



Land of the Ngunnawal people
23 Marcus Clarke Street
Canberra ACT 2601
GPO Box 3131
Canberra ACT 2601
Tel 02 6243 1111
www.accc.gov.au

6 August 2025

Senate Standing Committees on Economics
Parliament House
CANBERRA ACT 2600

Dear Legislation Committee

Re: Senate Economics Legislation Committee - *Competition and Consumer Amendment (Australian Energy Regulator Separation) Bill 2025*

The Australian Competition and Consumer Commission (ACCC) writes to express our strong support for passage of the *Competition and Consumer Amendment (Australian Energy Regulator Separation) Bill 2025* (The Bill).

The Bill would separate the Australian Energy Regulator (AER) from the ACCC and establish the AER as a non-corporate Commonwealth entity from 1 July 2026. We consider the Bill will benefit energy consumers and businesses through improved governance and accountability for the AER, including through greater certainty and control of its resources, in delivering on its regulatory remit in energy markets.

Under current arrangements, the AER and ACCC are a single entity under finance law with the ACCC Chair as the accountable authority. While the officers and employees of both the AER and the ACCC make the current arrangements work, the increasing complexity needed to do so creates unnecessary red tape and increases governance risk.

Past independent reviews have supported the AER having full financial and management autonomy. This has included:

- The *Review of Governance Arrangements for Australian Energy Markets* (2015), the Panel (headed by Dr Michael Vertigan) recommended that the AER should have full management and financial autonomy, which would be most effectively achieved by re-establishing it as a stand-alone regulatory body.
- The *Independent Review into the Future Security of the National Electricity Market* (2017), Dr Alan Finkel considered how information sharing, liaison and cooperation could be preserved in the context of structural separation, and reached the same conclusion as the *Vertigan Review*, noting the highly technical and sector specific regulatory responsibilities of the AER, as well the structures of the other energy market bodies and comparable energy regulators in similar countries. Further, the review noted “the structure, governance and funding arrangements of the AER are a longstanding concern for key stakeholders, and a decision on structural separation should be resolved”.

- More recently, the *Review of the Energy Security Board* conducted by Rhys Edwards in 2020 noted that many participants raised issues of wider energy market governance including structural separation of the AER from ACCC.

The ACCC supports quick passage of the Bill to allow for sufficient time to operationally split the two entities in the most efficient and cost effective manner. To date, extensive effort has been invested to support separation and transition activities. Preparatory work has included:

- supporting the AER to:
 - establish its own independent corporate functions for Finance, Human Resources, Strategic Communications and Executive Governance
 - procure and build its own Enterprise Resource Planning (ERP) systems to deliver standalone HR, Finance and Payroll functions for AER staff, which are currently provided by the ACCC as part of the combined agency, in time for the targeted separation date of 1 July 2026
- developing an ACCC-shared services offer for the AER to purchase ICT and Property services as part of its transition to full independence. This includes development of an MoU for the service provision and information sharing protocols.

I would be happy to discuss further the benefits of this legislation, not only to the ACCC and AER, but to the Government and energy markets, should that be of assistance to the Committee.

Yours sincerely

Gina Cass-Gottlieb
ACCC Chair