

# TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into Gender Responsive Budgeting

Melbourne—Monday, 2 March 2020

#### Members

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Mr Richard Riordan—Deputy Chair

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## WITNESSES

Professor Rhonda Sharp, Emeritus Professor, School of Psychology, Social Work and Social Policy, University of South Australia (*via videoconference*); and

Dr Monica Costa, Visiting Research Fellow, Curtin University (*via videoconference*).

**The CHAIR:** Thank you for taking the time to join us today for the public hearings of the Public Accounts and Estimates Committee's Inquiry into Gender Responsive Budgeting.

I will just let you know that all evidence taken by this Committee is protected by parliamentary privilege, and 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 and PowerPoint presentations will be placed on the Committee's website as soon as possible. We invite you to make a 15-minute opening statement to the Committee, which will be followed by questions from the Committee. Thank you.

### Visual presentation.

**Prof. SHARP:** I am Rhonda Sharp, and I am just going to speak briefly to give a bit of a backgrounder, and then my colleague Dr Monica Costa is going to deal with the international experience.

What I would like to start with is that it has been quite incredible how influential Australia has been internationally around gender responsive budgeting, which I will refer to as GRB from now on. As most of you would know, in 1984 the Hawke Labor Government published the first gender responsive budget study, and later the state and territory governments introduced their own, including Victoria. I developed the South Australian initiative in 1985, and I have been very engaged internationally in talking about the experience here in Australia as well as working with other governments and NGOs about how to do this. The point, though, is Australia has lost its place, and in the process we have lost a lot of knowledge and momentum to be innovative, so it is really good that Victoria is interested in taking up the baton again on this.

Over 100 countries have put their hands up to say that they have introduced some form of gender responsive budgeting since Australia. At the moment there are 17 OECD countries that have initiatives, and France and Turkey have put their hands up to start one this year. It has attracted the interest of international organisations as diverse as the UN and the International Monetary Fund. In fact the International Monetary Fund is now talking about writing it into their guidelines. Currently, as you well know, Victoria and the ACT are the only two subnational governments in Australia engaging. The Federal Government gave up doing any form of gender responsive budgeting in 2013, but the baton has been taken up by the National Foundation for Australian Women.

What is it? Well, in simple terms it is a tool for assessing the impact of government budgets on different groups of men and women and for changing policies and budgets to promote gender equality. There is a relationship between those two things. Sometimes the focus gets a little bit too much on the gender analysis and forgets about the point of this is ultimately to use that analysis to change budget decision-making priorities and to improve policies and measures.

To give a little example—a home-cooked one—that is in the Australian *Women's Budget Statement 2011–12* at the federal level, this is the sort of thing that can be powerful about it, where there is a very sophisticated analysis of what a gender issue is in something and then using that to develop a measure that improves gender equality but also improves the lives of people more generally. The example here was measuring the impact of caring responsibilities on lifetime incomes of different groups of women in Australia. It found that a female carer aged 30 years with two children, one a disabled child, and an education level of secondary school completion or less would only have a lifetime income of less than \$100 000 over her working life. In contrast a woman who did not have primary caring responsibility—she may have had children but not primary caring responsibilities—with various levels of education would earn four times that amount over her lifetime. So the thinking, as expressed in the *Women's Budget Statement*, was this gender analysis provided a rationale for

additional funding in the 2011–12 federal budget for early intervention services for young children with disabilities.

In terms of the comparable countries such as the OECD, where they are up to with gender budgeting, the OECD has composed a composite indicator of 15 variables to rank countries in terms of where they are at on gender budgeting. The three categories they were attempting to measure were the strategic frameworks for doing it, the tools of implementation and the enabling environment that they had. In 2019 Spain was ranked the highest—the closest to a measure of one—followed by Canada, Mexico, Korea, Iceland, Sweden and Austria. Now, Australia is not in there, because it is not doing it. But if you think of subnational governments like Victoria, Scotland, the Basque country perhaps, we would place Victoria in the current situation of certainly introductory, not mainstream. So you are on the ground floor.

**The CHAIR:** Sorry, we lost you at the point you were saying where you would place Victoria.

**Prof. SHARP:** Oh, interference. Okay. We would place Victoria at the introductory level, and we will talk a little bit more about what we think it gets ticks for later.

Why is GRB important? It is important to keep in mind that gender responsive [inaudible Skype dropout] gender equality, but it is a very important lever because it is the power of the purse and there is more and more interest about the role of fiscal policy in bringing about change. The *Economist* notes that there is an increasing interest amongst Treasury and Finance ministers in that they are seeing the lack of gender equality as a cost. There are economic losses involved in countries that are not moving towards better levels of gender equality.

The reason it gives us a better understanding of how to improve economic growth and equity is that gender responsive budgeting brings into view issues about gender that are frequently overlooked or obscured in conventional analysis and budget decision-making. So we get a bigger picture of what is really involved in economic growth and social equity, and one of the key things is the productive nature of the large amounts of unpaid care work and domestic work that is done in societies. The other issue is the importance of the distribution of resources not only between households but within households and also differences in women's and men's political and economic participation. They all affect economic growth and social equity.

A large study by the International Monetary Fund in 2016 of 80 countries found that when fiscal policy was adjusted to counter biases that costed the economy or the quality of people's lives and [inaudible Skype dropout] economic empowerment they got positive benefits. They posit that GRB is simply good budgeting, and I think when a conservative organisation like the International Monetary Fund says that then maybe there is change in the air. I will hand over to my colleague Monica.

**Dr COSTA:** We thought it would be a good exercise to just think back to the many experiences that we have dealt with and we know a bit about—Rhonda certainly has been involved in many throughout her working career—and think about what lessons we have learned. We have organised that in three areas: the strategic framework, tools and enabling environments.

The first point in that is that a critical factor in any successful GRB effort has been the support of a high-level political commitment. Australia was a good example when initially the task force secretaries took it on and held the idea. Many of these countries in the OECD—10 of the 17—have taken the step of making a legal framework to embed GRB in either their financial laws or the constitution. Victoria has of course their *Gender Equality Act*, which is a really great start. Maybe there are opportunities to consider how to outline better the links between equality and the budget.

A second important point that has emerged, particularly in the last few decades, has been that there is not only one way of framing this kind of work. In Victoria the initial work was around the equality and equity approach, which is in part outlined in your *Gender Equality Act*, but there has been more recent work that has taken a more human rights approach, looking into using the Convention on the Elimination of All Forms of Discrimination against Women or your other human rights conventions and looking around how you could compare service delivery and policies against those. And of course wellbeing approaches, a good example being the recent work being done in New Zealand which looks into links between gender and the living standards in the budget.

The third really important point for the strategic framework to enable the change of culture within the Government, which is how the OECD sort of sets it out—the challenge is that large—is strong administrative leadership of Treasury. This is not something that only the Office for Women can do for itself. It is wise for the Office for Women to be well resourced and well trained and work in close collaboration with Treasury. But it is something that requires Treasury, those that hold the purse, to get very involved. And in New Zealand that has been the case, where they have invested heavily on developing their expertise and developing the framework. I suppose another point to this is that of course this work is evident in the way all the work that has to be done to frame GRB—developing the budget circulars, the guidelines, templates, how you publish results—needs to be considered.

Of course GRB involves the whole budget, the whole budget process, and there are many different ways or tools that have been used. A good example is perhaps the work that has been done in Canada, who in the late 2000s basically took an audit, tried to figure out how they worked, including gender issues in their planning processes, and see what they were doing well, what they were doing wrong, and that is how they set up their work for gender responsive budgeting. In other contexts you can talk about baseline studies to understand the service delivery, you can talk [inaudible Skype dropout] as a tool that is used in the gender budget statements, which in Victoria there is one of and perhaps needs a bit more of an investment in it. The budget statement is a really important tool of accountability, and for [inaudible Skype dropout] in the priorities, the links between the budget and equality priorities, allocations, the background work that went into developing the policies, progress and distribution impacts of the budget.

An example of that is Korea, where they have put a lot of work into communicating the budget statements in different ways and they have some materials that they use to communicate with citizens; they have materials that they use to communicate with Parliament. This is an exercise that requires, of course, the whole of the Government to get involved. In some countries they have developed interagency working groups to consider the ramifications of such an effort, and of course it means that there needs to be an investment in developing a community of practice. There is going to be a lot of learning by doing and a lot of mistakes and corrections, and that is part of the exercise.

In Canada, for example, they have used their analysis, and Treasury does this—they basically identified areas a couple of years ago. They identified analysis that had some room for improvement and identified some other ones and more recently committed to doing something more public. The last point there is about data and how important it is.

On enabling environments I thought I would choose a couple of points. One point is the importance of training and mentoring and developing supporting material. This has been really instrumental for instance in New Zealand, where they funded a research centre to support them in developing the idea. Lots of the skills and competencies in Australia have been lost, and so that needs a lot of investment to recuperate the time that was lost in that. Of course Parliament has a really strong role to play in this, and we have done some work in Parliaments in developing contexts. This is something that has been demonstrated in other countries—Austria is a good example, where the budget office in Parliament plays a really important role in not only supporting the Members of Parliament but also communicating to Government about the kinds of information they need.

Finally, civil society: civil society plays a critical role. In Scotland, for example, they were instrumental in setting out a new transformative framework for child care, positioning it as a social investment, and that was taken up by the Government. Also in the UK, the UK women's budget group was critical in not only providing research but also helping the government, a few governments ago, to think about how to do it in practice. This is not an easy task as we were trying to [inaudible Skype dropout].

Sometimes thinking about it, I suppose there are three elements in this critical task. One is this is a government-wide exercise and that requires a huge amount of investment and commitment to take it on. The second element to that is sustainability. It has been critical in most countries. It is difficult to sustain this effort. This is a progressive type of work and work that sometimes can sort of disappear and become invisible. Of course we are talking about the whole of government. There are a lot of dynamics internally that can be challenging. The last point—we were sort of thinking about it and came to a sort of epiphany almost in the last few moments: if you do want to commit to gender equality and address and tackle gender inequality and really

reap the economic and social benefits of equality, it is hard not to think of GRB as being instrumental for that. I think I will leave it at that.

**The CHAIR:** Thank you very much for that insightful presentation. We do not have a lot of time left. We let you continue because it was so interesting—thank you. But I will open up to questions in the remaining time, so I will hand to the Deputy Chair first. Richard, do you have a question?

**Mr RIORDAN:** I will pass for the minute.

**Ms VALLENCE:** Thanks very much for your time and your presentation. Just actually near the end there you mentioned that GRB obviously needs to be government wide and therefore requires a huge amount of investment, so from your learnings from overseas—international examples—can you give us an indication of the value of investment required for a government or for a jurisdiction like Victoria? What would you see as the costs associated?

**Prof. SHARP:** Do you mean in dollar terms?

**Ms VALLENCE:** Yes.

**Prof. SHARP:** No, I cannot give you a figure. It is incremental in that—that diagram I showed you of the OECD countries—you do not get to the top shelf straightaway. That takes many years to do that, and no country in the world is at the top shelf yet. So the question is more—what I think you should be asking—given that you are at the introductory stage, what are the things that you need to put in place to set up good foundations to get this underway? You are not aiming for being the very best in the first and second year. It would seem to me that one of the key things is how to connect your *Gender Equality Act* with gender responsive budgeting, because there is a lot of work in implementing the Act which is part of your strategic framework for gender responsive budgeting anyway. You are going to have to get people to understand what that means in practice and what that means through their action plans and whatever—how they do the analysis and do the costing for putting that into practice.

So think in terms of where you are at, and then incrementally over time, what are you going to do? You could follow the Canadian example of doing an audit of what you do have in place already and what are the big gaps that you are going to need to attend to, at least in the short and the medium term. You have a huge amount of resources as well, like in the form of your *Gender Equality Act*, but you do have a very active civil society, and they have got a hell of a lot of data and experience in identifying what some of the needs are. You would not proceed with providing services that promote gender equality unless they do match what the needs are in the community.

**Ms VALLENCE:** And another question, if I may. You have got a lot of lessons from international experiences and so forth: in your view, for the Victorian public service and knowing what you know from the experiences of other countries, what are the measures of success for a gender responsive budgeting process that you would like to see in a perfect scenario for the VPS, the Victorian public service? And given that that could be subjective, I am really interested in what you are seeing from international experiences. What are the measures of success or efficacy to ensure that gender responsive budgeting is actually working and meeting what you would see as the expectations it needs to meet?

**Dr COSTA:** I suppose I am thinking about the different elements. You do have a light already on the background work, but there are other elements, which is what we have talked about—the tools that you can use, the enabling environment, how it connects with civil society, what kind of information is provided to Parliament and all of that, which is basically what the OECD has done recently in measuring and comparing the different governments. You sort of have to go through all these different elements to see how the budget is interacting or is reflecting the needs and the concerns and addressing inequality.

**Ms VALLENCE:** Do other countries have criteria or something? Do they have criteria to measure the success, or—

**Prof. SHARP:** Well, that is usually done for comparing between countries. The OECD has their 15-indicator composite index, so you could look at that. But they have measures in particular areas rather than

overall, so countries do reviews at a certain point and then say, 'Well, what progress have we made, say, in getting all the departments to take this seriously and do reasonable analyses? What incentives can we put in place for them to do better ones?'

Korea has set up a research institute to measure some of its successes and failures, and each couple of years the institute publishes how much of the budget it has actually analysed from a gender perspective. It is a little surprising—they have been doing this for several years, and they are now measuring between 10 and 20 per cent of their total budget. You might think, 'Gee, that is not much', but with some of the big expenditures like infrastructure expenditures and so on we are still learning how to understand the gender perspective there—as we will have to do with disasters. Internationally a lot of work has been done on the gender impacts of disasters. A big one, I might add, that has received attention is the increase in domestic violence after disasters from environmental things like fires, floods and so on.

We are just taking baby steps in Australia in these areas. You can choose what you want to improve at any one point and do the work and set up the criteria to investigate it, but you are also going to have an independent commissioner, as I understand it, from your *Gender Equality Act*. That will be absolutely central in identifying what progress has been made and what the gaps are.

**Dr COSTA:** Which was what happened in Canada, where recently the Auditor-General did an assessment of how different departments were analysing and linking that with budget and how the office for women there and the Treasury were supporting that effort. So it is that kind of work where they track basically a whole system analysis and see how they are dealing with gender and the budget.

**Prof. SHARP:** Could I just say one thing here: gender responsive budgeting cannot be successful independent of how the budget works generally. If your government budget is not accountable or transparent then [inaudible Skype dropout] in that environment cannot be a whole lot better than the normal budgeting process. But what we have found internationally is what it can do is move the budgeting process further in the direction of what is [inaudible Skype dropout] good governance, modern budgeting and so on.

**The CHAIR:** We are almost out of time, so I will just ask if there are any other burning questions; otherwise we may have to finish as we are past 4 o'clock.

Thank you so much for your time. It was very insightful, and we appreciate you taking the effort to meet with us today. Thank you so much. You will be provided with a copy of the transcript to verify as well, and the PowerPoint will be placed on the internet.

**Committee adjourned.**