

TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Gender Responsive Budgeting

Melbourne—Tuesday, 10 December 2019

Members

Ms Lizzie Blandthorn—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr Gary Maas

Mr Danny O'Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Ingrid Stitt

Ms Bridget Vallence

WITNESSES

Mr David Martine, Secretary,

Mr Jamie Driscoll, Deputy Secretary, Budget and Finance Division, and

Ms Gayle Porthouse, Deputy Secretary, Corporate and Government Services Division, Department of Treasury and Finance.

The DEPUTY CHAIR: Welcome to the public hearing for the Public Accounts and Estimates Committee Inquiry into Gender Responsive Budgeting. Welcome to Secretary Martine and his team this morning. Can you please make sure all mobile telephones have been turned to silent. All evidence taken by this Committee is protected by parliamentary privilege. Therefore you are protected against any action for what you say here today, but if you go outside and repeat the same things, including on social media, those comments may not be protected by the privilege. You will be provided with a proof version of the transcript for you to check. Verified transcripts, PowerPoint presentations and handouts will be placed on the Committee's website as soon as possible. I now invite you to make a 10-minute opening statement to the Committee, which will be followed by questions.

Mr MARTINE: Thank you, Deputy Chair, and may I introduce my colleagues: Jamie Driscoll, Deputy Secretary, Budget and Finance, to my left; and Gayle Porthouse, Deputy Secretary, Corporate and Government Services. We are pleased to be invited to appear before the Inquiry into Gender Responsive Budgeting. The primary focus of my opening address is essentially the second item of the terms of reference for the Inquiry, which is to assess the status of the Victorian public sector's gender responsive budgeting initiatives and what outcomes have been achieved to date.

Today I will focus on three key functions of the Department of Treasury and Finance and how they contribute to creating gender equality in Victoria. Firstly, providing advice to government on the potential economic or financial impacts of new policy initiatives or other decisions being considered by government—the strongest example of this is during the development of the state budget, where DTF provides advice on resource allocation decisions. Secondly, developing and implementing whole-of-government policy in relevant areas, for example, procurement; and, thirdly, as an employer within the Victorian public service.

The release of *Safe and Strong* in December 2016 was a catalyst for action for DTF. Since then we have made a number of changes to the ways DTF provides advice to government and reports the government's decisions. DTF, along with our colleagues in the Department of Premier and Cabinet, provide advice to government on resource allocation decisions and on the potential economic and financial impacts of policy decisions being considered by government. In this capacity we have made changes to our processes relating to both collecting information from departments and how we provide related advice to government. The template for departmental budget submissions has been adjusted to include identification of whether gender impact has been considered. This is to give departments the opportunity to think about how the requested funding and/or policy changes affect different gender cohorts in Victoria. DTF briefing advice on budget submissions has similarly been adjusted to include an indication of whether there is a gender impact of the proposals.

The first gender equality budget statement in 2017–18 was one of the founding reforms resulting from *Safe and Strong*. This year the Government released its third gender statement, and the intention of these documents is to highlight to the community the actions the Government has taken to enhance and promote gender equality in each budget. The gender statement is also now embedded in the overall planning for the budget process and production of the budget papers and budget information papers.

DTF has a key role in developing whole-of-Victorian-government policies and in assisting other entities in developing policy. The 2019 wages policy and the enterprise bargaining framework aim to encourage public sector agencies to enhance key public sector priorities through enterprise bargaining, including measures that promote gender equity. For example, the policy allows agencies to consider changes to enterprise agreements to address gender inequities. Under this policy, additional parental leave and payment of superannuation during periods of parental leave could be included in agreements.

Victoria's social procurement framework came into effect in September 2018 and aims to deliver social and sustainable outcomes in all procurement activities. Women's equality and safety is one of the social procurement objectives in the framework. Several departments and agencies have prioritised this objective in their social procurement strategies. The framework requires government buyers to consider opportunities to deliver social and sustainable outcomes in every procurement activity. These outcomes include the adoption of family violence leave by, and gender equality within, Victorian government suppliers. Suppliers may be evaluated on their commitments to inclusive employment and a range of gender-equitable policies, procedures and business practices.

DTF also released a series of financial reporting requirements which departments must follow. The financial reporting directions include requirements for departments to produce a gender breakdown for executive officer-level employees and provide further guidance on other ways to report gender in their annual reports. As part of the 2019–20 budget the Government also extended the payroll tax exemption for maternity leave to include all types of parental leave.

DTF also provides advice to other departments on the development of whole-of-Victorian-government policies, frameworks and legislation led by other departments or agencies. Usually DTF works in consultation with departments to highlight the fiscal, economic or revenue impacts of different policies. In relation to gender equality and gender responsive budgeting, for example, the Department of Health and Human Services consulted DTF to develop a model for valuing unpaid work and care and its impact on the Victorian economy. The report was released by the then Minister for Women on 13 October 2018. Another example of this collaboration includes DTF working with DHHS and what is now the Office for Women on developing a gender impact analysis framework, which intends to better measure the impacts of new funding allocation decisions on gender cohorts. The most recent example of DTF's collaboration relates to the *Gender Equality Bill* introduced to Parliament on 26 November 2019.

As an employer and a department within the Victorian public sector, DTF is a strong supporter of gender equality and an inclusive workplace. For DTF one of the most important tenets of gender equality is ensuring that there is gender balance where decisions are made and where advice is prepared for government. Since 2017 DTF has increased the female representation in our executive pool of around 74 people from 36 per cent to 46 per cent female. In addition, the gender pay gap at the executive level has now been eliminated, with pay for females at the executive level slightly higher on average than for males. Another element of DTF's inclusive culture is its openness to and acceptance of flexible working arrangements. In 2019, 31 per cent of DTF staff have flexible working arrangements in place. DTF has also scored amongst the highest across the Victorian public service in the 2019 People Matter survey for a positive culture in relation to employees who utilise flexible working arrangements. DTF also fosters a culture of respect. In the recent People Matter survey 83 per cent of staff agreed that DTF fosters a culture of respectful workplace behaviour, and a significant achievement in the most recent People Matter survey was DTF attaining the highest score in the VPS by five percentage points for the question, 'My organisation takes steps to eliminate bullying, harassment and discrimination'. Thank you, Deputy Chair.

The DEPUTY CHAIR: Thank you, Secretary. I will start off, and my question is one that we have touched on with others. As a representative of a rural constituency, one of the concerns raised with me over the *Gender Equality Bill 2019* might be if it is prescriptive and/or punitive for organisations, particularly smaller rural organisations that are unable to recruit certain mixes of people. So my question is: has your department done any modelling or work or had discussions with smaller government agencies—catchment management authorities, environment groups, hospitals and others, and local government is another big one—in rural and regional areas on the cost of this policy, or in your opinion or from the department's point of view is this more a benchmarking opportunity rather than a prescriptive and punitive measure?

Mr MARTINE: Thanks for your question. I would very much categorise it as the second. My department has certainly been involved across government in having discussions both in the preparation of the Bill and the application of it, and perhaps the best way to answer your question is to reference it back to the social procurement framework that is currently already in place. So in the *Gender Equality Bill* there are a couple of clauses that are certainly relevant to DTF and the Treasurer and the Assistant Treasurer, clauses 48 and 49, which allow the Treasurer and the Assistant Treasurer to set certain requirements under the *Financial*

Management Act in terms of the funding of grants and the allocation of funding for services, and then in clause 49 guidelines put out by the Assistant Treasurer in terms of procurement policies.

On your point about female participation, particularly in the regions, I understand exactly the importance of that particular question because it is a matter in all of these things to try and get the balance right. So in the social procurement framework that currently already exists, and we are more than happy to provide the Committee with further material on the framework, it does highlight gender as an element that in procuring services one considers a supplier's commitment or record with respect to gender equality. Now that does not necessarily mean that we are not going to acquire goods or services from a provider that does not have, for example, 50 per cent of senior management as female.

Perhaps talking a little more generically about what is happening here in the Victorian economy, and we have probably talked about this at previous PAEC hearings as well, the female participation rate has actually increased substantially over the last couple of decades. The most recent data actually has it at just under 62 per cent, which is at record highs. So we are actually seeing the proportion of working-age females as a proportion of the total cohort much higher than it was. That applies also in the regions as well. But I accept your question that—

The DEPUTY CHAIR: So rural and regional enterprises and government agencies need not be concerned that they will be disadvantaged in tender processes or grant application opportunities because they may not be able to reach the targets that particularly larger regional centres such as the Ballarats, Geelong and Melbournes have. So that is not a concern organisation should have?

Mr MARTINE: No, they should not. Clearly the regions, and it is certainly a priority for the Government as well—economic growth and development in the regions is one of the Government's priorities. You would not want to be putting into application a policy that then adversely impacts on growth in the regions and jobs growth. The Government in the last year or two has introduced specific measures to actually encourage more employment and growth in the regions through tax incentives et cetera. I do not see this as being in conflict with an adverse impact on regional growth or regional employment.

Ms RICHARDS: Thank you, Secretary, for your evidence. Again, it is compelling. I am also going to segue, just like I did last time, from the Deputy Chair's questioning and your responses around the social procurement framework. I am interested of course in what is going on in rural Victoria but also the benefits that the broader Victorian economy is gaining from those changes. It has only been in effect for just over a year, so I am interested in learning a little bit more about the broader benefits to the economy from the sort of changes in this social procurement framework, especially as it relates to women's equity, safety, family violence leave and the impact in metropolitan, urban fringe and rural communities, have had.

Mr MARTINE: Okay. Thanks for your question. I might start off with just some broad comments about the Victorian economy and then I might pass to Ms Porthouse just to talk a little bit more about the social procurement framework. As we are all aware, the Victorian economy has experienced quite strong employment growth. Our unemployment rate is quite low compared with historical standards, so we are sitting below 5 per cent, and there are skill shortages in certain sectors. That comes down to the importance then of trying to encourage more female participation in the workforce, because it does not make any sense from an economic point of view to not be drawing on all of the resources that you have in terms of jobs and skills development et cetera. That is why we have seen, it has been very encouraging actually, the quite significant growth in the female participation rate. If you go back to the 1980s, it was only at 47.6 per cent of females of working age either in the workforce or actively looking for work. We are now up to 62, and that is a very significant increase. Over that same period the male participation rate fell from 76 to 71, so it has more than offset the reduction in the male participation rates. But even back in the 2000s it was at 56, so we have been seeing that. Part of that is coming down to the importance of, with a tight labour market, there are skills vacancies and employment opportunities right across a whole range of sectors. In fact we are actually seeing more female participation in some of the non-traditional sectors as well.

Ms RICHARDS: I have seen that. Anecdotally I have seen a lot of evidence of a lot more women working in construction, especially in some of these major projects that we have got going.

Mr MARTINE: And that is certainly one area. Construction is one area where there are significant skill shortages, but there are opportunities for female participation in that sector. So just because it is construction, whilst traditionally it has been male dominated, we are seeing more female participation there. So that is sort of just generally from an economic point of view. I will just check with Ms Porthouse whether there was anything she wanted to add with respect to the social procurement?

Ms PORTHOUSE: As you know, there is like \$17 billion in expenditure from government across goods and services and another \$9 billion for construction, so what the social procurement framework seeks to do is to embed value for money but also the opportunity to embed some of those social outcomes into all procurements. We have been working with DPC to embed in the purchasing contracts, for example, the particular objectives of female safety and female participation, and we have embedded those requirements in all of those state purchasing contracts.

There are 10 objectives. Two of them pretty much relate directly to females and that, as I said, are women's equality and safety, and supporting safe and fair work practices. They are not mandated because they depend on the sort of procurement that is being made and so, for example, you would not necessarily look to mandate female participation if you were doing procurement for nurses because we know that they are very well represented in that kind of procurement. So it will matter what the department is looking for and where they would like to increase their social procurement outcomes relevant to the procurement itself.

There is an awful lot of work going on in it, as you know, and it is a sliding scale as well, so depending on the size—it is more prescriptive the more expensive the procurement is. There is a requirement if you meet the certain thresholds that things like in the construction industry we are doing a massive construction project, there is a requirement for a plan through the procurement process to show where they are going to hit requirements around female participation. But to answer your question too around regional, they are not mandated but they are encouraged and supported and there is training. We reach out to various entities whether they are small or medium entities and we help them to meet those priorities, but they are not mandated at this point for the reasons I just outlined.

Ms RICHARDS: Great. Thank you so much.

Ms STITT: I have got some questions around how DTF are helping build capacity to implement gender responsive budgeting measures, and also how you are going to track on whether we are delivering benefits as a result of rolling out these policies across Government? Can you give me a little bit of information about how you are—do you have a lead role in trying to build that capacity across the public sector? How are things tracking so far?

Mr MARTINE: Thanks for your question. We are certainly being involved in particular with DPC and DHHS in helping to progress the work in this area. As I indicated in my opening statement, part of the reforms we have been involved in is ensuring that when departments bring forward submissions to cabinet or cabinet subcommittees with respect to new policy initiatives, that the question of the impact on gender is specifically addressed. Then when we assess those proposals, in fact in our briefing, we actually have a section now that is titled 'Impact on Gender' and we actually look at it through that particular lens.

I think there was an attachment to the submission from the Department of Premier and Cabinet that talked about conducting a gender impact analysis as a tool. We have been involved in assisting the Office for Women and DHHS in developing this sort of tool. When you look through it, it is essentially a tool which encourages the policy analyst to ask some important questions about defining the problem, understanding the context, looking at the different options and making some recommendations, with a whole series of questions that are important to ask with respect to better understanding does this policy impact or not on gender equality, because sometimes it is an easy thing to forget. Sometimes there are unintended consequences with initiatives that Governments over many years agree to do, and at the time, if different questions were asked, maybe some of those issues could have been drawn out. So that is sort of generally the work that my department has been involved in, along with putting together the gender budget statement each year. We have had, I think, three so far and there will be a continual budget information paper that will get published on the day of budget. We work closely with the Office for Women in putting that together.

Ms STITT: So thinking about the *Gender Equality Bill*, when that makes its way through the parliamentary process into law ultimately—we hope—how is DTF going to assist in actually measuring the outcomes or the relative success of those policies? Will you have a role?

Mr MARTINE: Probably not so much in the sense of the formal performance reporting. That will not sit within my department in terms of gender equality issues; that will be picked up most likely under DPC, but we will have a role. As I mentioned in one of my earlier answers, there are a couple of clauses in the Bill that do empower either the Treasurer or the Assistant Treasurer to issue guidelines with respect to either procurement or financial management with respect to acquiring services or grants. So we will have a role, if the Bill does get through Parliament, in helping Government form a view of what it may wish to do under those two clauses.

Ms STITT: And that is a discretionary power, I think, isn't it, in relation to procurement and funding guidelines for departments?

Mr MARTINE: Yes. It I guess builds on the social procurement guidelines that already exist as to whether Government wishes to modify those. So both of those clauses essentially just give the Government of the day that ability, via the Treasurer or the Assistant Treasurer, to issue further guidelines with respect to funding or procurement.

Ms STITT: The Deputy Chair was worried about the circumstance where somebody might get knocked out of a tendering process because they could not meet gender measures or targets. I am more interested in the positive of—

Give me some examples of where you think it would be beneficial, in terms of trying to deliver gender equality, to issue some guidelines around procurement.

Mr MARTINE: Similar to our existing guidelines, depending on the nature of the procurement being sought, you may, for example, ask a potential supplier in the assessment process what is their gender policy, or do they have one. You may ask for various performance indicators on the proportion of females in the workforce in that particular entity. As Ms Porthouse indicated, at the moment they are not sort of set rules that if you do not achieve X per cent, you are not going to be able to provide government services. But these are the sorts of questions that you may ask a provider in terms of putting forward a bid to acquire or provide services or goods to government.

Ms PORTHOUSE: We are going to measure, and we have started to measure. One of the key elements for measuring how suppliers are complying with these objectives is we just publish the data that we get manually. We are looking at a system that we will be doing within the next 12 months that will collect a lot of data around how those objectives are being met and be able to do much better reporting against that benchmark than the manually produced information. The plan is that we will be able to get some information out there that will encourage, support and look at areas where they are not doing so well so that we can put better effort into assisting there.

Ms STITT: So just finally, it is not like with local content where it is a weighted decision-making process, gender in procurement is not something that is weighted in terms of the final decision?

Mr MARTINE: That is correct.

Ms PORTHOUSE: It can be weighted in some of the procurements that we do, but it is a 10 to 15 per cent weighting.

Ms STITT: It is not mandated?

Ms PORTHOUSE: It is not mandated.

Ms STITT: Okay, thank you.

Ms VALLENCE: Thank you very much for appearing today. I will pick up on the most recent topic that you have been providing evidence on in relation to procurement. I think it is since 2018 that we have had the

social procurement framework, and as you have described already in some of the answers to some of the questions, that is already in strategy and in play and procurement activities are required to abide by the social procurement framework. As we have just referred to, this Bill is indicating that it will provide for the issuance of procurement guidelines also, so if you can say what is the difference. Why would we need the ability in this new Bill to provide procurement guidelines when we already have the social procurement framework in place that is being utilised?

Mr MARTINE: Thanks for your question. This essentially, I guess, relates to clause 49, which empowers the Minister, who under this current Government is the Assistant Treasurer, to issue guidelines relating to procurement policies and practices. In a way it just provides a further tool for government if it wishes to build on its current policy of what gets released under the social procurement framework. So it is in a sense an extension—

Ms VALLENCE: So would you say it is because the current 2018 social procurement framework is not working?

Mr MARTINE: I would not necessarily categorise it that way.

Ms VALLENCE: I am just trying to identify in that provision within the proposed bill why you would need an additional—you know, what you are seeing, because that is something, I think as you mentioned, your department will be responsible for identifying and consulting the Minister on, so really why would we need that additional feature in this legislation if we already have the procurement framework in existence?

Mr MARTINE: If you look at page 21 of the explanatory memorandum where it talks about clause 49, it essentially just makes the point in the second sentence that this power:

This provides another mechanism for ensuring that gender equality is promoted by defined entities in their programs and delivery of services in support of the primary objects of the Bill ...

So in a sense it is just another mechanism that the Government of the day can issue guidelines under as part of the responsible Minister as part of the *Financial Management Act*.

Ms VALLENCE: Could you take the Committee through what additional aspects do not already exist in the framework?

Mr MARTINE: At the moment all the Bill does is provide a mechanism to allow governments and ministers to issue those. We have not concluded our thinking on what guidelines in addition to what we currently have, for example, we would actually be proposing to Government, so that is something that would occur if the Bill gets through. In terms of procurement, it may be that the Government decides that the current social procurement framework and how that is progressing is sufficient at the moment and therefore they could choose not to do anything further under clause 49, but they are really things that will need to be sorted through next year.

Ms VALLENCE: You mentioned something around through your procurement guidelines perhaps asking a prospective vendor if they have a gender policy in place, or some policies in place, around engaging women or quotas and things like that. Would you envisage it all including requiring of vendors to convey anything around their sexual harassment complaints or any prosecutions under that? For example, in workplace safety often in a procurement process you would say, 'Have you had any prosecutions under the workplace safety Act?'. Would you envisage that that might be something that you would ask?

Mr MARTINE: I cannot really answer that question because it is really going to be a matter for the Minister and the Government to decide.

Ms VALLENCE: This is a Bill that is coming before the Parliament, so I think it is pertinent for us as a Committee today and as legislators when we are looking at this, and also for the taxpayer, to know. What we are after is: what you would see as part of these additional procurement requirements, perhaps how would you be assessing these extra criteria that might come under this provision in the Act and also how you see it perhaps interacting with the *Equal Opportunity Act*—the provisions that already exist under the *Equal Opportunity Act*.

Mr MARTINE: There have been, I guess, a couple of questions that are of a similar theme. At a very high level, I could probably bring a thick folder full of a lot of the economic analysis, but there is very clear evidence that female participation in the economy is good for the economy, and I doubt whether anyone would dispute that. So if in fact you are running a private business, it is by far in your best interest to do more in terms of gender diversification than not, if you think smart enough. But there is no question from a global economic point of view that female participation in the economy, whether it is the Victorian economy or the national economy, is good for economic growth, productivity et cetera. So in a sense a lot of these clauses, and particularly the ones I am referring to, really just give the Government the opportunity, if it saw fit—and as I said, these are things that a Government may choose to put something out under or not—to do some more in terms of promoting gender equality. From our point of view, looking perhaps through a narrower lens of productivity and economic development, it would be a sensible thing to do.

You also then need to balance it against current situations of suppliers. And taking the Deputy Chair's first question about regions, you would certainly want to be very mindful of policies and policy impact on regions. As part of the analysis of new initiatives coming to cabinet and cabinet subcommittees, we do not only now look at impact on gender but we also look at impact on regions. So if, for example, something came forward to us and, while we thought it might promote gender equality, if we actually thought it would have an adverse impact on a particular region, we would then draw that out as well. In fact there is a separate section in both the submissions coming from departments and our own briefing that needs to identify the broad range of impacts.

Mr MAAS: I just want to take you back to your final slide. You talked about the implementation of the *Safe and Strong* recommendations. Could you take the Committee in more of a specific way, I guess, to some of the outcomes from the implementation of the *Safe and Strong* recommendations?

Mr MARTINE: Okay. My final slide talked about DTF as an entity. When you add all the bits up, we are about 650 people. Not surprisingly, if you look at most treasuries around the country, our gender balance going back in time was not particularly great. We were stuck at the low-30s for quite a period, despite a lot of internal discussions. So we actually went through, about two and a half years ago, quite an intensive process, which I described as an EO refresh, which was essentially to tap some people on the shoulder who had perhaps been in the department a bit long, give them some opportunities in other departments. Some people moved on who perhaps were not a good cultural fit et cetera and we went through some active recruitment. We also put some sensible policies in place. For example, we have a requirement in the department that all short lists for recruitment have to be gender balanced; then you let merit take over. There is no point running a process if your short list has got five males and one female; then most likely the outcome will be a male. So we require gender balance on short lists as best you can to ensure we have got gender balance on the selection panels. As a result of those processes, we managed to, without expanding our department—we have been in the 70s in terms of the number of executives for some time—move from 36 per cent to 46 per cent as of 30 June this year, which has been a big achievement undertaken by a whole range of people in the department. Along the way, as I mentioned in that last slide as well, we have put a lot of effort into flexible work arrangements to the point where, as I indicated, we have got 31 per cent of our employees on some sort of flexible work arrangement. That could be people needing to leave at 3 o'clock to go and pick up their kids from school and then they go home and they log in and do some more work. We have ensured that they have got the right sort of IT tools to do that, which is actually really important. There is no point talking about flexible work arrangements if you do not give your staff the right IT equipment to be able to do that. We have actually done a lot of work over the last couple of years to both refresh our executive level and encourage more flexible working arrangements, and a lot of it has to do with culture. We have done a lot of that sort of work. As I indicated, we actually do not have a gender pay gap at our executive level of 74 people. The last time I did the stats only about a month ago the female executive officer in DTF got paid slightly more on average than the male.

Mr MAAS: Are there further areas for improvement, do you think?

Mr MARTINE: It is a continual path. You can never do enough. As I said, we have the highest score in the whole public service in terms of staff perception that we take active steps to eliminate harassment and discrimination et cetera which was a very pleasing result and perhaps a surprising result for people outside to actually understand. Our reported levels of sexual harassment—and this is an anonymous survey—is

low compared with our comparator group, which is the other departments. But you can never get it too low, so until that is that 0 per cent—and I am trying to remember what we are at—

Ms PORTHOUSE: Three per cent.

Mr MARTINE: We are at 3 per cent, which is the lowest I think amongst all of the departments. But until you get that to zero you feel as though there is still further work to be done.

I will share this observation because I have talked about it quite a bit internally: one of the issues you have about harassment is that there is a disconnect between an anonymous survey and people being prepared to actually report something in the workplace. That is something that we have had some discussions about. How can we actually deal with that? You will often find X per cent of people will say anonymously they have been harassed, and a lot of those are actually female, but then that does not match up with the number of people who formally raise a complaint. That is something we have been trying to do some more work on so we have set up what we call Safe People spread across the department. If someone has something that they want to go and talk to someone about and do not feel comfortable talking to their manager or do not feel comfortable formally going to our HR area, there are Safe People identified in each of the divisions that they can just go and have a bit of a chat to, get a bit of guidance and support. So we have been doing those sorts of things through the department.

The DEPUTY CHAIR: Thank you. I think our panel have just three quick questions, and in the time we have got I think we can squeeze them in. I am going to go first. Three quick answers, speed questions—well, we are up to four. Okay, we will be quick. Just quickly, in preparation for future budgets, is allowing extra funding across the Government sector to get this reporting right and to account for it in whatever way something that you are mindful of and preparing for in future budgets?

Mr MARTINE: You are talking about funding—

The DEPUTY CHAIR: To fund the *Gender Equality Bill 2019*, to do the budgeting, to do the reporting. It all does not happen for free; is it being accounted for and budgeted for?

Mr MARTINE: There may be some funding requests that may need to be considered for particular parts of the public sector—that could be the Office for Women or those ones that might be driving some of these reforms. But I think generally for most departments—and mine would be in that situation as well—most of the initiatives or reforms that they need to progress will just be managed within their existing funding. But that is not to say that there will not be some areas of the public sector that may quite legitimately ask for—and the Government may agree to—some additional funding. It is a bit hard to read at the moment.

Mr RICHARDSON: Just going back to the point about harassment figures and the 3 per cent, how does that reconcile with VAGO's recent report on sexual harassment? That figure was quoted as dropping, as opposed to VAGO's report that says that 21 000 out of the 300 000 public service employees have experienced sexual harassment yet only 630 have felt the ability to come forward. How is that going to translate into better practice from the Department of Treasury and Finance?

Mr MARTINE: We were involved in that particular report. I think in my response that got published I made a reference to the fact that we actually had a low incidence in the anonymous survey, but as I said earlier, 3 per cent is 3 per cent too high. As I mentioned in my previous answer, there is this disconnect that we all need to work through, to better deal with—and I indicated a few things we have been doing within DTF, one of which is the Safe People initiative. To me a lot of it comes down to culture. Staff need to feel as though, if they have an issue to raise, they will be supported and that there will be no adverse consequences in raising an issue. A lot of that comes down to ensuring you have got the proper processes and practices in place but also the right sort of culture—that people feel comfortable to speak up. Culture is a really difficult thing to change, and culture is a really difficult thing to set and manage. That has been really the main focus for me and my four deputies in terms of what we are trying to do in DTF—get the culture right, get the right balance at the senior leadership level, put in some practices around that encourage, where appropriate, a staff member to feel comfortable in raising issues around harassment or sexual harassment.

Mr RICHARDSON: With the gender responsive budget allocation as well, do you see that as a catalyst for, potentially, the implementation of things through DTF's budget? Are there initiatives that the department will look at to further strengthen that? And then linking with the Department of Premier and Cabinet, what wraparound, whole-of-departments work is DTF participating in to change those outcomes if yours is lower than other departments?

Mr MARTINE: This probably does two things. One is it gets us all talking more about gender equality, and that obviously flows on naturally to discussions around harassment and sexual harassment et cetera. So that in itself should not be underestimated; just talking about these sorts of issues in the workplace makes a big difference. The other one is that just reporting some of the key metrics also does make a difference. It is amazing how competitive people can be in terms of how DTF gets judged against someone else, which is why I like to talk up, where I can, some of our metrics. But just reporting things and how you are progressing against various indicators itself also makes a difference, provided you get the indicators of course correct.

Ms VALLENCE: Before I ask a question, I commend you on the top-led work that you are doing on culture, because being a working mum and having been a working mum for many, many years, I have experienced management that supports flexible working arrangements and management that does not, and I certainly know that you feel much more productive when you are afforded the opportunity. So good on you.

Mr MARTINE: Thanks.

Ms VALLENCE: But my question goes back to what we were talking about before, and I just had a corollary question: in terms of issuing procurement guidelines that we were referring to before and the provision in this proposed new Bill around that, the procurement piece and the tender piece often obviously lead to the requirements and obligations on vendors in a contract. If we have got procurement guidelines that we are looking at through a gendered lens—so for example, a construction project, some of the major projects that we have got at the moment—then through the tender process, the negotiation, the vendor selection and the contract terms, knowing that we have got these should this Bill be implemented, would you envisage there to be that requirement specified in the contract terms? Should a supplier be saying that they are going to reach certain targets—for example, in construction reach certain targets with female participation—in the work to deliver a project? Once they have won and the work is underway, should they not meet that, will there be any performance measure process and will there be penalties for contractors, whether it is construction or anything else, or those suppliers for Government projects for not meeting what they otherwise said they would to win the contract?

Mr MARTINE: It would really depend under clause 49 what, if any, guidelines the relevant Minister then issues with respect to procurement. So obviously if it builds on the current social procurement guidelines, which are not specific in that sense, then the answer to that question would be no. So it will really depend on what the guidelines say. If you took it to the extreme and there was a guideline that was very specific about: 'In this particular procurement you have to deliver X', then that may very well be written into a contract, but at the moment the social procurement framework is a lot more at the higher level in terms of gender equality statements and those sorts of things, so I guess—

Ms VALLENCE: So if the point of the Bill then is to send a message to look at things through a gendered lens and that that is the sort of bar that the Government is seeking to set, and part of that is to issue procurement guidelines, then the other side of that is to make sure that they are adhered to in some way for Government projects, for taxpayers money being spent. So what is the point in issuing guidelines if we are not actually making sure that it is—

Mr MARTINE: Absolutely, yes. I might get Ms Porthouse to very briefly talk about how we currently track under the current social procurement framework, because that is really a relevant answer to how we do it under the legislation.

Ms PORTHOUSE: I can begin by saying that if the *Gender Equality Bill* is passed, it is expected that the Assistant Treasurer will work with the Office for Women to come up with another set of guidelines that will strengthen the ones that are already in place. They will issue gender-ethical procurement guidelines. So that is a piece of work that, should the Bill go through, we will start working on.

In terms of the way it is currently measured, I talked about the sliding scale in terms of how we procure from larger enterprises and the expectation that the larger the spend and the larger the enterprise, the more we will set targets, and we will expect a procurement plan depending on which particular objectives they choose to put forward in their tender documentation. So there is targeted performance criteria for those larger enterprises, and as I said, we will hold them accountable against those requirements in any contract.

Ms VALLENCE: Right. So that is in the selection process and in the contract performance and delivery?

Ms PORTHOUSE: Yes. Like you would with any contract, if there is a requirement to deliver a certain way we would monitor that. I do not mean us, I mean the CPOs, you know, the persons across all of government—the chief procurement officers and those that are involved in the procurement.

Ms STITT: You reported about your eliminating the gender pay gap at the executive level of DTF, which is very good. What active steps are you taking and how are you tracking in relation to those classifications below the executive level in your department?

Mr MARTINE: Our non-executive gender balance is nearly 50-50, it is 49-point-something, so we are pretty close. Gender pay is an interesting question. I have only asked the question twice over three years, because I sit down with the chair of our remuneration committee and make decisions around executive pay, and I am always conscious to ensure that I am not making those decisions based on gender. So I actually do not have in the back of my mind where we are currently sitting on gender pay. In fact I was pleasantly surprised when I got the data about a month ago for the three executive levels—EO1, EO2, EO3—and we added it all up and worked out the average. I was not too sure what to expect, but it came in a few thousand higher, on average, for females than males. I have not seen data for non-executives. So as I said, it is not something that I keep active tracking of because I do not want it to influence decision-making. It sounds a bit strange—

Ms STITT: What kind of decision-making? You mean recruitment decision-making?

Mr MARTINE: No, in terms of setting people's pay. I do not want to be in a position where I look at a couple of people and say, 'Well, I'm going to pay this person some more because they are female', so I do not do that. I ensure that we have got the right sort of recruitment and systems in place, and I see that as the outcome of good process; therefore I was pleased when I got the data that we actually had a good outcome, which is that there is actually no gap at all. I have not seen any data recently—and I am happy to follow it up—on non-executive gender pay, whether there is a gap. If I talk off the top of my head, I suspect on average the answer could be yes, because while non-executive is roughly 50-50, you would probably find a larger proportion of females at the lower end of the VPS than at the VPS5 or 6 level. Then when you work out an average, you probably want to look at each of the cohorts in turn to see, 'Well, is there a difference at the 6 level, the 5 level, the 4 level?'

Ms PORTHOUSE: I think it is fair to say that the spread of females in the lower levels of the VPS category is higher. We rely on pay equity, we rely on the performance assessments that we do every year and so there are the incremental uplifts, but we know there is more work that we need to do to look at lifting the lower level of females just to get some equity across those bands, and that is a piece of work that we will start to do. We have not focused on it a lot, but we do have training for our recruitment managers et cetera to make sure we look at relativities for equal work being paid equally. But I think the disconnect is more around the lower levels where there are more females.

Mr MARTINE: That is exactly right, so that is what we would say.

Ms STITT: Which in itself across the economy helps drive gender inequality. I am pleased to hear that it is a work in progress. Thank you.

The DEPUTY CHAIR: Thank you, Secretary Martine and support. We appreciate your time today, and we will now adjourn for lunch.

Witnesses withdrew.