

# MAY 2019 UPDATE

May 28<sup>th</sup>, 2019

Your Account Number: (INSERT ACCOUNT NO.)

Dear (INSERT 'GREETING' FIELD)

## 18/19 SEASON CLOSES

We have finished our collection for the 2018/19 season; all grower-based Collection Points are now closed but Pacific Alpacas will still accept fibre at our Albany and Cromwell Collection Points up until July 31<sup>st</sup>, 2019 for inclusion with this season's payout. Any fibre dropped off after July 31<sup>st</sup>, 2019 will be treated as Season 2019/20 fibre.

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## SCOURING COST INCREASES

On 3<sup>rd</sup> May 2019 we received notification from New Zealand Woolscouring Ltd (owners of Canterbury Wool Scourers "CWS") about a significant increase in scouring charges to come into effect from 1 August 2019.

Fibre type	Existing Price (\$/kg)	New Price (\$/kg)
White huacaya	\$1.65	\$2.50 +51.50%
Coloured huacaya	\$1.65	\$3.00 +81.80%

They have also advised us that their first alpaca scour for this year will be late June / early July, so in Cromwell, Jason and the team are working 24/7 (well almost) to get all of your 2018/19 fibre sorted, skirted, tumbled, weighed and shipped to CWS to meet this target date and thereby save the pool some \$35,000 in additional scouring charges for the year.

## **WE CONTINUE TO GROW**

I am pleased to advise that the number of growers on our books continues to increase. We have added 125 new growers since the close of the 17/18 season, while 86 others have advised they no longer have alpaca, giving a net increase of 39 new growers.

To the best of our knowledge, we have NEVER LOST ANY growers to competition. Not One. Proves that 100% pay out is the key metric YOU chose to send your fibre to Pacific Alpacas.

It is too early to say how much fibre the pool will collect / process this season, but we are currently sitting at 28,555kg from 336 growers, an average of 85kg per grower.

## **SCOURING LOSSES**

We have had a detailed response back from CWS about the scouring losses issue we reported in the last newsletter:

“Hi Steve

Tony Maurice has got busy yesterday and again today so thought I could start off by replying on this subject of yield.

Tony also asks you to consider we are a commercial wool scour set up for continuous high volume, we also have a lot of greasy opening processes/machinery for the fibre to go through before being washed.

Yield and the problems you are facing I can see if just comparing Nett to Nett, in and out will give a false yield for comparison. We should take into consideration moisture content of the scoured product. You wouldn't want us to deliver a wet product which as you can imagine weighs heavier.

Examples

Your last 3 white Alpaca results;

PJD89 our NIRA (Near Infra-Red Analysis, which is our internal testing machine - we internal test each bale for quality assurance reasons) regain ave 6.3%

PJD100 our NIRA regain ave 7.5%

PJD101 our NIRA regain ave 8.1%

A dry product is a much nicer product as we can machine after dryer. Wool fibre is normally traded at 16% condition test weight (and sits at approx. this amount 16% in the greasy form as well) which SGS or WTA can do for you for at a cost at the time of scouring or day after.

Should you wish to test for Condition @ 16% suggest you contact either Jude Davidson at SGS Wool Timaru, or Marie at WTA Wool Napier, an account will be required to be set up prior to next scouring.

We set our NIRA to over deliver for a nice dry product. Our NIRA is not calibrated for Alpaca. Also, these are small lines for our big dryer.

Using above figures lines up with 86-90% yields, please see below

PJD89 16% - 6.3% = 9.7% gain. Yield off scouring return nett to nett 74.66+ gain = 84.36%, now we over deliver so we will bet that if you condition test

PJD100 16% - 7.5 = 8.5% gain. Yield off scouring return nett to nett 76.78 + gain = 85.28 %

PJD101 16% - 8.1% = 7.9% gain. Yield off scouring return nett to nett 79.14 + gain = 87.04

On the matter of your concern of other customers fibre, hearsay of over 100% yield.

Moisture can also have another effect if extremely dry greasy coming in and we are able to get more moisture in at the scoured end than at the greasy end. As you can see from above in yellow 10% either way can be attributed to moisture.

On the extremely odd occasion this has happened, doubt can also be attributed to what we have received of inwards greasy weight nett greasy fibre, due to the large volume of specialty different lots we receive we do not check weight each bale/lot.

We have our scales both greasy and scoured calibrated and verified to be correct.

I know Tony wanted to invite you next time passing, and if Alpaca was being scoured you would see how dusty this fibre is when we are scouring as we have a reasonable heavy dust haze in the air around our plant machinery.

Hope this helps

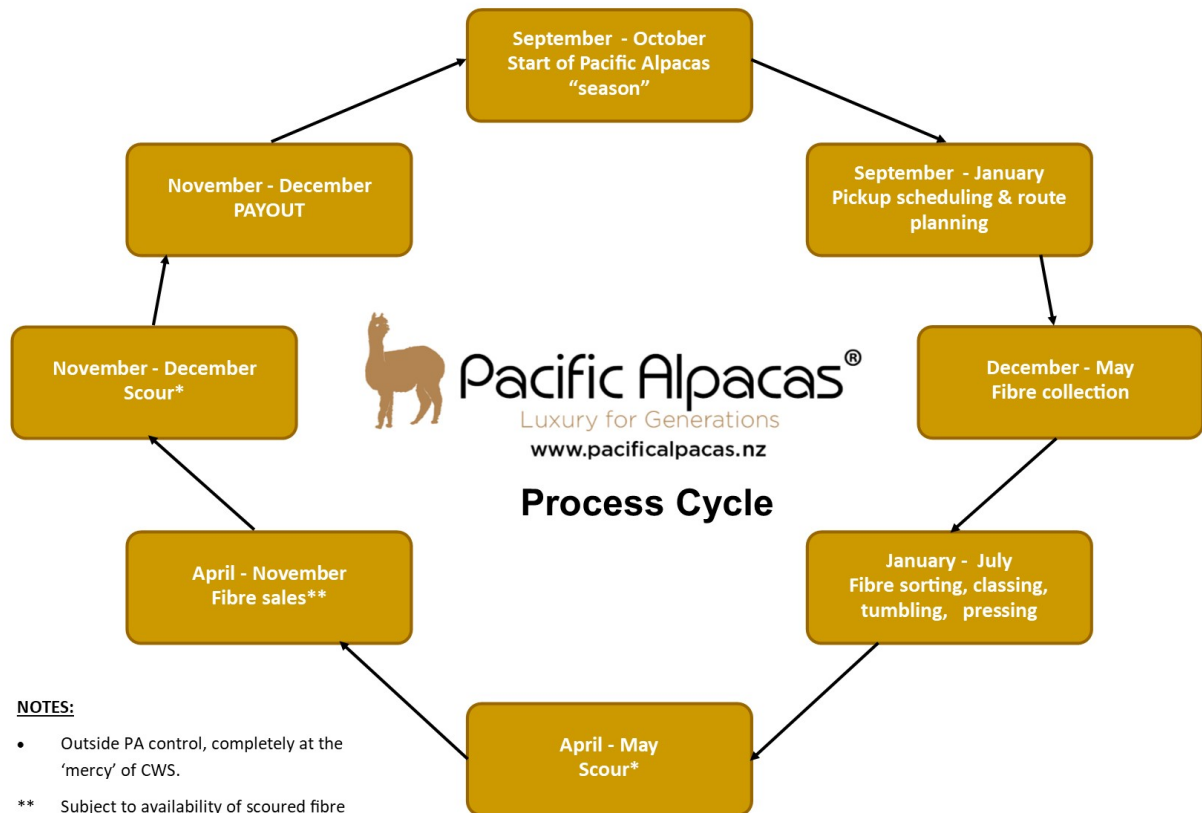
Regards Struan, CWS"

Essentially what they are saying is that most of the "losses" are attributable to moisture (wet fibre in, dry fibre out) and dust and VM (vegetable matter).

### **PACIFIC ALPACAS PROCESS CYCLE**

Michelle continues to field regular calls from growers "when will we be paid?" As previously advised for the past 8 years, payout typically happens November - December after we have sold the majority of the fibre. As mentioned above, the first scour for this season is not scheduled until the end of June, this means that the earliest we will be able to commence selling this season's fibre is in July, and we cover all the processing costs up front.

The following flow chart illustrates:



Best regards,

Steve Crow

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