

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 Paul Broderick, Commissioner,

Ms Paula Thorne, Executive Director, Policy, Advisory and Legal Services, and

Ms Renee Benn, Branch Manager, Land Revenue Branch, State Revenue Office.

The CHAIR: We thank you for joining us today for our Inquiry into Gender Responsive Budgeting. All evidence, as you would be aware, 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 this 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. If there are any media present, we remind you that: cameras must remain focused only on the person speaking; operators must not pan the public gallery, the Committee or witnesses; and filming and recording must cease immediately at the completion of the hearing. Broadcasting or recording of this hearing by anyone other than the accredited media is not permitted. Thank you for your attendance. We invite you to make a 10-minute presentation, and we will follow that with questions.

Mr BRODERICK: Thank you. If I could start by introducing the other witnesses, I have Paula Thorne on my left-hand side here. Paula is the Executive Director in charge of policy and legislation and advisory services. On my right I have got Renee Benn. Renee is a Branch Manager from our regional office in Ballarat. If I could start by also saying that unfortunately Peta Jennings, who is our people and culture manager executive, could not be here today because one of our staff was involved in the volcanic eruption in New Zealand and he is currently in hospital, as is his daughter, and his other daughter is missing, so the office is in a bit of a state of turmoil at the moment. So I hope you do not mind that I have excused the head of people and culture to stay at the office and deal with that.

The CHAIR: Of course not. Absolutely. Thank you.

Mr BRODERICK: Thank you for inviting us today to appear at this hearing. I will start by providing some background to our organisation, and then I will talk about tax policy, and, finally, the demographics of the organisation and its performance in relation to gender responsive budgeting. We administer Victoria's tax legislation and collect revenue for schools, hospitals, police, roads, transport and other government services. The types of revenue we administer include payroll tax, land tax, stamp duties, gaming taxes, insurance duty, motor vehicle duty and a number of others. We also administer a range of grants, exemptions and concessions. In 2018–19 we collected \$19.1 billion in revenue and allocated \$273.4 million in grant subsidies, rebates and payments, including unclaimed money.

We operate as a semi-autonomous agency. We work under a framework agreement between the Victorian Treasurer, the Secretary of the Department of Treasury and Finance and myself. I have a dual reporting role to the Secretary and the Treasurer due to my statutory obligations. We operate as part of the Department of Treasury and Finance, who allocate our budget, oversee our performance and approve our strategic direction. Underpinning our activities is strong corporate governance, including internal audits by Ernst & Young, external audits by VAGO and ISO quality audits by Lloyd's Register, all of which assist us in maintaining our ISO 9001 quality management system.

We operate out of two locations—one here just around the corner and one in Ballarat at the Ballarat university. We have a Commissioner—myself—and seven executives that report to me. There are six divisions, including operations and policy, advisory and legal services, and that is the one that Paula is in charge of. We have a business technology area, corporate services, people and culture and compliance, and most of these divisions have staff in both Melbourne and Ballarat.

Although we have a policy and legislation branch, our role is really to assist in the implementation of the government's taxation agenda rather than to initiate policy, which is a role of government with the assistance from DTF. We are involved in testing the implications of policy changes as requested by government and DTF

as well as drafting instructions as required. All government legislative change that we are involved with has to be tested against the human rights legislation to ensure that it does not discriminate against any groups of people. This process has been standard practice for many years.

We have been conscious of the need to avoid any appearance or reality of gender bias. Recent Government reforms, such as the exemption for payroll tax parental leave, encourage flexibility in the workforce by not including those payments as being assessable for payroll tax purposes. It is arguable that some taxation measures are inherently of more benefit to one gender than another as the effects of these measures may be skewed by demographics. For example, the young farmers duty concession would have more benefit to men than women because there are more male farmers than female. Likewise a pensioner concession for duty may have more benefit to women as there are more women of pension age than men.

We are also implementing the Australian Government's guidelines on the recognition of sex and gender, which allow people to nominate 'indeterminate' as a gender option or 'unspecified'. These changes will gradually come into place as we develop new applications.

Demographics—as at 30 June 2019 our office had a total of 574 employees, comprising 303 women, which is 52.7 per cent, and 270 men, which is 47 per cent. About 60 per cent of our staff are recruited from the private sector and come to us from many of the large accounting and law firms plus a variety of other smaller firms. When they leave us about 23 per cent go back to the private sector as opposed to about 2.7 for the rest of the VPS. Eighty-one per cent of our staff have tertiary qualifications, with most being either legal, business or technology degrees along with HR management qualifications, and 32 per cent of staff have postgraduate qualifications, including masters and doctorate awards.

Lawyers are attracted to work with us as we run in many jurisdictions—VCAT, Supreme Court, Court of Appeal and even the High Court. We also attract many people with IT qualifications as we have a significant IT division. The Government has continued to invest in our organisation to ensure it maintains a strong technological performance to make paying taxes as easy as possible. On average, people stay with others about 12½ years, with the current average length of service for women being about 11 years and men being about 14 years. More than 51 per cent of our workforce stays 10 years or more compared to 27.4 per cent for the Victorian public sector. The average age of employees is 44, with the average age of women being 42 and men 46. Our turnover rate is about 3 per cent compared to 12 per cent for the public sector overall.

We offer all staff the opportunity to identify with their managers their training and development needs each year and in 2018 we delivered 100 per cent of the training and development needs identified by staff, which equated to about 505 training programs. We also provide significant leadership and professional development programs such as those contributing to continuing professional development training hours for accountants and lawyers, and we are cognisant of ensuring a gender mix in all our leadership programs. In the last seven years we have run or sponsored leadership programs, including graduate diploma and masters programs, which have been commenced by 30 staff, 15 of whom were women and 15 were men. The current Queensland University of Technology graduate certificate in business, which is our pre-eminent leadership program at the moment, has five participants, four of whom are women. We also conduct exploring leadership programs, which are the entry point for first-line leaders. The last two programs had a total of 24 participants, 15—or 62 per cent—of whom were women. We have only had three accepted stress claims in the last 15 years. We have had no gender-based discrimination complaints at all over that time.

If I could talk a little bit now about the People Matters survey, the participation rate for staff at the SRO for the 2018 survey was 76 per cent compared with the VPS rate of 47 per cent. We were better than average in our comparator group in all 16 categories. We improved on the previous 2016 survey in 15 of 16 categories. We had the top result of our comparator group in the following categories: merit, feedback, impartiality, communications about the code of conduct, role clarity and overall job satisfaction. We just missed out on top in the group by 1 percentage point in the following areas: equal employment opportunity, human rights, fair and reasonable treatment and reward and empowerment.

In terms of diversity, 32 per cent of the staff at the SRO were born overseas compared to 28.4 per cent for the general Victorian public, with 25 per cent of staff having a language other than English spoken at home. The percentage of women at the SRO is 52.7 per cent compared with the Victorian population of 50.9 per cent. Out

of 40 external recruits taken in by the SRO in 2018–19, 55 per cent were women, 42.5 per cent were men and one was self-described. During the course of 2018–19 there were 472 career opportunities provided by the SRO to staff. These career opportunities include higher class duties, recruitment, promotion, transfers at level and conversions from temporary staff to ongoing status. Of these 472 opportunities, 53 per cent were provided to women and 46 per cent were provided to men. Of the 80 promotions provided during the last three years, 57.5 per cent went to female applicants and 42.5 per cent to males. All panels are gender balanced. All job adverts are sent to people on parental leave. Of the seven executives reporting to me, three are women and four are men. In the VPS agreement there is a classification of Senior Officer, which includes the grades 5 and 6 level, which is the level directly below the Executive Officer level. There are 182 people at that level in the SRO. Of those, 78, or 43 per cent, are women and 104 are men, but we have a large IT division which is predominantly men, so if you extract the IT division, the figure turns out to be around about 49 per cent women in those senior officer roles.

There are three paid external audit positions for our audit committee. I am required to make these appointments. All three external members, including the Chair, are women, and this has been the case for 10 years. The SRO has very active social clubs in both Melbourne and Ballarat. Both club presidents are women, as is the president of the social responsibility committee. Two of our female executives have been asked to speak at women in leadership programs, and some of our executives work part-time.

The SRO provides extensive flexibility in its work arrangements. All staff, no matter what their level—including myself—have access to a range of flexible work including part-time work, flexitime, purchased leave, compressed hours, personal leave, carers leave and other flexible arrangements. We are currently trialling working from home for 50 staff at the moment, and when that is evaluated we expect that will be rolled out to the rest of the organisation in 2020. As at 30 June there were 97 staff, or 16.8 per cent of our workforce, working part-time, with women making up 77 per cent of that 97. Also 11.5 per cent of our staff utilise the benefit of purchased leave, compared to 6 per cent across the VPS.

The average pay of women in the SRO is \$44.65 per hour, compared to men on \$49.98 per hour. That includes everybody, including myself; however, males have an average length of service which is three years longer than females. If you take that into account, then the difference drops to about \$2.44 per hour.

Over the past 15 years we have not had a single accepted grievance about selection processes out of many hundreds of selections we have conducted at the SRO in that time. In the 2018 People Matter survey, 82 per cent of people said they would be confident approaching their manager to discuss concerns and grievances, with 10 per cent neutral. In relation to job satisfaction, in the People Matter survey the average in a comparator group was 69 per cent satisfied or better. Our average for men was 79 per cent and for women was 79 per cent, which was the top in our group. In terms of engagement, men were 70 per cent and women were 71 per cent, so there is a great consistency between the views of men and women in our organisation.

Also our organisation regularly conducts exit interviews and surveys to see what people think about the organisation as they are leaving us. In the most recent survey 98 per cent of people said that they were either moderately, very or extremely satisfied with the work balance arrangements whilst at the SRO, and a number of them made very complimentary comments about their time there in terms of flexibility.

Although we do our best to treat everyone fairly in our organisation, we are always looking for ways to improve. Under our diversity inclusion direction we are working on ways to increase the uptake of employment of Indigenous people in our Ballarat office and people with vision impairment in our Melbourne office. We are committed to ensuring a discrimination-free workplace. We promote a respectful, safe and inclusive environment and continue to implement relevant actions from the *Safe and Strong* strategy.

In conclusion, we take our responsibilities to the public sector values and public sector employment principles as they are articulated by the *Public Administration Act* and the *Safe and Strong* government initiative very seriously. We do our best to ensure the leadership of the organisation lives by the values of the VPS and that the staff do too. Thank you for your time.

The CHAIR: Great. Thank you very much for that comprehensive presentation. I will open up for questions.

Ms STITT: Has your office examined how the tax system can affect men and women differently? Have you dived into an early look at what gender responsive budgeting might mean from a tax perspective?

Mr BRODERICK: Probably the closest we have come to that is we do a bit of profiling to try and find out who is the general taxpayer for land tax or who is paying a tax. We do a bit of analysis on that. That is probably the closest we have come to it, because as I mentioned in my introductory comments, we do not actually do the taxation initiation. Some of the things that we have been involved in, if you look at tax, where there are some gender elements to them—the Back to Work scheme is probably a good example. That was designed to assist some disadvantaged cohorts such as long-term unemployed, young unemployed or other unemployed with specific characteristics, including religious or Indigenous persons or sole parents. Those sorts of elements creep into some of the concessions from time to time, but we do not actually determine those; the Government does.

Ms STITT: Were there any outcomes from modelling the taxpayer in different areas that threw up some gender examples?

Mr BRODERICK: Not really. What we were looking for was we were trying to find out where the typical taxpayer lived, how many properties they owned, what age they were, what gender they were—those sorts of things we were trying to do. The purpose behind that was to try and make sure that when we administer it we are trying to direct our communications to the right people and try and tailor the communications so that those people understand what their tax obligations are.

Ms VALLENCE: Thank you very much for appearing today. First, I would just like to convey, probably on behalf of all of us, that it is a very difficult situation that you find yourself in with someone very close to home being involved in the tragedy over in New Zealand. I hope that pans out as best as it can. Our thoughts are with you.

Mr BRODERICK: Thank you.

Ms VALLENCE: I would like to ask: in your presentation you talked about obviously collecting tax revenue, administrative grants and concessions and the Government's initiatives in looking at the taxation agenda and that one of your roles is to look at the taxation agenda and how it impacts. Through this gender responsive budgeting process you mentioned that in looking at the taxation agenda you already have to pay close mind to human rights legislation to ensure that nothing is discriminatory. What in your view is this new proposed Bill going to do differently from what current legislation already provides for?

Mr BRODERICK: My understanding of the Bill is that it just provides the option of doing more. I do not think it actually requires the Government to make significant changes to what we are doing—only where they identify that they are necessary is my understanding of the impact of the Bill. So from our perspective we will just comply with whatever the Government agrees and the Treasury instructs us to do in terms of looking at when we contribute to legislation and how we deal with it. Paula might be able to say something in terms of the human rights legislation.

Ms THORNE: Yes. Thank you for that question. I was just thinking from my understanding of the Bill that one of the changes might be the gender impact assessments that we might have to run over potential legislation. I am not really that familiar with it, but I imagine it will be similar to a privacy impact statement or what have you, which is what we do now, or a charter of human rights and compatibility statement. So you would have to put that lens over your proposal and examine it perhaps a little bit more deeply. I guess we would see it as potentially having to put that lens over your proposal, perhaps think a little bit more deeply about what some of those impacts might be and, depending on what data we have, perhaps work with the department to model what that might look like.

Ms VALLENCE: In terms of reviewing the taxation agenda—is that what you are referring to?

Ms THORNE: Well, when we are thinking about the development of new taxation policy, yes.

Ms VALLENCE: Right, with the development of the taxation policy, obviously equal opportunity and human rights laws have been in existence and have been there precisely to protect for these things. Do you feel that there is a gap and therefore a need for a new law?

Ms THORNE: I would not potentially say there is a gap, but potentially it is doing something different. So I guess when we look at our compatibility with the charter of human rights, we are looking to treat all people equally. I guess by putting this lens over it you are perhaps looking to treat a particular group in a different way to get a particular outcome. So I do not know if it is a gap but perhaps just a different focus.

Ms VALLENCE: You have already been looking at it through your own department internally and also externally through taxation grants and concessions and so forth. It sounds like you are already applying the gendered lens, thinking about the strategies already in place and what you are doing particularly within your department and also contemplating how taxation impacts women and gender-diverse people and so forth. We have been given some information about international examples under gender responsive budgeting, and I can tell that that is informing some of the development here of the Government's proposal for the Bill and also some of the work that is happening through the departments. Through fiscal policy, in terms of allocating or reallocating money as a result of gender responsive budgeting, how do you see that manifesting?

Mr BRODERICK: As I said earlier, we are mainly administering whatever the Government and/or Treasury have determined. So if the Government and Treasury determine that there is an outcome that they are trying to achieve by providing, maybe, concessions or benefits or some sort of rebalancing of how taxation works, then we would be required to administer that as they have intended. We will not largely input into that. Just to, I guess, informally explain our role—maybe I did not explain it well enough during the introductory remarks—we do not initiate the policies, but the Government does consult us and say, 'How would this work in practice?'. They might say to us, 'We have an extensive business intelligence part of the organisation', so we will look at, 'Okay, this will affect this many people. If you allow a concession this way or if you increase the threshold or whatever you do, this will be the impact on it'. We will be able to tell them: is this going to impact on revenue; who are the concessions going to be applied to; how will they work. They are more what we are involved in than the actual germination of the policy.

Ms VALLENCE: So has there been any consultation to date with you to inform the policy and the Bill that has been proposed?

Mr BRODERICK: No, not so far in terms of those impacts. I imagine Treasury are doing economic projections on it at the moment, but we have been involved in it so far.

Ms RICHARDS: Thanks again for your evidence this afternoon, and congratulations on some of the achievements that you have outlined internally.

Mr BRODERICK: Thank you.

Ms RICHARDS: It is terrific to hear about a workplace that is balanced and a workplace that is also doing analysis of where people come from. I am interested, as a State Revenue Office department or body, whether you have been looking at any other jurisdictions and the success that they have had, or otherwise, as a result of gender responsive budgeting as it applies to tax policy and whether you have any insights from any other jurisdictions about the success that they have had in the way that they have managed changes as a result of legislation like what we have got coming ahead.

Mr BRODERICK: Yes, sure. We have a very close-knit group across Australia of commissioners. We meet regularly. I chair the group of commissioners across Australia, and we have subcommittees that look at tax law and things like that. There has not been a huge, strong focus on that, because a lot of those initiatives come directly out of the governments or the treasuries. So what we will discuss is the impacts of those things, but we will not discuss whether those changes have been successful. For instance, with the first home owner grant we have a little subcommittee that looks at that across every jurisdiction that administers it so we will actually get to exchange information. We exchange information on a whole heap of administrative things, like ed debt and all those sorts of things as well, and we have, as I say, a subcommittee that looks at the tax law side of things and the administration of that. I am sorry I cannot help you much more than this.

Ms RICHARDS: No, that is all right; that is interesting.

Mr BRODERICK: We are mainly focused on the administration side of it when we get together as groups.

Mr RICHARDSON: I am interested in Paul, Paula and Renee's experience of serving—I think you have done more than 20 years now, Paul—and the journey over that time and then obviously with both Paula and Renee being senior people in the organisation and having spent a lot of time there, how that culture has evolved over time and how that has been embedded. I reflect on VAGO's recent report around sexual harassment and the notion that only 3 per cent of people who were surveyed feel comfortable coming forward out of a potential number of 21 000 that have experienced that form of harassment. What have been some of the key hallmarks that have led that cultural evolution and change from the State Revenue Office's perspective?

Mr BRODERICK: Maybe I could ask Renee to give you a brief mud map of her career, coming from the country and from a different point of view, maybe, than us in the metro area.

Ms BENN: Thanks, Paul. I started with the organisation 18 years ago as an entry-level employee, and certainly throughout my time in the organisation I have been very well supported with any pursuits I have made in my own career development. I am a mum of three, so I have had three maternity leave stints. I have also undertaken a graduate course of study, which has also been supported by the organisation. I guess I would not be on my own in that, in that certainly at Ballarat we started out with a lot of entry-level staff 18 years ago and plenty of the staff that were there have experienced a similar kind of journey and support. I think it is telling that you ask about culture. I think right from the get-go there has never been any delineation or discrimination between genders or even any other body or type of employee. It has very much been a merit-based framework of support around the person and what they bring and what they want to get out of it. I think in terms of culture it is a very supportive culture in terms that if you are there and you want to make a career you will make a career, and even if you do not—we fully respect that some people just want to come in and do their job—that is okay as well. So I think in terms of the organisation it is very respectful of the diversity of the employees that it has and supports them to that end.

Mr RICHARDSON: What lessons do you think could be taken for the broader public service, given there are 300 000 people employed as Victorian public servants? That report being a signal of further work and improvement, can you reflect at all on what the broader public service needs to do to ensure a culture like the State Revenue Office's is permeating throughout the Victorian public service?

Ms BENN: Sure. Some of my background in recent times has been around our customer experience, and I think there are a lot of lessons that we are learning in that vein that can be applied internally. It is really developing that culture of knowing your staff and knowing them well enough that you build trust so that they are confident to have conversations. It is about acting too, I think. I think certainly one of the things that I like to make sure that I pride myself on is understanding the experience from the staff's point of view and embedding myself in that experience and understanding pain points, no matter what they are, and then working with them to overcome them and to move forward. So I think it is just really around that really open and supportive culture.

Mr BRODERICK: There is another thing we do too that is really important. I meet with my people that report to me all the time, every day, but we have a formal meeting, Paula and I, or whoever reports to me, every fortnight, and then Paula has a meeting with her staff every fortnight, and that cascades down to every level of the organisation, so if a person has a problem they can raise it. We want them to raise it at the time; if there is something that has got to be resolved, it needs to be raised at the time. In the staff survey we ranked the highest of any organisation in terms of giving staff informal feedback. I just cannot emphasise that enough. For any organisation it is imperative, and we make sure that that is done.

Ms STITT: I just had a quick follow-up question from what Renee was talking about. I was just thinking that if you have had three lots of maternity leave, then that means your superannuation balance at retirement is going to be a lot lower than your male counterpart who might have been on a similar career progression at the State Revenue Office. So I am wondering: does the organisation have any special provisions in the industrial instruments around superannuation when women—or anyone for that matter—are taking parental leave?

Mr BRODERICK: We are under the EBA like all the rest of the VPS, so we just abide by what the rules are there.

Ms STITT: I know some departments and agencies have moved in this area to ensure that there are not those gaps in superannuation contributions, so maybe you can take it on notice. I would be interested to know if you have got any provisions around that.

Mr BRODERICK: Yes, sure.

The CHAIR: Thank you so much for your time and your comprehensive report to us today. We appreciate the effort that you have gone to. You will be provided with a transcript from Hansard to verify, and then the verified transcripts will be made available on our website as soon as possible. We thank you for your time. And, as Bridget said, we wish you and your colleagues well with the situation that you find yourselves in in relation to the tragedy in New Zealand. Thank you.

Mr BRODERICK: Thanks very much for your time and your thoughts. We appreciate it.

The CHAIR: As that is our final witness, we will also close our meeting. Thank you to Hansard and the secretariat.

Committee adjourned.