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Submission to Public Accounts and Estimates Committee
Victorian Parliament of Victoria

Inquiry into Gender Responsive Budgeting

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Authorisation

This submission has been authorised by the NFAW Board

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Introduction

This submission is being made by The National Foundation for Australian Women (NFAW).

NFAW is dedicated to promoting and protecting the interests of Australian women, including intellectual, cultural, political, social, economic, legal, industrial and domestic spheres, and ensuring that the aims and ideals of the women's movement and its collective wisdom are handed on to new generations of women. NFAW is a feminist organisation, independent of party politics and working in partnership with other women's organisations.

NFAW welcomes the opportunity to respond to this inquiry into the way the Victorian state government budget addresses gender equity. We view the inquiry as particularly timely in the light of its intersection with the government's Gender Equality Bill. Indeed, our recommendations and discussion largely address the intersection of an annual Women's Budget Statement (WBS) with the operational arrangements proposed in the Bill. Our full submission is below.

Recommendations:

NFAW welcomes both the introduction of a Gender Equality Bill and the initiation of this inquiry into the conduct of gender budgeting in Victoria. We congratulate the Victorian Government on its leadership in the area of gender-responsive public policy. We do, however, have some concerns regarding the operational arrangements proposed in the Bill as they relate to gender budgeting, and recommend accordingly that:

Recommendation 1: That the Victorian Government set the relevant targets to measure progress of the Gender Equality Strategy Outcomes Framework and establish monitoring and reporting processes.

Recommendation 2: That the Government amend its Gender Equality Bill to require agencies to undertake their budget impact analyses annually; to give legislated stability to targets, indicators and other reporting criteria; and to give implementation monitoring responsibility to an independent entity—either an established NGO or an independent statutory authority.

Recommendation 3: That, in the absence of amendments to the provisions of the Victorian Gender Equality Bill set out in recommendation 2 above, the government provide legislatively for its Parliamentary Budget Office to take on the task of preparing Victoria's annual WBS. The legislation should mandate comprehensive budget coverage, that is, coverage that identifies both the positive outcomes and the negative impacts of their activities to achieve gender equality.

Recommendation 4: The Office for Women should be tasked and resourced to support departments and agencies to develop spending proposals that are gender sensitive and to understand gender responsive budgeting and gender analysis.

Recommendation 5: That the Victorian Government invite civil society groups representing the interests of women to make their pre-budget submissions earlier in the budget cycle, so that agencies can advise ministers concerning the outcome of those consultations before ministerial priorities are broadly fixed in October.

Submission

This submission responds to the terms of reference through a gender lens.

Each year since 2014 NFAW has conducted a gendered analysis of measures in the Budget, alongside recommendations on how to enhance gender awareness and responsiveness in the Budget cycle. The Gender Lens on the Budget is available at:

<https://www.nfaw.org/page/a-gender-lens-budget>

In this submission our response addresses terms of reference 1, 2 and 5, based on the experience that our organisation has with gender responsive budgeting.

- **Developments in Gender Responsive Budgeting.**

Australia was known as a pioneer in respect of Gender Budgeting. The Australian Government is credited with being the first government to include a formal gender budget statement as part of the 1984 Federal Budget statements. Over the period between 1985 and 1993 all Australian state and territory governments introduced gender budgets.

However by 1996 a WBS was no longer a budget statement, but a ministerial statement that was included within the budget package. The extent of the analysis was no longer a fully costed Budget analysis, but a review of policy and program initiatives. In 2014 the Federal Government ceased the practice of releasing a Women's Statement with the Budget papers.

While the WBS was diminishing in significance in Australia, gender responsive budgeting was becoming an important tool for developing countries to measure changes in economic and social wellbeing for women. The Beijing Declaration in 1995 advocated gender mainstreaming as an integral element of the budget process to "foster the empowerment and advancement of women" (United Nations, 1995), and UN Women has supported more than 40 countries in the introduction of gender-responsive budgeting (UN Women). In developing nations this will commence with the removal of overt bias and resourcing programs to improve the status of women; whereas in developed nations gender mainstreaming is more likely to be applied in developing programs that address social problems and to enable increased workforce participation.

The 2015 OECD Recommendation of the Council on Gender Equality in Public Life contained a reference that members should embed gender equality in the design, development, implementation and evaluation of relevant public policies and budgets. It went on to say members should consider integrating a gender perspective in all phases of the budget cycle (OECD, 2016). Seventeen OECD countries developed a gender budget in 2018, and a further 2 have plans to introduce a gender budget; an increase from 12 in 2016.

- **The Victorian Gender Outcomes Framework**

We note that the Victorian Government has developed a Gender Equality Strategy Outcomes Framework to measure and report progress; however many of the specific targets are yet to be determined (Victorian Government).

Fundamentally, in order to understand and apply the policy dimensions of gender responsive budgeting, policymakers need appropriate data that disaggregates policy outcomes by gender.

Gender responsive budgeting requires three stages of analysis to be effective (Elson, 2002). The first level of analysis is to examine gender based programmes to ensure that they are meeting their required goals. These programmes may be initiatives around violence, health, employment etc. The Victorian Government included a WBS with the 2019/20 Budget that did identify a number of programmes developed to advance gender equality. However gender responsive budgeting that focuses on these headline programs runs the risk of failing to identify systemic issues that impact on women differently to men.

The outcomes of these specific measures should be reported in accordance with the Outcomes Framework. There is a tendency for Governments to headline successful programs, but it is important that negative outcomes, risks and challenges are also presented so that the community can participate in informed decision making in respect of these initiatives.

The second level of analysis is an examination of expenditure within government departments to ensure that principles of equal opportunity are implemented within government. Programs to increase the representation of women on government boards and agencies would fall within this category. We note that these programs are focussed within government, thus can be driven by internal policy directives.

The Victorian Gender Outcomes Framework includes a specific target of 50% of executive positions being held by women, with a number of indicators measuring gender equity within departments. The most effective way to ensure progress on these indicators is to undertake an audit of employment conditions to identify gender gaps; for example conducting internal gender pay gap audits and reviewing employment contracts and agreements to remove anomalies around work flexibility and parental leave. The outcomes of these audits should be reported as part of Departmental Annual Reports.

The third and most challenging level of gender responsive budgeting is assessing mainstream budget initiatives to determine whether the outcome has a gendered effect, whether intentional or not. This applies to both the revenue and the expenditure side of the budget: for example the effect of consumption taxes will be felt more by women; whereas changes in income taxes are more likely to affect men (Sadiq and Hodgson, 2017). Infrastructure investment is likely to support male employment outcomes, potentially exacerbating gender gaps in workforce participation. More prosaically, the design of parking and lighting in proximity to public transport has a gendered dimension that affects women's safety and health.

It is crucial that this analysis consider what is **not** included in the Budget and how expenditure will intersect with aspects of the economy that are not considered in national accounts, particularly in the unpaid economy. For example, will savings measures and program cuts impact families' and particularly women's caring responsibilities? Are costs associated with care for children, people with disability or the elderly being outsourced to families, particularly women? How do funded programs provide incentives or disincentives to women and men to better share unpaid care work? The response to this analysis could be as simple as ensuring that funding is specifically available to ensure fathers feel included in programs and services for children. It may be as sophisticated as ensuring infrastructure expenditure responds to the needs of individuals and families with caring responsibilities (ie that roads and public transport service shopping and services, rather than just commuters in the CBD)

It is at this level that a more nuanced understanding of the consequences of policy design will pay benefits in improving the status of women. The Victorian Gender Outcomes Framework identifies four domains of gender equity, with 10 outcomes (Victorian Government), some of which can only be achieved by assessing the interaction of policies and changes in the external environment.

Recommendation 1: That the Victorian Government set the relevant targets to measure progress of the Gender Equality Strategy Outcomes Framework and establish monitoring and reporting processes.

- **Political and operational issues**

We have argued above that a WBS should include, as well as budget data itself, evidence-based analysis of the policy intention including any evidence-based evaluation of previous program expenditure. NFAW views these as important components of a WBS, making policy sense of expenditure decisions.

That means that ToR 5 raises the question of how to sustain comprehensive budget coverage, that is, coverage that identifies both the positive outcomes and the negative impacts of government activities to achieve gender equality as well as risks and challenges. This question raises political as well as operational issues, since the extent of WBS reporting and the resources made available to deliver it have in our experience been matters of political will.

- **Background: the Australian experience of politicisation of the WBS process**

NFAW's experience with gender budgeting is largely in the federal jurisdiction. The first WBS was launched by the then Prime Minister Hawke on budget night 1984, which means that we have had 35 years to observe the intersection of party politics and gender budgeting.

According to the Prime Minister's 1984 announcement, the function of the WBS was to 'ensure that within the overall economic objectives of the Government the important decisions we make this year on the Budget are made with the full knowledge of their impact

on Australian women.’ This function was taken seriously: early WBSs were detailed and factual in relation to budget inputs across agency programs, though they remained weak in presenting meaningful pre-budget analysis and post-budget evaluation (Alessandrini 2005; Sawyer 2007).

The great strength of the early WBS was its high level political support, which was replicated at the administrative level by a Task Force of Departmental Secretaries established soon after the Government came to power. That Secretaries’ Task Force played a crucial role in ensuring that resources were made available within portfolio agencies to prepare a substantive and well documented analysis of the gender implications of their budget policies.

Secretaries’ oversight was supported in turn by the Office for Women (then the Office for the Status of Women or OSW) from within the Department of the Prime Minister and Cabinet.

While early WBSs provided a comprehensive statement from each portfolio agency, over time the WBS was removed from the formal budget papers, radically shortened (from over 300 pages in the mid 1980s, radically truncated in the early 2000s and restored to 34 pages in 2011), and progressively transformed into a public relations document for the government of the day. Negative impacts did not appear or were recast to appear positive.

As early as 2002, several researchers began to comment on the shift in the WBS from a critical, analytical, planning document, to a document rehearsing ‘good news’ stories about government initiatives. These commentaries pointed to decreased accountability and transparency resulting from the reduced length and level of budget analysis. They also pointed to the loss of:

- any systematic review of the previous year’s Budget, specifically the lack of gender impact analysis (Sharp and Broomhill 2002),
- cross-portfolio analyses to identify overall government gender impact of the Budget (Alessandrini 2005; Sawyer 2002),
- sufficient evidence to demonstrate the need for action in specific priority areas of the Budget (Alessandrini 2005; Women’s Electoral Lobby 2011).

One of the recurring points made in these commentaries on the federal WBS was that it was heavily reliant on public servants to drive the process (the internal model) while other countries rely on the women’s sector to drive the process (the external model) and sustain the objectivity and comprehensiveness of the analysis.

- **Towards a sustainable and robust Victorian WBS: Models of GRB**

There are two key models of gender responsive budget analysis.

The internal model of Gender Responsive Budgeting is undertaken by a government as part of its budget process, incorporating gender analysis into the policy decisions that are taken.

This form of gender responsive budgeting can only be undertaken within government, however its effectiveness will depend on government measuring outcomes and incorporating gender analysis in the development of policies. As seen in the Australian history, without appropriate feedback of outcomes into policy development, Women's Budget Analysis can become a recitation of headline initiatives unsupported by evidence of outcomes.

The external model of Gender Budget Analysis involves post-hoc analysis undertaken by civil society to critique policy and outcomes, testing the effectiveness of policy decisions (Budlender et al, 2002). This analysis then becomes part of the feedback loop in the policy process.

The UK based Women's Budget Group and NFAW undertake this form of gender analysis. NFAW commenced publication of its Federal Budget analysis "Gender Lens on the Budget" in 2014 after the Federal Government ceased publication of a Women's Statement in the Federal Budget Papers. The 2014-15 Gender Lens on the Budget stated:

"Why a Gender Lens?"

NFAW, with other women's organisations, is committed to examining the potentially differential impacts of policies and their outcomes for men and for women, and whether the consequences of policies, intended or unintended, may adversely impact on women."
(NFAW 2014)

Post-hoc reporting on initiatives forms a critical step to make the gender budget process transparent, but it is the embedding of the process into government policy making that addresses gender gaps. The WBS at the time of the Budget is important for accountability, but the crucial step in ensuring that all government expenditure contributes to gender equality comes in embedding gender analysis throughout the Budget cycle. It is important that gender considerations be included in setting Budget priorities, and that gender analysis is part of building all new spending proposals. It is important that the entire Budget is assessed for its overall contribution to gender equality, and that shortfalls, risks and challenges are identified well in advance of the finalisation of the Budget.

To achieve this, governments must ensure that their public servants understand the priority given to gender analysis of the Budget and are trained and confident in conducting gender analysis. It is also important that there be internal oversight of this process by an agency tasked with gatekeeping spending proposals.

The internal model

At present the Victorian Government is proposing to pursue an internal model for the development of gender budget analyses. If it decides to pursue that course into the long term, and if it wants a WBS that remains fit for purpose, it will need to entrench drivers that resist the exigencies of political change.

The government appears to be proposing a legislative driver of internal reporting. The Victorian Gender Equality Bill embeds a requirement for individual agencies to undertake a gender impact analyses defined as taking in (inter alia) assessment 'of the effects of existing and proposed policies, programs, services and **budgets** [our emphasis] on people of

different genders'. This could mean that Victoria starts well ahead of the game in having a driver that can sustain a WBS over time, and NFAW congratulates the Government for recognising the need to embed gender analysis with a legislative force.

However, in practice the Bill is not really well adapted to the development of an annual WBS for a number of reasons:

- Agency Action Plans and the associated gender impact analysis are to be renewed every four years rather than annually (though reporting on the plans is annual), and so do not serve the interests of informing an annual WBS.
- The Bill provides for matters relating to Gender Equality Action Plans to be reset through regulation at any time, so that the contents and comprehensiveness of gender impact analyses will always remain politically vulnerable. We have seen this practical difficulty arise in the case of proposed changes to gender equality reporting requirements and minimum standards which would have seen a reduction in the data that employers were provided to submit to the WGEA under the *Workplace Gender Equality Act 2012*— a piece of legislation which has clearly been influential in the preparation of the Victorian Gender Equality Bill.
- The terms of the Bill make the public service itself responsible for overseeing its own performance. The government is proposing that the Department of Health and Human Services undertake the task of monitoring implementation of agency gender equality action plans, primarily through the Office for Women. NFAW is concerned that, even with generalised legislative support, agencies will encounter variability over time in the priority they are able to give to the pre- and post-budget analyses expenditure of their activities to achieve gender equality. That has always been a major drawback of the internal model. We lack confidence that a women's policy unit alone, especially one located outside the Premier's Department, will have either the resources or the administrative clout to drive sustained substantive reporting by agencies in the absence of persistent high level political will.

In our view these features of the exposure draft, if they remain in the bill, mean that an internal model for preparing an annual WBS is unlikely to prove sustainable over time. Governments and their priorities will, inevitably, change, leaving the WBS vulnerable.

Recommendation 2: That the Government amend its Gender Equality Bill to require agencies to undertake their budget impact analyses annually; to give legislated stability to targets, indicators and other reporting criteria; and to give implementation monitoring responsibility to an independent entity—either an established NGO or an independent statutory authority.

If the Government does not choose to strengthen its operational arrangements for the Gender Equality Bill, we recommend that it adopt a reporting model for its WBS that will better sustain its vision over time.

This does not mean that the Government and any future government could not also put out its own statement identifying the highlights of its budget for Victorian women along the lines of the current document. After all, all governments want to “sell” their budgets and reap political capital by delivering on their promises and priorities. There is a real, and human, disincentive, for government to publicise where it is falling short at this time of the year. It does however mean that the responsibility of undertaking a broad-based gender analysis of the budget across portfolios, and publicly reporting on the positive outcomes and negative impacts of the budget, may need to be taken outside of the direct control of government.

The external model

As an entity that has taken responsibility for producing an external WBS since the federal government decided to cease producing a WBS in 2013-14, NFAW also has some concerns about the external model for a WBS. These have to do with resources and data access.

At present the Gender Lens on the Budget is prepared by a team of volunteer feminist economists, researchers, policy experts and campaigners. NFAW coordinates the process, which has grown over the past six years but continues to be limited, in particular by its inability to access data held by agencies, the lack of funds to commission impact modelling, and the lack of expert advice in some fields. NFAW has not, for example, been able to systematically cover all areas including women with disabilities, and CALD and Indigenous women.

The closest equivalent to the NFAW Budget Lens that we are aware of is the UK Women’s Budget group, which is also made up of feminist economists, researchers, policy experts and campaigners. That group (<http://wbg.org.uk/>) is much larger than NFAW’s team, and produces research and analysis throughout the year in addition to annual assessments of the UK Spring Budget and Autumn Financial Assessment. It is run by a Management Committee and supported by funding from a range of foundations and NGOs (<http://wbg.org.uk/about-us/funders/>).

From the Victorian Government’s point of view, a Women’s Budget Group along UK lines is not to hand, and a civil society group like NFAW could not be resourced by government without losing its political independence.

The Victorian Parliamentary Budget Office

While no model is without its disadvantages, NFAW is inclined to recommend that the Government explore the scope to provide legislatively for its Parliamentary Budget Office to take on the task of preparing Victoria’s annual WBS. In our view a legislated role for a statutorily independent government entity would offer the best possible compromise between an external and an internal model for WBS reporting.

Victoria has established its PBO under the *Parliamentary Budget Officer Act 2017* --

- (a) for members of Parliament to be provided with ongoing, authoritative, independent and credible policy costing and advisory services; and

- (b) for those policy costing and advisory services to be delivered in a timely, relevant and readily understandable manner; and
- (c) to inform policy development and public debate in Parliament and the Victorian community (s. 5).

In our view the preparation of an independent WBS falls most closely within the remit of the Victorian PBO. Its legislated involvement would signal a serious Government commitment to examining and improving the impact of its budget on women, and could form the basis for a high level/ low cost budget initiative for women. It would also ensure ongoing political commitment to, and interest in, the Women’s Budget process. Because the PBO has direct access to agency data, there would be no data gaps, and because the PBO is independent of government, there would be no ‘whitewash’ stigma.

The clout of the PBO would need to be complemented with the technical expertise of the Office for Women. The Office for Women should be tasked with partnering with the PBO on the internal analysis and building the capacity of the public service across the board. Women’s policy and co-ordination units like the Office for Women notoriously lack power in Australian governments, so ensuring that the PBO operates as the gatekeeper and the Office for Women acts as the technical adviser and capacity support will position it more effectively in government.

In our view, rather than preparing objective post budget analyses, civil society groups would be able to contribute much more effectively to the gender budgeting process by investing their time in substantive submissions to the government respecting budget priorities. If these groups had to hand a robust report from the PBO on the positive outcomes and negative impacts of the May budget on gender equality, they would be in a strong position to make substantive budget submissions to government at an earlier, and much more productive, stage of the budget process before ministers take their budget priorities to government in October.

What we propose is an overall WBS system that looks like this:

How our proposals would fit into the Victorian Budget Cycle

May	The government brings down the budget together with its ‘budget highlights for women’ document.
End June	The PBO issues a full WBS within (say) 30 days of the budget, drawing on budget costings in Budget Paper 3 and agency gender equality settings and annual reports.
End August	Civil society budget submissions due (based on PBO material and the NGO’s own priority-setting).
October	Ministerial priorities are settled and submitted to the Premier along with a gender analysis of these priorities and their impacts on gender equality..
November	Agency annual reports are tabled in line with the Gender Equality Strategy. PBO and OfW work with departments and agencies in developing Budget submissions and in competing a gender analysis of their expenditure

December- April	Final budget priorities and costings are settled.
May	The government brings down its next budget.

Recommendation 3: That, in the absence of amendments to the provisions of the Victorian Gender Equality Bill set out in recommendation 2 above, the Government provide legislatively for its Parliamentary Budget Office to take on the task of preparing Victoria's annual WBS. The legislation should mandate comprehensive budget coverage, that is, coverage that identifies both the positive outcomes and the negative impacts of their activities to achieve gender equality.

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