

# TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into Gender Responsive Budgeting

Melbourne—Monday, 16 March 2020

#### Members

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## WITNESS

Professor Gigi Foster, Director of Education, School of Economics, University of New South Wales (*via teleconference*).

**The CHAIR:** Thank you for joining us today. We will open this meeting of the Public Accounts and Estimates Committee. I begin by acknowledging the traditional custodians of the land on which we meet and pay my respects to their elders past, present and emerging. If people have got telephones on, can I ask that you turn them off. We let you know that 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 this privilege. You will be provided with a proof version of the transcript for you to check, and verified transcripts, PowerPoint presentations and handouts will be placed on the Committee's website as soon as possible.

Thank you for joining us today. We will give you the opportunity to make a brief—up to 15-minute—statement, and then the Committee Members I am sure have got some questions. Thank you.

**Prof. FOSTER:** Thank you very much. I am honoured to be here. I thought I should start by saying who I am. I am a professor of economics here at UNSW School of Economics. I am a behavioural economist—at least that is one of the hats that I wear. I am also a multidisciplinary social scientist. I research big ideas like love and power, and try to bring them into a tractable form that can be used to deliver more understanding about human behaviour and society and also tractable policy advice—which is the main remit of most public policy-oriented economists. I am also a wife and a mother—as you can probably see from my children's decorated background here—an expatriate and also my family's breadwinner. I am also the daughter of Carnegie Mellon University's first affirmative action officer, and my mother was also the chair of CMU's commission on the status and needs of women, whose final report was issued in November 1971. That was the first time that CMU actually did a formal and methodical analysis of the differential impact on men and women of their compensation policies and other kinds of policies in that university, and the final report documented a number of areas of disadvantage and lack of equality. So my mother was very much an old-school feminist. I am very much an old-school feminist of the belief that women are people, just like men.

So, I had a bit of a read of what this gender responsive budgeting thing is all about, and from the ivory tower it does seem to be more of a flavour-of-the-month sort of idea than one that has gained traction in academia. But I think it is trying to address what is perceived to be important inequality in society between the genders. The question in my mind really is whether engaging in this process is in fact an action that suits the problem. It is clear that there are some differences by gender, but, for example, focusing on reducing higher effective tax rates on secondary earners—which was one of the examples that was given in my reading—is not really about women per se. It is really about how much we want to use our tax and transfer policies to encourage or discourage the establishment of a two-person household as a social construct. Plenty of men are also secondary earners. Yes, it may happen to be more women than men, but I am not sure that that is actually the primary issue at play.

So I guess I wanted to start by talking about what gender equality is, because I think it is actually very poorly defined. It is patently true that the genders are not equal physically, either inside or outside the body, and they are unlikely to be exactly equal in mental attributes either. For example, we know that boys mature more slowly than girls and are worse at any given age at verbal skills, and there are also obvious average differences across the genders in things like longevity and strength in the prime of life. So there is patent inequality across the genders in our lives, and there is no point in sort of hiding that, I think.

I think when people say 'gender equality' what they may mean is something about equality of opportunity. So one could imagine it is equality of opportunity to do anything in society, but then we come up against the raw fact that men are unable to bear children, for example, so that is sort of not achievable. Then we might think it is equality of opportunity to develop one's potential. I think that is a worthy goal that one could extend to all citizens, all people in a particular society, but it can never be perfectly measured. I mean, it is an aspirational goal therefore—an overarching aspirational goal—and not something that can be folded in as a checklist item in developing a budget or even something that will be uncovered via a gendered impact assessment of a state

budget since it is shaped and influenced by factors throughout life and throughout the context in which an individual lives.

One could think about equal pay for equal work—certainly a valid goal—and that could be reasonably well measured. But I would argue that that has been relatively well covered off—at least as far as a government can cover it off—in our very extensive award rates system. I would note as well that much of the occupational segregation that we see by gender and also by age and other attributes is wanted, because we have a free society so people are able, to some extent, to choose what they wish to do in their lives. So a lot of women may not want, for example, to take on very high powered, high-stress, highly compensated paid work roles. Some men do not want that either, so people are free to choose to a certain extent. That freedom, of course, is something we want to try to encourage and promote and nurture going forward, but to a large extent the occupational segregation we observe is selected.

Something like maybe equality across genders of the average incidence of the effect of a change in the status quo—maybe that is what is desired by this notion of pushing towards gender equality in budgeting. But even if that is true—if we think that women are presently disadvantaged relative to men—then this goal implies that what we should be looking for is to disenfranchise men more than we do women on average with every change we make in the status quo. Since resources are scarce, if you give resources to A you are taking them away from B. I would ask if Victoria is really wanting to do that.

If you are, there are some worrisome differences by gender that you might want to bear in mind, in particular suicide rates. Men's suicide rates are more than twice those of women's. Men's drug-induced deaths are more than twice those of women's. Women's overall life satisfaction on average is greater than men's across all income, education and employment groups. I can give you references to any of these statistics if you would like. There is greater illicit drug use, criminality and death at every age amongst men as compared to women. So if you are worried about a gender, you might want to worry about the male gender.

While gender blindness as regards opportunities to develop and be rewarded for labour—whether paid or unpaid—I think is a worthy aspirational goal, I also want to draw to your attention that trying to promote a gender-blind society may not actually be in the best interest of society as a whole. Some differences by gender that are embodied in the norms we have—such as mother versus father or wife versus husband—may be welfare promoting. This comes up in one of the recent World Wellbeing Panel questions that asked about whether or not it is a good idea to have distinct gender roles from a wellbeing perspective: does human wellbeing increase when we have distinct gender roles promulgated in society? There was not broad agreement on that question across the panel, which is a panel of social scientists, so it is kind of unclear whether that is true.

I have some research that shows that women's life satisfaction actually goes down when their male partners clean and cook and do other unpaid labour a lot more than the average amount that is done by men in Australia. That is perhaps some evidence, although it is suggested that life satisfaction of one gender may also respond to the other gender conforming to a norm. And it may be that men in modern society particularly suffer mentally and emotionally from some degree of role displacement: where is their value now in modern life when women seem to be able to do everything? They can bear the children, provide for them, keep house, look after elderly parents, even fix the cars or outsource any of those tasks that the woman does not want to do to the market through Airtasker or Hire A Hubby. That may make many men feel displaced, and so that may be part of the cause of some of the statistics I was speaking of earlier. We also see that men—and people in general—in modern society are having less sex. That is also potentially a bellwether, a bit of a canary in the coalmine, about their happiness levels.

So that is my first main point: what is gender equality and is it actually such a good idea to try to work towards a gender-blind society? My second main point is that focusing on issues like the tax treatment of secondary earners, impacts on wealth accumulation or other money-related effects of budgetary decisions carries the implication that money is where the score is kept. Yet we know from happiness research that unseen phenomena like relationships, social identity and self-worth are the main sources of happiness, certainly in developed countries. You can look at the Harvard Study of Adult Development, for example. Although they started by using only men as subjects, they have broadened that now. In that sense, checks on the narrow monetary incidence of budgeting decisions in a country like Australia or a state like Victoria are hence mainly desirable for political reasons, not for reasons of welfare promotion. Welfare-promoting policies would

encourage individuals to form and nurture close long-run relationships with other people in which everybody knows their role and value. That seems to be the main thing that promotes happiness.

So if you do want to promote your citizens' welfare, the question I suppose you would like to know is: what kinds of checks on your budgeting decisions should you implement and how should you implement them? And I think one area where maybe there is some improvement to be made is for the Government to really understand the interdependencies of its different policies and therefore the possible spillover effects of policy changes on different types of people in the society. That can be maybe sometimes dividing the society by gender, or maybe by income or age or geography, and working out what segments of the population are going to be negatively impacted or positively impacted by a change in a particular budgetary item or resource allocation decision. I think that is a very worthy goal, but I do not see why you would privilege gender as opposed to many other types of differences.

And I would say again: divided we fall. You are here to serve the people—the people, not men and women in separate baskets. Men and women belong to each other, the whole of humanity belongs to each other, and when we speak of dividing us into different groups by whatever characteristic that is a step in the direction of being more divided as a society. That is weakness, not strength.

Secondly, I would say that to market test the potential impact on people of various different diverse walks of life—ideally in proportion to representation in the affected population—helps you to answer the question of whether or not the likely impact of a particular budgetary change is going to be what is intended by that budgetary change. So to know whether what you are intending is actually going to be the effect, you need to market test. That is what companies do, and a government can do the same thing. One way in which that is done can be focus groups or sort of small-scale feedback. You can also do pilot testing using randomised control trials or other sorts of scientific methods for particularly large changes, although those are highly resource intensive methods. But the goal, I feel, should be to embed empathy for the position of all citizens in the construction of the budget that you hand down for all. It is maybe human-responsive budgeting, not gender responsive budgeting. That is all I really want to say at the start, but I am happy to take questions.

**The CHAIR:** Great. Thank you so much. I will open it up to questions.

**Mr RIORDAN:** Thank you. That was a different view of the gender responsive budgeting task. When you talk about human budgeting as society as a whole and dividing up, you know, budgets between what men and what women get and so on, do you think that view is further complicated when we move to a more sort of open view of what gender is anyway? So, we have got more and more talk about people not necessarily identifying one way or the other. How do you think your view on that is affected by this growing sense, certainly in Western democracies, that on one hand we do not want to look at gender—people can be who they are—and on the other hand we are promoting the concept of budgeting for men or women? That conversation leaves the other option out.

**Prof. FOSTER:** Yes, I think you are right. As soon as you start specifying people by groups you immediately have to face the problem that not everybody will identify with either of those groups. You certainly see that in the case of gender. I think it becomes a snowballing task to try to be inclusive of every single possible identity that someone may wish to have.

My son attended Newtown High School of Performing Arts, which is a very, very left wing, left social change policy sort of school, and they were the first school to allow the genders to wear each others' uniforms and to enable children to be called, you know, racoons or whatever they wanted to be called. And while I very much totally agree with the idea that people should be able to live as they wish and make choices as they wish if they do not harm others, I think that trying to accommodate in formal policy all of the different various identities—whether gendered or otherwise—people might choose to adopt now and going forward is an impossible exercise. This is one of the reasons why I think human-responsive budgeting is preferable, because humanity incorporates everybody. Humanity is inclusive. An inclusive identity is the strongest identity and is effectively the identity that the nation state promotes. The idea that we are all Australians is something everybody can get behind. Even transgender, queer, bisexual, asexual or whatever identity somebody wants to have—either in sexual orientation or in gender or in any other dimension—can be accommodated.

At the same time one must recognise that a lot of people are identifying as men or women, and so some discussion of men versus women in the public debate and discourse is sort of expected and not necessarily a bad thing. Many people are quite happy when they see—and this came out in the responses to the question about gender roles on the World Wellbeing Panel—themselves able to satisfy a social role. So if a woman sees there is a social role as a mother which she can fill—‘I can fill that role. I can be valued. I can be needed’—that gives her happiness. Similarly for a man: here is a role for a husband—it is to be strong and secure and to be able to know about tech stuff or whatever society is promulgating to be associated with ‘husbanding’. If he feels he can meet that, that makes him happy; yes?

So if you are going for welfare, then I think you need to maybe admit that there are sort of main differences between most of the people in the society which can to some extent be accommodated in norms, but probably not formalise it in budgeting, and then at the same time try to encourage an inclusive identity, which in terms of your budgeting should include trying to figure out what the impact is of choices on people in all walks of life in the entire citizenry, regardless of their gender or orientation or any other thing.

**Mr D O’BRIEN:** Thanks for your presentation, Professor. It has been really interesting. Would it be an accurate summary of what you are saying on gender responsive budgeting to say that if we put more emphasis on gender responsive budgeting we risk inefficient allocation of resources—in this case taxpayer resources?

**Prof. FOSTER:** Yes, so I am worried that the privileging of gender differences over, for example, age differences or income-level differences or geographical differences or some other difference is going to crowd out those other impacts on people by those differences, and in some cases—depending on what type of decision you are talking about—the differences by gender will not be as important for human welfare as the differences by other features.

I think it feels seductive—and I can sense that in the debates and in everything I have read; it feels so seductive—to try to tackle, you know, felt problems with the treatment of women in modern society or the historical oppression of women or however you want to conceive of it. It feels so seductive to try to tackle that with a policy like this, that sounds like it is tackling it. But I do not really think that it is, and I think it can damage the society to privilege that over other kinds of analyses about budgetary impacts. And we should be trying to promote the idea that every person is equally deserving of attention in our budgeting processes, regardless of what their gender is, their age, their income, their education et cetera—every person. That is just a much more sustainable, inclusive position.

It does not mean that in some cases you will not want to do some analysis by gender. Sure; I mean, why not? I have done it. But that is more informative rather than to guide and direct as far as a background understanding of who is being affected by this policy and therefore to some extent what representation we should test it against of the population being affected.

**Ms RICHARDS:** I am interested in your views on other jurisdictions who are using levers that come from gender responsive budgeting. Have you had any time to do any analysis of the work that has been done in Europe, the United States or some of the other interesting places?

**Prof. FOSTER:** Look, I have not analysed it in depth, but I can say that some of what is going on under this banner seems to me to be a good idea and somewhat overdue. So one of the things I remember seeing was a recognition or an awareness which apparently was only recent that we had never really thought about safety belts for pregnant women—how do you make them safer for the woman and for the unborn child? Now, given that pregnancy is a common human phenomenon, right, we should work that out. It is sort of like never testing heart medication on a female population. I mean, that is just stupid; right? So we need to do that, obviously.

So I think maybe under this banner we can get some progress on incorporating things that should have been in our analyses for a very long time and just were not because of an absence of empathy, essentially—an absence of vision about what is humanity. Who are we really making these laws for? Who are we making these drugs for? Who are we making these interventions for? So a recognition that we are making these for everyone—for all people—is very, very important. And if we can get some of that across the line under a banner like this, you know, it is hard for me to say that that is entirely a bad thing. It makes me nervous to be talking about it so vocally that other things that are also very important may be crowded out.

**The CHAIR:** So if gender responsive budgeting is not the tool to make sure we assist people to achieve their full potential and, to take your seatbelt example, to make sure those kinds of considerations are factored in, what are the tools?

**Prof. FOSTER:** Well, that is a very broad question, and it very much depends on how much you are willing to spend—I mean, how much you have available to spend. If you asked me how I would design a state approach to efficient use of a particular handout from the Commonwealth Government to best promote welfare of my citizenry and my state, I probably would consult the most recent handbook that came out on the promotion of wellbeing. I am sorry, the light just went out in my office. Hopefully this will make it go on again.

There was a handbook on how governments can promote their citizens' wellbeing—a very practical handbook with a lot of specific advice. I would probably read that if I were you guys and work out how to do it in a practical way—without the fanfare and without the politics. Obviously you would have to package it at some stage, but I would not let the packaging lead. I would not let the cart lead the horse.

**Mr D O'BRIEN:** Sorry, where was that report from, Professor?

**Prof. FOSTER:** It was just put out by the London School of Economics Centre for Economic Performance. I can forward it to you if you are interested. I am happy to email it. I believe I have an e-copy of it. It just came out maybe two or three months ago.

**Mr D O'BRIEN:** That would be good.

**Mr RICHARDSON:** Thank you, Professor. I have got two, I guess, questions in this frame. You referenced in your opening statements the overrepresentation of men who experience suicide. In that same vein, our prevention of family violence royal commission—a landmark royal commission in Victoria—illustrates in quite clear detail the overrepresentation of women and children that experience family violence and ingrained attitudes towards women in societal, generational attitudes. Why would it be a problem assessing both a male domain to suicide prevention and also a female domain of policy and long-running institutional harm and issues that might be through a lens of gender? What is the harm in a government assessing that?

**Prof. FOSTER:** I do not think that there is a harm in assessing it in a quiet and considered, thoughtful way, bearing in mind all citizen impacts on both of those sides of the coin. The problem is that when you divide the analysis into 'Here is a male issue and here is a female issue' we fail to recognise the fact that men and women are in this together. I mean, if male suicide rates are high, I care about that because I have a husband, I have a son, I have a father, I have a brother. The same thing is true for women who experience violence. Men care about women's experience of family violence as well. And in fact it is that empathy across the genders that ultimately will be the source of solving these problems. So my issue with it is that simply dividing it in that way can sometimes lead people to believe and to see these issues as gender issues rather than human issues which we all must work together to solve.

**Mr RICHARDSON:** I think that is fair to say, human issues, but are we to not see that there is ingrained prejudice in certain elements? I do not know if you are familiar with the royal commission into the prevention of family violence, but it is quite detailed, quite clear and bipartisanly supported across the Victorian Parliament. I think to this point we have not been able to have anything else work to that dynamic, so why not look deeper into this area? I guess I am interested in your point about the notion that there is a risk or a harm or an element that the Government should not be pursuing, and I am just curious as to what those pitfalls might be that you have put forward.

**Prof. FOSTER:** Well, I mean, I can give you a personal example. My daughter's school had a family violence prevention day. It is an all-girls school, and everybody stood up and talked about how family violence and domestic violence was awful. She has experienced domestic violence at the hands of a boyfriend a couple of years ago, and that was all very stressful for us, but she was never once asked to share her story. Boys were not asked to come to the presentation to try to understand this issue. Also my son, when he was a physics student at Newtown, received an invitation to go to the unsung story of the female computers behind the Mercury Project—the unsung figures or hidden figures movie—but it was only an invitation extended to the female physics students. He was not allowed to attend.

These sorts of policies do not make sense. We need to have policies that are inclusive and that are telling both genders about these human problems and of course admitting that in some cases there are differential effects because men are the physically stronger gender. That is one of the reasons we see the physical violence aspect of relationship dysfunction being visited more upon women, but there is also emotional violence that can get visited just as much, if not more, on men. So relationship dysfunction is the problem. That is the underlying problem, and relationship dysfunction is something that everybody needs to work to understand to try to prevent.

**Mr HIBBINS:** Do you think if you are taking a broad look, before a budget is handed down, at a government analysing the new initiatives or the line items within a budget to see what impacts it does have on—and let us say we do take a very broad view on this—whether it is women, men, based on age or other factors, and even if they are not necessarily making a whole bunch of decisions in relation to that but at least going in with eyes wide open in terms of how a budget that is handed down or how budget initiatives are impacting on people, do you think that is still a worthwhile thing to do?

**Prof. FOSTER:** Yes, absolutely. That is part of the analysis of a problem. As I say, I have done that myself in my own research—looked at men and women’s responses separately because they are very different. They face different constraints, they face different resources and they make different decisions according to whatever optimisation program they are following, as I would say as an economist. So you would naturally expect there will be some differences by gender in terms of their choices and their outcomes. That is not necessarily then indicative of something wrong in society. It may sometimes simply be reflective of those differences in position. But the more that we understand each other’s position—you know, men understanding women’s and women understanding men’s—the more that we move to a happier society overall. So that is the thing that I do not like about this initiative. I am hesitant about it. If it encourages more and deeper analysis of the impacts of budgetary decisions on citizens, that is terrific. I just worry about the nomination of particular differences between people, because that breeds more difference.

**The CHAIR:** Well, thank you so much for your time today. You will be provided with a copy of the transcript to verify, and then that will be made available on our website as well. But we thank you for your time.

**Prof. FOSTER:** My pleasure.

**Committee adjourned.**