



# JLT PUBLIC SECTOR RISK REPORT

VIC

7<sup>th</sup> Edition





# SUMMARY

The risk landscape for councils in Victoria has shifted over the previous 12 months, reflecting the evolving challenges faced by local governments. In the 2024 JLT Public Sector Risk Survey, financial sustainability was the top concern for Victorian councils, as identified by 89.6% of CEOs and General Managers (GMs). This marks a significant increase from 74.4% in the 2023 survey. This indicates a significant growing concern regarding fiscal health.

Cyber security remained in the same position - ranked second, however the number of CEO/GMs ranking this in this position increase to 65% in 2024 from 55% of leaders expressing this concern in 2023. This shift by participants may suggest that while cyber security remains a priority, the proactive management and general preparedness for a cyber incident is providing some comfort in an uncertain risk horizon. Managing aging property, assets, and infrastructure has seen an increase in concern by respondents, with 44.8% of CEO/GMs ranking it again in third in 2024. However, this is an increase from 39.5% in 2023.

Though no movement of these risks, the shift in the number of CEO/GMs ranking these risks in order highlights a possible shift in focus for councils. The significant rise in concern over financial sustainability indicates that councils are increasingly aware of the fiscal pressures they continue to face, particularly considering rising costs and capped revenues.

As councils navigate these risks, they continue to adapt their strategies and resource allocations to be able to effectively manage the pressing issues of financial sustainability, cyber security, and aging infrastructure.

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

■ High ■ Medium ■ Low

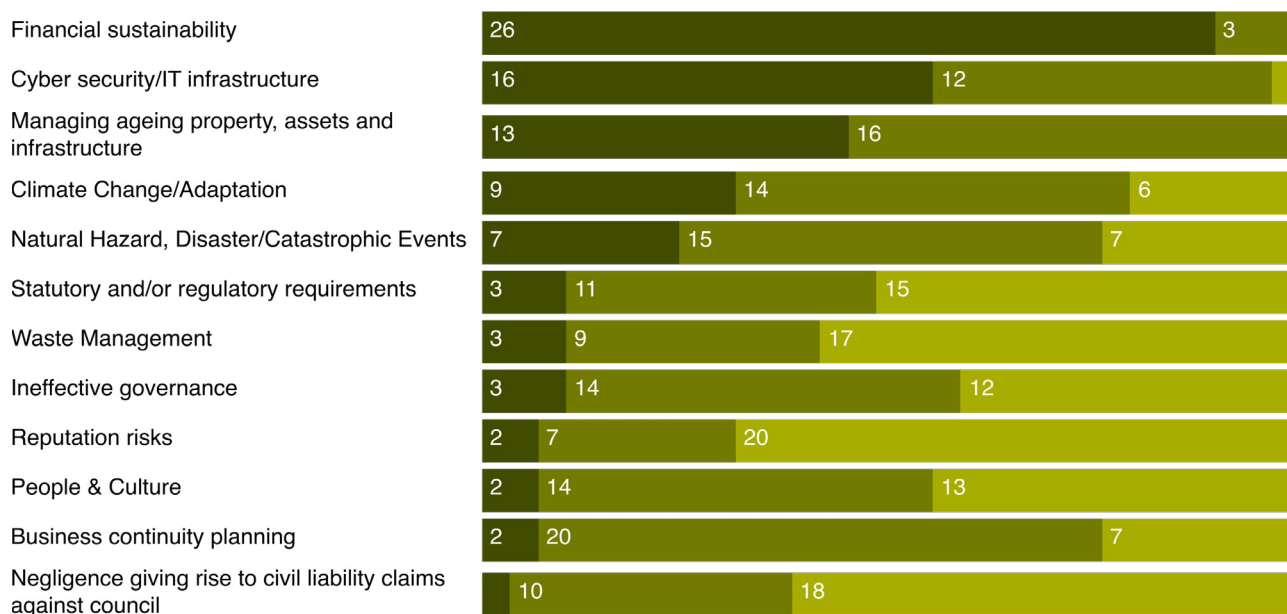


Figure 1: Ranking of Risk Victoria risk heat map

## FINANCIAL SUSTAINABILITY

This year, Financial Sustainability remains the foremost risk for Victorian councils, with 75.8% of CEOs and GMs citing insufficient rate revenue as the primary concern. This factor has gained prominence from 65% who ranked this as the second underling factor in 2023; reflecting the ongoing challenges councils face in generating adequate revenue to deliver essential services. The introduction of a new factor in 2024, the cost of funding infrastructure and asset management from existing revenue sources, has been identified by 51.7% of leaders as the second contributing factor for this risk, highlighting the increasing financial strain on councils to maintain and renew their assets. Additionally, cost shifting from other tiers of government remains a significant concern for 51% of leaders who ranked this as the third reason, consistent with the previous year's data, where it was the top factor with 72% of respondent ranking it in 2023. This persistent focus on financial sustainability indicates that councils are continuing to advocate for better funding arrangements and explore innovative revenue-generating strategies to ensure they can meet community needs effectively.

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

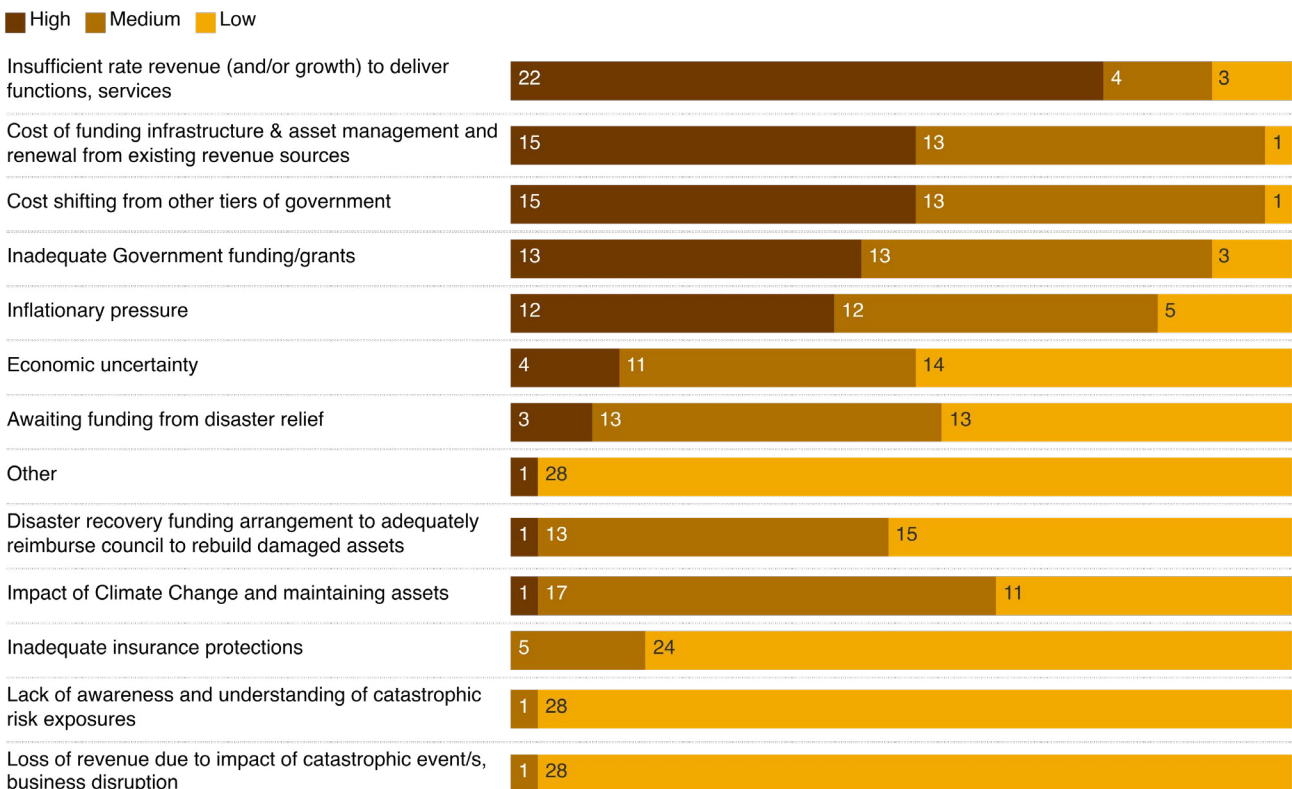


Figure 2: Financial Sustaining – VIC Mapping of underlying factors

## CYBER SECURITY

Cyber security ranking has dropped to second position in 2024, with 55% of CEOs and GMs expressing concern. This is a decline from 65% who ranked this risk second in 2023, suggesting that while cyber security remains a critical issue, some councils may feel more equipped to handle these challenges or are having to prioritise other pressing risks. The underpinning factors reveal that the ability of IT infrastructure or providers can proactively manage cyber security has moved from second position in 2023 to the leading underpinning factor for this risk, ranked by 76% of respondents in the 2024 survey.

This swapped with the concern of councils being able to respond to a cyber-attack with nearly 76% of leaders ranking this second. This emphasises that councils acknowledge the need to continue to have robust incident response strategies. Councils continue to note their concern regarding cyber security failure with over 48% ranking this factor as the third reason for this risk, however the number ranking this third dropped from the 2023 ranking of which 65% of respondents ranked it in this position.

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

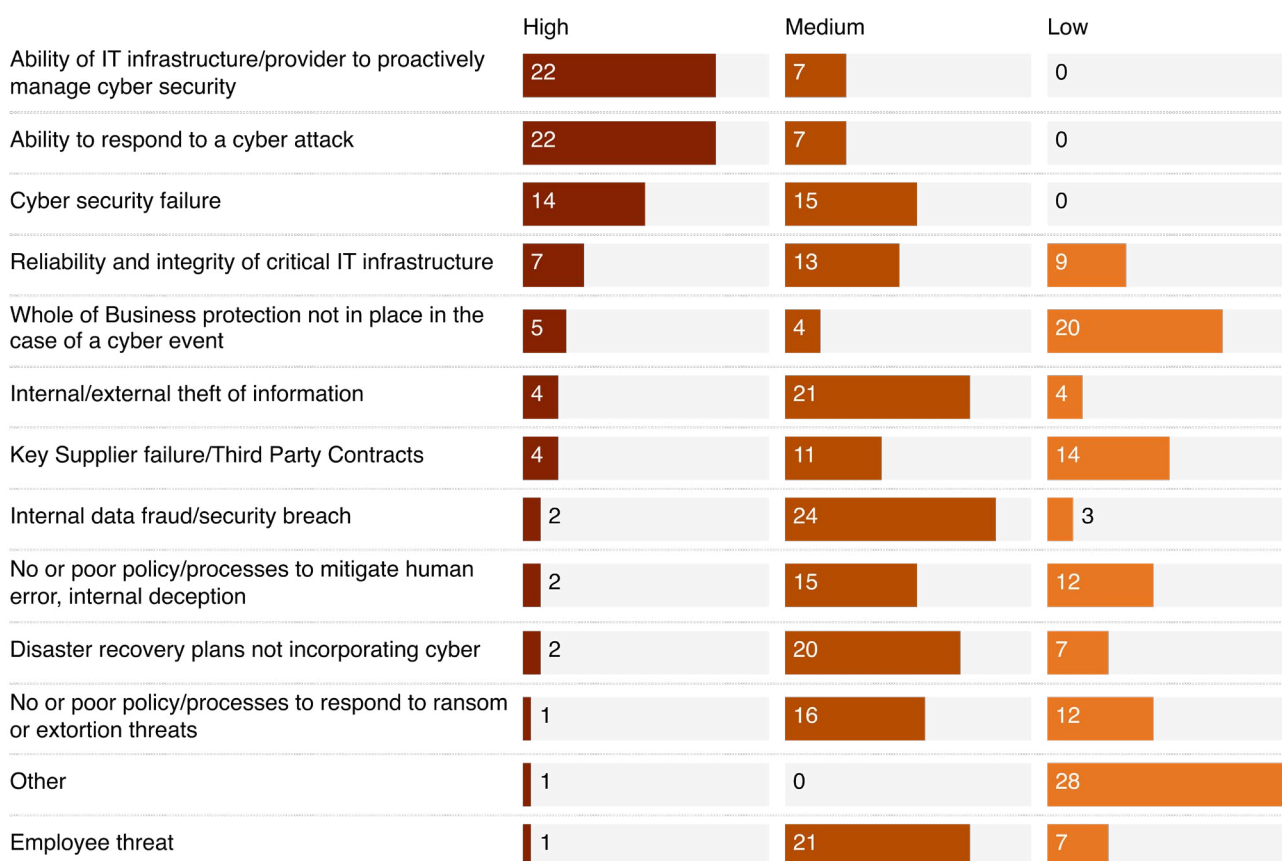


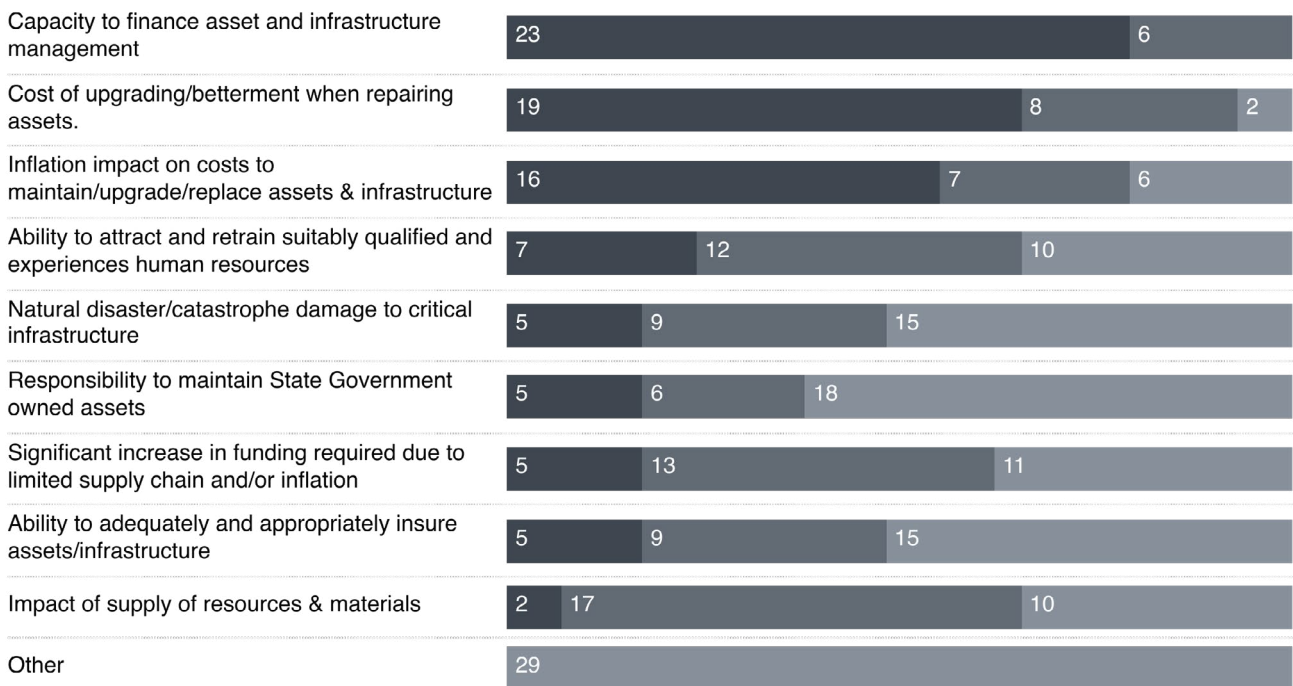
Figure 3: Cyber Security – VIC Ranking of underlying factors

## MANAGING AGEING PROPERTY, ASSETS, AND INFRASTRUCTURE

Managing aging property, assets, and infrastructure has gained attention, with 44.8% of CEOs and GMs identifying it as the third leading key risk for Victorian Councils. This increase from 39.5% in the 2023 survey reflects a growing recognition of the challenges associated with maintaining and renewing aging infrastructure. The need for effective asset management strategies is critical, as councils face increasing pressure to deliver services with limited resources. The focus on this risk underscores the importance of prioritizing infrastructure investment and renewal to ensure that councils can meet the needs of their communities. As councils grapple with financial sustainability and cyber security, addressing the challenges of aging infrastructure will be essential for long-term viability and service delivery. This evolving risk landscape necessitates a proactive approach to budgeting and resource management to maintain service delivery and support sustainable growth in Victorian communities.

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

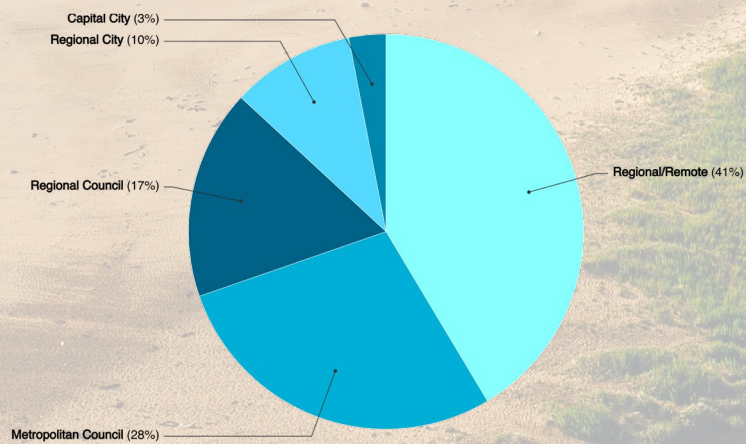
■ High ■ Medium ■ Low





## SURVEY RESPONDENTS

The 2024 JLT Public Sector Risk Survey engaged 29 local government CEOs and General Managers from VIC. 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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