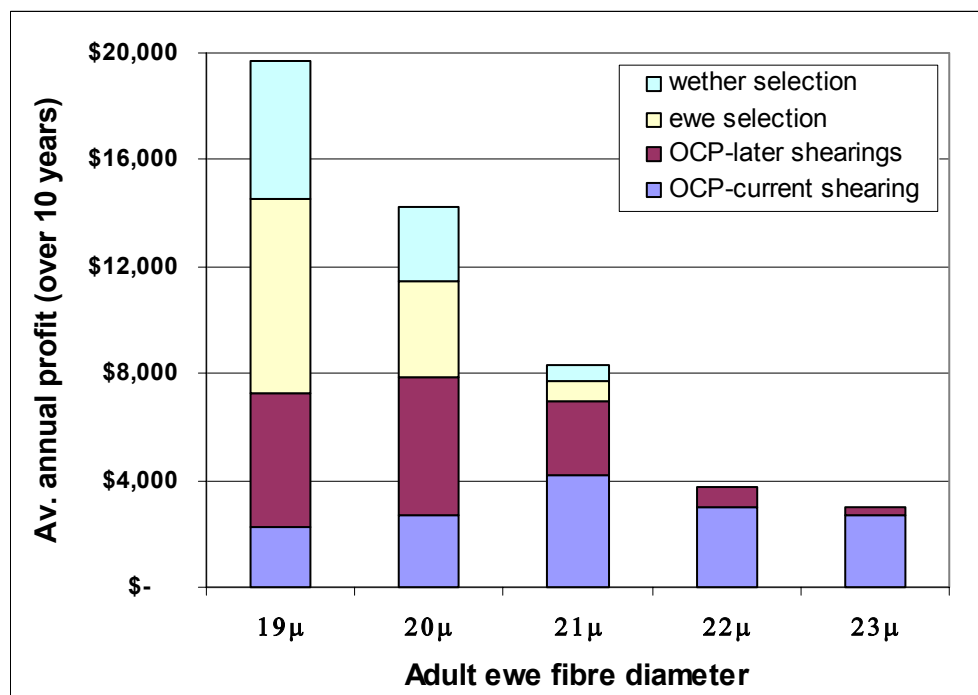


## On-farm testing is still profitable in 2002

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The fact sheet “On-farm testing in commercial Merino flocks is profitable” showed how valuable on-farm testing was for Merino producers across the whole spectrum of flock fibre diameter. This analysis was based on wool prices between 1998 and 2001. Recent prices (first half of 2002) have changed people’s perceptions of the value of on-farm testing and has resulted in a significant drop-off in testing rates. Are the perceptions justified? We have re-done the profitability analysis using only prices in 2002 and an example flock of 2000 breeding ewes with or without a 1000 adult wether flock, as we did previously. The results are shown in the Figure below.

**Figure** Long-term economic benefits of objective clip preparation and selection in a flock of 2000 breeding ewes and 1000 adult wethers – using only prices from January to June 2002



The clear conclusion is that on-farm testing is still a profitable activity, and in fine wool flocks it is even more profitable today than it has been for the past 3 years. Profit levels of up to \$20,000 per year after an investment of only \$3,000 are a huge rate of return. But even in medium and broad wool flocks, on-farm testing can still deliver substantial profits largely due

to the potential for objective clip preparation in the young, finer animals (first two shearings) within those flocks.

There are two important issues that need to be considered in using this information to make decisions:

- Firstly, simply deciding whether to test on the basis of current prices assumes that these prices (or ones like them) will last over the lifetime of the animals. Individual producers need to make some judgement on whether future prices will be more like the current market (2002) or previous markets (1998-2001).
- Secondly, the returns in the current market are heavily influenced by potential returns from objective clip preparation. With the possibility of drought-affected wool, likely returns will be substantially reduced in finer sale lines if due care is not taken to exclude tender fleeces.