Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Competition and Consumer Amendment (Australian Energy Regulator Separation) Bill 2025

Agency:	Australian Energy Regulator
Question No:	**Click here to enter text.**
Topic:	**Costs**
Reference:	Spoken p.8 (12 August 2025)
Senator:	Senator Dean Smith

Question:

- Senator DEAN SMITH: What costs have already been incurred by the AER in the preparatory work for the separation?
- Ms Savage: I'll have to ask to come back on notice with the exact specifics. I did hear you ask the ACCC this earlier. Essentially the costs to date have really been the engagement on the ERP program that you were just discussing—that's the finance and HR program. We have said to government, in the submissions to date on this, that we would be funding any one-off costs out of our balance sheet. We're not intending to ask government for any new money to fund legal separation, and the ongoing costs can be funded within our existing funding envelope?

Answer:

What has been the total cost of the preparatory work for separation and the transition activities?

The ACCC and AER commenced preparatory separation work during FY2023-24 to ensure a smooth transition and minimise costs. This followed formal approval by Energy Ministers in May 2023.

Legal separation costs, both past and future, are covered within existing ACCC/AER funding.

Preparatory separation work and activities have included:

- Drafting legal amendments
- Project Management Plan
- Communications and change management
- Development of an ACCC Corporate Services Catalogue
- Corporate Services Cost Model
- Financial analysis and implications to the ACCC and AER
- Contingency Planning
- MoU development
- AER TechnologyOne Enterprise Resource Planning software (ERP) contract and development

We estimate the direct AER cost of staff who spend the majority of their time on legal separation, and costs related to the procurement, implementation and first year fee for the ERP solution, are $383k for FY23/24 and $2.135m for FY24/25. Early engagement on the ERP solution was required to ensure it was configured and able to be used on the originally proposed commencement date (1 July 2025). The ERP solution provider was engaged in mid-January 2025.

Estimated indirect costs ($120k for FY23/24 and $380k for FY24/25)) have also been incurred and include the time of office holders and staff who have participated in separation related activities at various times to support preparations. This has been done as part of their normal duties.

Most activities are well progressed and essential items are on track for completion ahead of the proposed 1 July 2026 commencement date.

Activities have been paused or slowed as the result of the delayed progress of the legislation through Parliament in 2024 and 2025. This has added some additional cost to the progression of the ERP solution (due to a delay in data migration). Further delay to the progression of the ERP solution would incur additional supplier costs in 2026 to meet the 1 July 2026 target date.