



2013/14 ANNUAL REPORT

ENHANCING FINANCIAL
OUTCOMES FOR THE STATE



Treasury Corporation of Victoria

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Reference to Credit Ratings

All references to credit ratings in this document are provided for information purposes only. A credit rating is not a recommendation to buy, sell or hold any financial product. Such ratings are subject to revision or withdrawal at any time by the relevant rating agency.

Statement of Corporate Intent

Our Vision

Treasury Corporation of Victoria's (TCV or the Corporation) vision is to be a respected central funding authority and financing adviser, optimising the benefits for, and protecting the interests of, the State of Victoria and our clients.

Our Mission

Our mission is to serve the State of Victoria and its component businesses, working to fill their overall need for financing and advisory services. Our employees are united in their commitment to deliver the best and most appropriate products and services, and are supported by a culture that motivates them to act with integrity and professionalism.

Our Values and Behaviours

Our behavioural framework supports our performance through commercial acumen, communication, relationship management, management effectiveness, proactivity, problem solving, empathy and technical skills.

In addition, TCV promotes the public sector values contained in Part 2 of the *Public Administration Act 2004*, which include responsiveness, integrity, impartiality, accountability, respect, leadership and the promotion of human rights.

Our People

TCV understands that our employees are central to the success of our business. Our people related policies support our commitment to the long-term development of our employees. We also recognise the importance of a healthy and balanced life.

In return, we expect our people to engage with TCV's behavioural framework and to demonstrate the values and behaviours required of participants in Financial markets, and employees in the public sector, as set out in the relevant Codes of Conduct.

Our relationship with the Treasurer of Victoria

The Treasurer of Victoria (Treasurer) is responsible for the administration of the Treasury Corporation of Victoria Act 1992 (TCV Act).

In the exercise of its powers and performance of its functions under the TCV Act, TCV is subject to the general direction, control and specific approvals, requests, and determinations of the Treasurer.

Each year, TCV must pay from its surpluses to the Consolidated Fund of the Government of Victoria a dividend in such amount as the Treasurer determines.

The Treasurer's interests are monitored by the Department of Treasury and Finance and the Prudential Supervisor. Our Chairman, on behalf of the Board of Directors, reports to the Treasurer.

Our Clients

We provide treasury services to those State and public authorities that have been accepted as participating authorities by the Corporation under the *Treasury Corporation of Victoria Act 1992* (the TCV Act) and, at the request of the Treasurer, to other Victorian entities.

At 30 June 2014, there were 95 participating authorities (2013: 94) in addition to the budget sector. The services we provide include:

- debt portfolio management
- cash management and deposit products
- interest rate, foreign exchange and commodity risk management
- economic services
- financing policy advice
- a dedicated financing service
- general treasury and financing advice
- analytical services.

Our Objectives

TCV has the following objectives:

- to act as a financial institution for the benefit of the State and participating authorities
- to enhance the financial position of the State, the Corporation and participating authorities
- to provide our services in an effective, efficient and competitive manner
- to give advice to the Treasurer in respect to the State's liabilities or financial assets.

Our Guarantee

Our payment obligations in relation to borrowings and derivative transactions are guaranteed by the State of Victoria (section 32 of the TCV Act). Our loans to participating authorities are guaranteed by the State of Victoria.

Our Business Operations

Our business operations assist the State in the prudent management of Victoria's financing risks by centralising financing and advisory activities through the:

- provision of a single interface to the debt markets
- maintenance and enhancement of the State's profile and reputation in financial markets
- assumption and management of financing risk that would otherwise reside with the State and participating authorities
- retention of expert skills and knowledge to manage these financing risks
- provision of financing advice in anticipation of and in response to the requirements of the State and its authorities in all their financing arrangements
- adoption of prudent risk management policies and processes in relation to interest rate, refinancing, credit, liquidity, foreign currency, commodity and operational risks.

Our Borrowing Programs

Our borrowing programs provide financing liquidity for the State and its participating authorities.

We maintain a range of borrowing programs that facilitate access to long and short-term funding in domestic and international debt capital markets, and allow us to maintain a diverse investor base.

We are active managers of those programs, which assists us provide sufficient funding at acceptable and competitive pricing in all market conditions.

Report of the Chairman and Managing Director

TCV was established in 1993, and has evolved over time to meet the changing needs of the Victorian Government.

This evolution has involved four distinct phases:

- an establishment phase, where the State's diverse funding arrangements were amalgamated into TCV
- a debt reduction phase, where the Corporation assisted Government to pay down debt with the proceeds of privatisations
- a 'static debt' phase through the 2000's
- a period of strong lending growth as the Government responded to the post Financial Crisis economy.

This Annual Report marks the beginning of a new phase for the Corporation.

The 2014 State Budget, delivered by the Treasurer of Victoria on the 6th of May 2014, detailed the sale and medium term lease of two significant Victorian assets; the sale of the Rural Finance Corporation, and the medium term lease of the operations of the Port of Melbourne Corporation. The proceeds of the sale/lease of these entities will impact the finances of the State over coming years, and in turn impact the Corporation's activities.

This next phase will require us to focus once again on managing our programs through a period of debt repayment, initially as we manage our debt profile to efficiently deal with the lease proceeds, and then as we move through a period of moderate borrowing requirements resulting from the forecast of ongoing budget surpluses.

The Corporation is ready for the challenges this will bring. Our Corporate memory is strong, and our experiences from past Victorian privatisations are relevant.

Just as important however is the scalability of our business model. TCV's current management team have spent a decade shaping the Corporation to be an efficient, cost effective provider of services to our customers, and this business model stands in support of the Government's evolving requirements.

We are committed to working smarter. Our business effectiveness initiatives are supported by employees across all of our Business Units, and ensure a constant focus on efficiency, and on strong cost management.

The value of this focus has been evident in the 2013-14 Financial Year, where the Corporation has met, and in many cases exceeded, our core objectives.

We have however done more than that. TCV is uniquely placed within the Victorian government to assist each of our customer's financial arrangements in

a way that is appropriate, effective and competitive, and we continually seek opportunities to add value to their businesses. As an example, during the year we developed the 'Flexi Loan' product that assists the water industry manage the financing risks inherent in regulated pricing models.

We continue to operate in a conservative risk environment that delivers our stakeholder's preference for 'no surprises'. We have developed a tightly controlled and risk aware governance framework that identifies and manages risks, both financial and organisational, and while doing so have earned the respect of our Auditors and Prudential Supervisor.

Through the year we have maintained our strong relationships with Australian and International Financial Markets. These relationships allow us to promote Victoria and the TCV debt programs. Our investors, both domestic and international, remain impressed with the State's fiscal outlook, and TCV's professional approach to capital markets.

As a result, Victoria benefits from the lowest cost of funds of all of the states.

This investor confidence is reflected in TCV's ability to access term markets. TCV's 2013-14 funding task was raised successfully, and we have already started to position ourselves for the 2014-15 program.

This success however is not possible without having the right people doing the right jobs, and we would like to thank all of our people for their contribution and dedication. The Corporation could not add the value that it does without them.

We would also like to thank our clients for their continued and enthusiastic support of our activities. Our clients continually find reasons to engage with TCV, and this only serves to increase our capacity to provide relevant services.

Finally, we thank Treasurer O'Brien, his staff and the Department of Treasury and Finance for their ongoing support. The strong relationship and open dialogue we have enjoyed through the year makes us more effective, and enhances our ability to add value to the State and our customers.

We remain committed to working together with our employees, clients and stakeholders in the year ahead to once more deliver the Corporation's expertise on behalf of the Victorian community.



Rob Hunt
Chairman



William (Bill) Whitford
Managing Director

Performance

TCV has a number of key objectives and performance indicators. These are both financial and non-financial in nature, and are agreed with the Victorian Treasurer as part of the yearly corporate planning process.

The table below summarises TCV's performance for the reporting period.

Objective/Indicator	Outcome 2013-14
Delivery of the State's financing requirements	A key part of TCV's business model is to provide financing to participating authorities in the volume and maturity which they require to support their businesses. TCV once again achieved this objective through the year.
Management of market risk within approved limits	TCV employs a number of risk measures to manage its market risk. Principal amongst these is a Value at Risk (VaR) parameter, determined by the Board and approved by the Victorian Treasurer through the TCV Corporate Plan. Over the 2013-14 financial year, TCV managed market risk within approved limits.
Comply with the Whole of Government Liquidity Policy	Liquidity risk relates to the possibility of financial distress due to the inability to raise funds to meet financial obligations as and when they fall due. TCV's primary measurement of liquidity is that at all times liquid assets cover at least 80% of debt principal and interest obligations for the next twelve months. TCV met this primary measurement consistently during the financial year.
Victoria's AAA rating	TCV ensures that its interactions and activities assist the Government to maintain a AAA rating. TCV's actions through the year supported the maintenance of this rating.
Financial performance targets	TCV's Corporate Plan sets a number of financial performance targets, including: <ul style="list-style-type: none"> • <i>return on Capital and Financial Institution Value Add</i>. TCV recorded a net profit for the financial year of \$50.533 million, in excess of these targets • <i>to maintain price relativity for TCV's cornerstone Domestic Benchmark Bonds with the domestic debt of its peers</i>. This target, measured as a spread to swap, was achieved and TCV closed the year with tighter spreads than comparable Australian state guaranteed issuers • <i>to maintain a minimum capital ratio of at least 8% and, where practicable, greater than 10%</i>. Through the financial year TCV complied with this requirement, with a minimum recorded ratio of 18.42%
Client satisfaction	TCV measures client satisfaction bi-annually through an independent Client Survey. This survey was last undertaken in 2012-13 and produced a score of 82%.
Employee capability and engagement	The combined knowledge of TCV's employees represents a considerable corporate investment. TCV measures its ability to maintain that investment through training and succession planning. Through the year, TCV successfully maintained its employee capability. TCV also measures employee engagement, as one indicator of a healthy organisational culture, through data gathered in our bi-annual staff survey. The most recent survey indicated a solid level of employee engagement and alignment.
Environmental sustainability	TCV actively promotes environmental sustainability through our 'Green Group', a passionate and engaged employee committee, and has actively pursued actions through the year to reduce waste and help TCV operate as a sustainable organisation.
OH&S	TCV's Board, Management and Staff Committee maintain a strong focus on the health and safety of our employees. Through the year there were no reportable accidents or incidents at TCV.

Financial Summary 2013-14

Income Summary	2013-14	2012-13	2011-12	2010-11	2009-10
	\$ million	\$ million	\$ million	\$ million	\$ million
Income					
Net gain on financial assets and liabilities designated at fair value through profit and loss	60.7	67.1	67.0	61.7	60.3
Fees and other income	9.0	8.0	6.5	10.7	11.1
Total Income	69.7	75.1	73.5	72.4	71.4
Expenses					
Borrowing related expenses	1.8	1.9	0.9	1.5	4.8
Other operational expenses	17.3	16.9	17.9	18.3	17.1
Total Expenses	19.1	18.8	18.8	19.8	21.9
Net Profit	50.6	56.3	54.7	52.6	49.5
Dividends paid	56.3	54.7	52.6	36.2	48.6
Statement of Financial Position					
	2014	2013	2012	2011	2010
	\$ million	\$ million	\$ million	\$ million	\$ million
Loans to clients	40,838.3	38,874.1	34,568.2	27,462.7	21,750.0
Cash and cash equivalents	3,476.6	2,502.9	3,453.8	4,118.4	5,555.2
Investments	3,897.2	2,693.5	4,684.4	2,815.6	2,582.8
Derivatives	471.8	733.8	1,554.1	2,176.1	1,902.8
Other assets	39.0	1,056.2	280.4	370.5	4.9
Total Assets	48,722.9	45,860.5	44,540.9	36,943.3	31,795.7
Financed by:					
Domestic Inscribed Stock	34,570.5	32,928.2	28,593.7	23,036.9	16,454.9
Domestic other	7,114.0	4,056.0	5,301.3	2,355.4	5,321.1
Offshore	448.0	745.4	1,602.0	2,352.8	2,104.3
	42,132.5	37,729.6	35,497.0	27,745.1	23,880.3
Deposits from public sector	5,711.9	5,809.7	6,566.8	5,858.5	5,700.9
Derivatives	494.9	739.3	1,625.8	2,217.3	1,803.7
Other liabilities	192.5	1,385.0	656.0	931.3	236.1
Total Liabilities	48,531.8	45,663.6	44,345.6	36,752.2	31,621.0
Equity	191.1	196.9	195.3	191.1	174.7

Treasury Client Services

A core part of our business model is the provision of services to the State's various business enterprises, which assist them to manage their financing risks. This year these services included the following activities:

TCV Client Website

TCV developed a client website portal 'TCV Online'. This portal provides our clients with individual access to information such as statements, portfolio details, transaction confirmations and advisory pieces, and is a central repository for our rates database, TCV's economic publications, Client Information Booklets and templates.

The portal will be progressively rolled out to clients through July 2014. By streamlining the way we provide services to our clients, the portal improves our business effectiveness.

Water Corporations

The Essential Services Commission (ESC) sets prices for the water and sewerage services provided by Victoria's water corporations.

To assist the water corporations manage the business impact of price setting for the regulatory period which began on 1 July 2013, TCV:

- discussed extensively with Boards and finance teams the financing risks that emanate from the regulatory framework, and provided analyses detailing the value of these risks
- developed benchmarking information that enabled them to assess the performance of their debt portfolio against the ESC debt provisions
- established a new product, the 'Flexible Rate Set Term loan' (Flexi Loan), which can be structured to hedge the pricing risks associated with the ESC's pricing determination.

These activities allowed the corporations to better understand and manage the refinancing and interest rate/pricing risks associated with the regulatory framework.

Department of Treasury & Finance

Through the year, TCV has maintained a very strong relationship with the Department of Treasury and Finance (DTF). We continue to:

- provide advice and support to DTF's Executive Risk Governance Committee regarding financial risk management
- work closely with the Financial Assets and Liabilities group, the team responsible for managing the State's budget sector debt

requirements and treasury management framework

- manage the daily funding of the State's Public Account on behalf of DTF. This involves TCV liaising directly with each of the portfolio departments and agencies needing funding and managing the net requirement as part of TCV's daily call on markets
- provided treasury advice and assistance on the policies relevant to the treasury operations of government business enterprises and departments
- support DTF's policy and processes by facilitating our clients understanding and awareness of the State's treasury risk management philosophy.

These activities, together with our management of the budget sector debt portfolio assist to reduce whole of state financing risks.

Foreign Exchange Risk Management

The Department of Treasury and Finance has a foreign exchange risk management policy that requires agencies and authorities to hedge any material foreign exchange exposures with TCV. TCV actively communicates the parameters of this policy in its financial risk management discussions with clients.

During 2013-14, TCV provided foreign exchange advice and services to clients in the following government sectors:

- the arts
- sports and recreation
- emergency services
- protective services
- transportation
- health services.

We worked closely with these government agencies and business enterprises to understand their foreign denominated business cash flows and risk parameters, and identified which foreign exchange risk management tools best achieved their objectives.

Treasury Advisory Appointments

During 2013-14, TCV provided a range of treasury advisory services to clients, including Barwon Region Water Corporation, City West Water, Coliban Water, the Department of Treasury and Finance, Melbourne Water Corporation, South East Water Limited, Goulburn-Murray Rural Water, Western Water and Yarra Valley Water Limited.

These clients engage TCV as their debt portfolio adviser. Under this arrangement, TCV works closely with each client to develop a comprehensive understanding of their business and subsequent debt portfolio management requirements.

For some engagements, TCV staff regularly attended and presented to the clients' risk management committees, further strengthening the partnership approach to the clients' debt management needs.

Commodity Risk Management

The Department of Treasury and Finance has a commodity risk management policy, which requires consideration of hedging commodity risk with TCV where the risk could have a material impact on the business. Accordingly, TCV continued to assist the State Electricity Commission of Victoria (SECV) with the requirement to hedge an ongoing exposure to the aluminium price.

Complying Investments for the Significant Investor Visa

TCV issue Government Bonds of Victoria as Complying Investments under the Commonwealth Department of Immigration and Border Protection's (DIBP) Significant Investor Visa stream.

TCV provides complying investments for Business Innovation and Investment (provisional visas 188C), also referred to as Significant Investor visas. This supports the DIBP visa programs and investments can only be made after positive advice from DIBP. As at June 2014, TCV had 57 Significant Investors on its register for a total funding value of \$279.5 million.

TCV has developed and implemented an application process with its registrar and the Victorian Department of State Development Business and Innovation, to verify Significant Investor Visa applications against Know-Your-Customer (KYC) requirements in line with AML/CTF guidelines. TCV is in dialogue with DIBP to streamline this process within risk-based constraints to ensure the State's risks and reputation is prudently managed.

TCV works closely with the Victorian Department of State Development, Business and Innovation on the Significant Investor program, attending forums promoting Victoria to visa applicants seeking to migrate to Australia.

Project Advisory Services

TCV's Project Advisory Services team provides support for clients in the development of infrastructure financing proposals. The team provides analysis and advice on financing options for publicly funded projects and assists clients to evaluate and select infrastructure proposals submitted by the private sector. Our services focus on financial evaluation and risk management. This year these services included the following activities:

Department of Treasury and Finance

TCV continued to provide DTF with treasury advice and assistance on the policies relevant to the treasury operations of government business enterprises and departments. This included:

- analysis for DTF's Productivity Commission submission on Public Infrastructure and the financial impact of a range of project inputs on the economics of Public Private Partnership's (PPP)
- provision of financial analyses relating to infrastructure projects such as the Melbourne Markets Relocation project, Victorian Desalination project, and the refinancing of the *Partnerships Victoria* (PV) in Schools and Biosciences Research Centre projects
- advice on PPP interest rate risk management in relation to whole of government interest rate risk management policies and frameworks.

Contract Management of Partnerships Victoria Projects

TCV offers assistance to departments and agencies in the PPP invoicing and contract management of *Partnerships Victoria* projects. Key services include undertaking financial audits of PPP invoicing models and regular verification of monthly/quarterly invoices as received, amendments for modifications and contractual adjustments, abatements and refinancing provisions.

In 2013-14 TCV offered these services to a number of clients including the:

- Department of Health (Casey, Royal Women's, Royal Children's Hospital Projects)
- Department of Justice (Victorian County Court and Victorian Correctional Facilities Projects)
- Department of Business and Innovation (Melbourne Convention Centre)
- Department of Education and Early Childhood Development (*Partnerships Victoria* in Schools Project)
- Department of Primary Industries (Biosciences Research Centre Project).

In addition, TCV provided analyses on the Victorian Comprehensive Cancer Centre project which is due to open in 2016 and the Hopkins Correctional Centre Project (formerly Ararat Prison) which is due to open later in 2014.

Ravenhall Prison Project

In May 2012, the State announced that the procurement of the Ravenhall Prison project was to be delivered under the *Partnerships Victoria* framework and TCV was engaged by the Department of Justice as a specialist financing advisor for the project.

In 2013-14, TCV continued our engagement including providing DTF and the Department of Justice with assistance with the evaluation of financing proposals received at Request for Proposal stage as well as assisting with the upcoming Financial Close processes (interest rate swap and option price benchmarking).

Business Case Development

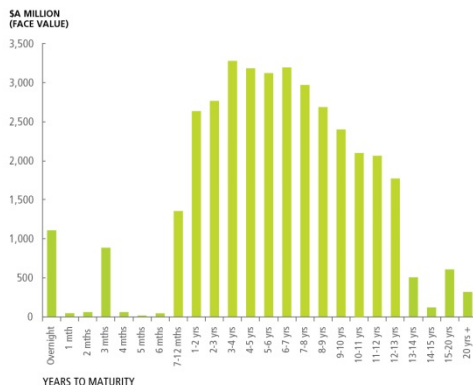
TCV offers financial modelling and business case development services to departments and agencies.

In 2013-14, TCV provided financial modelling services for the Department of Business and Innovation (Melbourne Markets Relocation Project), Harness Racing Victoria (loan refinancing), the Peter MacCallum Cancer Centre (Linear Accelerator Asset Replacement Strategy) and a number of School Co-operatives projects.

Funding and Markets

TCV provides tailored loans to clients, which are available on demand and provided at wholesale rates. Client loan facilities can extend from short-term at call facilities to long-term commitments of 20 years or more.

At 30 June 2014, the maturity profile of these client loans is shown in the chart below:



To finance this lending activity, TCV maintains four key funding programs:

- Australian Dollar Domestic Debt Issuance program, the cornerstone of the Corporation's funding strategy, which incorporates eight or more lines of stock with a targeted minimum of \$A5 billion issued per line
- \$US3 billion Euro Medium Term Note (EMTN) program
- \$A5 billion Euro Commercial Paper (ECP) program
- \$A5 billion Commercial Paper program (Domestic Promissory Note).

This suite of programs helps us maintain continual access to financial markets, and allows us to meet one of the Corporation primary objectives, to 'meet client funding requirements in volume and duration at a competitive price'.

Our activity in each program is facilitated through our dealer panels. The dealer panels distribute TCV's debt and support our access to financial market instruments used in our risk management activities. TCV's dealer panel members, at 30 June 2014, were:

Australian Dollar Domestic Debt Issuance Program

Australia and New Zealand Banking Group Limited
 Citigroup Global Markets Australia Pty Ltd
 Commonwealth Bank of Australia
 Deutsche Bank AG, Sydney Branch
 J.P. Morgan Australia Limited
 Merrill Lynch International (Australia) Ltd
 National Australia Bank Limited
 Nomura International plc
 Royal Bank of Canada
 The Toronto-Dominion Bank
 UBS AG, Australia Branch
 Westpac Banking Corporation

\$A5 billion Domestic Commercial Paper

Australia and New Zealand Banking Group Limited
 Commonwealth Bank of Australia
 Deutsche Bank AG
 Macquarie Bank Limited
 National Australia Bank Limited
 Westpac Banking Corporation

\$US3 billion Euro Medium Term Note

Morgan Stanley & Co. International Limited
 Nomura International plc
 UBS Limited

\$A5 billion Euro Commercial Paper (Hong Kong)

Bank of America Securities Limited
 Barclays Capital
 Citibank International plc
 Commonwealth Bank of Australia
 Credit Suisse
 Deutsche Bank AG London
 National Australia Bank Limited, Hong Kong Branch
 Royal Bank of Canada
 The Royal Bank of Scotland
 UBS Investment Bank.

2013-14 Funding Activity

In 2013-14, TCV focused its fund raising activities within the Domestic Benchmark Bond program, supplemented by the issue of several new non-benchmark long dated maturities.

Our Domestic Benchmark Bond outstandings increased by \$A2.14 billion (face value). The highlight was the establishment of the 2017 maturity. This was established to smooth the short term liability maturity profile, and assist in managing the Whole of Victorian Government (WoVG) liquidity ratio.

As at 30 June 2014, Domestic Benchmark Bond Outstandings were as follows:

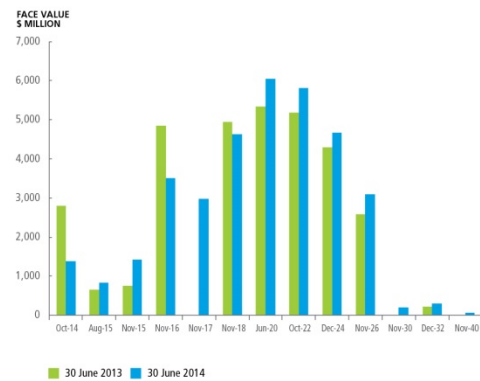
Maturity	Face Value Outstandings (\$A million)	Face Value Change (\$A million)
4.75% 15/10/2014	1,381.0	-1,426.9
5.75% 15/11/2016	3,502.0	-1,345.8
3.50% 17/11/2017	2,985.8	+2,985.8
5.50% 15/11/2018	4,623.3	-315.5
6.00% 15/06/2020	6,046.9	+708.0
6.00% 17/10/2022	5,802.8	+628.0
5.50% 17/12/2024	4,678.6	+386.0
5.50% 17/11/2026	3,101.1	+517.9
Total	32,121.4	+2,137.5

In addition to our benchmark lines, TCV issued \$A1,184 million (face value) in new non-benchmark lines:

- \$165 million 8.00% 17 August 2015 Fixed Rate
- \$663 million 2.75% 10 November 2015 Fixed Rate
- \$202 million 4.75% 20 November 2030 Fixed Rate
- \$84 million 4.25% 20 December 2032 Fixed Rate
- \$70 million 5.00% 20 November 2040 Fixed Rate

Outstandings within the ECP program decreased by \$A271 million to \$A168 million, while outstandings within the Domestic Commercial Paper program increased by \$A1,180 million to \$A1,211 million as at year end.

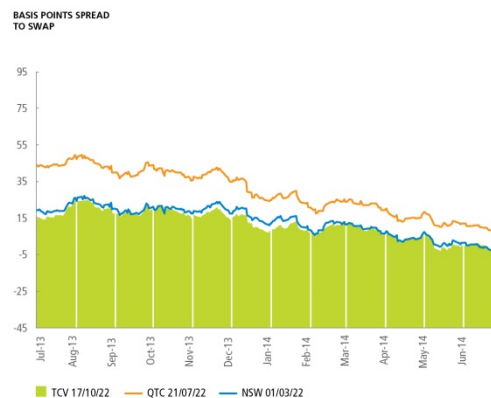
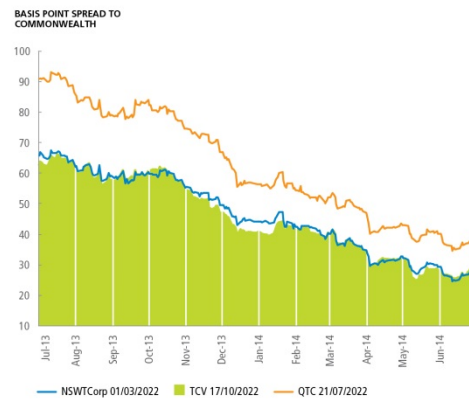
The following chart depicts these year on year changes.



Cost of Funds

Through the year, Victoria's relative cost of funds has steadily improved, and remain the lowest cost of funds of all of the Australian States.

This is evident in the following charts, showing TCV's margin to Commonwealth Government Bond, and margin to swap, relative to the NSW and Queensland Treasury Corporations.



Future Funding Strategy

Looking forward, our funding strategy will be influenced by the recent Victorian Budget announcement of the medium term lease of the operations of the Port of Melbourne Corporation in 2016.

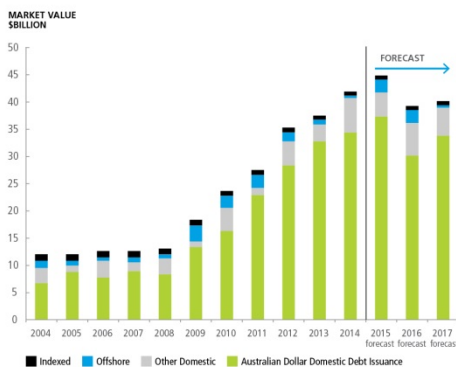
For the year ending 30 June 2015, TCV's funding need is expected to be \$A5.67 billion, approximately 50% of which will be funded with short term debt. This will facilitate the repayment of debt in 2016 when the lease proceeds are received.

The residual portion of the program will be funded long term, once again through the Domestic Benchmark Bond program. This is anticipated to be within the existing lines - it is unlikely that a new long term Benchmark Bond line will be issued in 2014-15.

TCV will continue to monitor international market developments for opportunities to enhance the State's borrowing profile internationally and raise funds at more cost effective levels. However, given the current indicative pricing levels across each of the non-AUD markets and TCV's current AUD funding levels, we are unlikely to issue in currency markets.

Total Outstanding Debt

The forecast path for debt levels is shown in the chart below. What is evident is a slowing in the pace of debt growth, and the net reduction in 2015-16 as a result of the aforementioned lease proceeds.



Corporate Governance

Board of Directors

Rob Hunt, AM, FAICD

Chairman

First appointed: 1 January 2010

Current appointment expires: 31 December 2015

Mr Hunt retired as Managing Director of the Bendigo and Adelaide Bank (BEN) on 3 July 2009 after 21 years as Chief Executive Officer. During his 36 years with the organisation, Mr Hunt guided BEN through many challenges, and oversaw significant growth.

Mr Hunt is the architect of the Community Bank® model and has been instrumental in the development of a range of Community Enterprise and Engagement models now utilised by communities across Australia to provide key infrastructure and essential services through local commercial structures. These Community Enterprises provide communities with a framework, and the cashflow, capacity and flexibility, to address new economic opportunities and to enhance their own Community Balance Sheet.

Mr Hunt continues his involvement in a number of community organisations and enterprises on behalf of BEN and is passionate about the capacity of local Australian communities to contribute to improved local, state and national economic outcomes.

During the year Mr Hunt held the following BEN associated appointments:

- Director (Chairman) - Bendigo Community Telco Limited
- Director - Community Sector Enterprises Pty Ltd
- Director - Community Sector Banking Pty Ltd
- Director - Apollo Bay & District Community Enterprises Limited
- Director - Beut Property Pty Ltd

Michael Hirst, BCom

Deputy Chairman

First appointed: 4 September 2002

Current appointment expires: 3 September 2014

Mr Hirst was appointed as the Managing Director and Chief Executive Officer of the Bendigo and Adelaide Bank (BEN) on 3 July 2009. He had previously held the position of Chief Executive, Retail Bank and had been responsible for BEN's retail business, group solutions and treasury. He had also been the bank's Chief Operating Officer, responsible for the group's retail banking business and product and service delivery, and Chief General Manager Group Product Development & Management and Strategy.

Prior to joining BEN in July 2001, he had worked for 11 years in senior executive and management positions with Colonial Ltd. He also worked with Chase AMP Bank for 3 years and with Westpac for 7 years in branch banking and finance and planning roles.

Mr Hirst has extensive experience in banking, treasury, funds management and financial markets. He has held directorships with Colonial First State Investment Managers and Austraclear Ltd.

Mr Hirst has also held the following appointments during the year:

- Director, Rural Bank Limited
- Councillor of Australian Bankers Association
- Member of Business Council of Australia
- Member of Financial Sector Advisory Council
- Member of Centre for Workplace Leadership Advisory Board

William (Bill) Whitford, MBA, FAICD

Managing Director

First appointed: 28 July 2003

Current appointment expires: 27 July 2017

Mr Whitford joined TCV in September 2002 as Executive Manager and was appointed Managing Director on 28 July 2003. He has considerable experience in financial markets, including roles with Banque National de Paris and the State Bank of South Australia and in the financing of public infrastructure with the South Australian Government.

Mr Whitford is a Fellow of the Australian Institute of Company Directors.

Mr Whitford has also held the following appointments during the year:

- Deputy Chairman, Market Governance Committee, Australian Financial Markets Association
- Director, Rural Finance Corporation

Susan Carter, BA (Hons), Grad Dip (App Fin & Invest), MAppSci, ACA, FAICD

First appointed: 1 February 2005

Appointment expired: 31 January 2014

Reappointed: 11 February 2014

Current appointment expires: 10 August 2014

Ms Carter is a professional non-executive Director and consultant in corporate governance and board effectiveness.

Ms Carter held the following appointments during the year:

- Compliance Committee Chairman, BlackRock Investment Management (Australia)
- Director, ANZ Staff Superannuation (Australia) Pty Limited
- Director, Horticulture Australia Limited

- Director, Australian Psychological Society Limited
- Director, Health Super Financial Services
- Director, First State Super Trustee

Previously, Ms Carter was ASIC Regional Commissioner for Victoria (1999–2001), Acting CEO of the Queen Victoria Women's Centre Trust (1998), and the Chief Financial Officer of ANZ Funds Management (1994–1998). Prior to those appointments she held numerous roles within ANZ, The CharterGroup Partnership PLC (UK) and KPMG Peat Marwick (UK).

Peter Hawkins, BCA (Hons), FAICD, SSFin, FAIM, ACA (NZ)

First appointed: 1 May 2006

Appointment expired: 30 April 2012

Appointed: 13 June 2012

Current appointment expires: 12 June 2015

Mr Hawkins retired from the Australia and New Zealand Banking Group Limited in December 2005 after a career of 34 years, where he had been a member of ANZ's Group Leadership Team and sat on the Boards of Esanda Ltd, ING Australia Limited and ING (NZ) Limited. His roles included Group Managing Director, Group Strategic Development, Group Managing Director, Personal Financial Services, Managing Director ANZ (NZ) Ltd and a number of other senior management positions within the ANZ.

During the year Mr Hawkins also held the following appointments:

- Director, Westpac Banking Corporation
- Director, Mirvac Limited Group
- Director, Liberty Financial Pty Limited
- Director, Clayton Utz
- Director, Murray Goulburn Co-Operative Co. Limited

Grant Hehir

First appointed: 17 October 2006

Resigned: 25 October 2013

Mr Hehir resigned from the Board on 25 October 2013 on resigning the role of Secretary of the Department of Treasury and Finance.

Mr Hehir held the following appointments during the period:

- Secretary, Department of Treasury & Finance
- Director, Victorian Funds Management Corporation
- Chairman, CenITex
- Chairman, Victorian Leadership Development Centre
- Member, Financial Reporting Council
- Member, Centre for Market Design

Suzanne Ewart, BEc, CPA, GAICD

First appointed: 1 February 2008

Current appointment expires: 31 January 2017

Ms Ewart is a non-executive Director and principal of her own consulting company, providing specialist consulting services to the corporate and government sectors, specialising in financial and strategic solutions.

Ms Ewart has extensive senior operational and financial experience having previously held positions including Vice President Group Treasury with Fosters Group Limited, Chief Financial Officer of the O2-e Group at National Australia Bank, and General Manager - Mergers & Acquisitions at Telstra Corporation Limited.

Ms Ewart also held the following appointments during the year:

- Director, Peter MacCallum Cancer Institute
- Chair, Box Hill Institute
- Director, TT- Line Company Pty Ltd

John Blight, FCA, FFIN, BBus

First appointed: 6 March 2012

Current appointment expires: 5 March 2015

Mr Blight is a Partner and Director of Grant Thornton Australia Limited, Director of Grant Thornton Corporate Finance Pty Ltd and Moonee Valley Racing Club Incorporated.

Mr Blight is also the Head of Financial Advisory for the Melbourne Office of Grant Thornton Australia as well as its National Head of the Major Projects and Infrastructure group.

David Martine, BEc (Hons), MBA

First appointed: 13 May 2014

Current appointment expires: 12 May 2017

Mr Martine is the Secretary of the Victorian Department of Treasury and Finance. He leads the Department providing economic, policy and service delivery advice to the Victorian Government.

Prior to this David worked as a senior executive in the Commonwealth public sector providing strategic advice to governments on a range of complex economic and other policy issues. He has extensive budget, finance, policy and organisational leadership experience, and has been involved in wide ranging strategic policy reform.

Appointment of Directors

The TCV Act provides for a Board of Directors consisting of the Chief Executive Officer (the Managing Director) and between five and seven other Directors appointed by Victoria's Governor in Council on the recommendation of the Treasurer of Victoria.

The Managing Director of the Corporation cannot be appointed Chairperson or Deputy Chairperson of the Board. Officers of the Corporation, other than the Managing Director, are not eligible to be Directors.

Under the TCV Act, the Managing Director is appointed by the Board with the approval of the Treasurer of Victoria for a term not exceeding five years, but is eligible for reappointment. Directors are appointed for a maximum period of three years, but are also eligible for reappointment.

The Governor in Council determines Directors' remuneration, other than that of the Managing Director or a Director who is also an officer of the public service. Details regarding the remuneration of Directors and senior management are given in Note 28 of the financial statements.

During the year the Board comprised the Managing Director William Whitford, the Secretary of the Victorian Department of Treasury and Finance, initially Grant Hehir and subsequently David Martine, and the following independent Directors:

- Rob Hunt
- Michael Hirst
- Susan Carter
- Peter Hawkins
- Suzanne Ewart
- John Blight.

Responsibilities of Directors

Under the TCV Act, the Board is responsible for the management of the affairs of the Corporation. The Board reviews and approves strategic plans annually, monitors the performance of the Corporation and of the Managing Director throughout the year, assesses and monitors business risks and the achievement of financial objectives and provides overall policy guidance.

The Board also approves key policies in relation to risk management activities and monitors the management of the Corporation's business within the prudential framework established by the Treasurer of Victoria. The Board meets regularly and Directors may meet with senior management between Board meetings to review specific issues or matters of concern.

The TCV Act requires a Director who has a pecuniary interest in a matter being considered by the Board to declare the nature of the interest at a meeting, as soon as practicable after the relevant

facts have come to their knowledge. It is required that such a declaration is recorded in the minutes. The TCV Act also provides that, unless the Board (excluding the Director) resolves otherwise, the Director must not be present during any deliberations with respect to the matter. The Director is not entitled to vote on the matter and, if the Director does vote on the matter, the TCV Act requires the vote to be disallowed.

TCV Directors are also bound by the *Victorian Public Entity Directors' Code of Conduct 2006* (the Code) issued by the Victorian Public Sector Standards Commissioner to promote adherence to public sector values by Directors of Victorian public entities.

The Code requires Directors to act with honesty and integrity, be open and transparent, to use power responsibly, not to place themselves in a position of conflict of interest and to strive to earn and sustain public trust at a high level. The Code also requires Directors to act in good faith, in the best interests of the public entity, fairly and impartially, to use information or their position as Directors appropriately, to act in a financially responsible manner, to exercise due care, diligence and skill, to comply with establishing legislation and to demonstrate leadership and stewardship.

Charters have been established for the Board and each of its Committees. The charters are statements of the purpose and objectives, roles and responsibilities, authority and performance requirements of the Board and its Committees. The charters are reviewed annually. An annual review of board performance is also conducted consistent with the *Financial Management Act 1994*. That review was completed in May 2014.

Board Committees

Audit Committee

All of the Corporation's Directors are members of the Audit Committee with the exception of the Managing Director, who is invited to attend committee meetings. The Audit Committee is chaired by Ms Susan Carter.

Meetings of the committee are held quarterly, or as required. The purpose of the committee, as defined by the Audit Committee Charter, is 'to assist the TCV Board to discharge its responsibility to exercise due care, diligence and skill in relation to the oversight of TCV's governance, accountability and financial reporting obligations'.

Remuneration Committee

All of the Corporation's Directors are members of the Remuneration Committee, with the exception of the Managing Director, who is invited to attend committee meetings. The Remuneration Committee is chaired by Mr Rob Hunt and meets bi-annually, or as required. The primary objectives

are to ensure that TCV has appropriate processes to determine remuneration, to review remuneration strategy and budgetary costs, to approve remuneration terms for senior management and to set the terms and conditions of the Managing Director's appointment.

Occupational Health and Safety Committee

All of the Corporation's Directors are members of the Occupational Health & Safety Committee, which is chaired by Mr Rob Hunt and meets bi-annually, or as required. The primary objectives are to oversee TCV's occupational health and safety policies and procedures, ensuring compliance with the *Occupational Health and Safety Act 2004* (Victoria) and fostering and maintaining a safe working environment throughout the Corporation.

Attendance by Directors at Directors' Meetings 1 July 13 - 30 June 14

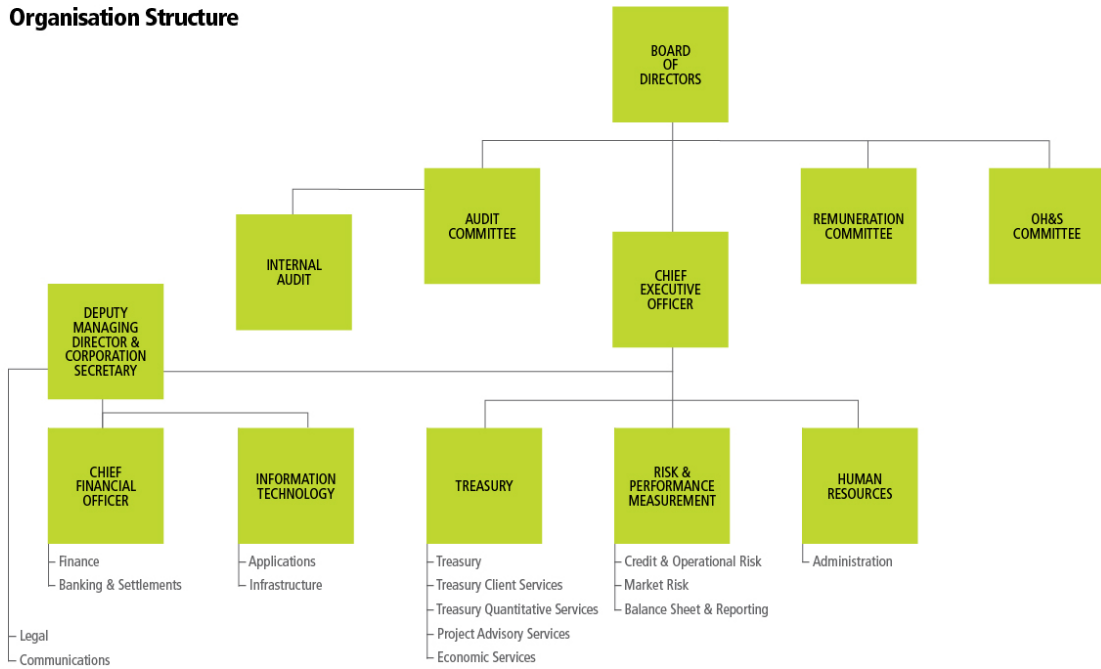
	Board		Audit		Remuneration		Occupational Health & Safety	
	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended
R Hunt	9	9	5	5	3	3	2	2
W Whitford	9	7	5	5	3	3	2	1
M Hirst	9	8	5	5	3	3	2	2
S Carter	9	9	5	5	3	3	2	2
P Hawkins	9	8	5	4	3	2	2	2
G Hehir ¹	3	3	2	1	2	2	0	0
S Ewart	9	9	5	5	3	3	2	2
J Blight	9	8	5	3	3	2	2	1
D Martine ²	1	1	1	1	1	1	1	1

Notes:

1. Mr Hehir resigned from the Board 24 October 2013.
2. Mr Martine was appointed to the Board 13 May 2014

Management

Organisation Structure



Management Team

The TCV Management Team comprises the Managing Director and six senior managers:

William (Bill) Whitford, MBA, FAICD
Managing Director

Bill has been Managing Director of TCV since July 2003 and is responsible to the Board for the management of TCV.

Mark W Engeman, BEc, MBA, CPA, GAICD
Deputy Managing Director and Corporation Secretary

Mark is responsible for the oversight of TCV's accounting, information technology, legal, communications, audit and settlement operations.

Mike van de Graaf, MSc, FRM, CertITM, GAICD
General Manager, Risk & Performance Measurement

Mike is responsible for TCV's Risk & Performance Measurement function. He provides an overview to the Board, the Prudential Supervisor and DTF that operations are functioning in line with strategic intent and policy, and that the level of risk and associated return are within guidelines.

Justin Lofting, BBus (Banking & Finance), GAICD
General Manager, Treasury

Justin is responsible for TCV's treasury and dealing room functions including balance sheet management, debt capital markets program management, client and project advisory services and economic services.

Judy Utley, MCom (Human Resources)
General Manager, Human Resources

Judy is responsible for the development and implementation of TCV's human capital strategy, coordination and implementation of learning programmes and people related policies and procedures. In addition, she oversees the Payroll and Administration functions of the Corporation.

Peter Wyatt, BBus, GradDipAppFin, CPA, SA Fin, GAICD
Chief Financial Officer

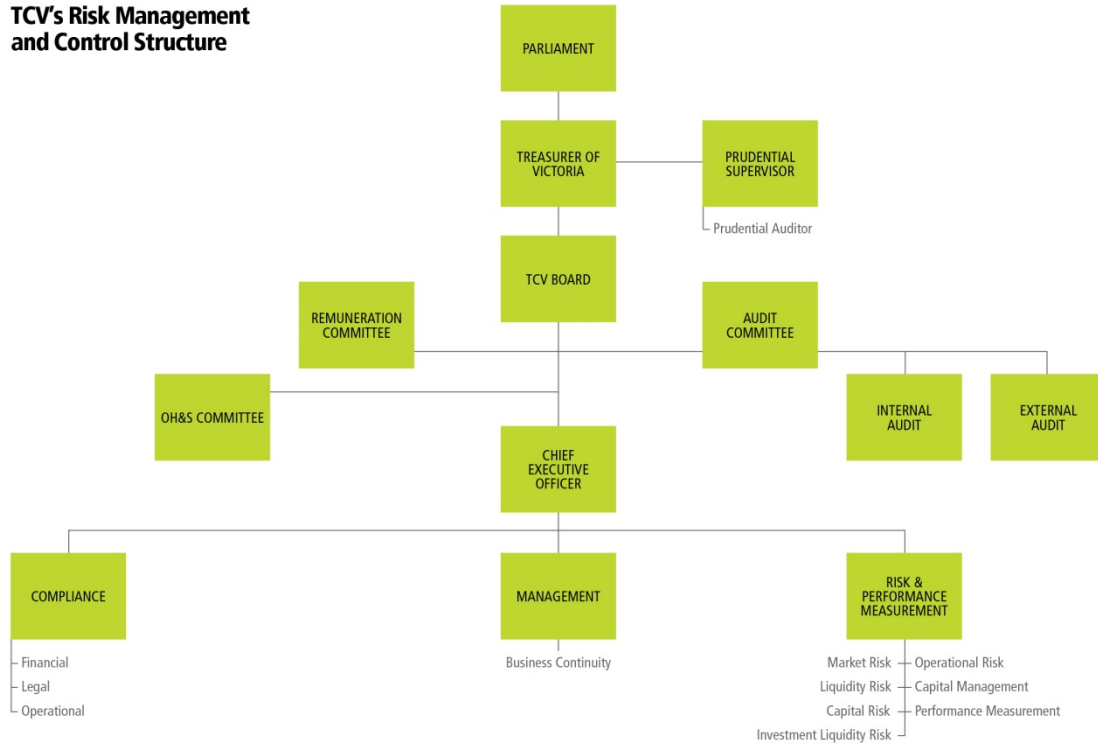
Peter is responsible for TCV's accounting and banking and settlement operations and provision of the Corporation's financial statements. He provides advice to the Board on TCV's financial position.

Warren Murray, BAppSc (Comp Sci)
General Manager, Information Technology

Warren is responsible for TCV's technology platforms, applications, infrastructure, and Business Continuity. His role bridges the gap between technology and business needs.

Risk and Control

TCV's Risk Management and Control Structure



Prudential Supervision

The Victorian Government has significant financial assets and liabilities that need to be managed in a professional and efficient manner. The Victorian Government actively promotes prudent behavior by managers of the State's public financial corporations. Consistent with these aims, the Treasurer has implemented Prudential Supervision, which aims to protect the solvency and viability of TCV, thereby protecting its investors and other stakeholders.

Prudential Supervision at TCV integrates with and builds on existing government wide (financial) risk policies. A Prudential Supervisor (assigned to KPMG) has been appointed by the Treasurer to independently assess the fitness for purpose of requirements as set down by the Australian Prudential Regulation Authority (APRA) in its application to TCV. This assessment is reflected in TCV's Prudential Standard.

TCV Management and The Department of Treasury and Finance meet with the Prudential Supervisor regularly during the year to review compliance of TCV against the Prudential Standard and to assess impacts of changes that emerge from updates to global and domestic financial regulation.

Internal Risk Management and Control

TCV's operations expose the Corporation to financial and operational risks. Management of these risks is therefore a core element of organisational objectives. In this respect, TCV's principal objective is to provide a robust and consistent risk management, performance measurement and capital management framework commensurate with TCV's business mandate, corporate objectives, business strategies and its risk appetite.

TCV's risk appetite is articulated by a formal Risk Appetite Statement adopted by the Board.

This risk management framework has been developed consistent with the Prudential Standard requirements and is monitored by the Board and the Prudential Supervisor. The risk management framework of TCV includes a dedicated and independent Risk & Performance Measurement business unit. The General Manager Risk & Performance Measurement reports directly to the Managing Director. The Business Unit has established internal risk management policies and controls set by the Board and senior management. In addition, TCV maintains an Internal Audit function (an activity outsourced to PricewaterhouseCoopers) to, amongst other things, monitor compliance with TCV's risk management requirements.

Interest Rate Risk

Interest rate risk is the principal market risk for TCV. It is the risk of a loss due to adverse movements in

market prices or interest rates of financial instruments and their derivatives. TCV has a comprehensive measurement and limits framework to manage and control interest rate risk.

Interest rate risk is quantified daily using both Value at Risk and other portfolio level risk measures. These assess the potential loss that TCV might incur under various market price/rate movement scenarios. Risk is managed within an approved limit and control structure and monitored daily, with breaches or excesses being reported to the Managing Director and the Board. This is supported by a set of comprehensive interest rate risk management policies that clearly identify delegations, responsibilities and authorities.

Liquidity Risk

Funding Liquidity risk is the risk that TCV may not be able to raise funds to meet its financial obligations as and when they fall due.

TCV has a comprehensive policy on liquidity risk management, the key elements of which follow:

- a WoVG Liquidity Ratio, which measures the 12 month debt obligations and interest costs against liquid assets, that on each day has to exceed 80%
- limits are set against daily net and cumulative cash flows to manage short-term liquidity exposures during normal operating liquidity conditions
- balance sheet mismatches and sources of funding are monitored to be within acceptable parameters to ensure diversification of sources and maturities
- a liquidity crisis action plan that is reviewed and updated periodically.

In addition, the size of liquid assets is further assessed periodically against liquidity stress test simulations.

Investment liquidity risk relates to the risk that TCV may not be able to dispose of an investment when required at fair value because of a lack of market liquidity. To manage this, TCV investments are of high quality and have to satisfy certain criteria about their market liquidity.

Credit Risk

At TCV, credit risk arising from loans to participating authorities (state entities) is offset, in all instances, by a guarantee from the Treasurer of Victoria. Exposure to credit risk arises mainly through investment in financial assets and through derivative transactions with market counterparties. TCV's comprehensive risk management framework covers management of credit

risk and has set conservative limits both in terms of the quality and amount of credit exposure TCV can hold, based on external credit ratings and in-house credit analysis. Generally, TCV requires long-term ratings of at least A-/A3/A- by Standard & Poor's/Moody's/Fitch for exposures up to 12 months and progressively higher minimum ratings for longer term exposures. Credit limits must be approved by the Board or the Managing Director (under powers delegated by the Board). Management actively monitors credit exposures both in terms of internally set limits as well as in terms of credit quality changes.

During the year, TCV has implemented bilateral Credit Support Annexes (CSAs) with derivative counterparties in preparation for global and domestic regulatory changes that require interest rate derivatives to be centrally cleared. TCV Management has followed developments of centralised clearing requirements of OTC Derivatives closely in order to maintain access to markets at commercial levels whilst delivering interest risk management outcomes in support of the core borrowing requirements of the State.

The table over the page shows the distribution, by counterparty credit rating, of TCV's total credit risk exposures due to its loans, derivative and investment portfolios at 30 June 2014.

Standard & Poor's Rating	Derivatives % of Portfolio	Investments & Loans % of Portfolio	Moody's Investors Service Rating	Derivatives % of Portfolio	Investments & Loans % of Portfolio
Victorian Public Authorities	15	85	Victorian Public Authorities	15	85
AAA		1	Aaa		1
AA+		2	Aa1		2
AA		1	Aa2	59	10
AA-	59	10	Aa3		1
A+		1	A1		
A	26		A2	26	
A-			A3		
Not rated by S&P but rated at least Aaa by Moody's			Not rated by Moody's but rated at least AAA by S&P		1
Total	100	100	Total	100	100

Operational Risk

The generally accepted definition of operational risk is 'the risk of direct or indirect loss resulting from inadequate or failed internal processes, people, and systems or from external events'. TCV uses a scorecard approach to regularly map and evaluate its operational risk profile, assessing the likelihood and consequence of identified risks. Plans are then developed to manage these risks and actions are monitored regularly.

The Operational Risk Committee meets at least quarterly to address operational risk management issues and to review actual operational risk incidents. A report on operational risk management is presented to the Board quarterly, while any significant operational risk or near-miss events are reported to the Board monthly. Details on such events are captured in an internal operational risk database.

In addition, Anti Money Laundering and Counter-Terrorism Financing (AML/CTF) policies and processes are implemented by TCV. These aim to ensure that TCV takes a risk-based approach to AML/CTF risks, consistent with the Board's risk-appetite. Current and emerging AML/CTF risks are identified, measured, mitigated and reported.

Capital Adequacy

TCV's risk management framework incorporates a risk-based capital adequacy approach as specified in its Prudential Standard and generally follows APRA's standards on Capital Management. Under this standard, the Corporation is required to hold a minimum capital adequacy ratio of 8% of risk-weighted assets. The Corporation aims to maintain a capital ratio of at least 10% of risk weighted assets.

Business Continuity

Business continuity is critical to TCV's ability to achieve its objectives. TCV has in place detailed business continuity and information technology disaster recovery plans to ensure that:

- the safety of TCV's staff is prioritised above all else
- all aspects of the business are addressed, with particular emphasis on information technology and the front and back office operations
- all critical TCV business operations are safeguarded in all situations
- key resources are available and effectively managed.

These plans are reviewed quarterly and tested annually.

In addition, TCV commissions an annual penetration test of its internet and firewall arrangements, ensuring the ongoing integrity of these information systems.

Occupational Health & Safety (OH&S)

TCV manages risks to the personal safety of its staff and visitors to its premises through a comprehensive occupational health and safety program. The program is overseen by a Committee of the Board, of which all Directors and the Managing Director are members.

An OH&S Safety Committee, consisting of two employee appointed and two staff elected representatives is used to thoroughly capture and address OH&S issues. This committee recommends policy to the Managing Director and Board OH&S Committee.

External Controls and Compliance

TCV is subject to an extensive compliance monitoring regime consistent with the State's financial management principles and financial risk management framework. Several external entities are responsible for monitoring, supervising and reporting on TCV's activities including:

- Treasurer of Victoria - Member of Parliament and TCV's sole stakeholder
- Prudential Supervisor - reports to the Treasurer. Oversees TCV's risk framework and provides independent advice to the Treasurer on the financial health, risks and risk management policies of TCV's operations. The Treasurer has currently appointed KPMG as TCV's Prudential Supervisor
- Department of Treasury and Finance - reports to the Treasurer. Maintains a stakeholder monitoring role and manages the prudential supervision relationship with TCV
- Auditor-General - reports to Parliament. Provides an independent audit of TCV's financial report and expresses an opinion on it to the Members of the Parliament of Victoria, the responsible Ministers and TCV's Board, as required by the *Audit Act* 1994. The Victorian Auditor-General's Office has currently appointed Ernst & Young as its agent for 2013-14
- Minister for Finance - Member of Parliament. Monitors TCV's compliance with the State's financial and tax reporting and accountability framework via DTF's annual compliance certification process.

Risk Attestation Statement

The Board of Directors of the Treasury Corporation of Victoria certify that for the year ended 30 June 2014, the Treasury Corporation of Victoria has established and maintained appropriate prudential policies and procedures consistent with the Victorian Government's TCV Prudential Standard and that the Treasury Corporation of Victoria has complied with its policies and procedures and the TCV Prudential Standard. The Board verifies this assurance and that compliance with the standard has been subject to critical review within the last twelve months.



Robert Hunt
Chairman



William (Bill) Whitford
Managing Director

8 August 2014

Regulatory Compliance and Disclosures

Treasury Corporation of Victoria Act 1992 (Victoria)

The TCV Act establishes TCV and sets out its objectives, functions and powers.

Borrowing and Investment Powers Act 1987 (Victoria)

TCV's power to borrow, invest and undertake financial arrangements is conferred under this Act and the TCV Act.

Financial Management Act 1994 (Victoria) and Financial Reporting Directions

This annual report has been prepared in accordance with this Act.

Information in respect of Financial Reporting Direction 22E (FRD22E) of the Minister for Finance under the Act which is not contained in this annual report has been prepared and is available to the Treasurer, Members of Parliament and the public on request, subject to the provisions of the *Freedom of Information Act 1982*.

In terms of FRD22E, there have been no significant events subsequent to balance date.

Public Administration Act 2004 (Victoria)

The Corporation is a 'public entity' as defined in the *Public Administration Act 2004*. As a public entity, TCV is required to observe the public sector values and employment principles contained in the Act and to comply with codes of conduct and certain whole-of-government policies established by the Act. TCV must also keep and make readily available to its directors documents required to be kept by standard entities under the Act.

Freedom of Information Act 1982 (Victoria)

Pursuant to section 40 of the TCV Act, TCV is not and is not eligible to be declared to be, an agency or prescribed authority within the meaning of the *Freedom of Information Act 1982*.

Equal Opportunity and Anti-Discrimination Legislation

TCV is subject to Commonwealth and State legislation prohibiting unlawful discrimination and harassment. TCV is a proponent of equal opportunity in the workplace and staff selection is based on skills, competence and experience. Equal opportunity policies are regularly updated and an employee awareness program is in place. All employees and potential employees are entitled to be treated with dignity, free from discrimination of any kind.

TCV considers sexual harassment, harassment, bullying and discrimination unacceptable forms of behaviour that will not be tolerated under any circumstances. TCV believes that all people have the right to work in an environment that is free of harassment and discrimination.

Occupational Health and Safety and Accident Compensation Legislation

TCV is subject to the obligations contained in the *Occupational Health and Safety Act 2004 (Victoria)*.

TCV has in place occupational health and safety policies and procedures to ensure it complies with its obligations under the Act. TCV has an active Occupational Health and Safety Committee, comprising management and employee representatives, which facilitates consultation on health and safety matters.

TCV is committed to providing a safe and healthy workplace. As part of this commitment, TCV provides a health and fitness program with a focus on education, prevention and participation. The program is available to all employees and addresses issues of interest and relevance to the working environment.

TCV is also required to comply with the *Accident Compensation (WorkCover Insurance) Act 1993* and the *Accident Compensation Act 1985*. TCV has in place a current WorkCover policy and maintains a register of injuries and WorkCover related issues, ensuring that employees are informed of procedures and processes.

TCV has a Risk Management and Occupational Rehabilitation program, developed in consultation with employees. In the event of a work related injury, TCV will endeavour to ensure the injury does not recur. Should an employee incur a work related injury that means they are unable to continue their normal work, TCV will provide the necessary assistance for them to remain at work, or return to work as soon as it is safely possible.

During 2013-14, TCV received no workers' compensation claims and there were no managed cases relating to risk management and occupational rehabilitation.

Information Privacy Act 2000 (Victoria) and Health Records Act 2001 (Victoria)

TCV is subject to the *Information Privacy Act 2000* which aims to protect personal information and promote the transparent handling of personal information in the public sector. TCV is also subject to the *Health Records Act 2001* which aims to protect personal information contained in health records.

TCV supports the individual's right to privacy by:

- ensuring that the privacy of those members of the public who deal with TCV is assured

- ensuring that all employees of TCV have their privacy respected.

All TCV employees receive training to ensure compliance with the *Information Privacy Act 2000*.

Victorian Industry Participation Policy Act 2003 (Victoria)

TCV is subject to the *Victorian Industry Participation Policy (VIPPP)* which aims to provide opportunities for participation by local industry in projects, developments, procurements and other initiatives undertaken or funded, whether wholly or partially, by the State. Public bodies are required to apply VIPPP in all tenders over \$A3 million in metropolitan Melbourne and \$A1 million in regional Victoria. In 2013-14, TCV did not tender any projects that met these value thresholds.

Competition Policies and Taxation

The *Competition and Consumer Act 2010* (formerly known as the *Trade Practices Act 1974* (Commonwealth)), *Australian Consumer Law and Fair Trading Act 2012* (Victoria) (formerly the *Fair Trading Act 1999*) and regulations thereunder apply to TCV. The Competitive Neutrality Policy of Victoria is also applicable to the Corporation. The Corporation is, however, excluded from the National Tax Equivalent Regime.

With the exception of income and certain withholding tax exemptions, the Corporation is subject to the usual Commonwealth and State taxes, charges and fees (e.g. Goods and Services Tax, Payroll Tax, Fringe Benefits Tax, Transport Accident Corporation registration fees, Accident Compensation levy and Stamp duty).

Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Commonwealth)

TCV is subject to the suspicious matters reporting requirement of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act). TCV has designated an AML/CTF compliance officer and implemented an AML/CTF program which is subject to oversight by the Board. The program is risk-based and sets out TCV's approach to activities including training of employees, employee due diligence, reporting of suspicious matters and ongoing customer/transaction monitoring and customer identification processes and procedures.

Code of Conduct

TCV has in place codes of conduct for all employees. These codes are based on the code of ethics and code of conduct developed by the Australian Financial Markets Association, the financial code of practice required under the *Financial Management Act 1994*, and the *Code of Conduct for Victorian Public Sector Employees*. Compliance with these codes is a condition of each

employee's employment and all employees are encouraged to use the codes as a frame of reference in their daily activities.

Employee Numbers

At 30 June 2014, TCV employed 48.65 full-time equivalent (FTE) employees (2013: 45.86 FTE).

Consultants

TCV employs expert consultants for specific projects where the required expertise does not reside within the Corporation. During 2013-14 Wall Street Systems UK Ltd provided a software upgrade implementation analysis for a total cost of \$90,215 (GST exclusive). One other consultant was employed during the year for a total cost of \$5,455 (GST exclusive). In both cases the expenditure is included in the 2013-14 financial result. TCV has no ongoing commitment to these entities for other consulting services.

Details of consultancies valued in excess of \$10,000 are disclosed on TCV's website www.tcv.vic.gov.au

Environmental Performance

TCV is committed to improving our environmental awareness and the sustainability of our operations and business model. During the year, we have continued to explore areas of environmental performance where TCV can improve its operations.

Over the past 12 months, TCV has:

- continued our involvement with the City of Melbourne's Cityswitch program
- reduced our electricity consumption by 4% (measured by Total kWh/FTE) over 2010 levels
- obtained a (self-rated) NABERS rating of 5 stars for the TCV tenancy and 4.5 stars for the computer server room
- undertaken a waste audit which showed that enhanced recycling programs have resulted in a 57% landfill reduction and a 15% increase in recycling rates since March 2009.
- continued our green purchasing and disposal policies including recycling all surplus electronic equipment, and environmental considerations in purchasing decisions.

Protected Disclosure Act 2012

The Corporation is subject to the *Protected Disclosure Act 2012* (PD Act).

There are three main purposes of the PD Act:

1. to encourage and assist people to make a disclosure of improper conduct and detrimental action by public officers and public bodies
2. to provide certain protections for people who make a disclosure, or those who may suffer detrimental action in reprisal for a disclosure
3. to ensure that certain information about a disclosure is kept confidential – the identity of the person making the disclosure, and the content of that disclosure.

Treasury Corporation of Victoria (TCV) is committed to the aims and objectives of the PD Act.

TCV does not tolerate improper conduct by its employees, officers or directors, nor the taking of reprisals against those who come forward to disclose such conduct. TCV recognises the value of transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

TCV will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure.

TCV is not able to receive disclosures regarding improper conduct by TCV its employees, officers, or directors under the PD Act. Any such disclosures are required to be made to the Independent Broad-based Anti-corruption Commission (IBAC) or investigating entities if the discloser wishes the disclosure to be protected under the PD Act.

TCV has established procedures to:

- make TCV employees and other persons aware that they can make disclosures under the PD Act directly to IBAC
- protect people against detrimental action that might be taken against them in reprisal for the making of protected disclosures or for cooperating with an investigation of a protected disclosure
- to provide processes for looking after the welfare of persons who have made protected disclosures, those who are subject of protected disclosures and those who might be witnesses in the investigation of protected disclosures
- to ensure as far as reasonably possible confidentiality of any such protected disclosures
- to ensure TCV's nominated officers and TCV employees are aware of the criminal offences created by the PD Act and other legal action that may be taken against them for any breach of them.

TCV's Protected Disclosures Procedures are accessible on TCV's website at www.tcv.vic.gov.au under the reference to *Protected Disclosure Act 2012*.

Report of Disclosures under the Protected Disclosure Act to 30 June 2014

	No. of Disclosures	Types of Disclosures
Disclosures made to TCV during 2013-14	Nil	–
Disclosures referred by TCV to the Ombudsman for determination as to whether they are public interest	Nil	–
Disclosed matters referred to TCV by the Ombudsman	Nil	–
Disclosed matters referred by TCV to the Ombudsman for investigation	Nil	–
Investigations of disclosed matters taken over by the Ombudsman from TCV	Nil	–
Requests made under section 74 to the Ombudsman to investigate disclosed matters	Nil	–
Disclosed matters that TCV has declined to investigate	Nil	–
Disclosed matters that were substantiated upon investigation and the action taken on completion of the investigation	Nil	–
Recommendations made by the Ombudsman that relate to TCV	Nil	–

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Statement of Comprehensive Income

For the year ended 30 June 2014

	Note	2014 \$000s	2013 \$000s
Net gain on financial assets and liabilities at fair value through profit and loss	3	60,677	67,109
Other fees and income		9,010	7,974
		69,687	75,083
Borrowing related expenses	4	1,809	1,887
Other operational expenses	4	17,324	16,904
		19,133	18,791
Net Profit		50,554	56,292
Total Comprehensive Income		50,554	56,292

This statement should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2014

	Note	2014 \$000s	2013 \$000s
Assets			
Cash and cash equivalents	6	3,476,597	2,502,853
Receivables and other financial assets	7	36,119	1,052,129
Investments	8	3,897,177	2,693,476
Derivative financial instruments	18	471,763	733,845
Loans to the State of Victoria and participating authorities	9, 15	40,838,301	38,874,064
Property, plant and equipment	10	2,192	2,613
Intangible assets	11	790	1,502
Total assets		48,722,939	45,860,482
Liabilities			
Payables and other financial liabilities	12	190,218	1,382,813
Deposits from public sector	14, 15	5,711,910	5,809,738
Derivative financial instruments	18	494,860	739,295
Interest bearing liabilities – domestic	16	41,684,497	36,984,154
Interest bearing liabilities – offshore	17	448,068	745,449
Provisions	13	2,273	2,182
Total liabilities		48,531,826	45,663,631
Net assets		191,113	196,851
Equity			
Contributed equity	20	30,000	30,000
Reserves	20	2,059	2,059
Retained earnings		159,054	164,792
Total equity		191,113	196,851

This statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2014

	Note	Contributed Equity \$000s	Revaluation Reserve \$000s	Retained Earnings \$000s	Total \$000s
As at 1 July 2013		30,000	2,059	164,792	196,851
Net profit for the period		-	-	50,554	50,554
Dividend paid	20	-	-	(56,292)	(56,292)
As at 30 June 2014		30,000	2,059	159,054	191,113

	Note	Contributed Equity \$000s	Revaluation Reserve \$000s	Retained Earnings \$000s	Total \$000s
As at 1 July 2012		30,000	2,059	163,236	195,295
Net profit for the period		-	-	56,292	56,292
Dividend paid	20	-	-	(54,736)	(54,736)
As at 30 June 2013		30,000	2,059	164,792	196,851

This statement should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2014

	2014	2013
Note	\$000s	\$000s
Cash flows from operating activities		
Interest received from the State of Victoria and participating authorities	1,886,358	1,755,724
Interest received on investments and cash	169,010	164,463
Interest paid on borrowings and deposits	(2,117,259)	(1,904,564)
Interest paid on derivatives	(4,452)	(8,585)
Fees received	8,952	7,844
Cash paid to suppliers and employees	(17,293)	(16,907)
Increase in loans to the State of Victoria (Department of Treasury and Finance)	(1,558,899)	(3,595,510)
Increase in loans to participating authorities	(217,039)	(1,218,517)
(Purchase)/Sale of investments	(968,732)	2,473,867
Increase/(Decrease) in derivatives	44,280	(43,688)
Increase in borrowings	3,901,073	2,256,055
Increase /(Decrease) in deposits from the State of Victoria (Department of Treasury and Finance)	20,794	(85,000)
Decrease in deposits from other public sector agencies	(116,245)	(680,540)
Net cash inflow/(outflow) from operating activities	22(ii) 1,030,548	(895,358)
Cash flows from investing activities		
Payments for property, plant and equipment	(208)	(252)
Payments for intangible assets	(304)	(581)
Net cash (outflow) from investing activities	(512)	(833)
Cash flows from financing activities		
Dividend paid	(56,292)	(54,736)
Net cash outflow from financing activities	(56,292)	(54,736)
Net increase/(decrease) in cash and cash equivalents	973,744	(950,927)
Cash and cash equivalents at beginning of year	2,502,853	3,453,780
Cash and cash equivalents at end of year	6 3,476,597	2,502,853

This statement should be read in conjunction with the accompanying notes.

Notes to and Forming Part of the Financial Statements

Note 1 Corporate Information

Treasury Corporation of Victoria (TCV or the Corporation) was established in Australia by the *Treasury Corporation of Victoria Act 1992* (the TCV Act) and commenced operations on 1 January, 1993. TCV is the State of Victoria's central financing authority which operates out of Level 12, 1 Collins Street, Melbourne, Victoria.

TCV is an individual entity which operates and transacts in the domestic and international financial markets for the benefit of the State of Victoria, participating authorities and other government entities. TCV's products and services predominantly incorporate financial market instruments, including loan and deposit facilities, securities, foreign exchange and associated risk management transactions, together with advisory and portfolio services.

The financial statements of TCV for the year ended 30 June 2014 are authorised for issue in accordance with a resolution of the Board on 8 August 2014. The Board has the power to amend and reissue the financial statements.

Note 2 Summary of Significant Accounting Policies

(a) Basis of Accounting

This report is a general-purpose financial report, prepared in accordance with Australian Accounting Standards, the requirements of the Financial Management Act 1994, including Standing Direction 4.2 and applicable Financial Reporting Directions, and other mandatory professional reporting requirements.

The financial statements have been prepared in accordance with the historical cost convention, except for financial assets and liabilities which are reported at fair value (refer Note 2(d)) and fixed assets, which have been revalued. The presentation currency is Australian dollars and all values are rounded to the nearest thousand dollars, unless otherwise indicated.

The financial statements comply with Australian Accounting Standards, as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. TCV is a for-profit entity for the purposes of preparing the financial statements.

(b) Adoption of Accounting standards

TCV has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2013:

- AASB 13 *Fair Value Measurements* and AASB 2011-8 *Amendments to Australian Standards arising from AASB 13*
- AASB 119 *Employee Benefits* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119*
- AASB 2012-5 *Amendments to Australian Accounting Standards arising from annual Improvements 2009-2011 Cycle*
- AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosure – Offsetting Financial Assets and Financial Liabilities*

TCV also elected to early adopt AASB 2012-3 *Amendments to Australian Accounting Standards - Offsetting Financial Instruments*. The standard clarifies that the right of set-off available under AASB 132 *Financial Instruments: Presentation* must be available today (i.e. not contingent on a future event) and must be legally enforceable in the normal course of business, as well as in the event of default, insolvency or bankruptcy.

The adoption of the above mentioned standards did not result in any significant changes in the accounting policies and adjustments to the amounts recognised in the financial statements. The adoption of the standards mainly affected the disclosures in the notes to the financial statements.

Note 2 Summary of Significant Accounting Policies (cont.)

(c) Significant Accounting Judgements, Estimates and Assumptions

Where the fair value of financial instruments recorded on the Statement of Financial Position cannot be sourced from active markets, it is determined using industry standard valuation techniques. Valuation techniques include the use of indicative quotes for prices directly from, or interpolated or extrapolated from, prices for like instruments in active markets, and the use of quotes from market makers and established brokers.

Where the valuation technique requires adjustments that cannot be sourced directly from active markets, they are determined from inputs from market makers/brokers and internally developed models where necessary. The level of subjectivity and degree of management judgment required varies depending on the sophistication of the models and proportion of unobservable inputs.

(d) Financial Instruments

Date of recognition

Financial asset and liability transactions are recognised at trade date. Amounts receivable for transactions executed but not yet settled, including forward dated borrowings, are included in the Statement of Financial Position under 'Receivables and other financial assets'. Amounts payable for transactions executed but not yet settled, including forward dated loans, are included in the Statement of Financial Position under 'Payables and other financial liabilities'.

Financial assets and liabilities designated at fair value through profit and loss

All financial assets and liabilities, on recognition, are designated at fair value through profit and loss and, consequently, there is no variance between fair value and carrying value in the Statement of Financial Position. The designation is determined on the basis that TCV manages and evaluates the performance of its financial assets and liabilities on a fair value basis in accordance with documented risk management strategies.

In the Statement of Comprehensive Income, 'Net gain on financial assets and liabilities at fair value through profit and loss' reflects changes in the fair value of financial assets and liabilities and interest earned on assets or paid on liabilities (refer Note 3).

Derivative financial instruments

TCV enters into derivative financial instruments, as outlined in Note 18, to manage the market risks inherent in its asset and liability management activities.

Derivative instruments used to manage market risk are recognised in the Statement of Financial Position at fair value and the resulting profit and loss recognised in the Statement of Comprehensive Income. Interest rate swaps are shown on a net basis in the Statement of Financial Position, consistent with the manner in which they are settled.

Determination of fair value

Fair values of financial instruments are determined by the Risk & Performance Measurement business unit independent of Treasury dealing staff and consistent with the requirements of the TCV Portfolio Market Valuation Policy. The fair value of financial assets and liabilities will reflect, if applicable, any impairment.

The fair value of financial assets and liabilities that are traded in an active market are determined with reference to appropriate market sourced rates.

Industry standard valuation techniques are used to determine the fair value of instruments that are not in active markets. Valuation techniques include the use of indicative quotes for prices directly from, or interpolated or extrapolated from, prices for like instruments in active markets, and the use of quotes from market makers and established brokers.

Where assets and liabilities have offsetting market risks, mid market prices are utilised for establishing their fair values. Bid-offer spreads are applied to net open positions.

Where Treasurer guaranteed investments, loans to the State of Victoria and Participating Authorities, or interest bearing liabilities, that are valued off the TCV zero curve (refer Note 5(a)), are purchased or issued with a maturity date later than the end of the financial year following the last data point on the curve determined from observable data, day one profit (or loss) will be determined for the purposes of deferring it in the Statement of Financial Position. The deferred amount is amortised over the life of the relevant financial asset or liability until the data input becomes observable or financial instrument is sold or repurchased at which time the remaining amount is brought to the Statement of Comprehensive Income.

Refer to Note 5 for further detail on valuation techniques.

Note 2 Summary of Significant Accounting Policies (cont.)

(e) Offsetting of Financial Instruments

Financial assets and liabilities are offset, with the net amount reported in the Statement of Financial Position only where there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legal right to set off the recognised amounts must be enforceable in both the normal course of business and in the event of default of the counterparty. In all other situations the amounts are presented gross. The majority of the offsetting applied by TCV relates to derivatives, collateral arrangements, as well as repurchase and reverse repurchase agreements.

(f) Income Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. Fee income includes fees charged for advisory and administrative services together with recoveries from the State Government's budget sector and participating authorities and are used to contribute towards the other operational expenses incurred by the Corporation. Fee income and recoveries are recognised as income on an accruals basis.

(g) Borrowing Related Expenses

Borrowing related expenses are recognised as an expense when incurred. Borrowing costs generally include bank fees, rating agency fees, registry costs and costs associated with syndicating Domestic Benchmark Bonds or other issues.

(h) Assets and Liabilities

Assets and liabilities are classified according to their nature and presented on the Statement of Financial Position in an order that reflects relative liquidity.

(i) Debt and Loans Reconstruction

TCV debt securities may be repurchased from the market and cancelled. Similarly, loans to authorities may be repaid before maturity. Gains and losses associated with these repurchases/prepayments are recognised immediately in the Statement of Comprehensive Income.

(j) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are initially converted at the rate of exchange ruling at the date of the transaction and are translated using rates of exchange applicable at the end of the financial year.

Net unrealised gains and losses arising from translation of foreign currency assets and liabilities are brought to account in the Statement of Comprehensive Income.

(k) Property, Plant and Equipment

Leasehold improvements, office equipment furniture and fittings are measured initially at cost and subsequently stated at fair value less accumulated depreciation and impairment. Computer equipment and motor vehicles are stated at fair value, which is taken to be cost less accumulated depreciation and impairment.

Depreciation of property, plant and equipment is calculated on a straight line basis using rates designed to allocate the cost over the expected useful life of the asset. Property, plant and equipment are, in general, depreciated over five to eight years (2013: five to eight years), except for computer hardware which is depreciated over the estimated useful life of three years (2013: three years). The depreciation expense on property, plant and equipment is recognised in the Statement of Comprehensive Income in the 'Other operational expenses' item.

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses are recognised in the Statement of Comprehensive Income in the 'Other operational expenses' line item (2014: \$nil, 2013: \$nil).

Note 2 Summary of Significant Accounting Policies (cont.)

(l) Intangible Assets

Intangible assets represent purchased software and are stated at fair value, which is taken to be cost less accumulated amortisation and impairment.

Amortisation of intangible assets is calculated on a straight line basis using rates designed to allocate the cost over the expected useful life of the asset. Software costs are amortised over the estimated useful life of three years (2013: three years). Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets is recognised in the Statement of Comprehensive Income in the 'Other operational expenses' item.

The carrying values of intangible assets are reviewed for impairment at each reporting date, with recoverable amounts being estimated when events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses are recognised in the Statement of Comprehensive Income in the 'Other operational expenses' line item (2014: \$nil, 2013: \$nil).

(m) Provisions

Provisions are recognised when the Corporation has a present obligation (legal or constructive) as a result of a past event, when it is probable that an expense will be incurred and a reliable estimate can be made of the amount of the expenditure.

An obligation to pay a dividend arises in respect of the Corporation's net profit in the previous financial year after consultation between the Board and the Treasurer. Following this consultation a formal determination is made by the Treasurer (refer Note 20).

(n) Employee Leave Benefits

Salaries

The liability for salaries, including non-monetary benefits, is recognised in other payables in respect of employees' services up to the reporting date. The liabilities are measured at the amount expected to be paid when they are settled.

Long service leave, annual leave and sick leave

Liabilities arising in respect to long service leave are measured based on contractual requirements and assessments having regard to staff departures, leave utilisation, future salary increases and appropriate discount factors. The liability is measured at net present value. Long service leave is payable, pro-rata, to employees with more than seven completed years of recognised service.

The liability for annual leave is measured on contractual requirements and assessments having regard to leave utilisation, future salary increases and appropriate discount factors. The liability is measured at net present value and is classified as a long-term liability for measurement purposes. However, as TCV does not have an unconditional right to defer settlement, the provision is classified as "current".

Liabilities for sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(o) Repurchase Agreements

Financial assets sold under repurchase agreements continue to be recognised as financial assets as TCV retains the contractual right to receive the cash flows of the financial assets sold and substantially retains the risks and rewards of ownership. Market securities purchased under repurchase agreements are not recognised as financial assets as TCV does not receive the contractual right to receive cash flows or carries the risk or reward of ownership. However, the repurchase agreement is recognised as a financial asset under cash and cash equivalents.

Interest on the counterparty loan/deposit is recognised in the Statement of Comprehensive Income.

(p) Cash and Cash Equivalents

Cash and cash equivalents include 11am deposits with financial institutions and liquid investments maturing in less than three months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2 Summary of Significant Accounting Policies (cont.)

(q) Trade Receivables and Trade Payables

Trade Receivables

Trade receivables include amounts due from the Victorian Government, participating authorities and other government entities in respect of the provision of services, which generally have 30 day terms. Trade receivables are recognised and carried at the original amount owing.

Trade Payables

Trade and other payables are carried at cost and represent liabilities for goods and services provided to TCV prior to the end of the financial year that are unpaid. The liabilities arise when the Corporation becomes obliged to make future payments in respect of these transactions.

(r) Taxation

Income Tax

TCV is not a tax payer under the *Income Tax Assessment Act 1936*, accordingly income tax is not applicable. TCV is also not subject to the Victorian Taxation under State Owned Enterprises Tax Equivalent system.

Goods and Services Tax

TCV predominantly provides input taxed supplies and as such the majority of Goods and Services Tax credit claims are in line with regulation 70-5.02 (acquisitions that attract reduced input tax credits). TCV also makes some taxable supplies of financial advisory services and some GST-free supplies in respect of offshore issuances which give rise to input tax credits in accordance with section 11-15 of the *A New Tax System (Goods and Services Tax) Act 1999*.

Expense items disclosed, where appropriate, are inclusive of non-recoverable GST.

(s) Leases

Operating Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

(t) New Standards and Interpretations Not Yet Adopted

Summarised in the paragraphs below are Australian Accounting Standards relevant to TCV that have recently been issued or amended but are not mandatory for the year ended 30 June 2014 and have not been adopted for these financial statements:

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards and AASB 2013-9 Amendments to Australian Accounting Standards (December 2013)

AASB 9 Financial Instruments and the related Amendments address the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting. The new hedging rules are designed to align hedge accounting more closely with the entity's risk management practices. The Standard is not applicable until periods beginning 1 January 2017 but is available for early adoption. It is not expected to impact materially on the presentation of the financial statements or on the measurement of the amounts disclosed.

There are no other standards that are not yet effective that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 3 Income Items

	2014 \$000s	2013 \$000s
Net gain on financial assets and liabilities at fair value through profit and loss		
Financial assets designated at fair value through profit and loss		
Interest income on cash assets and investments	207,834	244,764
Interest income on loans to participating authorities	1,905,420	1,759,369
	2,113,254	2,004,133
Realised and unrealised market movements of financial assets	980,676	(872,638)
Net gain on financial assets designated at fair value through profit and loss	3,093,930	1,131,495
Financial liabilities designated at fair value through profit and loss		
Interest expense on borrowings	(2,102,727)	(1,942,250)
Realised and unrealised market movements of financial liabilities	(945,960)	856,324
Net loss on financial liabilities designated at fair value through profit and loss	(3,048,687)	(1,085,926)
Net gain on derivatives	15,434	21,540
Net gain on financial assets and liabilities at fair value through profit and loss	60,677	67,109

Note 4 Expense Items

	2014 \$000s	2013 \$000s
Borrowing related expenses		
Syndication fees	654	858
Rating agency fees	486	450
Clearing fees	453	350
Bank and facility fees	96	102
Registry and agency fees	92	90
Other costs	28	37
	1,809	1,887
Other operational expenses		
Salaries and related employee expenses	9,881	9,493
Depreciation of property plant and equipment	629	685
Amortisation of intangible assets	1,072	1,078
Professional fees and contract services	1,089	1,142
Prudential supervision fee	107	83
Lease payments	678	645
Power and other occupancy costs	209	190
Market information services	1,117	1,082
Promotional expenses	195	235
Legal costs	158	131
Insurance	292	304
Information technology	1,487	1,383
Other expenses	410	453
	17,324	16,904

Note 5 Financial Instruments Carried at Fair Value

(a) Valuation techniques

The paragraphs below summarise the Corporation's valuation techniques used to determine the fair value of financial instruments. These valuation techniques have been developed to determine the fair value of instruments that are not in active markets.

Floating rate securities

Floating rate securities are valued using standard market conventions with data that includes quoted trading margin and quoted weighted average life data for mortgage backed securities.

Short term discounted securities

Short term discounted securities are valued by discounting the full face value of the securities using yields interpolated off curves derived from market data.

Treasurer guaranteed investments

Treasurer guaranteed investments, other than for indexed investments, are valued by discounting instrument cash flows utilising rates derived from the TCV zero curve¹. Indexed investments are valued off a curve derived from market quotes for indexed linked securities.

Index linked securities

Index linked securities are valued using RBA formulae with yields derived from market quotes for like instruments.

Loans to the State of Victoria and Participating Authorities

Loans to the State of Victoria and Participating Authorities have the benefit of the guarantee of the Government of Victoria pursuant to Section 32 of the TCV Act and are valued by discounting the instrument cash flows utilising yields derived from the TCV zero curve¹.

Derivatives

Over the counter derivatives such as interest rate swaps, forward rate agreements and foreign currency swaps are valued on a cash flow basis off the appropriate swap curves.

The nominal leg of indexed swaps is valued on a cashflow basis using the appropriate swap curve, with the CPI leg valued using the Zero Coupon Inflation Swap methodology.

The cross currency swap, used to hedge the Corporation's JPY-denominated Euro medium Term Note (EMTN) bond exposure, is valued off the JPY swap curve and the AUD swap curve and reflects cross currency and single currency basis adjustments.

The fair value of aluminium over-the-counter (OTC) options is determined by reference to the average valuation provided by counterparties who are London Metal Exchange brokers Category 1 and 2.

A Credit Value Adjustment (provision for counterparty default) and Debit Valuation Adjustment (provision for TCV's own risk) have been provided for in the determination of TCV's derivative positions. The Credit Value Adjustment is calculated with reference to TCV's net credit exposure to individual counterparties and their applicable Credit Default Swap spread. The Debit Valuation Adjustment is calculated with reference to individual counterparties net credit exposure to TCV and the TCV zero curve spread to swap.

Deposits from public sector

Deposits at call are valued at account balance. Maturities to six months are determined from the Bank Accepted Bill market, with longer maturities to one year valued by discounting the instruments cash flows utilising interpolated rates between six month bills and the one year swap rate and beyond one year, yields derived from the swap curve.

Interest bearing liabilities – domestic

With the exception of index linked securities, instruments are valued by discounting the instrument cash flows utilising rates derived from the TCV zero curve. Index linked securities are valued using market quotes.

Interest bearing liabilities – offshore

Euro Commercial Paper is valued through the discounting of the cash flows using the relevant currency's swap curve.

AUD-denominated EMTNs are valued through the discounting of the cash flows using the TCV zero curve. The JPY-denominated EMTN is valued through the discounting of cash flows using the JPY sovereign curve.

¹ The TCV zero curve is constructed by the boot strapping of market data, primarily derived from market quotes for TCV's Domestic Benchmark Bonds, until 17 November 2026 (2013: until 17 November 2026) and then an extrapolation using a spread to swap based on quotations provided by market makers.

Note 5 Financial Instruments Carried at Fair Value (cont.)

(b) Fair value hierarchy

All financial assets and liabilities, on recognition, are designated at fair value through profit and loss. The nature of the inputs for the determination of fair value determines the hierarchical level into which they fall.

Level 1 instruments are valued utilising quoted prices (unadjusted) in active markets for identical assets or liabilities. This includes investments such as Commonwealth and State Government Bonds, exchange traded derivatives and liabilities such as TCV's Domestic Benchmark Bonds.

Level 2 instruments are valued utilising inputs other than quoted prices included within Level 1 that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices) without significant adjustment. Typically these apply to loans to the State Government and participating authorities and liabilities other than Domestic Benchmark Bonds (for which an active market exists) as well as indexed swaps.

Level 3 instruments are valued utilising inputs that are not based on observable market data. This includes certain indexed investment loans, certain structured fixed interest securities and aluminium OTC options.

TCV's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the start of the reporting period.

The following tables summarise the fair value of the financial instruments and the appropriate fair value hierarchy into which they fall as at 30 June:

	Level 1 (quoted prices in active markets) \$000s	Level 2 (inputs other than quoted prices) \$000s	Level 3 (unobservable inputs) \$000s	Total \$000s
2014				
Assets				
Cash and cash equivalents	2,154,613	1,321,984	-	3,476,597
Unsettled trades - receivable	-	34,213	-	34,213
Investments				
Floating rate securities	650,874	143,969	-	794,843
Short term discounted securities	-	1,131,819	-	1,131,819
Fixed interest securities	1,304,221	150,134	206,751	1,661,106
Treasurer guaranteed investments	-	272,218	37,191	309,409
Derivative financial instruments ⁽¹⁾	7,721	462,251	1,791	471,763
Loans to the State of Victoria and participating authorities ⁽²⁾	1,110,662	39,727,639	-	40,838,301
	5,228,091	43,244,227	245,733	48,718,051
Liabilities				
Unsettled trades - payable	-	182,071	-	182,071
Derivative financial instruments ⁽¹⁾	7,214	485,855	1,791	494,860
Deposits from public sector	3,506,135	2,205,775	-	5,711,910
Interest bearing liabilities – domestic	34,716,111	6,968,386	-	41,684,497
Interest bearing liabilities – offshore	-	448,068	-	448,068
	38,229,460	10,290,155	1,791	48,521,406

⁽¹⁾ Refer Note 18.

⁽²⁾ Refer Note 9.

Note 5 Financial Instruments Carried at Fair Value (cont.)

	Level 1 (quoted prices in active markets) \$000s	Level 2 (inputs other than quoted prices) \$000s	Level 3 (unobservable inputs) \$000s	Total \$000s
2013				
Assets				
Cash and cash equivalents	532,556	1,970,297	-	2,502,853
Unsettled trades - receivable	-	1,050,362	-	1,050,362
Investments				
Floating rate securities	572,523	127,494	-	700,017
Short term discounted securities	-	198,259	-	198,259
Fixed interest securities	1,093,584	370,953	-	1,464,537
Treasurer guaranteed investments	-	284,052	46,611	330,663
Derivative financial instruments ⁽¹⁾	24	729,098	4,723	733,845
Loans to the State of Victoria and participating authorities ⁽²⁾	1,341,622	37,532,442	-	38,874,064
	3,540,309	42,262,957	51,334	45,854,600
Liabilities				
Unsettled trades -payable	-	1,375,700	-	1,375,700
Derivative financial instruments ⁽¹⁾	565	734,007	4,723	739,295
Deposits from public sector	3,683,508	2,126,230	-	5,809,738
Interest bearing liabilities – domestic	33,157,921	3,826,233	-	36,984,154
Interest bearing liabilities – offshore	-	745,449	-	745,449
	36,841,994	8,807,619	4,723	45,654,336

⁽¹⁾ Refer Note 18.

⁽²⁾ Refer Note 9.

TCV did not measure any assets or liabilities at fair value on a non-recurring basis as at 30 June 2014.

(c) Level 3 Financial Instruments - fair value determined from valuation techniques utilising significant unobservable inputs

The table below summarises Level 3 financial instruments:

	2014 \$000s	2013 \$000s
Assets		
Fixed interest securities	206,751	-
Treasurer guaranteed investments	37,191	46,611
Derivative financial instruments	1,791	4,723
	245,733	51,334
Liabilities		
Derivative financial instruments	1,791	4,723
	1,791	4,723

Level 3 fixed interest securities are structured securities with fair value determined by obtaining quotes from market makers.

Level 3 Treasurer guaranteed investments are indexed investments valued off a curve extrapolated from market quotes for index linked securities.

Level 3 derivative financial instruments are aluminium OTC options with fair value determined by reference to the average valuation provided by counterparties who are London Metal Exchange brokers Category 1 and 2.

Note 5 Financial Instruments Carried at Fair Value (cont.)

(d) Level 3 Financial Instruments – reconciliation

The table below summarises the reconciliation of change in exposure in the Statement of Financial Position to financial instruments categorised as Level 3 as at 30 June:

	Opening balance	Transfers to Level 3	Total gains or (losses) ⁽¹⁾	Purchases/ (Sales)	Settlements ⁽²⁾	Closing balance
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2014						
Assets						
Investments						
- Fixed interest securities	-	202,738	2,352	2,000	(339)	206,751
- Treasurer guaranteed investments	46,611	-	(710)	-	(8,710)	37,191
Derivative financial instruments						
- Aluminium OTC options	4,723	-	(2,932)	-	-	1,791
	51,334	202,738	(1,290)	2,000	(9,049)	245,733
Liabilities						
Derivative financial instruments						
- Aluminium OTC options	(4,723)	-	2,932	-	-	(1,791)
	(4,723)	-	2,932	-	-	(1,791)
	Opening balance	Transfers from Level 3	Total gains or (losses)⁽¹⁾	Purchases/ (Sales)	Settlements⁽²⁾	Closing balance
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2013						
Assets						
Treasurer guaranteed investments	56,019	-	(1,199)	-	(8,209)	46,611
Derivative financial instruments						
- Index swaps	61,389	(61,389)	-	-	-	-
- Aluminium OTC options	9,663	-	(4,940)	-	-	4,723
	127,071	(61,389)	(6,139)	-	(8,209)	51,334
Liabilities						
Derivative financial instruments						
- Index swaps	(3,519)	-	-	-	3,519	-
- Aluminium OTC options	(9,663)	-	4,940	-	-	(4,723)
	(13,182)	-	4,940	-	3,519	(4,723)

(1) Total net gains (or losses) only include unrealised fair value movements which are reflected in 'Net gain on financial assets and liabilities at fair value through profit and loss' in the Statement of Comprehensive Income. There were no realised gains (or losses) arising in relation to these instruments during the year.

(2) For investments, 'Settlements' includes principal on maturity, principal amortisation and principal repayments. For derivatives, all cashflows are presented in 'Settlements' including payments/receipts of option premium paid/received upfront.

Transfers to/from Level 3 category

During the year, it was established that there was limited trading in relation to certain structured fixed interest products. Due to the lack of an active market the securities were moved into Level 3 category. In the prior year, indexed swaps moved from Level 3 to Level 2 category as a result of a change in the methodology used to determine fair value.

Note 5 Financial Instruments Carried at Fair Value (cont.)

(e) Level 3 Financial Instruments – sensitivity analysis

Where the fair value of instruments is determined utilising inputs that are not based on observable market data, a range of reasonably possible alternative assumptions could be used to determine the fair value.

The alternative valuations for the Treasury guaranteed investments were determined by applying a 10 basis point adjustment to the curve used to value the instruments. Had the Corporation utilised alternative valuation assumptions, the total fair value of all the indexed investments could increase by \$0.1 million (2013: \$0.1 million) or reduce by \$0.1 million (2013: \$0.1 million). This range of possible alternative valuations is not considered to have a significant impact on the fair value position of these instruments as at 30 June 2014.

The alternative valuations for fixed interest securities classified as Level 3 investments were determined by applying a 10 basis point adjustment to the curve used to value these instruments and could increase their fair value by an amount of \$0.7 million or reduce by an amount of \$0.7 million. This range of possible alternative valuations is not considered to have a significant impact on the fair value position of these instruments as at 30 June 2014.

The aluminium OTC options are "back-to-back" as the Corporation acts as a financial intermediary and the market risks are offset. Notwithstanding that the aluminium OTC options are "back-to-back", based on the valuations provided by counterparties who are London Metal Exchange brokers Category 1 and 2, the range of valuations received could increase gross asset and liability positions by an amount of \$0.01 million (2013: \$0.01 million) or reduce by an amount of \$0.01 million (2013: \$0.01 million). This range is not considered to be significant with respect to the fair value impact on gross assets and liabilities at the reporting date and these reasonably possible alternative valuations have no impact on the Statement of Comprehensive Income and net assets of the Corporation. For the Corporation, credit risk arises only on the purchased option from the participating authority and this credit risk is fully supported by a guarantee from the Treasurer of Victoria.

(f) Deferral of 'day one' profit or loss

The table below presents the year-to-year movement in the 'day one' net profit or loss deferred on to the balance sheet (refer Note 2(d)). The deferred 'day one' profit or loss is reflected in the Statement of Financial Position within 'Payables and other financial liabilities'.

	2014	2013
	\$000s	\$000s
Deferred 'day one' profit or loss		
Opening balance	1,938	-
Net 'day one' profit derived during the financial year	121	2,013
Amortisation of the deferred profit or loss during the period	(71)	(75)
Closing balance	1,988	1,938

Note 6 Cash and Cash Equivalents

Contractual maturity in:	At call	Less than 3 months	Total
	\$000s	\$000s	\$000s
2014			
Cash at bank and on hand ⁽¹⁾	23,963	-	23,963
Deposits with futures clearing house ⁽²⁾	941	-	941
Deposits with financial institutions ⁽³⁾	1,039,739	-	1,039,739
Short term discounted securities ⁽⁴⁾	-	1,321,984	1,321,984
Secured cash lending ⁽⁵⁾	-	1,089,970	1,089,970
Total Cash and Cash Equivalents	1,064,643	2,411,954	3,476,597
2013			
Cash at bank and on hand ⁽¹⁾	39,161	-	39,161
Deposits with futures clearing house ⁽²⁾	3,992	-	3,992
Deposits with financial institutions ⁽³⁾	489,403	-	489,403
Short term discounted securities ⁽⁴⁾	-	1,970,297	1,970,297
Secured cash lending	-	-	-
Total Cash and Cash Equivalents	532,556	1,970,297	2,502,853

(1) Cash at bank earns interest at floating rates based on daily bank deposit rates.

(2) Deposits with futures clearing house earns interest at floating rates. Deposits can be called when futures contracts are closed out or the value of the futures contracts diminishes.

(3) Deposits with financial institutions are made for varying periods of between one day and three months and earn interest at the respective floating or short-term deposit rates.

(4) Short term discounted securities earn a yield determined at time of acquisition.

(5) Secure cash lending earns interest at fixed rates. The fair value of securities purchased under reverse repurchase agreements was \$1.1 billion as at 30 June 2014. These securities are not recognised in the Statement of Financial Position (refer Note 2(o)).

Note 7 Receivables and Other Financial Assets

	2014 \$000s	2013 \$000s
Current:		
Unsettled trades - receivable (refer Note 2(d))	34,213	1,050,362
Prepayments	1,052	978
Other receivables	854	789
	36,119	1,052,129

The carrying amount of prepayments and other receivables is assumed to approximate the fair value due to their short term nature. The value of unsettled trades is based on the discounted value of the expected cashflows and represents their fair value.

Note 8 Investments

Contractual maturity in:	Less than 3 months \$000s	3 months to 1 year \$000s	1 to 2 years \$000s	2 to 5 years \$000s	Greater than 5 years \$000s	Total \$000s
2014						
Floating rate securities	4,127	4,111	229,744	556,861	-	794,843
Short term discounted securities	-	1,131,819	-	-	-	1,131,819
Fixed interest securities	114,351	90,557	243,228	746,817	466,153	1,661,106
Treasurer guaranteed investments ⁽¹⁾	5,677	16,815	21,904	98,742	166,271	309,409
Total Investments	124,155	1,243,302	494,876	1,402,420	632,424	3,897,177
2013						
Floating rate securities	131,105	50,101	98,007	420,804	-	700,017
Short term discounted securities	-	198,259	-	-	-	198,259
Fixed interest securities	92,295	149,123	195,734	216,770	810,615	1,464,537
Treasurer guaranteed investments ⁽¹⁾	5,615	16,591	21,591	106,721	180,145	330,663
Total Investments	229,015	414,074	315,332	744,295	990,760	2,693,476

⁽¹⁾ TCV's investment powers, approved by the Governor in Council provide, inter alia, that an approved manner of investment is 'the making or acquisition of a loan or advance to any Corporation where such loan or advance is at all times guaranteed as to both principal and interest by the Treasurer of the State of Victoria or the government of either the Commonwealth, a state or territory'. At 30 June 2014, this includes investments in Melbourne Cricket Club of \$268.78 million (2013: \$288.31 million), St. Vincent's Hospital (Melbourne) Limited of \$22.82 million (2013: \$27.92 million) and The Australian Ballet of \$10.15 million (2013: \$9.6 million).

Note 9 Loans to the State of Victoria and Participating Authorities

Section 8(1) of the TCV Act states that one of the functions of the Corporation is to provide financial accommodation to a participating authority or the State of Victoria. Loans to participating authorities are guaranteed as to both principal and interest by the Treasurer of the State of Victoria. All the loans and advances are conducted in the ordinary course of TCV's business and are entered into upon commercial terms and conditions. Outstanding loans at balance date, by contractual maturity, are categorised as follows:

	At call	Less than 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Greater than 5 years	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2014							
Overnight & short term cash	1,110,662	-	-	-	-	-	1,110,662
Short term discounted loans	-	25,434	-	-	-	-	25,434
Floating rate loans	-	15,005	200,047	-	131,384	624,284	970,720
Fixed interest loans	-	1,429,746	1,210,236	2,682,340	9,691,160	23,350,554	38,364,036
Index linked loans	-	-	-	-	-	367,449	367,449
Total Loans to Participating Authorities	1,110,662	1,470,185	1,410,283	2,682,340	9,822,544	24,342,287	40,838,301

	At call	Less than 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Greater than 5 years	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2013							
Overnight & short term cash	1,341,622	-	-	-	-	-	1,341,622
Short term discounted loans	-	24,120	55,494	-	-	-	79,614
Floating rate loans	-	-	340,090	14,962	90,144	600,168	1,045,364
Fixed interest loans	-	1,466,995	1,234,246	2,286,263	8,568,934	22,497,333	36,053,771
Index linked loans	-	-	-	-	-	353,693	353,693
Total Loans to Participating Authorities	1,341,622	1,491,115	1,629,830	2,301,225	8,659,078	23,451,194	38,874,064

Refer to Note 15 for additional details of loans by client.

Note 10 Property, Plant and Equipment

	2014 \$000s	2013 \$000s
Leasehold Improvements, Office Equipment, Furniture and Fittings	2,415	2,467
Accumulated depreciation	(702)	(468)
	1,713	1,999
Computer Equipment	1,302	1,265
Accumulated depreciation	(998)	(914)
	304	351
Motor Vehicles	224	357
Accumulated depreciation	(49)	(94)
	175	263
Written Down Value	2,192	2,613
Reconciliation of Property, Plant & Equipment		
	2014 \$000s	2013 \$000s
Leasehold Improvements, Office Equipment, Furniture and Fittings		
Opening balance	1,999	2,277
Acquisitions	31	44
Disposals	(1)	-
Depreciation expense	(316)	(322)
Closing balance	1,713	1,999
Computer Equipment		
Opening balance	351	419
Acquisitions	206	214
Depreciation expense	(253)	(282)
Closing balance	304	351
Motor Vehicles		
Opening balance	263	349
Acquisitions	127	75
Disposals	(155)	(80)
Depreciation expense	(60)	(81)
Closing balance	175	263
Total	2,192	2,613

The gross balance of Leasehold Improvements, Furniture and Fittings includes an amount of \$2.059 million arising from an independent valuation provided by Valuer General Victoria as at 30 June 2012. The valuation was determined based on the depreciated replacement cost of the assets.

All recurring non-financial assets that are measured at fair value are categorised within Level 3 of the fair value hierarchy.

The annual rates of depreciation are 33% (2013: 33%) in respect of computer equipment and 12%-20% (2013: 12–20%) in respect of other classes of Property, Plant and Equipment.

Note 11 Intangible Assets

	2014	2013
	\$000s	\$000s
Computer Software	7,292	6,953
Accumulated amortisation	(6,502)	(5,451)
Written Down Value	790	1,502

Reconciliation of Intangible Assets

	2014	2013
	\$000s	\$000s
Computer Software		
Opening balance	1,502	1,998
Acquisitions	360	582
Amortisation expense	(1,072)	(1,078)
Closing balance	790	1,502

The amortisation rate for computer software is 33% (2013: 33%).

Note 12 Payables and Other Financial Liabilities

	2014	2013
	\$000s	\$000s
Current:		
Unsettled trades - payable (refer Note 2(d))	182,071	1,375,700
Other payables	8,147	7,113
	190,218	1,382,813

The carrying amount of other payables is assumed to approximate the fair value due to their short term nature. The value of unsettled trades is based on the discounted value of the expected cashflows and hence it represents their fair value.

Note 13 Provisions

	2014	2013
	\$000s	\$000s
Employee Long Service Leave Entitlements		
Current: Unconditional entitlements expected to be settled within 12 months	170	144
Current: Unconditional entitlements expected to be settled after 12 months	1,528	1,293
Non-current conditional entitlements	158	314
Employee Annual Leave Entitlements		
Current: Unconditional entitlements expected to be settled within 12 months	342	349
Current: Unconditional entitlements expected to be settled after 12 months	75	82
Total Provisions	2,273	2,182

Note 14 Deposits from Public Sector

Deposits from the public sector consist of short term deposit takings from Victorian State Government sector departments and agencies with maturities as detailed below. Deposits at balance date, by contractual maturity, are categorised as follows:

	At call	Less than 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2014						
Deposits from public sector	1,712,029	3,860,705	121,076	4,652	13,448	5,711,910

	At call	Less than 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2013						
Deposits from public sector	1,915,210	3,722,949	166,909	4,670	-	5,809,738

Refer to Note 15 for additional details of deposits by client.

Note 15 Client Loans and Deposits Outstanding

	2014 Loans \$000s	2014 Deposits \$000s	2013 Loans \$000s	2013 Deposits \$000s
State of Victoria (Department of Treasury and Finance)	27,234,216	(1,871,119)	25,668,787	(1,850,633)
Participating Authorities:				
Melbourne Water Corporation	4,348,941	(96,152)	4,465,990	(150,882)
Yarra Valley Water Limited	2,143,487	(1,070)	1,949,906	(4,843)
Rural Finance Corporation of Victoria	1,310,207	(12,752)	1,316,623	(1,313)
South East Water Limited	1,250,405	-	1,148,572	-
City West Water Limited	1,126,060	-	998,250	(39,509)
Barwon Regional Water Corporation	585,295	(6,667)	541,944	(9,465)
Port of Melbourne Corporation	462,627	(32,932)	434,102	(40,174)
Coliban Regional Water Corporation	393,727	-	362,422	-
Places Victoria	274,842	(18,479)	317,455	(14,130)
Central Gippsland Regional Water Corporation	263,139	(1,005)	251,065	(9,426)
Western Region Water Corporation	189,578	(8,188)	181,479	(11,468)
Goulburn Murray Regional Water Corporation	156,354	(189,137)	152,409	(57,968)
Central Highlands Regional Water Corporation	150,794	-	156,746	-
Grampians Wimmera Mallee Water Corporation	139,187	(3)	138,028	(8,658)
Rolling Stock Holdings (Victoria) P/L	113,460	(819)	116,579	(1,265)
Goulburn Valley Regional Water Corporation	97,984	(915)	108,410	(8,523)
Wannon Regional Water	84,462	(12)	94,146	(3,465)
Lower Murray Regional Water Authority	74,531	(15,166)	68,931	(6,509)
Emergency Services Superannuation Scheme	-	(407,340)	-	(414,256)
State Electricity Commission of Victoria	-	(295,905)	-	(273,115)
Department of Human Services	-	(244,023)	-	(269,274)
Country Fire Authority	-	(160,544)	-	(175,518)
Other participating authorities	439,005	(286,176)	402,220	(361,881)
Public Sector Entities:				
Residential Tenancies Board	-	(810,286)	-	(751,755)
Victorian Government Trust Funds	-	(190,634)	-	(250,218)
Regional Growth Fund	-	(205,349)	-	(200,334)
Environment Protect Fund	-	(166,207)	-	(244,074)
University of Melbourne Trust	-	(123,861)	-	(103,952)
Other public sector entities	-	(566,727)	-	(546,493)
Other	-	(442)	-	(637)
	40,838,301	(5,711,910)	38,874,064	(5,809,738)

The above loans and deposits are shown at fair value with loans inclusive of forward dated loans. This disclosure may therefore differ from the disclosure by individual participating authorities and public sector bodies depending on their accounting basis.

Note 16 Interest Bearing Liabilities – Domestic

The amounts detailed below at fair value have the benefit of the guarantee of the Government of Victoria pursuant to Section 32 of the TCV Act.

Contractual maturity in:	At call	Less than 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Greater than 5 years	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2014							
Benchmark Programs							
Domestic Benchmark Bonds ⁽¹⁾	-	-	-	-	11,932,291	22,638,159	34,570,450
TCV Promissory Notes ⁽²⁾	-	172,660	1,025,606	-	-	-	1,198,266
Total Benchmark Programs	-	172,660	1,025,606	-	11,932,291	22,638,159	35,768,716
Domestic Borrowings – Other							
Payables to market participants ⁽³⁾	41,850	85	-	-	-	-	41,935
TCV fixed interest ⁽⁴⁾	-	7,095	1,428,922	2,362,827	402,064	646,194	4,847,102
TCV floating interest	-	-	271,222	-	-	-	271,222
Commonwealth Government loans	-	-	15	-	-	46	61
Indexed linked securities	-	-	-	18,237	3,600	733,624	755,461
Total Domestic Borrowings - Other	41,850	7,180	1,700,159	2,381,064	405,664	1,379,864	5,915,781
Total Domestic Borrowings	41,850	179,840	2,725,765	2,381,064	12,337,955	24,018,023	41,684,497
Contractual maturity in:	At call	Less than 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Greater than 5 years	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2013							
Benchmark Programs							
Domestic Benchmark Bonds	-	-	-	2,911,413	5,278,843	24,737,882	32,928,138
TCV Promissory Notes ⁽²⁾	-	30,904	-	-	-	-	30,904
Total Benchmark Programs	-	30,904	-	2,911,413	5,278,843	24,737,882	32,959,042
Domestic Borrowings – Other							
Payables to market participants ⁽³⁾	94,204	11,153	-	-	-	-	105,357
TCV fixed interest	-	5,873	475,197	32,373	1,600,956	265,282	2,379,681
TCV floating interest	-	-	450,825	271,203	-	-	722,028
Commonwealth Government loans	-	-	15	14	-	43	72
Indexed linked securities	-	679	-	-	34,001	783,294	817,974
Total Domestic Borrowings - Other	94,204	17,705	926,037	303,590	1,634,957	1,048,619	4,025,112
Total Domestic Borrowings	94,204	48,609	926,037	3,215,003	6,913,800	25,786,501	36,984,154

⁽¹⁾ Domestic Benchmark Bonds pay a fixed interest coupon with varying maturities:

5.75% coupon with a maturity of 15 November 2016	6.00% coupon with a maturity of 17 October 2022
3.50% coupon with a maturity of 17 November 2017	5.50% coupon with a maturity of 17 December 2024
5.50% coupon with a maturity of 15 November 2018	5.50% coupon with a maturity of 17 November 2026
6.00% coupon with a maturity of 15 June 2020	

⁽²⁾ TCV Promissory Notes are promissory notes issued under the AUD\$5 billion Commercial Paper Program with maturities up to one year.

⁽³⁾ Consists of non public sector short-term deposit takings with maturities up to three months.

⁽⁴⁾ Includes \$1.4 billion of ex Domestic Benchmark Bonds paying a 4.75% coupon with a maturity of 15 October 2014.

Note 17 Interest Bearing Liabilities - Offshore

The amounts detailed below at fair value have the benefit of the guarantee of the Government of Victoria pursuant to Section 32 of the TCV Act. Exposures are hedged and TCV does not maintain any significant net foreign exchange exposure.

Contractual maturity in:	Less than 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Greater than 5 years	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2014						
Euro Commercial Paper	168,427	-	-	-	-	168,427
Euro Medium Term Notes	-	-	-	-	279,641	279,641
Total Offshore Borrowings	168,427	-	-	-	279,641	448,068

Contractual maturity in:	Less than 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Greater than 5 years	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2013						
Euro Commercial Paper	439,707	-	-	-	-	439,707
Euro Medium Term Notes	-	-	-	-	305,742	305,742
Total Offshore Borrowings	439,707	-	-	-	305,742	745,449

Under the AUD 5 billion multi-currency Euro Commercial Paper Program, TCV has issued Euro Commercial Paper. The 2014 liability balance includes face value of USD145 million and CHF12 million (2013: USD 433 million and AUD 7 million).

Under the USD 3 billion Euro Medium Term Note Program, TCV has issued Medium Term Notes. The 2014 liability balance comprises face value of \$269 million (2013: 475 million) for Medium Term Notes issued in Australian dollars and JPY 7.5 billion (2013: JPY 7.5 billion).

Note 18 Derivative Financial Instruments

TCV enters into derivative financial instruments such as exchange traded futures and options, forward rate agreements, swaps and forward foreign exchange contracts to manage the interest rate and currency risk inherent in the borrowing and asset management activities of the Corporation.

Interest rate swap contracts include fixed, floating and indexed cashflows. These net cashflows may occur monthly, quarterly, semi annually and annually. The maturity dates of outstanding swaps are summarised below.

Cross currency swaps, forward foreign exchange contracts and foreign exchange swaps are used in the management of TCV's offshore borrowings and client requirements. Outstanding cross currency swaps, forward foreign exchange contracts and foreign exchange swaps have maturity dates as summarised below. Under Foreign currency risk policy TCV does not maintain net foreign exchange exposures over AUD 0.25 million.

TCV has also entered into aluminium over-the-counter (OTC) options where the specific terms were tailored to the requirements of a client.

Note 18 Derivative Financial Instruments (cont.)

The fair value of the Corporation's transactions in derivative financial instruments outstanding at the year end is as follows:

Contractual maturity in:	Less than 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Greater than 5 years	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2014						
Derivative Financial Instrument Assets						
Interest rate swaps	-	2,434	-	24,684	156,318	183,436
Cross currency swaps	-	-	-	-	108,764	108,764
Forward foreign exchange contracts	170	6,766	97	145	-	7,178
Exchange traded futures	543	-	-	-	-	543
FX swap position receivable	170,051	-	-	-	-	170,051
FX options receivable	-	-	-	-	-	-
Aluminium OTC options	-	246	1,129	416	-	1,791
Total Derivative Asset	170,764	9,446	1,226	25,245	265,082	471,763
Derivative Financial Instrument Liabilities						
Interest rate swaps	850	5,130	603	33,713	147,754	188,050
Cross currency swaps	-	-	-	-	125,385	125,385
Forward foreign exchange contracts	170	6,717	96	145	-	7,128
Forward rate agreements	-	-	-	-	-	-
Exchange traded futures	86	-	-	-	-	86
FX swap position payable	172,420	-	-	-	-	172,420
FX options payable	-	-	-	-	-	-
Aluminium OTC options	-	246	1,129	416	-	1,791
Total Derivative Liability	173,526	12,093	1,828	34,274	273,139	494,860

Note 18 Derivative Financial Instruments (cont.)

The fair value of the Corporation's transactions in derivative financial instruments outstanding at 30 June 2013 is as follows:

Contractual maturity in:	Less than 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Greater than 5 years	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2013						
Derivative Financial Instrument Assets						
Interest rate swaps	553	522	11,473	15,060	144,414	172,022
Cross currency swaps	-	-	-	-	108,423	108,423
Forward foreign exchange contracts	1,019	4,680	4,955	-	-	10,654
Exchange traded futures	24	-	-	-	-	24
FX swap position receivable	437,514	-	-	-	-	437,514
FX options receivable	-	-	66	419	-	485
Aluminium OTC options	-	291	1,216	3,216	-	4,723
Total Derivative Asset	439,110	5,493	17,710	18,695	252,837	733,845
Derivative Financial Instrument Liabilities						
Interest rate swaps	1,706	2,634	19,483	19,879	168,257	211,959
Cross currency swaps	-	-	-	-	120,485	120,485
Forward foreign exchange contracts	1,007	4,630	4,901	-	-	10,538
Forward rate agreements	-	14	-	-	-	14
Exchange traded futures	314	251	-	-	-	565
FX swap position payable	390,526	-	-	-	-	390,526
FX options payable	-	-	66	419	-	485
Aluminium OTC options	-	291	1,216	3,216	-	4,723
Total Derivative Liability	393,553	7,820	25,666	23,514	288,742	739,295

Note 19 Offsetting Financial Assets and Financial Liabilities

Certain financial assets and financial liabilities are presented on a net basis in the Statement of Financial Position (refer Note 2(e)).

The following tables provide information on the impact of offsetting on the Statement of Financial Position, as well as the financial impact of netting for instruments subject to an enforceable master netting arrangement or similar agreement as well as available cash and financial instrument collateral.

The gross and net positions of financial assets and liabilities that have been offset in the Statement of Financial Position as at 30 June are disclosed on the first three columns of the tables below.

In line with general market practice, TCV has entered into arrangements that do not meet criteria for offsetting in a normal course of business, but allow for the relevant amounts to be set off in certain circumstances, such as bankruptcy, default or insolvency. The effect of these agreements is reflected in the column 'Impact of master netting agreements'.

The 'cash and financial instrument collateral' disclose collateral amounts received or pledged in relation to the total amounts of assets and liabilities, including those that were not offset. The rights to set off relating to the cash and financial instruments collateral are conditional upon the default of the counterparty.

The column 'Net amount' shows the impact on TCV's Statement of Financial Position if all existing rights of offset were exercised.

	Effects of offsetting on the Statement of Financial Position			Related amounts not offset		
	Gross amounts	Gross amounts set off in the Statement of Financial Position	Net amounts presented in the Statement of Financial Position	Impact of master netting arrangements	Cash and financial instrument collateral	Net amount
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2014						
Cash and cash equivalents ^(1,2)	3,476,597	-	3,476,597	-	(1,089,970)	2,386,627
Receivables and other financial assets	36,119	-	36,119	-	-	36,119
Investments	3,897,177	-	3,897,177	-	-	3,897,177
Derivative financial instruments ^(1,2)	2,246,711	(1,774,948)	471,763	(371,153)	(36,190)	64,420
Loans to the State of Victoria and participating authorities	40,838,301	-	40,838,301	-	-	40,838,301
Remaining assets not subject to netting	2,982	-	2,982	-	-	2,982
Total assets	50,497,887	(1,774,948)	48,722,939	(371,153)	(1,126,160)	47,225,626
Payables and other financial liabilities	190,218	-	190,218	-	-	190,218
Deposits from public sector	5,711,910	-	5,711,910	-	-	5,711,910
Derivative financial instruments ^(1,2)	2,269,808	(1,774,948)	494,860	(371,153)	(38,770)	84,937
Interest bearing liabilities – domestic	41,684,497	-	41,684,497	-	-	41,684,497
Interest bearing liabilities – offshore	448,068	-	448,068	-	-	448,068
Remaining liabilities not subject to netting	2,273	-	2,273	-	-	2,273
Total liabilities	50,306,774	(1,774,948)	48,531,826	(371,153)	(38,770)	48,121,903

Note 19 Offsetting Financial Assets and Financial Liabilities (cont.)

	Effects of offsetting on the Statement of Financial Position			Related amounts not offset		
	Gross amounts	Gross amounts set off in the Statement of Financial Position	Net amounts presented in the Statement of Financial Position	Impact of master netting arrangements	Cash and financial instrument collateral	Net amount
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2013						
Cash and cash equivalents	2,502,853	-	2,502,853	-	-	2,502,853
Receivables and other financial assets	1,052,129	-	1,052,129	-	-	1,052,129
Investments	2,693,476	-	2,693,476	-	-	2,693,476
Derivative financial instruments ^(1,2)	2,698,455	(1,964,610)	733,845	(584,942)	(88,527)	60,376
Loans to the State of Victoria and participating authorities	38,874,064	-	38,874,064	-	-	38,874,064
Remaining assets not subject to netting	4,115	-	4,115	-	-	4,115
Total assets	47,825,092	(1,964,610)	45,860,482	(584,942)	(88,527)	45,187,013
Payables and other financial liabilities	1,382,813	-	1,382,813	-	-	1,382,813
Deposits from public sector	5,809,738	-	5,809,738	-	-	5,809,738
Derivative financial instruments ^(1,2)	2,680,458	(1,941,163)	739,295	(586,875)	(38,150)	114,270
Interest bearing liabilities – domestic ^(1,2)	36,984,154	-	36,984,154	-	(11,070)	36,973,084
Interest bearing liabilities – offshore	745,449	-	745,449	-	-	745,449
Remaining liabilities not subject to netting	2,182	-	2,182	-	-	2,182
Total liabilities	47,604,794	(1,941,163)	45,663,631	(586,875)	(49,220)	45,027,536

(1) **Master netting agreements – not currently enforceable**

- (a) Agreements with derivatives counterparties are based on an International Swaps and Derivatives Association ('ISDA') Master agreements. Under the terms of these arrangements, only when certain credit events occur (such as default), the net position owing receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As TCV does not presently have an enforceable right of set-off, the amounts relating to derivative transactions are not offset in the Statement of Financial Position, but are presented separately in the table above.
- (b) Repurchase transactions are executed under Global Master Repurchase Agreements ('GMRA'). They provide similar terms as ISDA agreements. As TCV does not presently have an enforceable right of set-off, the amounts relating to repo and reverse repo transactions are not offset in the Statement of Financial Position, but are presented separately in the table above (refer to Note 2(n) for the accounting policy applying to repurchase agreements).

(2) **Collateral arrangements**

The cash collateral received, and cash collateral pledged towards the negative mark to market values, are presented within cash and cash equivalents and interest bearing liabilities – domestic respectively. The cash and financial instrument collateral are conditional upon the default of the counterparty.

Note 20 Equity

Contributed Equity

	2014	2013
	\$000s	\$000s
Contributed Equity	30,000	30,000

The contributed equity of the Corporation is in accordance with Clause 36 'Initial Capital of Corporation' of the TCV Act which states that "The Treasurer may, in respect of the financial year ending on 30 June 1993, pay to the Corporation as initial capital such amount, not exceeding \$30 million as the Treasurer determines".

Dividend

Under Section 31 of the TCV Act, TCV is required to pay to the Government of Victoria, from its net profit in the previous financial year, such dividend as the Treasurer shall determine after consultation with the Corporation. At 30 June 2014, no dividend in respect of the year ended 30 June 2014 (2013: nil) has been provided for in the accounts of TCV. In respect of the prior year's surplus, a dividend of \$56.3 million (2013: \$ 54.7 million) was declared and paid after the relevant reporting date.

Reserves

	2014	2013
	\$000s	\$000s
Asset Revaluation Reserve	2,059	2,059

Nature and purpose of the Asset Revaluation Reserve

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of property, plant and equipment. In the event of a disposal of a revalued asset, any balance in the reserve in relation to the asset is transferred to retained earnings.

Note 21 Contractual Obligations and Financial Liabilities at Fair Value

The difference between financial liabilities carrying amount (fair value) and the amount contractually required to be paid at maturity is detailed below.

	2014	2014	2014	2013	2013	2013
	Fair Value ⁽¹⁾	Principal Owing at Maturity ⁽²⁾	Variance	Fair Value ⁽¹⁾	Principal Owing at Maturity ⁽²⁾	Variance
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Deposits from public sector	5,711,910	5,693,900	18,010	5,809,738	5,789,350	20,388
Interest bearing liabilities – domestic ⁽³⁾	41,684,497	37,738,175	3,946,322	36,984,154	33,985,848	2,998,306
Interest bearing liabilities – offshore	448,068	516,152	(68,084)	745,449	857,856	(112,407)

⁽¹⁾ Fair value is inclusive of interest due at financial year-end.

⁽²⁾ Principal owing at maturity is the amount TCV is contractually required to pay at maturity, to the holder of the obligation, exclusive of interest due.

⁽³⁾ Interest bearing liabilities – domestic includes indexed linked securities. For the purposes of this note, the principal owing for indexed linked securities is assumed to equal the principal owing at financial year-end.

Note 22 Notes Supporting Statement of Cash Flows

(i) Cash flows presented on a net basis

Cash flows arising from operating activities are presented on a net basis in the Statement of Cash Flows.

(ii) Reconciliation of Net Cash from Operating Activities to Net Profit

	2014	2013
	\$000s	\$000s
Net profit	50,554	56,292
Depreciation of property, plant and equipment	629	685
Amortisation of intangible assets	1,072	1,078
Increase in trade and other payables	1,021	523
(Increase) in trade receivables and other assets	(138)	(226)
Increase in accrued employee benefits	105	44
(Increase)/Decrease in accrued interest receivable	(18,859)	26,487
Increase in accrued interest payable	9,684	3,873
Net unrealised (expense) from financial assets and liabilities	(118,752)	(90,781)
Increase in borrowings	3,901,073	2,256,055
increase/(Decrease) in derivatives	44,280	(43,688)
Increase/(Decrease) in deposits from State of Victoria (Department of Treasury and Finance)	20,794	(85,000)
(Increase)/Decrease in investments	(968,732)	2,473,867
(Increase) in loans to the State of Victoria (Department of Treasury and Finance)	(1,558,899)	(3,595,510)
(Increase) in loans to the participating authorities	(217,039)	(1,218,517)
(Decrease) in deposits from public sector	(116,245)	(680,540)
Net cash from operating activities	1,030,548	(895,358)

Note 23 Change in the Fair Value attributable to Credit Risk

AASB 7 *Financial Instruments: Disclosures* requires the disclosure of the amount of change in the fair value of:

- a loan or receivable (or group of loans or receivables) that is attributable to changes in the credit risk and
- the financial liability that is attributable to changes in the credit risk.

The change in fair value attributable to changes in credit risk, for the current year, of loans to the State of Victoria, loans to participating authorities and Treasurer guaranteed investments amounts to a gain of \$656 million (2013: gain of \$870 million) and cumulatively a gain of \$892 million a (2013: gain of \$236 million).

The change in fair value attributable to changes in credit risk, for the current year, of interest bearing liabilities amounts to a loss of \$654million (2013: loss of \$848 million) and cumulatively a loss of \$929 million (2013: loss of \$275 million).

The current year change in fair values attributable to changes in credit risk were calculated by determining the change in the difference in the net present value of the relevant contracted cash flows at the end of the period between using the Commonwealth Bonds market yield curve and the market yield curve for similar maturities of securities issued by TCV (the TCV yield curve).

TCV and the State of Victoria remained AAA rated by Standard and Poor's and Aaa by Moody's during 2013-14. The TCV yield curve spread to Commonwealth Bonds narrowed during the year, reflecting further improvements in financial markets. Across the curve, as applied to this Fair Value estimate, the TCV to Commonwealth Bond spread narrowed between 22 and 37 basis points (for maturities ranging from 2016 to 2026).

The change in the spreads reflects a number of factors in addition to the markets evaluation of credit risk such as investor demand for Semi-government paper.

Note 24 Risk Management

TCV's operations expose the Corporation to financial risks, with the major financial risks inherent in TCV's asset and liability management activities being interest rate, liquidity and credit risk.

TCV's risk management framework is consistent with TCV Prudential Standard established by the Treasurer of the State of Victoria for TCV, and adopted from the standards of the Australian Prudential Regulatory Authority (APRA) for financial institutions in Australia. The Treasurer has appointed an independent Prudential Supervisor to monitor compliance with the Prudential Standard requirements.

The risk management framework comprises the following key components:

- the TCV Board is responsible for ensuring that TCV's risk management framework is sound and for approving TCV's Risk Appetite Statement and key risk policies and overall levels of risk for TCV consistent with the Prudential Standard requirements
- the Managing Director is responsible for the setting up, and maintenance of, the risk management framework and the risk management policies and ensuring that the risks are well controlled and within Board approved levels
- the TCV Audit Committee assists the TCV Board in discharging its responsibility with oversight of the implementation and operation of the risk management framework and risk management policies
- Internal Audit provides an independent and objective risk assurance and advisory service to assist TCV in the evaluation and improvement of the effectiveness of its risk control and governance processes
- the Treasury staff are responsible for day-to-day management of the Corporation's assets and liabilities, funding and liquidity risks within established risk policies and controls
- the Asset and Liability Committee is an executive committee comprising the Managing Director, members of his executive management team and other managers and is responsible for ensuring the Statement of Financial Position is managed prudently and efficiently
- the Risk & Performance Measurement business unit is responsible for developing and maintaining appropriate risk policies relating to risk identification, measurement, control and reporting, and their actual implementation. The business unit also ensures that risk management policies are consistent with the guidelines of the Board and the requirements of the Prudential Standard.

The Managing Director and TCV executives are required to promptly advise the Board, Prudential Supervisor and the Treasurer, via DTF, and relevant stakeholders of any breach by the Corporation of the prudential standards set by the Treasurer or the Board.

(a) Credit risk

Credit risk refers to the possibility that TCV may suffer financial loss due to the inability of its counterparties to honour their financial obligations as and when they fall due.

The types of counterparties with which TCV may invest and the type of securities TCV may hold are set out in TCV's Investment Powers. These powers are approved by the Governor in Council on the recommendation of the Treasurer of Victoria and are based on external ratings. TCV's powers to enter into derivative transactions are subject to the approval of the Treasurer of Victoria. These approvals do not prescribe the individual counterparties with which TCV may transact.

Within the framework established by these powers, responsibility for establishing credit policy rests with the Board of TCV. For the purpose of the day to day management of the credit risk, however, the Board has delegated a number of its powers to the Managing Director. Subject to certain restrictions, these powers relate to the establishment and maintenance of credit exposure limits and to the taking of such action as necessary to ensure that TCV's exposures are managed in a prudent manner.

In respect of loans to the State of Victoria and repayment of loans by participating authorities (which are fully guaranteed by the State as long as the conditions incorporated in the Treasurer's approval of the borrowing are complied with) the ultimate credit exposure is to the State. The principal focus of TCV's credit risk analysis and monitoring is therefore the risk that arises through investment of funds in financial assets and through derivative transactions with market counterparties. Under TCV's risk management framework, this credit risk is controlled by:

- external credit ratings based maximum exposure limits consistent with the Investment Powers
- internal risk assessment based individual exposure limits to counterparties and investments approved by the Board or the Managing Director (under powers delegated by the Board)

Note 24 Risk Management (cont.)

- periodic credit reviews and on-going monitoring of the credit quality of investments and exposures to market counterparties to ensure that any diminution of credit quality of a counterparty or investment occurring subsequent to the establishment of a limit is addressed promptly.

Concentration of Credit Risk - by credit rating (Standard & Poor's)

The following table details the credit ratings of the Corporation's primary financial assets. The amounts shown are recorded at fair value.

	AAA \$000s	AA+/AA/AA- \$000s	A+/A/A- \$000s	Other \$000s	Total \$000s
2014					
Cash and cash equivalents	-	3,095,700	331,082	49,815	3,476,597
Trade receivables and other assets	836	34,213	-	18	35,067
Investments	595,616	3,047,672	248,202	5,687	3,897,177
Derivative financial instrument assets ⁽¹⁾	30,637	103,881	57,886	-	192,404
Loans to the State of Victoria and participating authorities ⁽²⁾	40,838,301	-	-	-	40,838,301
Total credit risk exposure	41,465,390	6,281,466	637,170	55,520	48,439,546

	AAA \$000s	AA+/AA/AA- \$000s	A+/A/A- \$000s	Other \$000s	Total \$000s
2013					
Cash and cash equivalents	-	1,777,016	651,102	74,735	2,502,853
Trade receivables and other assets	778	534,912	515,450	11	1,051,151
Investments	830,038	1,851,767	-	11,671	2,693,476
Derivative financial instrument assets ⁽¹⁾	24,313	62,830	147,728	-	234,871
Loans to the State of Victoria and participating authorities ⁽²⁾	38,874,064	-	-	-	38,874,064
Total credit risk exposure	39,729,193	4,226,525	1,314,280	86,417	45,356,415

(1) Reflects the credit exposure of derivative assets. At 30 June 2014, TCV held \$36.2 million (2013: \$88.5 million) in cash deposits pursuant to Credit Support Annexures which provide for the provision of collateral to cover the credit risk arising from "in the money" derivative exposures.

(2) Rating reflects the State of Victoria's rating as guarantor.

Note 24 Risk Management (cont.)

Concentration of Credit Risk - by type of counterparty

The following table details the types of counterparties with whom the Corporation has exposure to through holdings in financial assets. The amounts shown are recorded at fair value and therefore represent the credit risk at balance date.

	Australian Common'th and other State Government	Foreign Government supported ⁽¹⁾	Banks	Non-Bank Financial Intermediaries	Other Victorian Public Authorities	Other	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2014							
Cash and cash equivalents	-	-	3,476,597	-	-	-	3,476,597
Trade receivables and other assets	-	-	34,213	-	836	18	35,067
Investments	1,484,097	66,098	1,893,604	143,970	309,408	-	3,897,177
Derivative financial instrument assets ⁽²⁾	-	-	161,767	-	30,637	-	192,404
Loans to the State of Victoria and participating authorities	-	-	-	-	40,838,301	-	40,838,301
Total exposure	1,484,097	66,098	5,566,181	143,970	41,179,182	18	48,439,546
2013							
Cash and cash equivalents	-	-	2,502,853	-	-	-	2,502,853
Trade receivables and other assets	-	-	1,050,362	-	778	11	1,051,151
Investments	1,350,449	36,050	848,820	127,494	330,663	-	2,693,476
Derivative financial instrument assets ⁽²⁾	-	-	210,558	-	24,313	-	234,871
Loans to the State of Victoria and participating authorities	-	-	-	-	38,874,064	-	38,874,064
Total exposure	1,350,449	36,050	4,612,593	127,494	39,229,818	11	45,356,415

(1) Includes supranationals and financial institutions guaranteed or indemnified by foreign sovereign governments.

(2) Reflects the credit exposure of derivative assets.

Note 24 Risk Management (cont.)

Ageing analysis of past due but not impaired loans

At 30 June 2014 there were no amounts past due (30 June 2013: nil).

(b) Liquidity Risk

Liquidity risk arises where an organisation has an inability to meet its financial obligations as and when they fall due. In the context of TCV this inability could arise due to factors such as a mismatch in the timing of the maturities of TCV's assets and liabilities.

TCV's liquidity management policy has three components:

- short-term liquidity management and control
- long-term liquidity monitoring
- managing a liquidity crisis.

Short-term Liquidity Management

The primary risk metric of TCV is based on the Whole of Victorian Government liquidity ratio and measures TCV's liquid assets (after discounting to reflect potential loss of value in the event of a quick sale) versus twelve months of debt and interest obligations.

TCV measures net and cumulative cash flow exposures out to twelve months under normal operating conditions. Limits are set against the first month daily net and cumulative normal operating cash flows to ensure TCV does not have excessive funding requirements on any one day or over the month. TCV monitors cash flows out to twelve months to prepare for large cash outflows as liabilities approach maturity.

The ratio during the period ending 30 June against a minimum limit of 80% was:

	2014	2013
	%	%
30 June	143	117
Average during the year	116	111
Highest	171	143
Lowest	81	81

TCV also monitors liquidity stress cash flows to ensure TCV has sufficient liquid assets to manage abnormal cash outflows at a time when funding markets are severely restricted or closed.

Long-term Liquidity Management

Long-term management of liquidity within TCV primarily focuses on the diversification of funding sources and maturities. The table below summarises the maturity profile of the Corporation's liabilities and derivatives based on contracted undiscounted repayment obligations.

Note 24 Risk Management (cont.)

Contractual maturity in:	At call	Less than 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Greater than 5 years	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2014							
Liabilities	(1,753,879)	(4,235,373)	(4,739,581)	(4,150,759)	(16,129,956)	(25,801,045)	(56,810,593)
Derivatives - net settled	-	(4,691)	(35,821)	(31,766)	(57,448)	11,738	(117,988)
Derivatives - gross settled - inflows	-	168,922	107,781	18,454	20,501	122,433	438,091
Derivatives - gross settled - outflows	-	(172,779)	(111,569)	(24,199)	(28,161)	(227,878)	(564,586)
	(1,753,879)	(4,243,921)	(4,779,190)	(4,188,270)	(16,195,064)	(25,894,752)	(57,055,076)
2013							
Liabilities	(2,009,418)	(3,798,555)	(2,922,091)	(4,911,907)	(10,899,105)	(28,726,426)	(53,267,502)
Derivatives - net settled	-	(99,918)	(26,828)	(12,374)	(181)	79,151	(60,150)
Derivatives - gross settled - inflows	-	447,664	70,079	77,497	4,455	128,830	728,525
Derivatives - gross settled - outflows	-	(401,726)	(73,766)	(84,916)	(11,931)	(230,861)	(803,200)
	(2,009,418)	(3,852,535)	(2,952,606)	(4,931,700)	(10,906,762)	(28,749,306)	(53,402,327)

Crisis Management

In the event of a liquidity crisis, crisis management plans approved by the Board would be used by TCV to manage liquidity. The liquidity crisis management plans are a set of specific protocols established to respond to a crisis.

(c) Interest Rate Risk

Interest rate risk (including credit spread risk and basis risk) arises on interest-bearing financial instruments recognised in the Statement of Financial Position.

Interest rate risk (the main component of market risk for TCV) is monitored and controlled using Value at Risk (VaR) methodology complimented by scenario based modelling and stress testing. VaR is a measure of the potential loss - within a certain level of confidence - faced by TCV on its risk positions over a given holding period. TCV bases VaR on historical movement of prices, yields and spreads that could contribute to a potential loss.

The TCV Prudential Standard requires the methodology used by TCV to measure market risk is consistent with the APRA's Prudential Standard "Capital Adequacy: Market Risk" (APS 116) and "Capital Adequacy: Interest Rate Risk in the Banking Book (Advanced ADIs)" (APS 117) for banks. VaR is calculated daily on the following basis:

- historic simulation based VaR
- 1,000 days of immediate past historical data on rates
- one-day holding period
- 99% confidence level
- measurement includes capture of significant issuer-specific or idiosyncratic risks within the portfolios.

The TCV Board determines the maximum acceptable level of VaR. VaR limits are included in TCV's Corporate Plan which is subject to the Treasurer's approval.

The Corporation's VaR measure related to market risk is detailed below. VaR related to exchange rate risk is not material as TCV has a policy of not allowing any significant net foreign currency exposure.

Note 24 Risk Management (cont.)

	2014	2013
	\$000	\$000
30 June	3,263	2,517
Average daily during the year	2,209	2,754
Highest	3,377	3,662
Lowest	1,796	2,213

The methodology for determining the fair value of indexed swaps was revised at 30 June 2013 to reflect updated developments and market practise. This revaluation methodology, incorporated into the calculation of VaR during the year, caused an overall increase in VaR.

As TCV's VaR model relies on historical data and assumes recent historic market conditions, it may not always accurately predict the size of potential losses. TCV therefore actively monitors additional risk measures, such as Stressed VaR and limits on exposures based on factor sensitivity measurements (covering interest rate, yield curve and basis spread movement scenarios).

Note 25 Capital

TCV's risk management framework incorporates a risk-based capital adequacy approach as specified in the TCV Prudential Standard established by the Treasurer of the State of Victoria for TCV. This requirement is based on the principles of the Basel Accord as adopted by APRA for the prudential supervision of the Australian banking sector. Under this requirement, the Corporation is required to hold a minimum capital adequacy ratio of 8% of risk weighted assets. The Corporation aims to maintain a capital ratio of at least 10% of risk weighted assets.

The capital of the Corporation consists of the capital contributed by the State and any residual retained earnings.

	Actual 2014 \$000	Required 2014 \$000	Actual 2013 \$000	Required 2013 \$000
Total capital	189,054	74,518	194,792	64,327
Risk weighted assets	931,478	931,478	804,082	804,082
Capital ratio	20.3%	8.0%	24.2%	8.0%

Risk weighted assets increased between 30 June 2013 and 30 June 2014 primarily due to an increase in VaR (refer Note 24).

Note 26 Superannuation

TCV made contributions to the following superannuation funds for staff and Directors:

Name of Fund	Contributions Made 2014 \$000s	Contributions Made 2013 \$000s
TCV Superannuation Plan (Mercer Superannuation Trust)	651	596
Other superannuation funds	121	111

Superannuation contributions were made at least equivalent to the minimum 9.25% (2013 – 9%) Superannuation Guarantee Charge contribution level. A number of staff elected to have a greater proportion of their remuneration paid as superannuation on a salary sacrifice basis.

TCV has made all payments to cover its liability for members of the superannuation funds. All payments due for employees and directors who are members of other funds have also been made.

Note 27 Auditor's Remuneration

Amounts received or due and receivable by the Auditor-General in relation to the audit of the TCV financial statements for the year ended 30 June:

	2014	2013
	\$000s	\$000s
Auditor-General	316	304

No other amounts have been paid or are payable to the Auditor-General.

Note 28 Related Party Information

(a) Responsible persons

The following Directors together with the Treasurer, Honourable Michael O'Brien MP, are or have been the responsible persons of TCV during the year:

Rob Hunt AM, Chairman

William Whitford, Managing Director

Michael Hirst, Deputy Chairman

Susan Carter (Appointment expired 31 January 2014. Re-appointed effective 11 February 2014)

Peter Hawkins

Grant Hehir (Resigned 25 October 2013)

Suzanne Ewart

John Blight

David Martine (Appointed 13 May 2014)

TCV Directors have the benefit of indemnities given by the Treasurer of Victoria pursuant to the Financial Management Act 1994 and by Victorian Managed Insurance Authority pursuant to the Victorian Managed Insurance Authority Act 1996.

(b) Related party transactions

TCV is the central financing authority and financial markets adviser for the State of Victoria. TCV provides treasury services to the budget sector and participating authorities in the non budget sector. TCV also provides financial advice and analytical services to participating authorities, government departments and agencies and other parties at the direction of the Treasurer.

David Martine is the Secretary of the Department of Treasury and Finance (DTF) and Grant Hehir was the former Secretary of DTF. Other fees and income includes \$8.7 million received from DTF (2013: \$7.6 million) for the provision of treasury services. Refer to Note 15 for balances as at 30 June. All transactions with DTF are priced in accordance with TCV's policies.

Grant Hehir was also a director of Victorian Funds Management Corporation (VFMC). VFMC deposits funds with TCV on its own behalf and on behalf of its clients. At 30 June 2014 VFMC had on deposit with TCV \$1 million (2013: \$1 million) on its own behalf and \$933 million (2013: \$ 859 million) on behalf of its clients. All transactions with VFMC are priced in accordance with TCV's policies.

William Whitford is a Director of Rural Finance Corporation (RFC). TCV provides loans to, and accepts deposits from, RFC. All transactions with RFC are priced in accordance with TCV's policies. Refer to Note 15 for balances as at 30 June and Note 32 in respect of the Victorian Government's sale of RFC's business.

Michael Hirst is the Managing Director and Chief Executive Officer of Bendigo and Adelaide Bank Limited (Bendigo). From time to time TCV invests in financial instruments issued by, or deposits funds with, Bendigo. These arrangements are conducted in the ordinary course of business and are entered into under commercial terms and conditions.

Note 29 Compensation

The total compensation paid or payable to responsible persons/key management personnel for the year was \$2,585,179 (2013: \$2,480,935) including short-term benefits.

Directors

The total compensation paid or payable to Directors for the year is \$937,428 (2013: \$917,323). These amounts include salary and payments made to superannuation funds on behalf of Directors. In respect of the Managing Director, total compensation is also inclusive of any bonus payment. Amounts relating to ministers are reported in the financial statements of the Department of Premier and Cabinet.

Total Compensation Income Band	2014	2013
	No. of Directors	No. of Directors
\$570,000 to \$579,999	1	-
\$560,000 to \$569,999	-	1
\$100,00 to \$109,999	1	-
\$90,000 to \$99,999	-	1
\$50,000 to \$59,999	5	5
\$0 ⁽¹⁾	2	1

(1) David Martine and Grant Hehir, as employees of DTF, were not compensated by TCV.

Executive Officers

The following analysis of compensation received or receivable by Executive Officers (excluding the Managing Director) is provided. Executive Officers are those with the delegated authority to manage the Corporation's business activities. Total compensation includes salary, performance bonuses, superannuation, fringe benefits (cars and car parking) and FBT paid by TCV in relation to those benefits. Base compensation is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

Income Paid	Total Compensation		Base Compensation	
	2014 No. of Executive Officers	2013 No. of Executive Officers	2014 No. of Executive Officers	2013 No. of Executive Officers
\$520,000 to \$529,999	1	-	-	-
\$490,000 to \$499,999	-	1	-	-
\$430,000 to \$439,999	1	-	-	-
\$410,000 to \$419,999	-	1	-	-
\$360,000 to \$369,999	-	-	1	-
\$350,000 to \$359,999	-	-	1	1
\$340,000 to \$349,999	-	-	-	1
\$300,000 to \$309,999	2	-	-	-
\$290,000 to \$299,999	-	2	-	-
\$260,000 to \$269,999	1	-	2	-
\$250,000 to \$259,999	-	-	-	2
\$220,000 to \$229,999	-	-	1	-
\$210,000 to \$219,999	-	1	-	1
\$190,000 to \$199,999	-	1	-	-
\$170,000 to \$179,999	1	-	-	-
\$160,000 to \$169,999	-	-	-	1
\$140,000 to \$150,999	-	-	1	-
Total number of executives	6	6	6	6
Total AEE ⁽¹⁾	5.6	5.6	5.6	5.6
Total amount	\$2,011,417	\$1,920,427	\$1,613,722	\$1,589,778

(1) The total annualised employee equivalent (AEE) provides a measure of full-time equivalent executive officers over the reporting period based on working 38 ordinary hours per week

Note 30 Contingencies/Commitments

Contingencies

From time to time, TCV has incurred contingent liabilities as part of its general function to engage in activities relating to the finances of the Victorian public sector, as is prescribed by its enabling legislation and approved by the Treasurer.

State Electricity Commission of Victoria

In order for the State Electricity Commission of Victoria (SECV) to participate in the national electricity market administered by Australian Energy Market Operator Limited (AEMO), a guarantee must be provided to AEMO by an acceptable financial institution. TCV has provided such a guarantee whereby it undertakes to pay to AEMO on demand any and all amounts to an aggregate amount not exceeding \$100 million as at 30 June 2014 (\$100.0 million as at 30 June 2013) as security for the obligations of SECV to AEMO. The guarantee is issued pursuant to section 9(1) of the TCV Act and is approved by the Treasurer. The guarantee is fully supported by an indemnity from the Treasurer of Victoria.

Commitments

Lease Commitments

Future commitments under non-cancellable operating leases are due:

	2014	2013
	\$000s	\$000s
Not later than 1 year	749	729
Later than 1 year but not more than 5 years	1,248	1,943
	1,997	2,672

Operating lease commitments relate to the Corporation's tenancy at 1 Collins Street Melbourne. The lease expires in 2017 and has an option to extend for a further 4 years. The lease provides for capped Consumer Price Index rental increases.

Other

Capital expenditure commitments were \$nil as at 30 June 2014 (2013: \$nil) in respect of computer hardware and software.

Note 31 Segment Information

TCV is Victoria's central financing authority and operates mainly within the domestic financial markets apart from a portion of funds raised in the international markets. It has a single reportable operating segment. TCV's major customer is the Government of Victoria, its participating authorities and other government entities which are considered under common control. All relevant financial information is presented in the notes to the financial statements.

Note 32 Subsequent Events

On 1 July 2014, as a result of the Victorian Government's sale of Rural Finance Corporation's (RFC) business to Bendigo and Adelaide Bank Limited, RFC confirmed its intention to repay, and repaid, its \$1.3 billion loan portfolio with TCV. The repayment is not reflected in the 2014 Statement of Financial Position or Statement of Comprehensive Income and is not anticipated to have a material impact on future profit. However, as the repayment was expected, RFC's loans are reflected as maturing within three months in Note 9 of the Financial Statements.

Other than the above, the Corporation had no material or significant events occurring after the reporting date.

Certification of Financial Statements

We certify that the attached financial statements for Treasury Corporation of Victoria have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2014 and financial position of Treasury Corporation of Victoria as at 30 June 2014.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.



Robert Hunt
Chairman
Date: 8 August 2014



William Whitford
Managing Director
Date: 8 August 2014



Peter Wyatt
Chief Financial Officer
Date: 8 August 2014

Independent Auditor's Report

VAGO

Victorian Auditor-General's Office

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Treasury Corporation of Victoria

The Financial Report

The accompanying financial report for the year ended 30 June 2014 of the Treasury Corporation of Victoria which comprises the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of financial statements has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of the Treasury Corporation of Victoria are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 2(a), the Board Members also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

Auditing in the Public Interest

Independent Auditor's Report (continued)*Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion:

1. the financial report presents fairly, in all material respects, the financial position of the Treasury Corporation of Victoria as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*
2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Treasury Corporation of Victoria for the year ended 30 June 2014 included both in the Treasury Corporation of Victoria's annual report and on the website. The Board Members of the Treasury Corporation of Victoria are responsible for the integrity of the Treasury Corporation of Victoria's website. I have not been engaged to report on the integrity of the Treasury Corporation of Victoria's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.



MELBOURNE
15 August 2014

John Doyle
Auditor-General

Appendix 1 – Disclosure Index

The Annual Report of Treasury Corporation of Victoria (TCV) is prepared in accordance with all relevant Victorian legislation and statutory disclosure requirements. This index has been prepared to facilitate identification of TCV's compliance with statutory disclosure requirements.

Victorian Legislation and Pronouncements	Requirement	Page Reference
Financial Reporting Directions		
FRD10	Disclosure index	69
FRD11	Disclosure of ex-gratia payments	n/a
FRD21B	Responsible person and executive officer disclosures	63-64
FRD22E	Occupational health and safety	23
FRD22E	Manner of establishment and the relevant Ministers	2
FRD22E	Objectives, functions, powers and duties	2
FRD22E	Nature and range of services provided	2-8
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FRD22E	Activities, programs and achievements	2-11
FRD22E	Employment and conduct principles	2, 23-25
FRD22E	Summary of the financial results	5
FRD22E	Significant changes in financial position	n/a
FRD22E	Operational and budgetary objectives	4
FRD22E	Subsequent events	65
FRD22E	Expenditure on consultancies	24
FRD22E	Expenditure on government advertising	n/a
FRD22E	Application of <i>Freedom of Information Act 1982</i>	23
FRD22E	Application and operation of the <i>Protected Disclosure Act 2012</i>	25
FRD22E	Statement on National Competition Policy	24
FRD22E	Summary of environmental performance	24
FRD25B	Victorian Industry Participation Policy disclosures	24
FRD103E	Non-current physical assets	33
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FRD106	Impairment of assets	33-34
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Standing Directions		
SD4.2 (a) and (b)	Financial statements	27-30
SD4.2(c)	Accountable officer's declaration	66
SD4.2(d)	Rounding of amounts	31
SD4.2(g)	General information requirements	2-25
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Legislation		
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<i>Victorian Industry Participation Policy Act 2003</i>		24
<i>Financial Management Act 2004</i>		23

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	+61 3 9651 4843	Settlements
Facsimile	+61 3 9651 4880	General
	+61 3 9651 4880	Dealing room
	+61 3 9651 4899	Settlements
Registry of Inscribed Stock	Inscribed stock registries are operated by Computershare Investor Services Pty Ltd, located at Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067 Telephone: +61 3 9415 5000 Facsimile: +61 3 9473 2535.	
Government Bonds of Victoria	Freecall number 1800 628 008	
Designated Investment Bonds	For information on Designated Investment Bonds issued under the Australian Department of Immigration and Border Protection, please email tcv@tcv.vic.gov.au or telephone +61 3 9650 7577.	