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## **Changing Time of Shearing**

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## Changing Time of Shearing

Alan Haagenzen

### Introduction

A comparison was made of four ways of changing time of shearing from spring (September) to autumn (March). Wool producers may need to change the time of shearing to fit in with a change in time of lambing or to take advantage of autumn sheep sales or to reduce the incidence of tender wool. The four methods compared are; shear **six months premature** to change in one year; shear at **nine months premature** to change over two years; **delay shearing** to fourteen months to change over in three years and to **split shear**; shear the existing flock in September and shear all progeny in March, this takes five or six years to change over.

### Assumptions

The comparison is based on a flock of 8000 sheep with 50 % ewes, lambing in July selling cull ewes and wethers shorn in March. The analyses only looks at the changes in quantity of wool, and micron and length, and the associated prices. A comparison was done at two prices. A National Market Indicator of 630 cents and 900 cents.

Months	Growing Period	Micron	Length	Wool Type	Price c/kg		Wool Ewes	Weight Wethers
					Greasy	Clean		
12	Sep - Aug	22	80	79	350	500	5.5	6
12	Mar - Feb	22	80	79	350	500	5.5	6
6	Sep - Feb	23	50	123	280	400	3.3	3.6
9	Sep - May	22	67	123p	314	450	4.2	4.6
9	Jun - Feb	23	73	86	288	411	4.6	5
14	Sep - Oct	22	114	73	353	504	7	7.6
14	Nov - Dec	22	105	73	353	504	6.8	7.4
14	Jan - Feb	22	101	73	353	504	6.1	6.6
		National	Market	Indicator	630	900		

Wool micron, length and weight calculated on SHEART.

## Analyses

Comparing March shearing with September shearing over a calendar year.

March \$109,392 net income compared to September \$101,741.

About the same weight of wool is shorn in each case. With the spring shorn group 3550 kg is premature wool shorn from the cull sheep prior to sale in autumn. This is discounted 70 cents and the loss is \$2485. The rest of the gain from autumn shearing is from interest saved as a result of getting the wool income six months earlier. At an interest rate of 10% this equals \$5372, at an interest rate of 5% it would only be \$2626.

While Autumn shearing appears to be a profitable alternative there is a cost in getting there as 40% of one wool clip is not harvested in order to change the time of shearing. It is still on the sheep's back and has an asset value of \$27000. It takes eight years for the cash flow to break even compared with not changing the time of shearing. There must be a good reason to change before the decision to change is made. Lambing in spring and selling cull sheep in autumn is a sufficiently profitable reason to warrant the change in Western Australia.

Changing time of shearing from September to March Wool price NMI 630 cents

### Annual Net Income.

Year	No change	Delayed	Split	Prem 6	Prem 9
1	101741	136058	93801	43884	66034
2	101741	-10585	94303	109392	70446
3	101741	137726	95676	109392	109392
4	101741	123721	96993	109392	109392
5	101741	109392	104030	109392	109392
6	101741	109392	109392	109392	109392
NPV over 5 years at 10%	\$385,700	\$370,800	\$365,900	\$355,100	\$343,100
+ wool asset	\$385,700	\$387,600	\$382,700	\$371,900	\$359,800
NPV over 9 years at 10%	\$585,900	\$586,100	\$581,244	\$570,400	\$558,400

+ wool asset is the NPV over five years plus the extra value of the wool on the sheep's back, \$27,000

Comparing the cost of changing time of shearing at two different prices of wool did not change the relative performance of the different methods.

## Results and Discussion

Changing time of shearing requires careful analyses as it needs to fit in with other farm operations and there is a big difference between cash flows, net income and taxation from the different methods of changing shearing. The following methods should be considered when changing from spring shearing to autumn shearing.

### 1. Delay shearing 14 months

- Shear year 1 - November
- Shear year 2 - none
- Shear year 3 - January
- Shear year 4 - March

Precautions      No wool clip in one calendar year  
Need extra care with flies and seeds with long wool.

Benefits          One of the less costly and less risky methods.  
There is a wool clip each taxation year.  
There are no price discounts on wool.

### 2 Split Shearing

- Each year      Shear old flock in September.  
Shear progeny in March.

Precautions      Takes five to six years to change entire flock.  
There is a risk of lice problems with a split shearing.  
Requires two shearing each year for six years.  
May be difficult to September shear with spring lambing.

Benefits          One of the less costly and less risky methods.  
No taxation problems.  
No wool discounts.

### 3 Premature Shear six months

- Shear year 1 - March

Precautions      20% discount for premature wool, shorter and one micron thicker.  
Higher tax in the first taxation year due to one and a half wool clips,  
the wool income is increased by 54%.

Benefits          Quick and simple.  
- Discount loss is not great, 20 percent of a smaller wool clip (60%).

### 4 Premature Shear nine months

- Shear year 1 - June
- Shear year 2 - March

Precautions      Discounts for premature wool.  
The wool in the second year could be discounted 18% because it is  
one micron thicker.  
Higher tax as the June and March wool clips are in the one tax year.  
June shearing may interfere with lambing, and is during bad weather.  
Is the most risky and least profitable alternative.