

# JLT PUBLIC SECTOR RISK REPORT NSW

7<sup>th</sup> Edition









# SUMMARY

The JLT Public Sector Risk Survey has provided valuable insights into the top risks facing councils in New South Wales for 2024. By comparing the results from 2023 to 2024, we have identified trends and shifts in risk perception among CEO/GMs from Australian councils.

In 2023, the top three risks identified were financial sustainability and cyber security, ranked in first and second position respectively by 73% of CEO/GMs, followed by assets and infrastructure ranked third by 40.4% respondents. In 2024, the rankings experienced slight shifts, with financial sustainability maintaining its leading position, now supported by 76.5% of respondents. However, cyber security, while still in second place, saw a significant decrease of nearly 10 percentage points, with only 66.7% of CEOs and GMs ranking it in this place. Assets and infrastructure held steady in third position, with 43.1% of respondents ranking it there, reflecting an increase of nearly three points from 2023. This data indicates the continuing growing concern regarding financial sustainability, which has become the foremost risk for councils. Conversely, while cyber security remains significant, its ranking has decreased, suggesting that councils may feel slightly more secure in their cyber defences. The modest increase in concern regarding assets and infrastructure reflects ongoing challenges in managing physical resources.

The JLT Public Sector Risk Survey underscore the evolving landscape of risks facing NSW councils. Addressing financial sustainability, enhancing cyber security measures, and effectively managing assets and infrastructure will be crucial for councils to navigate these challenges and continue serving their communities effectively.

High Risk	1-3 Rank
Medium Risk	4-8 Rank
Low Risk	9-12 Rank

■ High ■ Medium ■ Low

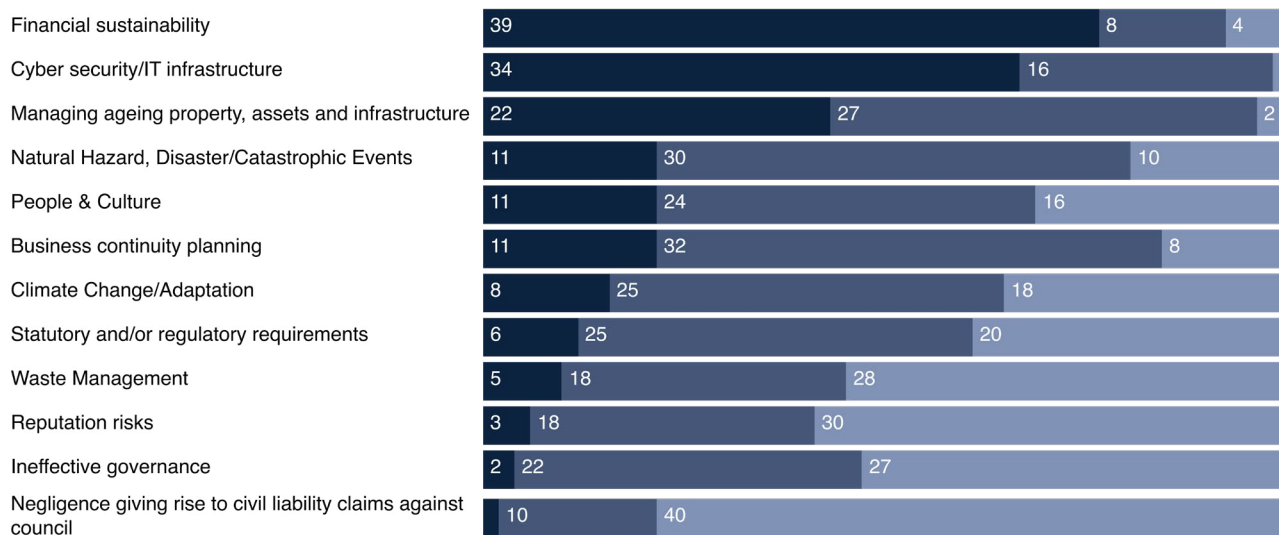


Figure 1: Ranking of Risk NSW risk heat map

## FINANCIAL SUSTAINABILITY

Financial sustainability remains the primary risk for councils in 2024. The underlying factors contributing to this risk include cost shifting from other tiers of government, which was ranked first by 68.6% of respondents, and the cost of funding infrastructure and asset management from existing revenue sources, ranked second by 66.67%. Additionally, 51% of CEO/GMs ranked insufficient rate revenue and growth as the third significant issue affecting their ability to deliver functions and services. The increase in concern regarding financial sustainability is largely driven by the ongoing pressure from cost shifting, where councils are continuing to suffer from responsibilities that have been transferred from state and federal governments to local councils without the support of adequate funding. The introduction of the cost of funding infrastructure as a new factor in 2024 and its high placement in the rankings underscores the challenges councils face in maintaining and renewing essential services. Insufficient rate revenue further complicates the situation, limiting councils' ability to meet community needs effectively.

High Risk	1-3 Rank
Medium Risk	4-7 Rank
Low Risk	8-12 Rank

### Cost shifting from other tiers of government



### Cost of funding infrastructure & asset management and renewal from existing revenue sources



### Insufficient rate revenue (and/or growth) to deliver functions, services



### Inadequate Government funding/grants



### Inflationary pressure



### Awaiting funding from disaster relief



### Economic uncertainty



### Disaster recovery funding arrangement to adequately reimburse council to rebuild damaged assets



### Other



### Inadequate insurance protections



### Impact of Climate Change and maintaining assets



### Lack of awareness and understanding of catastrophic risk exposures



### Loss of revenue due to impact of catastrophic event/s, business disruption



Figure 2: Financial Sustaining – NSW Mapping of underlying factors

## CYBER SECURITY

Cyber security continues to be a major risk for councils, with 66.7% of CEO/GMs ranking it second in 2024. The key factors contributing to this risk include the ability to respond to a cyber attack, identified as the top concern by 76.5% of respondents. The ability of IT infrastructure and providers to proactively manage cyber security is noted as the second most significant factor by 70.6% of respondents. Furthermore, 56.8% of CEO/GMs expressed concern about potential cyber security failures ranking this the third most important factor contributing to this risk. The emphasis on the ability to respond to cyber attacks reflects the increasing sophistication of cyber threats facing local governments. Councils are continually looking for ways to ensure that their IT infrastructure is robust and capable of managing these risks effectively. The slight decrease in the overall ranking of cyber security may suggest that councils are investing more in their cyber defences, yet they recognise that the potential for cyber security failures remains a significant concern that demands ongoing attention and resources.

High Risk	1-3 Rank
Medium Risk	4-9 Rank
Low Risk	10-13 Rank

■ High ■ Medium ■ Low



Figure 3: Cyber Security – NSW Ranking of underlying factors

## ASSETS & INFRASTRUCTURE

Assets and infrastructure risks have risen slightly, with 43.1% of CEO/GMs ranking it third in 2024. The underpinning factors to this risk include the capacity to finance the management of assets and infrastructure critical for maintaining service delivery, which 64.71% of respondents identified as the leading concern in this category. The cost of upgrading and betterment when repairing assets was ranked as the second leading factor by respondents, particularly in the context of rising inflation and resource costs. The ability to attract and retain suitably qualified and experienced staff essential for effective asset management is also a concern, highlighting the interconnected nature of these risks.

High Risk	1-2 Rank
Medium Risk	3-4 Rank
Low Risk	5-6 Rank



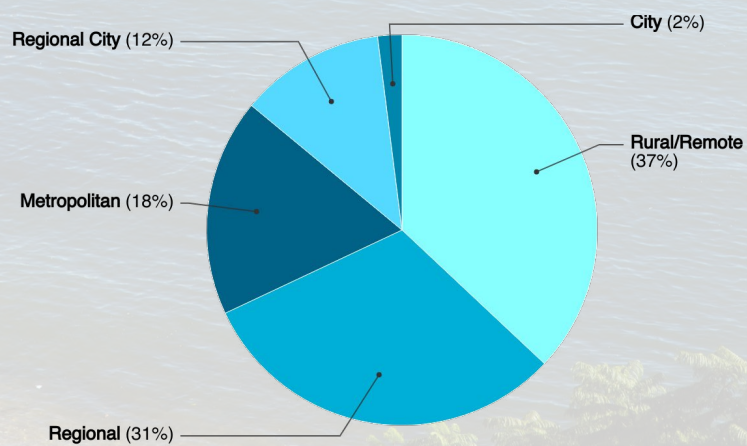
Figure 4: Assets & Infrastructure – underlying factors ranked





## SURVEY RESPONDENTS

The 2024 JLT Public Sector Risk Survey engaged 51 local government CEOs and General Managers from NSW. Participants represented a diverse range of communities, including metropolitan, city, regional, regional city, and rural/remote areas. Below is a detailed breakdown of the respondents by community type:





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