



# BUDGETING FOR GENDER EQUITY

How Gender  
Responsive Budgeting  
can help governments  
and society

August 2022

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**ONE KEY MECHANISM TO SUPPORT  
GOVERNMENTS IN REALISING  
THEIR GENDER EQUITY STRATEGY  
IS GENDER RESPONSIVE  
BUDGETING (GRB).**

# EXECUTIVE SUMMARY

## KPMG Australia (KPMG) strongly supports the adoption of a gender equity strategy by Australian governments at all levels.

In its 2021 *Global Gender Gap Index*,<sup>1</sup> the World Economic Forum noted that Australia was among 37 of the 156 surveyed jurisdictions to have eliminated its gender gap in the field of educational attainment. Yet Australia ranked only 70<sup>th</sup> for the narrowness of its gender gap in economic participation and opportunity (behind New Zealand in 27<sup>th</sup> place, United States in 30<sup>th</sup> and Canada in 40<sup>th</sup>).

According to the federal government's Workplace Gender Equality Agency (WGEA), Australia's gender pay gap for ordinary full-time earnings has only improved from around 18 percent to just under 14 percent between 2011 and 2021,<sup>2</sup> and nearly all that improvement occurred before 2018. At this rate of change, we would still be talking about a gender pay gap of more than 10 percent well into the 2030s. KPMG, WGEA and Diversity Council Australia's 2022 report *She's Price(d) less*<sup>3</sup> examines the causes of the gender pay gap in more detail.

Now is the time to consider how we can accelerate progress towards gender equity and create confidence across the community that this progress is happening.

One key mechanism to support governments in realising their gender equity strategy is gender responsive budgeting (GRB). GRB can act as a powerful enabler for the successful delivery of a gender equity strategy, both in terms of the direct impact on policy funding and the signal that it sends to the community about the transparency and accountability that the government is applying in carrying out the strategy.

GRB enables decision-makers, administrators and the public to evaluate how policy decisions are contributing to a government's gender equity strategy. It also enables greater understanding of how the decision-making process is aligned to achievement of the strategy.

GRB is most effective in supporting change when it is elevated above a 'tick the box' exercise. Achieving this is principally down to the culture of the administration that is making decisions based on the GRB information – that is, there should be a genuine intent that the budgeting process should be gender-responsive in order that it can contribute to achievement of a gender equity strategy that the government has articulated.

Commencing in 2021, the Victorian Government has started to embed GRB into its decision-making processes to support the delivery of its gender equality strategy.

In its 2022-23 Budget, the New South Wales Government released its Women's Opportunities Statement.<sup>4</sup> This identifies five strategic priority areas for reform which would enable New South Wales to achieve its vision of being the best place in Australia for women to live, work and raise a family.

KPMG calls upon Australian governments at all levels that have not yet done so to create and publish a gender equity strategy, setting realistic and measurable goals for the next three to five years. To enable the strategy to be supported by GRB, governments should also:

- Review their current levels of gender-disaggregated data in relation to each policy area and develop a plan to comprehensively collect this data in future. This will support evidence-based decision-making and enable tracking of the impacts over time;
- Identify specific policy areas or departmental portfolios where gender inequity is most apparent. Select from these as opportunities for one or more pilot projects to apply gender budgeting techniques to address these inequities; and
- Prepare to communicate to the public how the GRB process works, including the point in the decision-making process where GRB is applied and the expected impacts of the decision on the different genders.

As this report goes on to explore, GRB is rapidly becoming more prevalent across OECD-member jurisdictions as a tool for achieving gender equity.

To elevate gender equity across all areas of policy, Australian governments at all levels should build on what has commenced in Victoria and NSW, and consider further improvements based on the leading practices in countries like Canada and Sweden.



**Alison Kitchen**  
National Chairman  
KPMG Australia



**Alia Lum**  
Partner, Tax Policy &  
Regulatory Engagement Lead  
KPMG Australia



**Sarah Hunter**  
Partner, Senior  
Economist  
KPMG Australia

<sup>1</sup>WEF\_GGGR\_2021.pdf (weforum.org) <sup>2</sup>Australia's Gender Pay Gap Statistics | WGEA <sup>3</sup><https://home.kpmg/content/dam/kpmg/au/pdf/2022/kpmg-shes-priced-less-2022.pdf> <sup>4</sup>[https://www.nsw.gov.au/sites/default/files/2022-07/20220701\\_01\\_2022-23-Budget-Paper-Womens-Opportunity-Statement-Glossy.pdf](https://www.nsw.gov.au/sites/default/files/2022-07/20220701_01_2022-23-Budget-Paper-Womens-Opportunity-Statement-Glossy.pdf)

# WHAT IS GENDER RESPONSIVE BUDGETING?

# WHAT IS GENDER RESPONSIVE BUDGETING?

The OECD's 2017 report *Gender Budgeting in OECD countries*<sup>5</sup> provided a point-in-time overview of GRB practices in a range of relatively developed economies. The OECD noted in its 2017 report that there are three broad categories of GRB system:

## 1 Gender-informed resource allocation

Where a government considers the possible impact of its decisions on gender equality before it makes those decisions.

## 2 Gender-assessed budgets

Where a government applies a degree of gender analysis to the budget overall.

## 3 Needs-based gender budgeting

Where a prior assessment of gender needs underpins individual budget decisions. This is the category where there is often maximum focus on the equity of outcomes, directing spending to where there are the greater needs.

Of 34 surveyed countries, 12 asserted that they had formally introduced some level of GRB, usually underpinned by legislation. In Austria, for example, this goes as far as a constitutional requirement for gender responsive budgeting to occur at all levels of government (federation, state and commune).

However, the great majority of the remaining OECD member countries were reported as having some element of gender-responsiveness forming part of their policy-making process.

There have been some significant developments in the years immediately following the 2017 OECD report. For example, Canada is listed in the OECD report as having no plan to formally adopt GRB, yet by 2018 it had enacted laws requiring the government to analyse budget decisions on a gendered basis (see case study below). Indeed, in their responses to the *2018 OECD Budget Practice and Procedures survey*,<sup>6</sup> 17 countries indicated that they practised gender budgeting.

Only four countries applied needs-based gender budgeting. This is arguably the category which gives the highest priority to outcomes that would improve overall gender equality in the society.

The OECD Public Governance Directorate's report *Designing and Implementing Gender Budgeting – A path to action*<sup>7</sup> identifies what it considers to be three key elements that would support a robust gender budgeting practice:

### STRATEGIC FRAMEWORK

A gender equality strategy should outline the overall goals and guide a whole-of-government approach to gender budgeting.

### IMPLEMENTATION TOOLS

The approach should build on existing elements of the budgeting model and ideally incorporate a gender perspective at each of the ex-ante, approval and ex post phases.

### ENABLING ENVIRONMENT

There should be systematic collection of necessary data, capacity development for government staff, engagement with the public and oversight from the parliament and the audit office.

<sup>5</sup> [Gender-Budgeting-in-OECD-countries.pdf](#)

<sup>6</sup> [2018 International Budget Practices and Procedures Database \(oecd.org\)](#)

<sup>7</sup> [Designing and implementing gender budgeting – a path to action \(oecd.org\)](#)





## STRATEGIC FRAMEWORK

KPMG sees a clear statement of a government's broader gender equity objectives, with identified, measurable goals, as important context for the introduction of GRB, without which GRB would be likely to be less effective in contributing to outcomes. It would be preferable for the government to consult with the community on these gender equity objectives prior to their finalisation.

Incorporating elements of the gender equity strategy into legislation would require successive governments to keep the strategy in focus, rather than running the risk of it falling down the government of the day's list of strategic priorities.

However, there are also some risks with a legislative approach. These include that over time the objective of complying with the legal requirements may take precedence over a focus on achieving the strategic outcomes that GRB is intended to support. Also, any law prescribing particular GRB procedures would need to allow for sufficient flexibility of approach so that new developments in best practice could be adopted without the need for legislative change.



## IMPLEMENTATION TOOLS

Carrying out a baseline analysis of the gender impacts of current policies has been cited as one step towards implementation of GRB. We see value in carrying out this analysis for a sample selection of policies so that decision-makers can become familiar with the concepts that are being used.

However, KPMG considers that governments should give priority to identifying how the policy settings can progress from the current state to the future state that the gender equity strategy is seeking to achieve.

The systematic collection of gender-disaggregated data would be a particularly important component of needs-based GRB.

This may require change to government department processes and further investment in data collection and IT systems. However, existing data is more likely to enable a government at least to start its GRB journey by adopting some level of gender-informed resource allocation or a gender-assessed budget.



## ENABLING ENVIRONMENT

Parliamentary oversight of the administration's progress on GRB could occur through the establishment of a specific committee and would not necessarily require legislation.

The most important aspect of the enabling environment is engagement with the public. Public interest and confidence in the GRB process and outcomes would be key to GRB's ongoing ability to support improved gender equity outcomes.

Public engagement is also a government's opportunity to demonstrate to the community the priority it is placing on GRB and to maximise the potential for its adoption of GRB to influence improvements in gender equity in other facets of community life.



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**WHAT ARE THE LEADING  
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# WHAT ARE THE LEADING PRACTICES AROUND THE WORLD?

The OECD reports provide both context and supporting principles for developing a robust gender budgeting process. Between 2016 and 2018 the number of OECD countries practising some form of gender budgeting grew from 12 to 17. This rate of change suggests that Australian governments at federal and sub-national levels would be at risk of falling behind the majority of OECD countries if they did not move to establish gender budgeting within the very near future.

As further international comparison, KPMG offers the following case studies to illustrate the latest situation in two countries which are among the more developed in their gender budgeting practices.

## Sweden

### CASE STUDY

Sweden is among the most informative of the gender budgeting jurisdictions in terms of the amount of disclosure about the gender considerations in the budgeting process, and the expected gender-related outcomes of the policy decisions that government has made.

Sweden has published a gender equality policy<sup>8</sup> and its government describes itself as a feminist government. The government publishes a document titled *Economic Equality* as part of the annual budget papers. *Economic Equality* looks at gender differentials in categories such as income, working hours and wealth and how the budget policies have affected them over a period.<sup>9</sup>

This document helps explain how the tax and transfer system acts to reduce the gender income gap. For example, it explains that in 2019 women aged 20-64 had an average gross income of 72 percent of that of men in the same age range, but the interaction of the tax and transfer system brought the percentage up to 80 in terms of disposable income.

The government also uses the document to set out its analysis of the aggregate impact of its reforms over the 2019-22 period on the respective average disposable income of women and men, and the extent to which women and men have respectively benefited from the value of non-cash services that government has delivered over that same period. For example, it compares the average value of education, health, leisure and social services consumed by women and men in different age groups.

## Canada

### CASE STUDY

In 2018 the Canadian Parliament enacted the *Canadian Gender Budgeting Act*,<sup>10</sup> which enshrined gender budgeting in the federal government's budgetary and financial management process. This law requires the annual publication of analyses of the impacts of federal government expenditure programs, and of tax expenditures, on gender and diversity. It also requires the Minister of Finance to table a report in parliament on the gender and diversity impact of all new budget and fiscal update measures.

Consequently, the Canadian budget papers for 2021 include Annex 4: Gender, Diversity and Quality of Life Statement<sup>11</sup> and *Annex 5: Budget 2021 Impacts Report*.<sup>12</sup>

The federal government states that it applied two gender budgeting tools in preparing the 2021 budget. A Gender Results Framework helps to identify policy gaps and priorities, and 'GBA Plus' analysis factors gender and diversity considerations into decision making.

The Gender Results Framework has six elements, two of which are (i) Education & Skills Development and (ii) Poverty Reduction, Health & Wellbeing. The budget documents identify which elements of the framework a particular measure is addressing.

For each budget measure, Annex 5 provides a graphic summary of the expected relative impact according to gender, income distribution and age. It also indicates at which stage in the decision-making process the government applied GBA Plus.

<sup>8</sup> [gender-equality-policy-in-sweden-210608-ny.pdf \(government.se\)](#)

<sup>9</sup> [Bilaga 3 Ekonomisk jämställdhet \(regeringen.se\)](#)

<sup>10</sup> [Canadian Gender Budgeting Act \(justice.gc.ca\)](#)

<sup>11</sup> [Annex 4 - Gender, Diversity, and Quality of Life Statement | Budget 2021](#)

<sup>12</sup> [Annex 5 - Budget 2021 Impacts Report | Budget 2021](#)

# DEVELOPMENTS IN AUSTRALIA

# DEVELOPMENTS IN AUSTRALIA

The state of Victoria launched its gender equality strategy, titled *Safe and Strong*, in 2016. This strategy includes:

**The enactment of legislation to embed strong governance for promoting and improving gender equality across government functions.**

**The introduction of gender impact analysis in policy and budgets.**

**Measures to improve gender workplace equality within Victorian government agencies.**

**Adapting government procurement policy to influence change.**

The *Gender Equality Act 2020* ("the Act") came into effect on 31 March 2021 and requires specified public sector organisations to take positive action towards achieving workplace equality. This legislation also establishes the office of Public Sector Gender Equality Commissioner, whose role is to promote and advance the objects of the Act.

The Act also requires those public sector organisations to promote equality in their policies and services by undertaking a gender impact assessment whenever they develop or review any policy, program or service.

Consequently, it is reasonable to expect that where a policy or program requires funding, the gender impact assessment would be available to the government representatives with the responsibility of allocating funds. This can be a key input to gender responsive budgeting in the future.

In parallel, as an element of the 2021-22 state budget, the government allocated \$4.3 million for measures to ensure that the needs of women are being considered in policy decisions, including the establishment of a gender-responsive budgeting unit ("GRBU").

It is evident that the Victorian Government has achieved elements of the gender equality strategy and awarded a high profile to measures that advance gender equality.

In its 2022-23 Budget, the Victorian Government published a *Gender Equality Budget Statement*<sup>13</sup> in which it made comments on its progress to date in implementing GRB.

From this document, it appears that the gender impact assessment of particular policies and programs has been one of the main areas of progress.

In future budgets, KPMG looks forward to the Victorian Government providing further details of its GRB approach and a more specific analysis of how it has applied GRB in deciding on the policies and programs it has chosen to pursue.

The New South Wales Government's *Women's Opportunity Statement*<sup>14</sup> identifies five priority areas for reform, including increasing women's workforce participation, supporting women's health needs and respect for women and their financial security. At page 73 the document identifies certain indicators of progress and some baseline statistics on which it is looking to achieve improvement. This creates a platform from which the government could apply GRB processes in making decisions on future reform.

The federal government's *2022-23 Women's Budget Statement*<sup>15</sup> also sets out the gender equity objectives of the government and the policies and expenditure which it has targeted at women. The inclusion of this document in the budget papers since 2021-22 is a welcome acknowledgement of the challenges facing women and could serve as a launching pad for the articulation of a more specific gender equity strategy which GRB could then support.

<sup>13</sup>2022-23+State+Budget+ +Gender+Equality+Budget+Statement.pdf (amazonaws.com)

<sup>14</sup> [https://www.nsw.gov.au/sites/default/files/2022-07/20220701\\_01\\_2022-23-Budget-Paper-Womens-Opportunity-Statement-Glossy.pdf](https://www.nsw.gov.au/sites/default/files/2022-07/20220701_01_2022-23-Budget-Paper-Womens-Opportunity-Statement-Glossy.pdf)

<sup>15</sup> [https://budget.gov.au/2022-23/content/womens-statement/download/womens\\_budget\\_statement\\_2022-23.pdf](https://budget.gov.au/2022-23/content/womens-statement/download/womens_budget_statement_2022-23.pdf)



# WHAT ARE THE BENEFITS OF GRB?

# WHAT ARE THE BENEFITS OF GRB?

**GRB is a means towards the achievement of better gender equity results, rather than itself being a goal. Without a gender equality strategy, GRB would lack sufficient context to be truly effective.**

GRB enables decision-makers, administrators and the public to evaluate how policy decisions are contributing to a government's gender equity strategy. It also enables greater understanding of how the decision-making process is aligned to achievement of the strategy.

Iceland indicated that it had rejected a proposal to allow tax credits to be transferred to the higher income earner in a married couple because it would create the risk of increasing the gender income gap.

There is very limited empirical data on how use of GRB may accelerate progress towards equity, compared to situations where there is no use of GRB.

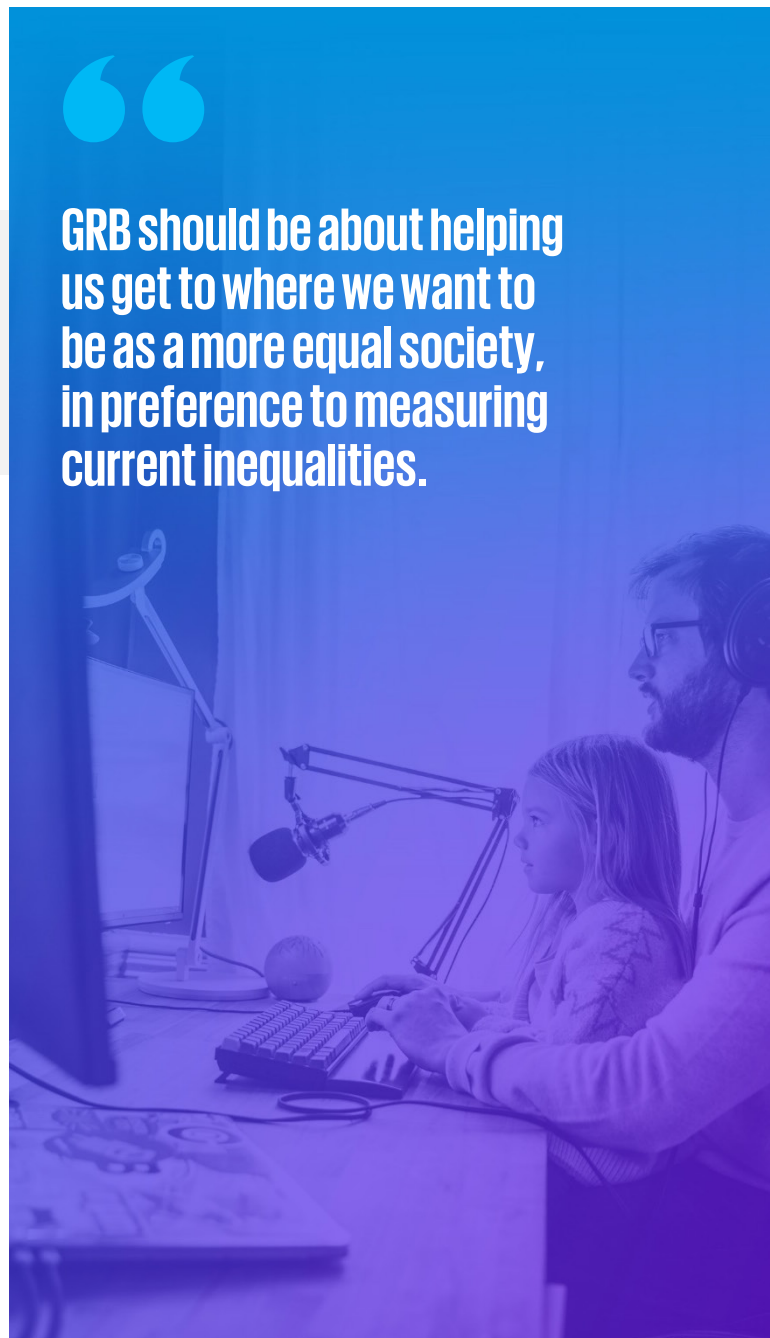
The OECD, in its 2017 report cited earlier,<sup>16</sup> identified situations where a jurisdiction had concluded that GRB had significantly influenced a policy decision. Iceland indicated that it had rejected a proposal to allow tax credits to be transferred to the higher income earner in a married couple because it would create the risk of increasing the gender income gap.

However, it would be very difficult to attribute outcomes that differ between jurisdictions which apply GRB and other jurisdictions solely to the use of GRB. Equally, comparing a jurisdiction's outcomes from applying GRB to the outcomes without GRB can become very speculative.

The key benefit of GRB is that it creates a platform for a government's gender equality strategy to be delivered. The strategy signals a government's prioritisation of achieving greater gender equity, and the application of GRB enables it to make policy decisions that target measurable progress in a way that can be communicated to the public.



**GRB should be about helping us get to where we want to be as a more equal society, in preference to measuring current inequalities.**



<sup>16</sup> [Gender-Budgeting-in-OECD-countries.pdf](#)

**WHAT ARE SOME PRACTICAL  
STEPS THAT AUSTRALIAN  
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# WHAT ARE SOME PRACTICAL STEPS THAT AUSTRALIAN GOVERNMENTS CAN TAKE?

## Inventory of gender-disaggregated data and planning for future data collection

The potential of GRB to support future outcomes would be enhanced by the routine availability of gender-specific data about economic and social activity.

It is interesting that only two of the 12 OECD countries with formal gender budgeting (as of 2017) acknowledged the routine availability of gender-disaggregated data across all or most key areas of the public service. A lack of comprehensive data has therefore not prevented countries from making some progress in gender-responsive budgeting.

Nonetheless, establishing a baseline understanding of the gender-disaggregated information that government departments have at their disposal would be an important step on the path to implementing GRB. Such data would include what the government department collects directly, as well as data from sources such as the Australian Bureau of Statistics.

An inventory of gender-disaggregated data would enable a government to identify the policy areas where gender impacts are already capable of being well understood, and those where modifications to data collection processes may be required for the scope of gender budgeting to be able to expand.

An additional action that the government might consider in this respect is the establishment of a program whereby the government will systematically collect gender disaggregated data on the members of the public on whom policies have an impact.

Some departments may already be collecting data in this way for some, or all, of their existing programs and their respective approaches may support the identification of a best-practice model for use in other programs and/or by other departments.



## Gender equality needs assessments

Needs-based gender budgeting is the category of GRB that can address most directly the situations where current policy settings leave the biggest gap in achieving gender equity. That is, it identifies and prioritises policies based on their ability to fulfil gender equity needs, rather than including gender equity impacts as one factor in the consideration of a policy that has been mainly designed for other purposes.

The knowledge gained from carrying out a needs assessment can drive the formulation of new policies that can close the gap through needs-based budgeting.

Governments can consider commencing one or more pilot needs assessment programs to establish a methodology that works well with the systems and processes that exist within the government's budgeting approach.



## Publish gender impact analyses alongside the budget papers

KPMG welcomes the increasing prevalence of women's budget statements which highlight policies targeting the improvement of women's circumstances.

To enhance public confidence in the processes by which a government is setting out to deliver on its gender equity strategy, that government can publish a gender analysis covering the whole budget. This analysis can identify the policies which improve gender equity and those that are neutral. It can also identify any policies which detract from gender equity and explain why the government is nonetheless pursuing the policy, together with anything the government is doing to mitigate the impact on gender equity.

In this regard, KPMG's view is that Canada's 'at a glance' summary used in Annex 5 of its budget papers<sup>17</sup> enables the reader to swiftly understand the stage in the policy development process at which the government has applied GRB analysis and the expected policy outcomes for people of the respective gender.

Our society is demanding action on gender equity. Using GRB can get us there more quickly.

<sup>17</sup> Annex 5 - Budget 2021 Impacts Report | Budget 2021

# Key Authors & Contacts



**Alison Kitchen**  
**National Chairman**

KPMG Australia  
T: +61 3 9288 5345 | E: akitchen@kpmg.com.au



**Alia Lum**  
**Partner, Tax Policy & Regulatory Engagement Lead**

KPMG Australia  
T: +61 2 9335 8332 | E: alum@kpmg.com.au



**Sarah Hunter**  
**Partner, Senior Economist**

KPMG Australia  
T: +61 2 9245 4754 | E: sarahhunter@kpmg.com.au



**Andy Hutt**  
**Director, KPMG Economics & Tax Centre**

KPMG Australia  
T: +61 2 9335 8655 | E: ahutt@kpmg.com.au



[kpmg.com.au](https://www.kpmg.com.au)



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