

## INQUIRY INTO PACIFIC HIGHWAY UPGRADES

**Organisation:**

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**Telephone:**

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**Subject:**

**Summary**

## INQUIRY INTO PACIFIC HIGHWAY UPGRADES

### LEGISLATIVE COUNCIL GENERAL PURPOSE STANDING COMMITTEE NO 4

#### COMMITTEE MEMBERS

The Hon Jenny Gardiner MLC (*Chair*)  
(*The Nationals*)

Ms Sylvia Hale MLC (*Deputy Chair*)  
(*The Greens*)

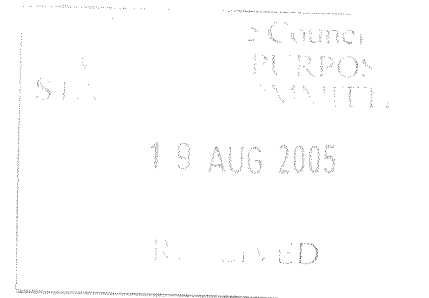
The Hon Jan Burnswoods MLC  
(*Australian Labor Party*)

The Hon David Clarke MLC  
(*Liberal Party*)

Mr Ian Cohen MLC  
(*The Greens*)

The Hon Greg Donnelly MLC  
(*Australian Labor Party*)

The Hon Amanda Fazio MLC  
(*Australian Labor Party*)



Inquiry into and report on the impact of the proposed upgrades of the Pacific Highway between: Ewingsdale and Tintenbar, with particular regard to the following issues:

**1a) “reasons for expanding the highway upgrade study area on the St Helena to Tintenbar section”**

I appreciate the opportunity to address the General Purpose Standing Committee No. 4 on the impact of proposed upgrades of the Pacific Highway – specifically item 1 a) on the Ewingsdale to Tintenbar (T2E) upgrade. The opportunity presented by the General Purpose Standing Committee No. 4 to comment on the proposed Pacific Highway upgrade between Ewingsdale and Tintenbar under items

**1 (c) and (d) “the impact of the highway upgrade on prime agricultural land”**  
**both within the original study area and the expanded study area is appreciated.**

## **MACADAMIA NUT PRODUCTION**

The original study area was all part of the Big Scrub that was dominantly a magnificent source of the red cedar cabinet timber. When cleared the agricultural use of the country became cattle (beef and dairy). Over the past 30 years the primary agricultural use has moved from cattle to tree crops. The principal tree crop is macadamia (native to the Big Scrub) but also coffee, stone fruit and other boutique crops.

The Big Scrub area of about 900 square kilometers, with the original study area being inside the extreme eastern edge, consists of prime rich Kraznozem soils which are particularly suitable for tree crops. They contain very good organic carbon matter and equally as important are very free draining. This combination led to the establishment of the macadamia industry.

For various reasons to do with soil but more importantly rain (85 inches/year) and balmier temperatures (cooler in summer, warmer in winter) this part of the plateau on the extreme Eastern edge has achieved the best growing results over the years. As a result agricultural value for land has become very high – approx \$43,000/hectare for bare land and \$75,000/hectare with mature trees. To validate this value, mature macadamia farms met their weighed cost of capital in 2004\*. This is extremely rare in Australian agriculture and this return on these capital values of approximately 13% compare with historical averages of between 2% and 8% for grains, grazing, sugar and cotton (Commonwealth Bank data).

**Arguably these values place this 17 kilometre stretch of land at the forefront of agricultural values on the Pacific Highway between the Victorian and Queensland borders.**

It should be noted here that the latest DIPNA agricultural map is inaccurate in part with mapping in the original study area.

The extension of the study area to the East incorporates low lying coastal land which has historically had sugar cane as its principal agricultural crop. Although still mainly under sugar the global competition particularly from Brazil has meant farmers have been addressing alternatives – and one of these alternatives is macadamias. Two farms have a reasonable production history and others have young trees.

The jury is still out on how productive this area is for tree crops but it shows some promise. However the value of land for its agricultural value is I believe approximately \$15,000 per hectare which gives some indication of the market view of the difference in value between the two types of land.

*\*This is an extremely high return; for example, Qantas is expected to make a \$700m profit this year BUT this does not meet its weighted cost of capital.*

Information supplied by:      Surrey Bogg