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## **MEDIA RELEASE**

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### **NQCC REFUTES NEED FOR PORT EXPANSION**

“There is no strong economic basis for the expansion of the Townsville Port” says North Queensland Conservation Council (NQCC) Coordinator Wendy Tubman.

“The Townsville Port has been operating over the last six years at only 39% of its current capacity.<sup>1</sup> So any plan to double its capacity<sup>2</sup> needs to be based on very reliable forecasts, and frankly these just aren’t there.”

Much of the rationale for the port expansion rests on the Deloitte Access Economics (DAE) expectation that, by 2024/25, when the port would reach 33.4mtpa capacity, nearly two-thirds of throughput would be coal (24%), nickel (24%) and magnetite (16.5%).<sup>3</sup>

However, NQCC questions whether these forecasts and expectations are reliable and accurately reflect likely overseas demand for Australian resources and domestic production at future world prices.

“Even DAE, in what could be interpreted as a somewhat lukewarm statement, only describes the Port’s trade forecasts as a ‘reasonable’ basis for planning purposes”, said Ms Tubman.

“Look at the figures: According to DAE ‘Nearly 50% of the non-coal tonnage growth between 2009/10 and 2024/25 (nearly 7.5mtpa) is expected to come from Yabulu more than doubling in size and diversifying into magnetite’.

“But, the report notes that ‘[forecast port] growth is highly dependent on resource projects, which in turn relies on commodity prices remaining at levels that ensure these projects are viable’. It then provides research suggesting that the long run price of iron ore (used as a proxy for magnetite) will fall by around 54%.”

“And the outlook for coal is also fragile” Ms Tubman said. “The report shows a greater than 50% fall in the price of coking coal in the long run.”

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<sup>1</sup> Measured in average berth utilization 2006-07 to 2011-12 (POTL Annual Reports)

<sup>2</sup> Enabling it to handle up to 48.3 mtpa.

<sup>3</sup> See Appendix T of the 2000-plus page Environmental Impact Statement for the expansion for the DAE review of the Port’s trade forecasts.

“Indeed, Deloitte itself has recently been quoted in the international media as saying, “the main problems that the mining sector faces in all countries is growing costs and uncertainty about demand for coal.... Many investment projects in coal mining have been suspended due to market uncertainty”.<sup>4</sup>

“Already, Federal Member for Dawson George Christensen is reported as having doubts about the proposed coal terminal expansion at Dudgeon Point, suggesting the \$12 billion project may no longer be financially viable.

“Given the inevitable environmental damage that will be caused, the community must ask why it is being pushed to accept this port expansion, and demand an independent re-assessment of the need for it” Ms Tubman said.

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#### Background

“Magnetite (a type of iron ore) is common throughout the world. In Australia, the main deposits are in the iron-rich Pilbarra, Hamersley and Eastern Goldfields in WA.<sup>5</sup>

“Xstrata has recently started shipping small quantities of magnetite, obtained as a by-product from its copper-gold concentrating process at Ernst Henry mine near Cloncurry, through Townsville, and Curtin Bros’ Mount Moss mine is also understood to be exporting small quantities. However, the greatest expansion in the industry in Australia is happening in WA, where Chinese company CITIC Pacific is constructing the largest magnetite mining and processing operation in Australia, exporting up to 700 mtpa.

Yabulu is the site of the Palmer Nickel and Cobalt Refinery, operated by Queensland Nickel and owned by Clive Palmer. CITIC Pacific is mining and processing magnetite-rich ore from the extensive Balmoral ore resource, which is owned by private company Mineralogy Pty Ltd.

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<sup>4</sup> ‘Coal mining in trouble due to high costs and uncertain demand’, *Warsaw Business Journal*, 20 March 2013

<sup>5</sup> [https://www.ga.gov.au/image\\_cache/GA21218.pdf](https://www.ga.gov.au/image_cache/GA21218.pdf)

