

7.13. CONTRACT: 2025-064 REGIONAL COLLECTION & BENEFICIAL REUSE OF BIOSOLIDS

REPORT AUTHOR	Manager Water and Wastewater
MANAGER	Chief Engineer TC Jasper Infrastructure and Recovery
DEPARTMENT	Water and Wastewater

RECOMMENDATION

That Council:

- 1. Award Contract 2025-064 Regional Removal and Beneficial Reuse of Biosolids to Arkwood (Gloucester) Pty Ltd based on a schedule of rates commencing on 1 October 2025, for a period of three years with a provision for two extension options of up to 12 months each at Council's discretion; and**
- 2. Delegates authority to the Chief Executive Officer in accordance with the *Local Government Act 2009* to enter into contracts, negotiate, finalise and execute any and all matters associated with or in relation to the contract/s subject to Council's normal procurement policies and practices.**

EXECUTIVE SUMMARY

Douglas Shire Council's existing Biosolids Removal and Reuse Contract (2023-020 FNQ029) is due to expire on 30 September 2025 and there are no further extension options available. Another contractual arrangement is therefore required to ensure ongoing services continue, in order to meet future Council operational needs and biosolids licencing requirements.

It is recommended that Council Awards Contract 2025-064 Regional Removal and Beneficial Reuse of Biosolids to Arkwood (Gloucester) Pty Ltd based on a schedule of rates commencing on 1 October 2025, for a period of three years with a provision for two extension options of up to 12 months each at Council's discretion.

BACKGROUND

Biosolids are treated sewage sludges and are the major by-product of the wastewater treatment process. Douglas Shire Council currently produces approximately 2,000 tonnes per annum from the Port Douglas and Mossman Wastewater Treatment Plants.

In 2015, the Far North Queensland Regional Water Alliance identified the removal and beneficial reuse of biosolids as a potential procurement improvement opportunity for Councils as there was only one supplier actively working in the region. The aggregation of regional volumes and collective scheduling was identified as potentially enabling both Councils and Suppliers to benefit from economies of scale and improve efficiency. It was also hoped that a collective arrangement would encourage additional suppliers into the region and increase the number of disposal locations licensed for beneficial reuse. The formation of one collective tender with individual contracts managed centrally by Far North Queensland Regional Organisation of Councils (FNQROC) would lessen the administrative burden on Councils and facilitate best practice across the region. Prior to this, all Councils were issuing their own standalone contracts for these services.

In 2022, the FNQROC invited suitably qualified contractors to tender for the removal and beneficial reuse of biosolids on behalf of Douglas Shire Council and other participating member Councils. Arkwood was the only contractor to submit a tender and therefore Arkwood's submission was subsequently evaluated, and the recommendation to award Contract (2023-020 FNQ029) was approved by Council in 2022 for two years, with an option to extend for one year.

Contract 2023-020 FNQ029 is now due to expire on 30 September 2025 and there are no further extension options available. Another contractual arrangement is therefore required to ensure ongoing services continue in order to meet operational needs and licencing requirements.

COMMENTS

The lack of suitable contractors, proposed price increases and increasing regulatory uncertainty have provided the impetus to reconsider the way Councils deal with biosolids. Whilst preliminary enquiries have been made into emerging technologies and the use of biosolids, biosolids are not currently considered suited to either traditional organics processing or thermal processing due to uncertainty in changing regulations and end-markets.

As a result of previous market engagement activities and recent market scanning which has confirmed there are not currently multiple contractors available to service Far North Queensland, Council approved Arkwood (Gloucester) Pty Ltd's status as a sole supplier for the removal and beneficial reuse of biosolids at the Ordinary Council Meeting held on 29 July 2025.

FNQROC has assisted the six participating Councils (Cairns, Cassowary Coast, Cook, Douglas, Mareeba and Tablelands) with negotiating the rates and terms and conditions of the new Contract, which are based on the previously used terms and conditions. Establishing a direct contractual arrangement with Arkwood is considered to be the best solution in meeting the needs of Council.

Arkwood provide onsite collection equipment (hoppers and conveyors), transport of the biosolids to farms, testing of both the biosolids and the agricultural land to maintain regulatory compliance and use spreading equipment to apply the product to the land. This is a complete end to end solution that other tenderers have not offered in the past.

PROPOSAL

That Council:

1. Awards Contract 2025-064 Regional Removal and Beneficial Reuse of Biosolids to Arkwood (Gloucester) Pty Ltd based on a schedule of rates commencing on 1 October 2025, for a period of three years with a provision for two extension options of up to 12 months each at Council's discretion; and
2. Delegates authority to the Chief Executive Officer in accordance with the *Local Government Act 2009* to enter into contracts, negotiate, finalise and execute any and all matters associated with or in relation to the contract/s subject to Council's normal procurement policies and practices.

FINANCIAL/RESOURCE IMPLICATIONS

The last 12 months expenditure with Arkwood was approximately \$260,000 excluding GST. Under the proposed new pricing structure, the forecast costs for FY2025/26 are \$278,000

excluding GST. Arkwood provide two different rates (per tonne), one for beneficial reuse and the other for materials unsuitable for reuse.

Biosolids unsuitable for reuse due to contamination are disposed to landfill at a significantly higher rate. Arkwood manage higher levels of contaminants by blending with another compliant products prior to land application. Significant contamination although unlikely, poses a financial risk as the biosolids may have to be disposed to landfill at the higher rate.

An annual price adjustment mechanism for CPI has also been included in the new contract.

RISK MANAGEMENT IMPLICATIONS

There is a future risk that changes to the End of Waste Code (EOW) may impact the suitability of biosolids for beneficial reuse. An EOW is a set of criteria that allows a waste material to be considered a resource and no longer be classified as waste, provided specific conditions are met. These codes outline the requirements for a waste producer to supply a material as a resource and specify how the resource must be used to maintain its resource status. EOW codes facilitate the transition of certain waste materials into usable resources, promoting sustainable resource management.

This is a risk to the entire water industry nationwide and Council is working with FNQROC to stay up to date with the outcomes of studies by a number of large water utilities. The contract term will enable Council to seek alternative arrangements at the end of three years if the arrangements are no longer deemed suitable. FNQROC are currently also investigating other potential disposal options.

SUSTAINABILITY IMPLICATIONS

Economic:	The contract will provide the safe and effective management of biosolids whilst ensuring the material is beneficially reused, benefitting local farms.
Environmental:	Land application does not take place until the material has been tested and met the requirements of the EOW Code. The biosolids are beneficially reused at several farms across the region including Cairns, Mareeba and Warrami. A proportion of biosolids are also used by Shark Recycling as compost feedstock.
Social:	Arkwood has a depot and infrastructure in Cairns and employs personnel based in Cairns so there will be ongoing benefits to the FNQ regional economy under a new contract with Arkwood.

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2025-2030 Initiatives:

Theme 1 - Liveability

To deliver community activities to promote safe, healthy, inclusive and socially engaged communities with an environmental conscious.

1.8 - Provide safe, efficient and reliable water and wastewater services.

Operational Plan 2025-2026 Actions:

Nil

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Service Provider Council provides many services to the community from roads and waste services to libraries and recreational facilities. Services evolve over time and it is the Council's mission to ensure that these services are appropriate, delivered efficiently, and designed with the customer at the centre.

CONSULTATION

Internal: Water and Wastewater, Procurement.

The proposed new contract was presented to the Councillors for approval at a workshop on 9 September 2025.

External: FNQROC have undertaken extensive market scanning to identify potential options that will meet service requirements. They have consulted with internal stakeholders from participating Councils to discuss various procurement options. All other participating Councils have approved Arkwood as a Sole Supplier and will then establish individual contracts.

COMMUNITY ENGAGEMENT

Nil

ATTACHMENTS

Nil