Economic Impact Assessment

PORT OF TOWNSVILLE

Why Maintenance Dredging Matters to North Queensland

What was assessed?

The Port of Townsville commissioned independent economic consultants, Create Advisory, to assess the economic implications of maintenance dredging and sea placement at the Port. The assessment compared three scenarios:

1. continued maintenance dredging with sea placement at the existing Dredge Material Placement Area (DMPA);
2. no maintenance dredging; and
3. land-based placement of dredged material following construction of new reclamation infrastructure.

The study was undertaken to support the Port's Sea Dumping Permit application and provide an evidence-based assessment of the economic implications of different dredged material management options.

What did the study find?

Continued maintenance dredging and sea placement

The assessment found that ongoing maintenance dredging with sea placement at the existing DMPA:

- maintains safe navigational access;
- supports efficient Port operations;
- avoids additional supply chain costs;
- is the lowest-cost option for maintaining channel depths; and
- supports regional trade and economic activity.

Why does maintenance dredging matter?

The Port of Townsville is critical infrastructure supporting North Queensland communities, industries and supply chains.

In 2024–25, the Port handled almost 7 million tonnes of trade valued at more than $12 billion, including fuel, fertiliser, minerals, construction materials, vehicles and containerised cargo.

To maintain safe access for vessels, the Port undertakes annual maintenance dredging to remove naturally accumulated sediment from shipping channels and berths. Without dredging, sediment would progressively reduce channel depths and restrict vessel access.

What if maintenance dredging stopped?

The study found that ceasing maintenance dredging would progressively reduce channel depths, resulting in:

- increased vessel delays;
- use of smaller, less efficient vessels;
- diversion of trade to alternative ports;
- increased road and rail transport requirements; and
- higher supply chain costs for businesses and consumers.

Create Advisory estimated that the economic cost to Port users from ceasing maintenance dredging would exceed:

$1.045 billion over 20 years

This estimate relates only to the Port's eight largest commodity trades and the actual costs could be higher.

Where would those costs come from?

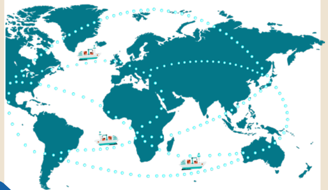
INCREASED VESSEL DELAYS

As channel depths reduce, larger vessels would have fewer opportunities to safely access the Port, leading to increased waiting times and additional shipping costs.

SMALLER VESSELS

Over time, operators would be forced to use smaller vessels that carry less cargo and are more expensive to operate per tonne transported. This was identified as one of the largest contributors to increased costs.

TRADE DIVERSION



Some cargo would eventually need to be diverted to other ports and transported by road and rail to reach North Queensland customers, increasing costs and emissions.

HIGHER COSTS

As channel depths reduce, larger vessels would have fewer opportunities to safely access the Port, leading to increased waiting times and additional shipping costs.

What about land-based placement?

The study also considered land placement of dredged material as an alternative to sea placement.

The assessment found that a land-based solution would:

- require significant new infrastructure;
- cost approximately $325 million to construct;
- take approximately 10 years to plan, approve and deliver;
- still expose the Port to many of the same impacts associated with stopping dredging during the development period; and
- require ongoing higher operating costs than sea placement.

The study found that land placement over the assessment period would still result in approximately:

$344 million in costs to Port users

and

$144 million in additional costs to the Port

The study also noted that no specific site for a land-based facility has been identified and no planning, approvals, community consultation or construction activities are currently underway.

Key Findings

Independent economic assessment concluded:

- continued maintenance dredging with sea placement remains the most effective option for maintaining safe navigational access and supporting efficient Port operations;
- ceasing maintenance dredging could result in more than $1 billion in additional costs to Port users over 20 years;
- land placement would involve substantial costs, significant lead times and would not avoid many of the impacts associated with reduced channel depths; and
- the economic impacts would ultimately be borne by businesses, producers, consumers and communities across North Queensland through increased supply chain costs and reduced efficiency.

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