

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Gender Responsive Budgeting

Melbourne—Monday, 25 October 2021

MEMBERS

Ms Lizzie Blandthorn—Chair

Mr Danny O’Brien—Deputy Chair

Mr Sam Hibbins

Mr David Limbrick

Mr Gary Maas

Mrs Beverley McArthur

Mr James Newbury

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

WITNESSES (*via videoconference*)

Mr David Martine, Secretary,

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

Ms Claire Bickell, Director, Financial Frameworks, Department of Treasury and Finance.

The CHAIR: I would like to begin by acknowledging the traditional custodians of the land on which we meet and pay my respects to their elders past, present and emerging.

Welcome to the public hearings for the Public Accounts and Estimates Committee Inquiry into Gender Responsive Budgeting. Please note that members may remove their masks when speaking to the committee but must replace them afterwards. Mobile telephones should be 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 repeat the same things outside this forum, including on social media, those comments may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, PowerPoint presentations and handouts will be placed on the committee's website as soon as possible.

We welcome the Department of Treasury and Finance back to the committee again. Thank you for coming along today in relation to our gender responsive budgeting inquiry. We invite you to make an 8-minute opening statement, and this will be followed by questions from the committee, so thank you.

Visual presentation.

Mr MARTINE: Thank you, Chair, for the introduction and the opportunity to speak to the committee again today about gender responsive budgeting. Firstly, may I introduce my colleagues: Jamie Driscoll, the Deputy Secretary of Budget and Finance, and Claire Bickell, the Director of Financial Frameworks.

There has been significant progress on gender responsive budgeting since I last spoke with you in December 2019. I am aware that other witnesses to this inquiry have discussed what gender responsive budgeting is and why it is important, so I will focus my presentation and comments specifically to the implementation approach we are taking to gender responsive budgeting.

During 2020 the impacts of the COVID-19 pandemic disproportionately affected women in the labour market compared to men. From March to September 2020 the female unemployment rate in Victoria increased from 5.6 per cent to 7.5 per cent. Over the same period the male unemployment rate increased from 4.8 per cent to 6 per cent. It is noticeable that employment of women fell by 8.2 per cent, or by around 133 000, from March to September 2020, while male employment fell 5.8 per cent, or by around 105 000. The most affected industries were accommodation and food services, and arts and recreation. These industries employ a higher proportion of female workers and were hit the hardest by the lockdowns. During the pandemic female employment and participation were further affected by the shift to remote learning for schoolchildren and the closure of early childhood education and care services. Additional caring responsibilities disproportionately fell to women, limiting their participation in employment opportunities.

As of July 2021 the gap between the male and female unemployment rates had reduced, but there were still around 215 000 more employed males than females in Victoria and around 44 000 more underemployed women than men in Victoria. By September 2021 women were again hardest hit by the impacts of COVID-19, with female employment and participation rates falling more than rates for males during the most recent lockdown. Women are also over-represented in part-time, casual and insecure work. In April 2021 nearly half, or 46 per cent, of employed women in Victoria were employed part time compared to one in five employed men. And gender pay gaps persist in Victoria, nationwide and across industries. The difference between Victorian male and female full-time average earnings has widened during the COVID-19 pandemic. The pandemic has highlighted the importance of applying gender responsive budgeting to ensure outcomes for women, men and gender-diverse persons are considered as part of decision-making processes.

The 2021–22 budget provided funding of \$1 million over two years to establish a gender responsive budgeting unit in DTF. We have established the unit in the Financial Frameworks team, which is part of the Budget and Finance division. We have recruited staff with a range of economic expertise, gender policy analysis and budget experience. The team is now focusing on preparation for the 2022–23 budget process. They have been reviewing existing processes and documentation to update them for gender responsive budgeting. The team has started communicating with departments about changes to processes and templates and is rolling out information sessions and training. Support will be provided to departments and to central agency staff who work on the budget process. Our implementation approach builds on the achievements arising from the passing of the *Gender Equality Act 2020*.

There are many stages in the process of developing a policy or service delivery proposal into a budget submission which in turn becomes a funded budget initiative. Gender considerations ideally should occur in each stage of the policy development cycle, from problem identification through to implementation. In the way that public service policy officers currently consider factors such as regional impacts when developing policy, they will also now be developing core competencies in considering gender impacts.

DTF's implementation plan addresses three work streams: measuring and monitoring progress, informing decision-making and the annual budget process. Measuring and monitoring progress is critical to ensuring we have an overview of impact and success over time. This could include steps such as evaluating the overall impact of state budgets on individuals as decisions are made rather than at the end of the process; monitoring the impact over time, as the impact of most budget decisions will be long-term; and establishing and measuring a baseline to measure future progress. Informing decision-making is about ensuring the VPS incorporate gendered considerations when proposing policies or service delivery options to government. This means addressing factors such as ensuring data availability to support gender analysis and cohort impacts to allow understanding of intersectional impacts. The budget process workstream is about ensuring that the budget process itself is adapted so that it incorporates gendered considerations. Steps could include capability development and additional tools to support budget analysts and changes to templates for business cases and briefing material to highlight gender impact considerations.

I would like to take one further moment to briefly explain the role of gender impact assessments as these are a critical element of gender responsive budgeting in Victoria. As the committee is aware, the *Gender Equality Act 2020* came into effect on 31 March 2021. The Act requires, amongst other things, all public sector agencies to conduct a gender impact assessment of all policies, programs or services that have a direct and significant impact on the public. This applies to new policies, programs or services as well as those coming up for review. Gender impact assessments are the key tool by which gender considerations are incorporated into policy or service delivery design. The Commission for Gender Equality in the Public Sector has provided resources and training to agencies to support gender impact assessments, and DTF is working with the commission to leverage this work to support the budget process.

In closing, I note there is a lot of work still ahead for us to do before the 2022–23 budget. We are currently in the process of finalising a review of the budget process and associated documentation and developing options for the government to consider. We are also starting to engage across the public sector. In that context I am looking forward to the final report from this inquiry to inform our future work as we bed down this revised approach to budgeting. Thank you, Chair. I am happy to take any questions.

The CHAIR: Thank you, Secretary. I will pass first to the Deputy Chair, Mr Danny O'Brien.

Mr D O'BRIEN: Thank you, Chair. And thank you, Secretary Martine. The question that you touched on a couple of times there, including at the end, about monitoring performance, how is it measured, and who actually monitors the performance?

Mr MARTINE: It depends, Deputy Chair, on what parts of the policy one would be monitoring, but it is really a combination of both line departments, who might be responsible for implementing policies—so they have a very important role, as you would be aware as a member of this committee—and the detailed review of performance measures across departments, but also centrally. If I just use my department as the example, obviously centrally we are continually looking at the impacts of what the government is doing on, particularly, the economy. So you would have noted in my presentation, where I took the opportunity just to draw out some of the impacts we have seen on the differences between genders through COVID over the last 18 months, those

sorts of things really help us form our advice to government. We can actually see what is going on in the economy to help shape our advice to government about what interventions might have a greater impact as opposed to different sorts of interventions. So it is really, I guess, sort of a combination across both centrally and also in line departments.

Mr D O'BRIEN: And a follow-up to that is the compliance. Is there an enforcement mechanism? If a department is not undertaking the processes to ensure that it is consistent with the gender responsive budgeting priorities, how do you enforce compliance? Probably, Secretary, I should ask: is that Treasury's role, or is that the Office for Women's or someone else's?

Mr MARTINE: Well, I guess in a way it is similar to how performance is assessed across many different parts of government in terms of performance against performance measures. We have a role in obviously advising government on whether outcomes have been achieved. Departments are held accountable for the achievement of particular outcomes and so are ministers as well within government. So there are various processes in place, but in terms of this particular area I would suggest in a way it would be quite similar to other areas. As I mentioned I think in my presentation, in some work obviously you look at impacts of policies on regions, for example, and there is a whole series of performance measures that would be located within DJPR, for example, that have regional impacts. So they are considered, and performance against those particular performance measures are closely monitored as well.

Mr D O'BRIEN: Okay. Thank you.

The CHAIR: Mr Maas.

Mr MAAS: Thank you, Chair. And thank you, Secretary Martine, and to your team as well. It is good to see you back before the committee again. You explained in your presentation something that has been reasonably well known, that women have been hit harder by the pandemic. I was just wondering if you could take us through in a bit more detail DTF's process of gender responsive budgeting and how it is actually addressing that issue.

Mr MARTINE: Okay. Thanks for your question. I did highlight some of the data in my presentation, and it is actually quite important, because we have obviously a key role in the Treasury to be advising government on what is actually happening in the economy. I took the opportunity to draw out what we have been seeing in the labour market, because that is actually quite important—where we have been seeing some differences. The work we do in terms of advising government, by better understanding some of the data—so when you are looking at the differences between changes in employment levels and unemployment rates between males and females—can help actually shape advice on what are the best interventions government can undertake. That is really a key part of gender responsive budgeting. I mean, at the end of the day it is essentially trying to ensure that, as part of the whole policy development, consideration and decision-making process gender considerations are taken into account. So that is really the approach we are taking in DTF.

If we are looking to advise government on how to create jobs and reduce unemployment, it would not make any sense for us not to look at the distinction between what is happening in the labour market between males and females, because what we have seen over the last 18 months has actually been quite different. That comes down to when you start thinking about then the various sectors that are impacted. In hospitality and retail, for example, where you have got probably more females employed than males, you can actually start to see and understand the reasonings behind it. So our approach in DTF on gender responsive budgeting is really just to ensure that we are constantly asking those sorts of questions. What is the impact between male and female? What is causing these numbers? Why are there differences? We just sort of see it as a natural extension, as part of the policy development and consideration process.

Mr MAAS: And one other quick one, if I may: you also said that the financial frameworks team was focusing on preparations for the 2022–23 budget process. Again, what exactly will the team be doing between now and that next budget?

Mr MARTINE: Okay. We have set up a small team, and we recruited three extra people into the team to essentially help coordinate this work. But I guess the key point I want to sort of emphasise is, drawing on the extension of what I have just said, this is really an integrated part of all of the work that everyone across the department is doing. Whether you are looking at impacts on the economy versus considering budget proposals,

everybody across the department needs to be thinking about the impacts on different genders. The purpose of this team is not to be doing all of that analysis. The purpose of this team is to help do the training across different departments, ensuring that we have got the right processes in place, ensuring that internally within both ourselves and also DPC there is a good understanding of what is actually required. So they are a key part of what we need to deliver on this in terms of we have got that centre of expertise and help to coordinate and implement the process, but most of the work on the actual assessments and providing the advice will be done by the areas that we already have in terms of the budget analysis, and the economic analysis as well.

Mr MAAS: Thank you. Thanks, Chair.

The CHAIR: Thank you, Mr Maas. Mr Hibbins? No. Ms Richards?

Ms RICHARDS: Thanks, Chair, and thanks again for your time this morning, Secretary Martine and your team. We are very grateful for the evidence that you are able to provide. I am interested in some sort of jurisdictional comparison and understanding a little bit more what is happening in other jurisdictions that might be of interest and that you might have some sort of oversight or some sort of knowledge of. I think we are beginning to really understand that gender responsive budgeting is not something that is yet an established practice in Australian jurisdictions, so I am interested in what your understanding is of where Victoria sits, perhaps not as a comparison but acknowledging other jurisdictions and how the state's focus on gender responsive budgeting has changed the way you do things from previous budgets, so there are two parts to that.

Mr MARTINE: Thanks for that question. I am certainly not an expert in other state budget processes, and I might refer to Mr Driscoll in a sec just to perhaps elaborate a little bit on that, but as best I can tell I think we are taking a strong lead across the country on this in terms of the thinking that has been put in place to, in a sense, roll out what we are calling gender responsive budgeting, and as I said, if you think about it, it is in a sense an integral part of what we need to be doing and should be doing anyway.

Just coming back to some of the answers and comments to some of the earlier questions, just thinking about how we ensure that policy actions undertaken by governments actually achieve good outcomes, you actually really need to understand what the problem is you are addressing and looking at the different impacts across different sectors or regions—or gender. So I think we are pretty well advanced across the country. Mr Driscoll, I am not quite sure if there is anything extra you wanted to add?

Mr DRISCOLL: Sure, Secretary. I think it is fair to say Victoria is groundbreaking when it comes to gender responsive budgeting. We talk regularly to the other jurisdictions. I think a lot of them are aware of the various different resources and materials that are available, but this is probably the first time that the jurisdictions actually set up a unit in the Treasury working with departments to help shape their bids and provide them with the tools. I think it is fair to say we are quite advanced, and we have been engaging with a lot of various different academics and experts in this space from across the world.

Ms RICHARDS: Thanks. Chair, I have got one more question if that is okay. I am just interested perhaps in understanding, and I am hoping you can help the committee explore a little bit more, the gender impact assessments and how they work, and maybe even just to add to that deeper understanding, provide some examples of what they have achieved.

Mr MARTINE: Okay. So the gender impact assessments, as you are probably aware, are part of the *Gender Equality Act* that was passed, I think, in March. I am trying to remember and get my dates right. It came into effect on 31 March this year. Section 9 of that Act requires departments to undertake gender impact assessments of all new policies, programs or services that directly and significantly impact the public. There is now this requirement under the Act, so this will be the first budget process that these will now feed into consideration of budget proposals where they have, as outlined in section 9, significant impacts on the public. So we will be, and we have already been, working on the best way to implement this to ensure that, as the proposals are being developed by various departments, they are developing where required and appropriate the gender impact assessments to start thinking about whether there are differential impacts between genders as a result of the proposal. They will then come forward, and we are working on the best way then to ensure that we do a proper assessment of those so that then in the advice we give government in the consideration of those proposals, we can then draw out if there are any particular issues coming out of those impact statements. We can appropriately draw those out to the decision-maker so that it is quite visible. We are in the process of

planning through the best way to ensure that those impact statements get embedded into the proposals up-front, and then we do that proper assessment for this upcoming budget. The decision-making process will obviously kick off in the new year for the upcoming budget, which comes around far too quickly.

The CHAIR: Thank you, Secretary. We here at PAEC understand. Mr Hibbins.

Mr HIBBINS: Thanks, Chair. Thank you, Secretary, for appearing today. You mentioned assessments of new budget initiatives, but do you also then undertake an assessment of the budget as a whole as well?

Mr MARTINE: That is a very good question. Really, I guess, at the moment it manifests itself probably in two ways. Firstly, we are constantly looking at the overall impact of the government's programs on the economy. So in the budget context, when we put together our economic forecasts, we take into account what is in the budget at that particular point in time. Obviously the last couple of budgets have been quite large stimulatory budgets in terms of government intervention, so we take that into account in terms of the amount of public investment and public consumption, and we have, as you would have noted in my presentation, been breaking down some of the key data—unemployment levels between males and females—to look at movements over time et cetera. But the other important thing that has been put together—I think, from memory, it has been in the last five budgets—is a gender statement, as one of the budget information papers, that then tries to bring together all of the initiatives in the budget and talk through and discuss what impacts they then have on, particularly, women. They are probably, at the moment, the main ways that it manifests itself in the budget context.

Mr HIBBINS: Yes. We have heard a couple of witnesses now really highlight the importance of independent analysis of the outcomes of the budget. Now, I take it from your presentation you are still assessing how that might take place or you are drafting up options for government. Do you see a role for the Parliamentary Budget Office in undertaking some independent analysis of the gender impacts of the budget?

Mr MARTINE: I guess there are probably a couple of points to make. Firstly, it would be quite a fundamental change to the role of the PBO, because at the moment their role is to undertake costings, so there would obviously need to be changes there, including probably with legislation. I guess the second point is a point around the extent to which you can achieve better outcomes on gender responsive budgeting, because I actually think the best way to achieve the right outcomes here is to ensure that it is embedded in every stage of the process within the core part of government that is actually going through and either providing the advice to government or is part of the decision-making process, so that is really what we are trying to focus on. From the very start of an idea manifesting itself in a line department—people thinking about a policy intervention; they are the people who are actually consciously thinking about what the impacts might be and if they vary between male and female—through to the advice that we are providing, ensuring that we are drawing those issues out. I actually think that is where the main value-add will come—through ensuring that through that process it is front and centre in the decision-making. Whether one, after the event, wants to do sort of post-implementation reviews—I mean, we do a number of those already—once again, I guess, just depends on how separate one sees the value of doing those versus the areas that were involved in the process, who might at various times have a bit more firsthand experience in the policy.

Mr HIBBINS: Okay. Terrific. Thanks, Chair.

The CHAIR: Thank you, Mr Hibbins. Ms Taylor.

Ms TAYLOR: Yes. Good morning to Secretary Martine and your team, and thank you for your time today. So thinking about the pragmatic and effective implementation of GRB, I think it would be helpful for the committee to understand how the DTF works with other organisations, such as the Commission for Gender Equality in the Public Sector and the secretariat to the inquiry into economic equity for Victorian women, to deliver GRB.

Mr MARTINE: Okay. Thanks for your question. A couple of points, and I might perhaps start with the last part of your question first, because as you are aware there is an inquiry into economic equity for Victorian women. That has been headed up by Carol Schwartz, and it has got a few other panel members. My department is actually providing the secretariat services for that inquiry, and that is due to be completed—final report—in the new year to help feed into consideration and decision-making as part of the upcoming budget process. So that is actually quite an important inquiry because, as I pointed out in my opening statement and slides, the

COVID pandemic has impacted a bit differently on women versus men. It is actually important to sort of understand that and then what can be done about it, so it is actually quite an important inquiry. We are closely involved. As I said, my department is providing the secretariat support, so that will help shape our advice to government in the upcoming budget on gender issues. And then beyond that we are consulting as widely as we can in terms of the best way to roll this out, not just within DTF but across the public sector. As I have said a couple of times, the best outcome here is to ensure that this just gets embedded in everyone's thinking from the time a proposal is being developed all the way through to the final decision-making. So that is our objective; that is what we are trying to achieve. There is still a lot of work to be done, but we are certainly consulting as widely as we can just to ensure that we are implementing it in a way that is actually going to make a difference.

Ms TAYLOR: And just one further: I was thinking about—you are preparing the 2022–23 budget, and that is going to be the first to be delivered since the provision of funding to establish this, you know, gender responsive budgeting unit. So it is quite exciting, really. Anyway, how do you think—sorry, I am getting too excited. I am a little bit excited. These are good things, aren't they? They are great things to be happening. So how do you think this unit will contribute to improving government decision-making—I guess it is the goal at the end of the day—and have you made changes already?

Mr MARTINE: Okay, thanks for your question. I should just mention, just to round out my answer to the last question, we are meeting fortnightly with the gender commissioner in terms of rolling this out—so that is actually quite important. As I mentioned, we have set up just a small unit within our budget and finance division—which is really helping to drive this initiative both across the department but also across the public sector—to act as sort of a centre of expertise and undertake quite a bit of the training, helping people understand what is required. But I think the key in all of this is really to ensure that this becomes just an embedded way of thinking in the work well beyond the small team. So as I indicated, I have got whole teams of people that do assessments of budget proposals across all portfolios. I have got teams of people who are continually looking at what is happening in the Victorian economy and what interventions are impacting in different ways. They are well beyond the team of three people, and the important thing is that they all understand the importance of gender responsive budgeting and how that fits into their work.

As I said, in a way it is just sort of a natural extension of what we do. Because if we are going to give, for example, good advice to government on how to create jobs and reduce unemployment, we really need to understand what is happening. Once you start looking at the data you can actually see that what has happened over the last 18 months with female employment and female unemployment versus male—it is actually a different story. That then immediately triggers that thought of, 'Well, maybe the interventions need to be different. What do we need to do to bring those unemployment rates down and employment levels up?'. So we see it as sort of a natural extension of the work we do, but obviously we need to ensure that the right processes are set up. So that is the important part of this sort of central unit to help drive the thinking, the training, making sure we have got the right processes in place.

Ms TAYLOR: Thank you.

The CHAIR: Thank you, Ms Taylor. Mr Richardson.

Mr RICHARDSON: Thanks, Chair, and thank you, Secretary Martine, for your time today. I take your point around the work that has already been done by Treasury and Finance in looking at some of these issues but then how that goes further from a reporting standpoint. I just have a couple of questions around the culture across the department and how from a budgetary standpoint the Department of Treasury and Finance obviously set the tone there. What do you see over the coming years for the ambitions in place and, given that there is a reporting requirement every couple of years, what do you see the Department of Treasury and Finance providing to the commissioner through its reporting obligations and what do you envisage might actually change?

Mr MARTINE: Sorry, Mr Richardson, I just missed the start of your question. You just broke up slightly.

Mr RICHARDSON: Sorry about that. I was just referring to a bit of an overview of how you have already gone through that reporting process and particularly in Treasury and Finance setting the tone across the department from a budgetary standpoint and your point around how there are already things that you are doing, that you look at these policy areas and issues, and during COVID the employment impact is one. Given the

reports that you have to provide over the coming years to the commissioner, what do you envisage will change in the outcomes that you are hoping to drive from this process?

Mr MARTINE: Perhaps I might just start with maybe Mr Driscoll just to talk briefly about the reporting mechanisms going forward and then I can just come back to some general comments.

Mr DRISCOLL: Sure. What we want to achieve here is not just a box-ticking exercise. What we really want to embed here is change. What is required for this to work is that the departments have a really good understanding of the tools that are available and that they use them as they pull together their budget bids. So in a sense DTF is involved at the start and at the end of the process, and so it is important that we can help departments. We are running lots of workshops with them and certainly lots of workshops with our own team, who need to assess them and provide that advice to the government.

The proof will be in how it is adopted, but there is certainly a lot of goodwill, I think, and a lot of work to do, because we have got to effectively change the way we look at these important issues. And in order to be able to do that, departments need to understand how to use the tools and what the tools are all about. So I think that is the most important thing. Then once those bids come forward, we can give advice to government on their gender impacts in a much more useful way than we have been able to in the past.

Mr MARTINE: And perhaps if I could just add: obviously this will be an important initiative that we are rolling out for this budget, and the obvious thing we will be doing post budget is a review of, 'How did it actually go—what worked, what didn't?', both for our internal purposes but obviously if there are any particular issues that come up in that, advising government on what might need to change or not change. So we will certainly be doing a post-implementation review coming out of this budget on how it has been going to see if there are areas for improvement or change.

Mr RICHARDSON: Fantastic. Thank you.

The CHAIR: Thank you, Mr Richardson. That concludes the time we have available for consideration with the Department of Treasury and Finance this morning, so we thank you, Secretary, and your team, for again making the time to speak with us. As is usually the case, you will be provided with a proof version of the transcript for you to check, and verified transcripts will be available shortly. So we thank you very much for your time here today, and we will have a short adjournment again before moving to consideration of the next witness. I declare this hearing adjourned. Thank you very much.

Mr MARTINE: Thank you, Chair.

Witnesses withdrew.