



**PARLIAMENT OF VICTORIA**  
Public Accounts and Estimates Committee

**Report on the appointment  
of the Parliamentary  
Budget Officer (Victoria)**

Parliament of Victoria  
**Public Accounts and Estimates Committee**

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# Committee functions

The Public Accounts and Estimates Committee is a joint parliamentary committee constituted under the *Parliamentary Committees Act 2003*.

The Committee comprises nine members of Parliament drawn from both Houses of Parliament.

The Committee carries out investigations and reports to Parliament on matters associated with the financial management of the State. Its functions under the Act are 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
- any proposal, matter or thing that is relevant to its functions and has been referred to the Committee by resolution of the Council or the Assembly or by order of the Governor in Council published in the Government Gazette.

The Committee also has a number of statutory responsibilities in relation to the Office of the Auditor-General and Parliamentary Budget Officer.

# Committee membership



**Mr Danny Pearson MP**  
Chair  
Essendon



**Mr David Morris MP**  
Deputy Chair  
Mornington



**Mr Steve Dimopoulos MP**  
Oakleigh



**Mr Danny O'Brien MP**  
Gippsland South



**Fiona Patten MLC**  
Northern Metropolitan



**Ms Sue Pennicuik MLC**  
Southern Metropolitan



**Ms Harriet Shing MLC**  
Eastern Victoria



**Mr Tim Smith MP**  
Kew



**Ms Vicki Ward MP**  
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This report is also available online at the Committee's website.

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# Report on the appointment of the Parliamentary Budget Officer (Victoria)

## 1.1 Introduction

On 1 July 2017 the *Parliamentary Budget Officer 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.

There are now a number of Parliamentary Budget Offices in Australia, including in the Commonwealth and New South Wales Parliaments as well as a Parliamentary Budget Advisory Service within the South Australian Government. The establishment in Australia of Parliamentary Budget Offices, otherwise known as Independent Fiscal Institutions (IFIs), follows a global trend with 74 per cent of OECD countries now having an IFI.<sup>1</sup> However, the mandate, functions, resourcing and relationship with the legislature vary markedly between such offices.

The Victorian *Parliamentary Budget Officer Act (2017)* sets out a number of new responsibilities for the Public Accounts and Estimates Committee (PAEC). The responsibilities include making a recommendation regarding the appointment and terms and conditions of appointment of the Parliamentary Budget Officer.

This report sets out the Committee's legislative requirements as they relate to the appointment of the Parliamentary Budget Officer, the recruitment process undertaken for Victoria's inaugural Parliamentary Budget Officer and the Committee's recommendation to Governor in Council.

## 1.2 Legislative requirements

Sections 6 and 54 of the *Parliamentary Budget Officer Act (2017)* state that:

Section 6(2) -  
'The Parliamentary Budget Officer is to be appointed by the Governor in Council on the advice of the Minister'

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<sup>1</sup> <https://www.oecd.org/gov/budget/pbo>, accessed 4 April 2018

Section 6(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’

Section 6(4) -

A recommendation under subsection (3) –

- (a) must be in writing; and
- (b) may specify the terms and conditions that the Parliamentary Committee recommends should apply to the appointment to which the recommendation relates.

Section 6(5) -

The Parliamentary Budget Officer holds office subject to this Division, on the terms and conditions determined by the Governor in Council.

Section 54(1)(a) -

‘The Parliamentary Committee has the following functions under this Act – to recommend to the Minister the appointment and terms and conditions of appointment of the Parliamentary Budget Officer’...

The ‘Parliamentary Committee’ referred to in the Act is the Public Accounts and Estimates Committee and the ‘Minister’ is the Special Minister of State.

### 1.3 Parliamentary Budget Officer – the role

The Parliamentary Budget Officer is an independent officer of the Parliament of Victoria. The Parliamentary Budget Office has primary responsibility 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).

The Parliamentary Budget Officer is the Department Head of the Parliamentary Budget Office, established in the *Parliamentary Administration Act (2005)* as a separate administrative office of the Parliament of Victoria.

The second reading speech made by the Treasurer explains the rationale behind the establishment of a Parliamentary Budget Office (PBO) in greater detail:

An effective and independent PBO supports open and democratic government by:

- Strengthening public debate throughout the parliamentary term
- Levelling the playing field in relation to financial expertise between government and the opposition, minor parties and independent MPs



- Facilitating iterative policy development by parties and MPs
- Encouraging parties and MPs to release independently costed policies earlier to gain credibility with the electorate; and
- Providing the community with credible, independent and timely information to help inform their voting decision.<sup>2</sup>

In undertaking the recruitment process the Committee sought a candidate that will have the capacity to lead, develop and motivate staff and establish the inaugural Parliamentary Budget Office with a sustained reputation for the provision of clear, independent authoritative and ethical advice on budgetary matters. It is anticipated that the Parliamentary Budget Officer will have a very public profile and will operate in a non-partisan manner in a highly scrutinised and contestable environment.

To be successful, the Committee believes the Parliamentary Budget Officer will need to establish an organisation that develops a sustained reputation for the provision of clear, independent, authoritative and ethical advice on financial, fiscal and economic matters. The Office will also need to ensure it establishes and maintains the confidence of Members of Parliament and ultimately the Victorian public.

## **1.4 Recruitment process**

### **1.4.1 Establishment of a PAEC sub-committee**

The Committee formed a sub-Committee on 18 September 2017 with the purpose of advising the full Committee on the recommended appointment of the Parliamentary Budget Officer and fulfilling ongoing Parliamentary Budget Office related responsibilities. The sub-committee is comprised of the following PAEC members:

- Danny Pearson MP, Chair
- David Morris MP, Deputy Chair
- Harriet Shing MLC
- Danny O'Brien MP
- Sue Pennicuik MLC

### **1.4.2 Engagement of an executive recruiter**

The sub-committee chose to engage an executive recruitment firm to undertake a professional national and international search for the best possible candidates for the position.

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<sup>2</sup> Hon. T Pallas MP, Treasurer, Seconding reading speech, *Parliamentary Budget Officer Bill 2016*, 25 February 2016

The Committee undertook a limited tender process, requesting tenders from five firms. Five tenders were received and evaluated against professional competency and costings criteria.

Following this evaluation, two shortlisted tenderers were interviewed on 2 November 2017 by the sub-Committee to clarify details regarding the proposed approach to the search and recruitment process.

The sub-committee then selected and engaged Odgers Berndtson as the successful tenderer for the provision of specialist services for the recruitment of the Parliamentary Budget Officer. Ms Caroline Dever, Partner, Odgers Berndtson Australia represented Odgers Berndtson. Ms Dever has extensive recruitment experience specialising in the government, health and education sectors. Working on a national and international basis, she has led executive assignments at the CEO, Executive Director and senior academic level. In addition, Ms Dever has significant experience in the appointment of chairpersons and non-executive directors in the public and private sectors.

### **1.4.3 National and international search**

Odgers Berndtson's recruitment search focussed on and sought input from:

- people at a Deputy Secretary level within the Commonwealth and State Treasury and Finance Departments
- individuals working in large, complex government departments with a service delivery focus
- its overseas country offices to refer relevant Australians who may be working offshore, including the United Kingdom and Canada.
- current and former Parliamentary Budget Officers in other jurisdictions.

In addition, advertisements were placed in print in the *Australian Financial Review* (24 November 2017) and on-line media in the *New Zealand Herald* (24 November 2017). An online advertisement was also placed on the Odgers Berndtson global search website and the Victorian Government careers recruitment search website.

Odgers Berndtson liaised with the Organisation for Economic Co-operation and Development, World Bank and the Australian Accounting Standards Board to raise awareness of the vacancy.

### **1.4.4 Selection panel**

The Committee established a panel to undertake the shortlisting process and first interview. The panel was comprised of the five PAEC sub-committee members and four advisers:

- Mr Phil Bowen, former Parliamentary Budget Officer, Commonwealth Parliament of Australia

- Mr Chris Eccles, Secretary, Department of Premier and Cabinet
- Mr David Martine, Secretary, Department of Treasury and Finance<sup>3</sup>
- Ms Bridget Noonan, Acting Clerk of the Legislative Assembly, Parliament of Victoria.

The panel was ably supported by Ms Caroline Dever, Partner, Odgers Berndtson and the Committee Secretariat.

#### **1.4.5 Shortlisting and interviews**

Twelve people formally expressed interest in the position. Odgers Berndtson rigorously reviewed and screened these applicants by assessing their competence and suitability for the role. Odgers Berndtson presented seven candidates and their detailed candidate reports to the panel for further review and shortlisting.

The panel considered the detailed candidate reports prepared by Odgers Berndtson and selected five candidates for the first-round interview. These five first-round interviews were conducted on 19 February 2018.

Following the first-round interviews, the panel selected two candidates for a final interview with the Committee. The final interviews were conducted on 5 March 2018.

The Committee reached its decision on the recommended candidate at a meeting held on 7 March 2018, subject to favourable referee checks to be undertaken by Odgers Berndtson.

### **1.5 Recommended candidate**

On 8 March 2018, the Committee wrote to the Special Minister of State advising him of the Committee's recommendation that Mr Anthony Close be appointed by the Governor in Council as the inaugural Parliamentary Budget Officer (Victoria). The Committee's recommended terms and conditions for the appointment were also forwarded to the Special Minister of State.

Mr Close was Auditor-General (Acting) (CEO) of the Queensland Audit Office (QAO) between 2016-17 and prior to that was Deputy Auditor General, QAO for three years. He has substantial experience across all facets of financial audit, performance audit, strategic audit planning and investigations. He has led the delivery of more than 500 financial audits, major grants certifications and twenty reports to Parliament. Mr Close has also worked in the private sector at BHP Billiton Mitsubishi Alliance and SMS Management & Technology. Mr Close is a Fellow Certified Practising Accountant, specialising in investment evaluation in the public and private sector. He holds a Bachelor of Business (Management Accounting) from Queensland University of Technology.

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<sup>3</sup> Mr Martine was absent from the interview due to unforeseen circumstances.

This report was adopted by the Committee at its meeting held on 16 April 2018.

The Governor in Council accepted the Special Minister of State's advice and made the appointment.