
GUIDE

Restocking after a dry year: the cash side

By Nick Clunes · Updated 26 October 2026 · 7 minute read

SHORT ANSWER

Restocking costs cash months before it earns any, so the question is how deep the gap gets and who funds it. Buying in gets numbers back faster but adds debt, breeding back is slower and cheaper, and agistment earns cash from spare country without borrowing. Build the plan into a cashflow, stage it so you can stop if the season fails, and take it to the bank or RIC before you buy.

It's rained, the paddocks are greening up, and the phone is full of agents offering cows. You sold down hard in the dry, and every empty paddock feels like lost income. Before you buy, work out how much cash the rebuild needs and how long it will be before the stock pay it back.

The gap between buying and selling

Restocking turns money into stock long before stock turn back into money. A cow bought now might not have a weaner on the truck for a year. A ewe bought now might not give you a lamb or wool cheque for many months. Meanwhile freight, animal health, feed and interest all keep running.

NSW DPI's 2007 drought recovery Primefact found the cash effects of destocking were felt most in the first three years of recovery. That's the window to plan for.

Your main options

Buy in

Buying breeders gets numbers back fastest. Queensland DAF's 2020 drought recovery fact sheet says buying pregnancy-tested-in-calf (PTIC) cows rapidly restores the herd, but deepens and extends short-term cash deficits. It adds that this may still beat waiting for natural increase.

NSW DPI's 2007 example found buying in as well as breeding back recovered the herd one year earlier and the flock two years earlier than breeding back alone. It also said buying in usually increases debt.

Breed back

Keeping more heifers or maiden ewes costs less cash, but it's slow. Queensland DAF warns that rebuilding slowly from retained progeny alone, after a major destock, can seriously threaten a business's long-term viability. That's because the overheads don't wait.

Agistment and trading

Taking in someone else's stock on agistment earns cash from spare feed without borrowing. Queensland DAF calls it the lowest-risk option early in recovery. NSW DPI made the same point: agistment and backgrounding can lift cashflow without adding debt. Get the agreement in writing, as NSW DPI recommends.

Trading stock can use spare country quickly, but Queensland DAF cautions that short-term trading of large numbers is risky. You can test a trade with the cattle trading margin calculator or, for sheep, the sheep gross margin tool.

Don't forget the paddocks

The MLA article on restocking says to "let the pastures dictate restocking", and to redo the feed budget for current conditions. Queensland DAF suggests at least 6 to 8 weeks before grazing recovering pastures. Buying stock before the feed is there just moves the cost from the bank to the paddock.

Animal health matters too. Both NSW DPI and the MLA article warn that bought stock can bring in disease, worms or drench resistance. Talk to your vet before you buy.

Stage the purchase

I prefer restocking in stages. Buy part of the numbers, see how the season holds, then buy the rest. It costs a little more in freight and time, but you keep the option to stop if the follow-up rain doesn't come.

A worked example

This is an invented breeding herd near Dubbo, and the figures are illustrative. The stock prices and costs are made up for the example and are not market figures. Before the dry year it ran 400 cows and now has 150.

The plan is to buy 200 PTIC cows at \$1,800 a head plus \$8,000 freight per 100 head. Extra running costs are \$12 a cow a month. It uses an interest rate of 5.71%, the same as RIC's variable rate from 1 August 2026, though your own rate may differ. The first weaners from the bought cows sell 12 months after the first purchase.

Plan A: buy 200 cows at once.

Item	Amount
200 cows at \$1,800	\$360,000
Freight	\$16,000
Running costs, 200 cows for 12 months	\$28,800
Interest on \$376,000 for 12 months	\$21,470
Cash needed before first sales	\$426,270

Plan B: buy 100 now and 100 in six months, agisting 100 head on the spare country in the meantime at \$3.50 a head a week.

Item	Amount
First 100 cows and freight	\$188,000
Second 100 cows and freight, month 6	\$188,000
Running costs, first 100 for 12 months	\$14,400
Running costs, second 100 for 6 months	\$7,200
Interest on \$188,000 for 12 months	\$10,735
Interest on \$188,000 for 6 months	\$5,367
Less agistment income, 100 head for 26 weeks	-\$9,100
Cash needed before first sales	\$404,602

Plan B needs \$21,668 less cash before the first sale. More importantly, if the season turns dry again at month 6, the business can skip the second purchase. Its exposure is then about half of Plan A's. The trade-off is fewer calves from the second lot in the first year.

You can model your own version with the cashflow forecaster, test a failed spring with the season stress test, and see the repayments on any loan with the repayment schedule.

Talking to the bank and RIC

Take the cashflow to the bank before you buy. Show the cash gap, when income returns, and what you'll do if the season fails halfway. Queensland DAF suggests building each strategy into a recovery-period cashflow budget to compare options and talk to lenders, and that's exactly what the bank wants to see.

The Regional Investment Corporation's Drought Loan lists restocking or replanting when seasonal conditions allow as one use. It also covers refinancing existing commercial debt. The loan is up to \$2 million over 10 years, with 5 years interest only, and the variable rate is 5.71% from 1 August 2026. Eligibility and credit criteria apply.

If the dry year has left you under real pressure, the Rural Financial Counselling Service gives free help with cashflow budgets and negotiating with lenders, on 1300 771 741.

When to get help

If you'd like the restocking plan built into a monthly cashflow for the bank or RIC, it's part of the Bank Review Pack at \$1,850 plus GST. If you'd like me to keep it updated through the recovery, the Season Partner is \$3,900 a year plus GST.

Common questions

Should I restock as soon as it rains?

Not straight away. Queensland DAF advises giving pastures at least 6 to 8 weeks before grazing, and an MLA article on restocking says to let the pastures dictate restocking. Your agronomist, or Local Land Services in NSW, can help you judge when the feed is there.

Is buying stock better than breeding back?

It depends on stock prices, your debt and the season. A 2007 NSW DPI analysis found buying in brought numbers back sooner and lifted returns in its example, but it usually increased debt. I'd model both in a cashflow before deciding.

Can I use an RIC loan to restock?

The RIC Drought Loan flyer lists replanting or restocking when seasonal conditions allow as one use. Eligibility and credit criteria apply, so check with RIC on 1800 875 675.

Where can I get free help with the numbers?

The Rural Financial Counselling Service is free and helps primary producers with cashflow budgets and talking to lenders. The national number is 1300 771 741.

Sources

1. MLA, Planning for tough seasons: restocking strategies (2015)

2. NSW DPI Primefact 680, Drought recovery options: utilising vacant DSE capacity (2007)
3. Queensland DAF, Recovering from drought: key management considerations for beef producers (2020)
4. Regional Investment Corporation, Drought Loan flyer (March 2026)
5. Regional Investment Corporation, RIC variable interest rate change from 1 August 2026
6. Agriculture Victoria, Rural Financial Counselling Service

General information only, not financial, tax or credit advice. Worked examples use made-up figures.