



Public Accounts and
Estimates Committee

Appointment of the Parliamentary Budget Officer

Report

October 2023

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Committee membership



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Paul Hamer (until 4 October 2023)
Mathew Hilakari
Bev McArthur (from 7 August 2023)
Ellen Sandell

About the Committee

Functions

The Public Accounts and Estimates Committee is a Joint Parliamentary Committee constituted under the *Parliamentary Committees Act 2003* (Vic).

The Committee comprises of nine Members of Parliament drawn from both the Legislative Assembly and the Legislative Council.

The Committee scrutinises matters of public administration and finance to improve outcomes for the Victorian community. Under the legislation, the Committee is required to inquire into, consider and report to the Parliament on:

- any proposal, matter or thing concerned with public administration or public sector finances
- the annual estimates or receipts and payments and other budget papers and any supplementary estimates of receipts or payments presented to the Assembly and the Council.

The Committee has several key statutory responsibilities in relation to the Parliamentary Budget Officer (PBO) and Parliamentary Budget Office set out in the *Parliamentary Budget Officer Act* (2017) (the Act). Section 54 prescribes the following functions:

- to recommend the appointment of the PBO to the Minister
- to review the operational and resourcing arrangements of the office, including the draft budget of the PBO
- to consult the PBO on an operational plan
- to review reports of PBO operations and annual reports
- to review and assess how well the PBO's functions are being performed
- to report to the Parliament on any matter regarding operational and resourcing arrangements for the PBO that requires the attention of Parliament.

Secretariat

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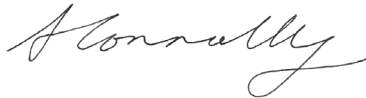
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Chair's foreword

Victoria is the first Australian state or territory to have established an ongoing Parliamentary Budget Office (PBO). The office, when it was created back in 2017, was described by the Treasurer as 'a great advance in terms of the way that our parliamentary democracy operates'. The PBO has been in operation now for 5½ years and delivered authoritative and independent policy costings and advisory services to Members of Parliament from many different political parties. It has also played an important role in informing policy development and public debate in this State on topics such as large infrastructure projects, debt and alternate policy solutions.

Accordingly, I am pleased to present this report to Parliament outlining the Committee's role in appointing Victoria's second Parliamentary Budget Officer.

I would like to thank my fellow colleagues on the Committee and Selection Panel for their work on this important task and acknowledge the executive recruitment advice provided by Jennifer D'Arcy-Smith. Finally, I would like to thank the Secretariat for its diligent support.



Sarah Connolly MP
Chair

Appointment of the Parliamentary Budget Officer

1.1 Legislative requirements

Section 6 of the *Parliamentary Budget Officer Act 2017 (Vic)* (the Act) states:

- (2) The Parliamentary Budget Officer is to be appointed by the Governor in Council on the advice of the Minister.
- (3) The Minister must not advise the Governor in Council to appoint a particular person as the Parliamentary Budget Officer unless the Parliamentary Committee has given the Minister a recommendation that the person be appointed as the Parliamentary Budget Officer.

Furthermore section 54 (1)(a) of the Act states that:

- (1) The Parliamentary Committee has the following functions under this Act—
 - (a) to recommend to the Minister the appointment and terms and conditions of appointment of the Parliamentary Budget Officer.

The Parliamentary Committee referred to in this section of the Act is defined as the Public Accounts and Estimates Committee (the Committee). The Minister referred to is the Treasurer.

1.2 Previous Parliamentary Budget Officer

On 22 April 2023, the five-year term of Victoria's inaugural Parliamentary Budget Officer, Mr Anthony Close, ended. The Committee acknowledges the important foundational work of Mr Close in establishing the office.

1.3 The Parliamentary Budget Officer's responsibilities and qualities

On 1 July 2017, the Act was passed in Victoria. The legislation created the position of a Parliamentary Budget Officer and an office to provide policy costing and advisory services to Members of Parliament.

The objectives of the PBO are:

- (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.

The PBO is an independent officer of the Parliament responsible for:

- preparing election policy costings, pre-election reports and post-election reports
- preparing costings of other policies or proposed policies at the request of a Member of Parliament
- providing advisory services to Members of Parliament on financial, fiscal or economic matters (including in relation to the costing of proposals included in the State Budget).

Following a general election, the PBO must prepare a report outlining the PBO's operations during the election costing period. It may also include any recommendations for the future operations of the PBO and Parliamentary Budget Office.

During the passage of the legislation establishing the PBO office and role the Treasurer stated that the establishment of the PBO was 'a great advance in terms of the way that our parliamentary democracy operates.'¹ The Treasurer stated that the PBO would support open and democratic government by 'levelling the playing field in relation to financial expertise between government and the opposition, minor parties and independent MPs'.²

The Committee sought a candidate demonstrating:

- high level leadership, strategic planning and vision
- capability to manage a complex financial analysis function and to ensure the efficient, effective and ethical use of financial resources
- the ability to successfully work with others to meet objectives
- high level of judgement including the ability to operate in a non-partisan fashion in a complex political environment
- a high standard of professional and personal integrity.

The incumbent must also have the capacity to lead, develop and motivate the staff of the PBO to achieve the strategic goals of the organisation. The PBO office had

1 Victoria, Legislative Assembly, 20 June 2017, *Parliamentary debates*, Book 8, p. 1877.

2 Victoria, Legislative Assembly, 25 February 2016, *Parliamentary debates*, Book 2, p. 658

24 full time equivalent staff during the election period (May 2022 to January 2023). Priorities set out in the PBO's 2023-24 Operational Plan are to engage with new and returning members of parliament, prepare policy costings for members, advise members on fiscal, economic, and financial matters and establish relationships across the parliamentary committees. The budget allocated to the office in 2023-24 is \$3.4 million.

1.4 Recruitment process

1.4.1 Engagement of a recruitment consultant

To enable a professional national and international search for the best possible candidates for the position, the Committee undertook to engage an executive recruitment consultant.

The assessment and evaluation of tenders for the engagement was undertaken by the Committee in late May and early June. The tenders were assessed against specific criteria which broadly related to:

- proposed services, strategy and methodology outlined in the tender
- proven and relevant experience
- the ability to meet critical timeframes
- conformity with the tender process and Parliament's contract for the role.

Following this assessment, interviews were conducted with the preferred tenderers to confirm the approach outlined by the firm and to enable the Committee to clarify any specific details regarding the proposed approach to the search and recruitment process.

Watermark Search International was selected as the successful executive recruiter led by Jen D'Arcy-Smith, Partner-Executive Search. Watermark Search International has extensive experience and expertise in recruiting executives in the public sector at the Commonwealth and State levels.

1.4.2 National and international search process

A national and international executive search strategy was implemented by Watermark Search International targeting both national, interstate and international parliamentary budget offices, public sector organisations and the private sector. The position was advertised in the *Australian Financial Review* and multiple online channels over a period of 3 weeks from 29 June 2023. An advertisement was also placed on the Watermark Search International global website and LinkedIn Blog.

1.4.3 Selection Panel

The PAEC PBO Sub-Committee agreed to the establishment of a Selection Panel to oversee and undertake the initial phases of the selection and shortlisting process and participate in the second round of candidate interviews. The Selection Panel comprised:

- Yves Giroux, Canadian Parliamentary Budget Officer
- Bridget Noonan, Clerk, Legislative Assembly
- David Martine, Secretary, Department of Treasury and Finance
- Jason Loos, Deputy Secretary and Land Coordinator General, Department of Premier and Cabinet.

The Selection Panel was supported and advised by Jen D’Arcy-Smith of Watermark Search International and assisted by members of the Committee Secretariat.

1.4.4 Shortlisting and interviews

Research and talent mapping undertaken by the recruitment consultant, Watermark Search International, identified almost 130 potential sources and candidates across Australia and New Zealand. The Committee’s connection with the OECD was also used to publicise the vacancy. Finally, a total of 18 formal applications was received. These applicants were subject to rigorous review, screening and interview by the recruitment consultant to assess their competence and suitability for the position. Following further review of these applicants, seven candidates were presented to the Selection Panel and PAEC PBO Sub-Committee for review and shortlisting for interview.

The Selection Panel met to consider the detailed candidate reports prepared by Watermark Search International for each of the seven candidates. With the support of the recruitment consultant, the Selection Panel selected four candidates for second-round interview. These interviews were conducted on 7 August 2023.

Following these second-round interviews, the PAEC PBO Sub-Committee and members of the Selection Panel recommended two candidates proceed to a final interview with the full membership of the Committee. These interviews were conducted on 14 August 2023.

The Committee agreed to recommend Mr Xavier Rimmer as the preferred candidate to the Treasurer.

1.5 Recommended appointment

On 18 August 2023, the Committee wrote to the Treasurer advising of the Committee’s decision to recommend that Mr Xavier Rimmer be appointed by the Governor in Council as the new Parliamentary Budget Officer for a term of five years.

Mr Rimmer is currently serving as the Acting PBO in Victoria. Prior to that he was Director of Policy Analysis and Advice at the Victorian PBO between 2018 and 2023. Mr Rimmer was Assistant Director of the Australian Parliamentary Budget Office for three years and also has extensive experience with the Commonwealth Treasury. Mr Rimmer holds a Bachelor, Graduate Diploma and Masters of Economics.

The Governor in Council accepted the recommendation and made the appointment. Mr Rimmer commenced in the role on 11 October 2023.

**Adopted by the Public Accounts and Estimates Committee
55 St Andrews Place, East Melbourne
16 October 2023**

