



## Press Release

### **State of New South Wales 'AAA/A-1+' Ratings Affirmed On Strong Operating Position; Outlook Stable**

Melbourne, Nov. 26, 2010—Standard & Poor's Ratings Services today said that it had affirmed its 'AAA' long-term and 'A-1+' short-term foreign and local currency credit ratings on the State of New South Wales and New South Wales Treasury Corp. The outlook on the ratings is stable.

The ratings on New South Wales are supported by our opinion of the strong institutional framework benefiting state governments in Australia, New South Wales' demonstrated fiscal discipline, and the state's robust operating position. These strengths are partly offset, like all Australian states, by an institutional framework that features a concentration of taxing powers with a higher level of government.

"The stable outlook reflects our opinion that the government will remain committed to the structural improvement in its budgetary performance," Standard & Poor's credit analyst Anna Hughes said. "This includes a fiscal strategy that seeks to strengthen its operating position as well as its balance sheet."

There is minimal tolerance at the 'AAA' rating level for a structural weakening in the state's operating position or budgetary flexibility. Examples include: abandoning the proposed privatization process for the state's electricity retail assets; failing to deliver on proposed savings measures; or adopting material new revenue or expenditure policies in the lead-up to the March 2011 election.

Ms. Hughes added: "The ratings on the state are likely to come under pressure if the ratio of net financial liabilities (net debt and unfunded superannuation) to operating revenue exceeds 120%–130% because of a change in government policy. Net financial liabilities are currently projected to reach about 110% of operating revenue by 2014, well below the trigger Standard & Poor's has previously identified as leading to a rating review."

#### **About Standard & Poor's**

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#### **Media Contact:**

Sharon Beach, Melbourne, (61) 3 9631 2152, [sharon\\_beach@standardandpoors.com](mailto:sharon_beach@standardandpoors.com)

#### **Primary Credit Contact:**

Anna Hughes, [anna\\_hughes@standardandpoors.com](mailto:anna_hughes@standardandpoors.com)  
Brendan Flynn, [brendan\\_flynn@standardandpoors.com](mailto:brendan_flynn@standardandpoors.com)

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