

We collect, we sell, we pay
Guaranteed!



Pacific Alpacas
New Zealand's Fibre Pool

1 Pigeon Rock Road, RD2, Cromwell 9384, New Zealand pacificalpacas.com

Pacific Alpacas Newsletter 0417

June 6th 2017

PREPARATIONS FOR 2017/2018 SEASON COLLECTION.

We are very proud to announce that the coming 2017/18 season will be our 10th consecutive annual collection season serving New Zealand's alpaca fibre growers!

Continuing with our drive to streamline operations and thereby minimise costs and maximise returns to contributing growers we are now focusing on our single biggest non-fibre cost – FREIGHT!

Freight is a huge component of our cost of operations....

- from the grower to Auckland or Cromwell for sorting,
- from Auckland to Cromwell to Canterbury Wool Scourers in Timaru for scouring
- from CWS to the ultimate customer

... freight contributes approximately \$4/kg to the cost of sales for alpaca fibre

This year the freight burden has had an additional 20% loading because of the Kaikoura earthquake damage and the associated rerouting costs.

COLLECTION INCENTIVES 2017/2018

This season we are introducing three incentive schemes that we believe will further streamline our business and thereby reduce costs for the benefit of all contributing growers.

1. Collection Points
2. Bale Pressing
3. Shearer Collections

We believe that the incentives to consolidate our pickup points and press bales will result in more savings than the additional costs we will incur in the incentives.

Collection Points:

Limiting the number of places we visit to collect fibre from is vital to the long-term viability of the fibre collection pool. It doesn't take a math's wizard to figure out that it is not worth us sending a van and driver on even a 20km round trip to collect 10kg of fibre from a single grower.

Hence, the importance of Collection Points whereby growers can drop off their fibre to one central location for consolidated pickup. Pacific Alpacas had 10 Collection Points for the 2016/17 season, growers who volunteered to assist for no financial gain other than the overall cost reduction enjoyed by the fibre pool as a whole. Please join us in thanking them.

We want to increase our number of collection points by at least 50% for next season.

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For 2017, Pacific Alpaca's will be rewarding contributing growers who act as Collection Points; as follows:

- If you are a collection point and collect / consolidate fibre from five or more registered (i.e. with PAG numbers) growers, and complete all the paperwork, we will pay you \$0.25 cents per kg in fibre credits for the consolidated fibre, net of packaging (3%).

Plus!

- \$250 of fibre credits will be gifted to the Collection Point that consolidates the greatest number of PAG growers by March 31 2018
- \$125 of fibre credits will be gifted to the Collection Point that consolidates the second greatest number of PAG growers by March 31 2018
- \$50 of fibre credits will be gifted to the Collection Point that consolidates the third greatest number of PAG growers by March 31 2018

To qualify you will need to register as a Collection Point by emailing info@pacificalpacos.nz and:

1. Confirming you will act as a Collection Point.
2. Advise what PAG numbers you will consolidate; speak to nearby growers to get their PAG numbers.
3. Confirm it is acceptable to us to list your details as a Collection Point on www.pacificalpacos.nz
4. Give your permission for us to advertise you as a Collection Point in any adverts we run.

Bale Pressing

Because we are charged freight based on volume not weight, the more fibre we can fit into a fadge the lower per kilo cost of freight and the higher the potential payout to growers.

In general terms one standard wool bale / fadge:

- Filled by hand, without pressing, weighs 50 to 70kg
- Hand pressed with a standard wool press weighs 110 kg to 150 kg.
- Pressed into a double steel-banded high capacity bale from Canterbury Wool Scourers will weigh upwards of 280 kgs

So it is to all of our benefit if growers and/or collection points press fibre into bales prior to collection. As long as the bags are clearly labelled and clipped closed, it's OK to press our collection bags together into a fadge, even if they come from two or more growers and are different grades of fibre – all we are trying to do is get them to the sorting point as cost-effectively as possible.

Therefore, if you press bales greater than 100 kg we will pay you \$0.25 cents in fibre credits for all kgs pressed, net of fadge weight. You do not have to be a collection point to be paid this bonus.

Shearer Collections

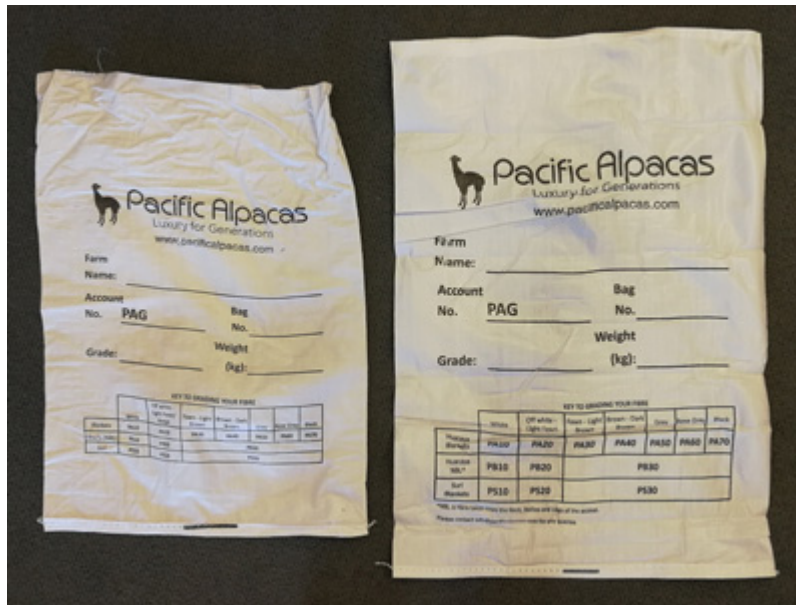
If you are a shearer, and collect fibre from more than ten registered growers and contribute it to the pool, we will pay you \$0.25 cents per kg, net of packaging, in fibre credits.

Notes about collection incentives:

1. The maximum incentive payable to any one person / business would be \$0.50 cents per kg. You can be a collection point and/or shearer and press bales to receive \$0.50 cents per kg.
2. Payment will be made in fibre credits that can be redeemed for Pacific Alpacas duvet and/or blanket products under our highly discounted growers' price scheme.

GROWERS BAGS:

We have just had 10,000 of our new fibre collection bags arrived. As you can see, they are 20% larger than our previous bags and should easily hold up to 10kg of huacaya fibre.



At this stage we plan to start sending bags out to growers 1st week in August so even the earliest shearers should have them before they shear this year. The current plan is to automatically send bags and bale clips to all growers who contributed fibre this year; so if you did not supply us fibre this year but want to contribute next season please let us know ASAP, along with how many animals you have / bags you think you will need. Similarly, if you do not need any bags this year, please let us know and save your fellow growers and us the cost of sending some to you when they are not needed,

Unless you contact us and arrange otherwise, the number of bags we send out will be commensurate with the number of bags you contributed in 2016/17.

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PLASTIC RUBBISH BAGS

Simply put. We do not want to receive any plastic bags of fibre this coming season onwards. They are an absolute pain for us to deal with and dispose of so we may reject fibre delivered in them

We will continue to (reluctantly) accept the paper rubbish sacks but why on earth would you incur the cost of them when we will supply you our collection bags free of charge? Please, use our bags if at all possible.

2016 / 2017 FIBRE COLLECTION SEASON UPDATE

- South Island: Aside from a couple of repeat collections for certain growers/collection points, we have completed all our collection for the South Island for 2017.
- North Island: We will be doing one more collection run through the North Island; starting from Wellington on Sunday 25th June and ending in Auckland on Friday 30th June.

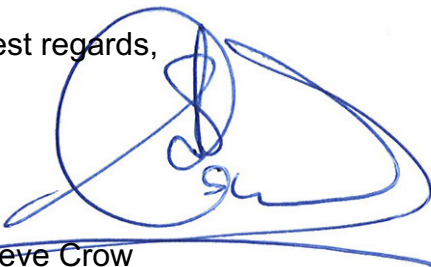
If you would like us to pick up during this run please either call Michelle on 021-762 051 or email info@pacificalpacas.nz – once we know how much is likely to be out there we will firm up our plans.

Alternatively, if you want to drop-off to either our Albany or Cromwell warehouses, we have decided to leave that option open all year round; we just need at least 48 hours' notice please.

- Michelle on 021-762 051 for Albany drop offs.
- Jason on 021- 484 936 for Cromwell (Cornish Point) drop offs.

Please, please.... Take the time NOW, to email or phone us if you want a pickup!

Best regards,



Steve Crow