



COVID-19:

A guide to maintaining Business Resilience

July 2020

—

[KPMG.com.au](https://www.kpmg.com.au)

Contents

3 Foreword

4 Overview

5 Financial Resilience

6 Financial Stress Testing & Forecasting

8 Liquidity & Financing

10 Financial Crisis Response & Contingency Planning

12 Operational Resilience

13 Service Delivery Model

15 Operational Crisis Management

17 People

19 Supply Chain

21 Technology & Data

23 Premises & Property

25 Cyber & Fraud Risk

27 Governance, Risk and Control

29 Commercial Resilience

30 Markets, Products & Services

32 Customer Experience & Behaviours

34 Brand Resilience

36 Community Resilience

37 Corporate and Social Responsibility

39 Health System Sustainability

41 Economic Transition

43 Skills & Learning

45 Infrastructure

47 Cities

49 Safety & Security

51 Contacts

Foreword

Australia has gone through a period of extreme disruption caused by COVID-19, and while restrictions are being rolled back at varying speeds across the different states and territories, it is not yet apparent how long the impacts of COVID-19 to our economy and our businesses will last.

We are witnessing the beginnings of a new reality emerge for Australian businesses and it is clear that we have had the core of many industries challenged – but now opportunities are appearing in ways that many would never have considered before the pandemic.

Operationally, businesses have had service delivery models, workforces, supply chains, tech and physical infrastructure impacted, and they need to find ways to navigate these changes while still employing proper governance, risk and control measures.

Business' financial states have in the spotlight as impacts on liquidity and financing call for more scenario planning, stress testing and contingency planning to be performed. And this in turn put a focus on a business' commercial resilience as they consider changes in customer behaviours, markets, products and services and the staying power and importance of their own brands.

For all of us though, the concern for our communities has been overarching. And while many government measures have been put into place to help Australians and Australian businesses through this crisis – businesses also have a role to play in our communities health and wellbeing. There will be a renewed focus on companies' corporate and social responsibilities. We must ask ourselves how can we play our part in ensuring that we contribute to a successful economic transition and set future generations up for success – and what part must we play now to plan for this future.

The only way we can be part of this future building is through business resilience – not just for the current crisis, but for the challenges yet to come. The suddenness of the impacts of COVID-19 meant that businesses were schooled in crisis management overnight, but managing a crisis is just one element of resilience. Coming out from a crisis, and surviving to the point of gaining a competitive advantage is what business resilience is about.

We have seen the immediate impacts of COVID-19, and are beginning to move towards the new reality of how our businesses can and should operate in the future. In this report, we introduce KPMG's approach to resilience, the many elements that contribute to this, and begin to outline tangible actions companies can take. This report will be useful for organisations asking how they can react to the current COVID-19 challenges or better prepare themselves for the next crisis, if and when it comes.

We've collectively been through a short period of extreme change, and we're moving into a longer period where the environment is going to be difficult – so now, more than ever, companies will be looking for areas of competitive advantage, trying avoid anything that puts them at risk of being left behind and creating a business of resilience for the future.

James Stewart
jhstewart@kpmg.com.au

Mark Tims
mtims@kpmg.com.au

Amanda Hicks
ahicks@kpmg.com.au

Paul Low
plow@kpmg.com.au

Overview



Financial Resilience

While we have never before experienced an event like the COVID-19 impacts, we can look to lessons learned from the 2007/2008 global financial crisis for an indication on what may come, but applied across every sector. Previously healthy businesses are coming under acute financial pressure. Without financial resilience, commercial and operational resilience cannot be maintained. Keeping this pillar strong requires firms to adapt existing financial frameworks to a more hostile, volatile environment in which profitability, cash flow and access to funds are coming under simultaneous pressure. The pillar is supported by three key themes:

- Financial stress testing and forecasting
- Liquidity and financing
- Financial crisis response and contingency planning



Operational Resilience

The fundamental importance of a businesses ability to operate during a crisis, whether that's major IT outages, cyber attacks or geo-political incidents, is well understood. Almost overnight, COVID-19 became the single greatest threat to the continuity of many businesses. The maturity of an organisation's operational resilience now has the very real potential to dictate whether an organisation will survive. This pillar is supported by eight key themes:

- Operational Crisis Management
- People
- Supply Chain
- Technology and Data
- Premises and Property
- Cyber and Fraud Risk
- Service Delivery Model
- Governance Risk and Control



Commercial Resilience

As the COVID-19 pandemic effects continue to manifest customer behaviours are changing in ways never before imagined. For businesses, this is first and foremost a demand crisis, which determines large elements of the commercial challenge. Market access and demand for products and services is changing rapidly, as are customer behaviours, with material shifts in channel usage, often daily and in several different ways at the same time. Commercial resilience is critical to every enterprise right now and this form of resilience is all about understanding and meeting rapidly changing customer demand, needs and behaviours at a time when patterns are highly uncertain. There are three key themes to building commercial resilience:

- Markets, Products and Services
- Customers Experience and Behaviors
- Brand Resilience



Community Resilience

Organisations are considering the management of flow-on effects from COVID-19 that will continue to grow and affect individuals and communities, but these effects are still broadly unknown. Mental health concerns, remote, regional and Indigenous communities struggling with increased risk and limited access to health resources, high unemployment and continuing business uncertainty and young people from disadvantaged communities lacking education resources are just some of the early ongoing challenges we are seeing in Australia. Community resilience is core to KPMG's Resilience Framework and has seven key themes

- Corporate and Social Responsibility
- Health System Sustainability
- Economic Transition
- Skills and Learning
- Infrastructure
- Cities
- Safety and Security

Financial Stress
Testing & Forecasting

Liquidity &
Financing

Financial Crisis Response
& Contingency Planning

Financial Resilience



Financial Stress Testing & Forecasting

KPMG Contacts

Gayle Dickerson
gdickerson@kpmg.com.au

Vince Dimasi
vdimasi@kpmg.com.au

Peter Gothard
petergothard@kpmg.com.au

Challenges & Concerns

- Customers are hoarding cash, while suppliers seek faster payment.
- Disruption is impacting revenue generation, while costs like salaries and maintenance remain fixed.
- Cash burn is accelerating, but regular financial management data does not provide adequate granular visibility of short-term cash flow.
- Defensive cash preservation and generation tactics are of paramount importance, but the timing and prioritisation of individual initiatives and actions is difficult to manage effectively.
- Businesses know they need to cut costs and rationalise operations – but how deep and wide do they need to go?
- Firms want to approach lenders and funders, but can't demonstrate a clear view of their 'ask'.
- Companies face the likelihood of breaching financial covenants and want to 'get on the front foot'.

Industry Insights

- Adapting cash flow models for uncertainty and disruption, revising them regularly – even daily.
- Using short-term cash forecasts to underpin resilience strategies and determine response priorities.
- Modelling the business operations to understand the working capital impact of scaling back the business now and, more importantly, scaling it back up when demand recovers.
- 'War game' business operation scenarios to identify possible financial outcomes, develop response strategies and contingency plans.
- Using short-term forecasting to engage with creditors and funders to seek forbearance and support.

Reaction

- Set up robust short-term cash flow (STCF) forecasts at business unit and group level, reviewing weekly against prior forecast and outturn.
- Reconcile the STCF with monthly financial forecasts including P&L, balance sheet and funds flow to understand working capital impacts.
- Assess enterprise-wide cash flow risks to spot potential downsides to the STCF; analyse them by timing, quantum and probability.
- Identify rapid, achievable ways to reduce costs and preserve cash and classify them as: Green ('no regrets'): eg. maximising existing supplier payment terms, Amber ('counter to BAU'): eg. deferring capital expenditure on growth projects, Red ('last resort'): eg. closing or reducing operations.
- Match cash mitigation initiatives to STCF risks, based on timing and quantum.
- Assess the impact of cash flow scenarios on cash reserves, facility headroom and financial covenants, revisiting weekly.
- Initiate early discussions with lenders or funders if necessary, supported by forecasting packages.

Resilience

- Forecast the full P&L, balance sheet and cash flow effect of hibernating then re-awakening parts or all of your business. Not only will it help you in the contingency planning exercises you should be undertaking, but your stakeholders will expect you to have done so.
- Introduce the 13-week rolling cash forecast and recent four week 'actual' cash flow history to management information packs, with analysis of variance against prior forecasts.
- Put short-term cash flow on the agenda of monthly executive or board meetings, allocating cash flow targets outside the finance function.
- Consider early discussions with lenders and funders if forecasts predict a funding shortfall beyond the horizon of the STCF.

Recovery

- Assess the potential impact of short-term disruption on longer-term financial behaviour by customers and suppliers.
- Reengineer customer journeys and processes to take account of altered behaviours.
- Take the opportunity to zero base cost structures and re-assess product pricing.
- Revisit financial modelling to understand working capital demands of the business as it recovers.
- Consider changes in competitor behaviours and market dynamics. Look for opportunities to advance and forecast their effects.

New Reality

- Assess, understand and embrace permanent changes that may have occurred to customer behaviour and market dynamics.
- Run downside scenarios and risk evaluation exercises to increase financial resilience.
- Maintain focus on cashflow forecasting and working capital management in anticipation of likely future shocks.

Financial Stress
Testing & Forecasting ●

**Liquidity &
Financing** ●

Financial Crisis Response
& Contingency Planning ●

Liquidity & Financing

KPMG Contacts

David Hardy
dahardy@kpmg.com.au

David Heathcote
dheathcote@kpmg.com.au

Scott Mesley
smesley@kpmg.com.au

Samantha Shields
sshields1@kpmg.com.au

Challenges & Concerns

- Uncertainty over demand and supply chains is creating liquidity pressure across the business.
- Previously healthy firms suddenly face running out of cash in weeks or months.
- Managers without experience of business distress are unsure how to mitigate liquidity pressures.
- Government support packages are evolving fast, but concerns remain over eligibility, accessibility and speed of delivery and business impact when they cease.
- Uncertainty over whether sufficient debt facilities will be available to meet liquidity requirements.
- Customers facing their own liquidity challenges such that they are not making payments to firms who then have additional challenges in meeting their own financial obligations.

Industry Insights

- Firms are temporarily halting payments, with some seeking to cut costs – often by reducing staff – even before seeking clarity over funding options.
- Best in class businesses are refreshing cash flow forecasts and looking at available mitigations.
- Firms are assessing financing strategies/options and drawing down available credit.
- Businesses are approaching lenders to access or amend existing debt facilities.
- Businesses are applying for government-backed funding schemes for example *Coronavirus SME Guarantee Scheme*.
- Companies are engaging with tax authorities to seek tax payment holidays, which are proving fruitful.
- Smaller firms are finding it hard to understand and access government-backed funding packages fast enough.
- ‘New money’ is hard to get from traditional financiers.
- Larger entities are completing rapid capital raises which are due diligence light.

Financial Stress Testing & Forecasting ● ●

Liquidity & Financing ● ●

Financial Crisis Response & Contingency Planning ● ●

Reaction

- Draw down all existing funding lines to maximise available cash.
- Take a holistic view of the full range of internal and external options to support your liquidity.
- Identify and risk grade those levers which can be used to accommodate different scenarios. This will illustrate to lenders proactive identification of risks and steps taken to mitigate.
- Assess baskets and triggers under existing financing documentation.
- Evaluate funding strategies, options, markets, lenders and other sources of capital in order to meeting your funding needs in the time available.
- Approach lenders both on loan schemes supported by government, and in connection with wider lending support they may be able to offer outside of those.
- Engage with other key stakeholders on interim funding and payment alleviation options supported by government, eg. job retention schemes, business rates relief, grants, various tax support offered by the ATO.
- Review GST processes to maximise cash, ensuring claims for all tax reliefs and incentives that provide cash credits have been made.
- Engage with other significant third party creditors on payment deferral options, eg. with landlords on rent.
- Set up spending freezes and tighten authorisations to limit outgoings.

- Brainstorm a 'self-help plan' to preserve and generate cash, and initiate actions in conjunction with all key functions.

- Consider how you will respond to customers if they ask you for payment relief. Review policies to identify vulnerable customers and identify whether you need to rethink any of your current approaches as a result.

Resilience

- Establish a cash-focused culture across the business, valuing cash over profit.
- Develop financing and lender engagement strategies to support the business with the funding or flexibility to trade through and out of the COVID-19 crisis.
- Engage with lenders or alternative funding providers to maximise total available headroom, if required.
- Explore rapid capital raise options.
- Set up a central cash management team (or individual) responsible for embedding cash maximisation processes.
- Establish an executive level cash committee.
- Work with suppliers to understand their funding pressures and how they may impact your operations.

Recovery

- Embed robust 13 week and annual cash flow forecasts into budgetary and financial management cycles.
- Consider ways to optimise funding arrangements for a less certain future.
- Establish a sustainable strategic working capital program to ensure that liquidity is optimised under normal and stressed conditions.
- Put in place long term financing or revisit your capital structure to support a return to normalised trading conditions, including investment and growth.

New Reality

Reframe liquidity and financing needs for longer term sustainability:

- What does the post COVID-19 reality look like for revenue generation and Cost of Doing Business (CODB)?
- How will the capital structure and financing requirements of the organisation permanently change?
- What flexibility can be planned and initiated now to future proof financing and liquidity structures?
- Can arrangements with key suppliers and landlords be recalibrated to provide for flexibility and risk sharing in the event of future crisis?
- What mechanisms or incentives can be put in place with customers to smooth or accelerate working capital cycles?

Financial Stress
Testing & Forecasting

Liquidity &
Financing

Financial Crisis Response
& Contingency Planning

Financial Crisis Response & Contingency Planning

KPMG Contacts

James Stewart
jhstewart@kpmg.com.au

Peter Gothard
petergothard@kpmg.com.au

Brendan Richards
bjrichards@kpmg.com.au

Martin Lewis
mlewis7@kpmg.com.au

Will Colwell
wcolwell@kpmg.com.au

Martin Jones
martinjones@kpmg.com.au

Challenges & Concerns

- Despite taking all available actions to preserve and generate cash (such as delaying payments and accelerating receipts), some short-term cash flow forecasts are showing imminent funding shortfalls emerging.
- Support packages such as job retention schemes or business interruption loan schemes that some governments have introduced may take too long to access for some and have eligibility criteria which not all firms will meet.
- Other refinancing options with lenders are becoming limited, will take time to arrange or may already have been exhausted.

Industry Insights

- Businesses in immediate cash crisis are taking steps to preserve cash balances by restricting payments to only the most business-critical vendors as they mobilise contingency plans.
- Firms in a variety of sectors are considering solvent mothballing options, founded on support from landlords and job retention schemes that governments are introducing, although businesses in acute financial distress continue to be challenged by the timescales involved in such schemes.
- Some businesses have already moved to appoint insolvency practitioners who are using insolvency mechanisms to extend the mothballing options; or complete a tactical restructuring of their business.

Financial Stress
Testing & Forecasting ●

Liquidity &
Financing ●

Financial Crisis Response
& Contingency Planning ●

Reaction

- Seek legal advice on mothballing, restructuring and insolvency options.
- War gaming options (to preserve value for a future recovery, sale or exit). The key options include:
 - Limited trading in administration, eg. with an online revenue stream.
 - Closing down all activities for a period with a view to achieving an exit via Voluntary Administration (VA)/Deed of company arrangement (DOCA), or an accelerated sale.
 - Shutting down fully, if mothballing or a solvent wind down are not feasible.
- Possible insolvency regimes include voluntary administration and liquidation.
- If insolvency looks unavoidable, carry out contingency planning to decide the insolvency strategy most likely to protect value for creditors.
- Directors should consider their duties in a financially distressed situation, for example:
 - The duties owed by directors' shift from shareholders to creditors.
 - Personal liability and disqualification risks should be considered.
 - Insolvent trading as an offence, should be avoided as it risks personal liability for directors.
 - The duty to ensure employee health and safety continues, including taking reasonable steps to control the spread of COVID-19.

New Reality

- Consider the option for the business to emerge from an insolvency process (VA/DOCA) in a restructured state without legacy assets that may have impacted its historical performance.
- Plan and financially model what a restructured businesses would look like and how it would operate, including revenue generation and CODB.
- What would its capital structure and financing needs be?
- How would relationships with key customers and suppliers be resuscitated?

Service Delivery Model



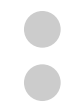
Operational Crisis Management



People



Supply Chain



Technology & Data



Premises & Property



Cyber & Fraud Risk



Governance, Risk and Control



Operational Resilience



Service Delivery Model



Operational Crisis Management



People



Supply Chain



Technology & Data



Premises & Property



Cyber & Fraud Risk



Governance, Risk and Control



Service Delivery Model

KPMG Contacts

Michael Smart
michaelsmart@kpmg.com.au

Marie Chambers
mechambers@kpmg.com.au

Carl Pretorius
cpretorius3@kpmg.com.au



Challenges & Concerns

- Outsourced/Offshore delivery centres negatively impacted by current lockdown restrictions.
- Services are materially impacted due to service provider delivery constraints. Alternative delivery models need to be rapidly established and implemented, ensuring that they meet evolving performance and regulatory obligations.
- Existing business continuity plans have proven insufficient / unsuccessful as they were never designed for a simultaneous global pandemic affecting every nation.
- Organisations have witnessed capacity and capability challenges for commonly outsourced job functions (contact center, back office, remote monitoring, etc.).
- The conventional wisdom on the differentiation between what constituted a critical activity and what was non-critical has been challenged.
- Tools, systems and technology does not readily support a rapidly changing service delivery model, for example digitisation of processes, workflow automation and remote working.
- Current commercial models lack the agility and flexibility needed to support new ways of working and service consumption.
- Supplier contract exit provisions are inflexible and not granular enough to support partial termination and exit costs for convenience (eg. early termination) are high and punitive.

Industry Insights

- Business continuity plans have had to be rethought given the simultaneous global nature of the pandemic and the impact of international and domestic lockdowns.
- Service providers have had to re-imagine their delivery models; with the lack of flights contributing to increased local hiring – which has had a negative effect on the labour arbitrage advantage.
- The popularity of virtual collaboration and communication platforms (MS Teams, Zoom, Skype for Business) being used by various layers of the delivery model has surged.
- Critical services are being brought back onshore with contact centre services being severely impacted in some locations. Some organisations are choosing to automate more of the experience, and use on-shore labour for the critical human touch-points.
- The market is seeing a massive acceleration of the e-commerce trend, even traditionalists such as the motor industry, are joining in.
- Relaxing different KPIs and SLAs is trending across sectors as the industry reprioritises the key elements in an end-to-end service delivery model.
- Some service providers have reported that their organisations are rethinking the kinds of activities that were previously seen as ‘non-off-shorable’; with the current crisis seeing certain activities and services being performed/hosted offshore as a stop gap measure.
- There has been a surge in cyber crime with a majority of outsourced / off-shore / on-shore teams connecting from home internet.

Service Delivery Model



Operational Crisis Management



People



Supply Chain



Technology & Data



Premises & Property



Cyber & Fraud Risk



Governance, Risk and Control



Reaction

- CIOs and CTOs are being challenged to deal with new levels of ambiguity while planning for the future through a combination of cash saving tactics and increasing digital service delivery models (bots, Artificial Intelligence (AI)/Machine Learning (ML), Robotic Process Automation (RPA).
- Aim to balance the health of employees (physical, mental and economic) with strategic business imperatives – across both the short and long-term.
- If off-shore models underperform, consider re-shoring critical activities for the short-term, cross-train individuals and hire former staff.
- Enable remote working for third parties and all delivery locations.
- Identify critical activities for the near and medium term and execute business continuity plans.
- Enhance remote collaboration capabilities through digital technology and re-defined ways of working.
- Strengthen cyber security capabilities and extend them to personal devices if they are being used to access official emails/documents.
- Ensure a common platform for collaboration tools to maintain standardisation and interoperability between geographies.
- Strengthen information security practices and implement new data privacy processes where offshore / outsourced staff are working remotely for first time.
- Scale back or pause non-critical partner services that will have minimal immediate front-line impact (eg. IT change programs).

Resilience

- To meet fast-changing customer demands and expectations, evolve your service operating models towards flexibility and rapid scalability in the face of future uncertainties.
- Review country and supplier risks and execute short-term service delivery model strategies, eg. continue to on-shore some critical activities but repatriate off-shore other activities.
- Reflect on successes and weaknesses in the Business Continuity Plan (BCP)/Disaster Recovery (DR) plans and adjust accordingly.
- Explore offshore 'thin-captive' models to govern, manage and optimise performance of offshore ICT partners.
- Evaluate suitability of offshore outsourced delivery of critical and sensitive ICT services; and evaluate cost-viable alternatives (eg. offshore or near-shore captive capability centres).
- Conduct options evaluation for long-term on-shoring of critical operations and front-office customer facing services (eg. call centres) and undertake a cost benefit analysis.
- Take into account remote technology support for an increased work from home resource base.
- Strengthen information security and privacy practices.

Recovery

- Conduct a strategic review of service delivery model, automation strategy and global location strategy which considers country risks.
- Re-shoring of key operational activities might be done in lower cost Australian locations such as regional cities or lower cost capitals where there are high number of graduates and infrastructure is good and there are possible government incentives on offer.
- Renegotiate third party agreements to unlock value (reduced resource credit, minimum revenue commitment, business reduction thresholds) and reduce risk (force majeure, remote working, security).
- Test a range of BCP and DR scenarios and implement changes, eg. options for contracting contingency staff, third party resource pools, workload prioritisation based on criticality.
- Align SLAs and KPIs to the new service delivery model and consumption pattern.
- Prepare regulatory response by proactively capturing successes, learnings, failures and mitigations and anticipate new regulations.
- Re-examine the physical location requirements of project teams. For example does a geographically spread team working across different time zones offer better and quicker outcomes as compared to a traditional 'under one roof' model?

New Reality

- Explore new options for service delivery – either by bringing services back in-house or onshore, increasing offshore geographic diversification and/or driving an increase in adoption of digital managed services.
- Continuity of operations will increasingly rely on enabling the workforce to work from home amid future potential lockdowns. Events should be planned and rehearsed through wide-scale, real-world simulations, and refined.
- Re-imagine resourcing models, eg. reliance on less physical space, increased automation and cognitive technologies, less human labour.
- Take advantage of a higher number of speciality partnering deals as new offerings evolve thereby reducing reliance on large, longer term deals.
- Ensure flexibility in the service delivery model contemplating a range of BCP and DR scenarios.
- Location strategy should be continually refreshed and adapted based on evolving country, geo-political and economic risk landscape.
- Third party supplier risk and strategy to be monitored closely due to potential supplier consolidation.
- Investigate new third parties required to support future automation.

Service Delivery Model



Operational Crisis Management



People



Supply Chain



Technology & Data



Premises & Property



Cyber & Fraud Risk



Governance, Risk and Control



Operational Crisis Management

KPMG Contacts

Mark Tims

mtims@kpmg.com.au

Karen Parkes

kparkes@kpmg.com.au

Challenges & Concerns

- Work through future scenarios and make sure we can anticipate the implications.
- Identify key customers and products, and likely changes to demand.
- Determine the minimum viable business model, its structure and financial viability.
- Identify resourcing approach, and how to flex staff from non-core to critical business functions.
- Consider which parts of the business need to be temporarily closed for the business to survive and whether there are any work arounds.
- Consider how to communicate decisions and underlying reasons to shareholders, financiers, regulators and staff.
- Identify and minimise reputational damage and financial losses.

Industry Insights

- Discipline is needed to operate a 'gold' and 'silver' crisis management model – keep the 'gold' team focussed on strategic and longer term issues – empower 'silver' team to manage day-to-day, and trust people.
- Focus on what the core of your business really is and how to protect it – be ready to flex resources, financial and human, to do this.
- Get consistent communications out – internal and external. People need a trusted and definitive source of advice in times of uncertainty.
- Ensure everyone is working from a single source of truth. It is easy to lose track of the actions being taken, and the decisions being made in a fast-changing crisis.
- Beware of suppliers failing as liquidity pressures mount and movement restrictions bite.
- Expect that you will burn people out, watch for it, designate deputies and try to persuade people not to be superheroes – it is not sustainable for the long term.
- Ensure feedback and continuous improvement mechanisms are in place. You may find yourself working through similar issues on a repeated basis, as the crisis unfolds.

Service Delivery Model ● ●

Operational Crisis Management ● ●

People ● ●

Supply Chain ● ●

Technology & Data ● ●

Premises & Property ● ●

Cyber & Fraud Risk ● ●

Governance, Risk and Control ● ●

Reaction

- Review key risks, quantify the impact and model the flow on effect on near term working capital and liquidity, and prioritise contingency planning.
- Establish the relevant facts, identifying the relevant internal and external sources of information.
- Create a governance structure to allow senior executives and the board to maintain a strategic and cross-functional approach to crisis management – for an extended time. Consider how you would handle a second concurrent incident such as a cyber-attack during the pandemic period. Agree how crisis management teams will communicate across the organisation.
- Identify your minimum viable business model, determining core processes, vulnerable customer groups, product and supplier.
- Consider second and third degree impacts of decisions (eg. potential for litigation, regulatory breaches) and compound risks. Consider your existing risk matrix, does the pandemic increase any of your risks or their impact?
- Determine who your key staff are, who their deputies are and how they are supported.
- Create communications protocols to communicate with customers, suppliers, media, employees and regulators.
- Determine the spokesperson and key decision maker for the organisation's response during the crisis.
- Build channels for your employees and customers to raise concerns and use social media as a communications channel.

- Establish an interim control set across critical business functions starting with people, crisis and incident management protocols, expand into cyber risks, and then focus on establishing the same for extenuating circumstances across finance, supply chain, IT and other operational areas.
- Evaluate regulatory requirements (eg. continuous disclosure) and engage with regulators early.

Resilience

- Keep communicating information, decisions and actions to the key stakeholders and agree what communications and updates will be provided to regulatory bodies.
- Create situational reports of what has happened, what is happening and what might happen.
- Consider customer attraction and retention strategies.
- Develop rosters for core members of the crisis management team to handover to deputies.
- Analyse how suppliers and third-party providers such as call centre providers, cloud providers and facilities managers are delivering their service and whether alternate suppliers need to be found.
- Log key decisions and actions, monitor status of information sent to key stakeholders and their responses.
- Continually review status of employee's morale.
- Monitor social media messaging by internal and external stakeholders.
- Identify any damage to third parties and establish a mitigation and remediation framework.

Recovery

- Don't assume the crisis is over.
- Continue developing multi-disciplinary approach as crisis evolves and ensure lessons learned/feedback loops are in place to further enhance your crisis management framework.
- Consider the impact of team members being pulled into tactical issues as time goes on.
- Assess how to maintain staff morale and energy levels throughout the ongoing crisis.
- Continue to engage the regulators and the legal team on regulatory reporting requirements.
- Proactively mitigate third party damages.
- Consider the design and implementation of an enterprise-wide resilience framework, leveraging leading practices from peer organisations and other sectors.
- Manage the transition from crisis to normal business.
- Recognise and embed the best practices you have developed during the crisis.
- Implement the learnings from the crisis and apply these going forward. Modify the tool-kit with what worked to enable a similar response to future crises.

New Reality

- Embrace the technology revolution. If the digital crisis management team has been successful, the technology used should be embraced to support other response activities.
- Confirm the team structures that were required to successfully navigate the crisis and continue them (eg. silver and gold teams). Link all teams supporting your business resilience framework under a single model to facilitate the consistent response.
- Embed crisis management into 'business-as-usual' practice at a whole of organisation scale to ensure that all employees are aware of their role and expectations in disruptions.
- Update risk management frameworks, incorporating other low probability, high impact risks and identify compounding and clustering risks.
- Run new simulations to embed the changes and allow the team to keep on top of new threats, involving various stakeholder groups in the organisation, allowing all staff to be trained and aware of arrangements.
- Increase the frequency and scenario range of crisis management exercises, ensuring crisis management is kept front of mind.
- Implement monitoring toolsets to identify early warning signs and be prepared to mobilise the team at pace should another crisis arise.

[Service Delivery Model](#)[Operational Crisis Management](#)[People](#)[Supply Chain](#)[Technology & Data](#)[Premises & Property](#)[Cyber & Fraud Risk](#)[Governance, Risk and Control](#)

People

KPMG Contacts

Jane Gunn

janegunn@kpmg.com.au

Catia Davim

cdavim@kpmg.com.au

Sally Calder

scalder@kpmg.com.au

Kathy Hilyard

khilyard@kpmg.com.au

Challenges & Concerns

- **Compassion:** First and foremost, organisations need to consider the impact of the crisis on individuals and families. The stress of working from home, cut off from fellow team members, can compromise physical and mental wellbeing.
- **Capability and Capacity:** It's difficult to meet the operational needs of the business and deliver adequate bandwidth and remote-working capabilities when staff absences and availability are unpredictable and demand is shifting, resulting in a need to rebalance teams. Organisations need an effective workforce management capability to optimise resourcing options including flexible working, contingent and managed service provision.
- **Cost:** Many of the changes we are making to the way work is done now will be long lasting and therefore need to be considered strategically as an investment (rather than a kneejerk reaction).
- **Connectivity:** Individuals need to feel connected, engaged and motivated in order to continue working effectively, and this requires digital tools and applications that people know how to use to drive collaboration.
- **Compliance:** Commercial and pragmatic business responses to this crisis situation need to be balanced against the need to ensure all decision making in relation to people is compliant with tax and legal obligations and that directors are aware of their directors' duties.

Industry Insights

- Where appropriate, upskilling and redeploying teams to accommodate variable demand and shifts into new and critical products and services.
- Initially splitting the workforce and assigning duplicate roles so that teams operate on alternative days or at different sites, and moving now to closing physical sites and working from home or considering alternatives where working from home is not an option.
- Encouraging increasingly flexible working and helping individual employees depending on circumstances, for example extending access to private healthcare and reduced working hours for employees with children at home.
- Connect to both customers and staff through greater emphasis on a values-based culture that underpins trust and supports employees as well as protects the reputation culture and purpose.

Service Delivery Model ● ●

Operational Crisis Management ● ●

People ● ●

Supply Chain ● ●

Technology & Data ● ●

Premises & Property ● ●

Cyber & Fraud Risk ● ●

Governance, Risk and Control ● ●

Reaction

- Check in with each individual employee on their personal circumstances through team leaders and managers.
- Deliver leadership broadcast communications using webcasts and other video sharing and interaction channels.
- Proactively drive lines of communications with people via email, intranet, chat rooms, etc. to provide reassurance and manage expectations.
- Identify business-critical roles and ensure coverage is planned.
- Address immediate network and technology issues affecting individuals' ability to work.
- Provide access to HR specialists to answer personal questions.
- Review HR and people policies in response to changing regulation and government guidelines.
- Appoint a crisis committee to support the board in responses and decision making.
- Avoid any short-term 'knee-jerk' decisions in relation to resourcing and costs without thinking through the impact on employee well-being and longer-term protection of jobs.
- Continue to promote a values-based culture underpinned by trust, and lean on company core values in all communications and decisions that impact staff and stakeholders.

Resilience

- Continue to check in with individuals and provide HR specialist support.
- Implement a communication plan providing a regular rhythm of communications with established Q&As and help sites for all employees.
- Implement team focused tools and techniques to improve communication and collaboration.
- Understand where demand has increased or fallen and adjust workload across the workforce where possible or consider alternative options for change.
- Monitor levels of sickness to pre-empt geographical trends and peaks.
- Engage with sources of resource augmentation – contingent workers, SMEs and managed services to understand what can be delivered and associated cost models.
- Consider ongoing impact on employee experience and/or customer experience.
- Consider and manage operational and reputational risk, tax and legal implications of the people challenges raised by the crisis including home working and flexing resourcing.

Recovery

- Follow the global trend from role-based to skills-based organisational design.
- Build internal workforce management capability.
- Invest in home-based working technologies and connectivity.
- Revisit employee experience design based on new normal of employment and work.

New Reality

- A flexible and agile workforce that can be easily shifted across an organisation through workforce management systems that encapsulate all employee data from employment type, to skills and capabilities and talent profile.
- Increased pride in organisation due to bold, just-in-time values-based decision making, increasing engagement and commitment.
- Implement renewed and simplified policies and processes that support agile and flexible working.
- Drive sophisticated collaboration allowing for greater access to global expertise that drives innovation and outcomes.

Supply Chain

KPMG Contacts

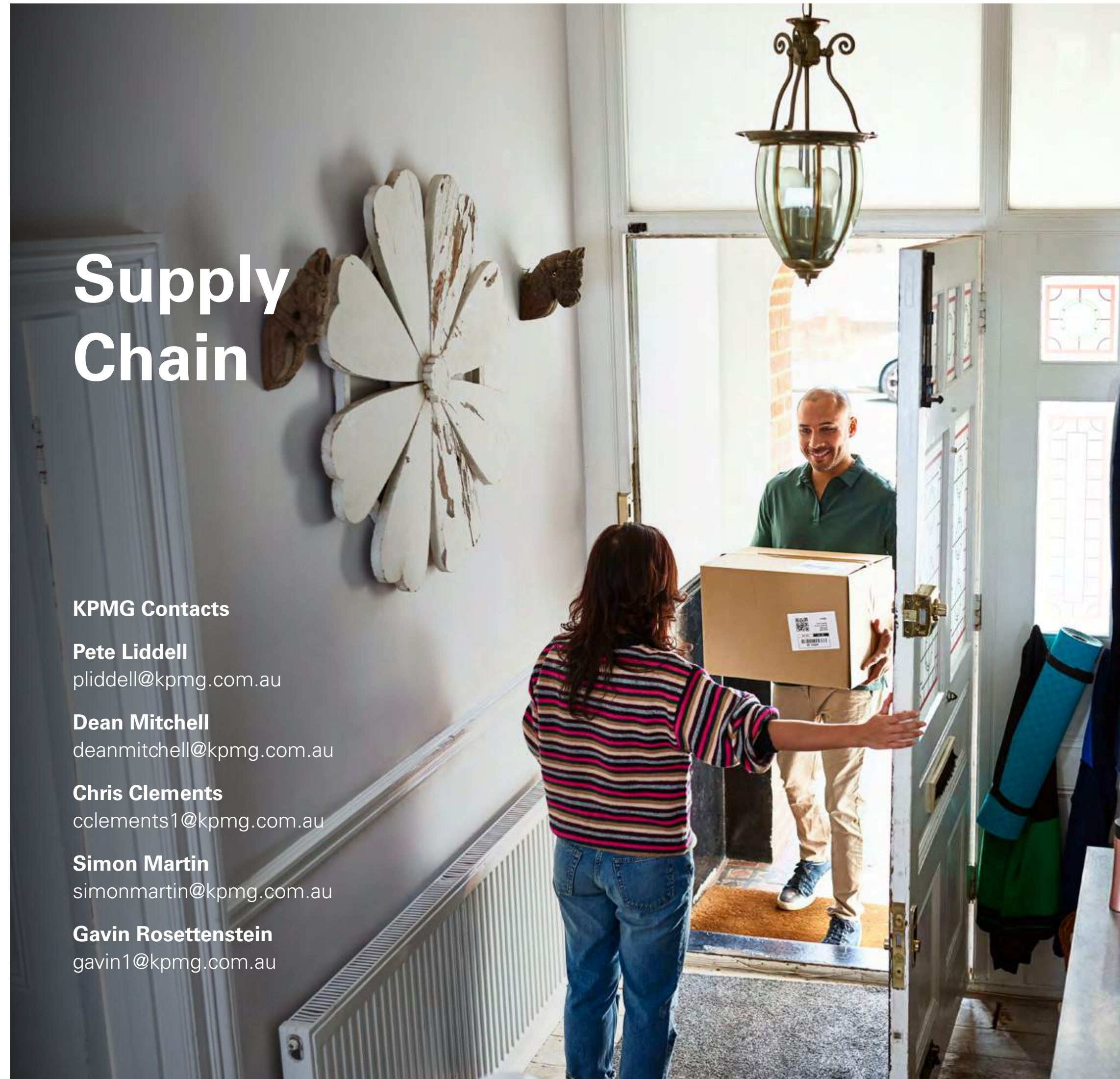
Pete Liddell
pliddell@kpmg.com.au

Dean Mitchell
deanmitchell@kpmg.com.au

Chris Clements
cclements1@kpmg.com.au

Simon Martin
simonmartin@kpmg.com.au

Gavin Rosettenstein
gavin1@kpmg.com.au



Challenges & Concerns

- Lost revenue and poor customer service due to failure of supply – unplanned shortage of inventory and excessive reliance on regional/global supply chains.
- Limited understanding of who supplies the raw material, ingredients or sub-assembly components (2nd to 5th level of supply).
- Limited time and resource to identify and develop contingency supply options, including cost, timings and local manufacturing facilities.
- Limited understanding of how much working capital inventory may be tied up in various supply chain nodes, impacting operations and liquidity.
- Managing high risk contracts with suppliers/service providers.
- Need to use new and untested suppliers in unfamiliar markets with unknown integrity history due to constrained supply.
- Changes to suppliers introduces new ecosystem of logistics providers, freight forwarders etc. that introduce fraud and bribery risk.
- Limited understanding of inventory and asset coverage across the network and associated contingencies.
- Operations staff are stretched with the reduced workforce; back office and fulfilment teams may be deprioritised with subsequent backlogs.
- Challenges to distribution channels and fulfilment capability based on shifts in customer behaviours and buying and receiving patterns.

Industry Insights

- Continuous supplier risk assessments (all critical suppliers not just the top 20 per cent)
- Undertaking end-to-end supply chain and supplier mapping projects (enhancing total value chain visibility).
- A shift towards integrated supplier and customer partnerships.
- Increased scenario modelling through continued sensing and monitoring of risk/disruption and use of predictive analytics.
- Continuous conversations with service providers and suppliers to ensure continuity of supply.
- Many organisations are dependent on suppliers they didn't expect, often those providing niche services.
- Need to revisit supplier risk assessments/business continuity plans to test resilience under new challenges/conditions – do not assume they are the same as pre-COVID-19.
- Check for managed service providers who are encountering security and capacity issues, as well as the impact of global travel restrictions on managed service providers (including call centre operations).
- Embrace Depreciation and Amortisation (D&A) to undertake deep-dive analysis of supply chain failure/choke points – opportunities to learn from the past events and build resilience into future supply chain network models.
- Consider a high level of investment in future-ready capabilities (IoT, RPA/automation, D&A, Procurement and supply chain management (P-SCM), digital assets etc.).
- Need to understand what new suppliers were introduced during crisis and what integrity and beneficial ownership was undertaken.

Service Delivery Model ● ●

Operational Crisis Management ● ●

People ● ●

Supply Chain ● ●

Technology & Data ● ●

Premises & Property ● ●

Cyber & Fraud Risk ● ●

Governance, Risk and Control ● ●

Reaction

- Establish a crisis response team to focus on supply chain assessment and risk management.
- Seek to understand COVID-19 impacts on operating costs, customer orders (demand), cash-flow, inventories, customer orders, supply availability, operations (stores, distribution centres (DC), manufacturing etc.).
- Communicate with critical customers and suppliers and understand their plans to fulfil and prioritise.
- Mobilise additional people as quickly as possible using capacity planning techniques.
- Identify components and raw materials that have the highest impact on revenue streams and allocate scarce capacity wisely.
- Prioritise your demand and the associated impact on supply chain as a result of changes in customer behaviours and buying patterns.
- Communicate and collaborate with sector providers and local businesses.
- Reconfigure global and regional supply chain flows – evaluate air/sea freight alternatives, domestic options.
- Map criticality of sourced materials to high-value products and revenue streams.
- Understand contracts with critical suppliers – liability (such as with supply shortage), contingency, operational continuity clauses, duty cost and other taxation liabilities.
- Aggressively evaluate near-shore options to shorten supply chains.
- Take proactive action to address anticipated shortages.
- Determine business exposure by identifying current and buffer inventory.
- Review taxation impacts on changes to supply chain such as customs duty and GST.

- Focus and prioritise all available people to front line operations
- Integrity due diligence on all new suppliers (bribery, fraud, sanctions and watch lists) and their high risk sub-contractors (eg. logistics, freight forwarders)
- Enhance transaction monitoring of suppliers in high risk jurisdictions or geographies heavily impacted by COVID-19 for both fraud and corruption red flags.

Resilience

- Work with critical customers and suppliers to contractually agree necessary buffer stock, so as to reduce sudden price increases in the face of an event.
- Assess risk factors that may escalate costs and impact service and inventory capabilities.
- Establish integrated business plans to ensure synchronisation across all business functions.
- Build a foundation of trust and transparency that leads to more collaborative relationships with critical suppliers.
- Implement additional fraud and corruption controls for high risk suppliers and constrained markets.
- Develop supply chain fraud controls that operate in a low contact world with a focus on product/service delivery confirmation, product substitution and inflated claims.
- Reassess demand by market, by channel (post COVID-19) and reset planning processes (eg. Sales and operations planning (S&OP)/Integrated Business Planning (IBP)) and supply chain networks to respond to new demand.
- Revise cash flow, working capital management and inventory forecasts alongside new supply and demand predictions.
- Continue to scenario plan and capacity plan operations and adjust flows, assets and resources.

- Engage new and alternative suppliers after assessing their distribution, capacity, cost, service, tax and risk profiles.

Recovery

- Establish connectivity to real-time external data to help raise alerts of potential disruptions and issues early, to proactively manage performance and drive rapid issue resolution.
- Restructure supply chains to be more agile and flexible, including the ability to leverage viable alternatives.
- Move towards flexible contracts and consider near shoring strategies.
- Remove redundant supply chain activities – seek to replace high risk, low value-adding processes with intelligent automation (remove human to human exposure).
- Evaluate micro supply chains that create as much value as close to the customer as possible.
- Implemented IBP using revised demand volumes, new supply chain flows and structures.
- Adopt advanced intelligent demand sensing capabilities to model and predict new consumer behaviour.
- Establish short-, medium- and long-term business plans and determine the need for additional operational capacity or where to exit unnecessary operational assets (DCs, stores, plant).
- Identify activities to be transitioned from external operations to back inhouse and vice-versa.
- Consideration of how new technologies and ways of working impact the future supply chain operating model.

- Planning for safe and effective re-opening of operations.
- Embed fraud and corruption control resilience into business continuity planning, focussing on low contact circumstances and supply chain constraint.

New Reality

- End-to-end supply chain and lifecycle management (enabled by cognitive decision centres or enterprise-wide control towers) to support delivery on the customer experience promise while mitigating risk and delivering tangible value.
- Digitalise critical supply chain activities and tasks to enable fast flow of domestic and cross-border transactions.
- Establish agile and adaptive ecosystems (supply chains) to flex to the changing needs of the environment and customer, supported by trusted ledgers (blockchain) that provide security and safety of product.
- Revise contractual arrangements, relationships, risk assessments and integration with suppliers based on newly established operating models and ways of working.
- Improve transparency into inter-dependences between suppliers, customers and trading partners across the value chain.
- Enhance overall governance and risk management to incorporate the end-to-end supply chain and supplier ecosystem and the associated mechanisms to sense, assess and proactively mitigate all requisite risk domains.
- Improve focus and strategic vision when outsourcing business-critical skills and functions versus near term cost savings.
- Continue to build customer trust in brand by integrated and resilient supplier integrity controls.

Service Delivery Model



Operational Crisis Management



People



Supply Chain

**Technology & Data**

Premises & Property



Cyber & Fraud Risk



Governance, Risk and Control



Technology & Data

KPMG Contacts

Guy Holland
guyholland@kpmg.com.au

Zoe Willis
zoewillis@kpmg.com.au

Kelly Henney
khenney@kpmg.com.au

Challenges & Concerns

- Do the collaboration tools and remote working solutions have enough capacity to cope with exponential demand driven by remote working?
- Can delivery teams adapt to this new operating model and to dynamic changes in delivery priorities?
- Can businesses operate effectively and maintain continuity of operations, recover from large-scale technology failure, meet tactical business needs, and operate from alternative locations while still effectively governing their operations with reduced staff and remote working?
- What is the impact to companies as rapid changes are made with short term tactical solutions and as longer-term technology strategy initiatives are stalled?
- Validation of key suppliers' and partners' continuity planning and evaluation of changes to service agreements and the resulting risk to your business.
- Service channels are overwhelmed with demand from customers whose circumstances have significantly changed, how can you provide support through self service channels while providing contact centre resources with the support they need?
- How can you use data to rapidly drive insights to effectively respond and pivot to constantly changing behaviours (from government, customers and the market) while ensuring this data remains secure and protected?
- Need to understand planned/scheduled maintenance activities and whether these should continue.

Industry Insights

- Frontline IT support staff are often ill-equipped to provide remote troubleshooting expertise, maintain core services and increase technology resiliency.
- Businesses are needing to reprioritise IT resources to support frontline IT services and to increase organisational resilience and maintain core IT services.
- Hardware and workplace supply chains are mobilising to support vendors to ensure remote workers have the tools and support they need for remote working and can manage peak volumes.
- Businesses are refocusing discretionary activity such as projects, to focus resources and investment on supporting the wider business response.
- Proactive contact strategies are becoming front of mind using a variety of digital channels to provide customers with information to reduce the volumes of inbound calls and frustration at long wait times.
- Intelligent voice agents and chatbots are becoming more necessary to effectively manage and triage the increase in calls and customers seeking assistance.

Service Delivery Model ●

Operational Crisis Management ●

People ●

Supply Chain ●

Technology & Data ●

Premises & Property ●

Cyber & Fraud Risk ●

Governance, Risk and Control ●

Reaction

- Enable remote working and equip data centres, help desks and system managers with the capacity to meet revised business needs.
- Review IT governance, risk and control in light of dynamic circumstances and ensure controls work effectively and weaknesses are identified.
- Agree IT priorities with the business for rapid adjustment and flexibility.
- Review and communicate implications for data security.
- Check how suppliers plan to maintain priority service.
- Review backlog of planned changes and reprioritise for resilience, capacity and performance improvements and limit non-critical changes to the IT estate.
- Extend self-service capabilities particularly in password resets, multifactor authentication management, and application provisioning.
- Implement enterprise social collaboration platforms to drive employee engagement.
- Prioritise operational support and contact centre capacity management.
- Test data centre recovery processes, ensure uninterruptible power supply (UPS) systems and generators are serviced, tested and ready for use.
- Review cloud arrangements and other critical third parties together with legal contracts, capacity, scalability and financial viability.

Resilience

- Optimise data centres and cloud platforms to enhance performance and scalability and maximise investment.
- Keep security threats under review to remediate risks.
- Stress test your risk management protocols.
- Monitor additional load on your system and adjust storage requirements.
- Evaluate which customer experiences are most critical on an ongoing basis and prioritise your IT response.
- Evaluate use of robotic process automation techniques.
- Review and adjust spare inventory at data centre to ensure parts are available.
- Develop close collaboration with vendors.
- Enforce agile ways of working to deliver services faster to customers.
- Review IT investment value to ensure business outcomes for resilience and risk mitigation.
- Enhance intelligent automated technologies to drive insights for large data sets.
- Continue to focus on third party dependency monitoring and assurance.
- Evaluate cyber-resilience posture and requirements given increased dependence on technology and remote working.

Recovery

- Apply lessons learned during the pandemic to adjust the IT operating model as business returns to a new normal.
- Review IT risks and control frameworks.
- Review and reprioritise strategic technology investments and accelerate programmes that support ongoing resilience and emerging growth priorities.
- Review cost optimisation plans to focus technology solutions on emerging business priorities.
- Document changes to infrastructure, security and applications.
- Embed disaster recovery playbooks and scenario planning improvements.
- Review and re-prioritise strategic technology investments and accelerate change programmes which actively support resilience.
- Embed data-driven culture to adapt and provide insights into changing customer needs.
- Review sourcing strategy and service performance of third parties and adjust for emerging business priorities.
- Review and strengthen employment agreements. The acceleration of data movement in the new environment coupled with the increased adoption of cloud/BYOD systems will have implications on the risks associated with employee confidentiality obligations.

New Reality

- The materialisation of data risks, including privacy, could increase in this new environment and that requires greater vigilance to protect individuals and appropriate controls to address such risks.
- Companies should be transparent and ensure their current processes provide individuals with information about how and when organisations can use their data during the coronavirus pandemic and how to keep your data safe.
- Companies more than ever should have robust data management frameworks, processes and systems in place where people (customers, employees, etc.) can get access to their information in turbulent times. Individuals must be able to feel that outsourced services are trustworthy.
- Digitise customer interactions by leveraging embedded analytics for personalisation and automation to accelerate fulfilment workflows.
- Automate processes for improved straight through processing with embedded decision support triggers to escalate cases appropriate for manual intervention.
- Scale closed-loop feedback measurement and continuous improvement processes to constantly learn and adapt.

Service Delivery Model ●

Operational Crisis Management ●

People ●

Supply Chain ●

Technology & Data ●

Premises & Property ●

Cyber & Fraud Risk ●

Governance, Risk and Control ●

Premises & Property

KPMG Contacts

Marie Chambers
mechambers@kpmg.com.au

Phillip Ransom
pransom@kpmg.com.au

Challenges & Concerns

- Reducing premises and property costs to help alleviate cash flow pressures.
- Safeguard buildings during periods of low occupancy or sustained lockdown.
- Secure sites and valuable assets against opportunistic crime.
- Manage the safe return to work of employees (leveraging IoT sensors, CCTV, data and analytics capabilities and PPP equipment).
- Consider how to clean and deep clean occupied properties in response to the COVID-19 pandemic.
- Re-configure/re-purpose office space to enable split team working (eg. individuals participating in video conferencing while in office)
- Support ongoing operations with a skeleton staff and providing a safe environment for on-site workers.
- Meet health and safety requirements and protecting company assets.
- Consider that with all the attention focused on COVID-19, other emergency responses and business continuity protocols risk being neglected.
- Maintaining uninterrupted and back-up power supply.

Industry Insights

- Review the service catalogue and identify the services which are critical to resilience, across building types.
- Ensure the capabilities of landlords, internal teams and service providers to monitor and safeguard building infrastructure and facilities.
- Assess and confirm the ability of facilities management providers to continue service provision during the current disruption period.
- Consider increasing security presence during the lockdown period.
- Provide remote monitoring for building management systems for closed sites.
- Ensure remote monitoring and management capabilities for data centres and technology facilities.
- Developing plans for 'mothballing' and 'making safe' unused facilities.
- Review provisions in third party contracts to scale back services and reduce costs.

Service Delivery Model ●

Operational Crisis Management ●

People ●

Supply Chain ●

Technology & Data ●

Premises & Property ●

Cyber & Fraud Risk ●

Governance, Risk and Control ●

Reaction

- Re-negotiate rental agreements for corporate sites including mid-term negotiations to reset rents (in light of regulatory and legislative changes for landlord and tenant).
- Shape the return to work model to reduce pressure on commercial office space when restrictions end.
- Repurpose property to meet immediate needs such as increased call centre capacity and requirement for collaboration zones and videoconferencing.
- Where sites are still occupied, put in place robust plans for regular deep cleaning in all public areas.
- Ensure sufficient supplies and equipment to maintain health and safety for all staff and visitors to the building.
- Organise additional cover to maintain building security during periods of low occupancy or lockdown, and consider whether any planned maintenance should be halted or delayed.
- Ensure that building management systems can be monitored remotely.
- Test and assure remote monitoring and management capability for all technology centres.
- Check your insurance cover to minimise disruption in the event of loss or damage to an asset.

Resilience

- Focus on maintaining the condition of your assets and equipment during what might well be extended downtime.
- Maintain regular checks and testing of controls.
- Identify a back-up facilities manager to maintain your properties given the economic uncertainty.
- Shift volume to digital channels – online or contact centre.
- On-shore/re-shore critical functions from disrupted countries into B-locations.
- Sub-let redundant assets to free up capital.
- Consider sub-leasing options.

Recovery

- Where assets are reaching or have reached the end of their asset life, plan for replacement or renewal.
- Shift from 'A locations' to blend of 'A' and 'B' locations closer to where people live.
- Ensure optionality for staff.
- Re-purpose A grade/CBD locations to suit future of work requirements.
- Implement hub and spoke models to emphasise flagships while repurposing smaller, less used office space in close proximity to employees.
- Less appetite for long term lease sqm based contracts.
- Technology upgrade to workspaces to accommodate interactive and digital meetings.
- Increase data centre capacity due to expected growth in digital/working from home.

New Reality

- Expand real estate purpose beyond transactional services – creating community and experience/innovation hubs (eg. café, money coaches and co-working spaces).
- Explore new types of contracts, for example based on square meters used per month.
- Shift to subscription based models for office real estate across a range of locations.
- Reduction in CBD and urban floor space requirements.
- Intelligent asset management as the 'norm' for buildings.
- Digital Twins to optimise future of work.
- Property-related technology and data and analytics tools to track/enhance the new ways of working.
- Paradigm shift in office real estate from a work health and safety perspective.
- Innovative lease strategy to execution.
- Large employers taking advantage of gain-share models with local government/property developers.

Cyber & Fraud Risk

KPMG Contacts

Kathy Robins
krobins@kpmg.com.au

Martin Dougall
mwdougall@kpmg.com.au

Natalie Faulkner
nfaulkner1@kpmg.com.au

Gordon Archibald
garchibald@kpmg.com.au

Challenges & Concerns

- Dealing with COVID-19 themed fraud and cyber threats.
- Fraud, bribery, corruption and money laundering risks all significantly elevated.
- Increased opportunities for fraud given weaker control environment with remote working, redundancies and diversion of attention on business critical activities.
- Increased incentives for fraud given financial anxiety, pressure, hardship, greed and/or reduction in loyalty to organisations or rationalisation of entitlement.
- Increased phishing attacks, business email compromise and cyber-attacks that take advantage of the demand for information around COVID-19 and remote working.
- Some fraud controls are being relaxed, or not operating effectively in a remote working environment. This is compromising segregation of duties and monitoring controls in particular, given many are experiencing financial hardship, in turn promotes a climate ripe for increased fraud.
- IT security compromised with budgets constrained and remote ways of working.
- Fraud modes tailored to exploit those goods, services and information with high demand and low supply in the current climate.
- Financial and operational pressure increases the risk of accounting manipulation or financial misstatement as businesses seek to inflate or enhance their performance.
- As businesses quickly flex their operations they may not have time to complete their usual integrity checks and may be exposed to supply chain fraud and misconduct.

Industry Insights

- Organised crime has responded rapidly to the crisis by orchestrating large scale campaigns to defraud, scam and cyber attack customers and businesses.
- Organised crime is becoming more sophisticated, for example compromising business systems, intercepting and updating supplier invoices.
- Organisations are rolling out new remote working and cloud infrastructure at pace, and being forced to implement new ad hoc security models and approaches to secure that infrastructure.
- Businesses are implementing greater controls on email security and web browsing to deal with the growing cyber and fraud threats.
- OGC and CFO's are worried about robustness of financial controls to prevent, detect and respond to incidents of fraud, bribery and corruption.
- CIOs and CISOs are worried about the security and viability of third party providers as they come under pressure.
- Urgent need for training and advice to employees on how to work securely from home.

Service Delivery Model ●

Operational Crisis Management ●

People ●

Supply Chain ●

Technology & Data ●

Premises & Property ●

Cyber & Fraud Risk ●

Governance, Risk and Control ●

Reaction

- Revisit enterprise wide fraud, bribery, corruption and money laundering risk assessments and transaction monitoring controls to ensure they are fit-for-purpose in a COVID-19 working environment.
- Deploy targeted forensic analytics and intelligence gathering routines to identify potentially suspicious transactions on a real-time basis.
- Embed remote working security controls to deal with COVID-19 themed threats, including education of employees and customers.
- Ensure preparedness to deal with a ransomware incident if one occurs, including testing backup and recovery procedures.
- Act to secure cloud and other ad-hoc collaboration environments, including driving use of two factor authentication.
- Review dependencies on third party providers and seek assurances on security controls.
- Ensure security operations teams are able to work remotely.
- Undertake rapid due diligence on new suppliers where changes are made to the supply chain.
- Run exception reports and targeted fraud analytics to identify irregular behaviours.

Resilience

- Enhance target operating models to ensure robust fraud, bribery, corruption and money laundering risk management.
- Deploy targeted forensic analytics and intelligence gathering routines to identify potentially suspicious transactions on a real-time basis.
- Create and run online workshops in relation to fraud and cyber awareness.
- Enhance transaction monitoring for new fraud, scam and cyber-attack typologies.
- Identify irregular behaviours, perform regular reconciliations to identify suspicious payments.
- Run reports of amendments to master data, particularly focusing on bank account changes, payroll data changes, supplier/employee contact information.
- Manage the implications of IT supplier failures on business.
- Maintain crisis management and incident management activities.
- Enhance and develop business continuity management protocols.
- Test the robustness of cyber resilience, including responses to phishing, ransomware, etc.
- Optimise your security controls and reduce cost of ownership.

Recovery

- Test effectiveness of fraud, bribery, corruption and money laundering risk procedures and controls.
- Deploy targeted forensic analytics and intelligence gathering routines to identify potentially suspicious transactions on a real-time basis.
- Deploy, publicise and providing training in an effective whistleblower service and protection and compliance policies (eg. conflicts of interest, procurement, gifts, etc.).
- Augment cyber resiliency programs and fraud risk management framework.
- Migrate to a security operating model that allows for greater use of automation.
- Bolster cloud and cyber resilience.
- Consider cyber security as part of a post-pandemic acquisition and restructuring strategy.
- Review security protocols around remote access to ensure multi-level authentication is enabled for all users.
- Test the operation and design of controls to mitigate new COVID-19 related risks.

New Reality

- Opportunities, incentives and rationalisation to perpetrate fraud, bribery, corruption, money laundering and cybercrime will exist for some time.
- Demand for information and goods in short supply, coupled with anxiety and new ways of working is being exploited by organised crime.
- Hardship in employee households increases the motivation and rationalisation for them to commit fraud against their employer.
- Banks and businesses need to respond by enhancing and augmenting their fraud, scam and cybercrime risk frameworks and detection systems to mitigate these risks.
- Detection sooner is vital to reduce the damage caused and funds taken.
- Where instances occur, it is important to investigate the extent and root cause to enable recovery of funds and mitigation of the risk of recurrence going forward.

Governance, Risk and Control

KPMG Contacts

Jacinta Munro
jacintamunro@kpmg.com.au

Rob Warren
robertwarren@kpmg.com.au



Challenges & Concerns

- Re-establishing post-crisis governance models and capabilities while balancing the right responses for the short, medium and long-term.
- Complex planning needed to run controls across several environments – core, recovery site and remote working to accommodate a phased return to work plan.
- Assessing challenges brought about by any change in controls (in the event of a second wave of COVID-19).
- Increased pressure on directors due to intense public scrutiny and focus on an organisation’s actions during the crisis.
- Identifying, evaluating and recording failures in controls and compliance to determine appropriate responses. Wrong decisions could have significant impact.
- Reconstructing processes, controls and systems to reflect the ‘new normal’ and lessons learnt during the crisis.
- Inability to understand and manage the transitional risks that are evolving at pace, and in an extremely uncertain environment.
- Determining the right compliance oversight and assurance response in an uncertain and fast-evolving risk landscape.

Industry Insights

- Some audit committee chairs are meeting the management to personally understand the current control environment and overall employee readiness to return to work.
- Large internal audit functions are re-focussing plans on critical risks and increasing use of technology to deliver audits remotely and reduce the audit burden.
- Some oversight functions are supplying risk, compliance and controls experts to support return to work initiatives, while others are planning on reviewing the outcomes of similar processes.
- Large oversight functions have begun to implement ‘lessons learnt’ reviews of their operations during the crisis.
- Increased use of technology and new ways of working (including remote auditing) are being adapted by remote workers.
- CIOs and CISOs are starting to re-evaluate the security and viability of managed service providers under budgetary pressure.

Service Delivery Model ●

Operational Crisis Management ●

People ●

Supply Chain ●

Technology & Data ●

Premises & Property ●

Cyber & Fraud Risk ●

Governance, Risk and Control ●

Reaction

- Define and prioritise the critical controls needed to reduce fraud, compliance, and performance and reporting risks.
- Confirm that these critical controls are in place, and implement them as needed.
- Establish an assurance framework to monitor critical controls and ensure that they are operating effectively.
- Identify resources responsible for monitoring critical fraud, regulatory compliance, and performance and reporting controls.
- If it is not possible to undertake the actions mentioned above, perform regular transactional testing of key fraud, regulatory and financial reporting areas.

Resilience

- Inform regulators about any significant challenges, stress situation or non-compliance instances.
- Ensure that all key decisions are appropriately documented in the company minutes.
- Create back-up plans to account for the absence of key resources responsible for monitoring critical controls.

Recovery

- Adopt a dynamic risk assessment approach to understand the velocity of risks and their influence on each other.
- Review and adjust the frequency of governance meetings (board meetings, etc.).
- Identify temporary/agile governance arrangements which proved to be effective in the crisis and can be transitioned to business as usual.
- Review evidencing and record keeping arrangements to ensure that they are resilient.
- Communicate with regulators on plans and update them on any challenges.
- Identify areas that require focus when returning to work (like cash forecasting, management and program assurance).
- Perform a controls health-check of these areas to assess whether they're still operating as they should, or being significantly disrupted.
- Identify vulnerabilities and develop viable solutions for activities which were severely disrupted.

New Reality

- Undertake a review of your governance, risk, compliance and assurance strategies considering changed organisational strategies and emerging risks.
- Review existing library of regulatory requirements, risks and scenarios and updated threshold conditions to consider 'improbable scenarios' (modelling risk of negative oil prices, negative interest rates, geopolitics etc.).
- Undertake dynamic risk assessments to understand the impact of the network of these risks, and develop appropriate responses.
- Start a program to optimise key controls focusing on quick wins, automation, improved effectiveness and cost reduction.
- Ultimately, aim to understand the new risk backdrop; assess whether internal controls are suited to it; make the right adjustments and monitor the situation as it evolves.

Markets, Products
& Services



Customer Experience
& Behaviours



Brand
Resilience



Commercial Resilience



Markets, Products
& Services



Customer Experience
& Behaviours



Brand
Resilience



Markets, Products & Services

KPMG Contact

Hessel Verbeek

hverbeek@kpmg.com.au

Vanessa Wolfe-Coote

vwolfecoote@kpmg.com.au

Challenges & Concerns

- The forced closure of stores, branches, practices and physical self-isolation has dramatically, and rapidly, altered the pattern of customer demand and impacted the flow of products and services – affecting value and supply chains.
- New regulations and policies may disrupt market access, demand and distribution.
- Demand is changing materially, with many products and services seeing dramatic falls while others are experiencing rapid growth.
- Demand for substitute products and services and new products and services aimed at helping customers will grow. Businesses could be forced to pivot their focus.
- Substantive changes in the workforce, with many facing full or partial loss of earnings, is creating increased pressure on pricing and scrutiny of value in many categories

Industry Insights

- Products and services are being rationalised, simplified and/or enhanced to best meet changing demand.
- In distribution we are seeing an accelerated shift to direct and digital, which is likely to remain a permanent fixture.
- Some products, notably in financial services, are expanding as customer finances begin to feel the strain and government intervenes to support individuals and the economy.
- Capabilities are being shifted to boost capacity in areas of high demand and meet new opportunities with heavy recruitment in fulfilment operations.
- Cooperation and collaboration between businesses is on the rise, with the aim of sharing capabilities, supply chains and distribution networks.



Reaction

- Assess and monitor daily how health, economic and regulatory conditions is impacting customer demand, supply chains and distribution.
- Analyse and monitor changes in market, product, service and customer segment demand and behaviours.
- Review commercial arrangements, for example pricing, sales and service requirements and consider evolving economic regulatory and customer conditions.
- Decide which activities to stop, start and continue – and assess how resources and capabilities can be reallocated.
- Establish information, communication and decision lines through the business to ensure actions are coordinated and agile.
- Identify and assess responses to any increased costs and risks.
- Assess how broader industry or adjacent sector partnerships could match surplus supply with demand.

Resilience

- Establish clear channels of communication, governance and control processes to monitor and assess evolving changes in government restrictions, regulations, customer demand and behaviour.
- Identify where new demand is emerging and how existing resources and capabilities could be transferred to these areas while also considering the impacts on current business operations.
- Identify and assess opportunities for collaboration and partnerships, in order to share resources and capabilities while providing guidance and clear responsibilities.
- Proactively engage with customers to build relationships that sustain demand when recovery starts.

Recovery

- Review the product and service portfolio – assess the implications of sustained demand disruption across markets, customer segments, products and services.
- Assess the implications of material shifts in resource and capabilities according to new priorities, and the impact on core processes, governance and control.
- Give thought to post-crisis commercial arrangements including sale, distribution and marketing strategies reflecting changes in customer demand and behaviours.
- Revisit assumptions about customer relationships under the new paradigm.

New Reality

- Develop a mix of ‘refuse to return’ and ‘new normal’ strategies that are resilient to market changes, and take advantage of new growth opportunities.
- Consider optimal distribution footprints going forward, as customer preferences and behaviours shift from physical to direct.
- Simplify product portfolios to reflect current customer needs and introduce end-to-end digital business and operating models.
- Develop new value propositions that address unmet customer needs and open up new revenue streams.
- Grow partnerships that drive ecosystem-wide, mutual value.

Markets, Products
& Services

Customer Experience
& Behaviours

Brand
Resilience

Customer Experience & Behaviours

KPMG Contact

Carmen Bekker

cbekker@kpmg.com.au

Challenges & Concerns

- Increase in vulnerable customers.
- New expectations from consumers and citizens continue to emerge and evolve.
- For industries where trust has eroded with customers this has created an opportunity to re-build trust.
- Increasing fears over fraudulent activity, customers expect companies to employ preventative measures and extra precautions in this environment to protect them.

Industry Insights

- Increased importance of complaint resolution in customer experience outcomes.
- Businesses are rapidly changing operating procedures to reflect new customer behaviours.
- Adopting a 'back to basics' approach on experience, prioritising empathy and issue resolution. For example, offering limited hours for vulnerable customers to maintain services through physical channels.
- Firms are redesigning journeys to incorporate new digital and fulfilment capabilities. Inexpensive, online platforms, have recently experienced an uptake in new customer applications.
- Firms are equipping and enabling employees to ensure they are able to navigate the new normal.

Markets, Products
& Services



Customer Experience
& Behaviours



Brand
Resilience



Reaction

- Identify and segment customers in response to immediate changes in demand and buying behaviours.
- Build cross-functionality to ensure all aspects of the customer's experience is covered.
- Include employees and front line staff in the planning so they can be rapidly equipped to provide the latest information to customers and respond flexibly as required.
- Ensure employee experience is treated with the same priority as the customer experience.
- Prioritise vulnerable customers, serving them is more important than ever.
- Proactively engage the infrequent users of technology with easy tutorials and offer contactless service alternatives.

Resilience

- Review customer journeys for crisis resilience – identify and resolve opportunities to automate and reduce costs. Make immediate changes to reflect new channel behaviours and needs.
- Mine behavioural, social and sentiment insights and establish leadership level reporting to fine-tune action.
- Potentially pause initiatives that consume resources, deploy them to meet immediate customer needs.
- Develop new digital marketing and communication platforms to engage customers directly and respond to their needs through personalised interactions at scale.
- Initiate agile innovation teams to respond creatively to medium-term changes in customer needs to find new ways of solving emerging customer problems.
- Act swiftly and proactively with unique propositions in response to the changing customer expectations and needs. They will not only provide immediate crisis support, but also work collaboratively to help customers' position for recovery.

Recovery

- Determine the new role for your brand as recovery sets in, re-setting all brand elements and customer strategies to ensure long-term growth in a new environment.
- Review channel strategies and develop solutions to enable the business to adjust to new processes, IT capabilities, supporting resources, and governance across the business.
- Assess the potential impact of short-term disruption on longer-term patterns in customer demand.
- Re-engineer customer journeys, processes and revenue streams to meet altered needs.
- Establish robust market intelligence to monitor further changes in customer demand and behaviours and to ensure visibility and control.

New Reality

- Frequent users of technology will expect to be able to do it all online, with some switching permanently to institutions with a better digital offerings where the barriers to do so are low.
- Many customers are currently forced onto online channels, self-service and other low-touch digital services. However, for those experiencing increasing hardship, they are shifting channel preferences to higher touch channels such as virtual one-on-one appointments and hotlines.
- Deepen customer relationships by expanding into new channels that meet customers where they are.
- Align investment in CX tech to your strategy for optimising the customer lifecycle (whether acquisition, retention, or referral).

Markets, Products
& Services



Customer Experience
& Behaviours



Brand
Resilience



Brand Resilience

KPMG Contact

Amanda Hicks
ahicks@kpmg.com.au

Carmen Bekker
cbekker@kpmg.com.au

Challenges & Concerns

- Customers have huge expectations of brands during a crisis. Many perceive that brands, in general, are responding to the pandemic faster than their government is.
- Brands must proactively engage with customers but should not be seen as taking advantage of the pandemic.
- Brand reputations are being built on COVID-19 response.
- There are more vulnerable customers and many will turn to brands for support, information and guidance. However, many brands are going to market with similar messaging – ‘we are here to help you’ – any sense of brand differentiation is being eroded.
- Brands are shifting their focus to communicating brand purpose. Those that have this well-established will stand to gain throughout the COVID-19 crisis.

Industry Insights

- Many brands have pivoted marketing campaigns to address the empathy customers are demanding.
- Brands are supporting customers in any way they can, even if it is costing money.
- Some institutions are establishing and contributing to philanthropic funds to support local businesses and communities to supplement government assistance and further support customers.
- Consumers are reacting to the way brands are responding to the crisis.

Markets, Products
& Services ●

Customer Experience
& Behaviours ●

Brand
Resilience ●

Reaction

- Recognise the magnitude of the crisis and the impact it is having on people's lives.
- Pivot communications to recognise the reality of the customer's life.
- Be a source of truth for your customers and educate them by leveraging your brand authority and media presence.
- Protect the brand to ensure it serves as a long term asset through the crisis.
- Ensure rapid customer care and response in all channels. Retool customer communications to ensure the brand is protected and customer value is demonstrated.
- Investigate the Six Pillars of Customer Experience Excellence as a guide for ensuring the right elements of brand are covered and appropriate behaviours are in place.
- Focus all brand activities on offering genuine solutions rather than 'selling' products.

Resilience

- While empathy is important, resist the urge to lose your differentiation by delivering generic 'we are in this together' or 'we are here to help you' communications.
- Limit communications to key moments that matter rather than contributing to the noise.
- Consider up-weighting spend in areas of genuine competitive strength to leverage ESOV (excess share of voice) opportunities.
- Brand presence and authenticity is critical to survival and success for B2C business – focusing on the long term will pay dividends.
- Obtain real time customer sentiment pulses to enable appropriate measures and decision making.
- Offer customers more assistance than the government is mandating to build and retain trust.
- Employ brand maintenance tactics to ensure trust, preference and affinity is enhanced.

Recovery

- Revisit, reiterate and rearticulate your brand purpose to ensure customers understand why they are your customers.
- Re-evaluate core brand strengths and focus recovery communications on these areas to push ahead of your competitive set.
- Ensure that employee value proposition (EVP) and customer value proposition (CVP) are well aligned post crisis to maximise effectiveness of communications (internal and external).
- Focus new communications on areas to leverage genuine ESOV opportunities.
- Give physical touch points in the business emotional meaning. Build location-based brand affinity – leveraging the return to local movement.
- Resist from returning to premium pricing to prevent erosion of brand authenticity and retain consumer trust.
- Carefully plan pandemic exit strategy to minimise impact on customers when COVID-19 related financial assistance initiatives are gradually lifted.
- Consider investing in mar-tech and ensuring your tech stack is fit for purpose and fit for future.

New Reality

- Focus on the three core drivers of trust to guard against customer backlash – ability, humanity and integrity.
- Brand reputation in the medium to long term will depend on a brand's crisis response – ensure measurement is longitudinal in nature.
- Embrace the new expectations from customers and citizens as they are evolving rapidly has circumstances change – adjusting GTM plans to both build brand and reinforce products.
- Understand and appreciate the shift in the definition of luxury, most consumers will be more financially conservative and will consider more 'ordinary' items and services as luxury.
- Re-evaluate the brand blueprint and consider reframing values to reflect customer sentiment.
- Customer experience is brand experience brought to life – focus on experience, the role of customers as stakeholders and a change in values – across each step of the marketing and brand building process.

Corporate and Social Responsibility ● ●

Health System Sustainability ● ●

Economic Transition ● ●

Skills & Learning ● ●

Infrastructure ● ●

Cities ● ●

Safety & Security ● ●

Community Resilience



Corporate and Social Responsibility

KPMG Contacts

Catherine Hunter
cjhunter@kpmg.com.au

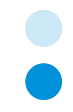
Richard Boele
rboele@kpmg.com.au

Challenges & Concerns

- Indigenous communities due to age, health and access to health services.
- Decreased ability for NFPs to fundraise to sustain funding (fundraising dinners etc.).
- NFPs less able to swiftly transition to digital options (due to cost).
- Inability to facilitate vital volunteer engagement due to social distancing guidelines.
- Where volunteering is allowed, there is a reduction in the number of volunteers due to older volunteers requiring to 'cocoon'. For example 60 per cent of Meals on Wheels volunteers are over the age of 65.
- A major change in the scale and types of vulnerable stakeholders – in the workplace and in the community.
- In the workplace, those who already had precarious labour rights are facing even worse conditions or unemployment. Access to social protections – already low for many – are further reduced with tangible impacts on access to food, shelter, protection from harm.
- In the community, many residents are experiencing '24/7 neighbourhoods' for the first time, as they choose to or are compelled to work at home because carer needs.
- That 24/7 experience is changing the social impact environment, particularly in the property, construction and infrastructure sectors. Local residents are now significantly more sensitive to negative impacts from infrastructure projects – eg. noise, dust, vibration, traffic.
- Public and private sector understanding of neighbourhoods and suburbs is now transformed – by the change in work patterns, and by escalation in unemployment or reduced wages for those working.

Industry Insights

- Swift move to webinars as a way to increase engagement with supporters.
- Increased enquiries on domestic and family violence.
- Increased demand on mental health services (Lifeline is receiving an extra 1,000 calls per day).
- Some positive impacts on climate change – reduced emissions due to flights restrictions/manufacturing, regeneration of wildlife/biodiversity due to reduced human traffic, less pollution.
- Negative impacts on climate change including increased reliance on single use plastic due to hygiene concerns (eg. disposable coffee cups/plastic cutlery).
- In some cases companies are putting demands on their supply chains that have the potential to create significant human rights risks, particularly through reduced labour rights and access to social protections. We expect to see increases in human rights impacts, and reputational risks, from toxic buying practices.
- In industries with a tangible footprint in residential suburbs, complaints about construction and traffic noise are increasing due to the significant increase in those working from home.
- Government agencies are coming under pressure to fast-track recovery projects, without a full understanding of the societal impacts – both how positive impacts can be enhanced, and negative impacts mitigated.



Reaction

- Begin by supporting your most immediate community – your employees. What support do they need?
- Identify how your core business can support efforts (such as transport, logistics, digital hardware/software).
- Support NFPs to develop/launch essential digital services.
- Provide relevant professional skills where appropriate through pro bono support.
- Provide funding where possible, to enable NFPs to deliver services.
- Provide opportunities for NFPs to share their message and increase support channels.
- Share best practice for COVID-19 response (eg. Business Continuity Plans).
- Put people – employees, community members, stakeholders – at the centre of your risk considerations.
- Understand who was already vulnerable, and who is newly vulnerable in the communities where your organisation is operating.
- In the workplace – ensure that there are open lines of communication between frontline workers and those in the organisation charged with responding to COVID-19. Put mechanisms in place to engage with vulnerable workers.
- In the community – check or establish lines of communication between the public and the organisation. Closely monitor complaint reporting mechanisms, or establish one.

Resilience

- Have a clear strategy around how you will support the community during these uncertain times.
- Be a sounding board for ideas.
- Increase tangible support as its appropriate – eg. mobilise volunteers once social distancing guidelines have eased.
- Understand where vulnerability occurs throughout the supply chain to the business – not just in the immediate workforce.
- Commission social baseline studies to understand the communities in which you are operating, and how they are changing. What is the medium term impact of changes in employment, incomes and asset values on the types and levels of vulnerability in communities.
- Assess the physical footprint of your operation and how its intersection with the community has now changed. Identify points where that footprint puts people at risk.
- Be prepared to redesign projects that are in progress to address those risks. Construction sites intruding into public thoroughfares may make social distancing impossible. Temporary dust or emission impacts may now be perceived differently by those with underlying respiratory conditions.

Recovery

- Ensure NFP business continuity plans (BCPs) are up to date.
- Have alternative channels available for supporting your stakeholders beyond face-to-face initiatives.
- Identify opportunities for changing operations and projects to deliver positive social impacts that are now in high demand – active transport pathways, better open spaces and community amenities.
- Use the need to fast-track ‘shovel ready’ projects to drive improvements in environment, social and governance (ESG) performance. Apply positive selection criteria to projects which have proactively identified social and human rights impacts, and have mitigation and management plans in place.
- Understand how to build social and human rights capability at all levels of the organisation. Maximising positive social impacts and mitigating negative ones, requires new skills at the frontline, and new systems, especially in procurement.

New Reality

- Increase use of digital options to provide services.
- Online student mentoring programs.
- Virtual secondments to communities and/or organisations.
- Online mental health supports.
- New approach to working with children checks (and other safety certificates) to enable people to support vulnerable communities online.
- Increase corporate engagement in supporting their own employees through aligned community activities (eg. domestic violence support/mental health support etc.).
- Non-financial risks are now financial risks. As companies change, demand more from, or even remove parts of their supply chain, human rights risks will ricochet upwards and outwards.
- The blurring of commercial, industrial, residential and recreational purposes/activities in suburbs, towns and cities will require organisations to have a much more sophisticated understanding of who and what constitutes a ‘community’.
- It will also require new approaches to development planning, as well as state significant projects.

Corporate and Social Responsibility ●

Health System Sustainability ●

Economic Transition ●

Skills & Learning ●

Infrastructure ●

Cities ●

Safety & Security ●

Health System Sustainability

KPMG Contacts

Kerry McGough
kmcgough1@kpmg.com.au

Challenges & Concerns

- Impact of high stress work, personal caring commitments and isolation requirements on the health and wellbeing of practitioners.
- Access to appropriate supply of personal protective equipment (PPE) to support clinical and personal safety and other personal supplies such as hand sanitiser.
- Reduced and controlled operational expenditure including the pause of non-essential services.
- Maintenance of core hospital operations while isolating COVID-19 patients and engagement with high risk cohorts.
- Tension between acceleration of virtual service delivery and clinical outcomes and the ability of vulnerable citizens to access virtual services.
- Government support packages have evolved at pace, but concerns remain over eligibility, accessibility and speed of delivery.
- Diversion of resources from less urgent care to critical care and public health.
- Increase in stress/anxiety for people impacted by ill mental health.

Industry Insights

- Services are mobilising staff and resources in preparation for worst case scenarios and recovery planning.
- Hospitals are expanding emergency and ICU capacity and increasing general hospital capacity.
- To maintain private health system viability, funds are being used in a flexible manner so that public health patients can be treated at private facilities.
- Health agencies are transforming approaches to procurement and logistic functions.
- Fiscal pressures will renew focus on service commissioning, leaner operating models and sustainable service management.
- Resource scarcity, expectations and fiscal pressures for public payers will necessitate new approaches to system architecture, payments and performance.
- COVID-19 delivered proof of the benefit of data-driven decision making and fast-moving data.

Corporate and Social Responsibility ● ●

Health System Sustainability ● ●

Economic Transition ● ●

Skills & Learning ● ●

Infrastructure ● ●

Cities ● ●

Safety & Security ● ●

Reaction

- Develop strategies to address the back log of suspended elective surgeries including use of public and private capacity.
- Ensure private sector capacity is correctly allocated and recovered.
- Capacity and access planning for expected rise in non-COVID-19 presentations due to delayed care for chronic and other emergency conditions.
- Identify, assess and prioritise community groups who continue to be most at risk such as the elderly and people with co-morbidities and plan for care provision and support should further outbreaks occur.
- Review strategies for mental health and workplace culture including OHS and considerations of safety and behaviours.
- Review impacts on quality of care and outcomes for both COVID-19 and non-COVID-19 cases.
- Review service delivery infection control policies to take of key learnings into account and embed prevention strategies.
- Increase focus on public health measures and contact tracing capabilities (including digital enablement).

Resilience

- Evaluate and review plans for pandemics with a strong focus on lessons learnt and executed strategies.
- Review and prioritise infrastructure investment across the health system with an increased focus on shifting investment away from high acuity, infrastructure intensive settings.
- Review supply chain and logistics systems and capabilities supported by data and decision support analytics.
- Consider health system governance and the ability to consolidate planning, coordination, procurement, workforce, purchasing and reporting across both public and private health networks as a mechanism to improve system resilience.
- Develop ongoing policy and funding models to use private sector capacity as an alternative to public sector growth.
- Develop digital use cases for rapid adoption of virtual care, e-prescribing, intake and referral systems including cost benefit analysis to support investment.
- Undertake efficiency reviews aimed at leaner operating models and more sustainable service management.

Recovery

- Establish plans to deliver front office technology/ labour substitution, practice reform and improved productivity.
- Strengthen internal audit capability with heightened focus on system-wide crisis response and assurance architecture to support decision making and long-term resilience.
- Plan for the replacement of legacy data systems and build data and analytic platforms to inform real time decision making and support performance management.
- Consider broader reforms focussed on integrating health into whole of government responses and the role of health in establishing and maintaining a resilient economy and society.
- Consider industry policy to ensure that essential domestic manufacturing includes capability for critical items of health equipment.
- Identify activities that are no longer needed post-crisis and plan for cessation.

New Reality

- Technologies tested during crisis become the new normal such as telehealth and e-prescribing.
- There will be uneven supply and access to service delivery modes due to fiscal pressures.
- Approach to procurement and logistics functions will be transformed.
- Cost take out strategy will become core business.
- Primary care will accelerate in focus and consumers will expect increased access.
- Place-based care will be central to delivery modes.
- Automation will drive transformation of front, middle and back office systems.
- Workforce access and availability will continue to be a significant challenge.

Corporate and Social Responsibility ● ●

Health System Sustainability ● ●

Economic Transition ● ●

Skills & Learning ● ●

Infrastructure ● ●

Cities ● ●

Safety & Security ● ●

Economic Transition

KPMG Contacts

Corrina Bertram
cibertram@kpmg.com.au

Steven Casey
stevencasey@kpmg.com.au

Challenges & Concerns

- As unemployment stays high and key sectors remain in a state of uncertainty, government will boost spending to revive the economy, necessitating choices between investment areas and ongoing assistance to the vulnerable.
- Government stimulus will be provided in the immediate term to create jobs, take a role in re-skilling, and use policy, procurement and operational levers to support businesses to retain jobs and boost productivity.
- Governments will face pressure for self-sufficiency and sovereign manufacturing.
- Income, health and education inequalities are inextricably linked, with disadvantage in one of these areas a key indicator of disadvantage in others. The impacts of COVID-19 will be disproportionately experienced by those already experiencing disadvantage.
- Length of closure of key service sectors that predominantly employ and support younger people will be a major factor in the extent of impact, as will be the supports available to facilitate the transition and engagement of young people back in education and employment.

Industry Insights

- The regions will have a significant role in economic recovery. Major stimulus packages aimed at regions, activation of specific purpose precincts, major infrastructure investment and local tourism will create job opportunities and enhance vibrancy of regional areas.
- Structural adjustment, with hard exits, will be a feature in key sectors of the economy for some time to come. This will be particularly evident in some services sectors, particularly where demand remains low, there is insufficient capital to ride out extended recession, and/or poor execution of digital transformation.
- Industries that are heavily reliant on international mobility of people, such tourism and international education, will need to transform operating models. There is a possibility that Australia’s success in managing the public health crisis could be a comparative advantage in these areas.
- Communities still impacted by drought and bushfire will continue to need support to rebuild.
- Based on past pandemics the long term economic impact of COVID-19 could include lower interest rates (due to falling investment), potentially for decades.

Corporate and
Social Responsibility ●

Health System
Sustainability ●

**Economic
Transition** ●

Skills &
Learning ●

Infrastructure ●

Cities ●

Safety &
Security ●

Reaction

- Understand and define the new normal and how to transform.
- Determine supply chain risks and appropriate mitigation (including potential for local supply of essentials).
- Support the identification of focus sectors and strategies.

Resilience

- Ensuring continuity/sustainability in sectors that are critical (eg. healthcare).
- Ensure regulatory flexibility to promote/enable industry innovation.
- Consider longer-term impacts of entrenched disadvantaged, homelessness, youth suicide and impact on student wellbeing, engagement and outcomes.
- Circular economy opportunities in food sector for jobs and increased self-sufficiency.
- Increase incentives to attract migrants with appropriate quarantining provisions.
- Identifying the skills and training required in the future workforces/sectors and driving training in these.
- Implement digital connectivity.

Recovery

- Identify and focus on growth in sectors of comparative advantage and regional significance.
- Focus on skills and training to promote employment (and support recovery of higher and vocational education sectors).
- Focus on 'Australia Made' drives demand from domestic consumers.
- Implement stimulus packages announced, review and monitor effectiveness and opportunities for consolidation of assistance programs.
- Review legislative settings that may create unnecessary regulatory burdens or barriers to entry.
- Broaden trade presence.
- Establish a public/private investment fund supporting companies developing novel food and farming models.
- Attract industry to set up in regional Australia (create ecosystems, for example Technology Parks, Aerotropolis).

New Reality

- Ability to re-engage in work and continued learning will be subject to access to appropriate support, technology and social networks.
- Easing of broad industry supports and transition to more focussed industry development strategies.
- Identifying potential growth sectors and setting them up for success.

Corporate and Social Responsibility ●

Health System Sustainability ●

Economic Transition ●

Skills & Learning ●

Infrastructure ●

Cities ●

Safety & Security ●

Skills & Learning

KPMG Contacts

Stephen Parker
parkers@kpmg.com.au

Lauren Jackson
ljackson6@kpmg.com.au

Challenges & Concerns

- Distance learning may cause students at critical education points to repeat a year, especially in Stage 1 (K-2) and Stage 5 (11-12) – immediate need for more Stage 1 and Stage 5 teachers to manage larger groups.
- Unknown long term health effects of COVID-19 could increase demands on healthcare sector, accelerating the need for more healthcare graduates (and education support staff) plus workers.
- Uncertainties around the efficacy of distance education and the ability to assess competencies of school students.
- Lockdown is a blocker to more practical education and skills courses at both universities (eg. healthcare and teaching placements) and VET (eg. trades, apprenticeships).
- Loss of international students to Australian economy will create workforce gaps, as 10-15k international students take up residency and careers in Australia each year.
- Economic downturn a blocker for lower socioeconomic status students in pursuing higher education.
- Economic downturn has reduced the amount of ‘unskilled’ minimum wage jobs that enable flexible working around study (eg. retail, hospitality).
- Young people from disadvantaged communities lack education resources.

Industry Insights

- Between 10k-15k international students each year acquire residential visas and work in the Australian economy; a lack of international students at Australian tertiary education providers over the next five years will impact how these positions are filled in the Australian economy.
- Potential ‘baby boom’ after COVID-19 lockdown; accelerates need for early childcare and primary school teachers in next five years.
- People who have been made redundant may use this as an opportunity to pivot their career – in line with lifelong learning identified as a long term trend in education.
- Reduction in travel a blocker to gap years, potentially pushing more high-school leavers into universities sooner.

Corporate and
Social Responsibility ●

Health System
Sustainability ●

Economic
Transition ●

Skills &
Learning ●

Infrastructure ●

Cities ●

Safety &
Security ●

Reaction

- Clarity and testing around distance and virtual education.
- Clearly defined and quantifiable pathways to tertiary education for school leavers.
- Virtual Reality and Augmented Reality practical training for degrees with practical elements eg. Virtual Reality surgery, dentistry.
- Promote help for bushfire affected areas or COVID-19 recovery volunteering as an alternative to international gap years to reduce education sector being overwhelmed by students.

Resilience

- Meet the demand of 'at-risk fields' that have different needs in the next few years (ie childcare, education, and healthcare) and support the rebuild of industries that are most affected by the economic downturn (ie mining, arts).
- Accelerated qualifications to get students graduating faster, further degree/qualification subsidies to remove financial blockers.
- Graduate salary subsidies to increase number of jobs in sectors, and increasing incentive for graduates through higher starter compensation.
- Higher emphasis on placements at schools for education degrees; this will increase immediate staff numbers at school, accommodating fluctuating group sizes and demands throughout schools through use of student teachers.
- Incentives through subsidies, loan FEE help for STEM and medical students who want to specialise in studying long-term effects of COVID-19 to better understand future caring requirements.
- Meet the surge in lifelong learners (workforce returning to study during economic downturn) with flexible, technology-supported study options.
- Overhaul of university curricula into an immersive online delivery – not just recorded or streamed lectures – requires a complete rethink of the way content is delivered, how it is assessed, how students collaborate and learn.
- Investment into bolstering international student groups.

Recovery

- R&D subsidies for researchers concentrating on COVID-19 topics, for example long-term effects, caring requirements, mutations, vaccines, traumas associated with COVID-19, economic impacts and modelling.
- Digital transformation to ensure student experience needs of education and skills in community is met by tertiary providers.

New Reality

- Education centres on the student experience in partnership with market demand.
- Education has diversified learning and teaching modes to attract different groups at different stages.
- Education is available to a diverse range of people so as to equip the economy with the best skilled people – including diversifying international student groups.
- Education becomes more affordable to remove blockers to upskilling or reskilling.
- Education reacts not only to market demands but also to social demands that are not necessarily market-driven (eg. rebuilding arts industry through supporting arts education as a valid and financially viable choice).

Corporate and
Social Responsibility ●

Health System
Sustainability ●

Economic
Transition ●

Skills &
Learning ●

Infrastructure ●

Cities ●

Safety &
Security ●

Infrastructure

KPMG Contacts

Paul Foxlee
pfoxlee@kpmg.com.au

Rod McCurdy
rmccurdy1@kpmg.com.au

Challenges & Concerns

- Hastily made decisions to accelerate 'shovel ready' projects may result in wasted or poorly targeted investment, projects not aligning with broader strategic investments, or new projects diverting attention from existing projects or maintenance programs.
- Poorly planned, procured or maintained infrastructure, is potentially not-fit for purpose, contains inadequate future proofing, or is costly for owners and users – will not serve the national interest in good or in bad times.
- The financial capacity of major contractors, key subcontractors and concessionaires may be compromised by the impact of COVID-19.
- Expedited procurement processes may increase risk of error in tender selection or appointment of contractors with reduced financial capacity or lack of market depth.
- Acceleration of works may be constrained due to ongoing (and now exacerbated) market capacity and supply chain issues including, for example availability of materials, availability of labour pool, access to cash reserves/cash flow issues. Accelerating works will likely only make cost pressures and project efficiencies more of an issue going forward.
- Critical skills for infrastructure projects will likely be no less in demand and the retraining of under-utilised personnel or getting access to specialist skills can take significant time (particularly in the context of cross-broader travel restrictions).

Industry Insights

- Infrastructure resilience requires investment in the right projects, a structured approach to identify assets for renewal and maintenance optimisation, supply chain resilience, collaboration between government and delivery partners and right regulatory environment and frameworks for investment across government.
- Fast-paced reactive decision making needs to be aligned to longer term requirements.
- Ensure that there are sound criteria and prioritisation for investment – criteria setting is important to provide discipline and act as a signal to the market.
- Procurement and backlog maintenance can be fast-tracked, but investments need to be supported by robust processes and supply chain continuity to ensure they are delivered in an efficient and cost-effective manner that is fit for purpose.
- Special purpose delivery authorities can coordinate information on options and strategies to drive investment while embracing good governance arrangements.
- Reduction of red tape and green tape and elimination of overlapping functions at a national, state and local government level will help to drive efficiencies and remove barriers to resilient infrastructure investment.

Corporate and Social Responsibility ● ●

Health System Sustainability ● ●

Economic Transition ● ●

Skills & Learning ● ●

Infrastructure ● ●

Cities ● ●

Safety & Security ● ●

Reaction

- Bring forward shovel-ready infrastructure projects to get workers back into jobs.
- Employee a robust approach to identify appropriate projects to ensure alignment with existing state priorities.
- Create short- and long-term employment and positive long-term economic impacts, affordability and sustainability.
- Identify opportunities to address maintenance backlogs and/or reprioritise asset renewal or other necessary work.
- Gain an understanding of the impact of delaying maintenance and delivery works and future service impacts of delayed works.
- Repackage and reprioritise existing planned maintenance and capital projects, particularly where projects have not yet fully mobilised.
- Assess supply chain resilience including ability to source and supply key materials as a result of disruptions.
- Understand the financial capacity of contractors and subcontractors as a result of site disruptions. Work collaboratively to resolve outstanding contractual issues and potentially agreeing time extensions.
- Assess and manage the impacts of reduced usage of the public transport network (eg. customer demand, workforce changes, and reduced revenue).
- Consider acceleration of work during the 'reaction' phase will likely increase cost pressures in an already overheated market, and changes in project scope and timelines may have resulted in legal, permit/approval and potential contractual challenges that need to be carefully managed.

Resilience

- Government and industry work together to mitigate the financial impacts on contractor operations and supply chains. Increased focus on coordination and governance arrangements.
- Streamline procurement processes, such as development of short form business cases, use existing panels to expedite procurement, expedite proposal evaluation and streamline approvals to fast track investment processes.
- Strategically coordinate backlog maintenance, identify interdependencies between maintenance activities and prioritise appropriately.
- Manage the impact of deferred or accelerated works – volumes of work will be pressured by limited contractor capacity, supply chain disruptions and timetable changes.
- Constraints on internal and international travel to fill critical skills gap also need to be managed.
- Invest in technology and data management to ensure infrastructure investment and maintenance spend is monitored and progressing as intended.
- Focus on training or retraining employees to enhance or repurpose specialist skills, making them adaptable in times of uncertainty.

Recovery

- Focus on national infrastructure planning, project prioritisation and credible pipelines of projects including those that can be sped up or reserved for times when economic stimulus is needed.
- With backlog maintenance often running at 3-5 times annual maintenance budget there are immediate opportunities to increase productivity through structured approaches to asset renewal and addressing these backlogs in a coordinated way.
- Investment in local supply chains in strategic sectors and key areas such as equipment, materials and design work.
- Consideration of new contract forms, for example greater risk sharing by governments and mechanisms to reduce the disruptions caused by contract claims.
- Assessment of new/alternative revenue sources in impacted sectors (for example public transport peak and off-peak pricing, road pricing reform), and initiatives such as asset recycling.
- Support towards the financial standing of contractors and subcontractors, for example ensuring speedy payments to subcontractors in full with no 'hoarding' of cash by lead contractors.
- Tax reform to encourage infrastructure investment, ownership and construction industry participation; favourable tax deductions that support more spending on backlog maintenance.
- Driving digital change – creating a regulatory framework to encourage investment in new technologies to capture efficiencies and reduce resource waste.
- Labour market reform to create flexibility and build true partnerships with unions, reduce embedded cost structures and improve competitiveness.

New Reality

Infrastructure investment will be a key part of the post COVID-19 economic recovery. We expect a heightened focus on:

- Investing in the right capital and maintenance projects to increase productivity and provide a foundation for economic growth. Long term project pipeline identification will be important for industry confidence and certainty.
- Fast tracking procurement processes while ensuring good discipline and improving collaboration between government and industry.
- Microeconomic reform and asset recycling initiated (or sped up).
- Driving efficiencies and reducing costs associated with infrastructure delivery, asset maintenance and ownership.
- Using technology and data to plan, manage, monitor and realise efficiencies, prioritise works and manage supply chain logistics.
- Understanding the policy, network and infrastructure impacts of new normal.
- Responding to changes in workplace practices and regaining customer confidence (particularly in public transport usage).
- Provisioning of essential services and utilities (water, gas, electricity) and keeping assets safe.
- Focus on reliability and security of supply/production for energy generation.

Corporate and Social Responsibility ●

Health System Sustainability ●

Economic Transition ●

Skills & Learning ●

Infrastructure ●

Cities ●

Safety & Security ●

Cities

KPMG Contacts

Toni Jones
tonijones@kpmg.com.au

Paul Low
plow@kpmg.com.au

Challenges & Concerns

- The pandemic health crisis has triggered a series of restrictions that caused both immediate sectoral shut-downs and broad impacts on consumer and business confidence.
- Pandemic concerns and social distancing have driven a sharp reduction in public and private transport demand.
- Trips are increasingly local and via active transport, placing different pressures on local government networks.
- Global and domestic travel restrictions have dramatically altered the movement of people.
- There is an increased pressure on digital infrastructure to connect communities.
- challenge managing inequality of access for disadvantaged communities.
- Increasing reliance on digital infrastructure presents a potential risk to business productivity.
- Communities are placing increased importance on high quality green spaces and other public domain areas as daily respite from ongoing enforcement of isolation measures.
- Collaboration across governments to drive decision making in an environment of constrained funding resources is an ever-present challenge, however in a COVID-19 impacted environment, it is increasingly important to deliver good outcomes for communities.
- The inequitable impact of the pandemic across segments of our communities runs the risk of heightening locations of existing disadvantage across our cities.

Industry Insights

- The role of government in delivering an effective framework of economic development initiatives has never been more important as the economy recalibrates and moves toward a post-COVID new normal.
- Citizen trust in government leaders is also viewed as essential to ensuring that government led responses generate consumer and business confidence.
- Customer-centricity will become increasingly important as the demand for more personalised transport choices increases. The role of mobility-as-a-service (MaaS) for efficient movement within cities will likely become more prevalent.
- The stickiness of transition to active transport preferences will potentially drive significant health benefits and key decisions for the long term allocation of public/movement space.
- Migration has been the greatest input to economic growth and the development of our cities over the last 20 years. Given the change in migration, investments to improve productivity will be more important than ever to maintain growth activity.
- This may present an opportunity for infrastructure investment to catch up to demand to ensure high levels of connectivity, service delivery and support within communities.
- Increased use of digital connectivity has created opportunities for virtual communities, virtual service delivery, and virtual agglomeration of economic activities. The role of digital capability to support ongoing community resilience and economic growth is likely to increase and support changing service delivery methods and economically productive interactions.

Corporate and Social Responsibility ● ●

Health System Sustainability ● ●

Economic Transition ● ●

Skills & Learning ● ●

Infrastructure ● ●

Cities ● ●

Safety & Security ● ●

Industry Insights (cont.)

- Access to real-time, big data, underpinned by Internet of Things networks, is imperative to responsive informed decision-making, enable rapid action in the face of emergencies and strengthen resilience.
- Such data is critical to predict events before they happen, proactively prepare to reduce impact and enable rapid recovery.
- Collaborative investment and policy decision making will be critical to ensure that recovery funding is mutually reinforcing across all tiers of government.
- Governments will rely on data to inform responses and ongoing recovery activities, which will raise questions around individual privacy and security of data.
- Shifts in how people chose to live in our communities with a potential trend away from urbanisation as residents chose lifestyle locations over proximity to employment, services and other more heavily urbanised locations.
- Understanding how to plan for a changing demand profile for land use and development will be critical.

Reaction

- Ensure crisis responses maintain program integrity and prioritise initiatives that align with a broader economic development framework.
- Accelerate maintenance and other programs as part of stimulus including investment in active transport programs.
- Revisit key planning and infrastructure assumptions around growth.
- Audit digital assets and coverage across cities and regions.
- Green space asset network mapping and stocktake of space.
- Focus on quality urban design outcomes in regeneration and urban developments.
- Seek to embed effective inter- and intra-governmental governance forums.

Resilience

- Consideration of medium- and long-term policy shifts that will be maintained beyond the pandemic.
- Recalibrate transport demand models to reflect new travel preferences.
- Recalibration of planning and land use plans to reflect the shifting demands in how people are choosing to live within cities and communities.
- Continued planning and investment to improve connection speeds and digital connectivity of our communities.
- Continued planning and investment to ensure reliable access to basic utilities.
- Investment in connecting the green space networks within cities and regions.
- Build on collaboration through joint prioritisation and delivery of agreed city-shaping investments, such as the city deals.

Recovery

- Reassess sectors of comparative advantage as the region emerges from the crisis and competes in the new normal.
- Recalibrate economic development plans and associated policies to drive a transparent growth agenda that encourages private sector buy-in.
- Support increased optionality in transport choices and efficiency, including investigation into MaaS options.

New Reality

- Strengthened focus on coastal and regional centres for lifestyle choices with rebalancing of peak transport demands.
- More sustained focus on integrated precinct and neighbourhood planning to allow greater 24/7 activation of hubs.
- Greater value placed on the green corridors, recreational spaces and quality urban realm to support greater connection to place.
- Place-making focus on economic development and supportive land use for local industry supply chains.
- Extensive collaboration and strategy alignment between local, state and commonwealth leaders and departments to drive competitive branding of cities.
- Investment and policy shifts from transport agencies to support active transport and recreational activity by cyclists and pedestrians.
- Access to competitive and skilled labour supply for local, state and commonwealth regional offices.

Safety & Security

KPMG Contacts

Peter Griffiths
pwwgriffiths@kpmg.com.au

Anthony Court
acourt@kpmg.com.au



Challenges & Concerns

- There is a need to maintain workforce capacity of police, defence personnel and other frontline responders, but they are also at greater risk of exposure to illness and burnout.
- Greater impetus for remote working will also yield higher risk to security of online systems and information, and increased opportunities for malicious cyber actors.
- Key intelligence and national security functions may not be able to be carried out remotely or if access to classified systems is otherwise curtailed.
- Tracing movements and contacts of individuals at risk of infection is manual and laborious, making it difficult to predict where infections might arise
- Establishing and integrating a dedicated Defence capability to support policing efforts during crisis will be difficult due to current legislative constraints, operational divergences and lack of specialised training
- During times of crisis, information flows and data sources that enable critical decision making may be slow or congested, delaying action being taken.

Industry Insights

- Monitoring the health and morale of police and other essential personnel is vital – balance continued operation with the need for individual self-care.
- Nature of policing and defence support during COVID-19 has shifted to emphasise greater community interaction and community monitoring.
- The burden on responders is reduced where the community’s own efforts can be encouraged and successfully leveraged.
- Improved cyber security is more than just technical solutions – organisations need to understand the value of their information and how it is best secured.
- Technical cyber security solutions will be worthless if not paired with greater cyber security awareness in employees and the community.
- Provision of adequately secure remote working devices, especially for national security functions, in sufficient quantity may be time and cost prohibitive.
- Defence’s ability to play a more enduring and definable role in response to disaster operations domestically; can be a force multiplier for emergency services.
- Automated systems can help streamline decision making and monitoring of infection through easier case management and workflows.
- Protecting critical assets to ensure security of supply for essential utilities and line workers.
- Protection of workforce in regional remote operations undertaking fly-in fly-out arrangements.

Corporate and Social Responsibility ●

Health System Sustainability ●

Economic Transition ●

Skills & Learning ●

Infrastructure ●

Cities ●

Safety & Security ●

Reaction

- Clear messaging to the community about the need for enforcing regulations, and how public can assist.
- Ensuring educative resources circulated to staff on common cyber threats.
- Ensure secure remote working tools are provided and scaled to meet demand.
- Provide remote working policy and guidance, if none exists, review and if necessary.
- Identify minimum number of operational staff to ensure intel gathering and dissemination functions stay viable; organise shifts along these lines.
- Prioritise access to offices or distribution of remote tokens according to these shifts.
- Identify areas where surge capacity and additional manpower may be required, ie areas where additional defence personnel can make ready impact.
- Identify and confirm key data sources that are needed to understand crisis, and determine frequency of receipt, method and form of ingestion, responsible party, etc.

Resilience

- Stocktake relevant equipment (PPE, etc.) required to keep frontline officers equipped for their role.
- Look into surge capacity from former uniformed personnel or repurposing officers from other, non-essential arms.
- Conduct vulnerability review of remote working arrangements and tools.
- Establish regular cyber awareness communications for all workforce, to foster continual improvement in cyber awareness.
- Consider declassification and tear-lining of particular information, to make it more viable that such information can be safely accessed remotely.
- Scope creation of secure cloud platform/portal from vendors, customised to enable better intelligence sharing and analysis.
- Continued build of infrastructure response, for example is military equipment to be employed or leased civilian equipment.
- Command and control infrastructure capable of being deployed in multi-agency setting.

Recovery

- Stakeholder and public feedback gathering to inform community policing efforts going forward.
- Formal review of all security protocols and measures.
- Build understanding in decision makers of new cyber security arrangements and working model.
- Invest in stockpile of remote access devices and tokens to enable mobile intelligence workforce if required.
- Review ICT risk profile to take into account greater capacity for remote working.
- Introduction of specialised emergency management training (basic medic, emergency responder) into reservist reinforcement cycle.
- Consider change of legislative powers to enable easier call out of Australian Defence Force (ADF) for disasters and pandemics.
- Factor in ADF presence in all future scenario planning.
- Review business risk and operating models, always with an eye to implement measures in response to lessons learned.

New Reality

- Readily mobilised defence capability that can easily integrate with police and emergency services.
- More connected defence force, able to react effectively to multitude of scenarios including crises, and communicate seamlessly.
- Organisational and community awareness of cyber security has matured. Cyber security measures continuously adapted in more agile environment.
- Closer links between police/emergency services and community.
- Increased community awareness of its role in responding to crises and maintaining security.
- Crisis response and associated elements (PPE, device stocks) well understood and rehearsed by organisations in all sectors, minimising disruption during crises.
- Security and law enforcement agencies well practiced in remote and agile working – less reliant on static systems and high classifications (which make them less mobile).

Contacts

Financial Resilience

Financial Stress Testing & Forecasting

Gayle Dickerson

gdickerson@kpmg.com.au

Vince Dimasi

vdimasi@kpmg.com.au

Peter Gothard

petergothard@kpmg.com.au

Liquidity & Financing

David Hardy

dahardy@kpmg.com.au

David Heathcote

dheathcote@kpmg.com.au

Scott Mesley

smesley@kpmg.com.au

Samantha Shields

sshields1@kpmg.com.au

Financial Crisis Response & Contingency Planning

James Stewart

jhstewart@kpmg.com.au

Peter Gothard

petergothard@kpmg.com.au

Brendan Richards

bjrichards@kpmg.com.au

Martin Lewis

mlewis7@kpmg.com.au

Will Colwell

wcolwell@kpmg.com.au

Martin Jones

martinjones@kpmg.com.au

Operational Resilience

Service Delivery Model

Michael Smart

michaelsmart@kpmg.com.au

Marie Chambers

mechambers@kpmg.com.au

Carl Pretorius

cpretorius3@kpmg.com.au

Operational Crisis Management

Mark Tims

mtims@kpmg.com.au

Karen Parkes

kparkes@kpmg.com.au

People

Jane Gunn

janegunn@kpmg.com.au

Catia Davim

cdavim@kpmg.com.au

Sally Calder

scalder@kpmg.com.au

Kathy Hilyard

khilyard@kpmg.com.au

Supply Chain

Pete Liddell

pliddell@kpmg.com.au

Dean Mitchell

deanmitchell@kpmg.com.au

Chris Clements

cclements1@kpmg.com.au

Simon Martin

simonmartin@kpmg.com.au

Gavin Rosettenstein

gavin1@kpmg.com.au

Technology & Data

Guy Holland

guyholland@kpmg.com.au

Zoe Willis

zoewillis@kpmg.com.au

Kelly Henney

khenney@kpmg.com.au

Premises & Property

Marie Chambers

mechambers@kpmg.com.au

Phillip Ransom

pransom@kpmg.com.au

Cyber & Fraud Risk

Kathy Robins

krobins@kpmg.com.au

Martin Dougall

mwdougall@kpmg.com.au

Natalie Faulkner

nfaulkner1@kpmg.com.au

Gordon Archibald

garchibald@kpmg.com.au

Governance, Risk and Control

Jacinta Munro

jacintamunro@kpmg.com.au

Rob Warren

robertwarren@kpmg.com.au

Commercial Resilience

Markets, Products & Services

Hessel Verbeek

hverbeek@kpmg.com.au

Vanessa Wolfe-Coote

vwolfecoote@kpmg.com.au

Customer Experience & Behaviours

Carmen Bekker

cbekker@kpmg.com.au

Brand Resilience

Amanda Hicks

ahicks@kpmg.com.au

Carmen Bekker

cbekker@kpmg.com.au

Community Resilience

Corporate and Social Responsibility

Catherine Hunter

cjhunter@kpmg.com.au

Richard Boele

rboele@kpmg.com.au

Health System Sustainability

Kerry McGough

kmcgough1@kpmg.com.au

Economic Transition

Corrina Bertram

cjbertram@kpmg.com.au

Steven Casey

stevencasey@kpmg.com.au

Skills & Learning

Stephen Parker

parkers@kpmg.com.au

Lauren Jackson

ljackson6@kpmg.com.au

Infrastructure

Paul Foxlee

pfoxlee@kpmg.com.au

Rod McCurdy

rmccurdy1@kpmg.com.au

Cities

Toni Jones

tonijones@kpmg.com.au

Paul Low

plow@kpmg.com.au

Safety & Security

Peter Griffiths

pwgriffiths@kpmg.com.au

Anthony Court

acourt@kpmg.com.au

The information contained in this document is of a general nature and is not intended to address the objectives, financial situation or needs of any particular individual or entity. It is provided for information purposes only and does not constitute, nor should it be regarded in any manner whatsoever, as advice and is not intended to influence a person in making a decision, including, if applicable, in relation to any financial product or an interest in a financial product. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation. To the extent permissible by law, KPMG and its associated entities shall not be liable for any errors, omissions, defects or misrepresentations in the information or for any loss or damage suffered by persons who use or rely on such information (including for reasons of negligence, negligent misstatement or otherwise).

© 2020 KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International.

Liability limited by a scheme approved under Professional Standards Legislation. July 2020. 506133648FIRM.