Impact Analysis Statement

Summary IAS

Details

Lead department	**Department of Environment, Science and Innovation**
Name of the proposal	**Annual payments to local governments and levy exemption extension**
Submission type	Summary IAS
Title of related legislative or regulatory instrument	**Waste Reduction and Recycling Amendment Regulation 2023**
Date of issue	**3 June 2024**

For all other proposals

What is the nature, size and scope of the problem? What are the objectives of government action?

The proposed amendment gives effect to:

- make top up payments to the seven regional councils of Cairns, Townsville, Mackay, Rockhampton, Gladstone, Bundaberg and Fraser Coast for the 2023-2024 and 2024-2025 financial years. This returns the annual payment percentage against the incurred levy liability for the disposal of Municipal Solid Waste to 100%, in line with all regional levy zone councils.
- make additional payments to the 43 levy-impacted councils to correct baseline municipal solid waste (MSW) disposal calculation errors for 2025-2026 financial year.

Additionally, the proposed amendments extend the expiry date for the levy exemption for the disposal of alum sludge or other residuals produced as a result of a drinking water treatment process until 30 June 2029. The exemption currently expires on 30 June 2024.

The objectives in making the annual payment adjustments are to meet the government's commitment that there is no cost impost to households as a direct result of the levy. The seven regional councils were on a declining annual payment percentage, the same as the 12 South East Queensland councils.

However, the SEQ Waste Plan was released in November 2021 with implementation actions to reduce the amount of MSW disposed to landfill now underway. Nine other regional waste management plans have been recently finalised; however, implementation activities have not substantially commenced. For the seven regional councils this has meant that annual payments are reducing without a corresponding pathway to access funding support for the infrastructure to help reduce MSW disposal.

A resolution passed at the 2023 Local Government Association of Queensland Annual Conference requested that the government consider maintaining the waste levy annual payments for all regional levy councils at 100% until such time as the state waste targets and corresponding advance payments can be reviewed and better aligned with the data compiled in Regional Waste Management Plans.

The objective of extending the levy exemption for alum sludge disposed to landfill is to ensure that no additional costs are incurred by local governments and water treatment companies providing these services to local governments. For the 2024-2025 financial year, a levy liability of $5.4 million across seven regional local governments, two SEQ utility providers and Logan, Redland and Gold Coast councils would be incurred, at a levy rate of $115.00 per tonne in the metropolitan levy zone and $94.00 per tonne in the regional levy zone.

What options were considered?

The option of not making the top up adjustments was considered.

All levy-impacted councils have received annual payments in advance until 2026-2027. However, these payments were calculated based on the declining annual payments over this period, with the assumption that corresponding activity to reduce MSW disposal would be underway. As the regional councils have not had the benefit of regional waste management plan implementation to the same degree as SEQ councils, unless the adjustments are made there will continue to be a greater difference between the incurred levy liability and the payment made. This would potentially see the cost difference passed through to householders.

The option of allowing the levy exemption for alum sludge to expire was considered. However, for the councils and entities currently disposing of the alum sludge to landfill there is currently no other identified option. Extending the expiry date to 30 June 2029 means that the levy costs are not applied for disposal and it provides time to work with the sector on alternatives to the use of alum or to identify opportunities for reuse, recycling or other beneficial uses.

What are the impacts?

The proposal involves extending a set of payments to local governments and extending the date whereby local councils and water-treatment companies are exempt from making levy payments. The proposal extends existing arrangements and will defer any additional compliance costs to local government or water treatment companies. Accordingly, no regulatory impact analysis is required as the proposal does not increase costs or regulatory burden on business of the community.

Who was consulted?

No consultation was undertaken on the annual payment adjustments as this was subject to government consideration.

The issue of the levy exemption expiry was discussed with the Local Government Association of Queensland to gain an understanding of the potential impact if the exemption were to expire. LGAQ also raised the matter with Queensland water who suggested that allowing the exemption to expire would create a problem for the councils who are unable, due to distance, to beneficially use the alum sludge in their wastewater treatment processes – which means the sludge requires disposal.

LGAQ and Queensland Water support extension of the expiry date and also the establishment of a working group to identify options for alum sludge reuse.

What is the recommended option and why?

It is recommended that the Waste Reduction and Recycling Regulation 2023 be amended to include annual payment adjustments and to extend the expiry date for the alum sludge levy exemption to 30 June 2029.

Impact assessment

All proposals – complete:

	First full year	First 10 years**
Direct costs – ***Compliance costs****	**see above**	
Direct costs – ***Government costs***	**see above**	

* The *direct costs calculator tool* (available at www.treasury.qld.gov.au/betterregulation) should be used to calculate direct costs of regulatory burden. If the proposal has no costs, report as zero. **Agency to note where a longer or different timeframe may be more appropriate.

Jamie Merrick
Director-General
Department of Environment, Science and Innovation
Date: 13/6/2024

Leanne Linard MP
Minister for the Environment and the Great Barrier Reef
Minister for Science and Innovation

Date: 17/6/2024