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To the Acting Commissioner for Consumer Affairs Consumer and Business Services, Attorney-General's Department

Opinion

I have audited the financial report of Second-hand Vehicles Compensation Fund for the financial year ended 30 June 2024.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Second-hand Vehicles Compensation Fund as at 30 June 2024, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards – Simplified Disclosures.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2024
- a Statement of Financial Position as at 30 June 2024
- a Statement of Changes in Equity for the year ended 30 June 2024
- a Statement of Cash Flows for the year ended 30 June 2024
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Acting Commissioner for Consumer Affairs, the Executive Director Finance, People and Performance and the Manager, Finance and Governance.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Second-hand Vehicles Compensation Fund. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Responsibilities of the Acting Commissioner for Consumer Affairs for the financial report

The Acting Commissioner for Consumer Affairs is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards – Simplified Disclosures and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Acting Commissioner for Consumer Affairs is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Second-hand Vehicles Compensation Fund for the financial year ended 30 June 2024.

My objectives are to obtain reasonable assurance about whether the financial report 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 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 financial report.

As part of an audit in accordance with 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 financial report, 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 the purpose of expressing an opinion on the effectiveness of the Second-hand Vehicles Compensation Fund's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Acting Commissioner for Consumer Affairs
- conclude on the appropriateness of the Acting Commissioner for Consumer Affairs use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Acting Commissioner for Consumer Affairs about, 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 the audit.



Daniel O'Donohue
Assistant Auditor-General (Financial Audit)

12 November 2024

Second Hand Vehicles Compensation Fund

Financial Statements

For the year ended 30 June 2024

Second Hand Vehicles Compensation Fund
Certification of the Financial Statements
for the year ended 30 June 2024

We certify that the:

- financial statements for the Second Hand Vehicles Compensation Fund:
 - are in accordance with the accounts and records of the Fund;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Fund at the end of the financial year and the result of its operation and cash flows for the financial year.
- internal controls employed by the Second Hand Vehicles Compensation Fund for the financial year over its financial reporting and its preparation of financial statements have been effective.



Andrew Swanson
Executive Director
Finance, People & Performance
Attorney-General's Department
6 November 2024



Steph Halliday
A/Commissioner for Consumer Affairs
Consumer and Business Services
6 November 2024



Arjun Shirole
Manager, Finance and Governance
Consumer and Business Services
6 November 2024

Second Hand Vehicles Compensation Fund
Statement of Comprehensive Income
for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Income			
Contribution by licensees	2.1	234	237
Investment and interest revenue	2.2	263	166
Net gain on revaluation of investments	4.2	67	-
Other income	2.3	23	22
Total income		587	425
Expenses			
Compliance and administration	4.1	230	362
Net loss on revaluation of investments	4.2	-	115
Claims		-	18
Other expenses	4.3	20	62
Total expenses		250	557
Net result		337	(132)
Total comprehensive result		337	(132)

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

Second Hand Vehicles Compensation Fund
Statement of Financial Position
As at 30 June 2024

	Note	2024 \$'000	2023 \$'000
Current assets			
Investments	5.2	2 345	2 201
Cash and cash equivalents	5.1	633	611
Receivables	5.3	118	91
Total current assets		3 096	2 903
Non-current assets			
Investments	5.2	4 177	4 032
Total non-current assets		4 177	4 032
Total assets		7 273	6 935
Current liabilities			
Payables	6.1	10	9
Total current liabilities		10	9
Total liabilities		10	9
Net assets		7 263	6 926
Equity			
Retained earnings		7 263	6 926
Total equity		7 263	6 926

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

Second Hand Vehicles Compensation Fund
Statement of Changes in Equity
for the year ended 30 June 2024

	Retained earnings	Total equity
	\$'000	\$'000
Balance at 1 July 2022	7 058	7 058
Net result for 2022-23	(132)	(132)
Total comprehensive result for 2022-23	(132)	(132)
Balance at 30 June 2023	6 926	6 926
Net result for 2023-24	337	337
Total comprehensive result for 2023-24	337	337
Balance at 30 June 2024	7 263	7 263

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

Second Hand Vehicles Compensation Fund
Statement of Cash Flows
for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Cash inflows			
Contribution by licensees		234	237
Interest receipts		29	22
Other receipts		1	1
GST recovered from the ATO		1	4
Cash generated from operating activities		265	264
Cash outflows			
Compliance and administration		(223)	(397)
Claims		-	(18)
Other payments		(20)	(69)
Cash used in operating activities		(243)	(484)
Net cash provided by / (used in) operating activities		22	(220)
Net increase / (decrease) in cash and cash equivalents		22	(220)
Cash and cash equivalents at the beginning of the reporting period		611	831
Cash and cash equivalents at the end of the reporting period	5.1	633	611

The accompanying notes form part of these financial statements.

Second Hand Vehicles Compensation Fund

Notes to and forming part of the financial statements

for the year ended 30 June 2024

1. About the Second Hand Vehicles Compensation Fund

The Second Hand Vehicles Compensation Fund (the SHVCF) is a not-for-profit entity regulated by the *Second-hand Vehicle Dealers Act 1995* (the Act). The SHVCF is administered by the Commissioner for Consumer Affairs (the Commissioner). The financial statements are required by Schedule 3 of the Act and include income, expenses, assets and liabilities which the Commissioner administers on behalf of the SA Government. The SHVCF does not control any other entity and has no interest in unconsolidated structured entities.

1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards applying simplified disclosures.

The financial statements are prepared based on a 12-month reporting period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Significant accounting policies are set out throughout the notes.

The Commissioner for Consumer Affairs is liable for fringe benefits tax (FBT) and goods and services tax (GST). GST collections and payments are carried out by the Attorney-General's Department (AGD) on behalf of the Fund. GST in relation to the SHVCF is reported in the AGD Controlled Financial Statements.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis, and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

1.2. Objectives of the Second Hand Vehicles Compensation Fund

The SHVCF is regulated by the Act. The SHVCF is kept and administered by the Commissioner for Consumer Affairs. It exists to provide compensation for persons who have a valid unsatisfied claim against a second hand motor vehicle dealer in relation to the purchase, sale or consignment of a second hand vehicle. The claim is heard by the Magistrates Court and an order for compensation will only be made if there is no reasonable prospect of recovering the amount of the claim other than from the SHVCF.

The SHVCF's main source of income is contributions received from second hand vehicle dealers in accordance with Schedule 3 of the Act. The SHVCF also receives income derived from the investment of SHVCF assets.

Second Hand Vehicles Compensation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2024

2. Income

2.1. Contribution by licensees

	2024	2023
	\$'000	\$'000
Contribution by licensees	234	237
Total contribution by licensees	234	237

Contribution by licensees' income is recognised when received from second hand vehicle dealers.

2.2. Investment and interest revenue

	2024	2023
	\$'000	\$'000
Distributions from investments held with Public Trustee	149	98
Interest from investments held with Public Trustee	85	46
Interest from deposits held with the Treasurer	29	22
Total investment and interest revenue	263	166

2.3. Other income

	2024	2023
	\$'000	\$'000
Management fee recovery	22	21
Sundry recoveries	1	1
Total other income	23	22

Second Hand Vehicles Compensation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2024

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the SHVCF include the Minister and the Commissioner for Consumer Affairs who have responsibility for the strategic direction and management of the fund. The compensation received by the Commissioner is included in the controlled financial statements of AGD.

The Minister's remuneration and allowances are set by *the Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

Transactions with key management personnel and other related parties

The SHVCF did not enter into any transactions with key management personnel or their close family during the reporting period.

Second Hand Vehicles Compensation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2024

4. Expenses

4.1. Compliance and administration

	2024	2023
	\$'000	\$'000
Compliance and administration expenses	230	362
Total administration	230	362

Compliance and administration expenses of the SHVCF include payments made to the AGD under section 3(2)(b) of the *Second-hand Vehicle Dealers Act 1995* as reimbursement for administering the SHVCF. The estimated annual costs of these resources are paid as compliance and administration expenses.

4.2. Net gain/(loss) on revaluation of investments

	2024	2023
	\$'000	\$'000
Net gain/(loss) on revaluation of investments	67	(115)
Total net gain/(loss) on revaluation of investments	67	(115)

4.3. Other expenses

	2024	2023
	\$'000	\$'000
Audit fees*	10	9
Other	10	53
Total other expenses	20	62

* Audit fees paid/payable to the Audit Office of South Australia related to work performed under the *Public Finance and Audit Act 1987* of \$9 500 (2023: \$9 300). No other services were provided by the Audit Office of South Australia.

Second Hand Vehicles Compensation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2024

5. Financial assets

5.1. Cash and cash equivalents

	2024	2023
	\$'000	\$'000
Deposits with the Treasurer	633	611
Total cash	633	611

Cash is measured at nominal value. Deposits at call with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash represents fair value.

5.2. Investments

	2024	2023
	\$'000	\$'000
Current		
Funds invested with the Public Trustee	2 345	2 201
Total current investments	2 345	2 201
Non-current		
Funds invested with the Public Trustee	4 177	4 032
Total non-current investments	4 177	4 032
Total investments	6 522	6 233

Investments represent funds deposited with the Public Trustee. These investments have been classified as financial assets held at fair value through profit and loss as they are held with the intention to dispose of the asset if required to ensure sufficient cash flow to meet claim repayments. Investments are made by way of notional unit holdings in a selection of common funds managed by the Public Trustee. The proportion of unit holdings is dependent upon the investment strategy adopted.

As at 30 June 2024 the SHVCF held investments in common funds in the following proportions:

Cash	35.36%
Net Liabilities/Receivables	1.64%
Balanced	33.96%
Capital Stable	29.04%

Investments are measured at fair value in accordance with unit prices at balance date as advised by the Public Trustee.

Investments are classified as either current or non-current. The current investments are the Cash Investments Strategy, and the non-current investments are the Balanced and Capital Stable Investments Strategy.

Revaluation increments and decrements are recognised at fair value through profit or loss. The fair value of assets traded in active markets are based on quoted market prices for identical assets at balance date.

For further information on risk management refer to Note 8.1.

Second Hand Vehicles Compensation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2024

5.3. Receivables

	2024	2023
	\$'000	\$'000
Current		
Accrued interest and distributions	118	85
Other receivables	-	6
Total current receivables	118	91

Receivables related to accrued interest on investments and distributions with the Department of Treasury and Finance and Public Trustee. They are non-interest bearing and are held with the objective of collecting the contractual cash flows and measured at amortised costs.

6. Liabilities

6.1. Payables

	2024	2023
	\$'000	\$'000
Current		
Accrued expenses	10	9
Total current payables	10	9
Total payables	10	9

Accruals are recognised for all amounts billed but unpaid and are settled within the normal terms of payment of 30 days, unless otherwise agreed. All payables are non-interest bearing. The carrying value of payables represents fair value due to their short-term nature.

Second Hand Vehicles Compensation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2024

7. Outlook

7.1. Unrecognised contractual commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

The SHVCF has no commitments contracted for at the reporting date not recognised as liabilities.

7.2. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

The SHVCF has an estimated contingent liability to pay \$1 000 (2023: \$1 000) relating to anticipated future claims against the Fund.

The SHVCF is not aware of any contingent assets at the reporting date.

7.3. Events after the reporting period

There are no known events after balance date that affect these financial statements.

Second Hand Vehicles Compensation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2024

8. Measurement and risk

8.1. Financial instruments

Financial risk management

SHVCF risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

The SHVCF's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Market and credit risk

All cash balances and cash common funds held with the Public Trustee are available at call. Investments held with the Public Trustee are classified as 'fair value through profit and loss' financial assets. Net gains or losses resulting from movements in the fair value of investments are recognised through the profit and loss.

Investments represent funds held by the Public Trustee. The Public Trustee has invested in collective investment vehicles for the purpose of gaining exposure to Australian and international equities. The managers of such vehicles have invested in a variety of financial instruments which expose the Fund to investment risks, including market, credit, interest and currency risk. At reporting date funds totalling \$6.5 million were invested with the Public Trustee. Pooled investment funds are not rated for credit risk. The Public Trustee considers the credit risk of individual fund managers prior to investing funds and reviews these assessments quarterly.

Other than pooled investments, the SHVCF has no significant concentration of credit risk.

The SHVCF is exposed to price risk. Price risk represents the risk that the fair value of investments held with the Public Trustee will fluctuate due to changes in the market price for the underlying asset.

Cash is also subject to interest rate risk.

There have been no changes in risk exposure since the last reporting period.

Impairment of financial assets

The SHVCF considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and therefore the expected credit loss is nil.

The expected credit loss of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties.

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note.

Second Hand Vehicles Compensation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2024

8.1. Financial instruments (continued)

Classification of financial instruments

The SHVCF measures all financial instruments at amortised cost.

Maturity analysis of financial instruments

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2024 Contractual maturities*	
			Within 1 year \$'000	1-5 years \$'000
Financial assets				
Cash and cash equivalents				
Cash and cash equivalents	5.1	633	633	-
Fair value through profit and loss				
Investments	5.2	6 522	2 345	4 177
Financial assets at amortised cost				
Receivables	5.3	118	118	-
Total financial assets		7 273	3 096	4 177
Financial liabilities				
Financial liabilities at amortised cost				
Payables	6.1	-	-	-
Total financial liabilities at cost		-	-	-

	Note	Carrying amount / fair value \$'000	2023 Contractual	
			Within 1 year \$'000	1-5 years \$'000
Financial assets				
Cash and cash equivalents				
Cash and cash equivalents	5.1	611	611	-
Fair value through profit and loss				
Investments	5.2	6 233	2 201	4 032
Financial assets at amortised cost				
Receivables	5.3	91	91	-
Total financial assets		6 935	2 903	4 032
Financial liabilities				
Financial liabilities at amortised cost				
Payables	6.1	-	-	-
Total financial liabilities at cost		-	-	-

Receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges and the Audit Office of South Australia audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore, in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.