

# Appendix F: Financial measures and targets

## Financial targets becoming more qualitative and less specific

### Changes to financial targets during the pandemic

The government has changed its approach to setting measures and what its targets are over the last 10 years. In 2020–21, the government’s focus on economic recovery after the COVID-19 pandemic led to the removal of the 'operating surplus' target and the introduction of the 'operating cash surplus' and 'interest expense to revenue' targets.

### Targets have become less specific

Figure F1 shows the various measures the government has used and how they vary from specifically quantifiable targets to ones that allow for flexibility in response to economic conditions.

Figure F1: Changes to Victoria's financial targets over the last 12 years

Year	Operating cash surplus	Net debt to GSP	Superannuation liabilities	Interest expense to revenue	Operating surplus	Infrastructure investment
2024–25	A net operating cash surplus consistent with maintaining general government net debt at a sustainable level.	General government net debt as a percentage of GSP to stabilise and reduce in the medium term.	Fully fund the unfunded superannuation liability by 2035.	General government interest expense as a percentage of revenue to stabilise in the medium term.		
2023–24		General government net debt as a percentage of GSP to stabilise in the medium term.				
2022–23	A net operating cash surplus consistent with maintaining general government net debt at a sustainable level after the economy has recovered from the COVID-19 pandemic.					
2021–22						
2020–21						
2019–20		General government net debt as a percentage of GSP to be maintained at a sustainable level over the medium term.			A net operating surplus consistent with maintaining general government net debt at a sustainable level over the medium term.	
2018–19						
2017–18						
2016–17						
2015–16						

Year	Operating cash surplus	Net debt to GSP	Superannuation liabilities	Interest expense to revenue	Operating surplus	Infrastructure investment
2014–15		General government net debt reduced as a percentage of GSP over the decade to 2022.			A net operating surplus of at least \$100 million and consistent with the infrastructure and debt parameters.	Infrastructure investment of 1.3% of GSP (calculated as a rolling 5-year average).
2013–14						

Source: VAGO, based on the state Budget.

**Challenges understanding these targets**

Parliamentarians and the community may find it challenging to measure the financial performance of the government when the measures are more qualitative and less specific. Quantitative and specific measures help Parliament and the public hold the government accountable and improve transparency.