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Bulletin:

Ratings On Australia's State Of Victoria Unchanged After State Budget Announcement

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MELBOURNE (Standard & Poor's) May 5, 2015—Standard & Poor's Ratings Services said today that its 'AAA/Stable/A-1+' issuer credit ratings on the Australian State of Victoria are not immediately affected by the Victorian government's announcement of its fiscal year ending June 30, 2016 budget.

The 2015-2016 budget seeks to address the government's election promises with higher spending on education, health, and frontline services. We expect that the government will remain fiscally disciplined to ensure the general government accrual operating position remains in surplus over the forecast period. In our view, the Victorian government's budgetary performance is likely to remain broadly consistent with its recent history, by achieving operating surpluses at the nonfinancial public sector level. We expect the government to incur after-capital account deficits, on average, of less than 5% of total revenues between 2013 and 2017.

In addition, we expect the state's total tax-supported debt to reduce toward 80% of operating revenues, from 88% in 2013, as the government increases the proportion of infrastructure funded through cash operating surpluses and the sale of the Port of Melbourne. Standard & Poor's considers this level of debt to be consistent with the 'AAA' rating on the state.

Under Standard & Poor's policies, only a Rating Committee can determine a Credit Rating Action (including a Credit Rating change, affirmation or withdrawal, Rating Outlook change, or CreditWatch action). This commentary and

its subject matter have not been the subject of Rating Committee action and should not be interpreted as a change to, or affirmation of, a Credit Rating or Rating Outlook.

AUSTRALIA

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