

PROSPECTUS

## U.S.\$3,000,000,000 Euro-Medium Term Note Programme



Treasury Corporation of Victoria

### **Treasury Corporation of Victoria** **Due from 30 days to 30 years from the date of issue** guaranteed by **The Government of Victoria**

Under the U.S.\$3,000,000,000 Euro-Medium Term Note Programme (the “Programme”), Treasury Corporation of Victoria (the “Issuer” or “TCV”) may, subject to compliance with all relevant laws and directives, from time to time issue euro medium term notes (the “Notes”) denominated in U.S. dollars, Australian dollars, New Zealand dollars, Canadian dollars, Hong Kong dollars, Euro, Sterling, Swiss Francs or Yen (or, subject to certain conditions, in other currencies). Notes will have maturities from 30 days to 30 years from the date of original issue. The aggregate principal amount of Notes outstanding will not at any time exceed U.S.\$3,000,000,000 (or the equivalent in other currencies at the date of issue). The Notes will be guaranteed by the Government of Victoria (the “Guarantor”).

The Notes are subject to redemption at the option of the Issuer in the event of certain changes affecting Australian taxation as described in “Terms and Conditions of the Notes - Redemption and Purchase”.

The Notes may bear interest on a fixed or floating rate or variable coupon amount basis, or be issued on a fully discounted basis and not bear interest, and the amount payable on the redemption of Notes may be fixed or variable. Notes will be issued in series (each a “Series”) having one or more issue dates and the same maturity date, bearing interest (if any) on the same basis and at the same rate and on terms otherwise identical. Each Series may be issued in Tranches (as defined in “Overview of the Programme”) on different issue dates.

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the “UK Listing Authority”) for Notes issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to the Official List of the UK Listing Authority (the “Official List”) and to the London Stock Exchange plc (the “London Stock Exchange”) for such Notes to be admitted to trading on the London Stock Exchange’s Professional Securities Market (the “Market”). References in this Prospectus to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List. The Market is not a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. However, unlisted Notes may be issued pursuant to the Programme. The relevant Final Terms (as described on page 59) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market or any other stock exchange.

Each Tranche of each Series of Bearer Notes will be initially represented by a temporary Global Note which will be deposited on the issue date with a common depository on behalf of Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”) and/or any other relevant clearing system (“Alternative Clearing System”) as specified in the relevant Final Terms in respect of any Tranche. Interests in a temporary Global Note will be exchanged for interests in a permanent Global Note not earlier than the first day following the expiry of 40 days after the relevant issue date of the relevant temporary Global Note upon certification of non-U.S. beneficial ownership. Interests in permanent Global Notes will be exchangeable for definitive Notes in bearer form with interest coupons attached or in registered form in the circumstances described under “Form of Note and Payment” herein.

Each Tranche of each Series of Registered Notes will be represented by a Global Certificate, which will be deposited on the issue date with a common depository on behalf of Euroclear and Clearstream, Luxembourg and/or any other Alternative Clearing System.

The Notes will be offered on a continuing basis by the Issuer through Morgan Stanley & Co. International plc, Nomura International plc and UBS Limited (the “Dealers”). The Dealers may also purchase Notes on their own behalf or on behalf of another person. There can be no assurance that the Notes will be sold or that there will be a secondary market for the Notes. The Issuer or the Dealers may reject any offer in whole or in part. See “Subscription and Sale”.

Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Prospectus.

### **Dealers**

**Morgan Stanley**

**Nomura International**

**UBS Investment Bank**

This Prospectus comprises Listing Particulars issued in compliance with the listing rules made under Section 79(2) of the Financial Services and Markets Act 2000 by the UK Listing Authority (as defined below) (the “Listing Rules”) and for the purpose of giving information with regard to the Programme.

The Issuer and the Guarantor (only in relation to information relating to itself and the Guarantee) accept responsibility for the information contained in this Prospectus (the “Responsible Persons”). To the best of the knowledge of the Responsible Persons (each of which has taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference” below).

No person has been authorised to give any information or to make any representations other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or any of the Dealers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same.

This Prospectus does not constitute and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Prospectus in any jurisdiction where such action is required.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of Notes and on distributions of this Prospectus, see “Subscription and Sale”.

A person may not (directly or indirectly) offer for subscription or purchase or issue invitations to subscribe for or buy or sell the Notes, nor distribute this Prospectus, in the Commonwealth of Australia, its territories or possessions (“Australia”) or to any resident of Australia, except in accordance with the Corporations Act 2001 of Australia (“Corporations Act”), any regulations made under it and any other applicable laws.

This Prospectus is not intended to be a prospectus within the meaning of Section 9 of the Corporations Act and is not intended to be and does not constitute an invitation by any of the Dealers or the Issuer for applications to subscribe for or buy any Notes or offer of Notes for subscription or purchase. Accordingly, this Prospectus has not been lodged with, nor registered by, the Australian Securities and Investments Commission.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

This Prospectus may be used in connection with the issue of not more than U.S.\$3,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any time. A final terms supplement (each a “Final Terms”) will be issued in respect of each issue of Notes which will contain, *inter alia*, the information specified in paragraph 9 of “General Information”.

To the fullest extent permitted by law, none of the Dealers, which expression shall include any additional dealers appointed under the Programme from time to time, accept any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by a Dealer or on its

behalf in connection with the Issuer, the Guarantor, or the issue and offering of the Notes. Each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. The Dealers have not separately verified the information relating to the Issuer or the Guarantor contained herein. None of the Dealers, which expression shall include any additional Dealers appointed under this Programme from time to time, makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by either the Issuer or any of the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may, to the extent permitted by relevant laws, regulations and directives, over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Such stabilisation action, if begun, may be ended at any time, but it must end after a limited period. Any stabilisation must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager) in compliance with all applicable laws, regulations and rules.

In this Prospectus references to “AUD”, “A\$” or “Australian dollars” are to the lawful currency of Australia, references to “U.S.\$” or U.S. dollars” or “United States dollars” are to the lawful currency of the United States of America, references to “GBP”, “£” and “Sterling” are to the lawful currency of the United Kingdom, references to “JPY”, “¥” or “Yen” are to the lawful currency of Japan, references to “NZD”, “NZ\$” or “New Zealand dollars” are to the lawful currency of New Zealand, references to “Hong Kong dollars” are to the lawful currency of Hong Kong, reference to “Sfr” or “Swiss francs” are to the lawful currency of Switzerland, references to “C\$” or “Canadian dollars” are to the lawful currency of Canada and references to “Euro” are to the lawful currency of the member states of the European Union (the “Member States”) who have entered the third stage of European economic and monetary union.

## TABLE OF CONTENTS

	PAGE
OVERVIEW OF THE PROGRAMME.....	5
RISK FACTORS .....	10
DOCUMENTS INCORPORATED BY REFERENCE.....	16
SUPPLEMENTARY LISTING PARTICULARS .....	16
TERMS AND CONDITIONS OF THE NOTES .....	17
USE OF PROCEEDS.....	36
TREASURY CORPORATION OF VICTORIA .....	37
OUTSTANDING DEBT OF TREASURY CORPORATION OF VICTORIA.....	41
THE STATE OF VICTORIA .....	42
GUARANTEE .....	54
SUBSCRIPTION AND SALE .....	55
FORM OF FINAL TERMS.....	59
FORM OF NOTE AND PAYMENT .....	66
AUSTRALIAN TAXATION AND APPROVALS .....	69
GENERAL INFORMATION .....	74

## OVERVIEW OF THE PROGRAMME

*This summary must be read as an introduction to this Prospectus. Any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference, by any investor.*

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of these listing particulars and, in relation to the terms and conditions of any particular Tranche of Notes and the applicable Final Terms. Words and expressions defined in “Terms and Conditions of the Notes” below shall have the same meanings in this overview. The Issuer may agree with any Dealer that Notes may be issued in a form other than that contemplated in “Terms and Conditions of the Notes” herein, in which event (in the case of listed Notes only) a supplement to this Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.*

<b>Issuer:</b>	<p>Treasury Corporation of Victoria (ABN 97 552 308 966).</p> <p>The Issuer is a financial institution established by the Government of Victoria on 1st January, 1993 to manage all of the State of Victoria’s public sector debt funding requirements and to provide financial services and advice to the State and its various public authorities.</p> <p>Pursuant to the provisions of the Treasury Corporation of Victoria Act 1992 (Victoria) (the “TCV Act”) by which the Issuer was established, its principal functions are to obtain financial accommodation within or outside Australia and to on-lend to the State of Victoria or participating authorities (being a range of Victorian government agencies, instrumentalities or other bodies established under a Victorian Act who have been accepted or taken to be accepted as “participating authorities” of the Issuer). A list of participating authorities is set out in the annual report of the Issuer. TCV also provides other financial services and enters into financial arrangements for the purposes of risk management.</p> <p>The Issuer is also empowered to acquire property, to sell, mortgage or grant a lease of property held by the Issuer, to carry out such functions or provide such financial services in relation to any liabilities or financial assets of the State of Victoria or a participating authority as the Treasurer of Victoria determines and to make submissions or recommendations or give advice to the Treasurer on the liabilities or financial assets of the State of Victoria.</p>
<b>Guarantor:</b>	<p>The Government of Victoria.</p> <p>Victoria and five other British colonies became federated states under the name of the Commonwealth of Australia on 1st January, 1901.</p>
<b>Description:</b>	<p>U.S.\$3,000,000,000 Euro Medium Term Note Programme.</p>
<b>Guarantee:</b>	<p>Payments of principal and interest on the Notes are guaranteed</p>

under Section 32(1) of the TCV Act by the Guarantor. See “Guarantee”.

<b>Dealers:</b>	Morgan Stanley & Co. International plc; Nomura International plc; UBS Limited; and any other Dealers appointed in accordance with the Dealer Agreement.
<b>Currencies:</b>	Subject to compliance with all relevant laws and directives, Notes may be issued in U.S. dollars, Australian dollars, New Zealand dollars, Canadian dollars, Hong Kong dollars, Swiss Francs, Euro, Sterling or Yen, or in other currencies if the Issuer and the Dealers so agree.
<b>Size:</b>	Up to U.S.\$3,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time.
<b>Maturities:</b>	Subject to compliance with all relevant laws and directives, any maturity between 30 days and 30 years.
<b>Issue Price:</b>	Notes may be issued at par or at a discount or premium to par.
<b>Method of Issue:</b>	The Notes will be issued on a continuous basis with no minimum issue size. Further Notes may be issued as part of an existing Series.
<b>Fixed Interest Rate Notes:</b>	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms and at maturity.
<b>Floating Rate Notes:</b>	Floating Rate Notes will bear interest set separately for each Series by reference to LIBOR, LIBID or LIMEAN (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin. Interest periods will be selected by the Issuer prior to issue and specified in the relevant Final Terms. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.
<b>Zero Coupon Notes:</b>	Zero Coupon Notes will be issued at a discount to par and will not bear interest.
<b>Variable Coupon Amount Note:</b>	The Final Terms issued in respect of each issue of Variable Coupon Amount Notes will specify the basis for calculating the amounts of interest payable, which may be by reference to a stock index or as otherwise provided in the relevant Final Terms.
<b>Variable Redemption Amount Notes:</b>	The Final Terms issued in respect of each issue of Variable Redemption Amount Notes will specify the basis for calculating the redemption amounts payable, which may be by reference to a stock index or as otherwise provided in the relevant Final Terms.
<b>Other Notes:</b>	Terms applicable to High Interest Notes, Low Interest Notes, Step-up Notes, Step-down Notes, Dual Currency Notes,

Reverse Dual Currency Notes, Optional Dual Currency Notes and any other type of Note which the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms and any Supplemental Prospectus.

**Form of Bearer Notes:**

Notes will be issued in series (each a “Series”) and comprising one or more tranches (each a “Tranche”). Each Tranche will be the subject of a final terms (each a “Final Terms”). Each Tranche of Bearer Notes will initially be represented by a temporary Global Note held by a common depository on behalf of Euroclear and Clearstream, Luxembourg and/or any Alternative Clearing System. Interests in a temporary Global Note will be exchanged for interests in a permanent Global Note not earlier than the first day following the expiry of 40 days after the issue date of the relevant temporary Global Note (the “Exchange Date”), upon certification that the owners of beneficial interests are not (i) U.S. persons or (ii) persons who have acquired such interest for resale to U.S. persons. No interest shall be payable in respect of a temporary Global Note unless (i) upon due presentation of a temporary Global Note for exchange, delivery of a permanent Global Note is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date or (ii) a payment of interest falls due prior to the Exchange Date, in which case such payment shall be made in respect of the temporary Global Note upon provision of certification of non-U.S. beneficial ownership as provided above. Interests in a permanent Global Note may be exchanged for definitive Notes in bearer form or in registered form in the circumstances described under “Form of Note and Payment” herein. Definitive Bearer Notes are exchangeable into definitive Registered Notes but definitive Registered Notes are not exchangeable for definitive bearer Notes.

**Form of Registered Notes**

Registered Notes will be represented by certificates (each a “Certificate”), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “Global Certificates”.

On or before the issue date for each Tranche of Registered Notes, the Global Certificate shall be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

<b>Denomination:</b>	Definitive Notes will be in such denominations as may be specified in the relevant Final Terms save that, unless otherwise permitted by the then current laws and regulations, Notes which have a maturity of less than one year from their date of issue will have a minimum denomination of £100,000 (or its equivalent in other currencies).
<b>Optional Redemption:</b>	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer and/or the holders, and if so the terms applicable to such redemption.
<b>Early Redemption:</b>	Except as provided in “Optional Redemption” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons.
<b>Listing and admission to trading:</b>	Application has been made to list Notes issued under the Programme on the Official List and to admit them to trading on the Market or as otherwise specified in the relevant Final Terms and references to listing shall be construed accordingly. As specified in the relevant Final Terms, a Series of Notes need not be listed on the Market or any other stock exchange.
<b>Status of Notes:</b>	Direct, unconditional and (subject to the negative pledge provisions) unsecured obligations of the Issuer ranking <i>pari passu</i> with all other unsecured obligations of the Issuer except as provided by any applicable law.
<b>Negative Pledge:</b>	As described in “Terms and Conditions of the Notes - Negative Pledge”.
<b>Cross Default:</b>	None.
<b>Withholding Tax:</b>	All payments of principal and interest will be made free and clear of Australian withholding taxes, subject to customary exceptions.  The Issuer may make deductions and additional amounts will not be payable with respect to any Note or Coupon presented for payment:— <ul style="list-style-type: none"> <li>(i) by or on behalf of a holder (or to a third party on behalf of a holder) where such holder or any person holding an interest in the Note or Coupon is an associate of the Issuer for the purposes of Section 128F of the Income Tax Assessment Act 1936 of Australia (except as permitted under Sections 128F(5) and (6)) or a resident of the Commonwealth of Australia or has some connection with the Commonwealth of Australia other than the holding of the Note or Coupon or interest therein or receipt of any payment under it; or</li> <li>(ii) by or on behalf of a holder (or a third party on</li> </ul>



behalf of the holder) who could lawfully avoid (but has not avoided) such deduction or withholding by complying or procuring that any third party comply with any statutory notification requirement or by making or procuring that any third party make a declaration of non-residence or other similar claims for exemption to any tax authority; or

- (iii) more than 30 days after the Relevant Date as defined in the Notes except to the extent that the holder would have been entitled to additional amounts on presenting the same for payment on such thirtieth day; or
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union ("EU").

**Governing Law:**

English.

**Selling Restrictions:**

The Notes are subject to restrictions on their offering, sale and delivery both generally and specifically in the United States of America, the United Kingdom, the European Economic Area, the Commonwealth of Australia, Japan, New Zealand, Hong Kong and Germany. These restrictions are described under "Subscription and Sale" below. Further restrictions may be required in connection with particular Series or Tranches of Notes and, if so, will be specified in the documentation relating to the relevant Series or Tranche.

**Use of Proceeds:**

It is anticipated that the net proceeds from the issues of the Notes will be applied towards the financing requirements of the State of Victoria and certain public authorities in Victoria in accordance with the TCV Act.

If in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## **RISK FACTORS**

*The Issuer and the Guarantor believe that the following factors may affect their ability to fulfil obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer and the Guarantor are not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer and the Guarantor do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

### **Factors relating to the Issuer**

#### ***Statutory corporation***

The Issuer is a statutory corporation. The Issuer's powers are conferred under the Treasury Corporation of Victoria Act 1992 (Victoria) (the "TCV Act") and the Borrowing and Investment Powers Act 1987 (Victoria). There can be no assurance that future administrations of the Government of Victoria will not introduce new legislation or amend existing legislation in a way that will have a negative impact on the Issuer's fund-raising or other activities. Any such amendment to the TCV Act could have an adverse effect on the ability of the Issuer to access the funding markets and make payments under the Notes, and may affect the liquidity of Notes currently in issue.

In the exercise of its powers and performance of its functions, the Issuer is subject to the general direction and control of the Treasurer. Whilst the Treasurer must not give a direction that is inconsistent with the objectives of the Issuer, no assurance can be given that any such direction will not have a material adverse effect on the Notes. As at the date of the Prospectus, no direction has been given to the Issuer by the Treasurer under the TCV Act.

#### ***Enforcement of Judgments against the Issuer***

The Issuer is not immune from suit in the Federal Court of Australia or the Courts of Victoria. Proceedings may be taken against the Issuer and execution, attachment or similar process can be issued against the Issuer.

### **Factors relating to the Guarantor**

#### ***Enforcement of Judgments against the Guarantor***

The Guarantor is not immune from suit in Victoria and in the Commonwealth of Australia in relation to the Guarantee. A statutory guarantee granted pursuant to Section 32 of the TCV Act has effect and may be enforced as if the guarantee were a contract made on behalf of the Crown in right of Victoria (the "Crown"). Proceedings may be taken against the Guarantor in accordance with the provisions of the Crown Proceedings Act 1958 (the "CP Act").

After any judgment, order or decree has been given, pronounced or entered against the Guarantor in any action, suit or proceeding of a civil nature against the Guarantor, the proper officer of the court shall give

to the plaintiff a certificate setting out the sum awarded against the Guarantor. On the receipt of such certificate, it shall be lawful for the Governor of the State of Victoria to cause to be paid out of the consolidated fund (the “Consolidated Fund”) (which is by Section 26(2) of the CP Act to the necessary extent appropriated accordingly) the sum set out in the certificate and also to cause compliance to be made with the other particulars set out therein. Money will generally not be regarded as being legally available from the Consolidated Fund unless an appropriation Act has been passed (discussed in more detail in the section titled “State of Victoria” on page 42 of this Prospectus).

The CP Act does not impose any obligation on the Governor of the State of Victoria to cause to be paid out of the Consolidated Fund an amount necessary to satisfy the judgment, order or decree obtained against the State of Victoria, but merely provides that it shall be lawful for the Governor of the State of Victoria to do so. Further, by virtue of Section 17 of the Financial Management Act 1994 (Victoria) such a payment may only be made on receipt of a warrant from the Treasurer of the State of Victoria and the Auditor-General of the State of Victoria and approved by the Governor of the State of Victoria as to the availability of public moneys for such payment. It is not possible to compel preparation or execution of such a warrant.

### **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

#### ***Notes may not be a suitable investment for all investors***

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor’s overall investment portfolio.

#### ***Risks related to the structure of the particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

#### *Notes subject to optional redemption by the Issuer*

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Variable Coupon Amount Notes and Dual Currency Notes*

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “Relevant Factor”). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

#### *Partly-paid Notes*

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

#### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer’s ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

#### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-

bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### ***Risks related to Notes generally***

Set out below is a brief description of certain risks relating to the Notes generally:

#### ***Modification***

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. In addition there are no provisions requiring special quorums of Noteholders, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes of any Series or any date for payment of Interest Amounts (as defined in Condition 6(II)(d)) thereon, (ii) to reduce or cancel the Principal Amount of the Notes or any Series, (iii) to reduce the rate or rates of interest in respect of the Notes of any Series or to vary the method or basis of calculating the rate or rates or amount of interest or, in the case of Variable Coupon Amount Notes, the basis for calculating the Coupon Amount in respect thereof, (iv) if there is shown on the face of the Notes of any Series a Minimum Interest Rate and/or a Maximum Interest Rate, to reduce such Maximum Interest Rate and/or such Minimum Interest Rate, (v) to change the method of calculating the Redemption Amount in respect of Variable Redemption Amount Notes of any Series or the Amortised Face Amount in respect of Zero Coupon Notes of any Series or, in the case of High Interest Notes or Low Interest Notes, the basis referred to in Condition 7(f) for determining amounts payable in respect of High Interest Notes or Low Interest Notes of any Series, (vi) to change the currency or currencies of payment of the Notes of any Series or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders of any Series or the majority required to pass an Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Agency Agreement) is present.

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. The terms of the Guarantee are in accordance with Section 32(1) of the TCV Act. No assurance can be given as to the impact of any possible judicial decision or change to English or, as the case may be, Australian law or administrative practice after the date of this Prospectus.

#### ***EU Savings Directive***

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1st July, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland) with effect from the same date.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent, the Issuer will be required, save as provided in Condition 7 of the Notes, to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

### *Change of law*

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

### *The Guarantee*

The Guarantee is a statutory guarantee pursuant to the provisions of Section 32(1) of the TCV Act. Legislation could be enacted by the Parliament of Victoria in the future which would have the effect of amending or revoking the Guarantee. Any statutory amendment or revocation by legislation may have a material adverse effect on the value of the Notes and/or the likelihood of investors recouping their investment.

Under Section 32(1) of the TCV Act, the amounts payable by the Issuer under the Notes is guaranteed by the Guarantor unless:

- (i) a specific guarantee is executed by the Treasurer of the State of Victoria pursuant to Section 33 of the TCV Act which is at the relevant time in force; or
- (ii) the Issuer makes a declaration under Section 32(2)(b) of the TCV Act that the Guarantee does not apply to the Notes and causes notice of the declaration to be given to any other party before the issue of the Notes and to be published in the Government Gazette.

Any execution or declaration made as described above could have an effect on the enforcement of the Guarantee against the Guarantor by any holder of a Note and the likelihood of investors recouping their investment.

However, under the Terms and Conditions of the Notes, an event of default occurs if for any reason the due repayment of principal and interest and other charges payable in relation to the Notes ceases to be unconditionally guaranteed by the Guarantor, or if for any reason the performance of such guarantee by the Guarantor becomes unlawful, and the Guarantee is not forthwith replaced by another guarantee by the Guarantor on terms and conditions which are the same or have substantially the same financial effect as the Guarantee.

### ***Risks related to the market generally***

Set out below is a brief description of certain market risks (including liquidity risk) exchange rate risk, interest rate risk and credit risk:

#### *General market risks*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks or are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. Those types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

#### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's

Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

*Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge or any of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

***Financial Market Disruptions***

The disruptions recently experienced in the international capital markets have led to reduced liquidity and increased credit risk premiums for certain market participants. The capital and credit markets have been experiencing volatility and disruption for more than 12 months. The Issuer believes that it is well positioned to withstand the current challenging market conditions. However, to the extent that current market difficulties persist, there can be no assurance that the Issuer's financial condition and performance will not be adversely impacted by the current, and any future, dislocations in the financial markets.

## **DOCUMENTS INCORPORATED BY REFERENCE**

This Prospectus should be read and construed in conjunction with the audited consolidated annual financial statements of the Issuer for the financial years ended 30th June, 2008 and 30th June, 2007 together in each case with the audit report thereon, which have been previously published or are published simultaneously with this Prospectus and which have been approved by the Financial Services Authority or filed with it. Such documents shall be deemed to be incorporated in, and form part of this Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Copies of documents deemed to be incorporated by reference in this Prospectus may be obtained from (i) the Issuer's website at [www.tcv.vic.gov.au](http://www.tcv.vic.gov.au) and/or (ii) the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com/en-gb/pricesnews/marketnews](http://www.londonstockexchange.com/en-gb/pricesnews/marketnews).

## **SUPPLEMENTARY LISTING PARTICULARS**

If at any time the Issuer shall be required to prepare supplementary listing particulars pursuant to Section 81 of the Financial Services and Markets Act 2000 ("FSMA"), the Issuer will prepare and make available an appropriate amendment or supplement to this Prospectus or a further prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market, shall constitute supplementary listing particulars as required by the U.K. Listing Authority and Section 81 of the FSMA.

If at any time the Issuer issues variable redemption Notes where the redemption price may be less than the nominal amount of such Notes, the Issuer will prepare and publish an appropriate supplement to this Prospectus which, in respect of such Notes to be listed on the Official List and admitted to trading on the Market shall, constitute supplementary listing particulars as required by the UK Listing Authority and Section 81 of the FSMA.

The Issuer has given an undertaking to each Dealer that if, at any time during the duration of the Programme, there is a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in this Prospectus or removal is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer will prepare and publish a supplement to this Prospectus or publish a new prospectus for use in connection with any subsequent issue of Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.



## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and minor amendment and as supplemented, varied or replaced in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or Global Certificate representing each Series. Either (i) the full text of the relevant provisions of these terms and conditions together with the relevant provisions of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented, varied or replaced (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme. References in the Conditions to the “Issuer” shall be references to the party specified as such in the relevant Final Terms.*

The Notes are issued subject to an Amended and Restated Agency Agreement (the “Agency Agreement”) dated 20 December, 2007, as amended and supplemented from time to time and made between the Issuer, The Bank of New York as fiscal agent (the “Fiscal Agent”), The Bank of New York (Luxembourg) S.A. as paying agent (together with the Fiscal Agent, the “Paying Agents”), and The Bank of New York as calculation agent (the “Calculation Agent”), registrar (the “Registrar”) and as transfer agent (together with any additional or other transfer agents from time to time, the “Transfer Agents”), and with the benefit of a Deed of Covenant (the “Deed of Covenant”) dated 20 December, 2007, as amended and supplemented from time to time, and executed by the Issuer in relation to the Notes. The Noteholders (as defined below) and the holders of the coupons (the “Coupons”) appertaining to interest bearing Notes in bearer form and where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) are bound by and are deemed to have notice of all of the provisions of the Agency Agreement.

Each Tranche of each Series of Bearer Notes will initially be represented by a temporary Global Note in bearer form without Coupons which will be exchanged for a permanent Global Note in bearer form without Coupons. Each Tranche of each Series of Registered Notes will initially be represented by a Global Certificate in registered form. A summary of certain terms of each temporary Global Note, each permanent Global Note and each Global Certificate relating to exchange, the manner in which payments will be made to persons with an interest in such Global Note or Global Certificate, restrictions on such payments, the circumstances in which such persons can exchange an interest in the permanent Global Note or Global Certificate for Notes in definitive form and the rights of such persons following the giving of notice to the Fiscal Agent in any of the circumstances contemplated by Condition 11, is set out in “Form of Note and Payment”.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection free of charge at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

### **1 Form, Denomination and Title**

The Notes of the Series of which this Note forms part (in these Conditions, the “Notes”) are serially numbered and issued in bearer form (“Bearer Notes”) in the Principal Amount of an Authorised Denomination, or in registered form (“Registered Notes”) in the Principal Amount of an Authorised Denomination or an integral multiple thereof. The Principal Amount of each Note will be specified on its face.

“Authorised Denomination” means:—

- (i) in the case of a Bearer Note denominated in a currency specified below, the denomination or denominations specified below (or such other denomination or denominations as may be set forth on the face of such Notes and the relevant Final Terms):—

<i>Currency</i>	<i>Bearer Note Denominations</i>
U.S. dollars	U.S.\$10,000, U.S.\$50,000 and U.S.\$500,000
Australian dollars	A\$10,000, A\$50,000 and A\$500,000
Euro	Euro 10,000, Euro 50,000 and Euro 500,000
Sterling	£1,000 or, if the Bearer Notes have a maturity of less than one year from their date of issue and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000, a minimum denomination of £100,000 (or its equivalent in other currencies).
New Zealand dollars	NZ\$10,000, NZ\$50,000 and NZ\$500,000
Yen	¥1,000,000 and ¥5,000,000

- (ii) in the case of a Registered Note or in the case of a Bearer Note denominated in any other currency, the denomination or denominations set forth on the face of such Notes and the relevant Final Terms. Any Registered Note denominated in Sterling shall be in a denomination of not less than £1,000 or, if the Registered Note has a maturity of less than one year from its date of issue and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000, a minimum denomination of £100,000 (or its equivalent in other currencies).

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Variable Coupon Amount Note, a High Interest Note, a Low Interest Note, a Step-up Note or a Step-down Note (depending upon the Interest Basis shown on its face), a Fixed Redemption Amount Note or a Variable Redemption Amount Note (depending upon the Redemption Basis shown on its face). All payments in respect of this Note shall be made in the currency shown on its face, unless it is stated on its face to be a Dual Currency Note (which for the purposes of these Conditions shall include Reverse Dual Currency Notes, Optional Dual Currency Notes and any other Note in respect of which payments shall, or may at the option of the Issuer or any holder, be made in more than one currency or in a different currency than that which would otherwise prevail in the absence of the exercise of any such option, in which case payments shall be made on the basis stated in the relevant Final Terms.

Bearer Notes are issued with Coupons (and, where appropriate in the case of interest bearing Bearer Notes, a Talon) attached, save in the case of a Zero Coupon Note in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Title to the Bearer Notes, the Coupons appertaining thereto and, where applicable, the Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register which the Issuer shall procure to be kept by the Registrar or any additional or alternate Registrar appointed in respect of a particular Tranche in accordance with the provisions of the Agency Agreement or any registry services agreement entered into with such additional or alternate Registrar (the “Register”).

Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone.

In these Conditions, “Noteholder” (and in relation to a Note, Coupon or Talon, “holder”) means the bearer of any Bearer Note, Coupon or Talon, and the person in whose name a Registered Note is registered (as the case may be), “Series” means Notes which are denominated in the same currency (or, in the case of Dual Currency Notes, which have identical provisions relating to the currency in which payments are to be or may be made in respect thereof) and the terms and conditions of which are identical in all respects, other than in respect of Interest Commencement Dates, Issue Dates and related matters, and “Tranche” means, in relation to a Series, those Notes of such Series which are issued on the same date.

## **2 Exchange of Notes and Transfers of Registered Notes**

- (a) *Exchange of Notes:* Subject as provided in Condition 2(e), Bearer Notes may be exchanged for the same aggregate Principal Amount of Registered Notes of an Authorised Denomination at the request in writing of the relevant Noteholder and upon surrender of the Bearer Note to be exchanged, together with all unmatured Coupons and unexchanged Talons relating to it, at the specified office of the Registrar or any Transfer Agent; provided, however, that Bearer Notes that are Dual Currency Notes, Variable Coupon Amount Notes or Variable Redemption Amount Notes may be exchanged for Registered Notes only with the prior written approval of the Issuer; and provided, further, that where a Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 8(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Authorised Denomination may not be exchanged for Bearer Notes of another Authorised Denomination.
- (b) *Transfer of Registered Notes:* A Registered Note may be transferred in whole or in part in an Authorised Denomination upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a Registered Note a new Registered Note in respect of the balance not transferred will be issued to the transferor.
- (c) *Delivery of new Notes:* Each new Registered Note to be issued upon exchange of Bearer Notes or transfer of Registered Notes will, within three business days (being a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Transfer Agent or the Registrar to whom such request for exchange or form of transfer shall have been delivered) of receipt of such request for exchange or form of transfer, be available for delivery at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom such delivery shall have been made or, at the option of the Noteholder making such delivery as aforesaid and as specified in the relevant request for exchange or form of transfer, be mailed at the risk of the Noteholder entitled to the new Registered Note to such address as may be specified in such request for exchange or form of transfer.
- (d) *Exchange free of charge:* Exchange of Notes on registration or transfer will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require in respect) of any tax or other governmental charges which may be imposed in relation to it.
- (e) *Closed periods:* No Noteholder may require the transfer of a Registered Note to be registered or a Bearer Note to be exchanged for a Registered Note (i) during the period of 15 days ending on the due

date for any payment of principal or Redemption Amount (as defined in Condition 7(e)) or Amortised Face Amount (as determined in accordance with Condition 7(d)) on that Note, (ii) during the period of 60 days prior to any date on which Notes of the relevant Series may be redeemed by the Issuer at its option pursuant to Condition 7(g) or (iii) after any such Note has been drawn for redemption in whole or in part. A Bearer Note called for redemption may, however, be exchanged for a Registered Note which is simultaneously surrendered not later than the relevant Record Date.

### **3 Status**

The Notes and Coupons of all Series will be direct, unconditional and (subject to the provisions of Condition 5) unsecured obligations of the Issuer and rank *pari passu* among themselves and equally with all other unsecured obligations, save for such exceptions as may be provided by applicable law, of the Issuer.

### **4 Guarantee**

The due satisfaction of amounts payable by the Issuer as a result of or in connection with the Notes of any Series, including without limiting the generality of the foregoing, the payment of expenses of enforcing or obtaining or endeavouring to enforce or obtain such satisfaction are guaranteed by the Government of Victoria pursuant to Section 32(1) of the Treasury Corporation of Victoria Act 1992 (Victoria).

### **5 Negative Pledge**

So long as any of the Notes of any Series remains outstanding, the Issuer will not create or permit to be outstanding any security upon the whole or any part of the property or assets, present or future, of the Issuer to secure external bonds of the Issuer or any guarantee by the Issuer of external bonds issued by third parties without in any such case at the same time according to all Notes of all Series (whether or not then outstanding or issued thereafter) the same security as is granted to or is outstanding in respect of such external bonds or such guarantee, or such other security, as shall be approved by an Extraordinary Resolution of the Noteholders.

For the purpose of this Condition:—

“external bonds” means any obligation in respect of moneys borrowed consisting of or evidenced by bonds, notes, debentures or other securities:—

- (i) which are, or are capable of being, listed, quoted, ordinarily dealt in or traded on any recognised stock exchange, over-the-counter or other securities market; and
- (ii) which either by their terms are payable, or optionally repayable, in or by reference to any currency other than Australian dollars or an amount exceeding 50 per cent. of their aggregate principal amount is directly or indirectly issued or initially offered, sold or distributed outside Australia.

“security” means any mortgage, charge, pledge, lien or other security interest.

### **6 (I) Interest on Fixed Rate Notes**

- (a) *Interest Rate and Accrual:* Each Fixed Rate Note (which for the purpose of this Condition 6(I) shall include a High Interest Note or a Low Interest Note) bears interest on its Denomination Amount (as defined in Condition 6(II)(g)) from the Interest Commencement Date in respect thereof and as shown on the face of the Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Reference Date or Reference Dates shown on the face of the Note in each year and on the Maturity Date shown on the face of the Note if that date does not fall on a Reference Date.

The first payment of interest will be made on the Reference Date next following such Interest Commencement Date (and if the Interest Commencement Date is not a Reference Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not a Reference Date, interest from the preceding Reference Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note on the due date for redemption unless, upon due presentation, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 6(I) to the Relevant Date (as defined in Condition 9).

- (b) *Calculations:* In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Fixed Rate Day Basis shown on the face of the Note.

## **(II) Interest on Floating Rate Notes**

- (a) *Interest Payment Dates:* Each Floating Rate Note bears interest on its Denomination Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each date (“Interest Payment Date”) which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the “Specified Number of Months”) after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or Interest Commencement Date, as the case may be). If any Interest Payment Date would otherwise fall on a day which is not a Relevant Business Day (as defined below), it shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month. In any such case as aforesaid or if there is no date in the relevant month which corresponds numerically with the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date, then (i) the Interest Payment Date shall be brought forward to the immediately preceding Relevant Business Day and (ii) each subsequent Interest Payment Date shall be the last Relevant Business Day of the month which is the last of the Specified Number of Months after the month in which the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall have fallen.

The period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an “Interest Period”.

Interest will cease to accrue on each Floating Rate Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 6(II) and the Agency Agreement to the Relevant Date.

- (b) *Rate of Interest:* Each Floating Rate Note bears interest at a variable rate determined by reference to a benchmark as stated on the face of such Floating Rate Note, being LIBOR (in which case such Note will be a LIBOR Note), LIBID (in which case such Note will be a LIBID Note), LIMEAN (in which case such Note will be a LIMEAN Note), or in any case such other benchmark as is set out on the face of such Note and in the relevant Final Terms.

Such variable rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note or by multiplying by the Spread Multiplier (if any) stated on the face of such Note. The “Spread” is

the percentage rate per annum specified on the face of such Note as being applicable to the interest rate for such Note and the “Spread Multiplier” is the percentage specified on the face of such Note as being applicable to the interest rate for such Note. The rate of interest so calculated shall be subject to paragraph (c) below.

The Rate of Interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the “Rate of Interest”.

The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Calculation Agent on the basis of the following provisions:—

- (i) At or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, the Calculation Agent will:—
  - (A) in the case of Floating Rate Notes which specify on their face that the primary source for interest rate quotations shall be derived from a special page, section or other part of a particular information service (each as specified on the face of the relevant Notes), determine the Rate of Interest for such Interest Period which shall, subject as provided below, be (x) the Relevant Rate so appearing in or on that page, section or other part of such information service as aforesaid (where such Relevant Rate is a composite quotation or interest rate per annum or is customarily supplied by one entity) or (y) the arithmetic mean (rounded, if necessary, to the next one-hundred thousandth of a percentage point) of the Relevant Rates of the persons at that time whose Relevant Rates so appear in or on that page, section or other part of such information service as aforesaid, in any such case in respect of Euro-currency deposits in the relevant currency for a period equal to the duration of such Interest Period and as adjusted by the Spread or Spread Multiplier (if any); and
  - (B) in the case of Floating Rate Notes which specify on their face that the primary source of interest rate quotations shall be the Reference Banks shown on the face thereof and in the case of Floating Rate Notes falling within paragraph (i)(A) above but in respect of which no Relevant Rate appears at or about such Relevant Time or, as the case may be, which are to be determined by reference to quotations of persons appearing in or on the relevant page, section or other part of such information service as aforesaid but in respect of which less than two Relevant Rates appear at or about such Relevant Time, request the principal offices in the Relevant Financial Centre of each of the Reference Banks shown on the face of the Relevant Notes (or, as the case may be, any substitute Reference Bank appointed from time to time pursuant to paragraph (f) below) to provide the Calculation Agent with its Relevant Rate quoted to leading banks for Euro-currency deposits in the relevant currency for a period equivalent to the duration of such Interest Period. Where this paragraph (i)(B) shall apply, the Rate of Interest for the relevant Interest Period shall, subject as provided below, be the arithmetic mean (rounded, if necessary, to the next higher one-hundred thousandth of a percentage point) of such Relevant Rates as adjusted by the Spread or Spread Multiplier (if any) as calculated by the Calculation Agent.
- (ii) If at or about the Relevant Time on any Interest Determination Date where the Rate of Interest falls to be determined pursuant to paragraph (i)(B) in respect of a Floating Rate Note two or three only of such Reference Banks provide such relevant quotations, the Rate of Interest for the relevant Interest Period shall, subject as provided below, be determined as aforesaid on the basis of the Relevant Rates quoted by such Reference Banks.
- (iii) If at or about the Relevant Time on any Interest Determination Date where the Rate of Interest falls to be determined pursuant to paragraph (i)(B) only one or none of such Reference Banks provide such

Relevant Rates, the Rate of Interest for the relevant Interest Period shall be, subject as provided below, whichever is the higher of:—

- (A) the Rate of Interest in effect for the last preceding Interest Period to which paragraphs (i)(A) or (B) or (ii) above shall have applied; and
- (B) the rate per annum (expressed as a percentage) which the Calculation Agent determines to be the arithmetic mean (rounded, if necessary, to the next higher one-hundred thousandth of a percentage point) of the Relevant Rates in respect of the relevant currency which banks in the Relevant Financial Centre of the country of such currency selected by the Calculation Agent (after consultation with the Issuer) are quoting at or about the Relevant Time on the relevant Interest Determination Date for a period equivalent to such Interest Period to leading banks carrying on business in that Relevant Financial Centre, as adjusted by the Spread or Spread Multiplier (if any) except that, if the banks so selected by the Calculation Agent are not quoting as aforesaid, the Rate of Interest shall, subject as provided below, be the rate of interest specified in paragraph (iii)(A) above.
- (c) *Minimum/Maximum Rates:* If a Minimum Interest Rate is shown on the face of this Note, then the Rate of Interest shall in no event be less than it and if there is so shown a Maximum Interest Rate, then the Rate of Interest shall in no event exceed it.
- (d) *Determination of Rate of Interest and Calculation of Interest Amounts:* The Calculation Agent will, as soon as practicable after the Relevant Time on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the “Interest Amounts”) in respect of each Authorised Denomination of the relevant Floating Rate Notes (in the case of Bearer Notes) and the minimum Authorised Denomination (in the case of Registered Notes) for the relevant Interest Period. The Interest Amounts shall be calculated by applying the Rate of Interest to the Denomination Amount, multiplying such product by the actual number of days in the Interest Period concerned, divided by the FRN Day Basis shown on the face of such Note and rounding, if necessary, the resultant figure to the nearest minimum unit of the relevant currency (half of such unit being rounded upwards). The determination of the Rate of Interest and the Interest Amounts by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.
- (e) *Duration of Rate of Interest and Interest Amounts:* The Calculation Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Fiscal Agent, the Issuer, the Registrar, each of the Paying Agents and any Stock Exchange on which the relevant Notes are for the time being listed and to be notified to Noteholders in accordance with Condition 16 as soon as possible after their determination but in no event later than the fourth Relevant Business Day thereafter. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.
- (f) *Calculation Agent and Reference Banks:* The Issuer will procure that, so long as any Floating Rate Note remains outstanding there shall at all times be four Reference Banks with offices in the Relevant Financial Centre and a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank then the Issuer will appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(g) *Definitions:* As used in these Conditions:—

“Denomination Amount” means the amount specified as such on the face of any Note, or if no such amount is so specified, the Principal Amount of such Note as shown on the face thereof.

“Interest Commencement Date” means, in the case of the first issue of a Note or Notes of a Series, the date of issue of such Note or Notes (the “Issue Date”) or such other date as may be specified as the Interest Commencement Date on the face of such Note and, in the case of a further issue of a Note or Notes of such Series, means the most recent Reference Date or, as the case may be, Interest Payment Date in relation to such first issue next preceding the date on which such further Note or Notes are issued or if there is no such date, the Interest Commencement Date in respect of such first issue, or in any case such other date as may be specified as the Interest Commencement Date on the face of such Note.

“Interest Determination Date” means, in respect of any Interest Period, that number of Relevant Business Days prior to the first day of such Interest Period as is set out in the applicable Final Terms or on the face of the relevant Note.

“Relevant Business Day” means:—

- (A) in the case of a currency other than Euro, a day (other than a Saturday or a Sunday):—
  - (i) on which banks and foreign exchange are open for business in the Relevant Financial Centre; and
  - (ii) on which banks are open for business in the principal financial centre of the currency of the Denomination Amount in respect of such Floating Rate Note and on which deposits in such currency may be dealt with in the Relevant Financial Centre; and/or
- (B) in the case of Euro, a day on which the TARGET System is operating (a “TARGET Business Day”).

“Relevant Financial Centre” means:—

- (A) in the case of a currency other than Euro, London (in the case of LIBOR Notes, LIMEAN Notes or LIBID Notes) or (in the case of Floating Rate Notes the Rate of Interest in respect of which is to be calculated by reference to some other benchmark) the financial centre specified on the face of the relevant Floating Rate Note, or if no such centre is so specified, the financial centre determined by the Calculation Agent to be appropriate to such benchmark; and
- (B) in the case of Euro, Europe or such other or additional finance centre or centres as may be specified on the face of the relevant Floating Rate Note.

“Relevant Rate” means:—

- (A) an offered rate in the case of a Note the benchmark for which relates to an offered rate;
- (B) a bid rate in the case of a Note the benchmark for which relates to a bid rate; and
- (C) the mean of an offered and bid rate in the case of a Note the benchmark for which relates to the mean of an offered and bid rate.

“Relevant Time” means the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in that currency in the interbank market in that Relevant Financial Centre and for this purpose “local time” means, with respect to Europe as the relevant financial centre, Central European Time.



“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System.

### **(III) Zero Coupon Notes**

Where a Zero Coupon Note is repayable prior to the Maturity Date and is not paid when due, the amount due and payable shall be the Amortised Face Amount of such Note as determined in accordance with Condition 7(d)(iii). Where a Zero Coupon Note is to be redeemed on its Maturity Date any overdue principal of such Note shall bear interest at a rate per annum (expressed as a percentage) equal to the Amortisation Yield shown on the face of the Note. Such interest shall continue to accrue (on the same basis as that referred to in Condition 6(I)(a) (as well after as before judgment) to the Relevant Date.

### **(IV) Variable Coupon Amount Notes**

The applicable Final Terms issued in respect of a Tranche of Variable Coupon Amount Notes shall specify the dates on which interest shall be payable on such Notes and the basis for calculation of each amount of interest payable in respect of each such Note on each such date and on any other date on which interest becomes payable in respect of such Note (the “Coupon Amounts”) and the rate (or the basis of calculation of such rate) at which interest will accrue in respect of any overdue principal.

### **(V) Step-up and Step-down Notes**

The applicable Final Terms issued in respect of a Tranche of Step-up Notes or Step-down Notes shall specify the dates on which interest shall be payable on such Notes, the rate at which the interest payable on each such date shall accrue and/or the basis for calculation thereof and the rate (or the basis of calculation of such rate) at which interest will accrue in respect of any overdue principal. Unless otherwise provided in such Final Terms, such interest shall in all other respects accrue and shall be payable in accordance with Condition 6(I).

### **(VI) ISDA Definitions**

Notwithstanding the foregoing the applicable Final Terms issued in respect of a Tranche of Notes may specify that interest shall be payable on such Notes on such dates and in such amounts as would have been payable by the Issuer as if it had entered into a swap transaction (to which an Interest Rate and Currency Exchange Agreement and the 2000 ISDA Definitions (as amended and updated from time to time), as published by the International Swap and Derivatives Association, Inc., applied) with the Noteholders. The applicable Final Terms shall specify the necessary amendments to these Conditions and these Conditions shall be read accordingly in order to give effect to such amendments.

## **7 Redemption and Purchase**

- (a) *Final Redemption:* Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Principal Amount, if it is a Fixed Redemption Amount Note, or its Redemption Amount (as defined in Condition 7(e)), if it is a Variable Redemption Amount Note, on the Maturity Date shown on its face (if this Note is shown on its face to be Fixed Rate, Zero Coupon or Variable Coupon Amount Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note except that if this Note is a Floating Rate Note denominated in Sterling and has a maturity of five years, this Note will be redeemed on the fifth anniversary of its issue).

- (b) *Redemption for taxation reasons:* If, as a result of any change in or amendment to the laws or regulations of the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date shown on the face of any Note, the Issuer has or will become obliged to pay additional amounts as provided in Condition 9, the Issuer may at its option, at any time (in the case of Fixed Rate Notes (including High Interest Notes and Low Interest Notes) Zero Coupon Notes, Step-up Notes or Step-down Notes) or on any Interest Payment Date (in the case of Floating Rate Notes) or in the case of Variable Coupon Amount Notes a date on which interest is payable thereon, on giving not more than 60 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable) redeem all, but not some only, of the Notes of the relevant Series at their Principal Amount together with interest accrued to (or, in the case of Zero Coupon Notes, at the Amortised Face Amount of such Notes as determined in accordance with Condition 7(d) or, in the case of Variable Redemption Amount Notes, at the Redemption Amount of such Notes or, in the case of High Interest Notes or Low Interest Notes, at the amount determined in accordance with Condition 7(f).
- (c) *Purchases:* The Issuer may at any time purchase Notes at any price (provided that in the case of Bearer Notes they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any case such purchase or purchases are in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer may be surrendered by the purchaser through the Issuer, the Fiscal Agent or any Paying Agent for cancellation or may at the option of the Issuer or relevant subsidiary be held or resold.

For the purposes of these Conditions, "directive" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority central bank department, government, legislature, minister, ministry, official, public or statutory corporation, self-regulating organisation, or stock exchange and any tax ruling of the Federal Commissioner of Taxation of the Commonwealth of Australia.

(d) *Early Redemption of Zero Coupon Notes:*

- (i) The amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 7(b) or, if applicable, Condition 7(g) or (h) or upon it becoming due and payable as provided in Condition 11 shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any Zero Coupon Note shall be the sum of (A) the Reference Price shown on the face of the Note and (B) the aggregate amortisation of the difference between the Reference Price and the Principal Amount of the Note from the Issue Date to the date on which the Note becomes due and payable at a rate per annum (expressed as a percentage) equal to the Amortisation Yield shown on the face of the Note compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the Fixed Rate Day Basis shown on the face of the Note.
- (iii) If the amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 7(b) or, if applicable, Condition 7(g) or (h), or upon it becoming due and payable as provided in Condition 11 is not paid when due, the amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to

the Relevant Date. The calculation of the Amortised Face Amount in accordance with this subparagraph will continue to be made (as well after as before judgment), until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the Principal Amount of such Note together with any interest which may accrue in accordance with Condition 6(III).

- (e) *Redemption of Variable Redemption Amount Notes:* The applicable Final Terms issued in respect of a Tranche of Variable Redemption Amount Notes shall specify the basis for calculation of the amount payable upon redemption of the relevant Notes under Condition 7(a) or (b) or, if applicable, Condition 7(g) or (h), or upon them becoming due and payable as provided in Condition 11 (the “Redemption Amount”).
- (f) *Early Redemption of High or Low Interest Notes:* The applicable Final Terms issued in respect of a Tranche of High Interest Notes or Low Interest Notes shall specify the basis for calculation of the amount payable upon redemption of the relevant Notes under Condition 7(b) or, if applicable, Condition 7(g) or (h) or upon them becoming due and payable as provided in Condition 11.
- (g) *Redemption at the Option of the Issuer:* If so provided in the applicable Final Terms issued in respect of a Tranche of Notes, the Issuer may, subject to compliance with all relevant laws, regulations and directives, on giving not more than 30 nor less than 10 days’ irrevocable notice to the holders of those Notes redeem all or, if so stated in such Final Terms, some of such Notes in the Principal Amount stated in such Final Terms or integral multiples thereof, on the date or dates specified in such Final Terms (which shall, in the case of a Floating Rate Note, be an Interest Payment Date and in the case of a Variable Coupon Amount Note, a date on which interest is payable thereon) at their Principal Amount or, if applicable, at the premium or premia specified in such Final Terms (in the case of Fixed Redemption Amount Notes) or at their Redemption Amount (in the case of Zero Coupon Notes) or at the amount determined in accordance with Condition 7(f) (in the case of High Interest Notes or Low Interest Notes) together with interest accrued to (or, in the case of Variable Coupon Amount Notes, the Coupon Amount payable on) the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the serial numbers of the Notes to be redeemed, which shall have been drawn in such place as the Fiscal Agent may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.

- (h) *Redemption at the Option of Noteholders:* If so provided in the applicable Final Terms issued in respect of a Tranche of Notes, the Issuer shall, subject to compliance with all relevant laws, regulations and directives, at the option of the holder of any such Note, redeem such Note on the date or dates specified in such Final Terms (which shall, in the case of a Floating Rate Note, be an Interest Payment Date and in the case of a Variable Coupon Amount Note, a date on which interest is payable thereon) at their Principal Amount or, if applicable, at the premium or premia specified in such Final Terms (in the case of Fixed Redemption Amount Notes) or at their Redemption Amount (in the case of Variable Redemption Amount Notes) or at their Amortised Face Amount (in the case of Zero Coupon Notes) or at the amount determined in accordance with Condition 7(f) (in the case of High Interest Notes or Low Interest Notes) together with interest accrued to (or, in the case of Variable Coupon Amount Notes, the Coupon Amount payable on) the date fixed for redemption.

To exercise such option the holder must deposit such Note with any Paying Agent (in the case of Bearer Notes) or the Registrar or any Transfer Agent (in the case of Registered Notes) at their respective specified offices, together with a duly completed notice of redemption (“Redemption Notice”) in the form

obtainable from any Paying Agent, the Registrar or any Transfer Agent not more than 30 nor less than 10 days prior to the relevant date for redemption and provided that, in the case of any Note represented by a Global Note or Global Certificate, the Noteholder must deliver such Redemption Notice together with an authority to Euroclear Bank S.A./N.V. (“Euroclear”) or, as the case may be, Clearstream Banking, société anonyme (“Clearstream, Luxembourg”), to debit such Noteholder’s account *pro tanto*. No Note (or authority) so deposited may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (i) *Cancellation:* All Notes redeemed by the Issuer or surrendered by the purchaser through the Issuer for cancellation pursuant to Condition 7(c) will be cancelled forthwith and may not be re-sold or re-issued.

## **8 Payments and Talons**

- (a) *Bearer Notes:* Payments of principal (or, as the case may be, Redemption Amounts) and interest (or, as the case may be, Coupon Amounts) in respect of Bearer Notes (other than Dual Currency Notes) will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of any Paying Agent outside the United States:—

- (i) if the Notes are denominated in U.S. dollars, in U.S. dollars by a U.S. dollar cheque drawn on, or, at the option of the holders, by transfer to a U.S. dollar account with, a bank in New York City which is not a branch of any Paying Agent;
- (ii) if the Notes are denominated in Australian dollars, in Australian dollars, (A) by Australian dollar cheque mailed to an address, or delivered, outside Australia drawn on, or at the option of the holders, by transfer to an Australian dollar account with, a bank in the City of London or (B) if the Notes are held by Euroclear or Clearstream, Luxembourg, by transfer to an Australian dollar account maintained by Euroclear or Clearstream, Luxembourg, as Euroclear or Clearstream, Luxembourg may specify from time to time;
- (iii) if the Notes are denominated in Yen, in Yen by a Yen cheque drawn on, or, at the option of the holders, by transfer to a Yen account (in the case of payment to a non-resident of Japan, to a non-resident Yen account) maintained by the payee with, a bank in Tokyo; or
- (iv) if the Notes are denominated in any other currency, in that currency, by a cheque in that currency drawn on, or, at the option of the holders, by transfer to an account in that currency with, a bank in the principal financial centre of the country of that currency, or, in the case of Euro, in a city outside Australia in which banks have access to the TARGET System, or as may otherwise be provided in the relevant Final Terms.

- (b) *Registered Notes:*

- (i) Payments of principal (or, as the case may be, Redemption Amounts) in respect of Registered Notes (other than Dual Currency Notes) will, in the case of Notes denominated in a currency other than Australian dollars, be made against presentation and surrender of the relevant Notes at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraphs (a)(i) to (iv) above (as appropriate), and in the case of Notes denominated in Australian dollars, by Australian dollar cheque drawn on, or by transfer to an Australian dollar account maintained by the payee with, a bank in the City of London.
- (ii) Interest on Registered Notes payable on any Reference Date or Interest Payment Date will be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof or such other record date as provided hereon (the “Record Date”). Payments of interest and Coupon Amounts on each Registered Note (other than a Dual Currency Note) will be made in the currency in which such Notes are denominated by cheque

drawn on a bank in the principal financial centre of the country of the currency concerned or, in the case of a Note denominated in Australian dollars, in the City of London, and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register maintained by the Registrar. Payments in respect of Notes denominated in Euro will be made in the manner provided in paragraph (a)(iv) above. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest (other than in respect of Notes denominated in Australian dollars) may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of that currency.

- (c) *Payments in the United States:* Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.
- (d) *Australian dollar Notes:*
- (i) Notwithstanding paragraphs (a) and (b), payments of principal, Coupon Amounts, Redemption Amounts or interest in respect of Notes denominated in Australian dollars may be made by transfer to an Australian dollar account maintained by the payee with a bank in any city outside Australia and the United States selected by the Issuer, if such payment by transfer to an Australian dollar account with a bank in the City of London becomes, in the opinion of the fiscal Agent or the Issuer, inconvenient or undesirable. In such event, all references herein to the City of London shall in relation to Notes denominated in Australian dollars be deemed to refer to such place where the relevant payment is made by, or on behalf of, the Issuer.
- (ii) If payment of the full amount of principal, Coupon Amounts, Redemption Amounts or interest in respect of Notes denominated in Australian dollars by any of the methods provided above and/or at all of the specified offices of the Paying Agents or the Transfer Agents or the Registrar, as the case may be, becomes illegal or effectively precluded because of exchange controls or similar restrictions on payment or receipt of such amount in Australian dollars, the Issuer (failing which, the Fiscal Agent on behalf of the Issuer) will appoint and maintain a Paying Agent and/or a Transfer Agent, as appropriate, having a specified office in Australia. Payment by such Paying Agent or Transfer Agent in Australia will be made in Australian dollars or, at the option of the holder, by Australian dollar cheque drawn on, or by transfer to an Australian dollar account maintained by the payee with, a bank in Melbourne. In such event, all references herein to the City of London or any other place where payment is to be made shall, in relation to Notes denominated in Australian dollars, be deemed to refer to Melbourne.
- (e) *Payments subject to law etc.:* All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 9. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (f) *Appointment of Agents:* The Fiscal Agent and the Paying Agents and the Registrar and Transfer Agents initially appointed by the Issuer and their respective specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any

Calculation Agent or Paying Agent or the Registrar or any Transfer Agent and to appoint additional or other Paying Agents, Transfer Agents or Registrars, provided that it will at all times maintain (i) a Fiscal Agent, (ii) a Registrar, (iii) a Transfer Agent having a specified office in London, and (iv) a Paying Agent having a specified office in at least one major European city (including London, so long as the Notes are listed on the official list of the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 and admitted to trading on the London Stock Exchange's Professional Securities Market), (v) such other agents as may be required by the rules or operating procedures of any Alternative Clearing System on which the Notes are to be lodged, and (vi) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 16.

(g) *Unmatured Coupons and unexchanged Talons:*

- (i) Fixed Rate Notes which are Bearer Notes, other than Notes which are stated on their face to be Long Maturity Notes (being Fixed Rate Notes or Variable Redemption Amount Notes whose Principal Amount (or, in the case of Variable Redemption Amount Notes, minimum Redemption Amount) is less than the aggregate interest payable thereon on the relevant dates for payment of interest under Condition 6(I)(a)) and Variable Redemption Amount Notes, should be surrendered for payment together with all unmatured Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such issuing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the principal or Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10). If the date for payment of principal or Redemption Amount is any date other than a date for payment of interest, the accrued interest on such principal or Redemption Amount shall be paid only upon presentation of the relevant Note.
- (ii) Subject to the provisions of the relevant Final Terms, upon the due date for redemption of any Floating Rate Note, Long Maturity Note or Variable Coupon Amount Note which is a Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Floating Rate Note, Long Maturity Note or Variable Coupon Amount Note which is a Bearer Note is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Bearer Note is presented for redemption without any exchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.

- (h) *Non-Business Days*: Subject as provided in the relevant Final Terms, if any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “business day” means a day on which banks are open for business in the relevant place of presentation, in Melbourne and:—
- (i) (in the case of a payment in a currency other than Euro or Australian dollars) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which dealings may be carried on in the relevant currency in the principal financial centre of the country of such currency;
  - (ii) (in the case of a payment in Australian dollars) where payment is to be made by transfer to an Australian dollar account, on which dealings may be carried on in Australian dollars in the City of London; or
  - (iii) (in the case of a payment in Euro) which is a TARGET Business Day.

If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, or, in the case of a Variable Coupon Amount Note, the Coupon Amount payable on such date for redemption or repayment shall only be payable against presentation (and surrender if appropriate) of the relevant Note. Interest accrued on a Zero Coupon Note from its Maturity Date shall be payable on repayment of such Zero Coupon Note against presentation thereof.

(i) *Dual Currency Notes*

The Final Terms issued in respect of each Tranche of Dual Currency Notes shall specify the currency in which each payment in respect of the relevant Notes shall be made, the terms relating to any option relating to the currency in which any payment is to be made and the basis for calculating the amount of any relevant payment and the manner of payment thereof.

(j) *Talons*

On or after the Reference Date or, as the case may be, the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (but excluding any Coupons which may have become void pursuant to Condition 10).

## 9 Taxation

All payments by or on behalf of the Issuer or the Government of Victoria in respect of the Notes and the Coupons and the guarantee referred to in Condition 4 will be made without withholding or deduction for, or on account of, any present or future taxes or duties or assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Commonwealth of Australia or any political subdivision thereof or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In the event of any such withholding or deduction (whether from a payment by the Issuer or the Guarantor) the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders or, as the case may be, the Couponholders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons or such guarantee in the absence of such withholding or deduction, provided that, despite anything else herein, deductions may be made on account of present or future taxes, duties, assessments or governmental charges from amounts payable, and no additional amount shall be payable, with respect to any Note or Coupon presented for payment:—

- (i) by or on behalf of a holder (or to a third party on behalf of a holder) where such holder or any person holding an interest in such Note or Coupon is an associate of the Issuer for the purposes of Section 128F of the Income Tax Assessment Act 1936 of Australia (except as permitted under Sections 128F(5) and (6)) or a resident of the Commonwealth of Australia or has some connection with the Commonwealth of Australia other than the holding of the Note or Coupon or interest therein or receipt of any payment under it; or
- (ii) by or on behalf of a holder (or a third party on behalf of the holder) who could lawfully avoid (but has not avoided) such deduction or withholding by complying or procuring that any third party comply with any statutory notification requirement or by making or procuring that any third party make a declaration of non-residence or other similar claims for exemption to any tax authority; or
- (iii) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to additional amounts on presenting the same for payment on such thirtieth day; or
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU.

As used in these Conditions, “Relevant Date” in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if the full amount of the money payable has not been received by the Fiscal Agent on or prior to such due date) the date on which notice is duly given to the Noteholders in accordance with Condition 16 that such moneys have been so received and are available for payment. References to “principal” shall be deemed to include any premium payable in respect of the Notes and any reference to “principal” and/or “premium” and/or “Redemption Amounts” and/or “interest” and/or “Coupon Amounts” shall be deemed to include any additional amounts which may be payable under this Condition.

## **10 Prescription**

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose shall not include Talons) shall be prescribed and become void unless made within ten years from the appropriate Relevant Date in respect thereof.

## **11 Events of Default**

If any of the following events (“Events of Default”) occurs and is continuing, the holder of any Note of any Series may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Principal Amount of such Note (or, in the case of a Variable Redemption Amount Note, its Redemption Amount or, in the case of a High Interest Note or a Low Interest Note, the amount determined in accordance with Condition 7(f)) together with accrued interest to (or, in the case of a Variable Coupon Amount Note, the Coupon Amount payable on) the date of payment (or, in the case of Zero Coupon Notes, the Amortised Face Amount of such Note determined in accordance with Condition 7(d)) shall become immediately due and payable unless prior to the date that such written notice is received by the Fiscal Agent the Issuer shall have cured or otherwise made good all Events of Default in respect of the Notes of such Series:—



- (i) default is made in the payment of any principal or Redemption Amount or Amortised Face Amount (in the case of a Zero Coupon Note) or amount determined in accordance with Condition (7)(f) (in the case of a High Interest Note or a Low Interest Note) (whether becoming due upon redemption or otherwise) or interest or Coupon Amount when due, in respect of any Notes of such Series, and such default continues for a period of 30 days; or
- (ii) the Issuer fails to perform or observe any of its obligations under any Note of such Series other than those specified in paragraph (i) above and in such case (except where such failure is incapable of remedy when no notice will be required) such failure continues for a period of 60 days next following the service by any holder of any Note of such Series on the Issuer and the Fiscal Agent of written notice required the same to be remedied; or
- (iii) the Issuer ceases to be a statutory body constituted by the Treasury Corporation of Victoria Act 1992 (Victoria) (or any statutory modification or re-enactment thereof) unless the obligations of the Issuer under the Notes and the Coupons are forthwith assumed by the State of Victoria or by a successor statutory body constituted by public Act of the State of Victoria and the due repayment of principal and interest and other charges payable in relation to the Notes remain guaranteed by the Government of Victoria; or
- (iv) for any reason the due repayment of principal and interest and other charges payable in relation to the Notes ceases to be unconditionally guaranteed by the Government of Victoria or if for any reason the performance of such guarantee by the Government of Victoria become unlawful and the guarantee is not forthwith replaced by another guarantee by the Government of Victoria on terms and conditions which are the same or have substantially the same financial effect as the guarantee provided by the Government of Victoria referred to in Condition 4.

Any such notice by a Noteholder to the Fiscal Agent shall specify the serial number(s) of the Note(s) concerned. If the event specified in paragraph (ii) above shall have occurred and be subsisting, any notice declaring any Note due and repayable shall become effective only when the Fiscal Agent shall have received notice from the holders of at least one-quarter of the aggregate principal amount of all Notes then outstanding.

## **12 Meeting of Noteholders and Modifications**

The Agency Agreement contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interest, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes). An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not, and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes of any Series or any date for payment of interest or Coupon Amount thereon, (ii) to reduce or cancel the Principal Amount of the Notes or any Series, (iii) to reduce the rate or rates of interest in respect of the Notes of any Series or to vary the method or basis of calculating the rate or rates or amount of interest or, in the case of Variable Coupon Amount Notes, the basis for calculating the Coupon Amount in respect thereof, (iv) if there is shown on the face of the Notes of any Series a Minimum Interest Rate and/or a Maximum Interest Rate, to reduce such Maximum Interest Rate and/or such Minimum Interest Rate, (v) to change the method of calculating the Redemption Amount in respect of Variable Redemption Amount Notes of any Series or the Amortised Face Amount in respect of Zero Coupon Notes of any Series or, in the case of High Interest Notes or Low Interest Notes, the basis referred to in Condition 7(f) for determining amounts payable in respect of High Interest Notes or Low Interest Notes of any Series, (vi) to change the currency or currencies of payment of the Notes of any Series or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders of any Series or the majority required to pass an Extraordinary Resolution, will only be binding if passed at a

meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Agency Agreement) is present.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

### **13 Replacement of Notes, Coupons and Talons**

If a Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 16 (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Registered Notes), in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

### **14 Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholder create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Note, and references in these Conditions to “Notes” shall be construed accordingly.

### **15 Fiscal Agent and Paying Agents**

In acting under the Agency Agreement, the Fiscal Agent, the Paying Agents, the Registrar and the Transfer Agents act solely as agents of the Issuer and do not thereby assume any obligations towards or relationship of agency or trust for any holders except that (without affecting the obligations of the Issuer to the holders to make payment in respect of the Notes and Coupons in accordance with their terms) any funds received by the Fiscal Agent for the payment of any amounts in respect of the Notes or Coupons shall be held by it on trust for the relevant holders until the expiration of the period of prescription specified in Condition 10.

The Agency Agreement may be amended by the Issuer and the Fiscal Agent, without the consent of the Registrar, or any Paying Agent, Transfer Agent or holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer and the Fiscal Agent may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuer and the Fiscal Agent, adversely affect the interest of the holders. The initial Paying Agents and their specified offices are set out below. The Issuer will maintain at least one Paying Agent at an address in the City of London as long as any Note is outstanding, and a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November 2000.

## **16 Notices**

Notices to holders of Registered Notes will be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes will be valid if published in a leading daily English language newspaper of general circulation in London (or if any such publication is not practicable, in another leading daily English language newspaper of general circulation in Europe approved by the Fiscal Agent). It is expected that such publication will be made in the Financial Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication.

So long as the Notes are represented by a Global Note or Global Certificate, notices to holders may be given by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or any Alternative Clearing System for communication by them to the entitled accountholders in substitution for publication in a daily newspaper of general circulation in London.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition.

## **17 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

## **18 Governing Law and Jurisdiction**

The Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law and, for the benefit of the Noteholders and the Couponholders, the Issuer hereby submits to the exclusive jurisdiction of the High Court of Justice in England for all purposes in connection with the Notes, the Coupons and the Talons. The Issuer agrees that process in connection with any suit, action or proceedings arising out of or in connection with the Notes, the Coupons and the Talons in the High Court of Justice in England will be validly served on it if served upon the Agent-General for the State of Victoria at The Australia Centre, Victoria House, Melbourne Place, The Strand, London, WC2B 4LG.

## **USE OF PROCEEDS**

The net proceeds of each issue of the Notes will be used by the Issuer primarily to extend financial accommodation to the State of Victoria and certain public authorities in Victoria in accordance with the Treasury Corporation of Victoria Act 1992 (Victoria).

## TREASURY CORPORATION OF VICTORIA

### Establishment

#### *Date, Purpose and Basis of Establishment and Brief History*

Treasury Corporation of Victoria (“TCV”) is a financial institution established by the Government of Victoria on 1st January, 1993 to manage all of the State of Victoria’s public sector debt funding requirements and to provide financial services and advice to the State and its various public authorities (“participating authorities”).

Pursuant to the provisions of the Treasury Corporation of Victoria Act 1992 (Victoria) (the “TCV Act”) by which TCV was established, a “public authority” may become a participating authority by applying in writing and being accepted as a participating authority by TCV. A public authority under the TCV Act includes an agency or instrumentality of the State of Victoria established by or under an Act of the Victorian Parliament, a body established by an Act of the Victorian Parliament a member of which, or a member of the governing body of which, is appointed by the Governor in Council or by a Minister, a body established by an Act of the Victorian Parliament that is financed wholly or in part from public money, or an agency prescribed by regulations made under the TCV Act which is either a body all the voting shares in which are owned by or on behalf of the State of Victoria, whether directly or indirectly, or by a trustee of a trust of which the State of Victoria is the sole beneficiary.

As at 30th June, 2008, there were 84 participating authorities plus the State. Those entities with the largest volume of TCV loans were the Budget Sector of the State, and the public sector water authorities.

During the year there was a small increase in the number of participating authorities from the number reported for last year (2007: 81).

TCV is also empowered to acquire property, to sell, mortgage or grant a lease of property held by TCV, to carry out such functions or provide such financial services in relation to any liabilities or financial assets of the State of Victoria or a participating authority as the Treasurer of Victoria determines and to make submissions or recommendations or give advice to the Treasurer on the liabilities or financial assets of the State of Victoria.

TCV’s activities during 2007-08 were concentrated on the delivery of effective and efficient client funding, and the provision of advisory services which enhance the financial position of the State. During 2007-08 gross debt increased from A\$12.70 billion to A\$13.301 billion, while investments and cash holdings increased to A\$9.1 billion (2007: A\$6.3 billion).

TCV’s borrowings and securities are guaranteed by the Government of Victoria.

The address of TCV’s principal office is Level 12, 1 Collins Street, Melbourne, Victoria 3000 Australia, and its telephone number is +61 3 9651 4800.

### Organisation

#### *Members and Management*

The TCV Act provides for TCV to have a Board of Directors which is responsible for the management of the affairs of the corporation and may exercise the powers of the corporation. The Board shall consist of the chief executive officer (Managing Director) of the corporation and not less than five and not more than seven other directors. The chief executive officer is appointed by the Board with the approval of the Treasurer of Victoria for such term not exceeding five years as is specified in the instrument of appointment. A director, other than the chief executive officer, is appointed by the Governor in Council (the Governor of Victoria, who

is the representative of the Crown, acting on the advice of, and sitting in Council with, members of the Ministry of the Government of Victoria) acting upon the recommendation of the Treasurer of Victoria for such term not exceeding three years as is specified in the instrument of appointment. The chief executive officer and other directors are eligible to be re-appointed. The Treasurer must appoint one of the directors as Chairperson of the Board and one as the Deputy Chairperson. A person who is the chief executive officer cannot be appointed Chairperson or Deputy Chairperson. An appointed director ceases to be a director upon bankruptcy or unauthorised absence from three consecutive, duly notified meetings of the Board. The Governor in Council may also remove an appointed director from office.

The office of chief executive officer becomes vacant if the chief executive officer becomes bankrupt or is convicted of an indictable offence. The Board may remove the chief executive officer from office. Each one of the current directors has as his business address the address of the Issuer.

The current directors of TCV are:—

Mr. Ian N. Ferres (Chairman)

Mr. Michael Hirst (Deputy Chairman)

Mr. William Whitford (Managing Director)

Mr. Peter Hawkins (Director)

Ms. Sue Carter (Director)

Mr Grant Hehir (Director)

Ms. Suzanne Ewart (Director)

Mr. Timothy J. Knott (Director)

Mr. Ferres was appointed by the Governor in Council upon the recommendation of the Treasurer of Victoria with effect from 1st January, 1993 and has since been reappointed. Mr. Ferres is also a Consultant to TressCox Lawyers; a Director of Australian Unity Limited, St Vincent's Health (Melb) and on the Committee for Economic Development of Australia (CEDA). He is also Chairman of Elemental Funds Management Limited, TDI Limited, TCV Superannuation Fund Pty Ltd and Vianova Asset Management (Advisory Committee) and a member of The Australia Day (Victoria) Committee.

Mr. Whitford became Chief Executive Officer and Managing Director of TCV with effect from 28th July, 2003. Mr. Whitford is a member of the Australian Institute of Company Directors and is Deputy Chairman of the Australian Financial Markets Association Market Governance Committee.

Mr. Hirst was appointed by the Governor in Council on the recommendation of the Treasurer as from 4th September, 2002. Mr. Hirst is also Chief Executive, Retail Bank for Bendigo and Adelaide Bank Ltd. He is currently a Director of Elders Rural Bank and Barwon Health. Mr Hirst also holds various board positions on Bendigo Bank subsidiaries including Sandhurst Trustees Limited, Oxford Funding and Victorian Securities Limited.

Mr. Hawkins was appointed by the Governor in Council on the recommendation of the Treasurer of Victoria as from 1st May, 2006. Mr. Hawkins is also a non-executive Director of Westpac Banking Corporation, St George Bank Limited, Mirvac Group, Liberty Financial Pty Ltd, Visa Inc, Clayton Utz and a Director of Camberwell Grammar School.

Ms. Carter was appointed by the Governor in Council on the recommendation of the Treasurer of Victoria with effect from 1st February, 2005. Ms. Carter is a chartered accountant, professional non-executive director and consultant in corporate governance and board effectiveness. She is currently a Director of AMP Superannuation Ltd, Peter MacCallum Cancer Institute, ANZ Staff Superannuation (Australia) P/L and

Private Health Insurance Administration Council. Previously, Ms. Carter was ASIC Regional Commissioner for Victoria (1999-2001), Acting CEO, Queen Victoria Women's Centre Trust (1998) and Chief Financial Officer, ANZ Funds Management (1994-1998). Prior to this she held numerous roles within ANZ, The Charter Group Partnership PLC (UK) and KPMG Peat Marwick (UK).

Mr. Knott was appointed by the Governor in Council on the recommendation of the Treasurer of Victoria with effect from 1st January, 2006.

Mr. Hehir was appointed by the Governor in Council on the recommendation of the Treasurer of Victoria with effect from 17th October, 2006. Mr. Hehir is also Secretary to the Department of Treasury and Finance.

Ms. Ewart was appointed by the Governor in Council on the recommendation of the Treasurer of Victoria with effect from 1st February, 2008. Ms. Ewart is principal of her own consulting company, providing specialist consulting services to the corporate and government sectors, specialising in financial and strategic solutions.

#### *Conflicts of Interest*

As at the date of this Prospectus there are no potential conflicts of interest between the duties of the members of the Board of Directors of the Issuer and their private interests or other duties. Certain of the members of the Issuer's board are also directors of other Victorian government entities, some of which are also clients of the Issuer.

A director who has pecuniary interest in a matter being considered or about to be considered by the Board of Directors of TCV must, as soon as practicable after the relevant facts have come to his or her knowledge, declare the nature of the interest at a meeting. A person presiding at a meeting at which a declaration is made must cause a record of the declaration to be made in the minutes of the meeting. After a declaration is made by a director unless the Board of Directors (excluding that director) otherwise resolves, the director must not be present during any deliberation with regard to that matter and that director is not entitled to vote on the matter and if that director does vote on the matter the vote must be disallowed. In addition the TCV Act provides that a person who is, or has been, a director or employee of the Board must not make improper use of any information acquired only in the course of his or her duties to obtain directly or indirectly any pecuniary or other advantage for himself or herself or for any other person.

#### *Public Administration Act/Code of Conduct*

The TCV Act has been amended so that the Public Administration Act 2004 now applies to directors of TCV in respect of their office as directors. This means that directors of TCV are required to adhere to certain public sector values, including responsiveness, integrity, impartiality, accountability, respect, leadership and certain human rights. The directors of TCV are also now bound by the Victorian Public Entity Directors' Code of Conduct 2006 (the "Code") issued by the Victorian Public Sector Standards Commissioner on 11th October, 2006 to promote adherence to these public sector values by directors of Victorian public entities.

The Code requires directors to act with honesty and integrity, to be open and transparent in dealings, to use power responsibly, to not 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. A contravention of the Code is capable of constituting misconduct.

#### *Audit Committee and Corporate Governance*

All of TCV'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. Sue Carter. Meetings of the Audit Committee are held quarterly, or as required. The purpose of the committee is stated in the Audit Committee Charter as being the mechanism by which the Board exercises its responsibilities relating to:

- the preparation and integrity of the TCV's financial accounts and statements
- internal controls, policies and procedures that TCV uses to identify and manage business risks
- the external auditor's annual audit of TCV's financial statements
- the resources, performance and scope of work of TCV's internal audit function
- TCV's compliance with legal, regulatory requirements and compliance policies
- ensuring effective corporate governance by active and collaborative participation of the following – the Audit Committee, the external auditors, the internal auditors, other assurance providers and management.

To the best of its knowledge and belief, the Issuer complies with the laws and regulations and codes of conduct of Victoria regarding corporate governance.



## OUTSTANDING DEBT OF TREASURY CORPORATION OF VICTORIA

The Issuer was formed under the Treasury Corporation of Victoria Act 1992 (Victoria) and formally began operations from 1st January, 1993. As successor in law to the Victorian Public Authorities Finance Agency (“VicFin”), all property and rights of VicFin, wherever located, vested in TCV and all liabilities of VicFin, wherever located, became liabilities of the Issuer.

The following table sets forth the principal amount of offshore short-term and long-term debt of TCV outstanding at 30th June, 2008:—

	A\$ ('000)
Short-Term Debt (Face Value)	
U.S. commercial paper and Euro-commercial paper	450,945
Euro Medium Term Notes	-
Long-Term Debt (Face Value)	
Euro Medium Term Notes	149,285
A\$200,000,000 zero per cent. Guaranteed Bonds due 2011	124,209
Total Outstanding Offshore Short-Term and Long-Term Debt	724,439

Debt incurred in currencies other than Australian dollars has been converted to equivalent Australian dollar amounts by using the relevant exchange rates at 30th June, 2008 as follows: A\$1 = U.S.\$0.966.

To enable the State Electricity Commission of Victoria (“SECV”) to remove its Eurobond debt from its balance sheet and to repay its debt portfolio by applying the proceeds from the privatisation of the electricity distribution companies, SECV and TCV entered into an “in-substance” defeasance arrangement on 1st December, 1995 whereby TCV agreed to make all payments under the Eurobond issues on behalf of SECV. The arrangement between SECV and TCV does not conflict with any of the terms and conditions of the Eurobonds and is consistent with the payment provisions of such terms and conditions. SECV remains the issuer of the securities and continues to be legally obliged to make payments of principal and interest. As a practical matter, however, interest and principal payments are made by TCV as agent for SECV. The arrangement does not impact upon SECV’s relationship with the relevant bondholders and the guarantees of the Government of Victoria remain in full force and effect. The aggregate outstanding principal amount of these Eurobonds at 30th June, 2008 was A\$100,238,000. These obligations are reflected in the balance sheet of TCV.

The following table sets forth domestic borrowings, at market valuation, of TCV at 30th June, 2008:—

	As at 30th June, 2008 A\$ ('000)
Hotstocks (Domestic Inscribed Stock)	8,475,723
Promissory Notes	299,550
Payables to market participants	36,209
Long Term Bonds	2,597,708
Commonwealth Government loans	2,561
Index linked securities	1,104,537
	12,516,288

## THE STATE OF VICTORIA

### General

The State of Victoria (“Victoria” or the “State”), one of the six states of the Commonwealth of Australia (“Australia” or the “Commonwealth”), covers 227,400 square kilometres (87,800 square miles) representing approximately 3 per cent. of the total area of Australia. Almost all of Victoria lies in the fertile south-eastern coastal region of Australia. Its topography is characterised by plains in the north, a central mountainous region extending east and west across the State and coastal plains interrupted by hills to the south.

At the end of March 2008, Victoria had an estimated resident population of approximately 5.3 million persons, or 24.8 per cent. of the Australian population of approximately 21.3 million. Although it contains a relatively small percentage of the area of Australia, Victoria is the second most populous state after New South Wales. Melbourne, the State capital, contains approximately 73.1 per cent. of Victoria’s population and provides the major market for goods and services in Victoria. It is also one of the two largest financial and commercial service centres in Australia as well as a major industrial and cultural centre (Australian Bureau of Statistics, Catalogue 3101.0).

While Victoria has autonomy and control in respect of those functions which are within its constitutional responsibility, it forms a part of the Commonwealth and in many important respects its economic performance and prospects are closely interrelated with those of Australia as a whole. In particular, primary responsibility for overall economic management in Australia rests with the Commonwealth Government. The Commonwealth Government has responsibility for monetary policy, national budget policy, national fiscal policy, exchange rate policy and external policy.

### Government of Victoria

The Commonwealth of Australia was formed as a federal union on 1st January, 1901 when the six British colonies of New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania were united as states in a federation. In addition to the six States, Australia has ten territories including the Northern Territory and the Australian Capital Territory, which contains the national capital of Canberra. The Commonwealth Parliament has power to legislate on specific matters of national interest, such as defence, external affairs, overseas trade and commerce, currency and banking. It also has exclusive power to impose customs and excise duties and has equal power with the States to levy other forms of taxation. The State Parliaments retain power over all matters other than those expressly granted to the Commonwealth under the Federal Constitution. In areas in which the Commonwealth Parliament and the States have concurrent powers, Commonwealth legislation shall prevail and State legislation to the extent of any inconsistency with Commonwealth legislation shall be invalid. The States’ powers include control over education, public health, police and justice, transport, roads and railways, industry, mining and agriculture, public works, ports, forestry, electricity, gas and water supply and irrigation.

#### *Parliament and Political Parties*

Victoria follows the British parliamentary system of government, with the Parliament consisting of a Legislative Council and Legislative Assembly (the Upper and Lower Houses, respectively). In exercising its powers as a House of Review, the Legislative Council is to recognise the Government’s specific and general mandate.

The function of Parliament is to enact legislation which may be proposed by any member of Parliament from either House, with the exception that all bills relating to taxation or appropriation of funds required for State expenditure must originate in the Legislative Assembly.

Bills of this nature passed by the Legislative Assembly may be debated or considered by the Legislative Council like any other bills. However, subject to specific provisions relating to Annual Appropriation Bills (being a bill which deals only with the annual appropriation of the Consolidated Fund), taxation or appropriation bills may be rejected but not altered by the Legislative Council (although the Legislative Council can make certain suggestions the Legislative Assembly may agree to in respect of these Bills).

If within a month of an Annual Appropriation Bill being passed by the Legislative Assembly, the Council:

(i) rejects or fails to pass it; or

(ii) returns it to the Assembly with a message suggesting any amendment to which the Assembly does not agree,

the Bill will become an Act of Parliament on the Royal Assent being signified notwithstanding that the Council has not passed the Bill.

Bills other than Annual Appropriation Bills that are passed by the Legislative Assembly but not passed by the Legislative Council within 2 months of transmission to the Council (and not less than 2 months before the end of the Parliamentary session), are subject to a dispute resolution procedure with members of both Houses taking part. Should this fail to resolve the differences between the two Houses the bill is known as a “deadlocked bill.”

This situation can be resolved in one of two ways. The Premier may advise the Governor to dissolve both Houses and call a new election or alternatively the Premier may withdraw the “deadlocked bill” until the following election. If the deadlocked bill is not passed by both Houses, it must then be passed by a majority of the total number of Members of both Houses.

Five political parties are represented in the Victorian Parliament: the Australian Labor Party, the Liberal Party, the Democratic Labor Party, The Australian Greens and the National Party of Australia (Victoria). One member independent of a political party has also been elected to the Legislative Assembly. The general election held on 25<sup>th</sup> November, 2006 resulted in the Australian Labor Party being returned to government. The leader of the Australian Labor Party, the Honourable John Brumby, MP, holds the office of Premier. The Honourable Rob Hulls, MP, is the Deputy Premier. The Liberal Party forms the official Opposition. The current composition of the Victorian Parliament is as follows:—

**Legislative Assembly**

Australian Labor Party	55
Liberal Party	23
National Party of Australia (Victoria)	9
Independent Members	1
	<hr/>
	88
	<hr/> <hr/>

**Legislative Council**

Liberal Party	15
National Party of Australia (Victoria)	2
Australian Labor Party	19
Democratic Labor Party	1

*Executive*

Under the Victorian Constitution, the ultimate executive power is vested in the Crown and is exercised by the Governor as the Crown's appointed representative. The Governor summons and prorogues (discontinues meeting without dissolving) Parliament and, at the beginning of each session, outlines the Government's legislative programme in the opening speech. In the name of the Crown, the Governor gives assent to bills which have passed all stages of Parliament.

The Governor may dissolve the Legislative Assembly, although the power to do so before the expiration of the four-year minimum term is restricted to certain situations where a motion of no confidence in the Government is passed by the Legislative Assembly. Alternatively where the Legislative Council rejects a bill passed by the Legislative Assembly and the dispute resolution process enacted by Parliament fails to reach a satisfactory conclusion, the Premier may advise the Governor to dissolve the Parliament and call an election.

The Governor acts by convention upon the advice of a Cabinet of Ministers, the leader of whom is called the Premier. Ministers are members of either House of Parliament and generally belong to the party or coalition of parties which has a majority in the Legislative Assembly. Such Ministers form the Government with the practical result that executive power is exercised by the Premier and the other Ministers. Not more than six Ministers may, at any one time, be members of the Legislative Council and not more than 17 may be members of the Legislative Assembly.

*Judiciary*

Judicial power in Australia is vested in the High Court of Australia (the "High Court"), other Federal courts and the courts of the States and Territories. The judicial system in Victoria operates principally through the Magistrates Courts, the County Courts and the Supreme Court. The judges in Victorian courts are appointed by the Crown, as represented by the Governor, acting upon advice of the Cabinet. Appeals may be taken from the Supreme Court of Victoria to the High Court. The High Court is a superior court of record and consists of the Chief Justice and six other Justices who are appointed by the Australian Governor-General in Council following consultations with the States.

**Public Finance**

The Commonwealth is the major tax collecting agency in Australia, accounting for approximately 82 per cent. of the total taxation revenue collected by all levels of Government. State Governments collected approximately 15 per cent. and local governments around 3 per cent. of total taxation revenue (Australian Bureau of Statistics, Catalogue 5506.0).

The Commonwealth acts as the sole income taxing authority. Constitutionally, the States retain the right to levy income taxes, but by convention they do not exercise this power. Income tax is the major source of Commonwealth taxation revenue, with taxes on individuals comprising 44 per cent. of taxation revenue in 2007-08 and taxes on companies comprising 23 per cent. The Commonwealth has exclusive constitutional power to impose excise duty (approximately 8 per cent. of Commonwealth taxation receipts in 2007-08), and customs duty (approximately 2 per cent.). There are no general taxes on capital gains in respect of assets purchased or acquired before 20th September, 1985 although gains on the sale of such property in particular circumstances are taxed as income. Assets purchased or acquired after that date are (with certain exceptions) subject to a capital gains tax levied by the Commonwealth Government. There are no Commonwealth wealth taxes, estate or gift duties. The States, however, impose land taxes and local governments impose rates based on the value of real property.

The Commonwealth also imposes a Goods and Services Tax (“GST”), a broad-based tax on the sale of most goods and services in Australia. Under the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations (“IGA”), signed by the Commonwealth and the States/Territories (the “States”) in June 1999, the States receive all GST revenue collected by the Commonwealth. The GST revenue is shared between States on a basis determined by the Commonwealth Grants Commission, based on the principle of horizontal fiscal equalisation. In 2007-08, GST collected and paid to the State and Territory Governments totalled A\$42.3 billion, which represents a significant share of States’ revenue. For Victoria, GST grants represent about 21 per cent. of total revenue.

As provided by the IGA, a number of State taxes have also been progressively removed, including debits tax, abolished by all States on 1st July, 2005 and, most recently rental business duty which was abolished by Victoria on the 1st January, 2007.

In addition to general revenue funds, the Commonwealth makes payments to the States for specific purposes such as education, health and welfare services, housing, roads, urban public transport and various developmental activities and projects. According to the Federal Government’s Final Budget Outcome, net specific purpose payments to the State and Territories for both recurrent and capital purposes were A\$23.8 billion in 2007-08. Commonwealth net specific purpose payments to Victoria totalled A\$5.2 billion in 2007-08 (2007-08 Commonwealth Budget – Final Budget Outcome).

### **Financial Agreement**

The original Financial Agreement between the Commonwealth and the States was made in 1927. The agreement established the Loan Council and required the Commonwealth and each State to submit an annual borrowing program for the approval of the Loan Council. The agreement also set out the arrangements for the Commonwealth to issue securities on the States’ behalf and for the redemption of this debt through the National Debt Sinking Fund (“NDSF”).

These arrangements were subsequently altered at the June 1990 Loan Council and later legislated for under the Financial Agreement Act 1994. The major alterations included:

- The States permitted to borrow in their own names in domestic and overseas markets.
- The States to make additional payments to the NDSF sufficient to permit the redemption at their maturity of all Commonwealth Government securities issued on their behalf.
- The NDSF to be abolished and replaced with the Debt Retirement Reserve Trust Account (“DRRTA”).
- The Commonwealth to compensate the States for the additional costs of raising debt on their own behalf.

A total of A\$11.1 million of Commonwealth Government securities was on issue on behalf of the States and Territories as at 30th June, 2007 and A\$10.6 million as at 30th June, 2008. Given the low amount of debt outstanding (A\$1.4 million for Victoria as at 30 June 2008) it is proposed that the arrangements will be wound up once the outstanding securities can be repurchased. As part of this wind-up, a final compensation payment to the States and Territories will be made. This will offset the additional costs borne as a direct result of the change in the debt arrangements between the Commonwealth and the States announced at the 1990 Loan Council meeting. The compensation will reflect:

- the higher costs to be faced by the States on borrowings in their own name as compared to those which would have applied on Commonwealth Government Securities raisings by the Commonwealth on their behalf if current arrangements had remained in place; and

- the reduced Commonwealth contributions to the NDSF due to the accelerated rate of debt redemption.

Overall, these arrangements replaced Commonwealth debt to the private sector with State and Territory debt without altering the financial position of the public sector as a whole. They do, however, represent a significant structural reform in Commonwealth/State and Territory financial relations. They place full responsibility on the States and Territories for the financing and managing of their own debt, thereby subjecting the fiscal and debt management strategies of individual State and Territory Governments to greater scrutiny by their local communities and financial markets.

### **Loan Council Arrangements**

The Australian Loan Council is a forum for co-ordinating public sector financing, both in terms of the nature and level of financing. Membership of the Australian Loan Council is comprised of Commonwealth, State and Territory Government Treasurers, who each have equal voting rights.

Loan Council monitoring and reporting arrangements are designed to enhance financial market scrutiny as a discipline on borrowings by the public sector. Each State and Territory submits to the Loan Council, for approval, its intended borrowing allocation, which must be consistent with overall State and national fiscal strategies.

Victoria's nominated Loan Council Allocation ("LCA") for 2007-08 was A\$2,339 million (a negative number denotes a surplus while a positive number denotes a borrowing requirement). It was revised in the 2007-08 Budget to A\$2,611 million. The 2007-08 LCA outcome was A\$679 million. The 2008-09 LCA approved by the Loan Council in February 2008 was A\$4,698 million. The LCA was subsequently revised in the 2008-09 Budget to A\$4,211 million.

### **Government Finances**

#### *Structure and Principles*

Financial information on the Victorian public sector is presented using an accrual based format consistent with the Australian equivalent to International Financial Reporting Standards ("A-IFRS"). The public sector consists of General Government (Budget) and Non Budget Sector bodies including State owned trading enterprises and State owned non-financial corporations and State owned financial corporations. Financial information for the general government is prepared in accordance with the provisions of the Financial Management Act 1994.

The General Government Sector comprises the Consolidated Fund and the Trust Fund (which together form the Public Account), Government departments funded through appropriations from the Consolidated Fund and those public bodies operating outside the Public Account which are primarily taxpayer funded and therefore subject to central budgetary control. The Non-Budget Sector consists of those public bodies mainly engaged in the sale of goods and services for profit such as the major statutory authorities involved in the delivery of water services (Public Non Financial Corporations) and financial intermediation services (Public Financial Corporations).

The accounting practices and financial controls over the receipt and disbursement of public moneys of the State Government are set out in the Constitution Act 1975, the Audit Act 1994 and the Financial Management Act 1994. The Auditor-General of Victoria, who is independent of the control of the Executive but reports to and works for the Parliament, is responsible for auditing the accounts of the Government and all government-controlled bodies and reporting thereon to the State Parliament.

#### *Public Account*

The Financial Management Act 1994 requires the establishment of a Public Account which consists of two funds, the Consolidated Fund and the Trust Fund.

All revenues and moneys over which the State Parliament has power of appropriation form the Consolidated Fund of the Government of Victoria. Only the State Parliament can levy State taxes and appropriate State expenditures from the Consolidated Fund. Parliamentary appropriations can take either of two forms:—

1. annual appropriations on an accruals basis for outputs, additions to the net asset base of Departments and payments on behalf of the State of Victoria; or
2. standing or special appropriations.

Standing appropriations are reserved for the continuing expenditure needs of the State Government for specific purposes deemed to be above the political process, such as the salaries of the judiciary, servicing of certain State debt and, if necessary, for any payments in connection with State guarantees of debt. Authority for such appropriations is generally contained in the Constitution Act or other specific legislation.

The Trust Fund contains separate accounts created for specific purposes to record the receipt of specific purpose payments from the Commonwealth and the holding of money in trust and suspense accounts for accounting purposes.

#### *Budgetary Matters*

The State Government's annual Budget is financed from a number of sources, including annual appropriations, special appropriations and other fund sources. The State's sources of revenue include State taxes, licence fees and royalties, grants from the Commonwealth Government either for general or specific purposes, short-term borrowings through Treasury Corporation of Victoria, fees and charges for State Government services and recoveries of debt charges.

The State Government also receives grants from the Commonwealth for payment to other institutions such as non-government schools and local government authorities. In such cases, the State makes no decision as to the use of the funds. Although recorded as revenues and outlays for the purpose of reporting the State's Public Account, these grant transactions do not form part of the State's budgetary decision-making process nor does the State incur any liability. These grants are referred to as grants for "on passing".

The broad strategic priority underlying the Victorian Government's budget strategy is to promote sustainable growth across the whole State on a sound and stable financial basis. A sound financial position is also essential to ensure the Government can deliver world-class infrastructure to drive economic growth and improve quality, access and equity in key services to all Victorians. Consistent with this, the Government has a number of short and long-term financial objectives and targets:—

<i>Objective</i>	<i>Short-term target</i>	<i>Long-term target</i>
Operating surplus	At least 1 per cent. of revenue in each year	Maintain a substantial budget operating surplus that allows for the delivery of the government's infrastructure objectives
Infrastructure	Implement strategic infrastructure projects	Deliver world class infrastructure to maximise economic, social and environmental benefits
Service delivery	Implement the 2006 election commitments	Provide improved service delivery to all Victorians
Taxation	Implement reforms	Provide a fair and efficient tax system that is competitive with other States

Net financial liabilities                      Maintain a AAA credit rating                      Maintain State government net financial liabilities at prudent levels

Under the financial responsibility provisions of the Financial Management Act 1994, the Victorian Government is required to provide a statement of its short and long-term financial objectives in the annual budget. This is a necessary element of the financial management principle of providing full, accurate and timely disclosure of financial information relating to the activities of the Government and its agencies.

## Economy of Victoria

In 2007-08, Victoria's total Gross State Product ("GSP") was A\$267,966 million. Victoria's share of national Gross Domestic Product ("GDP") was around 23.7 per cent. Per capita GSP in Victoria in 2007-08 was A\$51,205 and the third highest per capita GSP among the six States of Australia. The manufacturing sector generates 12.7 per cent. of Victoria's economy, compared with 10.4 per cent. for Australia as a whole. Since the early 1970s, the services sector has expanded faster than the agriculture, mining and manufacturing sectors and now contributes over two-thirds of GSP (2007-08 Commonwealth Budget – Final Budget Outcome).

### Share of Victorian Production by Sector (Industry shares of factor income at current prices)

*Year ending 30 June*

			Victorian
	2007	2008	Share of Australian Production
	<i>(per cent.)</i>		2008
Agriculture	2.4	2.9	26.2
Mining	2.1	2.3	6.2
Manufacturing	13.4	12.7	28.1
Infrastructure services(a)	17.8	17.1	22.1
Commercial services(b)	41.0	41.7	26.0
Community services(c)	15.3	14.7	22.8
Ownership of dwellings	8.0	8.6	22.8
Total(d)	100.0	100.0	23.5

Notes:

- (a) Consists of utilities, construction, transport and storage and communication services.
- (b) Consists of wholesale and retail trade, accommodation, cafes and restaurants, finance and insurance, property and business services, cultural and recreational services and personal and other services.
- (c) Consists of government administration and defence, education and health and community services.
- (d) Due to rounding, the total shares may not add up to 100 per cent.

Source: Australian Bureau of Statistics 5220.0

Real growth in Victorian GSP over the period 2001-02 to 2007-08 averaged 3.1 per cent., compared with 3.3 per cent. for Australia as a whole (Australian Bureau of Statistics, Catalogue 5220.0). As at



September 2008, the unemployment rate in Victoria stood at 4.4 per cent (Source: Australian Bureau of Statistics, Catalogue 6202.0).

Victoria's contribution to the national economy during the ten years to 2006-07 included rapid growth in private demand and a strong upturn in service sector output, including a strong biotech industry. The diversified structure of the Victorian economy provided a strong base for increased sales to the domestic market, which grew significantly over this period.

A significant feature of the continued expansion of Victoria's economy has been the role of the private sector, and especially private investment, as a primary source of growth. Total real private gross fixed capital formation rose by an average of 7.4 per cent. per annum over the six years to 2007-08. The strongest growth over this period was in new buildings and machinery and equipment investment.

Consumer spending has also been an important source of growth. Victorian household final consumption expenditure grew by 3.5 per cent. in real terms in 2007-08. It has averaged 3.6 per cent. growth per annum over the past six years (Australian Bureau of Statistics, Catalogue 5220.0).

#### *Gross Public Debt*

As at 30th June, 2008, the consolidated public sector debt of the state of Victoria amounted to A\$17,490 million (A\$15,752 million as at 30th June, 2007) of which the largest components were A\$7,802 million for the General Government Sector and A\$5,607 million for the Non-Budget supported authorities (public non financial corporation sector).

The following table sets out the maturity structure of domestic currency debt of the Guarantor for the two fiscal years prior to the date of the document:

#### **Domestic and foreign currency borrowings including finance lease liability**

	<b>State of Victoria</b>	
	<b>2008</b>	<b>2007</b>
	<i>(A\$ million)</i>	
Floating and less than 1 year .....	5,108.1	2,672.5
1 year but less than 2 years .....	161.7	2,310.2
2 years but less than 3 years .....	2,288.2	92.5
3 years but less than 4 years .....	308.4	1,944.3
4 years but less than 5 years .....	2,300.4	188.1
5 years or more .....	7,323.0	8,543.9
<b>Total domestic and foreign currency borrowings including finance lease liability .....</b>	<b>17,489.8</b>	<b>15,751.6</b>

All borrowings of General Government and Non-Budget sector organisations are denominated in Australian dollars and the Guarantor on-lends to participating government authorities in Australian dollars. As such, no foreign exchange exposures can arise from new borrowings. General Government and Non-Budget sector organisations are encouraged to identify foreign currency exposures which arise from business operations and to fully hedge these exposures once they are known and quantifiable.

In addition to debt directly incurred by the Government, the State also guarantees borrowings by its statutory authorities, as well as the liabilities of certain private sector organisations, principally for

educational or community purposes, but also as a means of supporting economic policy initiatives in certain circumstances.

#### *The Debt Payment Record of the Guarantor*

There have been no defaults by the Guarantor in payments of debt in the two fiscal years prior to the date of this document.

#### *Foreign Trade and Balance of Payments*

Victorian merchandise exports rose in current price terms, but fell slightly in real terms, in 2007-08 as, despite strong global demand, competitiveness was impacted as a result of the strong Australian dollar and agricultural exports were hampered by drought conditions.

Major destinations for Victorian merchandise exports in 2007-08 were China (11 per cent.), New Zealand (11 per cent.), Japan (9 per cent.), the United States (8 per cent.), Korea (6 per cent.) and Saudi Arabia (5 per cent.).

Victoria's merchandise exports in 2007-08 included food and live animals chiefly for food (A\$5,221 million), machinery and transport equipment (A\$4,809 million), manufactured goods classified chiefly by materials (mainly metals) (A\$2,944 million) and chemicals and related products (A\$2,022 million) (Australian Bureau of Statistics (unpublished data)).

#### *Foreign Exchange Reserves*

Foreign exchange reserves and management are the preserve of the Federal Commonwealth Government of Australia and the independent Reserve Bank of Australia.

#### *Financial position and resources*

Victoria has a substantially diversified economy. Although it has a large manufacturing sector, it is predominantly a service-based economy, with service industries accounting for around 67 per cent. of total Victorian total factor income in 2007-08.

Despite continued growth in the manufacturing sector in Victoria, manufacturing's share of GSP (total factor income) in the economy has fallen from around 20 per cent. in 1989-90 to 12.7 per cent. in 2007-08, due to relatively stronger growth in the service industries. The share of GSP attributable to mineral production has also generally declined from around 4 per cent. in the early 1990s to 2.3 per cent. in 2007-08. In terms of absolute employment (number of persons), the fastest growing sectors of the economy over the past ten years have been property and business services, education, construction, health and community services, and retail trade.

Victoria's share of national GDP in 2007-08 was 23.7 per cent., broadly in line with its population share. Per capita GSP in Victoria in 2007-08 was the third highest among the six States of Australia (Australian Bureau of Statistics, Catalogue 5220.0).

The following table sets out the financial position and resources including liquid deposits available in domestic currency as at 30th June, 2007 and 2008:

**Consolidated statement of financial position as at 30th June**

	<b>State of Victoria</b>	
	<b>2008</b>	<b>2007</b>
	<i>(A\$ million)</i>	
<b>Current assets</b>		
Cash assets .....	3,924.6	2,622.0
Other financial assets .....	8,144.3	7,221.0
Receivables .....	3,988.2	3,551.9
Prepayments .....	145.1	180.8
Inventories .....	797.1	707.8
Non-current assets classified as held for sale .....	80.1	66.5
<b>Total current assets</b> .....	<b>17,079.4</b>	<b>14,349.9</b>
<b>Non current assets</b>		
Other financial assets .....	18,698.7	22,009.3
Receivables .....	1,578.9	1,778.4
Intangibles .....	509.4	424.8
Land and buildings .....	59,574.9	54,225.6
Plant, equipment and infrastructure systems .....	24,894.2	22,918.8
Roads and earthworks .....	21,828.0	18,947.3
Other assets .....	4,524.0	3,767.8
Investments accounted for using the equity method .....	1,071.2	1,036.1
<b>Total non current assets</b> .....	<b>132,919.4</b>	<b>125,108.0</b>
<b>Total assets</b>	<b>149,998.8</b>	<b>139,457.9</b>
<b>Current liabilities</b>		
Payables .....	4,053.4	4,139.9
Interest bearing liabilities .....	5,032.1	2,954.2
Employee benefits .....	3,856.7	3,470.8
Superannuation .....	438.8	340.1
Other provisions .....	2,822.1	3,050.3
Other liabilities .....	1,670.7	1,686.7
<b>Total current liabilities</b> .....	<b>17,873.8</b>	<b>15,642.0</b>
<b>Non current liabilities</b>		
Payables .....	130.9	41.0
Interest bearing liabilities .....	12,457.7	12,797.3
Employee benefits .....	384.6	410.0
Superannuation .....	12,520.0	9,575.2

	<b>State of Victoria</b>	
	<b>2008</b>	<b>2007</b>
	<i>(A\$ million)</i>	
Other provisions .....	14,162.5	14,075.0
Other liabilities .....	579.0	590.0
<b>Total non current liabilities</b> .....	<b>40,234.7</b>	<b>37,488.6</b>
<b>Total liabilities</b> .....	<b>58,108.6</b>	<b>53,103.6</b>
<b>Net assets</b> .....	<b>91,650.1</b>	<b>86,327.3</b>
<b>Equity</b>		
Reserves .....	43,031.0	34,674.2
Accumulated funds .....	48,587.1	51,653.1
Minority Interest .....	32.0	
<b>Total equity</b> .....	<b>91,650.1</b>	<b>86,327.3</b>

Source: Department of Treasury and Finance (Victoria), Annual Financial Report 2007-08

#### Budget Result 2007-08

The general government net result from transactions was A\$1,482 million in 2007-08, compared with the budget estimate of A\$324 million and the 2007-08 revised estimate published in the 2008-09 Budget Papers in May 2008 of A\$996 million.

The 2007-08 net result from transactions of A\$1,482 million primarily reflects the strength of the Victorian and national economies.

#### Revenue

Total income from transactions for 2007-08 was A\$37,340 million, some A\$552 million (or 1.5 per cent.) higher than the 2007-08 revised estimate. This increase is mainly due to:

- Total grants received were A\$17,210 million in 2007-08, A\$29 million (or 0.2 per cent.) higher than the 2007-08 revised estimate, with an increase in specific purpose grants and a decline in general purpose grants (for both operating and capital purposes).
- Sales of goods and services and other income (comprising regulatory fees and fines, fair value of assets received free of charge, interest, capital asset charge and other miscellaneous income) was A\$6,508 million, some A\$577 million (or 9.7 per cent.) higher than the 2007-08 revised estimate.

Dividends, income tax and rate equivalent revenue was A\$760 million, which was A\$80 million (or 11.8 per cent.) higher than the 2007-08 revised estimate, mainly due to the significantly higher than anticipated Income Tax Equivalent (ITE) payments from the Transport Accident Commission and the Victorian WorkCover Authority.

Taxation revenue for 2007-08 was A\$135 million (or 1 per cent.) below the 2007-08 revised estimate. Land transfer duty was A\$169 million (or 4.4 per cent.) lower than expected, although this was partially offset by higher than expected revenue from other taxes.

#### Expenses from transactions

General government sector expenses from transactions for 2007-08 were A\$35,859 million some A\$67 million (0.2 per cent.) higher than the revised estimate of A\$35,792 million published in the 2008-09 Budget. The movement largely reflects:

- Higher spending on supplies and services related to higher than expected spending on schools maintenance and higher than budgeted assets provided free of charge; and
- increased 'other expenses' associated with the write-off of traffic camera fines and waiver of associated fees related to the Fairer and Firmer Fines initiative.

Other economic flows for 2007-08 are A\$3,357 million deficit, A\$515 million higher than the 2007-08 revised estimate in the 2008-09 Budget. This is largely due to:

- lower than expected investment returns on superannuation scheme assets in the latter part of 2007-08, which increased the associated actuarial loss on superannuation assets; and
- an increase in the Commonwealth bond rate that underpins the discount rate used to value the superannuation liability. The higher discount rate reduced the underlying value of the superannuation liability and in turn decreased the actuarial loss on superannuation.

## GUARANTEE

The due satisfaction of amounts payable by the Issuer as a result of or in connection with the Notes including, without limiting the generality of the foregoing, the payment of expenses of enforcing or obtaining or endeavouring to enforce or obtain such satisfaction is guaranteed by the Government of Victoria pursuant to Section 32(1) of the Treasury Corporation of Victoria Act 1992 (Victoria) (the “TCV Act”) of the State of Victoria.

The guarantee is a direct and unconditional obligation of the Government of Victoria, payable out of the Consolidated Fund and will rank *pari passu* with all other unsecured obligations of the Government of Victoria. A holder of Notes would be entitled to claim payment under such guarantee in the event of non-payment without first obtaining judgment or otherwise exhausting the holder’s rights against the Issuer.

Section 34 of the TCV Act provides, in effect, that any sums required by the Treasurer of Victoria in fulfilling any liability arising under the guarantee by or on behalf of the Government of Victoria shall be paid out of the Consolidated Fund (which is thereby, to the extent necessary, appropriated accordingly).

If the Government of Victoria failed to discharge any liability under Section 32(1) of the TCV Act when called upon to do so and a judgment were obtained in a Victorian court against the Government of Victoria, on receipt of a certificate under Section 26 of the Crown Proceedings Act 1958 setting out the sums awarded against the Crown in the proceedings, it would be lawful for the Government of Victoria to cause to be paid out of the Consolidated Fund the sum set out in the certificate and the Consolidated Fund would be, to the extent necessary, appropriated accordingly. However, any payment out of the Consolidated Fund may only be made on a warrant from the Treasurer and Auditor-General of Victoria as to the availability of public moneys for such payment and it is not possible to compel preparation or execution of such warrant.

## **SUBSCRIPTION AND SALE**

Pursuant to the Amended and Restated Dealer Agreement dated 20th December, 2007 between the Issuer and the Dealers, as amended and supplemented from time to time, (the “Dealer Agreement”), the Notes will be offered on a continuing basis by the Issuer through the Dealers. The Issuer will have the sole right to accept any such offers to purchase Notes and may reject any such offer in whole or (subject to the terms of such offer) in part. Each Dealer shall have the right, in its discretion reasonably exercised, to reject any offer to purchase Notes made to it in whole or (subject to the terms of such offer) in part. The relevant Dealer is entitled to terminate an agreement to subscribe Notes in certain circumstances prior to payment being made to the Issuer.

The Issuer may also issue Notes to any of the Dealers at prices to be agreed upon at the time of sale. Such Notes may be resold at such price, or at a price determined by the relevant Dealer.

The Issuer will pay to each Dealer a commission calculated by reference to the principal amount of the Notes, depending upon maturity, solicited for purchase by such Dealer or purchased by such Dealer (or such other commissions or underwriting fees on such other basis as may be agreed between the Issuer and such Dealer).

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer, sale and purchase of the Notes.

### **United States**

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented, warranted and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offer contemplated by the Offering Circular as contemplated by the Final

Terms in relation thereto to the public (where the Notes have a denomination of less than €50,000 (or its equivalent in any other currency as at the date of issue of the Notes)) in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

#### **United Kingdom**

Each Dealer has represented, warranted and agreed that:—

- (i) in relation to any Notes which have a maturity of less than one year from the date of their issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of such Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and



- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

#### **Commonwealth of Australia**

No prospectus or other disclosure document in relation to the Programme or Notes has been lodged with, or registered by, the Australian Securities and Investments Commission or the Australian Stock Exchange Limited. Each Dealer has represented and agreed that in connection with the initial distribution of any Notes it:—

- (i) has not (directly or indirectly) offered for subscription or purchase or issued invitations to subscribe for or buy nor has it sold Notes;
- (ii) will not (directly or indirectly) offer for subscription or purchase or issue invitations to subscribe for or buy nor will it sell Notes; and
- (iii) has not distributed or published and will not distribute or publish any draft or definitive offering memorandum, advertisement or other offering material relating to Notes,

in Australia, its territories or possessions (“Australia”) or to any person who is known by the Dealer to be a resident of Australia.

In addition, each Dealer has agreed that after the initial distribution of any Notes, it will not directly or indirectly offer for subscription or purchase or issue invitations to subscribe for or buy or sell such Notes or distribute or publish any draft or definitive document in relation to any such offer, invitation or sale in Australia, except in accordance with the Corporations Act 2001, any regulations made under it and any other applicable laws.

Further, in addition each Dealer has agreed that it will not sell Notes to any person if, at the time of such sale, the employees of the Dealer who were aware of, or involved in, the sale knew or had reasonable grounds to suspect that, as a result of such sale any Notes or an interest in any Notes were being, or would later be, acquired (directly or indirectly) by an associate of the Issuer for the purposes of Section 128F of the Income Tax Assessment Act of 1936 of Australia (except as permitted under Section 128F(5)).

#### **Japan**

Each Dealer understands that the Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer undertakes that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

#### **New Zealand**

The Notes shall not be offered for sale to the public in New Zealand in breach of the Securities Act 1978 or the Securities Regulations 1983 of New Zealand. In particular, but without limitation, Notes may only be offered or transferred either:

- (i) to persons whose principal business is the investment of money or to persons who, in the course of and for the purposes of their business, habitually invest money within the meaning of Section 3(2)(a) of the Securities Act 1978; or
- (ii) to persons who are each required to pay a minimum subscription price of at least NZ\$500,000 for the Notes (disregarding any amount lent by the offeror, the Issuer or any associated person of the offeror

or Issuer) before the allotment of those Notes and who have a minimum holding of the Notes of at least NZ\$500,000.

In addition, each Noteholder is deemed to represent and agree that it will not distribute the Offering Circular, any other disclosure document or any advertisement (as defined in the Securities Act 1978) in relation to any offer of the Notes in New Zealand other than:

- (a) to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money within the meaning of Section 3(2)(a) of the Securities Act 1978; or
- (b) in other circumstances where there is no contravention of the Securities Act 1978.

### **Hong Kong**

Each Dealer has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

### **Germany**

Each Dealer has represented and agreed that it has only offered and sold and that it will only offer and sell the Notes in the Federal Republic of Germany in accordance with the provisions of the Securities Sales Prospectus Act of 9th September, 1998, as amended (*Wertpapier-Verkaufsprospektgesetz*) and any other laws applicable in the Federal Republic of Germany governing the issue, sale and offering of securities.

### **General**

Selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Prospectus.

No action has been or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or have in its possession or distributes the Prospectus, any supplement to the Prospectus, any other offering material or any Final Terms.

## **FORM OF FINAL TERMS**

### **Final Terms**

[LOGO]

#### **TREASURY CORPORATION OF VICTORIA**

U.S.\$3,000,000,000 Euro Medium Term Notes

Due from 30 days to 30 years from the date of issue

guaranteed by

#### **THE GOVERNMENT OF VICTORIA**

Final Terms dated [●]

SERIES NO: [●]

Issue of [Aggregate Nominal Amount of Tranche]

[Title of Notes]

under the U.S.\$3,000,000,000 Euro Medium Term Note Programme

Guaranteed by

The Government of Victoria

## Part A – Contractual Terms

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [date] [and the supplemental Prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of Listing Rule 2.2.11 of the Listing Rules (the “Listing Rules”). This document constitutes the Final Terms of the Notes described herein for the purposes of Listing Rule 4.2.3 of the Listing Rules and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus [and the supplemental Prospectus] [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

The following alternative language applies if the first Tranche of an issue which is being increased was issued under a Prospectus (or equivalent) with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the [Prospectus/Offering Circular] dated [original date] [and the supplemental Prospectus dated [date]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Listing Rule 4.2.3 of the Listing Rules (the “Listing Rules”) and must be read in conjunction with the Prospectus dated [current date] [and the supplemental Prospectus dated [date]], save in respect of the Conditions which are extracted from the [Prospectus/Offering Circular] dated [original date] [and the supplemental [Prospectus/Offering Circular] dated [date]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the [Prospectuses/Offering Circulars] dated [original date] and [current date] [and the supplemental [Prospectuses/Offering Circulars] dated [date] and [date]]. [The [Prospectuses/Offering Circulars] [and the supplemental Prospectuses/Offering Circulars] are available for viewing at [address] [[and] [website]] and copies may be obtained from [address].]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

The terms of the Series of Notes are as follows:

- |   |                                 |   |
|---|---------------------------------|---|
| 1 | Issuer:                         | Treasury Corporation of Victoria  |
| 2 | Currency:                       | [●]   |
| 3 | Dealer:                         | [●]   |
| 4 | Managers for syndicated issue:  | [Not applicable/give names, addresses and underwriting commitments]<br><i>(Include names and addresses of entities agreeing to underwrite the issue of a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)</i> |
| 5 | Date of Subscription Agreement: | [●]   |

6	Principal Amount of Series:	[●]
7	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> ( <i>if applicable</i> )]
8	Authorised Denominations:	[●]  (Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the issuer in the United Kingdom or whose issue other constitutes a contravention of Section 19 FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).)
9	Issue Date:	[●]
10	Interest Commencement Date:	[●]
11	Interest Basis:	[Fixed Rate/Floating Rate/Zero Coupon/Variable Coupon Amount/High Interest/Low Interest/Step-up/Step-down]
12	ISDA Definitions:	[●]
13	Redemption Basis:	[Fixed Redemption Amount/Variable Redemption Amount]  <i>(N.B. If the Final Redemption Amount is less than 100 per cent. of the nominal value, the Notes will constitute derivative securities for the purposes of the Prospectus Directive, the requirements of Annex XII to the Prospectus Directive Regulation No. 809/2004 will apply and the Issuer will prepare and publish a supplement to the Prospectus which shall constitute supplementary listing particulars pursuant to the Listing Rules.)</i>
14	Fixed Rate Day Basis (Fixed Rate Note):	[●]
15	FRN Day Basis (Floating Rate Note):	[●]
16	Maturity Date (Fixed Rate, Zero Coupon or Variable Coupon Amount):	[●]
17	Permanent Global Notes exchangeable for Definitive Notes at the request of Noteholders:	[yes/no]
18	Redemption Month (Floating Rate Note):	[month and year]
19	Terms of redemption at the option of the Issuer/Noteholders (if applicable):	[●]
20	High Interest/Low Interest/Step-up/Step-down/Dual Currency/Reverse Dual Currency/Option Dual Currency/Other:	[●]
21	Reference Date(s) (Fixed Rate Note):	[●]
22	Interest Rate (Fixed Rate Note):	[●] per cent. per annum payable [annually/semi-annually/quarterly/monthly] in arrear

- 23 Interest Period (Floating Rate Note): [●]
- 24 Benchmark (Floating Rate Note): [LIBOR, LIBID, LIMEAN or other benchmark]
- 25 Primary Source of Quotations (Floating Rate Note): [specify relevant screen page or “Reference Banks”]
- 26 Reference Banks (Floating Rate Note): [specify four]
- 27 Spread (Floating Rate Note): [●]
- 28 Spread Multiplier (Floating Rate Note): [●]
- 29 Minimum Interest Rate (Floating Rate Note) (if applicable): [●] per cent. per annum
- 30 Maximum Interest Rate (Floating Rate Note) (if applicable): [●] per cent. per annum
- 31 Formula for calculation of Coupon Amounts/Redemption Amounts (if applicable): [●]
- 32 Terms of Step-up/Step-down/Dual Currency Notes: [●]
- 33 Long Maturity Note: [yes/no]
- 34 Amortisation Yield (Zero Coupon Note/ High Interest/Low Interest): [●] per cent. per annum
- 35 Reference Price (Zero Coupon Note/ High Interest/Low Interest): [●]
- 36 Interest Determination Date (Floating Rate Notes): [●]
- 37 Total commission and concession: [●] per cent. of the Aggregate Nominal Amount
- 38 Status of the Notes: [Senior]
- 39 [Date approval for issuance of Notes obtained:] [●]

*(N.B. Only relevant where authorisation is required for the particular Series of Notes)*

- 40 Other terms: [●]

*(When adding any other final terms consideration should be given as to whether such terms constitute “a significant change” and consequently trigger the need for a supplement to the Prospectus under Section 81 of the FSMA.)*

Details of any additions or variations to terms and conditions of the Notes as set out in the Offering Circular: [●]

Any additions or variations to the selling restrictions: [●]

Stabilising Manager(s) (if any): [●]

**[Listing and admission to trading application**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the U.S.\$3,000,000,000 Euro Medium Term Note Programme of Treasury Corporation of Victoria.]

**Responsibility**

The Issuer accepts responsibility for the information contained in these Final Terms. [[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....

Duly authorised

## Part B – Other Information

### 1 Listing

- (i) Listing: [London/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [●] with effect from [●].]  
[Not Applicable.]  
*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*

### 2 Ratings

- [Ratings: [Applicable/Not Applicable]  
The Notes to be issued have been rated:  
[S&P: [●]]  
[Moody's: [●]]  
[[Other]: [●]]  
*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*  
*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3 [Interests of natural and legal persons involved in the [Issue/Offer]

*Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

“Save as discussed in “Subscription and Sale”, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

### 4 Reasons for the Offer, estimated net proceeds and total expenses

- [(i) Reasons for the offer: [●]  
*(See “Use of Proceeds” wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*
- [(ii) Estimated net proceeds: [●]  
*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- [(iii) Estimated total expenses: [●]  
*[Include breakdown of expenses.]*  
*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*



## 5 [Fixed Rate Notes only – Yield

Indication of yield: [•]  
Calculated as [include details of method of calculation in summary form] on the Issue Date.  
As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. ]

## 6 [Floating Rate Notes only - Historic interest rates

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Telerate].]

## 7 [Performance of index/formula/other variable, explanation of effect on value of investment and associated risks and other information concerning the underlying (Variable Coupon Amount Notes only)

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. Need to include a description of any market disruption or settlement disruption events that affect the underlying and adjustment rules with relation to such events. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]*

## 8 [Performance of rate[s] of exchange and explanation of effect on value of investment (Dual Currency Notes only)

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

## 9 Operational information

ISIN Code: [•]  
Common Code: [•]  
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)[and address(es)]]  
Delivery: Delivery [against/free of] payment  
Names and addresses of additional Paying Agent(s) (if any): [•]

## 10 General

Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]

## FORM OF NOTE AND PAYMENT

### 1 Initial Issue of Notes

Global Notes and Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

Upon the initial deposit of a Global Note with a Common Depositary or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### 2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any Alternative Clearing System as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

### 3 Exchange

#### 3.1 Temporary Global Notes

Exchange Interests in each temporary Global Note will be exchanged for interests in a permanent Global Note, in bearer form without interest coupons, not earlier than the first day following the expiry of 40 days after the date of issue of the relevant temporary Global Note, upon certification that the owners of beneficial interests are not (i) U.S. persons or (ii) persons who have acquired such interest for re-sale to U.S. persons.

No interest shall be payable in respect of a temporary Global Note unless:

- (i) upon due presentation of a temporary Global Note for exchange, delivery of a permanent Global Note (or, as the case may be, an interest therein) is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date; or
- (ii) a payment of interest falls due prior to the Exchange Date, in which case such payment shall be made in respect of the temporary Global Note upon provision of certification of non-U.S. beneficial ownership as provided above.

Any payment due in respect of a temporary Global Note or a permanent Global Note will be made to each of Euroclear and Clearstream, Luxembourg in respect of the portion of the Global Note held for its account.

### **3.2 Permanent Global Notes**

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole or (if the permanent Global Note is held by or on behalf of Euroclear, Clearstream, Luxembourg or any Alternative Clearing System and the rules of Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System then permit) from time to time in part, at the offices of the Fiscal Agent for definitive Notes in bearer form or registered form in Authorised Denominations in an aggregate principal amount equal to the principal amount of the permanent Global Note submitted for exchange with (in the case of interest bearing Notes in bearer form) Coupons and, if applicable, Talons attached:

- (i) by the Issuer giving notice to the Noteholders and the Fiscal Agent of its intention to effect such exchange, unless principal in respect of any Notes is not paid when due;
- (ii) if the relevant Final Terms provides that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Fiscal Agent of its election for such exchange; and
- (iii) otherwise, (1) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, or (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

### **3.3 Global Certificates**

If the Final Terms state that the Notes are to be represented by a Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System (to the extent applicable in relation to such Alternative Clearing System). These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) or 3.3(ii) above, the holder has given the Registrar not less than 30 days' notice at its specified office of the holder's intention to effect such transfer.

### **3.4 Delivery of Notes**

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. In this Offering Circular, “Definitive Notes” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

### **3.5 Exchange Date**

“Exchange Date” means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

## **4 Events of Default**

Each Global Note will provide that, if a notice is given to the Fiscal Agent in relation to any interest in that Global Note in any of the circumstances contemplated by Condition 11 of the Notes, the relevant Global Note (to the extent of that interest) will become void and the bearer (to that extent) will have no further rights in respect of it. A Deed of Covenant dated 20 December, 2007 executed by the Issuer (the “Deed of Covenant”) provides that, in such event, each account holder with Euroclear, Clearstream, Luxembourg or any Alternative Clearing System (other than each of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System) in its capacity as an account holder with the other of them) who would have been entitled to the relevant interest in the Global Note when it became void will acquire against the Issuer all rights which it would have had if, immediately before the Global Note became void, it had been the holder of Definitive Notes issued on the issue date of the Global Note in an aggregate principal amount equal to that of its interest in the Global Note including the right to receive all payments due at any time in respect of such Definitive Notes other than payments corresponding to any already made under the Global Note in respect thereof.

## AUSTRALIAN TAXATION AND APPROVALS

### Taxation

The following is a summary of the Australian taxation treatment at the date of this Prospectus of payments of interest (as defined in Section 128A(1AB) of the Income Tax Assessment Act 1936 of Australia (“Australian Tax Act”)) on the Notes and certain other matters relevant to non-resident Noteholders holding Notes outside Australia. It is not exhaustive, and in particular does not deal with the position of certain classes of Noteholders (such as dealers in securities, custodians or other third parties who hold Notes on behalf of any Noteholders). Prospective holders of the Notes who are Australian residents and non-residents that carry on business in Australia should seek independent advice on the tax implications of an investment in the Notes in their particular circumstances.

Prospective Noteholders should be aware that the particular terms of issue of any Series of Notes may affect the tax treatment of that and other Series of Notes. The following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers on the tax implications of an investment in the Notes for their particular circumstances.

### Interest Withholding Tax (“IWT”)

An exemption from Australian interest withholding tax is available for the Programme under Section 128F of the Australian Tax Act if the following conditions are met:

- (a) the Issuer must be a resident of Australia when it issues the Notes and when interest (as defined in Section 128A(1AB) of the Australian Tax Act) is paid. Interest is defined in Section 128A(1AB) to include amounts in the nature of, or in substitution for, interest and certain other amounts;
- (b) the Notes must be issued outside Australia (as the Issuer is a company covered by Section 128F(5A));
- (c) The Notes must be issued in a way which satisfies the public offer test (this may be satisfied in one of five ways). In summary, the five methods of satisfying the public offer test are:—
  - (i) offers for sale to at least 10 persons, each of which is carrying on a business of providing finance, or investing or dealing in securities, in the course of operating in financial markets, none of which may be known to be or suspected to be, an associate of any of the others;
  - (ii) offers for sale to at least 100 persons whom it was reasonable to have regarded as either having acquired debentures in the past or being likely to be interested in acquiring Notes;
  - (iii) offers for sale as a result of being accepted for listing on a stock exchange, where the Issuer has previously entered into an agreement with a dealer, manager or underwriter, in relation to the placement of debentures, requiring the company to seek such listing;
  - (iv) offers via publicly available information sources that are used by financial markets for dealing in debentures; or
  - (v) offers to the dealers who, under an agreement with the Issuer, offer to sell the Notes within 30 days by one of the preceding methods.

In addition, the issue of a global bond or note by the Issuer and the offering of interests in the global bond or note by one of these methods should satisfy the public offer test;

- (d) the Issuer does not know, or have reasonable grounds to suspect, at the time of issue, that those Notes or interests in those Notes were being, or would later be, acquired directly or indirectly, by an “associate” of the Issuer, except as permitted by Section 128F(5) of the Australian Tax Act; and
- (e) at the time of payment of interest, the Issuer does not know, or have reasonable grounds to suspect, that the payee is an “associate” of the Issuer, except as permitted by Section 128F(6) of the Australian Tax Act.

#### *Amendments to IWT*

A bill to amend Section 128F of the Australian Tax Act has been passed by the Australian parliament. Once the amendments have come into effect, the exemption from Australian interest withholding tax will be available even if the Notes are issued in Australia.

#### *Associates*

An “associate” of the Issuer for the purposes of Section 128F of the Australian Tax Act includes (i) a person or entity which controls the Issuer; (ii) an entity which is a subsidiary of, or otherwise controlled by, the Issuer, (iii) a trustee of a trust where the Issuer is capable of benefiting (whether directly or indirectly) under that trust, and (iv) a person or entity who is an “associate” of another person or company which is an “associate” of the Issuer under any of the foregoing.

However, for the purposes of Sections 128F(5) and (6) of the Australian Tax Act (see paragraphs (d) and (e) above), “associate” does not include:

- (A) onshore associates (ie Australian resident associates who do not hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia and non-resident associates who hold the Notes in the course of carrying on business at or through a permanent establishment in Australia); or
- (B) offshore associates (ie Australian resident associates who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia and non-resident associates who do not hold the Notes in the course of carrying on business through a permanent establishment in Australia) who are acting in the capacity of:
  - (i) in the case of Section 128F(5), a dealer, manager or underwriter in relation to the placement of the relevant Notes, a clearing house, custodian, funds manager or responsible entity of a registered managed investment scheme; or
  - (ii) in the case of Section 128F(6), a clearing house, paying agent, custodian, funds manager or responsible entity of a registered managed investment scheme.

#### *Compliance with Section 128F of the Australian Tax Act*

The Issuer intends to issue Notes in a manner which will satisfy the public offer test and which otherwise meets the requirements of Section 128F of the Australian Tax Act.

#### *US and UK Resident Noteholders*

The Australian government has signed a number of new or amended double tax conventions (“New Treaties”) with the Specified Countries. The New Treaties apply to interest derived by a resident of a Specified Country.

The New Treaties effectively prevent IWT applying to interest derived by:

- governments of the Specified Countries and certain governmental authorities and agencies in a Specified Country; and

- certain unrelated financial institutions resident in a Specified Country which substantially derive their profits by carrying on a business of raising and providing finance.

Under the New Treaties, back-to-back loans and economically equivalent arrangements will not qualify for that IWT exemption and the anti-avoidance provisions in the Australian Tax Act can apply.

“Specified Countries” means the United States and the United Kingdom.

#### *Notes in Bearer Form*

Section 126 of the Australian Tax Act imposes a type of withholding tax at the rate of 47 per cent. on the payment of interest on Notes in bearer form if the Issuer fails to disclose the names and addresses of the holders to the Australian Taxation Office. Section 126 does not apply to the payment of interest on Notes in bearer form held by non-residents who do not carry on business at or through a permanent establishment in Australia where the issue of Notes satisfied the requirements of Section 128F of the Australian Tax Act or where interest withholding tax is payable. The Australian Taxation Office has confirmed that for the purpose of Section 126 of the Australian Tax Act, the holder of debentures (such as Notes in bearer form) means the person in possession of the debentures. Section 126 is therefore limited in its application to persons in possession of Notes in bearer form who are residents of Australia or non-residents who are engaged in carrying on business in Australia at or through a permanent establishment in Australia. Where interests in Notes in bearer form are held through Euroclear or Clearstream, Luxembourg, the Issuer intends to treat the operators of those clearing systems as the holders of those Notes for the purposes of Section 126 of the Australian Tax Act.

#### *Payment of additional amounts*

As set out in more detail under the heading “Terms and Conditions of the Notes - Taxation”, if the Issuer should at any time be compelled by law to deduct or withhold an amount in respect of any Withholding Taxes (as defined), the Issuer, must subject to certain exceptions set out under the heading “Terms and Conditions of the Notes - Taxation”, pay such additional amounts of principal and interest as may be necessary in order to ensure that the net amounts received by the Noteholders after such deduction or withholding equal the respective amounts which would have been received had no such deduction or withholding been required. If the Issuer is compelled by law in relation to any Notes to deduct or withhold an amount in respect of any withholding taxes, the Issuer will have the option to redeem those Notes in accordance with the relevant Terms and Conditions.

#### **Other Tax Matters**

The Issuer has been advised that under Australian laws as presently in effect:—

- (i) *income tax*: assuming the requirements of Section 128F of the Australian Tax Act are satisfied with respect to the Notes of each Series, payment by the Issuer of principal and interest to a Noteholder, who is a non-resident of Australia and who, during the taxable year, does not hold the Notes in the course of carrying on business through a permanent establishment in Australia will not be subject to Australian income taxes;
- (ii) *gains on disposal of Notes*: a Noteholder, who is a non-resident of Australia and who has not held the Notes in the course of carrying on business through a permanent establishment in Australia, will not be subject to Australian income tax on gains realised during that year on sale or redemption of Notes, provided such gains do not have an Australian source. A gain arising on the sale of a Note by a non-Australian resident holder to another non-Australian resident where the Note is sold outside Australia and all negotiations and documentation are conducted and executed outside Australia would not be regarded as having an Australian source;

- (iii) *deemed interest*: there are specific rules that can apply to treat a portion of the purchase price of the Notes as interest for withholding tax purposes when certain Notes originally issued at a discount or with a maturity premium are sold to an Australian resident (who does not acquire them in the course of carrying on business at or through a permanent establishment outside Australia) or a non-resident (who acquires them in the course of carrying on a business at or through a permanent establishment in Australia). These rules do not apply in circumstances where the deemed interest would have been exempt under Section 128F of the Australian Tax Act if the Notes had been held to maturity by a non-resident;
- (iv) *death duties*: no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;
- (v) *stamp duties and other taxes*: no ad valorem, stamp, issue, registration or similar taxes are payable in Australia on the issue of any Notes outside Australia;
- (vi) *other withholding taxes-payments in respect of Notes*: Section 12-140 of the Taxation Administration Act 1953 of Australia (“TAA”) imposes a type of withholding tax at the rate of (currently) 48.5 per cent. on the payment of interest on certain registered securities unless the holder has quoted an Australian tax file number (“TFN”), in certain circumstances an Australian Business Number (“ABN”) or proof of some other exception (as appropriate). Assuming the requirements of Section 128F of the Australian Tax Act are satisfied with respect to the Notes in registered form, these rules should not apply to payments to a holder of registered Notes who is not a resident of Australia for tax purposes and not holding the Notes in the course of carrying on business at or through a permanent establishment in Australia. Payments to other classes of holders of Notes in registered form may be subject to a withholding where the holder does not quote a TFN, ABN or provide proof of an appropriate exemption (as appropriate);
- (vii) *other withholding taxes on payments in respect of guarantee*: payments by the Guarantor under the Guarantee may be made free and clear of the withholdings required under Sections 12-140 of the TAA provided that tax at the rate of (currently) 48.5 per cent. must be withheld from payments under the Guarantee to Australian residents or non-residents carrying on business through a permanent establishment in Australia unless the relevant payee has quoted an Australian TFN (in certain circumstances) an ABN or proof of some other exception (as appropriate);
- (viii) *supply withholding tax*: payments in respect of the Notes can be made free and clear of the “supply withholding tax” imposed under Section 12-190 of the TAA; and
- (ix) *goods and services tax (GST)*: neither the issue nor receipt of Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber) a GST-free supply. Furthermore, neither the payment of interest or principal under the Notes, nor the disposal of the Notes, will give rise to a GST liability.

## **Recent Tax Developments**

### *Additional withholdings from certain payments to non-residents*

Section 12-315 of the Taxation Administration Act gives the Governor-General power to make regulations requiring withholding from certain payments to non-residents after 1st July, 2003. The regulations so far released would not apply to the type of payment under the Notes. However, Section 12-315 expressly provides that the regulations will not apply to interest and other payments which are already subject to the current interest withholding tax rules or specifically exempt from those rules. Further, regulations may only



be made if the responsible minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. The regulations should not apply to repayments of principal under the Notes in the absence of any issue discount on the Notes, since such amounts will generally not be reasonably related to assessable income. The possible application of any regulations to the proceeds of any sale of the Notes will need to be monitored.

*Taxation of foreign exchange gains and losses*

Division 775 of the Income Tax Amendment Act 1997 (Commonwealth) contains rules to deal with the taxation consequences of foreign exchange transactions.

These rules are complex and may apply to Noteholders who are Australian residents or non-residents that hold Notes that are not denominated in Australian dollars in the course of carrying on business in Australia. Any such Noteholders should consult their professional advisors for advice as to how to tax account for any foreign exchange gains or losses arising from their holding of those Notes.

**Approvals**

No Australian approvals are currently required for the issue of the Notes, except the approval of the Treasurer of the State of Victoria in accordance with Section 9 of the Borrowing and Investment Powers Act which has already been obtained. The Issuer will use its reasonable endeavours to obtain, at or prior to the time of purchasing currency, taking or sending currency out of Australia or placing currency in Australia to the credit of a Non-Resident, to effect any payment by the Issuer of amounts payable pursuant to the Dealer Agreement, the Notes or Coupons, or the Agency Agreement, any authority, clearance, certificate or filing which may be required in Australia under any relevant law. The Issuer has no reason to believe that any such authority, clearance, certificate or filing, will not be issued upon application therefore. However, regulations in Australia restrict or prohibit payments, transactions and dealings with assets having a prescribed connection with certain countries or named individuals or entities subject to international sanctions or associated with terrorism.

## GENERAL INFORMATION

1. Notes issued from the Programme may be listed on the Official List and admitted to trading on the Market, subject only to the issue of a temporary Global Note in respect of each Tranche of Notes. However, Notes may be issued pursuant to the Programme which will not be listed on the London Stock Exchange or any other stock exchange. Transactions in respect of Notes listed on the London Stock Exchange will normally be effected for delivery on the third dealing day after the transaction.
2. The Issuer has obtained all necessary consents, approvals and authorisations in Australia in connection with the issue and performance of the Notes and the Guarantee. The issue of the Notes was authorised by resolution of the Issuer passed on 10th February, 1994 with the approval of the Treasurer under the Borrowing and Investment Powers Act 1987 (the “BIP Act”) dated 31st December, 1992.
3. Each Bearer Note having a maturity of more than one year, Coupon and Talon will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
4. Neither the Issuer nor the Guarantor has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer.
5. There has been no significant change in the financial or trading position of the Issuer since 30th June, 2008 and no material adverse change in the prospects of the Issuer since 30th June, 2008.
6. There has been no significant change in the information relating to public finance and trade which is disclosed in pages 44 to 53 (inclusive) of this Prospectus in respect of the Guarantor since 30th June, 2008.
7. The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg. The address of any Alternative Clearing System will be specified in the applicable Final Terms.

The issue price and the amount of the relevant Notes will be determined before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

8. The accounts of the Issuer for each of the three years ended 30th June, 2008 were audited by the Auditor-General, State of Victoria, of Melbourne, Australia and have been reported on without qualification.
9. Each Final Terms will contain the following information in respect of the issue of Notes to which it relates:—
  - (i) Series No.;
  - (ii) principal amount of the Notes of such issue;
  - (iii) issue date;

- (iv) currency and denomination;
  - (v) maturity date/redemption month;
  - (vi) issue price;
  - (vii) interest basis and coupon/margin (including basis for calculating interest payable on Variable Coupon Amount Notes, if applicable);
  - (viii) interest payment dates;
  - (ix) basis for calculating redemption amounts payable in respect of Variable Redemption Amount Notes, High Interest Notes or Low Interest Notes if applicable;
  - (x) the currencies in which payments will be made in respect of Dual Currency Notes;
  - (xi) whether the Notes are redeemable prior to their stated maturity at the option of the Issuer and/or the Noteholders and the terms relating thereto;
  - (xii) whether the permanent Global Notes are exchangeable for definitive Notes in bearer or registered form at the request of the Noteholders;
  - (xiii) security codes allocated by the Euroclear and Clearstream, Luxembourg systems and/or any Alternative Clearing System;
  - (xiv) whether the Notes are listed or non-listed; and
  - (xv) any other relevant information which is not inconsistent with the Programme or the terms of the Agency Agreement.
10. The following documents will be available, during usual business hours of any weekday (other than public holidays) for a period of 12 months from the date of this Prospectus, for inspection at (and, in the case of the items referred to in paragraphs (v) to (vii) (inclusive), collection from) the principal office of the Issuer:—
- (i) the Agency Agreement;
  - (ii) the Dealer Agreement;
  - (iii) the Deed of Covenant;
  - (iv) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Fiscal Agent as to its holding of Notes and identity);
  - (v) the Prospectus and any supplement to it;
  - (vi) the published audited annual accounts and annual reports of the Issuer for the financial years ending on 30th June, 2008 and 30th June, 2007 (and any interims that have been published); and
  - (vii) a copy of the TCV Act and the BIP Act.
11. The Issuer (as to any one or more of the Dealers) or any Dealer (as to itself) may terminate the arrangements described in the Dealer Agreement by giving not less than 30 business days' notice to the other affected parties.

12. The listing of a series of Notes on the Official List will be expressed as a percentage of the principal amount (exclusive of accrued interest if any) of the Notes. It is expected that each series of Notes which is listed will be listed separately as and when issued, subject only to the issue of the temporary Global Note. Prior to official listing and admission to trading, however, dealings will be permitted subject to compliance with the rules of the London Stock Exchange. The listing of the Programme is expected to be granted on or before 19th December, 2008.
13. The Council of the European Union has adopted a directive regarding the taxation of savings income. The Directive requires Member States to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, except that Belgium, Luxembourg and Austria will instead operate a withholding system for a transitional period in relation to such payments.
14. Where information in this Prospectus has been sourced from third parties this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

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