

## Developing land in Northern Australia (NT)

With the livestock business being in a mature and steady state, the opportunity to develop land has driven demand and prices. To increase livestock carrying capacity by installing waters will cost about \$500 per adult equivalent (AE). The immediate valuation increase is to \$1100 per AE, so clearly developing land for increased livestock capacity is a very good investment. But this strategy does increase the impact of drought as fodder reserves are consumed.

Improving pastures on cattle country for hay or grazing is also a good investment. Generally, the carrying capacity of native pastures is about 1AE per 10ha or 4-5 tones of hay per ha. Well-developed and managed operations on improved pastures with average rainfall will see 1AE per 2-3ha, the cost to develop pastures typically being \$450-750 per ha, depending on the variables. With an \$1100 valuation, this is a very good investment.

Using improved pasture lands for dryland (rainfed, we call it) agricultural crops also adds value providing there is average rainfall and management of the farming program is very good. The gross margin for a successful sorghum, corn, millet or other fodder crop is better than that of perennial pastures used for grazing or hay production in most instances.

Further diversification to higher gross margin crops, such as cotton, peanuts and beans, are also good potential value enhancers. These crops require non-pastoral use permits (NPU) under the *NT Pastoral Land Act 1992*. With a good plan, NPUs are usually achievable.

Most of the potential agriculture land sits over a variety of irrigable aquifers. Developing irrigation concepts as a business or to support the larger cattle and or mixed farming operation is possible. Water licence application and allocation has been reasonably successful with a lot more water being allocated than what is used. The cost to develop irrigated land is likely to range from \$5000-\$10,000 per ha, depending on the cropping plan and water infrastructure. There is no evidence of the valuation increase being well over that of the development costs. But successful irrigated crops of cotton, for example, can deliver gross margins in excess of \$5000 per ha, so once again a very good investment from a yield perspective.