



OVIS
MANAGEMENT

ANNUAL REPORT 2016

*The Meat Industry and Farmers
working together*

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*The Meat Industry and Farmers
working together*

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholder of Ovis Management Limited will be held Friday 26th August 2016 in the Board Room, Level 5, Wellington Chambers, 154 Featherston Street, Wellington, 11.30 am.

AGENDA

- (1) To approve the minutes of the 2015 Annual General Meeting.
- (2) To receive and consider the Directors Report, Auditors Report and Accounts for the year ended 30 June 2016.
- (3) The appointment of Auditors for the forthcoming year.
- (4) General business.

Mr D. Lynch

Secretary
PALMERSTON NORTH

5th August 2016



DIRECTORY

CHAIRMAN

R T Barton
Woodside, RD 1
Greytown

DIRECTORS

A Dennis
51 Don Street
Invercargill

A Morrison
RD 5
Gore

T R Ritchie
28A Messines Road
Karori
Wellington

SECRETARY

D W Lynch
6B Williams Terrace
Palmerston North

REGISTERED OFFICE

Level 5
Wellington Chambers
154 Featherston Street
Wellington

SOLICITORS

Burrows & Company
24 Johnston Street
Wellington

BANKERS

Bank of New Zealand
222 Lambton Quay
Wellington

AUDITORS

KPMG
10 Customhouse Quay
Wellington

COMPANY MANAGEMENT

PROJECT MANAGER

MR D W Lynch
Palmerston North

TECHNICAL ADVISOR

Dr B H Simpson
Biosecurity Management Ltd



CHAIRMAN'S REPORT

“The whole basis of our data capture and analysis starts at plant level. The importance of these relationships cannot be over stated”

On behalf of the board and management I am pleased to present my chairman's report for the 2015/16 year.

Our role remains largely around education as a means of minimizing the impacts of *C. Ovis* on the sheep meat industry. “Buy in” from the farming community continues to be good but for the occasional flare up in the disease across the country. These incidences are cause for concern given that it takes a period for the disease to get back to pre incident levels. We are constantly assessing our ability to target the educational spend and make sure that all sheep and goat farmers understand the issues and control mechanisms.

We know that we are not getting a complete picture of breeders on-farm *C. Ovis* prevalence because of a high level of lamb trading by some parties. We are investigating ways of getting information to and from these people. The classic breeder/finisher who finishes their own lambs early in the season and then buys in lambs from other suppliers later in the season will often have a clean slate until they start supplying the bought in lambs for processing, this strongly indicates that trading lambs later into the season brings risk of higher prevalence of *C. Ovis*.

The board and management believe that from a technical point of view we have all the information we need to manage the disease and indeed eliminate it if there was sufficient appetite to achieve this. As

a consequence we are doing some modelling as to what this may look like behind the farm gate in terms of actions needed and also we need to consider the cost benefit of such actions given that it would obviously require a much higher level of “in field” activity. At the moment our project manager and contractor perform around 100 on farm visits per year, targeting the suppliers with the highest prevalence. This is valuable work for trouble shooting and could be extended as a means of being more obviously active in the wider sheep/goat farming community.

OML has always taken great pride in operating a tightly run ship when looking at the costs of our work against the industry. This aspect is not negotiable.

During the year OML has chosen to allocate some of its retained earnings back to the contributing companies. We need a certain level in reserves to handle our annual cash requirements and, of course, respond to any flare ups as they happen. However, our cash reserves had risen past an appropriate point.

Processor support continues to grow with some of the smaller players contributing data now that their systems have been adjusted to help our needs. The whole basis of our data capture and analysis starts at plant level. The importance of these relationships cannot be over stated.

Over the year we have attended a number of field days with mixed results numbers wise. Mystery Creek is our

flagship event where there is the chance to update individual suppliers on their *C. Ovis* data but these forums also allow an interface with the wider dog owning community, often hunters who have no commercial imperative to understand *C. Ovis* as an issue. To this end it is hard to evaluate exactly the benefit of a whole week setting up and attending these events.

The board are grateful for the assistance given by Mark Shirley a supervising meat inspector at Lorneville and our contractor Murray Kerr, based in Ashburton. Murray has also had his role extended slightly with on farm visits where appropriate. Our finances are always well managed by Michael Pran through the MIA's framework an integral part of our operation.

Our technical advisor Bruce Simpson continues to add value challenging our thinking and adding to the mix of opinions. It is now getting more difficult, as we move further away from the busy days of the National Hydatids council, to find people who understand the dynamics of this disease and the vagaries of the dog owning fraternity who need to be involved in its control. Thank you Bruce.

The real stalwart of OML's programme remains Dan Lynch. Titled "Project manager", Dan really is pivotal to the success of the programme. His ability to traverse all aspects of the industry from board rooms to farmers' sheep yards is hugely important and respected... a big thank you Dan from myself and fellow board members.

Also of note this year is the retirement of Bill Falconer as MIA council chairman. Bill has been a pragmatic supporter of OML's work over his time at the helm and for that board and management are grateful. We wish his successor John Loughlin all the best in his role as incoming chair and look forward to establishing a sound working relationship with him.

To my fellow board members, a well earned thank you for your input over the year. Two meetings annually is sufficient to meet our needs along with the monthly reports on operations and finances.

It is a close knit team all travelling in the same direction... a pleasure to be a chairman, thank you!

Roger Barton

Chairman Ovis Management Limited

"these forums also allow an interface with the wider dog owning community, often hunters who have no commercial imperative to understand C. Ovis as an issue"

Below: Ovis cysts found in meat cuts





PROJECT MANAGER'S REPORT 2016

The past year has once again seen a continuing decline in the prevalence of sheep measles detected in lambs at processing. As in past years the widespread acceptance by sheep farmers for responsibility of control is the major factor in this decline. High levels of regular dog treatments, reducing tolerance to visiting dogs and good feeding practises all combine to reduce infection opportunities on farm. This in turn means the decreased likelihood of infected meat being available to dogs receiving untreated sheep meat either on or off the farm.

In the early days of the current Ovis programme it was not anticipated the low prevalence currently being achieved could be obtained in the absence of a mandatory programme. Given this low prevalence OML considers that the opportunity to build on this should be explored rather than settling for acceptance of an ongoing awareness programme. The possibility of driving the prevalence even lower would be viewed in conjunction with exploring the potential to eradicate the parasite as a risk to lamb markets.

While the methods for eradication have always been present, in particular high levels of Praziquantel use, the ability to get the high levels of application required to achieve eradication remain challenging. However, one tool now available is internet and social media to promote and educate the new generation of those responsible for on farm control.

In exploring options, along with the ability to drive prevalence lower,

Directors need to balance the costs incurred versus the possibility achieving an outcome. This needs to be fully understood and explored.

While overall prevalence has reduced, recent months have seen two significant outbreaks occur. One in the South Island involving five neighbouring farms having high prevalence lines across three companies resulting in 831 infected lambs with 20 condemned from 20,511 lambs processed. In the North Island from one farm two lines totalling 556 lambs had 363 infected with 64 condemned. In both cases losses ran into the thousands of dollars. Again in both cases no one dog could be identified as the source but all the farms have subsequently tightened up dog treatment programmes along with reducing access to their properties.

Programme Activity

2015 High Prevalence Mailouts

A total of 998 lamb suppliers were contacted by mailout in regard to Ovis prevalence detected in lambs in the 2014-15 year. In the previous year 1,139 suppliers were contacted and in 2013 1,097 suppliers were contacted.

Three mailouts are conducted each season running from December to the end of November. This period is set to minimise inclusion of old season lambs into new season's data. Suppliers are only contacted in this manner once per season.

For Ovis Management maintaining area and national prevalence at continuing low levels has become a de facto target for the programme. Sending out the letters to suppliers with above

“it was not anticipated the low prevalence currently being achieved could be obtained in the absence of a mandatory programme”.

“The ongoing decline in prevalence reflects the commitment of suppliers to maintaining downward pressure on sheep measles at farm level.”

prevalence above floating thresholds is an important facet of maintaining supplier awareness and drawing attention to their Ovis status.

The ongoing decline in prevalence reflects the commitment of suppliers to maintaining downward pressure on sheep measles at farm level. In addition, the support of processors in increasing the quality of data provided either specifically for the programme, or as a by-product of process improvement, has seen an increase in data capture in recent years. This in turn, has resulted in improved feedback to suppliers with high levels of Ovis in lambs.

The recommendations to suppliers have not changed. Suppliers are encouraged to review their on-farm ovis programme and ensure resident dogs are on monthly treatments in the first instance.

Over time a change in farmer responses when receiving the letters is that those contacting OML are no longer saying “what should I be doing” instead the response overwhelmingly now is “this is what I do at present, what more should I do?”.

Summary

The North Island has had, over a nine-year period, a 21% drop in high prevalence notifications. The reductions have occurred even in those regions with higher recipient numbers such as Gisborne which averaged 97 letters in 2007-09 timeframe which has reduced to 83 letters 2013-15, a 13.7% reduction.

Hastings while having large comparative numbers has averaged 66 letters over the past three years, 2013-15, compared to 83 for the 2007-09 timeframe, a 20% reduction in letters.

Manawatu which has had a slight increase in recent years from 38 in 2011 to 56 in 2015 is still down from the 2007-09 period when averaging 58 letters compared to an average of 50 in the past three years. One district that has increased in letter numbers is Whanganui with an average of 32 letters in 2007-09 to 42 in 2013-15. Wairoa is another district with an increase from 24 letters 2007-09 to an average of 33 in recent years.

The South Island has had an even greater drop in HP notifications over the nine-year period with a 28.4% drop in notifications. Southland the largest lamb producing area has gone from an average of 52 letters in 2007-09 to 41 in 2013-15. Hurunui has reduced from an average of 65 HP letter to 35 while Selwyn, possibly reflecting the move away to dairying so fewer sheep farms, has dropped from an average of 68 HP notifications to 26. The Ashburton district with an increase in dairy has had a drop of 48% in notifications from 50 to 26 in the same time frame.

The one area with an increase was Marlborough averaging 43 notifications 2013-15 compared to 39 in 2007-09. Notably Tasman has stayed on an average of 20 across both periods.

Numbers: Last season December 2014 - November 2015 the OML database had 16,014 active suppliers of which 8,020 suppliers or 50.1% had one or more lambs infected (2015; 15,907 / 8,187 51%, 2013 15,748 / 8,033; 51%, 2012 15,430 / 7,588; 49.1%).

4,622, or 28.9% of all suppliers were eligible for HP letters, that is suppliers killing over 50 lambs with three or more infected (2014; 4867 30.5%, 2013 30%, 2012; 27.45%, 2011; 31.44%, 2010; 36.8%; 2009 39.3%.

A breakdown of notifications to farms with each district for the 2014-2015 year is at the end of this report.

First High Prevalence Supplier Mailout for 2015/16 Season

The initial 2016 High Prevalence mailout for the time frame December 2015-March 2016 was sent to 459 suppliers compared to 436 for the same period last year, 602 in 2014 and 536 in 2013.

One factor contributing to the increased number of notifications compared to last season was the accelerated kill in the early part of the season with suppliers processing stock that may have come forward later with Ovis. An indication if the early kill is contributing to the increase in HP letters will be seen in subsequent mailouts.

In the North Island, as in recent years for the initial mailout, the Ruapehu region received the most notifications with 35, compared to 26 for the same period in 2015 and 29 for 2014. Gisborne had 34 up from 22 for the same period last year and 29 in 2014. Tararua also had an increase to 28 from 25 last year.

In the South Island, Southland had 20 notifications, the same as last year for this period. Hurunui had 15 letters down from 22 last season while Central Otago also had 15 up from 11 last year.

Two regions of interest, Marlborough and Tasman, both with large increases in notifications last year received fewer notifications than for the same period last season with Marlborough receiving 13 letters against 16 last year and eight in 2014. Tasman received nine letters down from 19 last year and 10 in 2014. Their notification figures will be closely watched as the season progresses.

High Prevalence Line Notifications

Over the years this system of feedback from inspectors at processing plants to OML has been an effective information and awareness tool in early flagging high levels of Ovis found during processing. OML in turn writes to the supplier with a covering letter, the plant report, and encloses a code of practice booklet. Over the past year over 30 suppliers have been contacted in this manner.

Localised Mail Drops

Liaison with NZ post staff allows for localised maildrops targeting areas and localities around farms with sheep measles issues despite indicating having appropriate on farm controls in place. These farms, in some cases, with high prevalence over one or more seasons, have identified external sources as a potential cause of their infection levels.

Arrangements with rural delivery operators see all box holders in a defined area being notified in writing and provided with a pamphlet to draw their attention to the need to control and feed dogs correctly. In the past year fifteen of these drops have taken place ranging from 10 to 200 letters. They have taken place around Carterton, Mangakino, Dartmoor, Mahia, Takapau, North Canterbury, Blenheim, Seddon, Ward, Cheviot, Wyndham (3) Wairoa and Kapuka in Southland.

Public Events

OML seeks to meet and interact with members of the sheep farming community also rural dog owners and hunters. As a result, OML attended the Central District, Southern and Mystery Creek field days and the Canterbury

“One factor contributing to the increased number of notifications compared to last season was the accelerated kill in the early part of the season”

“The value of this interaction is the opportunity to review and discuss on farm control options allowing identification of any areas of improvement”

and Wairoa A & P shows. OML also attended the new Eastland technology Transfer day also held in Wairoa which has the potential to develop into a major farming event. Attendance at the Veterinary Conference at Claudlands following Mystery Creek provided an opportunity to have extensive discussions with a number of practitioners and vet nurses over the four days of their conference.

One of the main purposes of attending these events is to allow suppliers to view their data to understand their status in relation to local and national prevalence levels. Systems put in place to allow suppliers access to data while complying with the Privacy Act have been fully accepted by those looking to view data.

In addition to shows and field days’ resource material was also supplied to a number of Beef & Lamb NZ and veterinary days across the country.

Farm Visits

Identification and visits to properties of High Prevalence farms is also an integral part of the programme. The

visits targeted in the first instance at larger properties have grown in number with over 100 farms visited last year. They are undertaken by the Project Manager and also the South Island Contractor Murray Kerr. Meetings can comprise full staff meetings on larger properties to one on one discussions. The value of this interaction is the opportunity to review and discuss on farm control options allowing identification of any areas of improvement. Sixty-nine farm visits this year to date have taken place in the Gisborne, Hastings, Wairoa, Franklin, Otorohanga, Queenstown, Central Otago, Clutha, Southland, Manawatu, Hawkes Bay, Gore, Dunedin, McKenzie, Selwyn, Waimakariri and Hurunui districts.

Financial

OML income in the 2015/2016 year was \$384,563 against a budget of \$366,685. Expenditure was \$348,820 against budget of \$361,135 this resulted in OML having excess income over expenditure of \$35,743. During the year the company moved to reduce



cash reserves and rebated processors a total of \$100,000 resulting in OML having an overall operating loss for the year of \$64,257.

Veterinary Contact

For many farmers the first point of contact at vet clinics when establishing or reviewing their sheep measles programme is the vet nurse in charge of the dosing programme. Therefore, for OML, distribution of Sheep Measles Resource Packs to clinics across the country is important in ensuring staff have up to date and appropriate resources to provide to their clients. OML provides around 159 clinics with the packs along with emailed updates following high prevalence mailouts for use in newsletters.

One area where clinics play an important role is encouraging sheep farming clients to place all dogs resident on farm onto a monthly treatment programme. The number of properties on monthly treatment varies across clinics and throughout the country but discussions with clinics indicate large numbers of farms remain who could be moved to monthly treatments. OML also attended, as noted earlier in the report, the 2016 Veterinary Conference in Hamilton to raise awareness and distribute resources to vets and vet nurses.

Targeting Education at all lamb producers

The annual report last year noted that a survey had identified that as a group those suppliers who buy in all lambs for processing have a significantly higher ovis prevalence (2.16%) than do those who breed and finish their lambs (0.73%) despite applying similar on-farm controls. This reinforced the need



to target education back to those who breed lambs but sell most, if not all, to others to finish.

Throughout the year OML has had discussions with stock firms and large traders to explore how such a group could be best identified. Restrictions on sharing of data, at this point however, limit the ability to identify and target other than general feedback to this group.

Developing pathways to the group and encouraging them of the need to have monthly dosing in place along with the full suite of control options is important to driving the prevalence of Ovis even lower. Ovis Management will continue to meet with lamb finishers, traders and other industry groups to explore options for providing feedback to the breeder/sellers.

Johne's Management Ltd

OML continues to work closely with Johnes Management Ltd in the operation of their database bringing together individual data on each deer processed throughout the country. The support of processors for this

Above: Bruce Simpson, OML Technical Advisor and Dan Lynch, Project Manager at NZVA conference in Hamilton

“ this increase in data capture has been achieved by enthusiastic support and commitment from both AsureQuality and company staff at plant level”

programme has been a major factor in reducing the level of Johnes seen in herds and its cost to the deer industry. Individual animal data is provided by deer processors where it is linked to suppliers and entered into a module of the Ovis database and then provided to Johnes Management on a regular basis for analysis.

Plant Capture of Ovis Information

High levels of Ovis data recording at processing which is then fed back to suppliers is essential to the success of the programme. With increasing numbers of processors using touch screens at meat inspection the accuracy of recording has increased so that for the 2015-year all data recording was 89.93% against a target on 85% for the season. For the current season to end of June 2016 total data capture is 91%.

The increase over the past five years has also seen manual recording from use of tickets on carcasses lift from 70.2% in 2011 to 81.4 % last season and 82% for the current season.

The move in 2008 to record Ovis found in the viscera as well as the carcass is now well bedded in and as expected

initially resulted in a marked lift in detected prevalence The recording of viscera data (Ovis detected in the heart and diaphragm) for the current season to June now accounts for around 70% of all Ovis recorded down from 72 % last year. It should be noted that this increase in data capture has been achieved by enthusiastic support and commitment from both AsureQuality and company staff at plant level.

Ovis Management Database

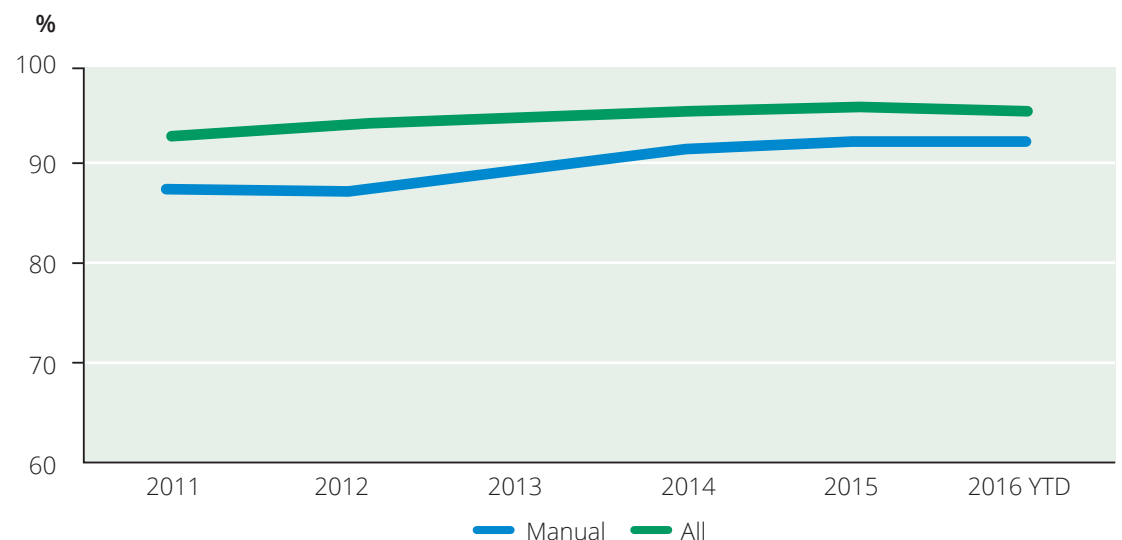
The OML database receives line by line data from 32 processing sites processing over 20,823,551 lambs last season. There were 15,963 active suppliers (2015; 16,034) with 10,610 (10,529) killing greater than 100 lambs, 5213 (5,193) greater than 1,000, 753 (707) more than 5,000 lambs.

A total of 7,959 or 49.8% (8,285, 51.6%) had one or more Ovis detected with 4,616 (4,956) eligible for high prevalence status (killing greater than 50 lambs with more than three infected).

Lamb Ovis Prevalence

C. ovis prevalence detected in lambs at processing for the past year remain at

Ovis data capture rates at processing



the low levels seen in previous years indicating farmer behaviour continues to place downward pressure on the parasite. Prevalence for the October 2014- September 2015 year of 0.62% compares favourably with 0.66% the previous year and is the lowest recorded since the 2008 move to inclusion of viscera ovis in data.

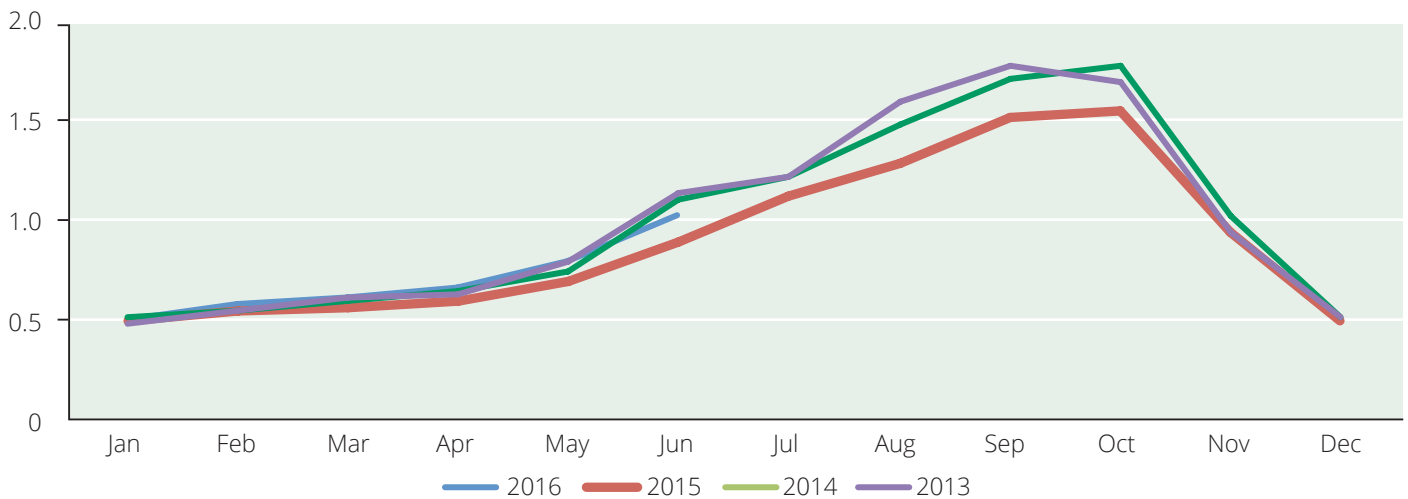
One feature of the prevalence last season was the low levels of Ovis seen in winter kill lambs compared to

previous years and, given many of these lambs are traded, this is a pleasing outcome.

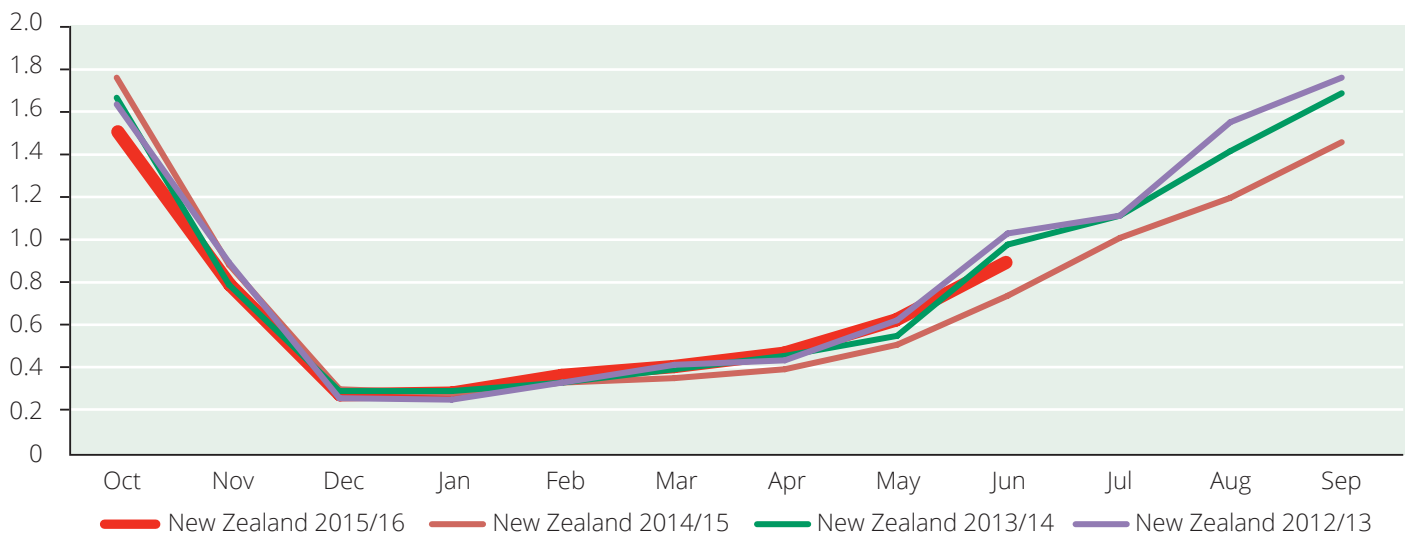
For the current season October 2015 - June 2016 lamb prevalence is 0.55% compared to 0.53% for the same period last year. The increase over last season has been contributed to by a small number of farms with extremely high levels of Ovis, the cluster of four South Island farms and in the North the one farm with 363 infected.

“One feature of the prevalence last season was the low levels of Ovis seen in winter kill lambs...”

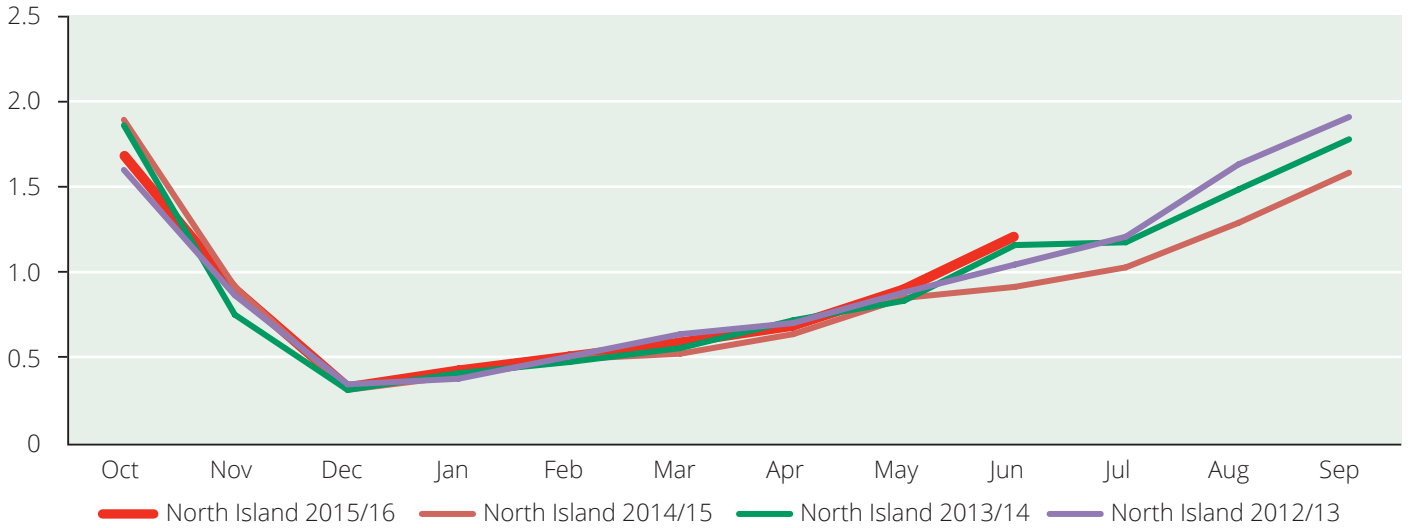
Lamb Ovis by Calendar Year



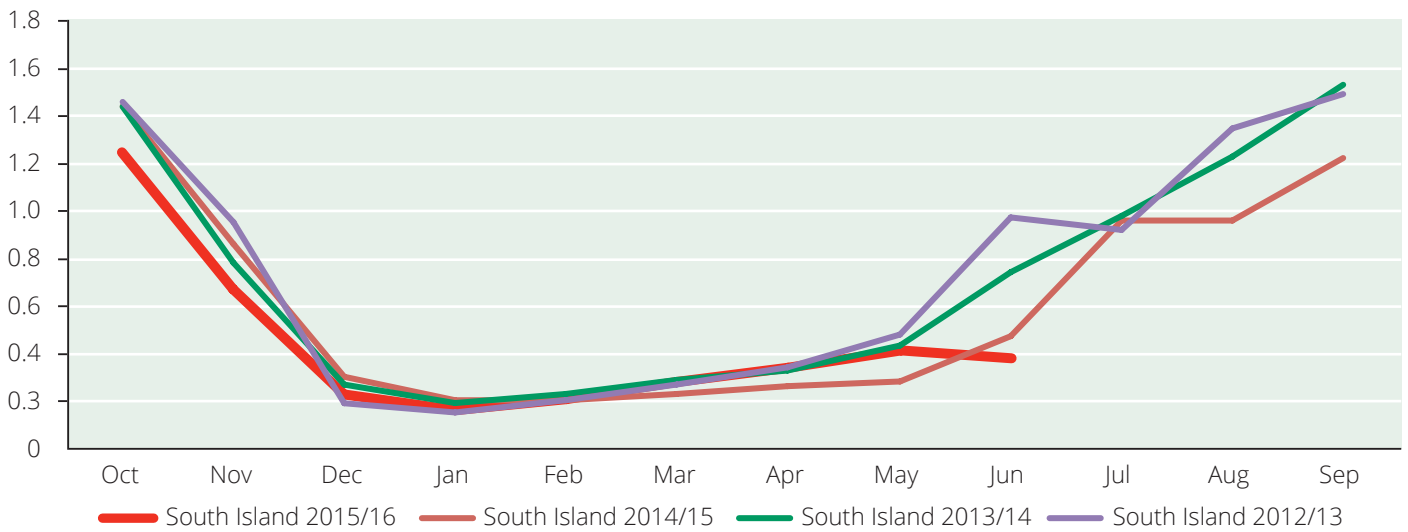
New Zealand lamb Prevalence



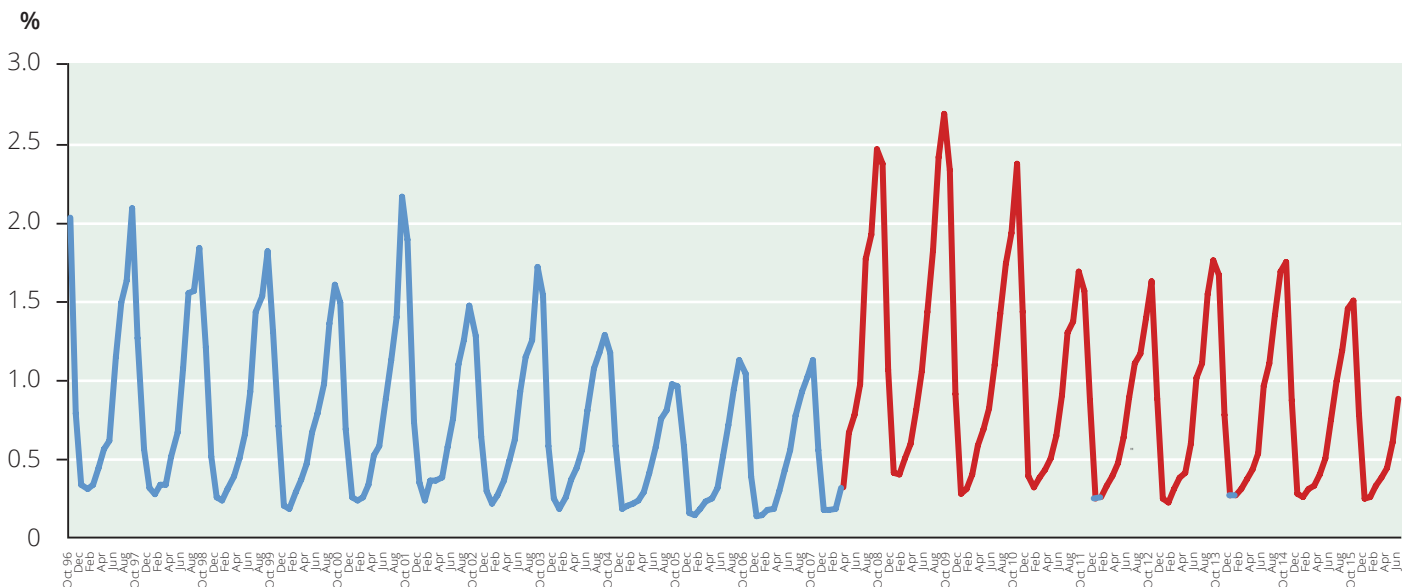
North Island lamb Prevalence



South Island lamb Prevalence



Lamb prevalence, October 1996 – June 2016 (March 2008 re introduction of viscera ovis recording)



*High Prevalence Notifications by TLA, December 2014 – July 2015***North Island**

TLA	Letters 2015	Letters 2014	Letters 2013	Letters 2012	Letters 2011	Letters 2010	Letters 2009	Letters 2008	Letters 2007
Gis	78	86	87	84	75	58	88	123	80
Hastings	59	66	73	45	62	64	74	101	74
Ruapehu	57	39	44	37	40	35	44	50	53
Manaw	56	49	45	35	38	40	56	66	51
CHBay	51	63	59	55	56	67	61	97	58
Tararua	46	57	62	50	40	54	54	62	79
Rangitik	45	48	43	46	23	44	48	59	44
Wang	33	42	52	34	50	26	24	30	42
Wairoa	32	36	33	33	34	31	30	22	20
Mast	30	22	38	25	39	42	36	31	32
Waitom	26	20	25	33	24	20	27	52	54
Strat	14	24	21	14	15	9	14	18	26
Waik	14	17	13	14	17	7	4	7	21
Otor	12	7	13	9	10	8	9	16	14
Sth Tara	10	18	21	19	16	14	15	15	33
Nplym	10	12	11	11	13	14	12	21	20
FNorth	9	7	7	8	10	13	7	10	10
Rot	8	16	6	10	10	6	10	12	10
Sth Wair	7	20	31	21	21	21	27	30	19
Frank	6	8	9	6	4	5		7	9
Waipa	6	7	5	6	5	5	5	10	9
Opotiki	6	3	3	3	4	1	1	3	4
Rod	5	7	8	13	7	2	9	8	9
Taupo	5	6	6	7	9	7	6	7	7
Whakat	5	3	3	1	2	0	3	2	
Cart	4	12	12	11	8	14	11	10	11
WBoP	4		5	3	1	1	6	8	6
PalmN	3	4	2		2	3	4	4	2
Kaip	2	3	5	6	4	5	7	13	7
Sth Waik	2	2	4	2	0	1	7	4	0
Well	1	3	1	1	0	1	3	2	1
ThCoro	1	1	4	3	4	3	1	1	3
MPiako	1		2	1	9	2	1	4	2
Kapiti	1		2	1	0	1	1		1
Hauraki	1	1	1		2	0		3	1
Auck	1								
Porirua		5	1		1	0		1	3
Horow		4	4	2	5	2	7	5	2
Whang		3	2	3	6	3		8	2
Manukau		2			1	0		2	0
Nap		1	3	1	0	1	1	1	2
Waitak			1	1	0	0			
L Hutt			1		1	1			
Papakura			1		0	1			0
Hamilt			0	1					
NI Total	651	724	769	654	663	632	713	925	821

High Prevalence Notifications by TLA, December – November
South Island

TLA	Letters 2015	Letters 2014	Letters 2013	Letters 2012	Letters 2011	Letters 2010	Letters 2009	Letters 2008	Letters 2007
Marlb	58	40	31	21	28	43	29	42	47
Hurun	37	35	32	32	40	40	56	67	71
Sthland	30	53	41	33	25	48	59	56	41
Tas	30	15	16	9	12	16	18	18	24
Clutha	27	40	26	21	27	40	49	80	38
Sel	25	38	16	12	35	33	76	60	68
COtago	20	22	23	20	36	22	47	35	28
Ash	18	37	23	19	24	39	54	53	42
Waitak	16	28	26	22	20	15	39	42	33
Waim	12	18	13	11	13	14	18	25	23
Tim	11	17	12	12	27	20	27	30	32
Dun	11	17	18	14	10	9	23	29	17
Waimak	10	16	9	11	11	26	32	29	39
Bpenin	7	5	5	3	13	5	11	10	11
Gore	7	5	10	8	15	23	30	42	20
Mcken	6	10	7	9	5	7	11	23	15
Kaik	6	5	9	1	6	2	1	6	8
Qtown	5	5	8	3	4	6	9	8	9
Chch	2	4		4	3	3	3	5	2
Ingill	2	3		2	2	5	12	5	5
Nelson	2				1	1	0		
Buller	2				0	1	1	2	
Chat Isl	1	2	1		0		3	2	
Wland	1		2		2	1	0	2	
Grey	1				0	1	2	5	
SI Total	347	415	328	267	359	420	610	676	573
NZ Total	998	1139	1097	921	1022	1052	1323	1601	1394

SAFE DOG FEEDING OF SHEEP MEAT ON THE FARM



DON'T FORGET...

- Home killing facilities for slaughtering and cutting up sheep must be dog proof. Offal disposal sites must be dog proof.
- Dead stock disposal sites must also be dog proof.
- Always have alternative dog food on hand in case a shortage of treated sheep-meat occurs.
- Restrain or tie dogs up when they are not working or exercising under direct supervision.



NEVER FEED RAW OR UNTREATED OFFAL TO DOGS. THIS INCLUDES HOUSEHOLD SCRAPS. IF YOU FEED OFFAL AND SCRAPS TO CATS, ENSURE IT IS INACCESSIBLE TO DOGS.

THE RISK

Feeding dogs sheep meat is an effective and cheap food source. However, farmers killing and feeding sheep meat to their dogs have an increased risk of sheep measles cysts developing in sheep.

FOR ALL DOG OWNERS

FREEZING

- Freezing causes ice crystals to form rupturing the cell walls of any sheep measles cysts present.
- Sheep or goat meat must be kept in a freezer operating at -10°C or colder for at least 30 days before the meat is fed to dogs.
 - Place tags on meat or meat containers with date of slaughter so that only meat frozen for the correct length of time is fed to dogs.
 - Use enough freezer space to ensure sufficient freezer capacity is available for ALL the dogs on the property. Do not store other dog foods available.
 - Rotate freezer temperature monthly to ensure it is consistently at -10°C or colder.

COOKING

- Cook meat in a dog proof area to prevent contamination of scraps.
- Cook meat to a core temperature of 72°C or greater, or until the meat has a colour change to indicate adequate treatment.

SHEEP MEASLES: THE ISSUE

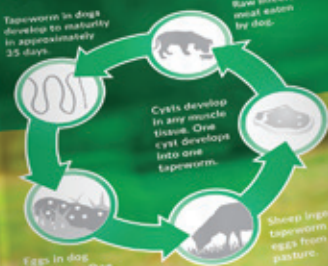
Sheep Measles (*Cysticercus ovis*) are small cysts found in the muscle tissue of infected sheep (and goats).

Cysts are found throughout the meat. Only a small proportion are on, or near, the surface, as a result many of the cysts are not detected during processing. Cysts are most easily seen in the diaphragm, flaps, heart, muscles of the jaw and tongue.

Sheep measles does not have any adverse effect on human health. But, increasingly, discerning customers do not find the presence of such cysts acceptable.

The opportunity for farmers and meat companies to obtain maximum returns from lamb and sheep meat is diminished by products containing sheep measles.

THE SHEEP MEASLES LIFECYCLE



OVIS MANAGEMENT

The Meat Industry and Farmers working together



For more information
phone Ovis Management
0800 222 011
www.sheepmeasles.co.nz

OVIS MANAGEMENT

The Meat Industry and Farmers working together

Code of
**Good Farming
Practices**
for the control of
Sheep Measles



OVIS
MANAGEMENT

*The Meat Industry and Farmers
working together*

ANNUAL REPORT/ FINANCIAL STATEMENTS

for the year ended 30 June 2016

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Directory for the year ended 30 June 2016

Principal Business: The main activity of the company is to maintain awareness of and promote control of *Cysticercus ovis*

Directors: A Morrison
R Barton
A Dennis
T Ritchie

Project Manager: D W Lynch

IRD Number: 50-642-291

Registered Office: Wellington Chambers
154 Featherston Street
Wellington

Auditors: KPMG
10 Customhouse Quay
WELLINGTON

Solicitors: Burrowes & Company
24 Johnston Street
Wellington

Bankers: Bank of New Zealand
222 Lambton Quay
Wellington

Shareholder: Meat Industry Association of New Zealand (Inc)

Directors' Report for the year ended 30 June 2016

The Directors have pleasure in submitting the Annual Report of Ovis Management Limited incorporating the special purpose financial statements and auditors report, for the year ended 30 June 2016.

The report has been prepared so as to include all information required to be disclosed under the Companies Act 1993 except where the shareholders have unanimously resolved to take advantage of the reporting concessions available to them under Section 211 (3) of the Companies Act 1993.

On behalf of the Board these special purpose financial statements were approved for issue on 27 August 2016.



Director



Director



Date



Date

Statement of Comprehensive Income for the year ended 30 June 2016

	Note	2016	2015
		\$	\$
Operating revenue		384,563	387,770
Operating expenditure	1	348,820	355,585
Operating surplus/(deficit) before other income		35,743	32,185
Rebate	2	(100,000)	-
Other Income		-	-
Operating surplus/(deficit) before financing income		(64,257)	32,185
Financial income		3,940	6,824
Financial expenses		-	-
Net financing income	3	3,940	6,824
Operating surplus/(deficit) before tax		(60,317)	39,009
Income tax expense/(benefit)	4	-	-
Net surplus/(deficit) for the year		(60,317)	39,009
Other comprehensive income			
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		(60,317)	39,009

Statement of Changes in Equity for the year ended 30 June 2016

	2016	2015
	\$	\$
Opening Balance	330,371	291,362
Total comprehensive income for the year	(60,317)	39,009
Closing Balance	270,054	330,371

Balance Sheet as at 30 June 2016

	Note	2016	2015
		\$	\$
Equity			
Issued and paid up capital			
2 ordinary shares of \$1 each		2	2
Uncalled capital		(2)	(2)
Retained earnings		270,054	330,371
Total equity		270,054	330,371
Represented by:			
Current assets			
Cash and cash equivalents	5	259,603	316,799
Trade and other receivables	6	32,853	39,884
Total current assets		292,456	356,683
Current liabilities			
Trade and other payables	7	42,019	51,311
Employee benefits	8	5,963	9,287
Total current liabilities		47,982	60,598
Working capital		244,474	296,085
Non current assets			
Property, plant and equipment	9	25,580	34,286
Software	10	-	-
Total non current assets		25,580	34,286
Net assets		270,054	330,371

Notes to the Special Purpose Financial Statements for the year ended 30 June 2016

Statement of significant accounting policies

(i) Basis of reporting

The financial statements presented are for the reporting entity Ovis Management Limited (the "Company"). The purpose of the Company is to provide a low cost programme promoting control of *Cysticercus ovis* and monitoring area and national trends of prevalence in lambs.

The financial statements of the company are for the year ended 30 June 2016. The financial statements were authorised for issue by the directors on the 12th August 2016.

(ii) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with the accounting policies outlined in (iii) below.

The financial statements are presented in New Zealand Dollars (NZD). The financial statements are prepared on the historical cost basis except for accounts receivable which are at cost less impairment.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(iii) Particular accounting policies

The accounting policies that materially affect the measurement of financial performance and financial position are set out below:

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses.

Depreciation of property, plant and equipment is calculated on a straight-line basis over their useful lives. Gains and losses on disposal of assets are taken into account in determining the operating results for the year. The rates are as follows:

Office equipment	7 - 40%
Furniture and fittings	10%
Motor Vehicles	21.0%
Computer hardware	10% - 67%

Intangible assets

Computer software is stated at cost less any accumulated amortisation.

Amortisation is recognised in the Income statement on a straight line basis over the estimated useful life of the intangible asset.

Computer Software	40%
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Revenue

- a Revenue represents amounts received and receivable from meat companies paid on a 1.5 cents basis (2015:1.5 cents) for each sheep, lamb or goat processed.
- b Revenue from services is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the service contract.
- c Net financing income comprises of interest payable and interest received on call deposits and

is recognised in Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other receivables

Accounts receivable are stated at cost less impairment losses.

Trade and other payables

Trade and other payables are stated at cost.

Goods and Services Tax

The financial statements are prepared exclusive of Goods and Services Tax (GST), with the exception of receivables and payables, which include GST.

Taxation

The tax expense recognised in the Statement of Comprehensive Income is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior periods.

No account is taken of deferred income tax.

Expenses

Expense represents amounts paid and payable to suppliers for services received during the year.

1. Operating expenditure

	2016	2015
	\$	\$
Audit remuneration	5,000	5,000
Tax services	1,250	1,250
Contracts/consultants/projects	5,295	5,478
Depreciation	10,344	14,417
Director's fees – Chairman	16,830	16,830
Director's fees	-	1,000
Personnel expenses	129,494	130,604
Other operating expenses	180,607	181,006
Total operating expenditure	348,820	355,585

2. Rebate

Rebate paid out to companies during the year to reduce cash at bank.

3. Net financing income

	2016	2015
	\$	\$
Interest revenue	3,940	6,824
Interest expense	-	-
Net financing income	3,940	6,824

4. Taxation

	2016	2015
	\$	\$
Reconciliation of effective tax rate		
Operating surplus/(deficit) before tax	(60,317)	39,009
Income tax using Company tax rate 28%	(16,888)	10,922
Non-assessable income/non-deductible expenses at company rate	(2,342)	2,262
Losses provided to/from parent	-	(13,184)
Losses bought forward and utilised at Company tax rate	-	-
Tax @ Company Tax Rate	(19,230)	-
Prior year adjustment	-	-
Tax benefit of losses not recognised	19,230	-
Income tax expense/(benefit) per income statement	-	-

The Company and its parent has \$533,208 of tax losses to carry forward (2015:\$482,232), which the company is able to utilise. The availability of losses to carry forward is subject to the Company continuing to meet the requirements of the Income Tax Act, and agreement of the tax losses by the Inland Revenue Department.

	2016	2015
	\$	\$
Imputation credit memorandum account		
Balance at beginning of year	199,339	198,813
Income tax paid/(refund)	-	(1,384)
Prior year adjustment	-	-
RWT on interest received	1,096	1,909
Balance at end of year	200,436	199,339

5. Cash and cash equivalents

	2016	2015
	\$	\$
Bank balances	45,916	23,524
Call deposits	213,687	293,275
Balance as at 30 June	259,603	316,799

6. Trade and other receivables

	2016	2015
	\$	\$
Trade receivables	27,573	32,450
RWT Receivable	3,006	1,909
Other Receivables and Prepayments	2,274	5,525
Balance as at 30 June	32,853	39,884
Impairment loss deducted	-	-

7. Trade and other payables

	2016	2015
	\$	\$
Trade Payables	36,838	44,841
GST Payable	1,346	1,250
PAYE Payable	3,835	5,220
Balance as at 30 June	42,019	51,311

8. Employee benefits

	2016	2015
	\$	\$
Liability for Annual Leave	5,963	9,287
Balance as at 30 June	5,963	9,287

9. Property, plant and equipment

	2016	2015
	\$	\$
Furniture and fittings		
At cost	775	775
Accumulated depreciation	775	775
	-	-
Current year depreciation	-	-
Motor vehicles		
At cost	40,956	40,956
Accumulated depreciation	19,352	10,751
	21,604	30,205
Current year depreciation	8,601	8,601
Computer hardware		
At cost	18,068	18,068
Accumulated depreciation	18,047	17,233
	21	835
Current year depreciation	814	2,087
Office equipment		
At cost	69,451	67,813
Accumulated depreciation	65,496	64,567
	3,955	3,246
Current year depreciation	929	3,729
Total property, plant and equipment		
At cost	129,250	127,612
Accumulated depreciation	103,670	93,326
	25,580	34,286
Current year depreciation	10,344	14,417

There is no impairment loss recognised during the year (2015: nil).

10. Intangible assets

	2016	2015
	\$	\$
Software		
At cost	1,300	1,300
Accumulated Amortisation	1,300	1,300
	-	-
Current year amortisation	-	-

There is no impairment loss recognised during the year (2015: nil).

11. Capital commitments

There are no capital commitments outstanding as at balance date (2015: nil).

12. Contingent liabilities

There are no contingent liabilities outstanding as at balance date (2015: nil).

13. Related party information***(i) Identity of related parties***

The Meat Industry Association of New Zealand (Inc) owns 100% of Ovis Management Limited. The Association charges a service fee for management and administrative services.

(ii) Related party transactions

Ovis Management Limited pays service fees of \$16,350 (2015: \$16,194) to Meat Industry Association of New Zealand (Inc) for administration services provided. As at year end, Ovis Management Limited has recognised a payable to Meat Industry Association (parent company) for the amount of \$3,164 (2015: \$3,585). This relates to service fees and office expenses paid by Meat Industry Association on Ovis Management Limited's behalf.

During the year ended 30 June 2016, Ovis Management and the Meat Industry Association of New Zealand (Inc) transacted with a company, related to a board member, in the normal course of business. The transactions were on consistent commercial terms with other meat companies.

Ovis Management Limited tax losses are available for use by its parent, Meat Industry Association. As at 30 June 2016 tax losses available to Meat Industry Association and Ovis Management Limited are \$533,208.

(iii) Remuneration

Total remuneration is included in personnel expenses (see note 1).

The Chairman is paid an annual fee; (see note 1).

14. Subsequent events

There are no events subsequent to balance date that would materially effect these financial statements (2015: nil).



INDEPENDENT AUDITOR'S REPORT

To the shareholder of Ovis Management Limited

We have audited the accompanying special purpose financial statements of Ovis Management Limited ("the company") on pages 22 to 29. The special purpose financial statements comprise the statements of financial position as at 30 June 2016, the statements of comprehensive income and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the shareholders of Ovis Management Limited as a body. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our audit work, this report or any of the opinions we have formed.

Directors' responsibility for the special purpose financial statements

The directors are responsible for the preparation of these special purpose financial statements, in accordance with the company's constitution, for determining the acceptability of the basis of accounting, and for such internal control as the directors determine is necessary to enable the preparation of special purpose financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the special purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the special purpose financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm has also provided taxation services to the company. This matter has not impaired our independence as auditor of the company. The firm has no other relationship with, or interest in, the company.

Opinion

In our opinion the financial statements of Ovis Management Limited on pages 22 to 29 for the year ended 30 June 2016 are prepared, in all material respects, in accordance with accounting policies outlined on pages 24 and 25 of the special purpose financial statements.

Basis of accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to the accounting policies outlined in the special purpose financial statements, which describe the basis of accounting. The special purpose financial statements are prepared to meet the requirements of the company's constitution. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for Ovis Management Limited and should not be distributed to or used by any parties other than Ovis Management Limited.

A handwritten signature of the KPMG firm, written in blue ink, appearing as 'KPMG' in a cursive, stylized font.

24 August 2016

Wellington