

## **Flagstaff Alpacas – Complete Herd Sale**

Flagstaff Alpacas was established in 2001 and is currently about 160 alpacas. We have decided to sell the herd so that we can focus on our established authentic New Zealand alpaca product and a new opportunity to source and certify local alpaca fleece and product.

**Sale Price: \$120,000+GST.** Settlement: 28 February 2015 (or before). Full agistment is available until 31 May 2015 or longer by negotiation.

***Herd Group for Sale (at 16 December 2014):***

***Established Females (Mature Hembra – aged 4 years to 13 years): 87***

***Maidens (Junior Hembra): 22***

***Female Tui: 14***

***Stud males (Machos): 9 (several in partnership)***

***Potential stud males: 9***

Additionally, there are already 8 female cria and 2 male cria this season, with another 50 cria anticipated.

The herd is well maintained around Dunedin and West Otago. Tuis and maidens are only registered once fertility and motherhood/nursing capacity is established, presuming no genetically unacceptable traits are present.

The sales agreement assumes veteran female stock and surplus males (unregistered) will be deregistered or not transferred, unless the purchaser wishes to retain that stock, and a full herd transfer registration (herd codes: ACL and F4J) agreed with new purchaser. Further we agree we will not trade in alpaca livestock for three years from settlement date.

### **Reasons for Herd Sale**

Although our herd is 180 alpacas our focus has moved to alpaca fleece processing and product. Several alpaca products are well established, processed by Bruce Woollen Mill, Milton (Flagstaff Alpacas is a shareholder), CWS Timaru and Ellis Fibre (New Zealand), Dunedin. The alpaca industry association has not taken a position on branding and certifying New Zealand alpaca fibre and its sources. New Zealand Commerce Commission investigations have already achieved a number of successful prosecutions (\$1.15 million of fines at 12 December 2014) for misleading retail sale of alpaca products. Our partners and own products require much larger volumes of correctly prepared, authentic, traceable New Zealand alpaca fleece:

1. **Alpaca Bedding:** Partnership relationship with Ellis Fibre, Dunedin requires a more sustainable, certifiable and predictable supply of alpaca for three products. The duvet, for example, now carries an authentic New Zealand labelling and certification documentation.
2. **Bruce Woollen Mill, Milton:** Andy has recently been elected Director at the Bruce Woollen Mill, Milton, in support of its ongoing recovery plan. The problems at the Mill have been well documented; having now developed and supported the new main investor(s) in the Mill there is significant work to cement that new support and achieve sustainable production capacities, order delivery, client satisfaction, order book and economic volumes. Specific to alpaca there is a regular flow of inquiry for the Mill to source New Zealand alpaca but the authenticity, scarcity, fragmentation of supply and poor preparation make the projects difficult. The new major investor recognises the opportunity but is uncomfortable with the alpaca industry's capacity and capability to supply.
3. **Town & Country, Palmerston North.** Anticipating samples of authentic New Zealand alpaca throws in 2015. We expect to promote the throw as a complete 100% New Zealand product in 100% New Zealand alpaca.
4. **Alpaca Fleece Certification, Sourcing and Quality Control.** A new opportunity focused on sourcing and authenticating New Zealand alpaca product and fleece, and Australian alpaca fleece sourcing, has been offered. The conduct of the position, as defined by its sponsor, requires neutrality and impartiality in the role, and owning a significant herd has been highlighted as inappropriate.

### **Discussion on Sales Agreement**

We recognise the alpaca market in New Zealand is deflated. The price has been set respecting that environment but also anticipating a China/New Zealand Export Protocol, to which Flagstaff Alpacas has contributed, is pending. Knowing the pricing for general female stock in Australia on two shipments has attracted between AU\$1250-\$2000 for junior female 'production stock' then the pricing of the sale is with upside for the purchaser. However, the issue of sourcing, improved preparation and authenticating alpaca fleece, and the opportunity to formalise quality control of fleece sourcing, have become a major issue and we have decided this is our priority.

Interested parties are asked to request details of fleece testing from December 2014 (and previous testing) and encouraged to inspect the herd. Herd size correct at 16 December 2014. A Confidentiality Agreement associated with a Sales Agreement, providing information on the herd and its sale, can be issued to protect the Purchaser.

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