
GUIDE

How to build a cattle budget and cashflow

By Nick Clunes · Updated 25 October 2026 · 8 minute read

SHORT ANSWER

Start with a gross margin for each cattle enterprise, using your own weaning rate, sale weights and prices. Add overheads, interest and drawings to see the whole business. Then put every figure in the month it lands, so you can see the overdraft low point and test it against a price drop.

A cattle budget answers two questions. Does the business make money over a normal year? And will the overdraft carry you until the cattle are sold? Most budgets I saw as a banker answered the first one and skipped the second.

Here is the method I use for breeding and trading cattle in the Central West and Orana.

Step 1: Count the herd before you count the money

Start with stock numbers, because every dollar follows from them. For a breeding herd, write down cows joined, your weaning rate and how many heifers you keep as replacements. Then add the cull cows you'll sell and any bulls you'll buy.

Weaning rate means calves weaned per cow joined. Use your own figure from the last three years if you have it. The NSW DPIRD inland weaner budget for June 2026 assumes 84%, with a 90% conception rate and 2% adult deaths. DPIRD works out that each extra 5% in weaning rate adds about \$60 of gross margin per cow.

For trade cattle, write down how many head you'll buy, the weight in, the weight out and the time on hand. Allow for deaths, which the DPIRD steer growout budget puts at 2%.

Step 2: Put a weight and a price on everything you sell

Income is head sold, times liveweight, times price in c/kg. Ask your stock agent for the price view, then use a figure a bit below it. The bank will trust a budget that doesn't need record prices to work.

Prices move fast. MLA's restocker yearling steer indicator fell more than 50c/kg during September 2026, to 481c/kg. Rabobank's May 2026 outlook expected weaners around \$4.00 to \$4.50/kg liveweight, with the risk on the downside.

Sale weight needs the same care. MLA's More Beef from Pastures tables show a calf growing 0.9 kg a day reaches about 214 kg at 200 days. At 0.7 kg a day it's about 171 kg. That gap is worth a lot of money at weaner prices.

Step 3: Work out the gross margin for each enterprise

A gross margin is income less the costs that rise and fall with the enterprise. For cattle that means bulls, animal health, supplementary feed, pasture maintenance and selling costs. Selling costs include commission, yard dues, the MLA levy, freight and NLIS tags.

Overheads, interest and permanent wages stay out of it. That is how NSW DPIRD sets its budgets, and it lets you compare enterprises fairly.

Then divide by the feed each enterprise uses, measured in DSE. A DSE is the feed a 50 kg wether needs to hold its weight. DPIRD rates an average inland breeding cow at 15.25 DSE and a growout steer at 8.9 DSE. In its June 2026 budgets the inland weaner gross margin was \$62.92 per DSE and the steer growout \$76.89 per DSE.

Step 4: Add overheads, interest and drawings

The whole business has to carry rates, insurance, fuel, repairs, wages, accounting fees and the interest bill. It also has to feed the family. I list these once for the whole place, then split them across enterprises by their share of the DSE or the land.

Step 5: Work out your cost of production per kg

MLA's method divides the total cost of the beef enterprise by the kilos of liveweight it produces. Total cost here includes the enterprise's share of overheads and labour. Comparing that figure with your average sale price per kg tells you if the herd pays its way.

The 2026 Australian Beef Report by Bush Agribusiness puts the southern top 25% at \$2.35/kg liveweight. The southern average was \$3.40/kg.

Step 6: Spread it across the months

This is the cashflow, and it's where cattle businesses get caught. Put every receipt and payment in the month it will actually happen. Weaners might sell in February, cull cows in May and trade steers whenever they reach weight. Bills like overheads and interest come every month regardless.

Start from the overdraft balance today and run it forward. The lowest closing balance is the number the bank cares about most.

Worked example: a breeding and trading place near Forbes

This is an example business with 250 cows and 150 trade steers. The figures are illustrative and don't come from a real client.

Breeding

At an 86% weaning rate, the 250 cows wean 215 calves. The owners keep 45 heifers as replacements and sell 108 steer weaners and 62 heifer weaners. They also sell 40 cull cows.

Breeding income	Head	Weight	Price	Total
Steer weaners	108	260 kg	450c/kg	\$126,360
Heifer weaners	62	230 kg	400c/kg	\$57,040
Cull cows	40	540 kg	340c/kg	\$73,440
Total	210			\$256,840

Breeding costs	Total
Bulls (2 at \$8,000)	\$16,000
Animal health (\$25 a cow)	\$6,250
Supplementary feed	\$12,500
Pasture maintenance	\$30,000
Selling costs (5% commission plus \$44 a head)	\$22,082
Total	\$86,832

The breeding gross margin is \$256,840 less \$86,832, which is \$170,008. That's \$680 per cow. At 15 DSE a cow, it's about \$45 per DSE.

Trading

They buy 150 steers at 260 kg and 450c/kg, which costs \$175,500. Three die. The other 147 gain 180 kg in 300 days, which is 0.6 kg a day. They sell at 440 kg and 420c/kg for \$271,656.

Trading costs	Total
Freight in (\$30 a head)	\$4,500
Animal health (\$25 a head)	\$3,750
Pasture and fodder	\$15,000
Selling costs (\$30 a head sold)	\$4,410
Total	\$27,660

The trading gross margin is \$271,656 less the \$175,500 purchase and \$27,660 in costs. That leaves \$68,496, or about \$457 per steer bought. The steers need to make 314c/kg just to cover the purchase and direct costs.

The whole business

Whole business	Total
Breeding gross margin	\$170,008
Trading gross margin	\$68,496
Less overheads	\$120,000
Profit before interest	\$118,504
Less interest	\$55,000
Less drawings	\$60,000
Left over	\$3,504

Profit before interest covers the interest bill about 2.2 times. If every sale price drops 15%, profit before interest falls to \$41,156. That covers interest only 0.75 times, and the business would be about \$73,844 short after drawings.

Their breeding cost of production is about \$3.00/kg. That counts the breeding costs plus 60% of overheads and interest, spread over the 63,940 kg sold. Their average breeding sale price is about

\$4.02/kg.

The cashflow

The overdraft starts July at \$150,000. This assumes they buy and sell about the same number of steers each year.

Quarter	Money in	Money out	Net	Closing overdraft
Jul to Sep	\$0	\$106,625	-\$106,625	-\$256,625
Oct to Dec	\$0	\$78,750	-\$78,750	-\$335,375
Jan to Mar	\$433,996	\$74,375	\$359,621	+\$24,246
Apr to Jun	\$68,008	\$238,750	-\$170,742	-\$146,496

Money in is shown after selling costs. The year finishes \$3,504 better than it started, which matches the budget. But the overdraft reaches \$335,375 in December before a single weaner is sold. A \$300,000 limit wouldn't be enough, even though the year makes money. A monthly cashflow would show the true peak, which could be higher still.

What the bank will ask about

A credit team reading a cattle budget will usually test three things. The first is whether the stocking rate holds up in a dry year, and what you'll sell first. The second is how far prices can fall before interest cover drops below one. The third is whether the limit covers the low point with room to spare.

Rabobank's May 2026 outlook noted that dry conditions in parts of NSW could force selling into an oversupplied market. So I put a dry-year case in every cattle budget. The NSW Government's dry times guide puts hand-feeding a cow at about \$5 a day in its example. Six months of that for 250 cows is about \$228,000. That's why the plan to sell matters as much as the plan to feed.

When to get help

If you'd like a second pair of eyes before the review, the Bank Review Pack is \$1,850 plus GST (\$2,035 incl. GST). It includes a budget for each enterprise, a monthly cashflow and a price-drop test. I don't do tax or BAS, so your accountant keeps that work, and I'll build from their figures.

Common questions

What is a gross margin for cattle?

It is the income from the enterprise less the costs that rise and fall with it. For cattle that means bulls, animal health, feed, pasture and selling costs. NSW DPIRD says it doesn't include overheads like rates, depreciation, interest or permanent labour. So it isn't profit, but it is the right way to compare one enterprise with another.

What weaning rate should I use in my budget?

Use your own from the last three years, counted as calves weaned per cow joined. The NSW DPIRD inland weaner budget for June 2026 assumes 84%. If you don't have good records, the budget will show you why it's worth keeping them.

Should I include interest on the trade cattle?

The DPIRD steer growout budget doesn't charge interest on livestock. In a real cashflow the purchase usually sits in your overdraft, so I count the interest in the whole-farm figures. That way the bank sees it as well.

How do I compare breeding and trading on the same country?

Work out the gross margin per DSE for each one. A DSE is the feed a 50 kg wether needs to hold its weight, and NSW DPIRD notes some areas use 45 kg. It lets you compare a cow with a steer on the same paddocks, though DPIRD cautions it is less reliable in a drought.

Sources

1. NSW DPIRD, Livestock gross margin budgets (beef, June 2026 and July 2025)
2. NSW DPIRD, Inland weaners gross margin budget, June 2026
3. NSW DPIRD, Steer growout gross margin budget, June 2026
4. NSW DPIRD, Beef gross margins summary, June 2026
5. NSW DPIRD, About gross margin budgets
6. NSW DPI, Using DSEs and carrying capacities to compare sheep enterprises
7. MLA, Cost of production calculator: southern beef case study
8. MLA More Beef from Pastures, Tool 5.5: Weaning age and projected liveweights
9. Beef Central, 2026 Australian Beef Report: what separates the top 25pc from the rest (7 October 2026)
10. Rabobank, Strong global demand paints positive picture for Australian beef (13 May 2026)
11. NSW Government, Managing a small beef herd in dry times
12. Australian Banking Association, Banking agribusiness in 2025

General information only, not financial, tax or credit advice. Worked examples use made-up figures.
More on how Farm CFO works with cattle.