The background of the cover is a scenic mountain landscape. In the foreground, a black dog is running across a green field towards three sheep. The middle ground shows a dense forest of evergreen trees, and the background features large, rugged mountains with some rocky outcrops and patches of green vegetation. The sky is a mix of blue and white clouds.

**OVIS**

**ANNUAL REPORT 2015**

**MANAGEMENT**

*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 Thursday 27th August 2015 in the Board Room, Level 5, Wellington Chambers, 154 Featherston Street, Wellington, 11.30 am.

### AGENDA

- (1) To approve the minutes of the 2014 Annual General Meeting.
- (2) To receive and consider the Directors Report, Auditors Report and Accounts for the year ended 30 June 2015.
- (3) The appointment of Auditors for the forthcoming year.
- (4) General business.

### Mr D. Lynch

Secretary  
PALMERSTON NORTH

1st August 2015



## **DIRECTORY**

|                           |   |
|---------------------------|---|
| CHAIRMAN                  | R T Barton<br>Woodside, RD 1<br>Greytown  |
| DIRECTORS                 | A Dennis<br>51 Don Street<br>Invercargill<br><br>A Morrison<br>RD 5<br>Gore<br><br>T R Ritchie<br>28A Messines Road<br>Karori<br>Wellington |
| SECRETARY                 | D W Lynch<br>6B Williams Terrace<br>Palmerston North  |
| REGISTERED OFFICE         | Level 5<br>Wellington Chambers<br>154 Featherston Street<br>Wellington  |
| SOLICITORS                | Burrowes & Company<br>24 Johnston Street<br>Wellington  |
| BANKERS                   | Bank of New Zealand<br>222 Lambton Quay<br>Wellington   |
| AUDITORS                  | KPMG<br>10 Customhouse Quay<br>Wellington   |
| <b>COMPANY MANAGEMENT</b> |   |
| PROJECT MANAGER           | MR D W Lynch<br>Palmerston North  |
| TECHNICAL ADVISOR         | Dr B H Simpson<br>Biosecurity Management Ltd  |

## CHAIRMAN'S REPORT

*“We continue to try and find better and earlier intercept points with our work with the sheep farming fraternity”*

On behalf of the board and management I am pleased to present my chairman's report for the 2014/15 year.

The nature of our work continues in similar vein with refinements to our systems as and where appropriate. The contributing sheep meat processing companies continue to provide information on a timely basis. We are getting greater buy-in from some of the smaller operators as they update their software within plants. It is nice to be able to close the loops on some of this data which in the past has not been received for analysis.

We continue to try and find better and earlier intercept points with our work with the sheep farming fraternity. A special survey of reasonable scale operators who either have no incidence of sheep measles or a high incidence of sheep measles has thrown up some new data which may lead to better outcomes. Trading farmers pose a particular issue as these lambs tend to have many more months of exposure and due to multiple ownership it is more difficult to find the true source of infection. Efforts are being made in this area to find where we can provide better education at the right point and time.

Yet again our accounts show a healthy profit. A good outcome for a strongly commercial company but OML was set up as an educational body which needs sufficient income to be “fit for purpose.” The accumulation of net income has arisen from the ongoing decline in the nations' sheep numbers

which of course bolsters our income and the close monitoring and control of our expenditure. We can't change the first reason and I won't apologise for the second reason. However the board want to assure our parent company, the Meat Industry Association, that the quantum of accumulated funds will be discussed at our next board meeting and a plan put in place to reduce the net equity of OML to a more appropriate level in line with our needs. We can assure the contributing companies that whatever mechanism is used it will reflect their contributions as fairly as possible.

Over the year OML has interfaced with sheep farmers in a variety of locations from one on one meetings on farm to a number of industry field days. The Mystery Creek field days allow us to liaise with a wide variety of the public and these events always act as a barometer of public understanding around the issue of ovis whether they are sheep owners, the hunting fraternity, rural based lifestyle or rural professionals at a number of levels. Many thanks to the team who do such a great job at these events. In particular Mark Shirley from Invercargill and our contractor Murray Kerr from Ashburton.

The programme would fail to function without the input and endeavours of Dan Lynch our project manager. Dan's diplomatic style when dealing with sheep farmers and the meat industry participants is critical to the ongoing success of the programme. Furthermore Dan runs a tight ship around the cost of running the

business without compromising outcomes. He is a pleasure to work with and always maintains an open mind around potential opportunities to extend the reach of the programme.

The other two important people in the operation are Michael Pran who provides thorough financial support and backing. Starting some years ago with 3 entities to manage I now understand this tally has climbed to 11. Dr Bruce Simpson also deserves a mention in his role as a consultant, mentor and background agitator for the cause. From time to time we defer to Bruce to challenge ideas and concepts. His insights and commitment to the business are much appreciated.

Lastly to my fellow board members can I thank you for your diligence and commitment to the cause. Your support and guidance when needed is much appreciated.



**Roger Barton**

Chairman Ovis Management Limited



Make sure your  
**dogs**  
are **dosed**  
for **sheep**  
**measles**  
before taking  
your new sheep  
home to pasture

**1x**  **=6** months pasture  
contamination



**OVIS**  
MANAGEMENT  
*The Meat Industry and Farmers  
working together*

0800 222 011



assembly  
point

## PROJECT MANAGER'S REPORT 2015

Continued application of on-farm control across the sheep industry has resulted in sheep measles (Ovis) prevalence being maintained at low levels for the past year. The widespread use of dog treatments increasingly at a four weekly timeframe allied with dog control and feeding is critical in achieving and maintaining these low levels of prevalence.

The proposal back in 1993 that Ovis would be monitored at plant level and that on-farm control would be on a voluntary basis with no legal status drew much criticism. A number of experts were of the opinion that controlling Ovis in this manner was not achievable. Indeed, Ovis Management's Ltd (OML) mission statement *"To provide a low cost programme promoting control of Cysticercus ovis and monitoring area and national trends of prevalence in lambs"*, has no technical goal due to the fecundity of the parasite and the fact that the responsibility for control of the parasite in the national flock overwhelmingly rests with sheep farmers.

The history of the past 20 years have shown that given the right environment, access to resources and material, sheep farmers have been able to place downward pressure on the parasite with levels detected lower than existed during the time of the national hydatids programme. External factors have also contributed including the reduction in the number of sheep farms due to dairy conversion resulting in a large reduction in contiguous sheep farms reducing the opportunity of cross farm infection.

Prevalence detected in lambs in the 2013/2014 processing season remained at low levels seen in the recent years while for the season to June 2015 the level is slightly down on that for the same time in previous year. These low prevalences continue to reflect the high levels of control being applied on sheep farms across the country.

The support from meat companies for this programme has been such that in the absence of any legal backing or contractual obligations approximately 98% of lambs processed are monitored by the programme.

While maintaining a low prevalence of sheep measles is seen as important for protection of the New Zealand meat industry it is also of consequence for sheep farm who have an "Ovis Storm" outbreak in their lamb flock. Ovis Storms occur when a dog harbouring the Sheep Measles tapeworm contaminates pasture grazed by naive lambs who develop heavy infections, many of which are condemned at processing.

### **Programme Activity**

#### **High Prevalence Mailouts**

In the 2013/14 year OML contacted 1,139 suppliers as a result of high prevalence Ovis levels in lambs, this is up from 1,097 in the 2012/13 year and 922 in the 2011/12 season.

The mailed notifications are sent to suppliers processing in excess of 50 lambs with a minimum of three infected. The prevalence thresholds used are derived from the prevalence at the time of the mailouts which take

*"Prevalence detected in lambs in the 2013/2014 processing season remained at low levels seen in the recent years"*

*“For the 2014–15 year the North Island had a reduction in notifications from 769 the previous year to 724 while the South Island had an increase from 328 notifications to 415”*

place three times a season. They are a keystone of the OML awareness programme and are designed to target farms that have, or have had, a dog infected with *Taenia ovis* present.

For the 2014–15 year the North Island had a reduction in notifications from 769 the previous year to 724 while the South Island had an increase from 328 notifications to 415. The major factor in the increase in the South Island was not increased levels of sheep measles but the outcome of improved data recording systems introduced in a number of large plants. This has resulted in the percentage of carcasses identified with sheep measles being linked back to suppliers increasing from 84.7% to 92.1% in the past twelve months. In the North Island where new systems have not been placed the overall data capture rate for the Dec–Nov year was 87.7% in line with the previous year of 88.5%.

A breakdown of notifications to farms within each Territorial Local Authority for the 2013–2014 year is at the end of this report.

### **High Prevalence Mailouts for 2014/15 Season**

The first of the 2015 High Prevalence notifications was sent to suppliers for the period one December 2014 – 31st March 2015 (as in previous years OML uses a December – November year for monitoring to reduce the number of older lambs being included with new season lambs).

The number of suppliers/farms notified in this timeframe has decreased compared to the same time last year

with 436 suppliers down from 602. Most significant is that data capture rates for the period of 87.2% in the North Island and 95.7% in the South Island increased respectively from last year.

In the North Island Ruapehu with 26 notifications was down three from that period last year while Taranaki, 25 (2014, 29) and Manawatu 22 (27) and Gisborne also 22 (29) had reductions from last year along with Rangitikei 20 (28). Major drops in notifications occurred in Wairoa 10 (18) last year and Stratford 6 (17). Increases occurred in only three areas of note with Otorohanga 8 (2), Masterton 12 (9) and Bay of Plenty 2 (0).

In the South Island northern areas that included the Hurunui district with 22 letters up from 13, Tasman with 19 (10) and Marlborough 16 (8) had increases in notifications. The remainder of South Island districts, in particular, Southland 20 (41), Clutha 12 (33), Waitaki 11 (19), Selwyn 8 (16), Dunedin 6 (12) and Waimate 4 (12) had significant reductions in suppliers notified.

Further notifications will be sent in August and in December and at that point a clearer picture of the impact of on-farm control and climatic conditions will be available.

### **High Prevalence Line Notifications**

Direct notification from AsureQuality and company inspectors enables a quick response to suppliers processing lines of lambs with large sheep measles prevalence. The process whereby relevant data on such lines is faxed or emailed to OML. Then, usually within

48 hours, the supplier is contacted by letter and resources provided. Often in cases of a storm outbreak a number of notifications are received for one supplier from one or more processing plants. The success of this feedback over a number of seasons has been due to the support and assistance of AsureQuality staff.

### **Localised Mail Drops**

To assist farmers who have good control procedures in place but appear to be having stock infected from external sources OML continues the policy of working with the local mailperson to carry out small but focused mail drops in the vicinity of the infected farm. They are designed to raise awareness of the need for dogs in rural areas to be treated for sheep measles. The farmer provides the name and phone number of their mail delivery person and OML liaises with them to carry out the drop. The drops range from 10 to 200 letters. In the South Island they have taken place around Wakefield, Seddon, Hawarden, Scargill, Fairlie, Karitane, Tapanui and Gore. In the North Island around Stratford, Fordell, Taihape, Waituna and Hastings.

### **Public Events**

OML takes every suitable opportunity to meet and discuss ovis prevalence with suppliers and where possible show them statistics relating to their stock held in the national database. In the past year over 416 sheep farmers visited OML display sites along with other visitors such as dog owners, rural agricultural contractors, small block holders, dog control officers, hunters and vets.

In the past 12 months OML has attended Gisborne, Hawkes Bay and Christchurch A & P shows along with the Mystery Creek, Central Districts and Lincoln field days, also the Lawrence Farmerama. OML also participated in joint displays with lower North Island vets.

OML's goal at public events is to engage with sheep farmers and discuss their ovis prevalence along with their on-farm control programmes. This engagement is important in bringing home to individual suppliers the need for on-farm control. The challenge being to allow suppliers to view their data while complying with requirements of the Privacy Act. To this end OML has strengthened the already robust process and steps taken prior to displaying supplier's Ovis data on screen.

### **Farm Visits**

Farm visits to larger properties with high prevalence of Ovis provide an opportunity to identify and discuss areas of weakness in control. This year OML have attended on-farm meetings that have ranged from neighbourhood gatherings to one on one meetings. In recent months farms have been visited in the Gisborne, Wairoa, Hastings, Tararua, Manawatu, Ruapehu, Rangitikei, Wanganui, Masterton, Tasman, Marlborough, Hurunui, Kaikoura, Waimakariri, Selwyn, Ashburton, Timaru, Waitaki, Dunedin, Gore and Southland regions.

### **Chatham Islands**

In response to contact from farmers on the Chatham Islands the Project

*“The challenge being to allow suppliers to view their data while complying with requirements of the Privacy Act”*

*“OML has a goal to visit a third of the 159 key clinics each year plus provide additional resources on request”*

Manager visited the Islands to discuss control options meeting with farmers both on farm and in groups, also while on the Island speaking at the major pig hunting event of the year.

The Chathams unique location provides the potential for eradication to be undertaken following a period of Praziquantel treatments to all dogs resident on the Islands. OML Technical Advisor Dr Bruce Simpson prepared a paper outlining strategies. The paper has been provided to farmers on the Island and on request to Ministry of Primary Industry.

**Financial**

OML income in the 2014/2015 year was \$387,770, while expenditure was \$355,585. This resulted in OML having excess income over expenditure of \$39,009.

The funding of OML by way of a meat processor contribution of \$0.015 per sheep, lamb and goat processed has been in place for six years with OML operating effectively within that income stream. OML is focussed on achieving its goals while seeking to minimise costs and that along with a decrease in stock numbers, leading to above budgeted income has seen OML holding cash reserves of \$316,799. This amount is in excess of that required for the size and role of the company. As a consequence Directors will be looking to move OML reserves to an appropriate level that reflects processors contributions to the programme..

**Veterinary Contact**

Recent and past surveys identify rural veterinarians and their practices as the

main source of information for sheep farmers seeking information on the control of Ovis. Consequently OML seeks to ensure the veterinarians and their practices have appropriate up to date information at hand. The provision of resource packs to clinics has enabled OML to provide up-to-date material to veterinarians for distribution to clients. OML has a goal to visit a third of the 159 key clinics each year plus provide additional resources on request.

A feature of the visits is discussing with clinic staff providing advice to farmers the issues associated with reliance on three monthly dog treatments. The change of clinic staff which occurs in many cases means that the time spent talking personnel though treatment options during one visit requires

**Spread of Sheep Measles Eggs**

OML Technical Advisor Dr Bruce Simpson was approached to review past research papers in response to the question "What are the rates of wind and other agents in the dispersion of Toxaria ovis eggs?" The paper he developed shows work carried out in 1977 by Mike Gerrard and Ruth Lawson looking at factors in the spread and distribution of Toxaria Ovis eggs concluded that any contribution by wind was less than that from flies and possibly birds.

While OML has been aware of flies and birds contributing to the spread of eggs, the narrative we have used has tended to feature wind as an agent of distribution.

From an infection awareness point of view the fact that an infected dog can contaminate a large area within unincubated and Oviposited: The Ovis ovis paper (Prevention: Ruth Lawson and Mike Gerrard of: Transactions: Ruth Lawson and Mike Gerrard, Advances in Parasitology vol. 23, pp. 261-306, 1977) identifies circumstantial evidence of spread of ovis over time and incriminates a dog could infect 3000 flies the attached paper from Bruce Simpson.

One factor unchanged is that the majority of eggs remain in the vicinity of the defecation site so with high prevalence mobs will continue to be a targeting source of infected dogs.

To quote a Vet from Hawks Bay "All sheep farms should have something down their sheep meases every month". The gold standard is wormer every three months with a straight P on the months in between. See graph below.

**Dosing Timeframes**

Monthly dosing is the cheapest and most effective on farm prevention programme. That has been the OML mantra for a number of years. So, it was interesting on South Island farm visits some weeks ago, that six out of nine High Prevalence farms were on three monthly

**Why monthly dosing is recommended**

All Wormer treatment three monthly = 90 days  
 Resistant period of T. ovis = 35 days  
 This leaves a 55 day window where dogs could be shedding eggs  
 55 days by 4 times a year = 220 infected PA multiplied by number of dogs

|                  |     |     |     |     |      |      |      |      |      |
|------------------|-----|-----|-----|-----|------|------|------|------|------|
| Number of dogs   | 1   | 2   | 3   | 4   | 5    | 6    | 7    | 8    | 9    |
| Unprotected days | 220 | 440 | 660 | 880 | 1100 | 1320 | 1540 | 1760 | 1980 |
| Protected days   | 145 | 290 | 435 | 580 | 725  | 870  | 1015 | 1160 | 1305 |

Combination of all wormer and straight Praziquantel provides maximum protection.

|       |    |   |   |    |   |   |    |   |   |    |
|-------|----|---|---|----|---|---|----|---|---|----|
| Month | 1  | 2 | 3 | 4  | 5 | 6 | 7  | 8 | 9 | 10 |
|       | AW | P | P | AW | P | P | AW | P | P | AW |

AW = Allwormer P = Praziquantel

repeating at the next visit when new staff are in the role.

OML also attends events in conjunction with practices or provides resources when required for use in in-store displays and provides updates following high prevalence mailouts for use in their client newsletters.

**Farmer Survey**

A recent survey of 300 High Prevalence farms killing over 1,000 lambs and 300 farms with no ovis recorded also killing

1,000 lambs has been completed. One of the factors to emerge that despite applying the same level of on-farm controls lamb suppliers who buy in all lambs sent for processing have a substantially higher Ovis prevalence (2.16%) than those who kill a mix of their own and purchased lambs (1.7%) and those whose lambs are all “home bred” (0.73%).

The data reinforces the desirability of targeting education to that group of

*“OML has a goal to visit a third of the 159 key clinics each year plus provide additional resources on request”*



**Ovis prevalence in lambs from different categories of suppliers**

|                                    |         | “Own Lambs” | “Mixed Lambs” | “Purchased Lambs” |
|------------------------------------|---------|-------------|---------------|-------------------|
| Number of suppliers                | 292     | 175         | 83            | 34                |
| Number of lambs slaughtered        | 763,991 | 429,277     | 229,003       | 105,711           |
| Number of lambs with Ovis detected | 9316    | 3,146       | 3,882         | 2,288             |
| % of lambs with Ovis               | 1.2%    | 0.73%       | 1.70%         | 2.16%             |

*“While meat inspection is limited in its sensitivity to detection of Ovis it remains the best tool currently available to identify stock infected with Ovis”*

sheep producers who finish few, if any lambs instead selling them to finishers either via saleyards through private sale or using agents. In the absence of meat company kill sheet / health status reports no feedback is available to give these producers information on their sheep measles status indicating the effectiveness or otherwise of their on-farm control.

Developing pathways to encourage this group of the need to have monthly dosing in place along with the full suite of control options is important to reducing overall prevalence. Ovis Management has had a meeting with lamb finishers farmers and traders to identify ways of providing useful feedback.

**Johne’s Management Ltd**

OML continues to manage the Johne’s database for Johne’s Management Ltd. This unique database operating as a module on the National Sheep Measles database captures information on each individual deer processed, in particular the presence of Johne’s-like lesions detected during post-Morton inspection by AsureQuality inspectors. The data is assembled by OML and,

once formatted, provided to Johne’s Management Ltd for analysis.

In addition to operating the database OML also works closely with JML at appropriate public events.

**Plant Capture of Ovis Information**

The heart of the Ovis programme is the recording of Ovis prevalence detected at processing. Meat inspectors, both company and AsureQuality, record Ovis found in the carcass and viscera which is then either directly entered by touchscreen into company databases alongside the farmers stock details or ticketed and recorded at grading terminals.

While meat inspection is limited in its sensitivity to detection of Ovis it remains the best tool currently available to identify stock infected with Ovis. In addition to recording carcass ovis the capture of viscera data (Ovis detected in the heart and diaphragm) now accounts for 72% of all Ovis recorded and in the absence of this information the effectiveness of the programme would be greatly reduced. As seen last year the increasing use of touch screens at inspection has resulted in a significant increase in Ovis data captured, raising from 83.3% in 2011 to

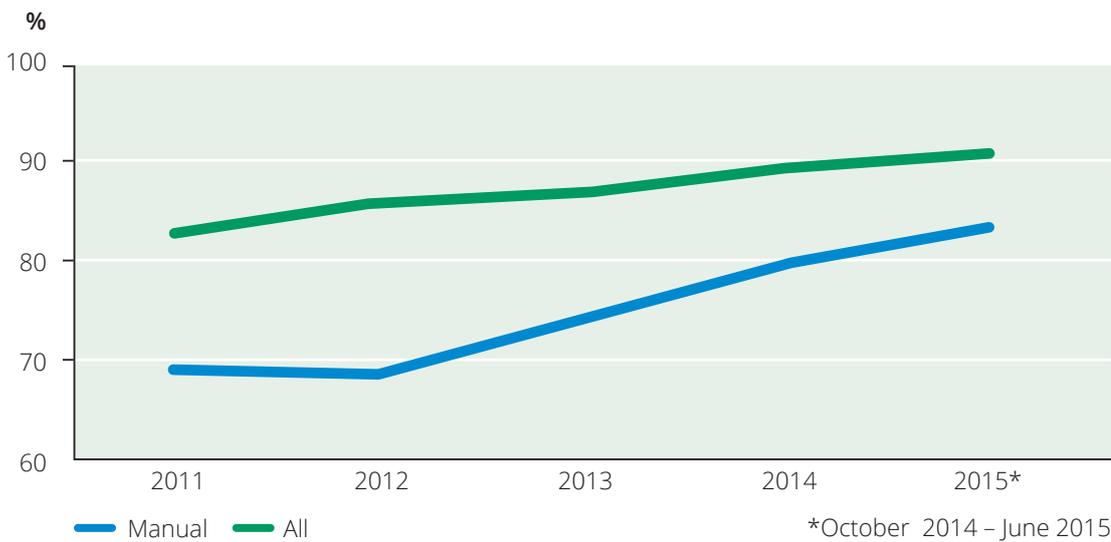
89.1% for the 2014 season and 91% for the 2015 season to end of June. Around 70% of the lamb kill is processed in plants using touch screens.

Manual data capture using tickets applied at inspection and recorded at grading terminals has a lower capture rate than touchscreen but has improved over recent seasons at 82% for season

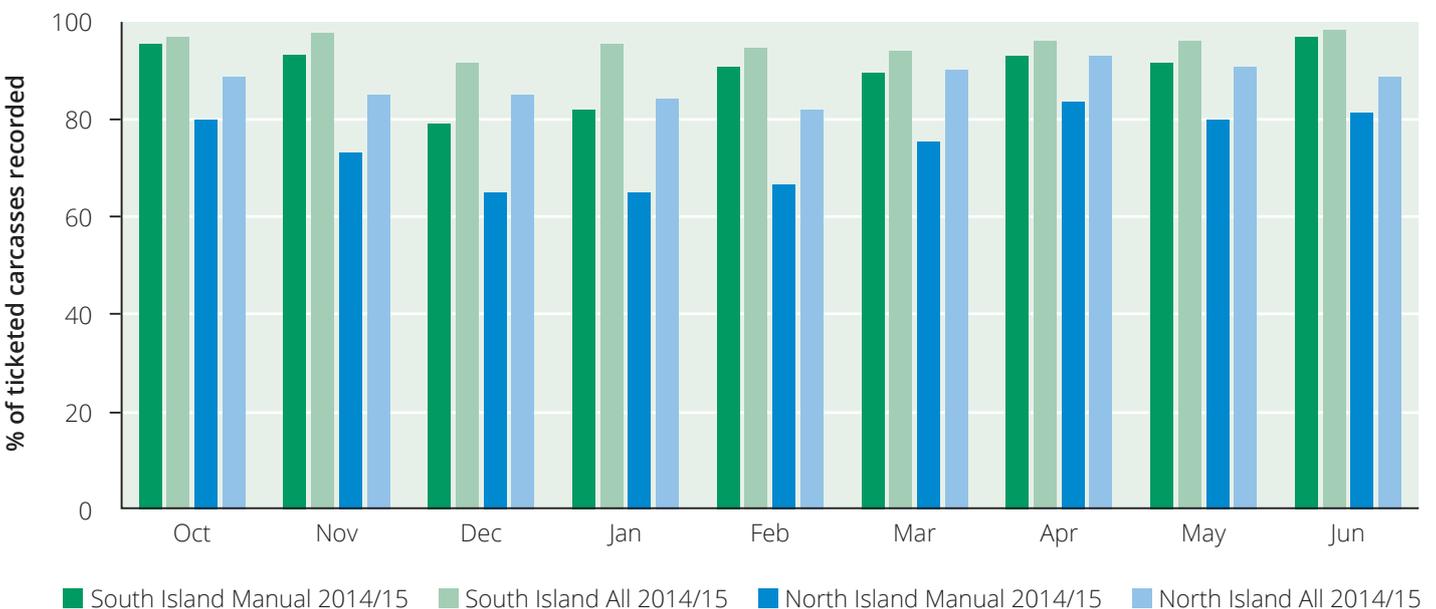
to date compared 79.4% last season. OML has feedback programmes to maintain awareness in plants of the need to maximise capture levels.

Increased capture results in an increased amount of data being linked back to suppliers enhancing feedback and awareness.

***Ovis data capture rates at processing***



***% Ovis data captured by Island - manual/all***



*“North Island districts with larger dog (and human) populations tend to have higher prevalence levels than those in the South Island”*

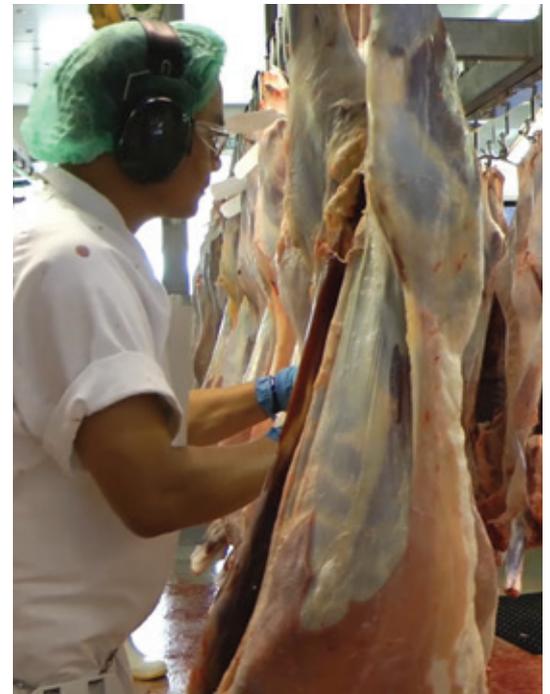
**Ovis Management Database**

The OML database receives line by line data from 32 processing sites processing over 20 million lambs last season. There were 16,034 active suppliers with 10,529 killing greater than 100 lambs, 5,193 greater than 1,000, 707 more than 5,000 lambs. 51.6% (8,285) of suppliers had one or more lambs detected with Ovis with 4,956 eligible for high prevalence status (killing greater than 50 lambs with more than three infected).

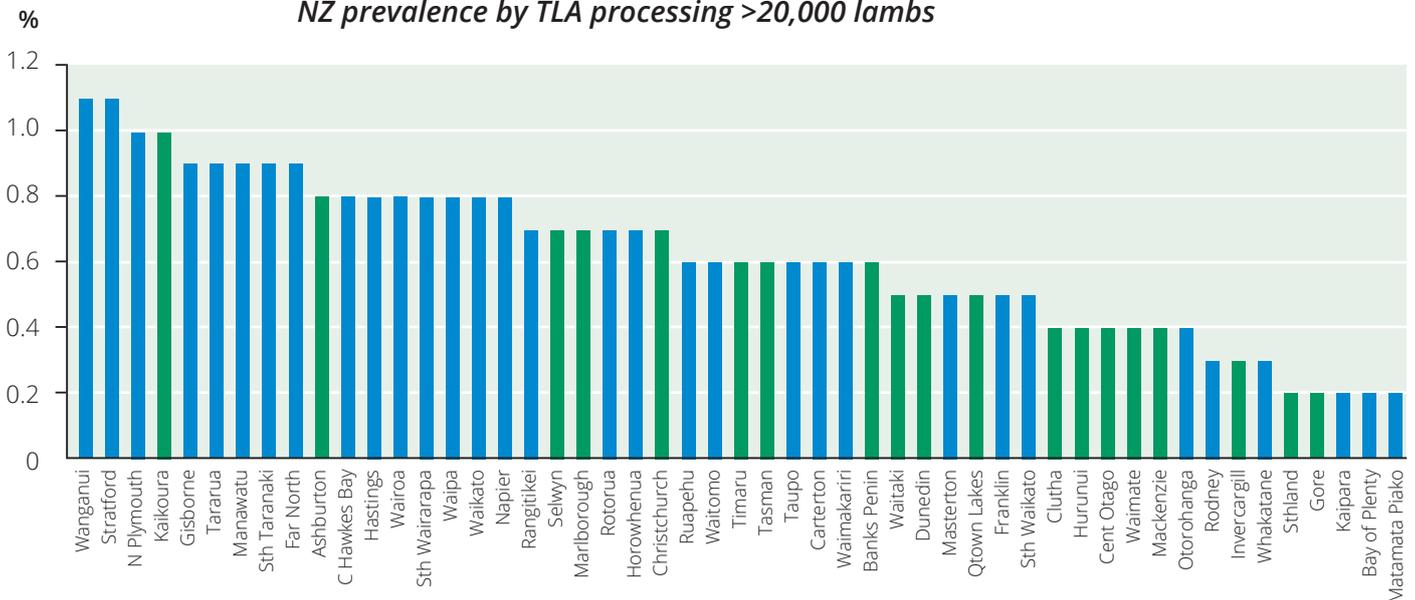
**Lamb Ovis Prevalence**

The prevalence of C ovis detected in lambs remain at the low levels experienced in recent years. Prevalence for the October 2013 – September 2014 year of 0.66% compares to 0.67% of the previous year. Plant data showed that 88% of lamb suppliers have less than 1% prevalence. For the current season October 2014 – June 2015 lamb prevalence is 0.53% compared to 0.56% last year.

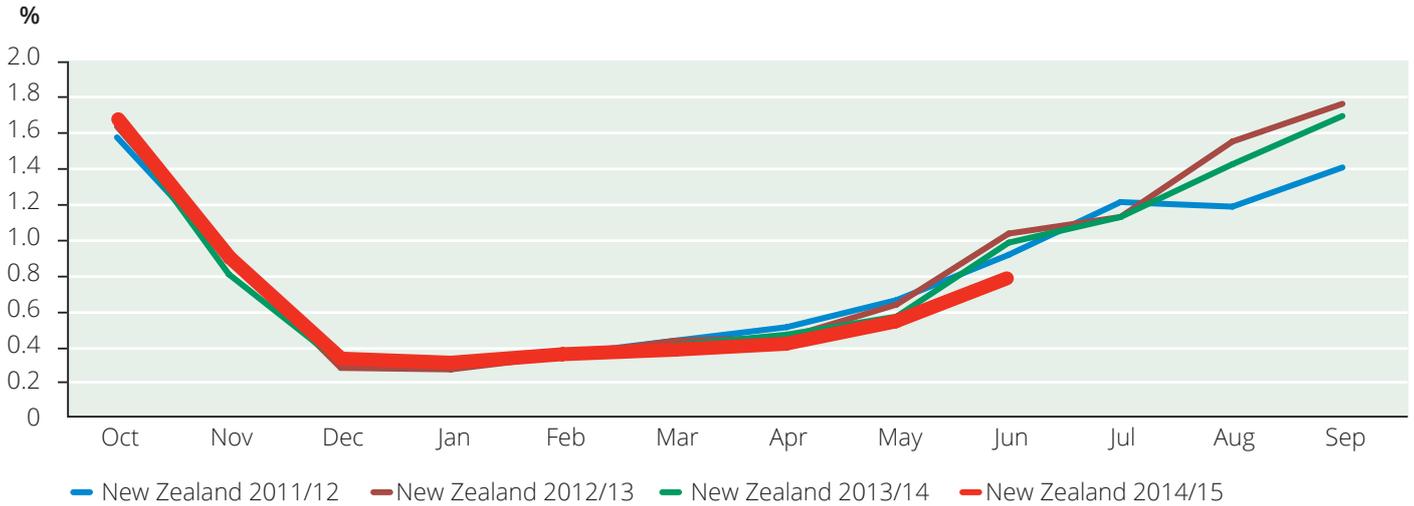
North Island districts with larger dog (and human) populations tend to have higher prevalence levels than those in the South Island where it is noticeable that a district like Southland with its large sheep population has minimal Ovis recorded.



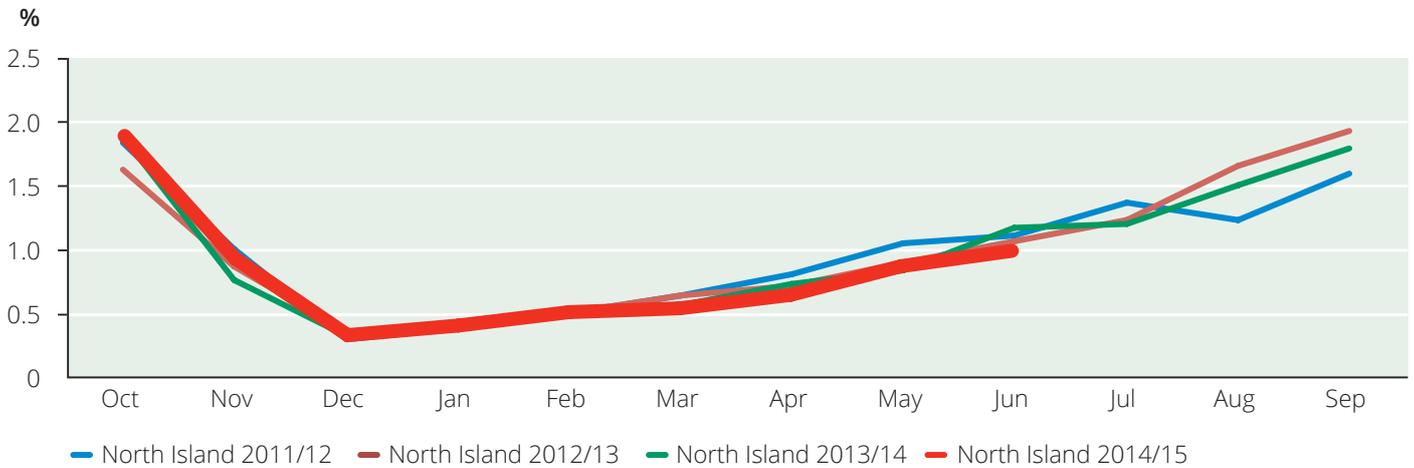
**NZ prevalence by TLA processing >20,000 lambs**



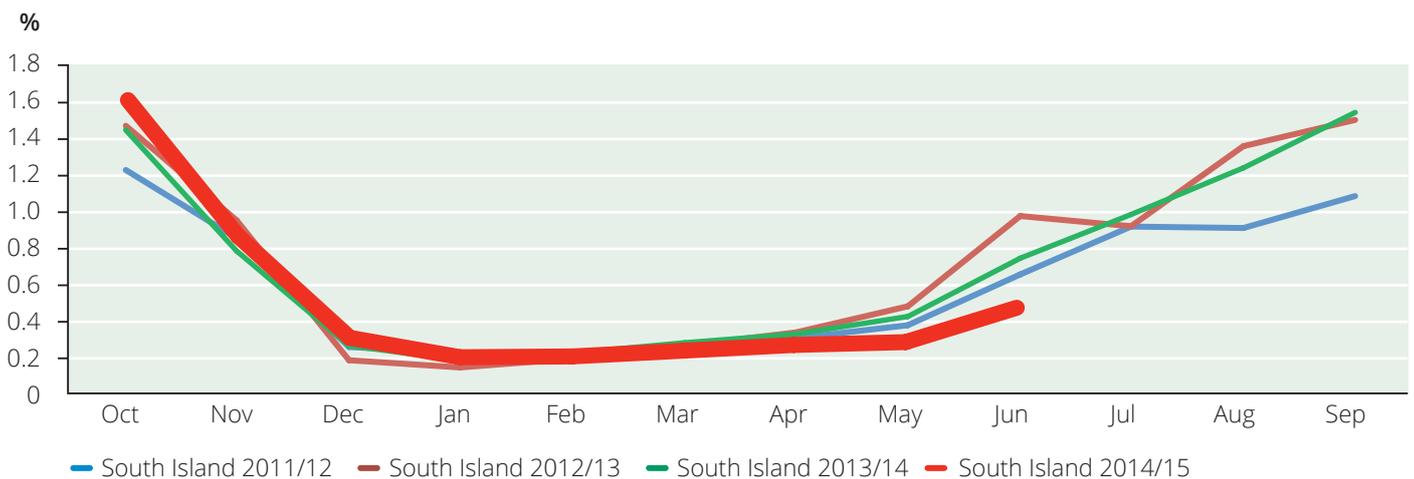
**NZ lamb Ovis**



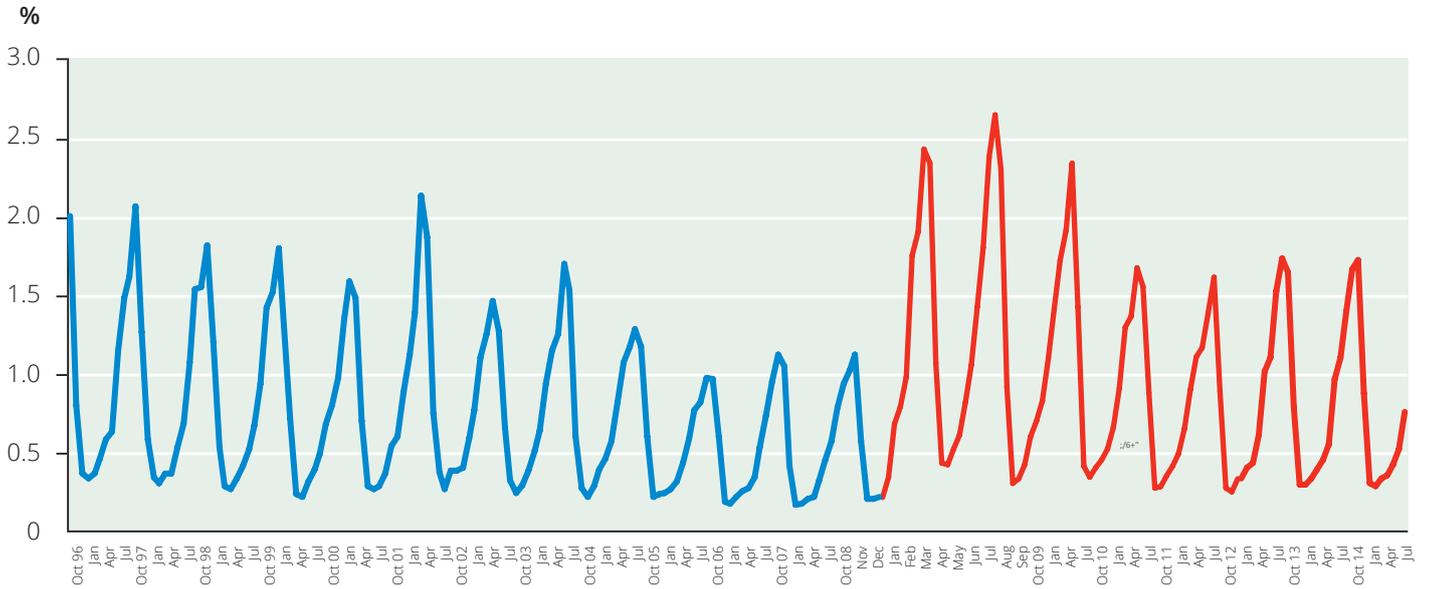
**North Island lamb prevalence, October – September**



**South Island lamb prevalence, October – September**



Lamb prevalence, October 1996 – June 2015\*



\*March 2008 commencement of viscera Ovis recording

**High Prevalence Notifications by TLA, December – November**  
**North Island**

| TLA               | Letters 14 | Letters 13 | Letters 12 | Letters 11 | Letters 10 | Letters 09 | Letters 08 |
|-------------------|------------|------------|------------|------------|------------|------------|------------|
| Gisborne          | 86         | 87         | 84         | 75         | 58         | 88         | 123        |
| Hastings          | 66         | 73         | 45         | 62         | 64         | 74         | 101        |
| C Hawkes Bay      | 63         | 59         | 55         | 56         | 67         | 61         | 97         |
| Tararua           | 57         | 62         | 50         | 40         | 54         | 54         | 62         |
| Manawatu          | 49         | 45         | 35         | 38         | 40         | 56         | 66         |
| Rangitikei        | 48         | 43         | 46         | 23         | 44         | 48         | 59         |
| Wanganui          | 42         | 52         | 34         | 50         | 26         | 24         | 30         |
| Ruapehu           | 39         | 44         | 37         | 40         | 35         | 44         | 50         |
| Wairoa            | 36         | 33         | 33         | 34         | 31         | 30         | 22         |
| Stratford         | 24         | 21         | 14         | 15         | 9          | 14         | 18         |
| Masterton         | 22         | 38         | 25         | 39         | 42         | 36         | 31         |
| Waitomo           | 20         | 25         | 33         | 24         | 20         | 27         | 52         |
| Sth Wairarapa     | 20         | 31         | 21         | 21         | 21         | 27         | 30         |
| South Taranaki    | 18         | 21         | 19         | 16         | 14         | 15         | 15         |
| Waikato           | 17         | 13         | 14         | 17         | 7          | 4          | 7          |
| Rotorua           | 16         | 6          | 10         | 10         | 6          | 10         | 12         |
| New Plymouth      | 12         | 11         | 11         | 13         | 14         | 12         | 21         |
| Carterton         | 12         | 12         | 11         | 8          | 14         | 11         | 10         |
| Franklin          | 8          | 9          | 6          | 4          | 5          |            | 7          |
| Far North         | 7          | 7          | 8          | 10         | 13         | 7          | 10         |
| Rodney            | 7          | 8          | 13         | 7          | 2          | 9          | 8          |
| Waipa             | 7          | 5          | 6          | 5          | 5          | 5          | 10         |
| Otorohanga        | 7          | 13         | 9          | 10         | 8          | 9          | 16         |
| Taupo             | 6          | 6          | 7          | 9          | 7          | 6          | 7          |
| Porirua           | 5          | 1          |            | 1          | 0          |            | 1          |
| Palmerston North  | 4          | 2          |            | 2          | 3          | 4          | 4          |
| Horowhenua        | 4          | 4          | 2          | 5          | 2          | 7          | 5          |
| Whangarei         | 3          | 2          | 3          | 6          | 3          |            | 8          |
| Whakatane         | 3          | 3          | 1          | 2          | 0          | 3          | 2          |
| Opotiki           | 3          | 3          | 3          | 4          | 1          | 1          | 3          |
| Kaipara           | 3          | 5          | 6          | 4          | 5          | 7          | 13         |
| Wellington        | 3          | 1          | 1          | 0          | 1          | 3          | 2          |
| Manukau           | 2          |            |            | 1          | 0          |            | 2          |
| Sth Waikato       | 2          | 4          | 2          | 0          | 1          | 7          | 4          |
| Thames Coromandel | 1          | 4          | 3          | 4          | 3          | 1          | 1          |
| Hauraki           | 1          | 1          |            | 2          | 0          |            | 3          |
| Napier            | 1          | 3          | 1          | 0          | 1          | 1          | 1          |
| Bay of Plenty     |            | 5          | 3          | 1          | 1          | 6          | 8          |
| Matamata Piako    |            | 2          | 1          | 9          | 2          | 1          | 4          |
| Kapiti            |            | 2          | 1          | 0          | 1          | 1          |            |
| Waitakere         |            | 1          | 1          | 0          | 0          |            |            |
| Lower Hutt        |            | 1          |            | 1          | 1          |            |            |
| Papakura          |            | 1          |            | 0          | 1          |            |            |
| Hamilton          |            | 0          | 1          |            |            |            |            |
| <b>NI Total</b>   | <b>724</b> | <b>769</b> | <b>655</b> | <b>663</b> | <b>632</b> | <b>713</b> | <b>925</b> |

**High Prevalence Notifications by TLA, December – November**  
**South Island**

| TLA                | Letters 14  | Letters 13  | Letters 12 | Letters 11  | Letters 10  | Lett 09     | Letters 08  |
|--------------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|
| Southland          | 53          | 41          | 33         | 25          | 48          | 59          | 56          |
| Marlborough        | 40          | 31          | 21         | 28          | 43          | 29          | 42          |
| Clutha             | 40          | 26          | 21         | 27          | 40          | 49          | 80          |
| Selwyn             | 38          | 16          | 12         | 35          | 33          | 76          | 60          |
| Ashburton          | 37          | 23          | 19         | 24          | 39          | 54          | 53          |
| Hurunui            | 35          | 32          | 32         | 40          | 40          | 56          | 67          |
| Waitaki            | 28          | 26          | 22         | 20          | 15          | 39          | 42          |
| Central Otago      | 22          | 23          | 20         | 36          | 22          | 47          | 35          |
| Waimate            | 18          | 13          | 11         | 13          | 14          | 18          | 25          |
| Timaru             | 17          | 12          | 12         | 27          | 20          | 27          | 30          |
| Dunedin            | 17          | 18          | 14         | 10          | 9           | 23          | 29          |
| Waimakariri        | 16          | 9           | 11         | 11          | 26          | 32          | 29          |
| Tasman             | 15          | 16          | 9          | 12          | 16          | 18          | 18          |
| Mackenzie          | 10          | 7           | 9          | 5           | 7           | 11          | 23          |
| Kaikoura           | 5           | 9           | 1          | 6           | 2           | 1           | 6           |
| Banks Peninsula    | 5           | 5           | 3          | 13          | 5           | 11          | 10          |
| Queenstown         | 5           | 8           | 3          | 4           | 6           | 9           | 8           |
| Gore               | 5           | 10          | 8          | 15          | 23          | 30          | 42          |
| Christchurch       | 4           |             | 4          | 3           | 3           | 3           | 5           |
| Invercargill       | 3           |             | 2          | 2           | 5           | 12          | 5           |
| Chatham Islands    | 2           | 1           |            | 0           |             | 3           | 2           |
| Westland           |             | 2           |            | 2           | 1           | 0           | 2           |
| Nelson             |             |             |            | 1           | 1           | 0           |             |
| Greymouth          |             |             |            | 0           | 1           | 2           | 5           |
| Buller             |             |             |            | 0           | 1           | 1           | 2           |
| <b>South Total</b> | <b>415</b>  | <b>328</b>  | <b>267</b> | <b>359</b>  | <b>420</b>  | <b>610</b>  | <b>676</b>  |
| <b>NZ Total</b>    | <b>1139</b> | <b>1097</b> | <b>922</b> | <b>1022</b> | <b>1052</b> | <b>1323</b> | <b>1601</b> |

# **ANNUAL REPORT/ FINANCIAL STATEMENTS**

**for the year ended 30 June 2015**

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## Directory for the year ended 30 June 2015

**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

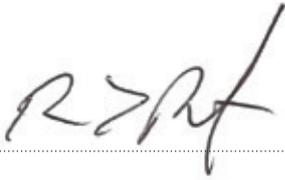
**Shareholder:** Meat Industry Association of New Zealand (Inc)

## Directors' Report for the year ended 30 June 2015

The Directors have pleasure in submitting the Annual Report of Ovis Management Limited incorporating the financial statements and auditors report, for the year ended 30 June 2015.

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 financial statements were approved for issue on 12 August 2015.



..... Director



..... Director



..... Date



..... Date

## Statement of Comprehensive Income for the year ended 30 June 2015

|  | Note     | 2015          | 2014          |
|--|----------|---------------|---------------|
|  |          | \$            | \$            |
| Operating revenue  |          | 387,770       | 383,062       |
| Operating expenditure                                      | 1        | 355,585       | 323,793       |
| <b>Operating surplus/(deficit) before other income</b>     |          | <b>32,185</b> | <b>59,269</b> |
| Other Income   |          | -             | 9,638         |
| <b>Operating surplus/(deficit) before financing income</b> |          | <b>32,185</b> | <b>68,907</b> |
| Financial income   |          | 6,824         | 4,914         |
| Financial expenses   |          | -             | -             |
| <b>Net financing income</b>                                | <b>2</b> | <b>6,824</b>  | <b>4,914</b>  |
| <b>Operating surplus/(deficit) before tax</b>              |          | <b>39,009</b> | <b>73,821</b> |
| Income tax expense/(benefit)                               | 3        | -             | -             |
| <b>Net surplus/(deficit) for the year</b>                  |          | <b>39,009</b> | <b>73,821</b> |
| <b>Other comprehensive income</b>                          |          |               |               |
| Other comprehensive income for the year, net of income tax |          | -             | -             |
| <b>Total comprehensive income for the year</b>             |          | <b>39,009</b> | <b>73,821</b> |

## Statement of Changes in Equity for the year ended 30 June 2015

|   | 2015           | 2014           |
|---|----------------|----------------|
|   | \$             | \$             |
| Opening Balance                         | 291,362        | 217,541        |
| Total comprehensive income for the year | 39,009         | 73,821         |
| <b>Closing Balance</b>                  | <b>330,371</b> | <b>291,362</b> |

## Balance Sheet as at 30 June 2015

|                                   | Note | 2015           | 2014           |
|-----------------------------------|------|----------------|----------------|
|                                   |      | \$             | \$             |
| <b>Equity</b>                     |      |                |                |
| <b>Issued and paid up capital</b> |      |                |                |
| 2 ordinary shares of \$1 each     |      | 2              | 2              |
| Uncalled capital                  |      | (2)            | (2)            |
| Retained earnings                 |      | 330,371        | 291,362        |
| <b>Total equity</b>               |      | <b>330,371</b> | <b>291,362</b> |
| Represented by:                   |      |                |                |
| <b>Current assets</b>             |      |                |                |
| Cash and cash equivalents         | 4    | 316,799        | 270,713        |
| Trade and other receivables       | 5    | 39,884         | 24,700         |
| <b>Total current assets</b>       |      | <b>356,683</b> | <b>295,413</b> |
| <b>Current liabilities</b>        |      |                |                |
| Trade and other payables          | 6    | 51,311         | 42,620         |
| Employee benefits                 | 7    | 9,287          | 10,846         |
| <b>Total current liabilities</b>  |      | <b>60,598</b>  | <b>53,466</b>  |
| <b>Working capital</b>            |      | <b>296,085</b> | <b>241,947</b> |
| <b>Non current assets</b>         |      |                |                |
| Property, plant and equipment     | 8    | 34,286         | 49,415         |
| Software                          | 9    | -              | -              |
| <b>Total non current assets</b>   |      | <b>34,286</b>  | <b>49,415</b>  |
| <b>Non current liabilities</b>    |      | <b>-</b>       | <b>-</b>       |
| <b>Net assets</b>                 |      | <b>330,371</b> | <b>291,362</b> |

## Notes to the Financial Statements for the year ended 30 June 2015

### 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 2015. The financial statements were authorised for issue by the directors on the 12th August 2015.

#### (ii) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), applying the Framework for Differential Reporting for entities adopting the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and its interpretations as appropriate to not for profit-orientated entities that qualify for and apply differential reporting concessions. The Company is a not for profit-orientated entity. The Company is a reporting entity for the purposes of the Financial Reporting Act 2013 and its financial statements comply with that Act.

The Company qualifies for Differential Reporting exemptions as it has no public accountability and is not large. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted.

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% |
|-------------------|-----|

**Revenue**

- a. Revenue represents amounts received and receivable from meat companies paid on a 1.5 cents basis (2014:1.5 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 are 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.

**(iv) New Financial Reporting Framework**

From 1 April 2014, the new Financial Reporting Act 2013 ("FRA 2013") has come into force replacing the Financial Reporting Act 1993, this is effective for entities with reporting periods beginning on or after 1 April 2014. Additionally, a new Financial Reporting Framework will be effective for Ovis Management Limited's 30 June 2016 year-end. Ovis Management Limited have no obligation to prepare general purpose financial statements as a result of the change in legislation and are yet to determine if it will produce General Purpose Financial Statements in the 30 June 2016 financial year.

### 1. Operating expenditure

|                                    | 2015           | 2014           |
|------------------------------------|----------------|----------------|
|                                    | \$             | \$             |
| Audit remuneration                 | 5,000          | 2,650          |
| Tax services                       | 1,250          | 1,250          |
| Contracts/consultants/projects     | 5,478          | 3,043          |
| Depreciation                       | 14,417         | 7,308          |
| Director's fees – Chairman         | 16,830         | 16,830         |
| Director's fees                    | 1,000          | 1,500          |
| Personnel expenses                 | 130,604        | 121,927        |
| Other operating expenses           | 181,006        | 169,285        |
| <b>Total operating expenditure</b> | <b>355,585</b> | <b>323,793</b> |

### 2. Net financing income

|                             | 2015         | 2014         |
|-----------------------------|--------------|--------------|
|                             | \$           | \$           |
| Interest revenue            | 6,824        | 4,914        |
| Interest expense            | -            | -            |
| <b>Net financing income</b> | <b>6,824</b> | <b>4,914</b> |

### 3. Taxation

|   | 2015     | 2014     |
|---|----------|----------|
|   | \$       | \$       |
| Reconciliation of effective tax rate                          |          |          |
| Operating surplus/(deficit) before tax                        | 39,009   | 73,821   |
| Income tax using Company tax rate 28%                         | 10,922   | 20,670   |
| Non-assessable income/non-deductible expenses at company rate | 2,262    | (911)    |
| Losses provided to/from parent                                | (13,184) | (19,758) |
| Losses bought forward and utilised at Company tax rate        | -        | -        |
| Tax @ Company Tax Rate  | -        | -        |
| Prior year adjustment   | -        | -        |
| Tax benefit of losses not recognised                          | -        | -        |
| <b>Income tax expense/(benefit) per income statement</b>      | <b>-</b> | <b>-</b> |

The Company and its parent has \$482,232 of tax losses to carry forward (2014:\$377,069), 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.

|   | 2015    | 2014    |
|---|---------|---------|
|   | \$      | \$      |
| <b>Imputation credit memorandum account</b> |         |         |
| Balance at beginning of year                | 198,813 | 198,455 |
| Income tax paid/(refund)                    | (1,384) | (1,026) |
| Prior year adjustment                       | -       | -       |
| RWT on interest received                    | 1,909   | 1,384   |
| Balance at end of year                      | 199,339 | 198,813 |

#### 4. Cash and cash equivalents

|                              | 2015           | 2014           |
|------------------------------|----------------|----------------|
|                              | \$             | \$             |
| Bank balances                | 23,524         | 60,964         |
| Call deposits                | 293,275        | 209,749        |
| <b>Balance as at 30 June</b> | <b>316,799</b> | <b>270,713</b> |

#### 5. Trade and other receivables

|                                   | 2015          | 2014          |
|-----------------------------------|---------------|---------------|
|                                   | \$            | \$            |
| Trade receivables                 | 32,450        | 22,244        |
| RWT Receivable                    | 1,909         | 1,384         |
| Other Receivables and Prepayments | 5,525         | 1,072         |
| <b>Balance as at 30 June</b>      | <b>39,884</b> | <b>24,700</b> |
| Impairment loss deducted          | -             | -             |

#### 6. Trade and other payables

|                              | 2015          | 2014          |
|------------------------------|---------------|---------------|
|                              | \$            | \$            |
| Trade Payables               | 44,841        | 36,306        |
| GST Payable                  | 1,250         | 2,616         |
| PAYE Payable                 | 5,220         | 3,698         |
| <b>Balance as at 30 June</b> | <b>51,311</b> | <b>42,620</b> |

## 7. Employee benefits

|                              | 2015         | 2014          |
|------------------------------|--------------|---------------|
|                              | \$           | \$            |
| Liability for Annual Leave   | 9,287        | 10,846        |
| <b>Balance as at 30 June</b> | <b>9,287</b> | <b>10,846</b> |

## 8. Property, plant and equipment

|  | 2015    | 2014    |
|--|---------|---------|
|  | \$      | \$      |
| <b>Furniture and fittings</b>              |         |         |
| At cost                                    | 775     | 775     |
| Accumulated depreciation                   | 775     | 775     |
|  | -       | -       |
| Current year depreciation                  | -       | -       |
| <b>Motor vehicles</b>                      |         |         |
| At cost                                    | 40,956  | 40,956  |
| Accumulated depreciation                   | 10,751  | 2,150   |
|  | 30,205  | 38,806  |
| Current year depreciation                  | 8,601   | 2,150   |
| <b>Computer hardware</b>                   |         |         |
| At cost                                    | 18,068  | 19,403  |
| Accumulated depreciation                   | 17,233  | 15,769  |
|  | 835     | 3,634   |
| Current year depreciation                  | 2,087   | 2,569   |
| <b>Office equipment</b>                    |         |         |
| At cost                                    | 67,813  | 67,813  |
| Accumulated depreciation                   | 64,567  | 60,838  |
|  | 3,246   | 6,975   |
| Current year depreciation                  | 3,729   | 2,589   |
| <b>Total property, plant and equipment</b> |         |         |
| At cost                                    | 127,612 | 128,947 |
| Accumulated depreciation                   | 93,326  | 79,532  |
|  | 34,286  | 49,415  |
| Current year depreciation                  | 14,417  | 7,308   |

There is no impairment loss recognised during the year (2014: nil).

**9. Intangible Assets**

|                           | 2015  | 2014  |
|---------------------------|-------|-------|
|                           | \$    | \$    |
| 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 (2014: nil).

**10. Capital commitments**

There are no capital commitments outstanding as at balance date (2014: nil).

**11. Contingent liabilities**

There are no contingent liabilities outstanding as at balance date (2014: nil).

**12. 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 \$16,194 (2014: \$15,936) 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 \$3,585 (2014: \$3,125). 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 2015, 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 2015 tax losses available to Meat Industry Association and Ovis Management Limited are \$482,232.

**(iii) Remuneration**

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

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

**13. Subsequent events**

There are no events subsequent to balance date that would materially effect these financial statements (2014: nil).



# INDEPENDENT AUDITOR'S REPORT

## To the shareholder of Ovis Management Limited

We have audited the accompanying financial statements of Ovis Management Limited ("the company") on pages 22 to 29. The financial statements comprise the balance sheet as at 30 June 2015, 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.

### **Directors' responsibility for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards for Public Benefit Entities Differential Reporting) and for such internal control as the directors determine is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the 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 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 other services to the company in relation to taxation. 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 on pages 22 to 29 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the financial position of Ovis Management Limited as at 30 June 2015 and its financial performance for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards for Public Benefit Entities Differential Reporting.



12 August 2015

Wellington