

# Portland

360km west of Melbourne

Key influences: *Sea Change, Boom Towns, Government Decisions*

Part of West Victoria's leading growth region; diverse economy including manufacturing, timber, mining, export port, tourism; numerous power generation proposals in the region, including wind, wave and geothermal energy; port expansion.

Typical houses: **\$200,000**

Typical units: **\$150,000**

**P**ortland is Victoria's oldest town and, if some of the proposed major projects in the south-west of Victoria come off, it will become its newest boom town.

Portland, which has an economy based on its aluminium smelter (operated by Victoria's largest exporter), its export port and its links to the timber industry, stands to benefit from major plans for energy generation in the state's south-west – with a series of gas-fired power stations, wind farms, geothermal power plants and a wave power station in prospect.

Portland is unusual in that it's a relatively small regional centre but has an international trading port – and one that is undergoing expansion. “We have a heritage city, a working port and recreational fishing activity all co-located in close proximity,” says Glenelg Shire Mayor Geoff White.

## Location

Portland is about 100km west of Warrnambool in south-western Victoria and about 100km from the South Australia border via the Princes Highway. Portland sits alongside Portland Bay and the Southern Ocean.



## Population & Demographics

Portland has a population of about 11,000 people. Over 90% of residents were born in Australia. It has a youngish population, with 30% of residents aged under 20. Portland is the regional centre for the Glenelg Shire local government area.

## Economy & Amenities

The top industries in Portland, in terms of employment, are manufacturing, hospitals, education and food retailing. The Alcoa aluminium smelter and Keppel Prince Engineering are big employers.

The website *liveinvictoria.com* says: “Portland is one of South West Victoria's most important commercial and industrial hubs. Its deep-water port is a major export point for grain, wool, timber, livestock and metals produced across regional Victoria. Portland is also an important fishing port.”

The town's port is a big component of its economy. Mayor Geoff White says: “We have something of a unique situation in terms of regional centres in that we have an international trading port.”

It's a deep-water bulk port close to shipping lanes and is the international gateway for the Green Triangle forestry plantation region. Commodities exported out of Portland include agricultural, forestry and mining products, as well as aluminium and fertiliser. It has about four million tonnes of annual throughput, projected to grow to seven million tonnes by 2012.

The [portofportland.com.au](http://portofportland.com.au) website says: "The port is served by both road and rail systems, which bypass the City of Portland to allow 24-hour access. It delivers \$1.5 billion into the region and the nation each year – a figure that will continue to grow."

The port is also home base for the local fishing fleet. Glenelg Shire Mayor Geoff White says 40% of Victoria's fresh fish catch comes from Portland. An upgrade of the port's fishing trawler wharf, using a \$12 million State Government grant, was completed in July 2009.

The aluminium smelter has been a major part of the Portland economy since 1986. Alcoa, which operates the Portland smelter (in a joint venture with Marubeni and CITIC) and another at Geelong, is Victoria's largest exporter. The Portland operation occupies a 600-hectare site, most of which comprises a buffer zone between the smelter and adjoining land. It has a capacity of 358,000 tonnes of aluminium a year.

The Portland smelter, which employs 600 permanent staff and 200 contractors, has announced production cuts twice in the past 12 months. An announcement in April 2009 reduced production 15%, which led to the smelter cutting 28 jobs through voluntary redundancies, having earlier laid off 20 contractors in December 2008. The two moves reduced production from 358,000 tonnes to 305,000 tonnes.

Keppel Prince Engineering is another major employer in Portland. It services the aluminium smelter as a contractor and has also developed a successful business manufacturing components for wind farms. Keppel Prince employs over 400 people and is building the towers for a wind farm of 127 turbines near Portland.

Timber is a key industry, with over 1,000 jobs across the region which extends into the Green Triangle forestry plantation region. The emerging blue gum timber industry is seen as having big economic impacts.

Tourism is also important. The website [visitvictoria.com](http://visitvictoria.com) says Portland offers visitors opportunities to explore rugged landscapes and the area's colourful history and historic streets. It became Victoria's first permanent European settlement in 1834 (it started as a sealing and whaling town) and today has over 200 heritage buildings, including private residences.



Whale-watching during winter is part of the local tourism industry. The area has a number of highly-regarded surfing beaches, include Bridgewater Bay, the Watertower, Blacknose, Crumpets, Yellow Rock, Whites Beach and Murrells.

Natural tourism attractions include Cape Bridgewater for its petrified forests, blowholes and freshwater springs. There's also the Portland Maritime Discovery Centre, History House and the Burswood Homestead. White says the region's tourism numbers have managed a small increase in the past year, despite the economic circumstances.

Recreational fishing is a major part of the tourism package. *Visitvictoria.com* describes Portland as "an angler's paradise". White says: "The blue fin tuna industry has absolutely boomed. From January to June the number of boats launching to catch tuna has been enormous. Over the Easter weekend we had over 1,000 boats launched by recreational fishing people. We're now the leading port in Australia for that type of fishing."

Portland District Health operates a public hospital with 69 acute beds, 30 nursing home bed and a 58-place supported residential service.

## **Property Profile**

Nine out of ten dwellings in Portland are standalone houses. 40% of households own their homes outright while a third have mortgages. About 25% of households rent.

According to Australian Property Monitors (APM), Portland had a median house price of \$200,000 in the year to May 2009, based on 220 house sales. RP Data gives the median as \$210,000.

Portland has been a steady market, with some growth every year over the past 10 years (until 2009) and a long-term growth average of 10.2% per year, according to Australian Property Monitors. However, it has not had a major capital growth year since a 30% spike in values in 2003 and, according to APM, the median house price has fallen 7% in the past 12 months.

According to *sqmresearch.com.au*, postcode 3305 has a vacancy rate around 3.5%. APM says the median weekly rent is \$220 per week, suggesting typical yields in the 5.5% to 6% range. RP Data supplies similar statistics for Portland.

## **Prospects**

The big kicker for the south-west district is its potential as a major centre for energy generation, particularly via alternatives to the coal-based power stations in the Latrobe Valley east of Melbourne. Projects under construction or in planning for the district include two gas-fired power stations, nine wind farms (in addition to the two already operating) and proposals for geothermal and wave energy plants.

Santos has announced plans for an \$800 million 500MW power station at Orford, about 60km north-east of Portland, while Origin Energy is proceeding with a \$1.5 billion two-stage facility at Mortlake (Origin has approval to build a 1000MW power station but will initially build a 550MW plant).

Spanish wind power company Union Fenosa has announced plans to build five wind farms in Victoria at a cost of \$1.9 billion. The first two will be a 130megawatt facility with 68 turbines at Ryan Corner and a 60megawatt project with 31 turbines at Hawkesdale, both in Moyne Shire which adjoins Glenelg Shire. Others will follow in a second construction phase at Tarrone, Berrybank and Darlington.

AGL Energy is planning the 63MW Oaklands Hill wind farm near Glenthompson, north of Warrnambool. AGL is also involved in construction of Australia's largest wind farm at Macarthur, about 60km north-east of Portland. The \$850 million project will cover 5,500 ha with 150 turbines. The project is expected to generate enough electricity to power a city the size of Geelong, with first energy to be feeding into the grid by 2011.

Victoria's first commercial geothermal pilot plant is planned for Koroit, just outside Warrnambool. Hot Rock Ltd is planning a \$7 million geothermal test well (hopefully with a grant from the Federal Government's \$50 million "hot rocks" fund), which would be followed by a 1megawatt pilot plant to be operational by the end of 2009. The next phase would be a 50megawatt plant within two years.

In March 2009 a renewable energy firm planning a \$500 million wave energy plant off Portland was granted State Government approval for two pilot projects in the region. The *Warrnambool Standard* reports: "The Carnegie Corporation has been given the green light to develop coastal land in both the Warrnambool and Portland areas to gauge the energy capacity of the south-west coast."

Not all of these projects will produce direct economic benefits to Portland, but the impacts will ripple through the south-west Victoria region. The *Warrnambool Standard* reported: "When the new power stations and wind farms reach full potential, they will produce electricity for about four million homes.

"Western Victoria will be a part of a predicted billion-dollar resources boom ... Dozens of companies are delving into geological formations and re-evaluating exploration maps ... Copper, nickel, zinc and silver have been found in a 300 sq.km. strip near Glenthompson (north of Warrnambool) ...

"The coastal region near Port Campbell has yielded lucrative supplies of natural gas and another huge area near Portland has been identified as having the potential to become Australia's next major oil and gas supplier ... Portland district's geothermal potential has been virtually untapped and an area north of Koroit has been earmarked for hot rocks energy exploration ...

"The Nirranda district (not far from Warrnambool) will play an increasing role as industry looks for ways to reduce emissions penalties. A major trial of carbon capture and storage techniques was launched in April ..."

Prospects for Portland received a substantial boost in August 2008 with the announcement that a \$45 million expansion of Portland's bulk port had been approved by the State Government. This would allow the port's woodchip storage facility to be extended, to cater for the first harvestings of 130,000ha of blue gum forests which are seen as having a big future for the region.

The much-publicised problems of the failed agribusiness Timbercorp stalled these plans but in July 2009 timber company Gunns (which owns 50,000 hectares of plantation land in the Green Triangle Region) said it would step in to fund and operate the woodchip storage and export depot.

"It means the facilities will be operational by the middle of 2010 and then exports can flow," White says. "It means an extra 70 ships into the port so it's very good business for the town."

The *Warrnambool Standard* reported in August 2009: “An ambitious plan to build one of Australia’s largest commercial dry docks in Portland has been boosted by the State Government. A \$20,000 feasibility study will start next week on a huge expansion of the port’s slipway to service large ocean tugs and drilling rig tenders.” The dry dock is expected to create 30 jobs. The current slipway has a limit of 300 tonnes, too small for the port’s two tugs.

Also announced in August 2009 was a \$2.1 million upgrade of Portland Airport, to be completed by early 2011. It will double the size of the airport’s maintenance hangar. Sharp Airlines has announced new services, including a Portland-Adelaide flight. The airport currently can accommodate 40-seat aircraft linking Portland with Melbourne.

White says: “We think we’re entitled to be fairly optimistic. With all these positives around we insulated to some degree from the downturn.”

