S&P Global Ratings

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Victoria (State of)

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Victoria (State of)

This report supplements our research update "Australian State Of Victoria Ratings Affirmed At 'AAA/A-1+'; Outlook Remains Negative," published on Aug. 24, 2017. To provide the most current information, we may cite more recent data than that stated in the previous publication. These differences have been determined not to be sufficiently significant to affect the rating and our main conclusions.

Rationale

Issuer Credit Rating
AAA/Negative/A-1+

The State of Victoria's credit rating is underpinned by Australia's institutional framework and its economy, which, along with asset recycling, continues to support its financial position through strong revenue growth. After updating our forecasts until 2020 we expect Victoria's financial management to maintain its comprehensive liquidity coverage as it delivers its large infrastructure program, which will increase its borrowings for the first time since 2015. The ratings remain under pressure from the sovereign.

Negative outlook reflects sovereign's rating; Victoria's standalone credit profile remains strong

The negative outlook reflects that on the Commonwealth of Australia (see "Australia Ratings Affirmed At 'AAA/A-1+'; Outlook Remains Negative", published on May 16, 2017), while we view Victoria's SACP as 'aaa'. We do not consider that any state or territory in Australia, including Victoria, can maintain stronger credit characteristics than the sovereign in a stress scenario. This reflects the states' financial reliance on grants from the central government to fund core public services, as well as the likelihood that states' own revenue sources would be severely hampered in a sovereign default scenario.

While Australia's institutional framework underpins the ratings on Victoria, there is a degree of structural imbalance between revenue powers and expenditure responsibilities. The bulk of revenue is raised by the Commonwealth government, while the states and territories have significant expenditure responsibilities, including health and education, that limits their budgetary flexibility.

This framework sets a high standard of financial management within Australia, and Victoria is no exception. Its financial management compares favorably with its domestic and international peers. Victoria has a culture of long-term planning and transparency, and exceptional debt and liquidity management through Treasury Corporation of Victoria. The government is increasing infrastructure investment within its self-imposed debt limits to provide for its growing population. In an environment of moderately higher revenue growth, it is also allowing operating expenses--namely employee expenses--to grow at a faster pace than previously. This could pressure the budget in the event of a downturn because these operating expenses are relatively inflexible and difficult for governments to reduce. The 2017-18 budget contained new policies increasing these costs more than we previously expected, and some wage outcomes are above the government's self-imposed targets. This follows a trend in recent years of increasing operating expenses to expand public services. Given current moderate revenue growth, which is partly driven by a strong property market, budgetary performance remains strong. While the government expects revenue growth to remain above expenditure growth, slippage could put pressure on the state's budgetary performance.

Supporting Victoria's financial position and growing revenues is its wealthy economy, which is leading the nation. The broader Australian economy's transition toward the east coast service sector, where Victoria excels, from west coast mining activity is driving Victoria's strong economic performance (GSP of US$55,900 from 2014 to 2016). Victoria's economy grew at 3.3% in 2016. We forecast it to continue at a similar pace, helped by the strongest population and employment growth in Australia in 2016, at 2.1% and 3.25%, respectively.

Growing revenues and asset recycling support budgetary performance keeping debt levels steady, but rising expenditures present growing risk

Victoria's growing population and strong economy are driving solid operating revenue growth of about 5% per year, which is supporting its budgetary performance. During the next three years, we forecast the state will achieve operating surpluses of more than 5% of operating revenues as conveyance duties; tax receipts, including payroll taxes; and GST receipts rise by between 5% and 7% per year. Operating surpluses are lower than we previously forecast because the 2017-18 budget contained new policies that increase costs more than we expected last year, including an additional 2,700 police, a focus on health and education, and reforms to domestic violence laws. As a result, the public sector wage bill--both headcount and wage increases--is contributing an increasing proportion of the government's cost base and presents a growing risk to the state's financial position in the event of a downturn. Employee expenses, including superannuation, have risen by about 16% during the past two years.

While revenues are rising, we believe Victoria, along with the other Australian states and territories, has limited budgetary flexibility. This is because under Australia's institutional framework, the Commonwealth collects about 80% of all revenues and passes them on to the states. Victoria's modifiable revenues are about 49% of operating revenues from 2016 to 2020, and its capital expenditure is about 12.9% of total expenditure during the same period, giving it some budgetary flexibility. In line with its historical achievement, we expect the government to spend about 90% of its budgeted infrastructure, which will reduce the state's borrowings compared with its budget.

This infrastructure program will result in after-capital account deficits of between 2% and 8% of total revenues from 2018 to 2020, and increase Victoria's borrowings. Victoria's budgetary performance is supported by the 50-year lease for the Port of Melbourne, worth about A$9.7 billion, including an upfront licensing fee, in 2017. This resulted in an extra A$877 million from the Commonwealth's asset recycling fund. The amount is likely to reach A$1.5 billion, with the Commonwealth being likely to fund part of Victoria's regional rail package. The revenue is helping to contain average after-capital account deficits to about 1.8% of total revenues from 2016 to 2020 because it resulted in a surplus of 5.4% of total revenues in 2017. We treated this lease as capital revenue because we consider it to be nonoperating in nature.

Victoria's rising debt burden compares well to domestic and international peers and doesn't weigh on the state's rating. We forecast tax-supported debt to increase by A$11 billion during the next three years and be about 76.5% of operating revenues in 2020. In line with our previous expectations it fell to 69% of operating revenues in 2017 after the government repaid a net A$2.7 billion of borrowings, with some of the proceeds from the lease of Port of Melbourne. Victoria's interest expenses have continued to fall, reaching 3.7% between 2017 and 2020. of operating revenues because of the lower interest-rate environment than in the past. Victoria's total tax-supported debt peaked at 89% of operating revenues in 2013.

Victoria's liquidity coverage is comprehensive, reflecting its internal debt servicing ratio, its access to external liquidity, and potential Commonwealth support. Victoria's debt service ratio of cash and liquid assets, after S&P Global Ratings' haircuts, as a percentage of upcoming maturities and interest payments in the next 12 months is about 94%. Victoria has well-developed access to domestic and international capital markets, including during the 2008-2009 financial crisis, and we expect this to continue. We also expect the Commonwealth to provide support, if needed, as it did during 2008-2009, when it provided a guarantee of Australian state government debt.

Victoria's contingent liabilities are small compared with its peers and we believe that only a small portion, if any, is likely to crystallize at any specific point in time.

Outlook

Downside scenario

The negative outlook on Victoria reflects that on the sovereign, the Commonwealth of Australia, meaning that we could lower the rating within the next two years. Deterioration in Victoria's own creditworthiness, such as weaker financial management evidenced by weaker budgetary performance, could also prompt us to lower our rating on the state. For example, this could occur if revenue growth substantially slowed and the government didn't respond to support its fiscal position.

Upside scenario

We could revise the outlook on Victoria to stable if we take similar action on Australia, and Victoria's individual credit metrics remain consistent with a stand-alone credit profile (SACP) of 'aaa'.

Institutional Framework Supports Creditworthiness

We view the institutional framework in Australia as extremely predictable and supportive, and expect it to remain so (see "Public Finance System Overview: Australia's States and Territories' Institutional Framework," published Dec. 11, 2016).

Wealthy And Diverse Economy

Victoria's economy is wealthy in an international context, with GSP per capita of about US$55,900 during the past three years. Victoria's economic growth, which, at 3.3%, was above trend in 2016. Victoria in 2016 recorded the nation's strongest gains in population and employment, which supported economic growth.

Employment grew 3.25% in 2016, compared with a national average of 0.6%. The government expects the state's population to grow about 2% in 2017. It grew 2.1% in 2016, compared with a national average of 1.5%. Victoria enjoyed positive net migration from all states for the first time in 2016 and a large inflow from international immigrants. People are moving to Victoria because of its promise of strong employment opportunities and an attractive lifestyle. Melbourne, the state's capital, has been ranked the world's most livable city for the past seven consecutive years.

Household consumption, business and dwelling investment, and the government's large infrastructure program also support economic growth and employment opportunities. The Australian dollar is currently lower than it has been in recent years, and this supports the trade-exposed sectors of the economy. Low interest rates are helping the property market, which provides strong revenue growth to the state through conveyancing duties.

Despite Holden and Ford closing manufacturing plants in 2016 and Toyota announcing plans to do so in late 2017, the unemployment rate was about 5.6% as of June 2017.

Diversified economy undergoing structural change

The Victorian state economy is one of the nation's most diversified. Victoria's economic growth is likely to be more stable because it does not rely on any one sector.

The Victorian economy is mainly service related. Its five largest contributors to economic output are financial and insurance services (12.7% in 2016); professional, scientific, and technical services (9.4%); healthcare and social assistance (8.4%); manufacturing (8.3%); and construction (7.7%). While Victoria traditionally had some concentration in the manufacturing sector, this dependence is declining. The manufacturing sector's contribution to the economy has halved from more than 16% of output since the early 1990s. Mining is the one of the lowest contributors to economic output in Victoria, accounting for 2.2% of output in 2016 compared with an Australian average of 8.2%.

Export-orientated sectors such as education, agriculture, tourism, and manufacturing suffered because of the persistently high Australian dollar against the U.S. dollar between 2009 and 2014 (between US$0.90 and US$1.10). With the Australian dollar now around US$0.75-US$0.80, these industries have recorded an improvement in the past 12 months that is likely to continue in the medium term.

Fiscal equalization payments somewhat offset state economy

Over the longer term, Australia's institutional arrangements partly offset the trend in the economic outlook, structure, and demographic profile of an Australian state. The Australian government's fiscal equalization payments to Victoria are partly based on the strength of the state's economy during a three-year rolling period.

The broader Australian economy and consumption helped growth in the goods and services tax (GST) to rise to 5.5% in 2016. GST is the primary source of revenues distributed by the Commonwealth to Australian states. We believe the GST pool will grow broadly in line with the Commonwealth's expectations in the near term, which implies moderate growth in taxable household consumption during the next few years.

We note that changes in economic growth can significantly affect Victoria's own-source revenues, primarily conveyancing duties, in the shorter term.

Financial Management Still Supports Creditworthiness

Australia's general standard of financial management is high compared with its international peers. This reflects a culture of long-term planning and transparency, which includes annual budgets based on accrual and cash accounting. It also covers government businesses, including four years of forecasts. State governments also prepare midyear budget updates and release final financial outcomes within six months of period-end. Given the long-standing nature of

these planning and transparency requirements, a change in culture is unlikely.

The government aims to manage its finances in a responsible manner, while improving public services and providing infrastructure for Victoria' growing population. Victoria's long-term financial management objectives and targets are not particularly onerous and their qualitative nature can make measuring some of them challenging. Objectives include improving public services, steadily growing public infrastructure to meet the needs of a growing population, and investing public-sector resources in services and infrastructure to maximize economic, social, and environmental benefits. Targets include maintaining general government net debt at a sustainable level during the medium-term (currently 6% of GSP) and a net operating surplus consistent with keeping general government net debt at a sustainable level during the medium term.

With this in mind, and given the state's growing population and moderately higher revenue growth environment, the government is expanding services and increasing headcount, with wage costs growing at a faster pace than previously. This could pressure the budget in the event of a downturn. Employee expenses--headcount and wages--are relatively inflexible and difficult for governments to reduce. The 2017-18 budget contained new policies that increase these costs more than previously expected, including an additional 2,700 police, a focus on health and education, and reforms to laws dealing with domestic violence. This follows a trend in recent years of increasing operating expenses to expand public services. As a result, the government's employee expenses are higher than in previous forecasts, and some wage outcomes are above the government's self-imposed targets. Given current moderate revenue growth, especially with conveyancing duties, budgetary performance remains strong. While the government expects revenue growth to remain above expenditure growth, slippage could put pressure on the state's budgetary performance.

Victoria's debt management, through the Treasury Corporation of Victoria, is prudent and comprehensive, ensuring the state has ample access to capital markets. Debt is raised to fund capital and not operating expenditure. Most funding is undertaken in Australian dollars, resulting in no material foreign-exchange risk, and interest-rate risk is hedged as necessary. We expect these long-standing processes to continue.

A Labor government, elected on Nov. 29, 2014, governs Victoria. It relies on the Australian Greens party and other minor parties to pass legislation through the legislative council. This is not an unusual arrangement and at this stage we do not expect this situation to affect the financial strength of the state. The next election is due by the end of 2018.

Vertical Fiscal Imbalances Inherent Within Australia Limit Budgetary Flexibility

Victoria, along with the other Australian states and territories, has limited budgetary flexibility. Its modifiable revenues make up about 49% of the adjusted revenue base of its nonfinancial public sector between 2016 and 2020. We consider own-source taxes, general government sales of goods and services, and other revenues to be modifiable.

The state's capital expenditure averages about 12.9% of total expenditure from 2016 to 2020 and we expect it to remain under 15% in the medium term, even with the government's focus on increasing its infrastructure spending. Our forecast of the state's capital expenditure includes a 10% underspend that is consistent with historical underspends.

Institutional framework partly limits revenue flexibility

Under the institutional framework, the Australian government collects about 80% of all revenues, while the states and territories provide politically sensitive services such as health and education. The Commonwealth collects and distributes the GST receipts on behalf of the states.

Australian states generally don't have much ability or willingness to increase their own taxes compared with their peers. The Victorian government's past two budgets have included minimal revenue measures, for example. This is not unusual for an Australian state government, and we believe the Victorian government will not introduce any substantial revenue measures in the medium term. This also partly reflects the state's sound financial position. We believe it is unlikely that any Australian state would make wholesale changes to its own-source revenues in isolation from the Commonwealth government and interstate peers, with the exception of the Australian Capital Territory, which, as a city-state, is moving away from transaction taxes. With the Commonwealth government's decision to cancel its white papers on the "Reform of the Federation" and the "Reforms of Australia's Tax System," we think the status quo will continue.

Current transfers from the Commonwealth represent more than 40% of Victoria's revenues and are primarily GST receipts. Victoria is a donor state under Australia's horizontal fiscal equalization system. It receives more than 0.9x its per capita share of GST revenue, providing it with some additional flexibility compared with recipient states because it is less reliant on GST income. The distribution calculation takes into account jurisdictions' relative capacity to raise their own revenue and deliver services, and we expect Victoria's relativity to remain around current levels.

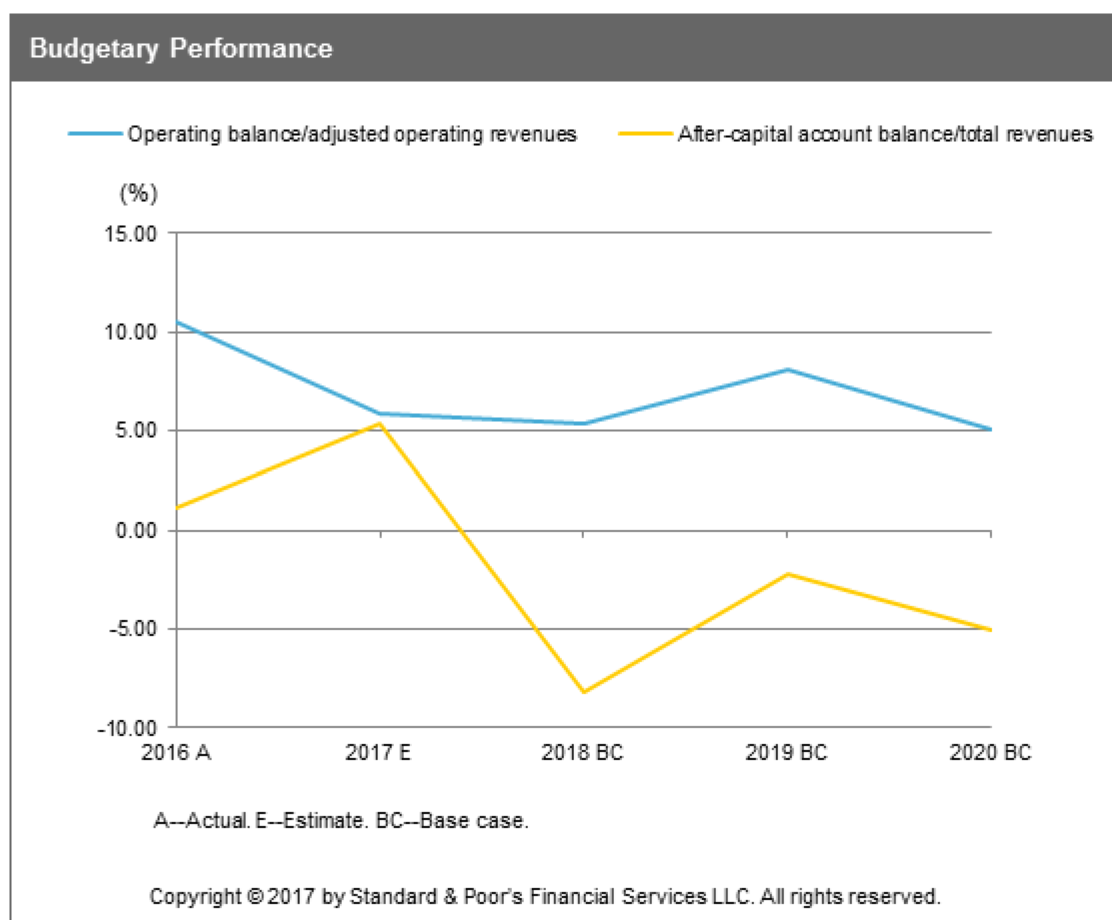
In its 2016 update, the Commonwealth Grants Commission increased Victoria's share of the GST pool to 22.9% in fiscal 2017 from 22.4% in fiscal 2015. Victoria's share has been between 22% and 23% for the past few years. The change mainly reflects Victoria's strong population growth, which requires infrastructure investment, and higher wage costs. Victoria expects this trend to continue, with its relativity increasing toward 0.98x.

Victoria has some flexibility in its capital-expenditure program. The state will manage more than 900 projects for the next four years, including key programs such as the removal of railway level crossings and the Melbourne Metro train tunnel. Several of the larger ones are delivered through public-private partnerships (PPPs), which tend to be lumpy in nature and therefore difficult to cancel.

Asset Recycling And Strong Revenue Growth Supports Budgetary Performance, But Rising Expenditures Present Growing Risk

The long-term lease of Port of Melbourne and strong revenue growth are aiding Victoria's budgetary performance and is currently offsetting rising expenditure. We forecast Victoria to achieve operating surpluses of 7% of adjusted operating revenues and after-capital account deficits of 1.8% of total revenues between 2016 and 2020 (chart 1).

Chart 1



We expect operating surpluses to remain relatively stable, at more than 5% of operating revenue between 2017 and 2020, despite rising expenditures. This is because the state is benefiting from moderately strong growth in conveyancing duties (up more than 7% per year), tax receipts (up more than 5% per year), GST (up 7% per year), and Commonwealth government grants (up more than 8% per year before falling in 2020).

In an environment of moderately higher revenue growth and strong population growth there has been a trend in recent years of increasing operating expenses to expand public services. As a result, budgetary performance remains strong, but the public-sector wage bill, including superannuation, is contributing an increasing proportion of the government's cost base and presents a growing risk to the budget. We forecast employee expenses will reach 40% of operating expenditure by 2020, up from 37% in 2014. While this still compares favorably with domestic peers, it is rising fast. The 2017-18 budget contains new policies that will raise these costs more than previously expected, including an additional 2,700 police, a focus on health and education, and reforms to domestic violence laws. Therefore, we forecast employee expenses to be more than 4% higher than in the previous budget and more than 7% higher than the 2015-16 budget forecasts. Employee expenses, including superannuation, have risen by about 16% during the past two years (10.2% in 2017 and 5.4% in 2016). Meanwhile there is currently no cap on wage increases and the government's wage policy is set at 2.5% per year, with service delivery improvements required for anything between 2.5% and 3%.

Wage outcomes above 3% per year can still occur under certain circumstances, as seen in the recent teacher and principal agreements. While the government expects revenue growth to remain above expenditure growth, slippage could put substantial pressure on the state's budgetary performance and its creditworthiness during the longer term.

We expect the government's large infrastructure program, including rail-crossing removals and the Melbourne Metro project, to drive after-capital account deficits of between 2% and 8% of total revenues from 2018 to 2020, unless there is an improvement in its operating surpluses or additional asset sales such as the land titles registry. In fiscal 2017, the government entered into a long-term (50-year) lease for the Port of Melbourne worth about A$9.7 billion, including an upfront licensing fee. This resulted in an extra A$877 million from the Commonwealth's asset-recycling fund. The additional revenue is helping contain average after-capital account deficits to about 1.8% of total revenues from 2016 to 2020 because it resulted in a surplus of 5.4% of total revenues in 2017.

In developing our base case we have treated non-license revenue from the long-term lease of Port Melbourne as capital revenue because we consider it to be nonoperating in nature. We also assume that the state will only spend about 90% of its budgeted capital expenditure, in line with its historical achievement.

Comprehensive Liquidity Coverage

Victoria's liquidity coverage is comprehensive, reflecting its internal debt-servicing ratio, its access to external liquidity, and potential Commonwealth support if required.

The state's debt-servicing ratio of cash and liquid assets as a percentage of upcoming maturities and interest payments in the next 12 months is about 94%. We forecast that Victoria will hold an average of about A$5.7 billion in liquid assets, after S&P Global Ratings' haircuts, during the next 12 months to cover upcoming maturities of about A$3.5 billion and interest payments of A$2.5 billion.

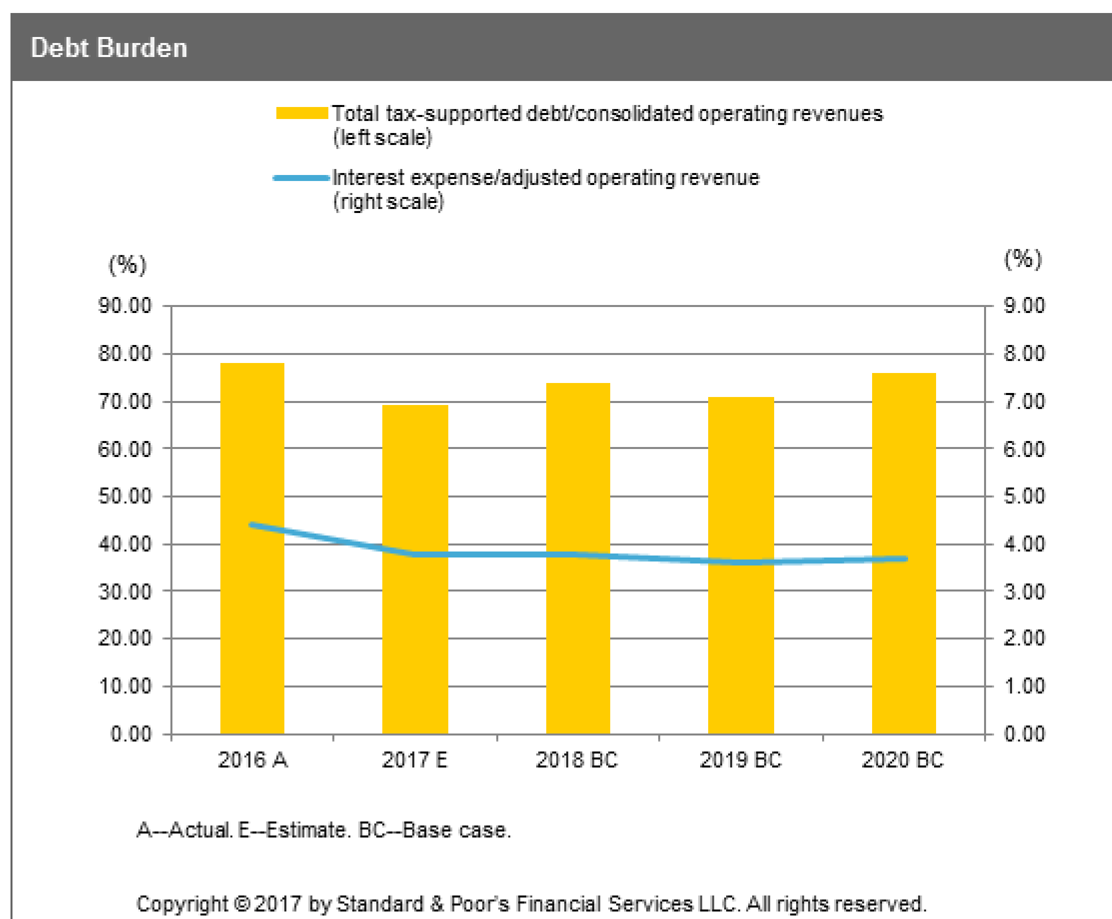
As we previously expected, the government used some of the proceeds from the A$9.7 billion long-term lease of Port of Melbourne to repay about A$3 billion of short-term borrowings during 2017, strengthening its debt-servicing ratio from 80% in 2016. In the lead up to the long-term lease transaction, Victoria deliberately refinanced its maturing debt in the short-term market to avoid penalties associated with the early repayment of long-term debt. This deliberate strategy temporarily increased the proportion of debt maturing within the next 12 months, thereby reducing its liquidity ratio last year. The government has a self-imposed minimum liquidity ratio of 80%, which is subject to a daily reporting regime.

We consider the state to have relatively strong access to external liquidity. Similar to Germany and Canada, the Australian states utilize a well-developed capital market for their funding. The capital markets in Australia are deep and liquid, and we expect them to remain so. Victoria's individual characteristics support its access to external liquidity. Historically, Victoria has not experienced difficulty in accessing Australian and international markets, and our expectation is that this will continue. We also expect the Commonwealth to provide support, if needed, as it did during the 2008-2009 financial crisis, when it provided a guarantee of Australian state government debt.

Infrastructure Spending Will Increase Debt Burden

Victoria's debt burden compares well to domestic and international peers and we do not expect it to weigh on our 'AAA' rating on the state. We forecast its tax-supported debt to be about 76.5% of operating revenues in 2020 after peaking at 89% in 2013, and its interest expenses to average 3.7% from 2017 to 2019 (chart 2).

Chart 2



We expect Victoria's debt burden to remain modest during the medium term when measured against domestic and international peers. The state's debt levels will increase to 76.5% of operating revenues in 2020 from 69% in 2017 as the government implements its large infrastructure program of about A$10 billion per year and incurs after-capital account deficits each year. We forecast the state's total outstanding debt issuances in 2020 will increase to A$54.5 billion, up about A$11 billion.

In line with our previous expectations Victoria's debt levels fell to 69% of operating revenues (about A$43.5 billion) in 2017 after it repaid a net A$2.7 billion of borrowings with proceeds from the long-term lease of Port of Melbourne, which raised a total of A$9.7 billion. As a result, Victoria has largely been absent from long-term debt markets for the past 12 months to 18 months.

With about 85% of gross debt in the general government sector, Victoria's balance sheet is relatively low risk compared with its peers, which still own large public trading enterprises. Further, about 90% of its issuances are its Australian-dollar note program.

Victoria's interest expenses continue to fall as a proportion of operating revenues and we forecast them to remain about 3.7% of operating revenues for the next few years. The government is benefiting from refinancing long-term bonds, such as 10-year bonds, in today's lower interest-rate environment. Victoria's interest burden peaked at 5% of operating revenues in 2014.

Consistent with its long history, the Treasury Corporation of Victoria, the state's central borrowing authority, is responsible for managing Victoria's borrowing and its exposure to market risk, including its maturity profile.

Unfunded superannuation

The Victorian government has a material unfunded superannuation liability. We forecast the state's unfunded superannuation liability to be about 29% of operating revenues as of June 30, 2017. This is based on a discount rate of 5%. We expect unfunded superannuation liability will continue to decline as a percentage of operating revenues.

Given that Victoria's liability is likely to remain under 50% of operating revenues, we have not adjusted our view of the state's overall debt burden to factor in its unfunded superannuation. Further, the government has indicated that it will continue to work toward fully funding the liability by 2035, and continues to make annual contributions to the fund.

PPPs are included on balance sheet when operational

Victoria's active participation in the PPP market flows through to the state's debt burden, and is not a contingent liability for the state. It has executed 29 PPPs to date. The Australian state's conservative approach of treating PPP projects as finance leases and including them on their balance sheets supports the ratings. Six are under construction, four are in procurement.

Limited Contingent Liabilities

Victoria's contingent liabilities are limited compared with its peers and we believe that only a small portion, if any, is likely to crystallize at any specific time. The state has guarantees, indemnities and warranties, and legal proceedings and disputes estimated at A$542 million as of April 2017, or about 1% of adjusted revenues.

It also has exposure to other liabilities, including the state's statutory insurance companies, which are either fully funded or close to be fully funded. These include the Victorian WorkCover Authority, the Transport Accident Commission, and the Victorian Managed Insurance Authority.

Given that Australian local governments are legislatively responsible to their respective states, we consider them a contingent liability of the state. However, given the level of state government oversight, we believe that the contingent liability is small.

Ratings Score Snapshot

Table 1

Ratings Score Snapshot	
Key Rating Factors	
Institutional Framework	Extremely predictable and supportive
Economy	Very strong
Financial Management	Very strong
Budgetary Flexibility	Average
Budgetary Performance	Strong
Liquidity	Exceptional
Debt Burden	Moderate
Contingent Liabilities	Very low

*S&P Global Ratings' ratings on local and regional governments are based on eight main rating factors listed in the table above. Section A of S&P Global Ratings' "Methodology For Rating Non-U.S. Local And Regional Governments," published on June 30, 2014, summarizes how the eight factors are combined to derive the rating.

Key Statistics

Table 2

Key Statistics						
	--Year ended June 30--					
	2015	**2016**	**2017e**	**2018bc**	**2019bc**	**2020bc**
Selected Indicators						
Operating revenues	55,965	59,330	63,178	66,162	70,996	71,166
Operating expenditures	52,182	53,063	59,441	62,605	65,265	67,532
Operating balance	3,784	6,267	3,737	3,557	5,731	3,634
Operating balance (% of operating revenues)	6.8	10.6	5.9	5.4	8.1	5.1
Capital revenues	2,029	1,238	10,228	1,752	1,953	1,225
Capital expenditures	6,605	6,801	9,999	10,865	9,308	8,514
Balance after capital accounts	-792	704	3966	-5556	-1623	-3655
Balance after capital accounts (% of total revenues)	-1.4	1.2	5.4	-8.2	-2.2	(5)
Debt repaid	-	4,332	5,233	3,543	4,111	5,873
Gross borrowings	575.4*	4,527	2,506	8,881	5,867	9,714
Balance after borrowings	(217)	899	1,239	(218)	133	186
Modifiable revenues (% of operating revenues)	48.8	49.1	49.9	48.3	48.7	48.6
Capital expenditures (% of total expenditures)	11.2	11.4	14.4	14.8	12.5	11.2
Tax-supported debt (outstanding at year-end)	46,406	46,211	43,484	48,822	50,579	54,420
Tax-supported debt (% of consolidated operating revenues)	82.9	77.9	68.8	73.8	71.2	76.5
Interest (% of operating revenues)	4.9	4.4	3.8	3.8	3.6	3.7
Local GDP per capita (single units)	60,413	60,596	N/A	N/A	N/A	N/A

*Net gross borrowings

Key Differences From Macroeconomic Forecast

Key Sovereign Statistics

Sovereign Risk Indicators. Interactive version available at http://www.spratings.com/sri.

Related Criteria

- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria - Governments - International Public Finance: Methodology: Rating Non-U.S. Local And Regional Governments Higher Than The Sovereign, Dec. 15, 2014
- Criteria - Governments - International Public Finance: Methodology For Rating Non-U.S. Local And Regional Governments, June 30, 2014
- Criteria - Governments - International Public Finance: Methodology And Assumptions For Analyzing The Liquidity Of Non-U.S. Local And Regional Governments And Related Entities And For Rating Their Commercial Paper Programs, Oct. 15, 2009
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- Public Finance System Overview: Australia's States and Territories' Institutional Framework, Dec. 11, 2016.

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Ratings Detail (As Of August 28, 2017)		
Victoria (State of)		
Issuer Credit Rating		AAA/Negative/A-1+
Issuer Credit Ratings History		
06-Jul-2016	*Foreign Currency*	AAA/Negative/A-1+
16-Feb-2003		AAA/Stable/A-1+
18-May-1999		AA+/Stable/A-1+
06-Jul-2016	*Local Currency*	AAA/Negative/A-1+
22-Apr-1998		AAA/Stable/A-1+
27-Mar-1998		AA+/Watch Pos/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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