that were previously resolved by an army of personnel. We are now seeing freight optimisation systems which use data analytics and complex algorithms providing 4PL solutions. These not only enable seamless integration with alliances, but also with the market. Huge amounts of data is being transferred, stored and relied upon throughout the whole transportation process. This

creates data privacy and cyber security risks which, if not managed, have the opportunity to seriously damage the reputation of a company. Transportation companies are under significant pressure to get the IT solution right.

How we can help

KPMG’s IT Advisory teams strive to deliver business benefits from a broad range of technologies, helping our clients develop high-performing IT functions and leverage investments in current systems to deliver significant business value.

Our expertise stretches across the IT landscape to guide clients to the right solution – an ERP implementation, a business intelligence system or an emerging technology such as

Blockchain – that meets specific business objectives. We also support clients with IT strategy and provide sourcing advice, examining logistics and supply chain issues and determining cost savings. Our skills in IT strategy and systems implementation help clients execute their transformation strategies with the technology best suited to their business, and their data and information requirements.

The right technology implemented, properly managed and monitored, can lead to significant gains in growth and efficiency. It is essential to get sound business advice to ensure technology risks are managed. Information technology is challenging to get right and expensive to get wrong.

OUR IT ADVISORY SERVICES SUMMARISED IN THE FOLLOWING DIAGRAM:



Facilitating the development of effective IT strategy, IT operating models and enterprise architecture



Project management and implementation of significant IT projects including business case development, and independent and technical quality assurance



IT process improvement including the development of automated IT service and operations management, security operations, and governance risk and compliance



Providing visibility to the true cost and allocation of IT resources



Identifying best-fit systems and solution architecture including Cloud strategy and Blockchain

Case study

> Coda

CLIENT: **CODA LOGISTICS**

BRINGING BALANCE AND UNDERSTANDING

Client challenges

A joint venture between Kotahi and Port of Tauranga, Coda is an innovative logistics company redefining end-to-end cargo flows within the supply chain, consolidating freight and improving connectivity between transport modes and freight hubs in New Zealand.

KPMG's role

TNX Implementation: Looking to implement an innovative transport marketplace and optimisation tool, Coda partnered with TNX Logistics, specialists in providing cloud-based software for logistics companies to optimise daily dispatching across private fleet, contracted carriers, and spot procurement.

KPMG provided overall project management and business analysis skills for the TNX implementation. As part of the implementation, KPMG worked with Coda and TNX to build and successfully deploy a number of market changing functionalities. The successful TNX implementation has provided Coda with many benefits including:

- Improved matching of transport cargos and transport providers
- Better utilisation of Coda's own transport fleet

- Better visibility of end-to-end supply chain dynamics

Coda is continuing to extend how they use TNX and are working to develop enhanced levels of machine learning to further refine the smart tendering strategies already built.

Facilitation of a Strategic Review:

Continuously seeking improvement to the operating model / product set, Coda engaged KPMG to facilitate a strategic review to identify future growth opportunities and assess areas to maximise efficiencies. This approach allowed management to control and own strategic decision-making while KPMG acted as facilitator, guiding the conversation. In parallel, KPMG worked with management to review the appropriate fleet models to maximise efficiencies, and assisted with the development of a framework to assess each of these ownership models to provide a clear recommendation for the Board. Implementation of the preferred approach has led to significant improvements in margin and return on investment.

How KPMG delivered value

- Extensive project management experience relating to systems implementation combined with relevant transport sector experience, which enabled the team to 'hit the ground running' and provide relevant, practical advice and solutions as a trusted advisor

“ KPMG has been an important partner to us as we have formulated our strategic direction and implemented our digital freight optimisation solution throughout our business. Their knowledge and expertise has complemented our team and absolutely contributed to the success of these projects. ”

Scott Brownlee CEO > Coda

- Results based approach with clearly defined success implementation measures, ensuring the project was always focused on delivering real benefits and operated in a highly agile manner
- Deep industry knowledge through the provision of assurance and advisory services to organisations that provide or depend on the transport and logistic services. This has proved invaluable to the breadth and depth of support that we have provided to Coda

THOUGHT LEADERSHIP



CIO SURVEY 2018: The transformational CIO (Jun 2018)



GUARDIANS OF TRUST: Who is responsible for trusted analytics in the digital age? (Feb 2018)

CYBER SECURITY
& DATA PRIVACY



Cyber Security & Data Privacy



Phil Whitmore

Partner, IT Security

KPMG AUCKLAND

m › +64 21 654 846

e › pwhitmore@kpmg.co.nz

The last ten years have seen a rapid emergence of new technology in the transport sector, providing greater connectivity and convergence for both organisations and individuals, but this has also resulted in increased complexity and the constant transfer and storage of massive amounts of data.

Unfortunately, alongside that, data breaches have become commonplace in an increasingly digital world. Due to a number of recent high profile cases, regulators are growing more concerned about how people’s data is being used, stored and protected. This has seen the EU recently introduce the GDPR (General Data Protection Regulation), which is one of the most significant modernisations of data protection laws and individual privacy rights in the last 20 years. Not only does this impact European organisations, but it is also having a direct impact on many organisations in New Zealand.

Australia’s new Privacy Act also requires companies to notify individuals and

the Government if they believe that there has been a data breach involving personal information. Similar changes are about to occur in New Zealand with the Privacy Bill, currently before Parliament, introducing mandatory disclosure requirements. The price for a data breach and getting data privacy wrong is likely to be significant with long lasting reputational consequences.

This constantly evolving threat landscape means that cyber risk is an everyday business consideration. Cyber security is not a quick technical fix nor is it a matter solely for the IT department. These behaviours leave leadership and those charged with governance wondering what they really need to do, how much is really enough and who they can trust to help them get it right.

How we can help

KPMG operates one of the leading cyber security practices in New Zealand and globally. Our dedicated cyber security team ensures you are receiving services

from the best people who have up-to-date pragmatic advice that considers both your current and future needs.

KPMG Cyber works with you to put in place a robust strategy and architecture that will enable you to access clear and actionable management information to give you strength in your decision making, provide access to timely threat insights, trusted information-sharing networks, and credible benchmarks against peers and competitors.

Successful organisations are the ones that integrate cyber risk management into all their activities. Those that practice sound transformational principles rather than succumbing to knee-jerk reactive solutions can create a comprehensive approach that focuses on what they can do - not what they can’t. KPMG Cyber provides a range of security services and products to help you proactively manage your risks and take advantage of the opportunities presented.



Strategy & Governance

- Cyber Maturity Assessments
- Third party risk management services
- CISO on demand
- Compliance assessments
- Privacy assessments
- Security metrics and reporting



Transformation

- Security program delivery
- Security architecture design and review
- Identity and access management
- Governance, Risk and Compliance (GRC)
- Security operations services



Cyber Defence

- Penetration testing and red team testing
- Cloud discovery
- Technical assessments
- Security awareness services
- Disaster recovery and business continuity
- Insider threat services
- Security analytics



Cyber Response

- Threat hunting
- Cyber Response Maturity Assessments
- Incident response
- Threat intelligence

Data Privacy

- Compliance gap assessments
- Privacy controls and process advisory
- Privacy maturity/Impact assessments
- Breach and incident investigation

Case study > Cyber

CLIENT: A LARGE NATIONAL TRANSPORT OPERATOR

THREAT CONTAINMENT AND RESOLUTION

Client challenges

A large national transport operator discovered its security had been breached when it was found that multiple key files on its file servers were no longer accessible. As it started to dig into what had happened, it also discovered multiple workstations displaying messages indicating they had been compromised by ransomware, along with similar messages within text files on the file servers. The ransom being demanded was a significant five figure sum, with the threat to escalate the amount if it wasn't paid quickly.

The organisation had been assured its security was robust, and that it could not be impacted by ransomware as it had 'best of breed' anti-virus software with up-to-date signatures implemented on its workstations and servers. The

organisation's outsourced IT provider was frantically trying to recover the systems, but was struggling to determine the best way to proceed, and was at a loss to explain how the security had been circumvented.

KPMG's role

We were initially brought in by the client to help them understand the issue, and to provide guidance to help resolve the issue. This initially involved providing short-term tactical advice to help the organisation and its IT provider contain the issue, and to work through the different options available to recover operations.

Alongside the initial focus, we also deployed specialist software throughout the organisation, along with the support of our cyber threat hunting specialists, to provide increased visibility of which systems had been impacted, to contain any previously unknown infected systems, and to understand whether there was a wider system breach involved.

Following containment and eradication of the threat, KPMG worked with the client to evaluate the effectiveness of the controls in place to prevent ransomware infections, and to limit the impact of any infections that did occur. This confirmed that anti-virus software was inappropriately the primary control in place, and identified a range of pragmatic controls to help significantly reduce the risk posed.

How KPMG delivered value

- The ability to quickly mobilise specialists to act as a sounding board and provide guidance in a crisis
- Provision of pragmatic advice to address both the immediate problem and the underlying root causes
- The delivery of specialist technologies and staff (that were not readily available to the organisation or its IT provider) to assist in the mitigation of the issue

THOUGHT LEADERSHIP



**CYBER
ACCELERATE:
Fast track to
cyber security
for SMEs
(May 2017)**



**CONNECTING THE
DOTS: A proactive
approach to cyber
security oversight
in the boardroom
(Jun 2016)**

**GOVERNANCE, RISK
& COMPLIANCE**

REQUIREMENTS

TRANSPAR

COMPLIANCE

STANDARDS

REGULATIO

LAW



Governance, Risk & Compliance



David Sutton

Partner, Governance & Risk

KPMG AUCKLAND

m +64 27 611 1665

e davidsutton@kpmg.co.nz

Governance, Risk and Compliance continues to be a complex business challenge for transport companies. The transport sector is heavily regulated with laws and regulation becoming increasing principle based, challenging the board to greater levels of transparency, objectivity and professionalism. The board seats have significantly heated up in recent years with the introduction of the Health and Safety at Work Act, data privacy, cyber security, pressures for ESG reporting, the impact of digital change and the need to be able to adapt. There is also increasing pressure from stakeholders to address the environment and social responsibility. New Zealand

has made climate commitments under the Paris Agreement on Climate Change to reduce greenhouse gas emissions by 30% below 2005 levels by 2030. With governance structures being held increasingly accountable, the necessity to have strong risk management processes, specialist skills within the management team, advisors to the board, rigorous selection and training programs for directors, and independent assurance over compliance, has never been higher. A strong governance framework and sound practices can protect directors from potential personal liability and protect the company from material reputational harm.

How we can help

We engage a multidisciplinary team to advise our clients on how best to meet the corporate governance, regulatory and compliance challenge. Our professionals have in-depth knowledge of corporate governance developments both locally and internationally. Our understanding of international best practice with local expertise enables us to provide valuable advice and support to our clients in meeting the governance, risk and compliance challenge.

THE GOVERNANCE, RISK AND COMPLIANCE CHALLENGE SERVICE OFFERING:



Enterprise risk assessment assessing the current state of risk management practices



Governance framework design



Board training, i.e. director responsibilities, obligations and 'best practice' governance requirements



Board and Audit Committee governance assessments



Regulatory impact diagnostics



Health and Safety risk assessment and management system reviews / audits, compliance assessments, due diligence, safety culture assessments and training



Design, implementation and review of Continuous Auditing and Continuous Monitoring systems

Case study

> Ports of Auckland

CLIENT: **PORTS OF AUCKLAND**

OUTSOURCES INTERNAL AUDIT FUNCTION

Client challenges

As part of their drive for continuous improvement, Ports of Auckland (POAL) recognised the need to enhance their existing assurance framework and looked to KPMG to help them establish a world class Internal Audit function.

KPMG's role

KPMG successfully worked with POAL to transition the internal audit function to KPMG with little disruption to the business. We have worked closely with the Governance and Risk Manager, and the CFO to deliver the following:

- A group wide risk-based and dynamic internal audit plan refreshed on an annual basis
 - Completed project governance and pre and post implementation reviews over key projects and the design of controls to mitigate key business risk during the implementation of new systems
 - In-depth data analytics in key business processes to target activities of internal audit and management to areas of higher risk and opportunities for efficiencies
 - Review of key finance functions (such as AP, AR, Month End etc.) of Conlinxx Limited and Nexus Logistics (transport, logistics and distribution arms of POAL) to assess key risks in the processes and suggest improvements in the control environment
 - Assessment of POAL's risk management framework to ascertain its maturity and robustness
 - Responded to the changing risk profile by bringing the priority areas to the forefront
 - Successfully leveraged off work carried out by other assurance providers to avoid any duplication of assurance effort
 - Use of Subject Matter Experts to provide a wide range of assurance and advisory services in the areas such as health and safety, sustainability, project governance and business continuity
- Since our appointment, there has been a positive impact on compliance and risk culture with buy-in from all levels in the organisation.

THOUGHT LEADERSHIP



ON THE 2018 BOARD AGENDA
(Jan 2018)



ON THE 2018 AUDIT COMMITTEE AGENDA
(Feb 2018)

SUSTAINABLE
VALUE

SMART CITY



Sustainable Value



Ian Jameson
Associate Director, Sustainable Value

KPMG AUCKLAND
m +64 27 215 2871
e ianjameson@kpmg.co.nz

The factors that influence the value of a business or its ‘Enterprise Value’ have exploded. No longer is it sufficient to focus on the traditional drivers of value alone. Financial performance needs to be combined with sound ethical, socially responsible and environmental behaviour.

Sustainability in transport represents serious challenges for organisations due to the growing expectation and influence of consumers, employees, the general public and its investors on their business value. Society is becoming increasingly concerned about the impact of pollution and congestion on wellbeing, and are better educated about and ready to adopt technology. Transport organisations that are able to demonstrate an ability to provide efficient transport solutions that

minimise greenhouse gas emissions, reduce congestion and travel times, improve passenger and work safety, and improve the general health of society will be the beneficiaries of loyal customers, motivated employees, and long term investment. According to Larry Fink of Black Rock, “Society is demanding that companies, both public and private, serve a purpose.”

Directors and executives need to demonstrate to all their stakeholders, including investors, how their strategy equips them to respond in this evolving environment and demonstrate how value is created – both today and in the future. Reporting needs to be transparent and clear on what is important and how success will be created, managed and measured.

How we can help

KPMG’s sustainable value offering allows businesses to understand stakeholder needs, determine what is important and focus their strategic planning. It allows for improved internal alignment, co-ordinated strategic and functional responses, and ultimately more focused and transparent reporting.

We apply an integrated thinking lens to the challenge in order to improve board / executive awareness, support stakeholder engagement, benchmark against leading practice, test and align the business model and strategy, and define outcomes, priorities and assist with the implementation of an action plan.

OUR SUSTAINABLE VALUE OFFERING INCLUDES:



- Reporting & assurance**
- Peer reviews, benchmarking and gap analysis
 - Materiality assessments
 - Stakeholder analysis and management
 - Implement GRI and <IR> reporting framework
 - Integrate financial and non-financial thinking for purposes of strategy and reporting
 - Provide independent assurance over non-financials
 - Assurance data collection processes (internal audits)



- Responsible investment**
- RI/ESG policy development
 - Peer review and benchmarking
 - Stakeholder analysis and management
 - ESG training
 - Measuring results / impacts of RI / ESG in investments
 - Assurance over responsible investment funds and certification



- Sustainable development & true value**
- Social and environmental externalities identification
 - Value creation and protection strategies
 - Translate sustainability into boardroom language
 - Monetising non-financial risks and opportunities
 - Health and safety performance and governance
 - Social impact assessments
 - Supply chain assessments
 - Human rights advisory services



- Climate change & the TCFD**
- Climate change resilience and adaptation risk assessments
 - Carbon management strategies
 - Carbon foot printing and accounting
 - Development of and assurance over CDP submissions
 - Resource foot printing and accounting (e.g. water)

Case study

> Sustainable Value

CLIENT: **PORTS OF AUCKLAND**

SUSTAINABLE VALUE – THROUGH BETTER BUSINESS REPORTING

Client challenges

Ports of Auckland (POAL) plays a critical role in New Zealand's economy and is an integral part of the Auckland community. As part of their ongoing journey, POAL recognised the need to connect more effectively with its shareholder and the community through improved and streamlined reporting, and provide its key stakeholders with a balanced and transparent view of the business and the value it creates.

Better business reporting is increasingly being embraced by many of the world's leading organisations to help them address these very issues. It presents POAL with a great opportunity to enhance their communication as well as align their reporting with international best practice.

POAL needed technical insight on better business reporting and the various frameworks available to them, and practical support on how best to communicate the ways in which it creates, measures and communicates its long-term value to its key stakeholders.

KPMG's role

POAL's management engaged KPMG's sustainable value team to work alongside them as they evolved their traditional reporting to reflect "integrated thinking", in accordance with the International Integrated Reporting framework. Our team's initial scope included a gap analysis of the annual report (and related content) against the <IR> framework, materiality assessment to help support strategy development and business planning processes and executive support to develop a reporting implementation plan.

How KPMG delivered value

- Provided POAL with an enhanced understanding of the material risks and opportunities that contribute to value creation
- Informed the process to improve POAL's business plans, helping them focus on the most material matters
- Created better internal alignment of the organisation's communications and stakeholder engagement activities around its strategy
- Identified focused improvement areas for the annual report to move toward an integrated report
- Supported the establishment of internal structures to facilitate integrated thinking within the business

“ Better Business Reporting provides an opportunity to take a holistic approach towards value creation and facilitates a process to embed integrated thinking within an organisation. Sustainable value - through Better Business Reporting - is a process that provides improved accountability and performance. ”

*Ian Jameson Associate
Director, Sustainable
Value > KPMG*

THOUGHT LEADERSHIP



THE ROAD AHEAD
– KPMG survey
of Corporate
Responsibility
Reporting
(Oct 2017)



**NEW ZEALAND
EMBRACES
RESPONSIBLE
INVESTMENTS**
(Aug 2018)

INTERNATIONAL TAX



International Tax



Kim Jarrett

Partner, International Tax & Transfer Pricing

KPMG AUCKLAND

m +64 21 665 681

e kmjarrett@kpmg.co.nz

Transport and logistics companies with operations in countries outside of New Zealand, or looking to enter a new region or country, have to be able to navigate the often complex and specific requirements of tax legislation in foreign jurisdictions. A company's tax strategy and approach to managing associated risks is important to ensuring the company maintains its reputation in the markets where it operates.

Whether you are a long-established global player or simply testing cross-border opportunities, global tax planning matters. It is not enough to adapt separately to different operating

environments. Tax is one of the most important environmental variables because it helps determine what kind of corporate structure is appropriate, where intellectual property should be located and how global supply chains should be configured to help mitigate overall effective tax rates.

Forward-thinking companies recognise that effective global transfer pricing policies must do more than simply enable them to comply with national rules. They know transfer pricing issues have to be addressed long before transactions actually occur and they try to make their transfer pricing policies

into strategic tools for investment and supply chain decisions, as well as for global tax planning.

How we can help

KPMG teams are formed to align to your specific needs. Our extensive network of leading specialists around the globe is also there to help with income tax planning and social security, to global immigration, rewards and incentives. Our team is dedicated to putting you in control of your global workforce. KPMG professionals / firms can help your business manage complex events in almost any jurisdiction around the world.

MANAGEMENT OF COMPLEX BUSINESS EVENTS SUCH AS:



Post-acquisition integration and restructuring



Expansion



Divestment



IPOs and public financing



Private finance and refinancing



Rationalization



Business change



Development and innovation



Digitization and e-business

THOUGHT LEADERSHIP



TAX, DATA AND ANALYTICS – Moving from control to transformation (Jan 2018)



A LOOK INSIDE TAX DEPARTMENTS WORLDWIDE AND HOW THEY ARE EVOLVING (Feb 2018)

KPMG expertise

> Customs & Excise Act

Client challenges

In March 2015, the New Zealand Customs Service (NZCS) commenced its review of the Customs and Excise Act, with the aim of simplifying and modernizing Customs legislation. The review was an in-depth process which involved multiple rounds of consultations, including seeking written submission from interested parties and various meetings with numerous industries, professional advisors and professional bodies.

The review culminated in a new Customs and Excise Act, which came into force on 1 October 2018.

As a result of the proposed changes to the Customs and Excise Act, the relevant regulations that prescribe the rules for the practical application of the Act were also required to be updated. In some cases, this required new regulations to be drafted due to additional facilities / services being introduced in the new Act.

KPMG's role

- Submissions on the discussion paper released on the review of the Act, raising issues that we believed would make New Zealand's Customs legislation world-leading while also addressing some of the common frustrations raised by businesses with New Zealand's Customs legislation. Most of the issues raised were eventually addressed in the new Customs Act
- Participation in consultation meetings with NZCS during the drafting of the Customs and Excise bill to tease out various policy changes to be introduced in the new Act. KPMG was also involved in reviewing and providing feedback on the draft wording for the Bill
- Involvement in consultation meetings, providing feedback to NZCS in the development of the regulations / guidance materials that would support the implementation of the new Customs and Excise Act. KPMG is also part of the Stakeholder Reference Group which NZCS regularly consults with on issues relating to the implementation of the new Act

How KPMG can deliver value

- Having been at the forefront of the consultations on the new Customs and Excise Act, KPMG is in a very strong position to advise our clients on how the new Customs and Excise Act will impact their business
- Having played a part in shaping the regulations / guidance for the implementation of the new Customs Act, KPMG can offer clients insights on the practical considerations of applying the new regulations
- Our broad and strong relationships within NZCS allow us to identify the 'right' people to talk to in NZCS, especially in cases where our clients need to engage with NZCS on a complex and / or urgent business issue

TRANSACTIONS
AND DEALS



Transactions & Deals



Justin Ensor

Partner, Deal Advisory

KPMG AUCKLAND

m › +64 21 646 045

e › jmensor@kpmg.co.nz

To remain competitive, transportation companies are building alliances and taking a collaborative approach to providing a cost effective, reliable and timely service to customers. Recent new entrants to the market include innovative companies that provide digital operating models which seek to match the excess or inefficient capacity of existing major players within the market. Some transportation companies themselves are acquiring start-ups in the digital technology space in an attempt to protect their existing business. These pressures may provide opportunity for consolidation as smaller regional operations find it increasingly difficult to survive.

Consolidation through acquisition enables companies to quickly grow their business in new regions or specialised services, securing skilled employees, obtaining valuable regional relationships with stakeholders, and achieving economies of scale. Achieving growth and operational efficiencies through alliances and acquisition strategies represent a significant challenge for organisations in the transport sector.

It is important to have a cultural fit, a well-defined strategy and operating model, and appropriate funding arrangements in place to ensure success. Investment will be needed to get IT systems to talk to each other and enable the extraction and combination of data to be able to measure operational performance.

Available funding arrangements will depend on the size of the transport company, its operating model and strategic objectives. Funding the strategic plans of transport and logistics companies has become challenging as a result of disruption and tightening operating margins. A company seeking to independently grow its hub network may enter into a strategic alliance with a property developer specialising in industrial property. Consolidation of transport businesses may enable a company to raise funding through a debt or equity public offering. Making the right decisions today about collaborative partnerships and alliances, strategic acquisitions, investment in own assets and digital technology, will have significant bearing on the future success of any transport company.

How we can help

At KPMG, we think like an investor, looking at how opportunities to buy, sell, partner, fund or fix a business can add and preserve value. Our teams of specialists have significant experience working with companies in the transport industry on a diverse range of deals.

We work closely with our global network, which helps in the execution of cross border transactions. Globally we are supported by the #1 M&A network with over 2,100 corporate finance professionals. As a result, many of our local transactions are large, complex, and involve a foreign strategic purchaser.

OUR SERVICES INCLUDE:



Buying a business

- Develop an effective acquisition strategy
- Identify and prioritise potential acquisitions
- Conduct accurate business valuations
- Carry out targeted due diligence, financial, tax and commercial
- Develop and execute implementable solutions
- Deliver real results when you buy a business



Selling a business

- Analyse your business portfolio to maximise shareholder value
- Assess exit strategies
- Prepare the business for exit
- Execute an efficient divestment process
- Co-ordinate and carry out vendor due diligence
- Mitigate transaction risks
- Enhance your retained business



Fixing and funding a business

- Undertake a liquidity analysis and determine the company's liquidity ratio
- Assess the company's performance, business plan and restructuring options
- Gain stakeholder support
- Develop an achievable plan of action that builds in contingencies
- Implement the restructuring efficiently and effectively
- Build a sustainable business turnaround plan to improve performance
- Execute your plan quickly in alignment with strategic goals
- Realize value from the transformation



Joint ventures and Partnerships

- Develop an effective strategy and business plan
- Identify the market opportunity and potential partners
- Appraise the options and design the partnership
- Execute the deal and plan the implementation
- Power up your joint venture or business combination

THOUGHT LEADERSHIP



TRANSFORMATION THROUGH TRANSACTION
(Nov 2017)



STRATEGIC ALLIANCES: A real alternative to M&A?
(Nov 2017)



FORESIGHT: A global infrastructure perspective
(Jan 2017)

Case study

> TIL

CLIENT: **TIL LOGISTICS GROUP**

Client challenges

Transport Investments Limited (TIL) engaged KPMG in May 2017 to act as financial advisor to TIL and its shareholders as they prepared for a proposed initial public offering (“IPO”) of shares in TIL.

Concurrently with the IPO process, TIL was also exploring alternative transaction options including potentially pursuing either a sale to private equity or a reverse listing. TIL ultimately identified a reverse listing as the most effective mechanism to achieve its objectives, enabling them to maintain a high degree of control over the process with the greatest level of execution certainty.

There were a number of significant challenges to overcome, including:

- Modelling complexity due to the nature of operations, number of subsidiary entities and level of detail required
- Potential negative perception of a reverse listing on the NZX due to previous poor performers
- NZX guidance in respect of the disclosures required for a reverse listing had not been updated for several years
- A requirement to prepare pro-forma historical financial information incorporating several recent

acquisitions and adjusting for the different balance dates of the acquired entities

- Complex and not necessarily intuitive account for a reverse acquisition—the engagement team needed to reflect the appropriate reverse acquisition accounting treatment in the PFI model

On 6 December 2017, TIL Logistics Group Limited (formerly Bethunes Investments Limited) successfully acquired the transport and logistics business of TIL, enabling TIL’s shareholders to achieve their goal of a NZX listing.

KPMG’s role

- Collaborating with TIL’s legal advisors and the NZX to establish appropriate disclosure requirements for TIL
- Building a financial model for the purposes of preparing prospective financial information for inclusion in the NZX listing profile (“Profile”)
- Compiling pro-forma historical financial information for the issuing group
- Drafting the Profile (including both financial and non-financial sections)
- Drafting supplementary financial disclosures and reconciliations
- Project-managing the preparation of the Profile, including liaising with designers, printers, photographers and share registrars

“ KPMG took the time to understand our industry and company environment, formed an excellent model, and worked closely with us to ensure a successful outcome. We admired their dedication, technical strengths, ability to help with solutions, particularly around client / revenue analysis, and ability to meet stringent deadlines. KPMG were professional and a pleasure to work with. ”

Greg Whitham CFO > TIL

How KPMG can deliver value

- A highly skilled team with expertise and experience to consider and advise on a range of transaction structures (IPO, Private Equity, Reverse Listing)
- Delivery of a robust financial model under compressed timelines and a lead role in drafting key disclosure documents, resulting in a successful listing process
- Excellent working relationships, both with the client (aided by spending time on the ground in their offices) and with the client’s other advisors
- Extensive experience in navigating the listing process and deep knowledge of the regulatory environment which greatly facilitated the preparation of the required financial and non-financial disclosures

**CUSTOMER
EXCELLENCE**



Customer Excellence



Simon Hunter

Partner, Advisory

KPMG AUCKLAND

m › +64 27 489 9737

e › simonhunter@kpmg.co.nz

For businesses and individual consumers alike, shipping and receiving products can be a stressful, emotional process. A late arriving package can cause a business to lose a customer or can ruin a wedding for the bride-to-be who is expecting a last minute delivery. The leaders in the transport industry understand this emotional journey and are able to empathise with their customers at every touchpoint along the way. While features such as real-time tracking and shipment updates used to impress customers, they are now considered the baseline for what customers expect. The leading organisations are constantly measuring and dissecting their customers' experiences, then empowering employees with the information and tools they need to continuously raise the bar on these customer experiences.

The way companies interact with their customers is becoming increasingly important to creating a point of differentiation across all industries, including the transport industry. Customers are becoming increasingly demanding and are no longer ready to pay a premium for reliable and timely delivery of goods, having little regard for logistic and seasonal constraints.

This pressure from customers is now felt in the C-suite, as seen in KPMG's 2017 Global CEO outlook survey where leaders are striving for growth by putting customers first.

- 73% of CEOs surveyed are concerned that they are not keeping up with customer needs
- 67% agree that building greater trust among customers is among their top three priorities

In an effort to help organisations better understand how to achieve customer experience excellence, KPMG has conducted research for the past eight years in our Customer Experience Excellence report. The research has evaluated over two million consumers across nine industries in 14 countries, and for the first time, New Zealand was included this year. The foundation of this research are the Six Pillars of customer experience excellence, which analysis has found to be the core DNA of every outstanding customer experience.

The organisations who have excelled across the Six Pillars are realising significantly greater brand advocacy and loyalty compared to their competitors, which in turn translates to superior top

and bottom line growth. The 2018 global report quantified this economic value by comparing the financial performance of the top 50 companies against the bottom 50 companies across the Six Pillars. This analysis showed that the 50 top rated companies had 54% higher revenue growth and 202% higher EBITDA growth, at an aggregated level. Additionally, the top 50 brands generated \$25 billion more revenue.

Customer excellence is achieved by creating a culture that empowers employees to be customer-centric. For aligned organisations there is no distinction between brand values and internal values. The culture is the brand and the brand is the culture; they are synonymous. The customer experience is rooted in employee behaviours that emerge from the culture. Achieving growth in the transport industry through collaboration, therefore represents a significant challenge to achieving customer excellence.

THE SIX PILLARS OF CUSTOMER EXPERIENCE EXCELLENCE:



PERSONALISATION

Using individualised attention to drive emotional connection



RESOLUTION

Turning a poor experience into a great one



INTEGRITY

Being trustworthy and engendering trust



TIME & EFFORT

Minimising customer effort and creating frictionless processes



EXPECTATIONS

Managing, meeting and exceeding customer expectations



EMPATHY

Achieving an understanding of the customer's circumstances to drive deep rapport

How we can help

For transport and logistics companies, the challenge of delivering consistent customer experiences is often amplified through the complexity of the supply chain, commonly involving ports, ships, rail, allied and independent transport partners, third party warehousing and hubs. To meet this challenge, transport and logistics organisations must make customer-centricity a central part of their culture to encourage a positive and consistent customer experience across marketing, sales, customer service, claims and accounts receivable.

KPMG has a team of experienced professionals that can help transport and logistics organisations generate value by achieving customer excellence. These services include:

Customer Strategy – Using innovative approaches to growth strategy, product development and new business models. KPMG helps clients on their customer and market strategy. Our accredited strategy practitioners help organisations answer questions such as ‘what to aim for’ (strategic investment) and ‘where to play’ (market and brand strategy).

Customer Experience – Using the KPMG Customer Experience Excellence Centre that has led this research, we create winning customer experience strategies. This includes customer journey redesign across digital and non-digital channels, customer loyalty and mastering CX economics to maximise customer lifetime value. For many organisations, a good starting place is a maturity assessment that can baseline your current state customer experience and help you to understand where to prioritise investment.

Customer Profitability – KPMG’s Customer Profitability team can take the traditional P&L of any business and derive insights into hidden problems and opportunities. We accomplish this by using our multi-dimensional profitability tool to identify the most profitable combination of customers, products and channels.

Marketing, Sales and Service Transformation – The KPMG team can help you to digitally enable and transform the effectiveness of your marketing, sales and service functions to create a connected enterprise – integrating front, middle and back office operations – to enable a more agile and responsive business.

Customer-centric Organisation – KPMG’s customer team can help you to cohesively mobile your business around your customers. We do this through operating model optimisation to empower employees to proactively and efficiently serve customers.

Customer Pricing, Analytics and Insights – KPMG’s customer analytics solutions and decision engines can help you to understand the customer and quantify customer insights. This includes leveraging customer experience insights to create more economic value through value-based pricing strategies.

KPMG expertise > Customer excellence

Baxter McConnell

Baxter is the head of KPMG’s Customer Experience practice in Auckland. His area of expertise is working across the ‘front office’ to create customer-centric solutions that drive improvements to the top and bottom lines. Originally from the United States, he has advised some of the largest transportation and logistics organisations in the world on their customer strategies.

Project Highlight:

As a management consultant in the US, Baxter worked with a 60 billion dollar transportation and logistics organisation to completely transform their sales division. This project involved developing a value-based sales strategy that centered on customer needs, while

balancing the distinct needs of the global organisation with the local needs of over 12,000 salespeople across multiple business units. To accomplish this, Baxter and the project team helped the client to holistically evaluate customer journeys and create core customer requirements from a variety of personas. These requirements enabled the team to streamline business processes, develop a state-of-the-art technology-enablement solution and create a robust change management strategy that encouraged adoption and behaviour change. The project resulted in the organisation having a consistent global sales process and empowered sales people with a 360 degree view of the customer, which has contributed to significant top and bottom line growth since the solution was implemented.



Baxter McConnell

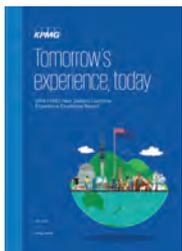
Senior Manager, Performance

KPMG AUCKLAND

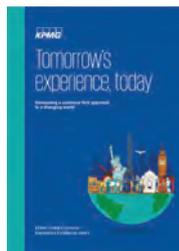
m › +64 27 242 2634

e › bmcconnell@kpmg.co.nz

THOUGHT LEADERSHIP



**2018 KPMG
NEW ZEALAND
CUSTOMER
EXPERIENCE
EXCELLENCE
REPORT
(Jul 2018)**



**TOMORROW'S
EXPERIENCE,
TODAY. Harnessing
a customer first
approach in a
changing world
(Jun 2018)**

**AUDIT &
ASSURANCE**



Audit & Assurance



Aaron Woolsey

Partner, Head of Transport

KPMG AUCKLAND

m › +64 27 807 8806

e › aaronwoolsey@kpmg.co.nz

Financial statement audits and other assurance services play a critical role in creating and maintaining investor confidence, providing credibility to financial institutions, and unlocking valuable insights into your business. An audit provides the opportunity to independently assess your financial reporting processes, control environment and governance processes. We believe independent auditors hold the valuable role of being a trusted intermediary between the providers of business information and the users of that information. Financial statement audits and other assurance services give assurance over information used by investors and the capital markets.

How we can help

Advances in technology and an explosion of data have changed the game. Companies are making use of the breadth and depth of information to gain a competitive edge. As our clients adopt technology and become increasingly efficient and effective in how they do business, so do we.

KPMG offers the audit industry's most technologically empowered audit through our global eAudit application. eAudit provides fully customizable electronic workflows which offer industry-leading audit design flexibility for our firm's engagements. eAudit brings the power of KPMG's international collective wisdom, industry knowledge, and technical skills to our firm's clients on every audit engagement using advanced and secure technology tools.

KPMG's Audit and Assurance services powered by data and analytics (D&A) combines the industry expertise of our global organisation with advanced analytical capabilities to help you unlock the power of your data. It is raising the bar on audit and assurance quality by enabling us to test complete data populations and understand the business reasons behind outliers and anomalies. Automated capabilities let our people focus on the higher risk areas, and the enhanced business insights our teams bring, help you see your business from a new perspective.

At KPMG we go broader and deeper, beyond statutory requirements, to realise the value of your data. We help organisations take stock of their financial position, learn about their performance, understand where they could be doing better, and prepare for what the future may bring.

THOUGHT LEADERSHIP



KPMG CLARA:
A smart audit platform
(May 2017)



DATA ANALYTICS AND YOUR AUDIT
(Apr 2017)

Case study

> EROAD

CLIENT: **EROAD**

EROAD AND KPMG'S 10 YEAR ANNIVERSARY

EROAD is an award winning fully integrated technology, tolling and services provider based in Auckland, New Zealand. EROAD was the first company in the world to implement a GNSS/cellular-based road charging solution across an entire country. EROAD design and manufacture in-vehicle hardware, operate secure payment and merchant gateways and offer web-based value-added services. EROAD modernises road charging and compliance for road transport by replacing paper-based systems with easy-to-use electronic systems. They are also the largest provider of road user charges (RUC) compliance in New Zealand, and a leading provider of health and safety compliance and fleet management solutions.

EROAD have grown significantly since listing on the NZX in 2014, and recently reporting over 80,000 units. Their operations have expanded from New Zealand to both Australia and the North American markets.

Their unique offering has also extended to many other forms of road user compliance and is being used as a platform for health and safety and data analytics.

The story of EROAD and KPMG working together, is one of building a trusted relationship and began when EROAD was a start-up. It is based on providing some simple but valuable cost effective support in the early days. EROAD has always invested ahead of its growth, including working with KPMG with a self imposed audit for good governance. KPMG has valued working with one of New Zealand's success stories of commercialising an innovative product not only in New Zealand but on a global stage.

As EROAD has continued to invest for future growth, the company has worked with a number of KPMG specialists.

KPMG's role

- Investigative audit support through the IPO and listing
- Tax compliance and advisory including transfer pricing
- Modelling and debt finance support
- Examination of health and safety policies to ensure compliance with local legislation
- Annual audit of the financial statements

How KPMG delivered value

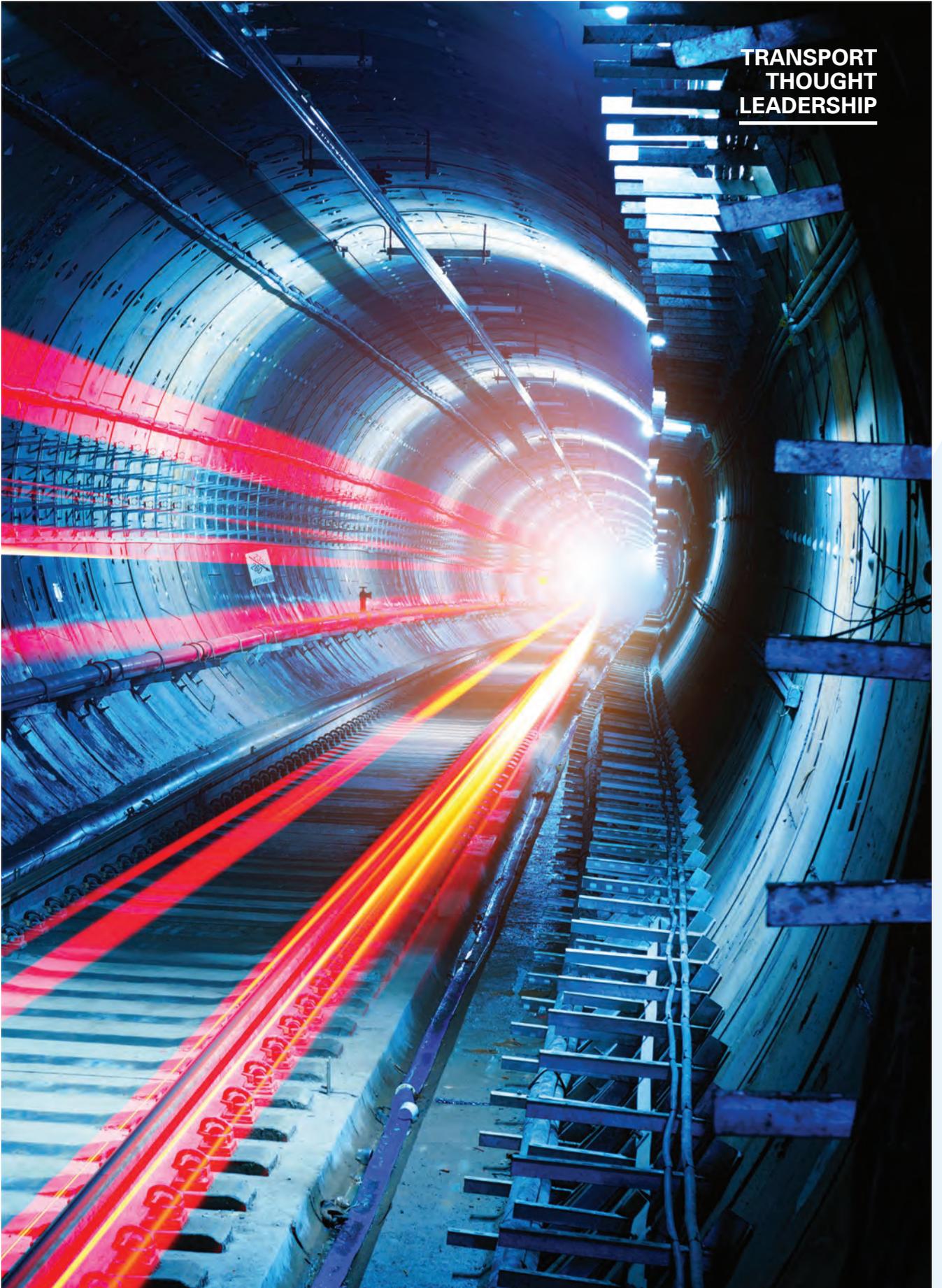
- Provided confidence and assurance for management, directors and stakeholders as they embraced the IPO journey and articulated their story to the capital markets
- Brought expertise to the wider team that ensured EROAD was always in compliance with rules and regulation such as health and safety, tax and transfer pricing
- Our collaborative approach has enabled us to provide proactive insights to management and the directors, and at the same time been prepared to have open and robust discussions to achieve the right outcomes

Representative Clients

WORKING TOGETHER



**TRANSPORT
THOUGHT
LEADERSHIP**



Transport > Thought Leadership

KPMG'S GLOBAL & LOCAL THOUGHT LEADERSHIP RELATING TO THE TRANSPORT AND LOGISTICS SECTOR DEMONSTRATING OUR INSIGHTS INTO THE COMPLEX BUSINESS CHALLENGES FACED BY COMPANIES AROUND THE WORLD.



GLOBAL TRANSPORT: Market trends & views (Jun 2018)

Our June 2018 edition of the KPMG Transport Tracker has a special focus on the current disruptive landscape and its impact on the transport sub-sectors.

We share insights into some key questions: how do traditional operations compete in a changing world? What is the future of shipping - has the traditional business model of shipping companies expired? Blockchain, RPA and automation are also amongst the topics covered.



2018 AUTONOMOUS VEHICLES READINESS INDEX (Jun 2018)

Autonomous vehicles (AVs) are poised to revolutionize not only transportation but also the way people live and work throughout the world.

The benefits are without question – effective use of time spent in your vehicle working or catching up on sleep, more organised and efficient movement of cars on our roads, less accidents, and personalised road transportation. But are we ready for an AV-driven future?



KEY BLOCKCHAIN TRENDS IMPACTING HONG KONG'S LOGISTICS INDUSTRY (May 2018)

Over the past year, there has been an explosion of interest in distributed ledger technology, often called Blockchain, across many sectors in Hong Kong. This article highlights the key developments that are currently impacting the Hong Kong logistics industry.



TRANSPORT TRACKER (Dec 2017)

Our December 2017 edition of the KPMG Transport Tracker has a special focus on disruptive technologies such as Hyperloop, consolidation projects in the shipping industry, the importance of consumer centricity in the CEP market and how these trends can affect traditional business models.



ANTICIPATING DISRUPTION: #InfraTech is here (Nov 2017)

Disruption is creating uncertainty for infrastructure owners but developing a 'system of systems' will enable users to leverage technology to help improve people's lives. #InfraTech has arrived and we're tackling some of the big questions now facing governments, infrastructure owners, investors, developers and operators as we move into this era of change and uncertainty.



ISLANDS OF AUTONOMY (Nov 2017)

All over the world, a trillion-dollar market is swiftly developing around a new and disruptive transportation mode: driverless vehicles coupled with mobility services. But the embrace — the adoption of this new transportation mode — will not be immediate and everywhere. Instead it will arrive metro market by metro market in what we call "islands of autonomy." To win in this marketplace of the future requires a new way of thinking. Meeting customer needs will demand complex new analyses of local travel.



GLOBAL TRANSPORT TRACKER (May 2017)

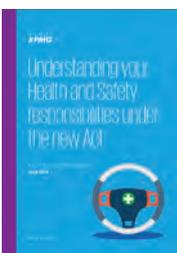
Our May 2017 edition of the KPMG Transport Tracker has a special focus on geopolitical landscape and its impact on globalization, the disruption to transportation companies' business models due to digitalization and potential recovery for the shipping sector.

We share insights into some key questions and the latest market indicators and trends in the global transport market.



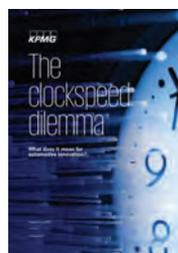
KEY TRENDS IN GLOBAL RAIL & BUS OPERATIONS (Feb 2017)

KPMG shares insights into some of the key trends globally for Rail and Bus operations in 2016 & 2017 including liberalization, mass urbanization in newly emerged markets, customer experience and political risk.



UNDERSTANDING YOUR HEALTH & SAFETY RESPONSIBILITIES: A guide for vehicle fleet operators (Jun 2016)

Under the Health and Safety at Work Act, 2015, vehicles are expressly included as a 'Workplace'. Organisations of all sizes need to look seriously at their responsibilities around vehicle and fleet safety, and gain an understanding of the risks associated. The new Act came into force on April 4, 2016 and if your organisation operates a vehicle fleet – or your workers drive a 'grey fleet' – you need to consider how it will affect you.



THE CLOCKSPD DILEMMA (Apr 2016)

Solving the clockspeed dilemma between innovation and product development will be the major issue for automakers and solving this would mean a major leap forward. It's clear executives understand the speed of change is not slowing and the auto industry needs to keep up.

KPMG looks into the clockspeed dilemma and what it means for automotive innovation.





We are ready to go on a journey with you.

NEW ZEALAND TEAM



Aaron Woolsey

Partner, Head of Transport

KPMG AUCKLAND

m › +64 27 807 8806

e › aaronwoolsey@kpmg.co.nz



Andrew Tubb

Partner, Transformation

KPMG AUCKLAND

m › +64 21 615 602

e › atubb@kpmg.co.nz



Mike Clarke

Partner, IT Blockchain

KPMG AUCKLAND

m › +64 21 496 373

e › mikeclarke@kpmg.co.nz



Phil Whitmore

Partner, IT Security

KPMG AUCKLAND

m › +64 21 654 846

e › pwhitmore@kpmg.co.nz



Justin Ensor

Partner, Deal Advisory

KPMG AUCKLAND

m › +64 21 646 045

e › jmensor@kpmg.co.nz



Ian Williamson

Partner, Performance

KPMG AUCKLAND

m › +64 22 010 7392

e › iwilliamson@kpmg.co.nz



Kim Jarrett

Partner, International Tax & Transfer Pricing

KPMG AUCKLAND

m › +64 21 665 681

e › kmjarrett@kpmg.co.nz



Simon Hunter

Partner, Advisory

KPMG AUCKLAND

m › +64 27 489 9737

e › simonhunter@kpmg.co.nz



Baxter McConnell

Senior Manager, Performance

KPMG AUCKLAND

m › +64 27 242 2634

e › bmccConnell@kpmg.co.nz



Ian Jameson

Associate Director, Sustainable Value

KPMG AUCKLAND

m › +64 27 215 2871

e › ianjameson@kpmg.co.nz



David Sutton

Partner, Governance & Risk

KPMG AUCKLAND

m › +64 27 611 1665

e › davidsutton@kpmg.co.nz



Erica Miles

Director, Health & Safety

KPMG AUCKLAND

m › +64 21 065 3860

e › emiles@kpmg.co.nz

INTERNATIONAL TEAM

Dr Steffen Wagner

Global Head, Transport & Logistics

KPMG GERMANY

m › +49 173 371 5909

e › steffenwagner@kpmg.com

Malcolm Ramsay

Global Head, Aviation

KPMG SINGAPORE

m › +65 6 508 5681

e › malcolmraysay@kpmg.com.sg

Monique Giese

Global Head, Shipping

KPMG GERMANY

m › +49 174 335 9317

e › moniquegiese@kpmg.com

Justin Zatouff

Global Head, Post & Express

KPMG UK

m › +44 780 296 3615

e › justin.zatouff@kpmg.co.uk

home.kpmg.com/nz

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