

ATTACHMENT B

CURRENT YEAR FINANCIAL SUSTAINABILITY STATEMENT AND THE AUDITOR-GENERAL'S AUDIT REPORT FOR THE YEAR ENDED 30 JUNE 2022

Brisbane City Council
Current-year financial sustainability statement
for the year ended 30 June 2022

Measures of financial sustainability	Target	Consolidated 2022	Council 2022
<i>Operating surplus ratio</i> Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	(3%)	(5%)
<i>Asset sustainability ratio</i> Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	Greater than 90%	55%	54%
<i>Net financial liabilities ratio</i> Total liabilities less current assets divided by total operating revenue (excluding capital items)	Not greater than 60%	125%	134%

Council borrows to fund future long-term infrastructure assets to provide ongoing benefits to the community.

The most recent credit review issued by QTC in November 2021 provided Council with a 'Strong Rating' and 'Neutral Outlook'.

Basis of preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *City of Brisbane Regulation 2012* and version 1.1 of the *Financial Management (Sustainability) Guideline 2013* (FMSG) issued by the Queensland Government's Department of State Development, Infrastructure, Local Government and Planning. The amounts used to calculate the three reported measures are prepared on an accrual basis for the year ended 30 June 2022 and exclude the impacts of service concession arrangements.

Brisbane City Council
Certificate of accuracy
for the year ended 30 June 2022

This current-year financial sustainability statement has been prepared pursuant to section 170 of the *City of Brisbane Regulation 2012* (the Regulation).

In accordance with section 202(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.



Councillor Adrian Schrunner
LORD MAYOR



Colin Jensen
CHIEF EXECUTIVE OFFICER



Councillor Fiona Cunningham
CIVIC CABINET CHAIR
FINANCE AND CITY GOVERNANCE
COMMITTEE



Paul Oberle
CHIEF FINANCIAL OFFICER
CORPORATE FINANCE
ORGANISATIONAL SERVICES

11 August 2022

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Brisbane City Council

Report on the current year financial sustainability statement

Opinion

I have audited the accompanying current year financial sustainability statement of Brisbane City Council (the Council) for the year ended 30 June 2022, comprising the statement, explanatory notes, and the certificate of accuracy given by the Lord Mayor; Chief Executive Officer; Civic Cabinet Chair Finance and City Governance Committee and Chief Financial Officer.

In accordance with section 202 of the *City of Brisbane Regulation 2012*, in my opinion, in all material respects, the current year financial sustainability statement of Brisbane City Council for the year ended 30 June 2022 has been accurately calculated.

Basis of opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the current year financial sustainability statement* section of my report.

I am independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – basis of accounting

I draw attention to Note 1 which describes the basis of accounting. The current year financial sustainability statement has been prepared in accordance with the *Financial Management (Sustainability) Guideline 2013* for the purpose of fulfilling the Council's reporting responsibilities under the *City of Brisbane Regulation 2012*. As a result, the statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Other information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Brisbane City Council's annual report for the year ended 30 June 2022 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

My opinion on the current year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

However, as required by the *City of Brisbane Regulation 2012*, I have expressed a separate opinion on the general purpose financial report.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the councillors for the current year financial sustainability statement

The councillors are responsible for the preparation and fair presentation of the current year financial sustainability statement in accordance with the *City of Brisbane Regulation 2012*. The councillors' responsibility also includes such internal control as the councillors determine is necessary to enable the preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the current year financial sustainability statement

My objectives are to obtain reasonable assurance about whether the current year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement.

My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the Council's future sustainability.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Council's or the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

B.P. Worrall

Brendan Worrall
Auditor-General

15 August 2022

Queensland Audit Office
Brisbane