JLT PUBLIC SECTOR RISK REPORT

WA

7th Edition

SUMMARY

In the latest JLT Public Sector Survey, which gathers insights from CEOs and General Managers of local councils, the top risks facing local governments in Western Australia have been identified and ranked.

The 2024 survey results reveal a notable shift in priorities compared to 2023, with assets and infrastructure emerging as the foremost concern, as ranked by 54.29% of respondents. Financial sustainability follows closely in second place, with 51.43% of CEOs and GMs acknowledging its significance and ranking it accordingly. Cyber security, while still a critical issue, has dropped to third place, with 45.71% of respondents identifying it as the third highest risk. This shift in rankings highlights the evolving landscape of challenges faced by local governments, reflecting both external pressures and internal capabilities.

The findings for Western Australia reveal a dynamic landscape of risks facing local governments. The shift in rankings underscores the need for councils to adapt to changing circumstances, balancing the management of assets and infrastructure with the imperative of financial sustainability and the ongoing challenge of cyber security. As local governments navigate these complexities, the insights from the survey will be invaluable in shaping their strategies and priorities moving forward.

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

■ High ■ Medium ■ Low

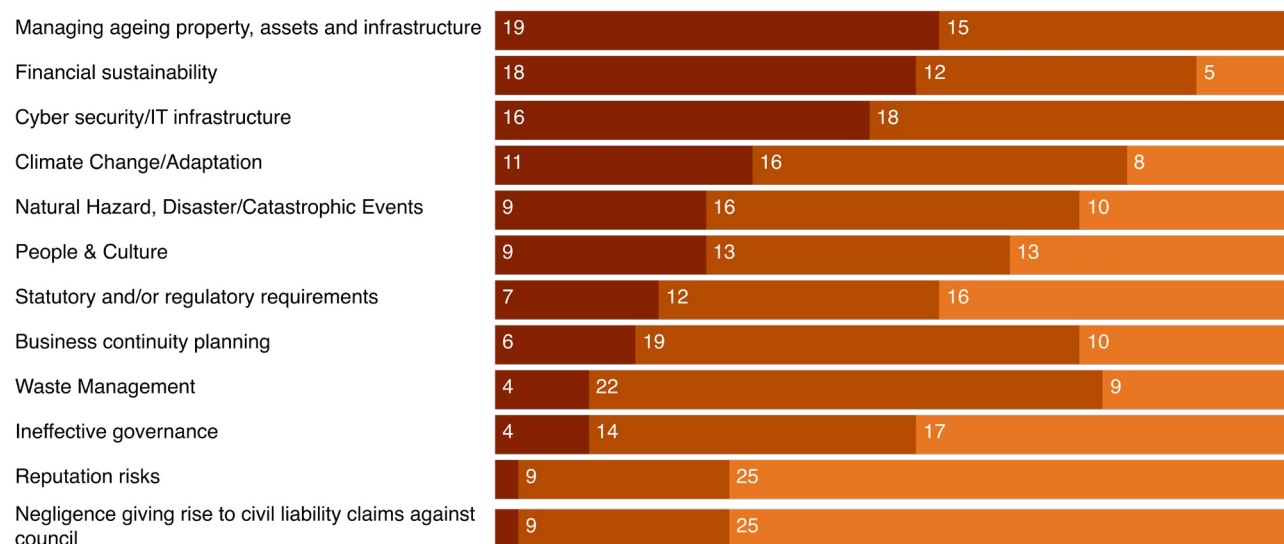|	High	Medium	Low
Managing ageing property, assets and infrastructure	19		15
Financial sustainability	18	12	5
Cyber security/IT infrastructure	16	18	
Climate Change/Adaptation	11	16	8
Natural Hazard, Disaster/Catastrophic Events	9	16	10
People & Culture	9	13	13
Statutory and/or regulatory requirements	7	12	16
Business continuity planning	6	19	10
Waste Management	4	22	9
Ineffective governance	4	14	17
Reputation risks	9	25	
Negligence giving rise to civil liability claims against council	9	25	

Figure 1: Ranking of Risk WA risk heat map

ASSETS & INFRASTRUCTURE

The findings from the 2024 JLT Public Sector Survey reveal a significant shift in risk priorities. The Capacity to Finance Asset and Infrastructure Management emerged as the top concern, with 100% of respondents ranking it first. This unanimous recognition underscores the critical importance of financial capacity in effective asset management. In contrast, the 2023 survey identified the Cost of Upgrading/Betterment When Repairing Assets as the primary concern, with 83.33% of respondents highlighting it.

The second-ranked risk in 2024 is the Ability to Attract and Retain Suitably Qualified and Experienced Human Resources, identified by 80% of respondents as a key issue. This shift indicates an increasing awareness of the human resource challenges councils face in maintaining effective asset management.

The Cost of Upgrading/Betterment When Repairing Assets has dropped to third place, with 80% of respondents ranking it there. In 2023, this concern was the top issue, while the Impact of Supply of Resources & Materials ranked fourth. Notably, the inclusion of the ability to attract and retain qualified human resources in the 2024 rankings suggests that the cost of upgrading/betterment would have remained in the top three if not for this new focus.

Overall, the transition from prioritising upgrading costs and material supply to emphasising financial capacity and human resources potentially reflects a more comprehensive understanding of asset management challenges among Northern Territory councils. This evolution highlights the need for strategic planning and investment in both financial and human resources to ensure effective infrastructure management.

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

■ High ■ Medium ■ Low

Capacity to finance asset and infrastructure management

| 23 | 9 | 3 |

Ability to attract and retrain suitably qualified and experiences human resources

| 18 | 12 | 5 |

Cost of upgrading/betterment when repairing assets.

| 16 | 18 | 1 |

Inflation impact on costs to maintain/upgrade/replace assets & infrastructure

| 15 | 13 | 7 |

Significant increase in funding required due to limited supply chain and/or inflation

| 11 | 10 | 14 |

Ability to adequately and appropriately insure assets/infrastructure

| 9 | 14 | 12 |

Impact of supply of resources & materials

| 8 | 22 | 5 |

Natural disaster/catastrophe damage to critical infrastructure

| 3 | 4 | 28 |

Other

| 1 | 34 |

Responsibility to maintain State Government owned assets

| 1 | 3 | 31 |

Figure 2: Assets & Infrastructure – underlying factors ranked

FINANCIAL SUSTAINABILITY

Financial sustainability has also seen a shift in its ranking, moving from third place in 2023, where it was recognised by 37% of respondents, to second place in 2024, with 51.4% ranking it as such, acknowledging its critical nature. The primary underlying factor driving this concern is the cost shifting from other tiers of government, which 60% of CEO/GMs identified as the significant issue. This reflects the ongoing pressure councils face as they navigate funding challenges, imposed by higher levels of government. Additionally, the cost of funding infrastructure and asset management from existing revenue sources is a pressing concern for just over 54% of respondents who ranked this factor second, indicating that local governments are grappling with the financial implications of maintaining and renewing essential services. The inflationary pressures that were a significant concern in 2023 have not been highlighted in the 2024 survey, suggesting a shift in focus towards more immediate funding challenges.

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

■ High ■ Medium ■ Low

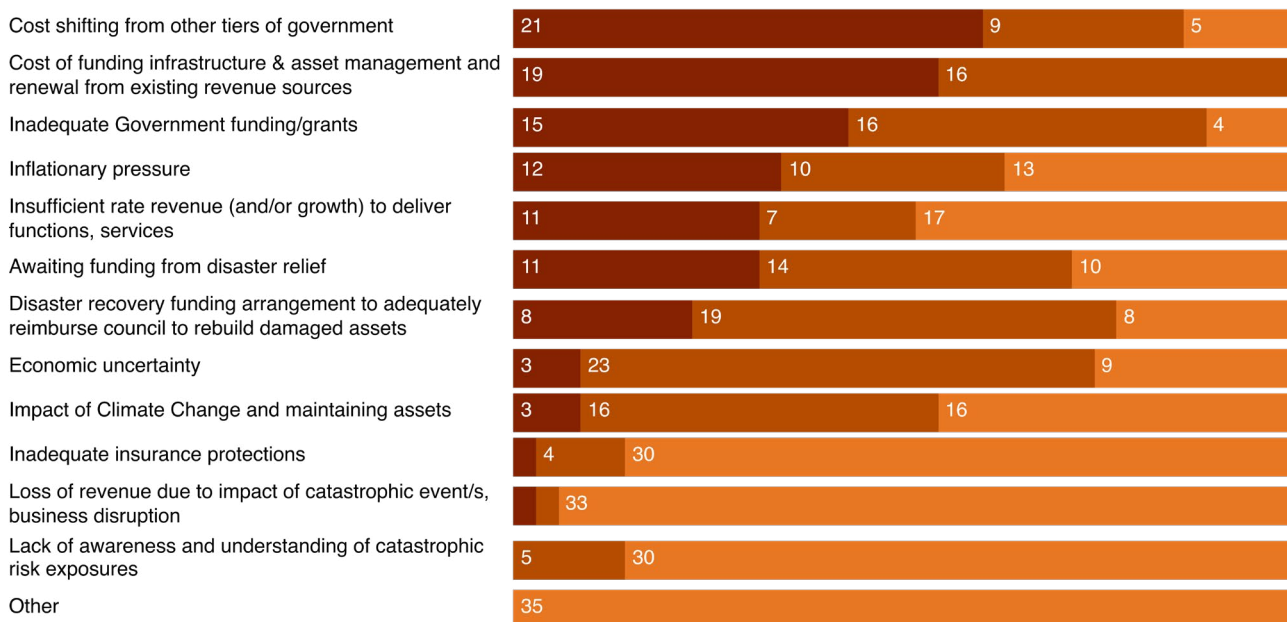| Factor	High	Medium	Low
Cost shifting from other tiers of government	21	9	5
Cost of funding infrastructure & asset management and renewal from existing revenue sources	19	16	
Inadequate Government funding/grants	15	16	4
Inflationary pressure	12	10	13
Insufficient rate revenue (and/or growth) to deliver functions, services	11	7	17
Awaiting funding from disaster relief	11	14	10
Disaster recovery funding arrangement to adequately reimburse council to rebuild damaged assets	8	19	8
Economic uncertainty	3	23	9
Impact of Climate Change and maintaining assets	3	16	16
Inadequate insurance protections		4	30
Loss of revenue due to impact of catastrophic event/s, business disruption			33
Lack of awareness and understanding of catastrophic risk exposures		5	30
Other			35

Figure 3: Financial Sustaining – WA Mapping of underlying factors

CYBER SECURITY

Cyber security, while still a critical risk, has seen a notable change in its ranking, dropping from second place in 2023, where it was recognised by 42.8% of respondents, to third place in 2024, with 45.7% acknowledging ranking it in this place. For some local governments in Western Australia, particularly those facing resource challenges, there is an increasing reliance on third-party providers for managing cybersecurity . This reliance can potentially create a false sense of security and introduce additional complexities associated with third-party engagements. Therefore, it is crucial to implement rigorous oversight and foster collaboration to ensure comprehensive protection against cyber threats.

This reflects a growing recognition of the need for robust cyber security measures in an increasingly digital world. The risk of cyber security failure remains a significant concern, with 62.8% of respondents acknowledging its potential impact. Furthermore, the ability to respond effectively to a cyber attack is crucial, with 60% of CEO/GMs ranking it as a top priority. The shift in focus from cyber security as a leading risk to a more supportive role in the rankings may indicate that local governments are beginning to implement more effective strategies to mitigate these risks, although the threat remains ever-present.

High Risk	1-2 Rank
Medium Risk	3-4 Rank
Low Risk	5-8 Rank

■ High   ■ Medium   ■ Low

Ability of IT infrastructure/provider to proactively manage cyber security

25	8	2

Cyber security failure

22	12	1

Ability to respond to a cyber attack

21	14

Reliability and integrity of critical IT infrastructure

13	7	15

Internal/external theft of information

4	27	4

No or poor policy/processes to respond to ransom or extortion threats

4	20	11

Employee threat

3	24	8

Whole of Business protection not in place in the case of a cyber event

3	11	21

Key Supplier failure/Third Party Contracts

3	24	8

Disaster recovery plans not incorporating cyber

3	25	7

No or poor policy/processes to mitigate human error, internal deception

2	9	24

Internal data fraud/security breach

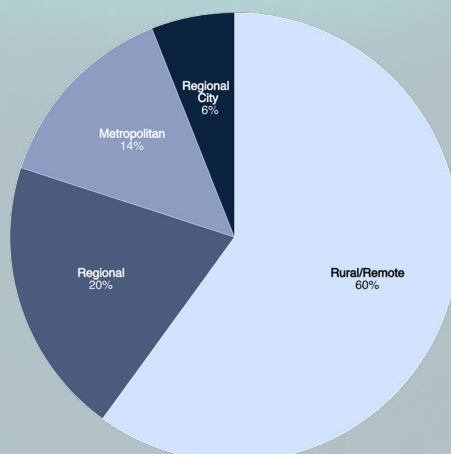| 2	29	4

Other

35

Figure 4: Cyber Security – WA Ranking of underlying factors

SURVEY RESPONDENTS

The 2024 JLT Public Sector Risk Survey engaged 35 local government CEOs and General Managers from WA. 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:

Legend: Rural/Remote · Regional · Metropolitan · Regional City

- Rural/Remote 60%
- Regional 20%
- Metropolitan 14%
- Regional City 6%