

OVIS MANAGEMENT

ANNUAL REPORT 2017

*The Meat Industry and Farmers
working together*



INDEX

Notice of Annual General Meeting	2
Directory	3
Register of Interests.....	4
Chairman's Report.....	6
Project Manager's Report	9
Annual Report/Financial Statements	20
Auditor's Report	31

MISSION STATEMENT

"To provide a low cost programme promoting control of *Cysticercus ovis* and monitoring area and national trends of prevalence in lambs."

OBJECTIVE

To enable a response to be made to any future threat for sheep and lamb meat arising from concern over *Cysticercus ovis* infections in livestock.



*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 Tuesday 29th August 2017 in the Board Room, Level 5, Wellington Chambers, 154 Featherston Street, Wellington, 11.30 am.

AGENDA

- (1) To approve the minutes of the 2016 Annual General Meeting.
- (2) To receive and consider the Directors Report, Auditors Report and Accounts for the year ended 30 June 2017.
- (3) The appointment of Auditors for the forthcoming year.
- (4) General business.

Mr D. Lynch

Secretary

PALMERSTON NORTH

7th August 2017



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

Burrowes & 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



REGISTER OF INTERESTS

Register of Interests of the Directors of Ovis Management Ltd as at 11/08/2107.

Director	Interest
Roger Barton	<p>Chairman of Ovis Management Ltd</p> <p><i>Director of:</i></p> <ul style="list-style-type: none"> • RT Barton Ltd, Tauanui Farm Ltd • Sutherland trust • Ngaringa Syndicate Ltd <p><i>Shareholder of:</i></p> <ul style="list-style-type: none"> • Farmlands, Balance, Agri Nutrients, Lean Meats Ltd / Heavy Lambs Trust, Wools of NZ.
Andy Dennis	<p><i>Director of:</i></p> <ul style="list-style-type: none"> • Ovis Management Ltd <p><i>Shareholder of:</i></p> <ul style="list-style-type: none"> • Alliance Group • Ravensdown
Tim Ritchie	<p><i>Director of:</i></p> <ul style="list-style-type: none"> • American Chamber of Commerce in NZ • Beef + Lamb New Zealand Inc • Chairman of Ovine Automation Ltd • Farm Data Accreditation Ltd • MIRINZ Food Technology & Research Inc • NZ Shippers Council • Ovis Management Ltd • Scarlet Rock Ltd • White Rock Country Ltd • White Rock Station (1990) Ltd <p><i>Shareholder of:</i></p> <ul style="list-style-type: none"> • White Rock Country Ltd • White Rock Station (1990) Ltd <p><i>Officer of:</i></p> <ul style="list-style-type: none"> • Meat Industry Association <p><i>Member of:</i></p> <ul style="list-style-type: none"> • Ministerial Advisory Group on Trade • Livestock Council (Biosecurity) • Co-Chair Strategic Directions Group with MPI • Member OSPRI Stakeholders Council

Andrew Morrison *Director of:*

- Agricultural Leaders Health and Safety Group
- Ballance Agri Nutrients
- Beef & Lamb New Zealand
- Glenroy Morrison Ltd
- Meat & Wool Trust Ltd.
- NZ Meat Board
- Ovis Management Ltd
- Pastoral Greenhouse Gas Research
- Wool Research Organisation of New Zealand

Shareholder of:

- Alliance Group Ltd.
- Ballance Agri Nutrients
- Farmlands



CHAIRMAN'S REPORT

"For some years we have been doing a very good job of achieving good results on a shrinking base income."

On behalf of the board and management I am pleased to present my chairman's report for 2016/17 year.

OML's work continues to focus on education and awareness. In many ways our efforts in education can never be complete despite our good efforts. New entrants into sheep farming and lapsed awareness of existing players mean there is always a "tour of duty" to be completed. For the most part the sheep farming community continue to be well engaged when confronted with the need to take remedial action on farm. The recipe for good control of *C. Ovis* remains largely the same. A sound dog control regime backed up by appropriate feeding systems and a worming programme that does not allow the maturing of tapeworms to the reproductive stage.

With the ever changing scene of how businesses in general transmit messages we are constantly reviewing our mode of operation. Advertising has its place but does add a lot of expense to our business operation. Social media, on the other hand, is cheap to enter but we are unsure about its penetration into heartland sheep country. Broadband isn't as broad as it needs to be for our purposes so we are locked into some advertising in more traditional means. Our spend in this regard is always up for review. Periodically we need to test whether we are in fact reaching our target markets properly. This primarily working dog owners on sheep and goat farms but we also have other dog owners in the wider community that we need to

target. Specifically, the hunting and rural dog owners fraternity. These people have some responsibilities but can't be reached as easily. Our presence at field days is important to close some of these other loops.

The sheep industry is at something of a crossroads. The plummeting wool price may have little to do with the meat industry but as a practicing sheep farmer I can assure you it is part of the complicated matrix of decision making that lead me to come up with a certain stock mix for my farm. If sheep numbers continue to decline OML reaps a very short term reward in that it clips the ticket on the processed animals. If sheep numbers were to climb again then we lose potential revenue because of the retentions over the short term. For some years we have been doing a very good job of achieving good results on a shrinking base income. At some stage the industry will have to decide whether our mode of operation is sustainable or whether we need to attack the *C. Ovis* incidence in a different manner. meeting with one of the larger scale processors has seen. Over the past year OML has carried out background work on a change of mode and a potential programme to up the effort on eliminating *C. ovis*. This would require increased funding but with the ultimate gain of not needing to have ongoing cost in this area of managing *C. Ovis*. These are not decisions for the OML board and management to make but for our parent body the Meat Industry Association. We expect to have some robust discussions over this matter over the next year.

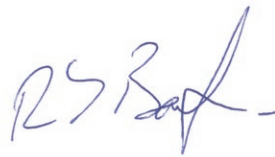
Of course none of this work happens by itself. The OML board and wider sheep and goat meat industry are indebted to the work carried out by our project manager Dan Lynch who has a depth and understanding in these issues unparalleled in the world. His ability to liaise from company level to farmers' stock yards is outstanding. Thank you, Dan.

Murray Kerr, OML South Island Contractor, continues to provide great back up on a part time basis. Based in Ashburton Murray has now been doing some of the farm visits where he can be more efficiently used. He and Mark Shirley have also worked the field day circuit to help sell our message to all dog and sheep owners we can interact with.

The other two parties to make a quiet contribution to OML's function are Dr

Bruce Simpson who provides technical support and commentary on the programmes direction. Bruce confirms my belief that there is no such thing as a retired vet. He always has time to contribute. Also to Michael Pran for corraling our finances and reporting in this area.

Finally, to the board, Tim Ritchie, Andrew Morrison and Andy Denis who retires at the end of this year, can I extend my thanks for your support over the past year.



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 2017

The ongoing application of control by sheep farmers continues to keep sheep measles prevalence to low levels. This is achieved by maintaining regular dog treatments which combined with safe dog feeding and increasing awareness of on-farm biosecurity by excluding foreign dogs all contribute to downward pressure on the parasite.

In the past year OML has explored ways to reduce the prevalence of sheep measles even further with the potential of a long-term goal of eradication. In looking at ways of reducing prevalence, past reviews and research continue to remain relevant given an absence of any new ground-breaking technologies in this area. As always sheep farmers are at the front line of any activities given the nature and lifecycle of the parasite.

Options and associated costs to reduce the prevalence of sheep measles below current levels should be viewed in the context of the sheep measles issue. Currently the direct costs to the meat industry are not large and while some suppliers suffer financial losses each season they are small in number. The issue for the industry is that research shows that meat inspection only detects around 20% of infected carcasses therefore the lower the sheep measles prevalence detected at processing, the fewer carcasses with undetected sheep measles cysts will be "leaking" into markets reducing any potential risk.

Previous research indicates the likely costs of an "active" eradication programme, with no guarantee of

success, to be excessive. However, OML considers a programme which includes increased involvement from processors would place downward pressure across all sheep farms, which would, over time, take the parasite to the point of eradication.

It should not be overlooked that the current low prevalence is beyond that thought possible in a non-regulatory environment but the difficulty of achieving eradication should not be underestimated as noted in a 1994 OML report.

"When we examine the "Sheep Measles" situation, we see that the combination of very high reproductive rate, ability to spread geographically and the ease with which dog infections occur even when people are trying to do the right thing gives the parasite enormous potential to survive while under attack. When we look at the history of control efforts in NZ over the past 22 years we can see that "Sheep measles" did just that. After the first three years of six weekly dosing many must have thought that extinction of "Sheep Measles" was just around the corner. Not so!! Eradication will depend heavily upon human behaviour and almost universal compliance with critical control procedures".

The factors outlined above are as current today as then although the prevalence now is much lower than in 1994 and the ability to target education towards at-risk farms is much greater than in the past. While eradication will be challenging, driving prevalence down further, while possible, will require the ability to target Breeder/Traders

"In looking at ways of reducing prevalence, past reviews and research continue to remain relevant given an absence of any new ground-breaking technologies in this area. "

"This increase was well publicised by media and created heightened awareness among both farmers and dog owners."

(sheep farmers who while breeding lambs kill few, if any, selling most, if not all, to others to finish) accompanied by an increased level of monthly dog treatments.

Programme Activity

High Prevalence mailouts

Three times a season OML contacts suppliers who exceed seasonal thresholds advising them they are "High Prevalence" and recommending they review their on-farm control. In 2016 OML contacted 923 suppliers in this manner compared to 998 in 2015 and 1,139 in 2014.

Of the 923 farms contacted for High Prevalence, 651 or 70.5% were from the North Island. North Island farms supply 49% of the lamb kill but had 63% of lambs found infected. Gisborne remains the area with the highest percentage of High Prevalence farms, 21.5%, compared to 16.4% in 2015. New Plymouth has had a marked increase with 17.5% of eligible farms contacted compared to 10% the previous year. Wairoa continues its recent drop with the third year of

reducing notifications while Wanganui, Stratford and the South Taranaki districts all have had reductions since 2014.

Figures 1 and 2 show the percentage of farmers in each district killing over 50 lambs who have been High Prevalence in the past three years.

High Prev Mailout Graphs

In 2015 the percentage of Marlborough farms notified rose from 16% to just under 20%. This increase was accompanied by a number of properties with "Storm Lines" resulting in reduced returns for a number of farms. This increase was well publicised by media and created heightened awareness among both farmers and dog owners. This past season has seen prevalence drop to under 15%. The Tasman district which also had a spike in notifications up to 15.6% of farms in 2015, accompanied by some with significant losses due to Ovis, has dropped back to 7% of farms with High Prevalence. Nearly all other South Island districts including the two largest producing areas Southland, 2.5% and

Figure 1. Percentage of South Island farms notified HP in TLAs

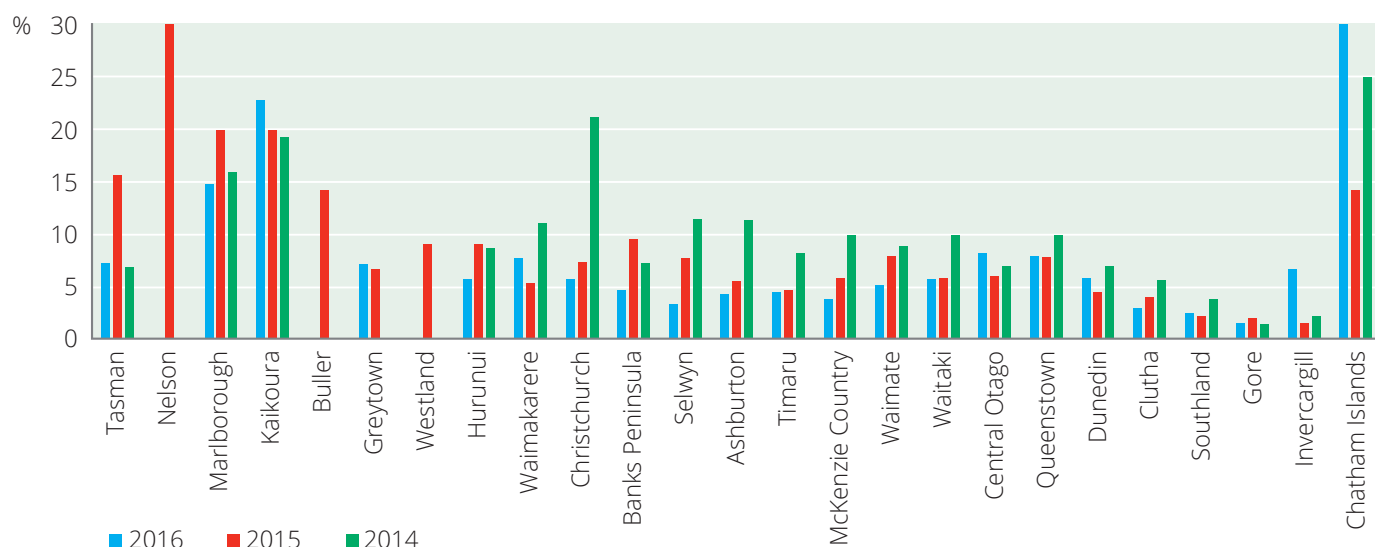
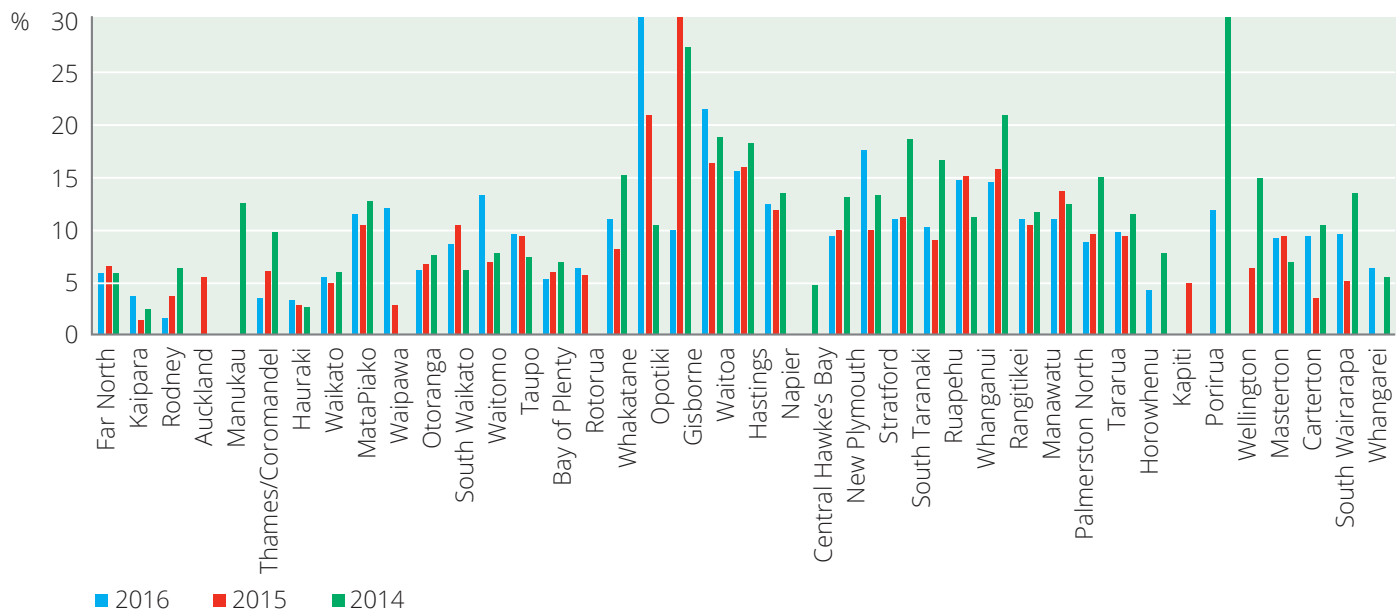


Figure 2. Percentage of North Island farms notified HP in TLAs

Clutha, 3.02% remain at low levels.

The High Prevalence feedback remains the most effective manner to draw individual farm attention to prevalence but OM is always seeking other mechanisms which may create awareness on an individual farm basis.

A breakdown of notifications to farms with each district for the 2015-2016 year is at the end of this report.

First High Prevalence Supplier Mailout for 2016/17 Season

The first of the 2017 High Prevalence mailouts for the time frame December 2016- March 2017 was sent to 441 suppliers (2016; 459, 2015: 436, 2014: 602, 2013; 535).

Overall the number of notifications is the second lowest in 10 years with only 2015 with 436 being lower. Depending on kill patterns, and this has been an extremely slow killing season, the full picture of High Prevalence farms will not be evident until late in the year. However, what is apparent are the

areas with traditional high prevalence levels are again at the forefront.

In the North Island 292 suppliers were contacted down from 311 for the same period last year. Gisborne as, for last year, is the region receiving the most letters with 36. A review of infected farms shows no significant properties with "high prevalence" rather a high level background infection.

Rangitikei had 32 notifications up from 20 the same time last year while Taranua has 22 down from 28 last year for the same period. Masterton with 19 is up from recent years but Ruapehu is significantly down with 18 compared to 35 last year.

South Island suppliers have received 149 notifications, two ahead of last year but at the lower end when compared to recent years. Southland had 23 notifications up from 20 for the last two years but down from 41 in 2014. Clutha had 22 an increase over 13 last year and 12 in 2015. Selwyn with 10 doubled up from five last year A

"Overall the number of notifications is the second lowest in 10 years with only 2015 with 436 being lower."

“The ability to show suppliers their own prevalence information and discuss control options is an important component in creating awareness among farmers.”

number of districts including Central Otago, Waitaki, and Tasman have had reductions in notifications.

High Prevalence Line Notifications

Part of feedback to suppliers is notification to OML by meat inspectors at plants of high prevalence lines detected at slaughter, a report on the line is sent to OML, this report along with a cover letter and resource material is then sent to the farmer.

While this feedback was initially established to provide information when ovis prevalence in viscera was not recorded, the feedback remains useful as a tool for creating awareness. Also, some weight gain and grazing programmes operated by meat companies provide no feedback on stock health to the farm of supply so notifying suppliers a problem exists allows action to be taken to reduce the impact of infection. In the past 12 months 49 such notifications have taken place.

Localised Mail Drops

Situations arise where a supplier is applying appropriate controls to reduce the risk of infection. However, stock from the farm continue to be processed with Ovis infections. In these instances and where appropriate OML makes direct contact with the local mailman and carries out a localised mail drop to raise awareness in the district around the farm. The mail drop may be delivered to rural mailboxes or in some cases to post office boxes in small settlements. The mail drops have ranged in size from 20 up to 200 letters and 18 of these have been carried out in the past 12 months.

Use of these drops has proved to be an effective method of targeting localised

issues, in particular, where ongoing infection issues appear to be arising from an off-farm source.

Public Events

OML continues to attend selected field days and some key A & P shows to discuss control options and prevalence information with those attending. While sheep farmers are a priority with over 469 farmer visitors in the past 12 months life stylers, rural contractors, hunters and dog owners are also targeted for discussion and are provided with resources.

The ability to show suppliers their own prevalence information and discuss control options is an important component in creating awareness among farmers. OML balances the desirability to have data available for viewing with the need to ensure compliance with the Privacy Act 199. This means a series of checks are in place to establish ownership before data is displayed.

In the past 12 months. OML has attended Gisborne, Hawkes Bay, and Christchurch A & P shows along with Mystery Creek, Central Districts and Lincoln Field days and also the Lawrence Farmerama. In addition to these events OML has provided resource material to a number of Beef & Lamb NZ and veterinary field days across the country.

Farm Visits

Visiting farms with High Prevalence throughout the country to discuss Ovis control with the owners and staff is an important OML activity. Last year 135 farms were visited up from 104 in 2015 and 77 in 2014. The visits range from one on one kitchen table meetings to shed meetings with staff.

These visits and associated meetings are of high value as they provide the opportunity to discuss control with suppliers who may not participate in, or attend, off farm events such as Beef and Lamb Farm Days or other external events such as field days.

Of the 135 farmers who were visited last year 107, or 79%, have had a prevalence reduction this season while 11, 8%, had an increase in prevalence, this group are primarily traders.

Farm visits this past year have taken place in the Ashburton, Central Otago, Clutha, Dunedin, Franklin, Gisborne, Gore, Hastings, Hawkes Bay, Hurunui, Manawatu, Masterton, McKenzie, New Plymouth, Otorohanga, Queenstown, Rangitikei, Ruapehu, Selwyn, Southland, South Wairarapa, South Taranaki, Tararua, Timaru, Upper Hutt, Wanganui, Wairoa, Waimakariri, Waitaki, Waitomo and Whakatane districts.

Financial

OML is funded by way of meat company contributions at \$0.015 for each sheep, lamb and goat processed. As a result of a decreased sheep and lamb kill, OML

income ended the financial year with a budget loss of \$16,283.

Processor contributions for the year July 2016 – June 2017 were \$320,357 which was 8.8% below the projected figure. Total Income was \$337,858 which was \$32,496, or 8.8% below budgeted income.

The overall deficit was reduced due to OML expenditure of \$354,142, being \$26,032 below that budgeted due to savings in the operational budget.

Veterinary Contact

The frontline of advice for sheep farmers is provided by rural veterinarians and their staff. To ensure they in turn have access to appropriate current information OML has a programme of providing identified clinics with resource packs.

Approximately 173 “key” vet practises have been identified and at least a third of these are visited and provided updated resources annually. Aside from providing material the visits provide the opportunity to meet new staff and discuss control and treatment options.

“Of the 135 farmers who were visited last year 107, or 79%, have had a prevalence reduction this season...”

Below: Murray Kerr, of Ovis Management, at the Mystery Creek Fieldays



“Farmer surveys indicate that monthly treatment of dogs has increased steadily from around 26% in 1999 to 57% in 2017.”

OML also emails out, three times a year, veterinary updates providing national and local prevalence data that can be used in newsletters.

Additional copies of materials contained in the resource packs such as codes of practice, signs, pamphlets, fridge magnets etc. are freely available to clinics on request. As well as these OML continues to develop additional resources including laminated dog treatment calendars and farm induction sheets around sheep measles control. All of these are designed to maintain awareness of sheep measles and its control on farm.

Farmer Survey

Early in 2017 OML repeated a 2015 survey of 300 “zero” prevalence suppliers and 300 “high” suppliers who both killed over 1,000 lambs. A number of points critical to reducing Ovis emerged from these surveys.

Breeder/Traders

The 2015 survey identified that as a group those suppliers who buy in all the lambs they process have a much higher ovis prevalence than do those who breed and finish their lambs (fig.3). This 2017 survey repeated the outcome of the 2015 survey. What is of significance is in both surveys the level of Ovis control applied on farms by both the “Own” group and “Purchased” group is similar, this indicates that lamb prevalence is arising from another group, “Breeder/Traders”. These are

lamb breeders producing lambs for sale to be finished by others.

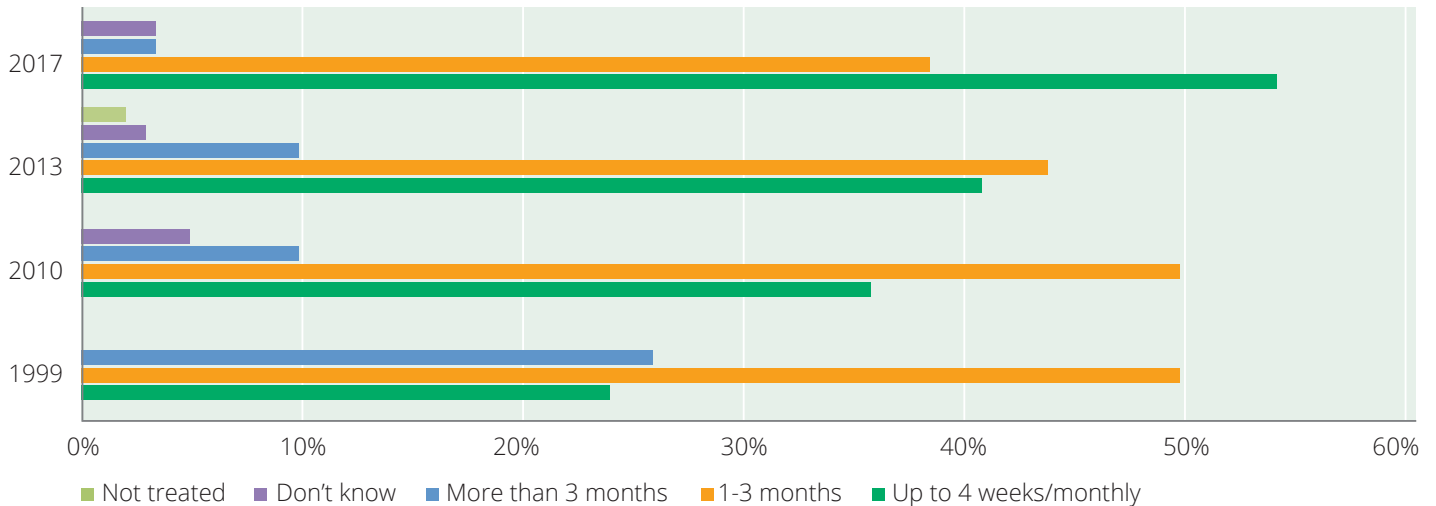
This outcome reinforces OML’s position that as part of any drive to reduce Ovis prevalence further, these “Breeder/Traders” must become integrated into industry education and awareness programmes.

Monthly Dosing

Another aspect in reducing prevalence nationally is increasing the number of farm dogs on monthly treatments with praziquantel drugs (Fig. 4). Farmer surveys indicate that monthly treatment of dogs has increased steadily from around 26% in 1999 to 57% in 2017. While this increase is welcome the extremely high biotic potential of *Taenia ovis* means a high number of dogs are required to be treated to drive prevalence down further. A number of farms remain dosing three monthly however *Taenia ovis* has a prepatent period of around 35 days, so dosing at three monthly intervals (90 days) leaves a 55-day window each dosing period. This multiplied by four times a year leaves one dog on three monthly dosing with a potential window of infection of 220 days a year. This figure, multiplied by the number of dogs on a farm, provides the reason for monthly dosing which leaves no windows of infection available. In light of this OML, will continue to push strongly and promote monthly dog treatments for all sheep farms.

Figure 3. Ovis prevalence categories and supplier categories

	Own Lambs		Mixed Lambs		Purchased Lambs		Total
	Number	%	Number	%	Number	%	
High prevalence	46	26%	44	51%	29	94%	119
Zero prevalence	130	74%	42	49%	2	6%	174

Figure 4. Frequency of dog treatments**DeerPRO (Johne's Management Ltd)**

The ongoing relationship between OML and DeerPRO (previously Johne's Management Ltd) continues with the deer database as a module of the Ovis database. The change of name to DeerPRO indicates a broadening of scope for that programme. It now provides deer farmers with benchmarked venison productivity information drawn from the database in addition to Johne's disease information and monitoring. The Industry has recognised the wider value of this unique resource to farmers and is supporting its uptake.

Plant Capture of Ovis Information

Effective feedback to suppliers is dependent on the recording of ovis prevalence by AsureQuality and company meat inspectors in lamb processing plants throughout the country. In plants with touchscreens inspectors record disease information directly into company databases. Where manual ticketing exists the capture of disease/defect data is dependent on graders identifying and recording the indicator ticket when the carcass passes over the scales.

In the past year the manual recording has increased markedly from 80.24% in 2016 year to 88.2% for the 2017 season to date.

The overall data capture rate for sheep measles across all plants for the October 2015- September 2016 period was 91.04%. For the current season to end of June 2016 total data capture is 93.62%.

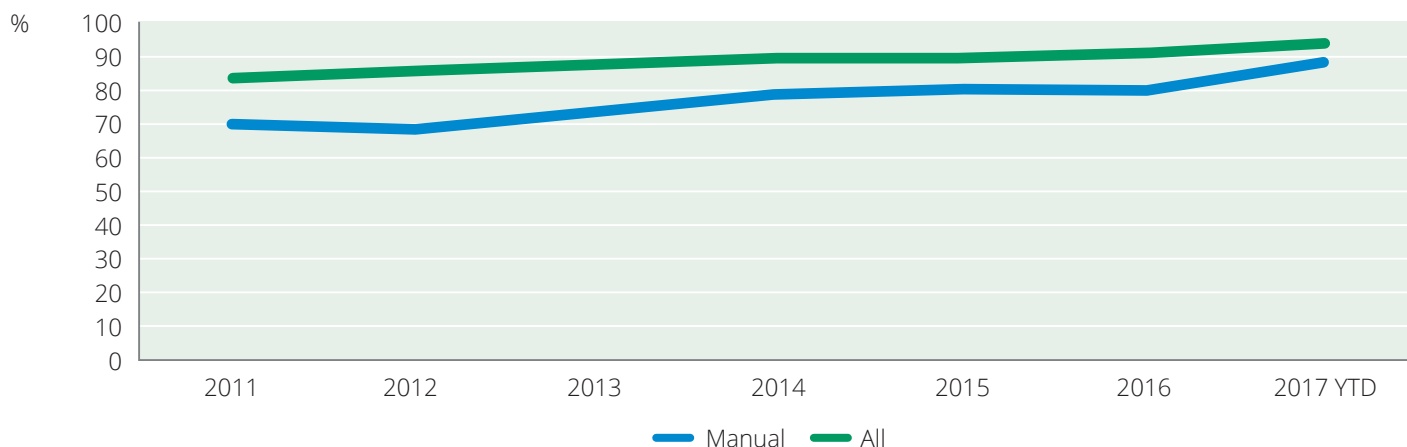
The significance of increased recording is the greater accuracy in establishing individual and district prevalence. This ongoing improvement is due to the support and enthusiasm of both meat company and AsureQuality staff in 34 processing plants across the country.

Ovis Management Database, the numbers.

For the October 2015- September 2016 season the OML database received supplier line data from 34 processing sites processing 19,968,452 lambs. The lambs came from 15,365 suppliers (2014-15; 20,823,551 lambs from 15,963 suppliers). A total of 10,326 suppliers killed more than 100 lambs (2015; 10,610), 5,036 suppliers killed more than 1,000 lambs (2015; 5,213),

"In the past year the manual recording has increased markedly from 80.24% in 2016 year to 88.2% for the 2017 season to date."

Figure 5. Percentage of Ovis lamb recorded



and 702 suppliers more than 5,000 lambs (2015; 753).

A total of 7,752 suppliers or 50.4% had one or more lamb detected with sheep measles (2015 7,959 or 49.8%) with 4,466 suppliers (2015; 4,616) eligible for high prevalence status (killing greater than 50 lambs with more than three infected).

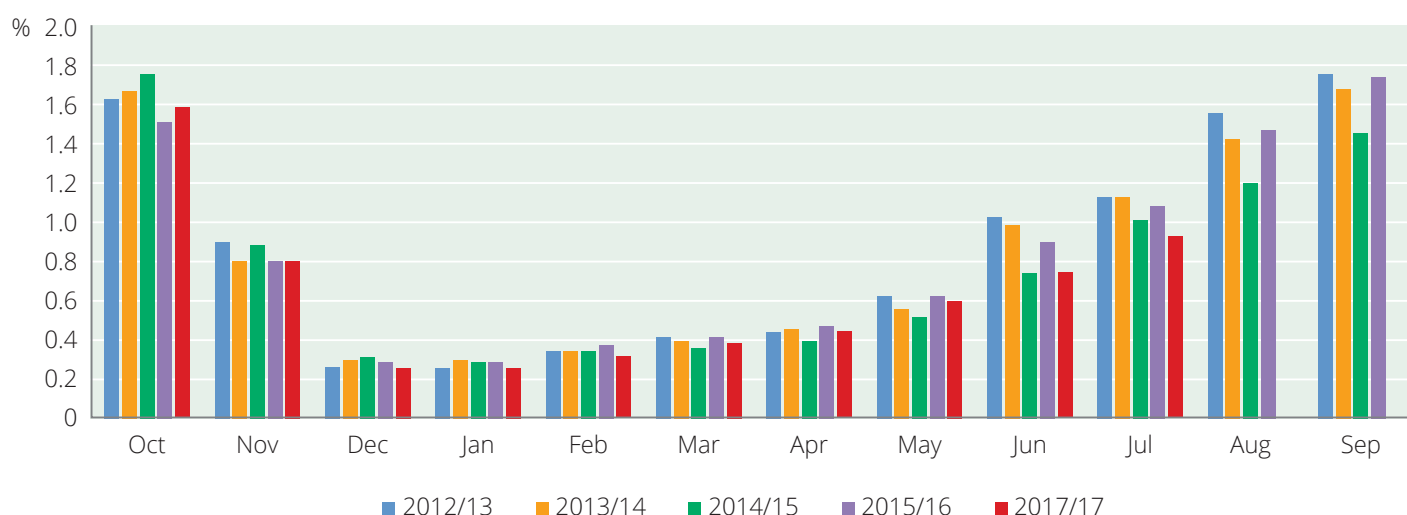
Lamb Ovis Prevalence

For the 2015-16 season sheep measles prevalence detected in lambs was 0.64%, marginally up from 0.62% the previous season. Throughout much of the past season prevalence was

below that of previous years until June when a number of storm lines occurred from farms with historically minimal infections. Lines with high prevalence levels were also recorded from trading operations where, with frequent "boxing" of lambs, the ability to identify Breeder/Traders "storm" lines is removed.

For the year to date season October 2016 - June 2017 lamb prevalence is currently at 0.52% compared to 0.55% for the same period last year. The decrease from last season has been helped by a number of trading farms with frequent high prevalence having

Figure 6. New Zealand lamb prevalence

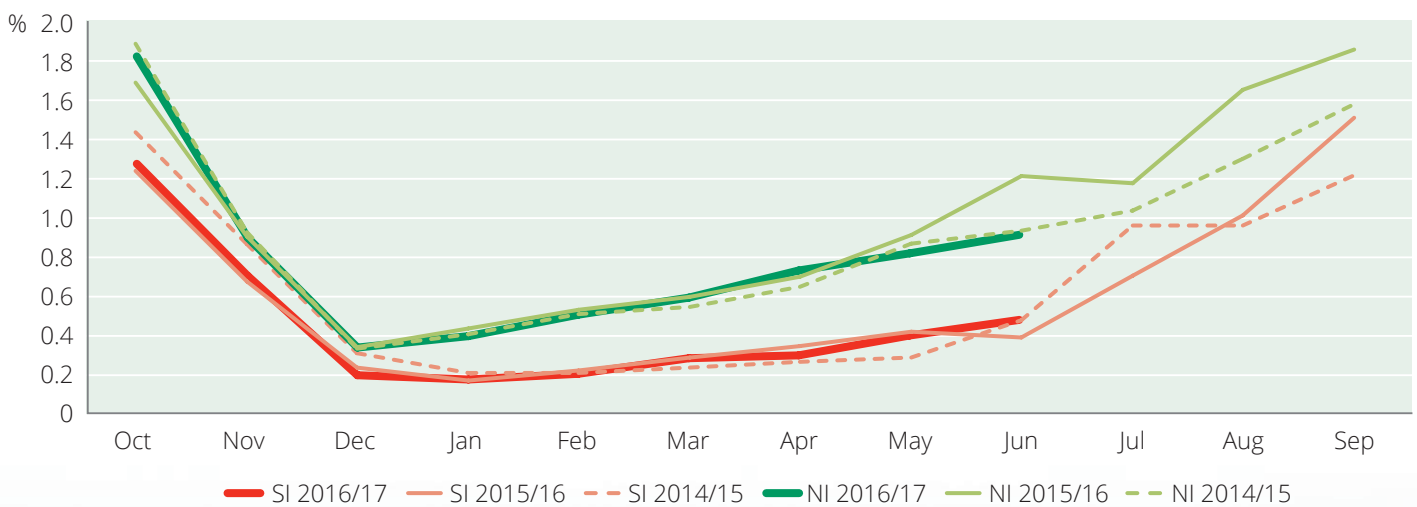


minimal sheep measles detected at this point.

That *C. ovis* prevalence detected in lambs remains at low levels is a reflection of farmer behaviour that, in turn, continues to place downward pressure on the parasite.

As seen in previous seasons (Fig. 7), North Island prevalence is above that of the South Island due to factors which include a milder climate aiding egg survival on pasture and larger human population in rural areas accompanied by a larger dog population.

Figure 7. North Island and South Island lamb prevalence



High Prevalence Notifications by TLA, December – November
North Island

TLA	Letters 2016	Letters 2015	Letters 2014	Letters 2013	Letters 2012	Letters 2011	Letters 2010	Letters 2009	Letters 2008
Gisborne	96	78	86	87	84	75	58	88	123
Hastings	57	59	66	73	45	62	64	74	101
Ruapehu	51	57	39	44	37	40	35	44	50
Taranua	48	46	57	62	50	40	54	54	62
Rangitikei	46	45	48	43	46	23	44	48	59
Central Hawke's Bay	43	51	63	59	55	56	67	61	97
Manawatu	42	56	49	45	35	38	40	56	66
Wairoa	29	32	36	33	33	34	31	30	22
Masterton	27	30	22	38	25	39	42	36	31
Waitomo	27	26	20	25	33	24	20	27	52
Whanganui	26	33	42	52	34	50	26	24	30
New Plymouth	18	10	12	11	11	13	14	12	21
Stratford	14	14	24	21	14	15	9	14	18
Waikato	14	14	17	13	14	17	7	4	7
South Wairarapa	14	7	20	31	21	21	21	27	30
South Taranaki	13	10	18	21	19	16	14	15	15
Otorohanga	10	12	7	13	9	10	8	9	16
Carterton	10	4	12	12	11	8	14	11	10
Rotorua	9	8	16	6	10	10	6	10	12
Far North	7	9	7	7	8	10	13	7	10
Whakatane	6	5	3	3	1	2	0	3	2
Waipawa	5	6	7	5	6	5	5	5	10
Kaipara	5	2	3	5	6	4	5	7	13
Taupo	4	5	6	6	7	9	7	6	7
West Bay of Plenty	4	4		5	3	1	1	6	8
MPiako	4	1		2	1	9	2	1	4
Whangarei	4		3	2	3	6	3		8
South Waikato	4	2	2	4	2	0	1	7	4
Franklin	3	6	8	9	6	4	5		7
Rodney	2	5	7	8	13	7	2	9	8
Palmerston North	2	3	4	2		2	3	4	4
Porirua	2		5	1		1	0		1
Horowhenua	2		4	4	2	5	2	7	5
Opotiki	1	6	3	3	3	4	1	1	3
Thames/Coromandel	1	1	1	4	3	4	3	1	1
Hauraki	1	1	1	1		2	0		3
Wellington	0	1	3	1	1	0	1	3	2
Kapiti	0	1		2	1	0	1	1	
Auckland	0	1							
Manukau			2			1	0		2
Napier			1	3	1	0	1	1	1
Waitakere City				1	1	0	0		
Lower Hutt				1		1	1		
Papakura				1		0	1		
Hamilton				0	1				
North Island total	651	651	724	769	654	663	632	713	925

High Prevalence Notifications by TLA, December – November

South Island

TLA	Letters 2016	Letters 2015	Letters 2014	Letters 2013	Letters 2012	Letters 2011	Letters 2010	Letters 2009	Letters 2008
Marlborough	40	58	40	31	21	28	43	29	42
Southland	33	30	53	41	33	25	48	59	56
Central Otago	27	20	22	23	20	36	22	47	35
Hurunui	22	37	35	32	32	40	40	56	67
Clutha	20	27	40	26	21	27	40	49	80
Tasman	16	30	15	16	9	12	16	18	18
Dunedin	14	11	17	18	14	10	9	23	29
Ashburton	14	18	37	23	19	24	39	54	53
Waitaki	14	16	28	26	22	20	15	39	42
Selwyn	10	25	38	16	12	35	33	76	60
Waimakariri	10	10	16	9	11	11	26	32	29
Waimate	9	12	18	13	11	13	14	18	25
Timaru	8	11	17	12	12	27	20	27	30
Invercargill	8	2	3		2	2	5	12	5
Gore	5	7	5	10	8	15	23	30	42
Queenstown	5	5	5	8	3	4	6	9	8
Kaikoura	5	6	5	9	1	6	2	1	6
Mckenzie Country	4	6	10	7	9	5	7	11	23
Banks Peninsula	3	7	5	5	3	13	5	11	10
Christchurch	2	2	4		4	3	3	3	5
Chatham Island	2	1	2	1		0		3	2
Greymouth	1	1				0	1	2	5
Nelson		2				1	1	0	
Buller		2				0	1	1	2
Westland		1		2		2	1	0	2
South Island total	272	347	415	328	267	359	420	610	676
New Zealand total	923	998	1139	1097	921	1022	1052	1323	1601



ANNUAL REPORT/ FINANCIAL STATEMENTS

for the year ended 30 June 2017

Contents

DIRECTORY	21
DIRECTORS' REPORT	22
STATEMENT OF COMPREHENSIVE INCOME	23
STATEMENT OF CHANGES IN EQUITY	23
BALANCE SHEET	24
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS	25

Directory for the year ended 30 June 2017

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 2017

Introduction

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 2017.

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 24 August 2017.

 Director  Director

 Date  Date

Statement of Comprehensive Income for the year ended 30 June 2017

	Note	2017	2016
		\$	\$
Operating revenue		337,099	384,563
Operating expenditure	1	354,142	348,820
Operating surplus/(deficit) before other income		(17,043)	35,743
Rebate	2	-	(100,000)
Other Income		-	-
Operating surplus/(deficit) before financing income		(17,043)	(64,257)
Financial income		760	3,940
Financial expenses		-	-
Net financing income	3	760	3,940
Operating surplus/(deficit) before tax		(16,283)	(60,317)
Income tax expense/(benefit)	4	-	-
Net surplus/(deficit) for the year		(16,283)	(60,317)
Other comprehensive income			
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		(16,283)	(60,317)

Statement of Changes in Equity for the year ended 30 June 2017

	2017	2016
	\$	\$
Opening Balance	270,054	330,371
Total comprehensive income for the year	(16,283)	(60,317)
Closing Balance	253,771	270,054

Balance Sheet as at 30 June 2017

	Note	2017	2016
		\$	\$
Equity			
Issued and paid up capital			
2 ordinary shares of \$1 each		2	2
Uncalled capital		(2)	(2)
Retained earnings		253,771	270,054
Total equity		253,771	270,054
Represented by:			
Current assets			
Cash and cash equivalents	5	248,142	259,603
Trade and other receivables	6	24,680	32,853
Total current assets		272,822	292,456
Current liabilities			
Trade and other payables	7	40,210	42,019
Employee benefits	8	(121)	5,963
Total current liabilities		40,089	47,982
Working capital		232,733	244,474
Non current assets			
Property, plant and equipment	9	21,038	25,580
Software	10	-	-
Total non current assets		21,038	25,580
Net assets		253,771	270,054

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Statement of significant accounting policies

(i) Basis of reporting

The special purpose 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 special purpose financial statements of the company are for the year ended 30 June 2017. The special purpose financial statements were authorised for issue by the directors on the 24th August 2017.

(ii) Statement of compliance and basis of preparation

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

The special purpose financial statements are presented in New Zealand Dollars (NZD). The special purpose 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 special purpose 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 (2016:1.5 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 special purpose 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

	2017	2016
	\$	\$
Audit remuneration	5,200	5,000
Tax services	1,250	1,250
Contracts/consultants/projects	4,174	5,295
Depreciation	9,719	10,344
Director's fees – Chairman	16,830	16,830
Director's fees	1,500	-
Personnel expenses	129,276	129,494
Other operating expenses	186,193	180,607
Total operating expenditure	354,142	348,820

2. Rebate

Rebate paid out to companies during the year ended 30 June 2016 in order to reduce cash.

3. Net financing income

	2017	2016
	\$	\$
Interest revenue	760	3,940
Interest expense	-	-
Net financing income	760	3,940

4. Taxation

	2017	2016
	\$	\$
Reconciliation of effective tax rate		
Operating surplus/(deficit) before tax	(16,284)	(60,317)
Income tax using Company tax rate 28%	(4,559)	(16,888)
Non-assessable income/non-deductible expenses at company rate	(3,339)	(2,342)
Losses provided to/from parent	-	-
Losses bought forward and utilised at Company tax rate	-	-
Tax @ Company Tax Rate	(7,898)	(19,230)
Prior year adjustment	-	-
Tax benefit of losses not recognised	7,898	19,230
Income tax expense/(benefit) per income statement	-	-

The Company and its parent has \$628,934 of tax losses to carry forward (2016: \$582,685), 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.

	2017	2016
	\$	\$

Imputation credit memorandum account		
Balance at beginning of year	200,436	199,339
Income tax paid/(refund)	(3,006)	-
Prior year adjustment	-	-
RWT on interest received	221	1,096
Balance at end of year	197,651	200,436

5. Cash and cash equivalents

	2017	2016
	\$	\$

Bank balances	14,516	45,916
Call deposits	233,626	213,687
Balance as at 30 June	248,142	259,603

6. Trade and other receivables

	2017	2016
	\$	\$

Trade receivables	23,093	27,573
RWT Receivable	221	3,006
Other Receivables and Prepayments	1,366	2,274
Balance as at 30 June	24,680	32,853
Impairment loss deducted	-	-

7. Trade and other payables

	2017	2016
	\$	\$

Trade Payables	34,691	36,838
GST Payable	1,646	1,346
PAYE Payable	3,873	3,835
Balance as at 30 June	40,210	42,019

8. Employee benefits

	2017	2016
	\$	\$
Liability for Annual Leave	(121)	5,963
Balance as at 30 June	(121)	5,963

9. Property, plant and equipment

	2017	2016
	\$	\$

Furniture and fittings		
At cost	775	775
Accumulated depreciation	775	775
	-	-
Current year depreciation	-	-

Motor vehicles		
At cost	40,956	40,956
Accumulated depreciation	27,953	19,352
	13,003	21,604
Current year depreciation	8,601	8,601

Computer hardware		
At cost	17,920	18,068
Accumulated depreciation	16,394	18,047
	1,526	21
Current year depreciation	675	814

Office equipment		
At cost	69,753	69,451
Accumulated depreciation	63,244	65,496
	6,509	3,955
Current year depreciation	443	929

Total property, plant and equipment		
At cost	129,404	129,250
Accumulated depreciation	108,366	103,670
	21,038	25,580
Current year depreciation	9,719	10,344

There is no impairment loss recognised during the year (2016: nil).

10. Intangible assets

	2017	2016
	\$	\$
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 (2016: nil).

11. Capital commitments

There are no capital commitments outstanding as at balance date (2016: nil).

12. Contingent liabilities

There are no contingent liabilities outstanding as at balance date (2016: 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 \$16,362 (2016: \$16,350) 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 \$7,707 (2016: \$3,164). 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 2017, 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 2017 tax losses available to Meat Industry Association and its subsidiaries are \$628,934.

(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 (2016: nil).



Independent Auditor's Report

To the shareholder of Ovis Management Limited

Report on the special purpose financial statements

Opinion

In our opinion, the accompanying special purpose financial statements of Ovis Management Limited (the company) on pages 23 to 30:

- i. present, in all material respects the company's financial position as at 30 June 2017 and its financial performance for the year ended on that date in accordance with the company's adopted accounting policies and constitution.

We have audited the accompanying special purpose financial statements which comprise:

- the balance sheet as at 30 June 2017;
- the statement of comprehensive income and changes in equity for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the company in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the special purpose financial statements section of our report.

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



Use of this independent auditor's report

This report is made solely to the shareholder as a body. Our audit work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the independent 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 shareholder as a body for our audit work, this report, or any of the opinions we have formed.

Without modifying our opinion, we draw attention to the accounting policies to the special purpose financial statements, which describes 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.



Responsibilities of the Directors for the special purpose financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation of the special purpose financial statements in accordance with the company's constitution;
- implementing necessary internal control to enable the preparation of a special purpose set of financial statements that is free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the special purpose financial statements

Our objective is:

- to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.

A further description of our responsibilities for the audit of these special purpose financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx

This description forms part of our independent auditor's report.



KPMG
Wellington

24 August 2017