



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

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

Opinion

I have audited the financial report of the Second-hand Vehicles Compensation Fund for the financial year ended 30 June 2023.

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 2023, 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 Reporting Requirements.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Commissioner for Consumer Affairs, the Executive Director Finance, People and Performance and the General Manager, Corporate Services.

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 Commissioner for Consumer Affairs for the financial report

The 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 the Australian Accounting Standards – Simplified Reporting Requirements, 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 is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the 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 Second-hand Vehicles Compensation Fund for the financial year ended 30 June 2023.

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 Commissioner for Consumer Affairs
- conclude on the appropriateness of the 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 Commissioner for Consumer Affairs and 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
Acting Deputy Auditor-General

01 November 2023

Second Hand Vehicles Compensation Fund

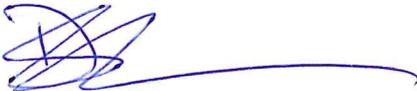
Financial Statements

For the year ended 30 June 2023

**Second Hand Vehicles Compensation Fund
Certification of the Financial Statements**
for the year ended 30 June 2023

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.



Dini Soulio
Commissioner
Consumer and Business Services
31 October 2023



Andrew Swanson FCPA
Executive Director
Finance, People & Performance
Attorney-General's Department
31 October 2023



Eleni Labadas
General Manager, Corporate Services
Consumer and Business Services
31 October 2023

Second Hand Vehicles Compensation Fund
Statement of Comprehensive Income
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income			
Contribution by licensees	2.1	237	213
Investment and interest revenue	2.2	166	115
Other income	2.3	22	18
Total income		425	346
Expenses			
Compliance and Administration	4.1	362	298
Net loss on revaluation of investments	4.2	115	123
Claims		18	6
Other expenses	4.3	62	10
Total expenses		557	437
Net result		(132)	(91)
Total comprehensive result		(132)	(91)

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 2023

	Note	2023 \$'000	2022 \$'000
Current assets			
Investments	5.2	2 201	2 198
Cash and cash equivalents	5.1	611	831
Receivables	5.3	91	99
Total current assets		2 903	3 128
Non-current assets			
Investments	5.2	4 032	3 974
Total non-current assets		4 032	3 974
Total assets		6 935	7 102
Current liabilities			
Payables	6.1	9	44
Total current liabilities		9	44
Total liabilities		9	44
Net assets		6 926	7 058
Equity			
Retained earnings		6 926	7 058
Total equity		6 926	7 058

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 2023

	Retained earnings	Total equity
	\$'000	\$'000
Balance at 1 July 2021	<u>7 149</u>	<u>7 149</u>
Net result for 2021-22	(91)	(91)
Total comprehensive result for 2021-22	<u>(91)</u>	<u>(91)</u>
Balance at 30 June 2022	<u>7 058</u>	<u>7 058</u>
Net result for 2022-23	(132)	(132)
Total comprehensive result for 2022-23	<u>(132)</u>	<u>(132)</u>
Balance at 30 June 2023	<u><u>6 926</u></u>	<u><u>6 926</u></u>

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 2023

	2023	2022
Note	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
Contribution by licensees	237	213
Interest receipts	22	-
Other receipts	1	2
Cash generated from operating activities	<u>260</u>	<u>215</u>
Cash outflows		
Compliance and administration	(397)	(321)
Claims	(18)	(6)
Other payments	(65)	(9)
Cash used in operating activities	<u>(480)</u>	<u>(336)</u>
Net cash provided by / (used in) operating activities	<u>(220)</u>	<u>(121)</u>
Cash flows from investing activities		
Cash outflows		
Purchase of investment	-	(300)
Cash used in investing activities	<u>-</u>	<u>(300)</u>
Net cash provided by / (used in) investing activities	<u>-</u>	<u>(300)</u>
Net increase / (decrease) in cash and cash equivalents	<u>(220)</u>	<u>(421)</u>
Cash and cash equivalents at the beginning of the reporting period	831	1 252
Cash and cash equivalents at the end of the reporting period	<u>5.1</u> <u>611</u>	<u>831</u>

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 2023

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

Second Hand Vehicles Compensation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2023

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.

2. Income

2.1. Contribution by licensees

	2023	2022
	\$'000	\$'000
Contribution by licensees	237	213
Total contribution by licensees	237	213

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

2.2. Investment and interest revenue

	2023	2022
	\$'000	\$'000
Distributions from investments held with Public Trustee	98	115
Interest from investments held with Public Trustee	46	-
Interest from deposits held with the Treasurer	22	-
Total investment and interest revenue	166	115

2.3. Other income

	2023	2022
	\$'000	\$'000
Management fee recovery	21	17
Sundry recoveries	1	1
Total other income	22	18

Second Hand Vehicles Compensation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2023

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.

4. Expenses

4.1. Compliance and administration

	2023	2022
	\$'000	\$'000
Compliance and administration expenses	362	298
Total administration	362	298

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 loss on revaluation of investments

	2023	2022
	\$'000	\$'000
Net loss on revaluation of investments	115	123
Total net loss on revaluation of investments	115	123

4.3. Other expenses

	2023	2022
	\$'000	\$'000
Audit fees*	9	9
Other	53	1
Total other expenses	62	10

* Audit fees paid/payable to the Auditor-General's Department related to work performed under the *Public Finance and Audit Act 1987* of \$9 300 (2022: \$9 000). No other services were provided by the Auditor-General's Department.

Second Hand Vehicles Compensation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2023

5. Financial assets

5.1. Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Deposits with the Treasurer	611	831
Total cash	611	831

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

	2023	2022
	\$'000	\$'000
Current		
Funds invested with the Public Trustee	2 201	2 198
Total current investments	2 201	2 198
Non-current		
Funds invested with the Public Trustee	4 032	3 974
Total non-current investments	4 032	3 974
Total investments	6 233	6 172

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 2023 the SHVC held investments in common funds in the following proportions:

Cash	34.89%
Net Liabilities/Receivables	1.22%
Balanced	34.34%
Capital Stable	29.55%

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 2023

5.3. Receivables

	2023	2022
	\$'000	\$'000
Current		
Accrued interest and distributions	85	93
Other receivables	6	6
Total current receivables	<u>91</u>	<u>99</u>
Total receivables	<u>91</u>	<u>99</u>

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

	2023	2022
	\$'000	\$'000
Current		
Accrued expenses	9	9
Creditors	-	35
Total current payables	<u>9</u>	<u>44</u>
Total payables	<u>9</u>	<u>44</u>

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 2023

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 (2022: \$32 250) 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 2023

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 \$6.3 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.

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 Auditor-General's Department 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.