



**OVIS**

**ANNUAL REPORT 2018**

**MANAGEMENT**

*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
External Auditors report on Programme security.....	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 Friday 31st August 2018 in the Board Room, Level 5, Wellington Chambers, 154 Featherston Street, Wellington, 11.30 am.

### AGENDA

- (1) To approve the minutes of the 2017 Annual General Meeting.
- (2) To receive and consider the Directors Report, Auditors Report and Accounts for the year ended 30 June 2018.
- (3) The appointment of Auditors for the forthcoming year.
- (4) General business.

### Mr D. Lynch

Secretary  
PALMERSTON NORTH

7th August 2018



## DIRECTORY

CHAIRMAN	R T Barton Woodside, RD 1 Greytown
DIRECTORS	D J Goodall 5 Ferguson Avenue Westshore Napier A Morrison RD 5 Gore T R Ritchie 23 Dakins Road RD 7 Carterton
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
<b>COMPANY MANAGEMENT</b>	
PROJECT MANAGER	MR D W Lynch Palmerston North
TECHNICAL ADVISOR	Dr B H Simpson Biosecurity Management Ltd

## REGISTER OF INTERESTS

Register of interests for Ovis Management Ltd Directors. Updated at each Directors meeting. As at 06/04/2018.

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

**Andrew Morrison***Director of:*

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

*Shareholder of:*

- Alliance Group Ltd.
- Ballance Agri Nutrients Ltd
- Farmlands Ltd

**Jim Goodall***Director of:*

- Village Business Solutions Ltd
- Hikanui Investments Ltd
- Atkins Ranch Holdings Ltd
- Ovis Management Ltd

*Shareholder of:*

- Ovation New Zealand Ltd
- Village Business Solutions Ltd
- Hikanui Investments Ltd

*Officer of:*

- Progressive Meats Ltd

## CHAIRMAN'S REPORT

*“OML was set up as a low cost operation and we have always been staunch over cost control and value. There are some things we don't want to change”*

On behalf of the board and management I am pleased to present my chairman's report for the 2017/18 year.

Sometimes we need to look backwards to see how far we have come. When OML was first mooted as a mechanism to help create awareness and provide education there were those who said it wouldn't work without legislative backing. It's great to see that where people have commercial imperatives they will take appropriate actions.

The foundation of our system is the collection of lamb kill data from the processing industry followed by close liaison with sheep and goat farmers who have high prevalence lines and a willingness to communicate with anyone requiring guidance and education around control options.

In the early phase of OML's work the prevalence of sheep measles in lambs ran at 1.92% of the national kill and sheep at 4.8%. Given that we can only detect around 20% of the real incidence rate this effectively meant that the entire sheep meat kill had some infection. For the 2016/17 season the lamb prevalence was 0.59%. A figure that the industry can be pleased with but not complacent about.

The last year has seen the rise of synthetic meat products and their backing by wealthy entrepreneurs. It is therefore more important than ever that we provide product quality that is absolutely consistent and of the highest quality to the ever demanding

consumer. Whilst OML is a small part of this chain we take our job seriously.

In this changing world we too are constantly looking at our messaging and profile in the target market of sheep and goat farmers in NZ. To that end we have moved into some use of social media. A recent clip of Dan Lynch on the road in the Rangitikei saw some 2,600 views of a short clip explaining what he was up to for the day. We can't measure exactly who watched this material but people only tend to if there is interest and value in doing so. We are reducing our attendance at some of the field days that we have been traditionally attending.

Whilst we will miss the chance to have the wide and varied discussions with a wide range of the dog owning public it has become apparent that these events are expensive on time and resources. Part of this change in interface with the target market is around finding better intercept points and providing better value for our expenditure. OML was set up as a low cost operation and we have always been staunch over cost control and value. There are some things we don't want to change.

This last year we have seen the retirement of Andy Dennis as a director representing the processors interests. We can never under rate the value of the quality of the information that we gather at plant level. It is the basis for our whole work plan. Andy has made a great contribution in this sphere. Many thanks to Andy.

Jim Goodall has come onto the board as the processors representative and is making a strong contribution. Fresh eyes and ears are good for any board and we welcome Jim's appointment.

The OML board and wider sheep meat industry are indebted to the work of Dan Lynch our project manager. His ability to traverse the whole industry is a model of how to get things done efficiently and effectively. Always a pleasure to work with too... thanks Dan. We also call on others in time of need. Mark Shirley assists at field days and events and Murray Kerr as our South Island contractor is great back up for Dan on detail issue with plant information and practical farm visits when appropriate. In an industry as small as ours we are lucky to have the services of Bruce Simpson. Usually referred to as our technical advisor, Bruce is so much more. He has been

with the programme at one level or another since its inception. His level of institutional knowledge is excellent. Michael Pran continues to provide our financial services and reporting under the umbrella of the Meat Industry Association. A critical area thanks Michael.

To my fellow board members of Tim Ritchie, Jim Goodall and Andrew Morrison my thanks for your support over the year. Andrews position as chair of Beef and Lamb NZ gives great insight and feedback to and from the industry which is valuable. I would also like to thank Sam Hain of Gisborne who stood in for one meeting.



**Roger Barton**

Chairman  
Ovis Management Limited

*"It is therefore more important than ever that we provide product quality that is absolutely consistent and of the highest quality to the ever demanding consumer"*

A large flock of sheep is moving across a paved road in a rural landscape. The sheep are densely packed, filling most of the road's width. The road is asphalt with white lane markings. The surrounding area includes tall grasses, utility poles with power lines, and rolling hills in the background under a clear sky. The text is overlaid on the right side of the image.

*"The need to avoid complacency when prevalence is low is important when dealing with a parasite that has an extremely high biotic potential."*

## PROJECT MANAGER'S REPORT 2018

As in the past the ongoing challenge for Ovis Management is to both create and maintain awareness of sheep measles among farmers rural dwellers and dog owners. The need to avoid complacency when prevalence is low is important when dealing with a parasite that has an extremely high biotic potential. This requires Ovis Management to maintain contact with sheep farmers and in particular those with significant levels detected in stock processed. The High Prevalence feedback which has been a major part of the programme remains a key aspect of awareness along with farm visits, mail drops and high prevalence line notifications.

Over time the methods of disseminating information have and are changing as the rapid and ever-changing technologies allow targeted messages to be provided more effectively to individuals and groups. Ovis Management considers these changes provide opportunities in widening the awareness and understanding of sheep measles. A redeveloped webpage and increased presence in social media being part of the focus in this area.

The current Ovis Management programme has evolved to ensure a low-cost operation exists to maintain awareness of Sheep Measles amongst sheep farmers and primarily, rural dog owners. While the reduction in prevalence would indicate the programme is successful in its goals, the company wishes to ensure it is maximising its impact while maintaining its low-cost approach.

To that end a strategy meeting will be held in late August to review the current programme and identify how the company can ensure it provides the best return for investment by processors while maintaining downward pressure on prevalence.

As lamb prevalence overall slowly reduces the opportunity to maintain this downward momentum will be challenged by the increasing contribution to infection, compared to other groups, from trading farms and like operations. These suppliers fill a role in the supply of stock and provide a service used by many lamb breeders, the issue is that when they send a line with high prevalence of Sheep Measles, in most cases the source of the infected lambs is lost as lambs are mixed with others prior to processing therefore, the ability to target the farm of origin is limited.

The impact of trading lambs on prevalence is seen in a 2017 survey which repeated the results of a previous survey. This showed that those suppliers processing 1,000 or more homebred lambs had a prevalence of 0.73% while those supplying the same number of only purchased lambs as having a prevalence of 2.16%. Nearly three times higher!

The implementation of "whole of life" stock assurance programmes and associated requirements would assist in ensuring appropriate regimes are in place across all farms, not just lamb finishers to minimise the risk of stock with defects being presented for processing.

*"This showed that those suppliers processing 1,000 or more homebred lambs had a prevalence of 0.73% while those supplying the same number of only purchased lambs as having a prevalence of 2.16%. Nearly three times higher!"*

*“North Island farms supply 48% of the lamb kill but had 64% of lambs found infected”*

**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 2017 OML contacted 986 suppliers in this manner compared to 923 in 2016, 998 in 2015 and 1,139 in 2014.

Of the 986 farms contacted for High Prevalence, 658 or 66.7% were from the North Island. North Island farms supply 48% of the lamb kill but had 64% of lambs found infected. Marlborough with a large increase in prevalence and associated notifications had 18.5% of their suppliers High Prevalence while Gisborne traditionally the highest district had 18.2% of suppliers High Prevalence. There is a substantial drop back to Wanganui with 12.5% and Carterton with 12%.

Marked drops in notifications occurred in Wairoa, 15.5% to 9.45%, Hastings 12.5% to 8.7% and notably Ruapehu from 14. % to 8%.

Below graphs shows the percentage of farmers in each district killing more

than 50 lambs who have been High Prevalence in the past four years.

A breakdown of notifications to farms with each district for the 2016-2017 year is at the end of this report.

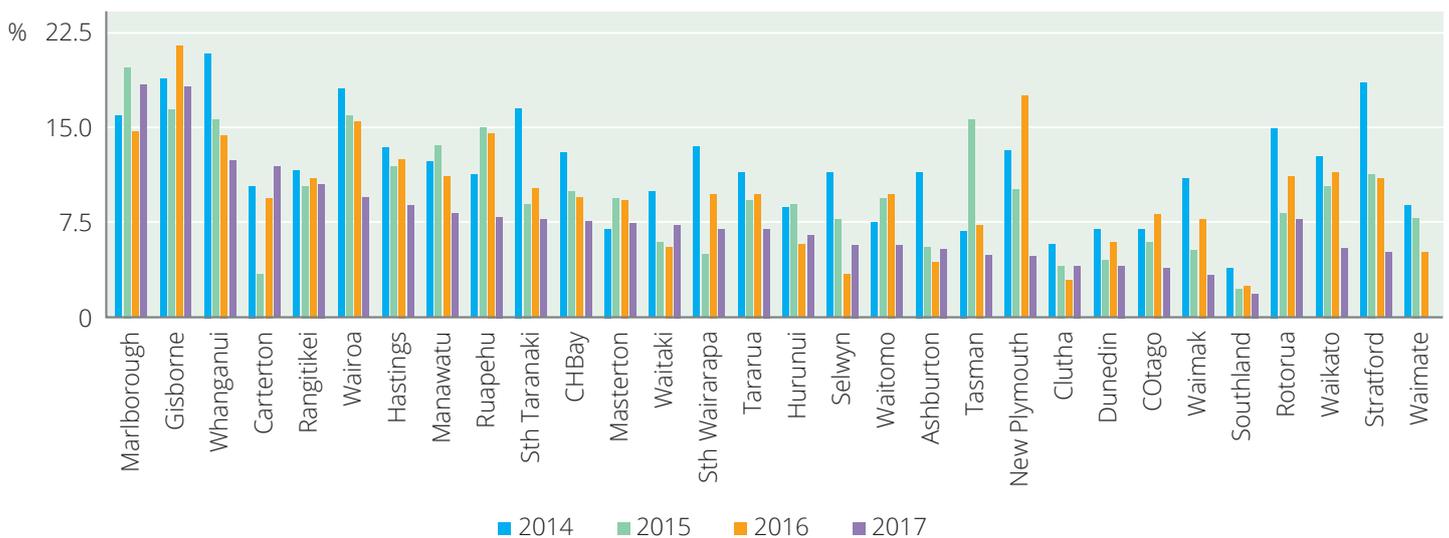
**First High Prevalence Supplier Mailout for 2017/18 Season**

The first of the 2018 High Prevalence mailouts for the time frame December 2017- March 2018 was sent to 439 suppliers (2017, 441, 2016; 459, 2015: 436, 2014: 602, 2013; 535).

Overall the number of notifications is the second lowest in 10 years only 2015 with 436 being lower. As always, a full picture of notifications will not be clear until later in the season. The number of suppliers being notified can vary depending on kill patterns which in turn are impacted on by prices and weather. However, what is apparent is the districts with traditional high prevalence levels in most areas are again at the forefront.

In the North Island 306 suppliers have been contacted up from 290 for the same period last year. Gisborne as for last year has the most letters although with 32 down from 36 last year. The

**Figure 1. Percentage of farms notified HP in TLAs receiving more than 10 notification**



Hastings district has an increase from 16 last year to 32 this year and is the highest seen for 10 years while Central Hawkes Bay has 27 notifications up from 18 last year. Whanganui with 26 has an increase from 17 last year while Rangitikei conversely has 24 notifications compared to 32 last year. Manawatu and Waitomo also have minor reductions in letters while Tararua remains on 22.

South Island suppliers received 133 notifications down from 149 last year and only in 2012 with 122 has the number of recipients been lower. Of particular interest (and concern) has been the Marlborough region. In 2012 this region had a total of 21 high prevalence letters, in 2016/17 this had climbed to 68. For this 2017/18 year to date however, Marlborough has received eight letters compared to 14 for the same period last year. Data as the season progresses indicates prevalence levels in the region have reduced.

Hurunui district, with 19 notifications, had the same number as last year while Southland had 17 notifications down from 23. What is notable about Southland is that this district kills 15% of the lamb kill but only has 3.8% of notifications.

Clutha district dropped to 14 letters from 22 last year. Selwyn, with 11, is slightly up from last year.

The next mailout will take place in late August.

### **High Prevalence Line Notifications**

The High Prevalence line notifications remain an integral part of drawing supplier's awareness to their prevalence in the industry programme.

OML is notified by either company or AsureQuality staff of lines with significant levels of sheep measles detected. OML then writes to the supplier providing resource material and a cover note along with the notification. In the past 12 months 38 such notifications have taken place.

### **Localised Mail Drops**

Another tool in the OML toolbox is arranging with rural mail delivery staff to carry out localised maildrops. Use of these drops has proved to be an effective method of targeting localised issues where ongoing infection issues appear to be arising from an off-farm source.

The mail drops are delivered to rural mailboxes or in some cases to post office boxes in small settlements. The drops range in size from 20 in a specific location or up to 200 letters for a whole Delivery run. Sixteen of these have been carried out in the past 12 months. Five of these were in the Marlborough district.

### **Public Events**

In the past 12 months Ovis Management has reduced its presence at a number of field days and A & P shows. The company considers that more effective use of funds can be made by channelling communication and contact via other channels. A small number of events with large farmer presence will still be attended.

While lamb suppliers are the main focus at these events others involved in rural activities such as veterinarians, hunters, stock buyers, rural contractors and rural life stylers are also targeted to raise their awareness of primarily the need to treat or restrict movement of dogs around sheep pasture.

*“The High Prevalence line notifications remain an integral part of drawing supplier's awareness to their prevalence in the industry programme.”*

*“The benefit of such meetings is that often they identify risk factors unrecognised in the day to day farm operation.”*

One feature of the past year was being present and involved with the Lloyd Smith Dog training days mainly across the lower North Island and into Hawkes Bay. These days run by local vet practices and Beef and Lamb NZ. These events attract a large following of mainly young people working on farms with dogs and the chance to promote awareness of sheep measles amongst this group is invaluable.

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

**Farm Visits**

Backing up the high prevalence mailouts OML identifies a number of larger suppliers processing lambs

with high levels of sheep measles. These farms are visited to enable an in-depth discussion to take place in order to identify factors behind the farms prevalence. The meetings range from staff presentations to one on one meetings. The benefit of such meetings is that often they identify risk factors unrecognised in the day to day farm operation. Last year OML visited 120 farms with high levels of sheep measles slightly down from the 135 farms the previous year although up from 104 in 2015 and 77 in 2014. The visits provide the chance for an in-depth discussion and to provide resources to assist awareness and develop action plans around farm biosecurity in relation to sheep measles. One key aspect is encouraging farmers to raise and discuss the issue with neighbours and those coming onto the property. Last year farm visits took place to properties in Ashburton, Carterton, Central Otago, Clutha, Gisborne,



Gore, Hurunui, Central Hawkes Bay, Kaikoura, Marlborough, Masterton, New Plymouth, Rangitikei, Ruapehu, Southland, Taranua, Taranaki, Tasman, Taupo, Wanganui, Waimate, Waitaki, and Waitomo,

## Financial

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

The kill was above that budgeted resulting in processor contribution income being \$25,337.41 over that initially budgeted. Total income was \$394,327.32 against budget of \$358,934.96.

OML full year expenditure was \$317,276.63 which is \$41,435.27 under budget. However, it should be noted that expenditure in some areas has been withheld until OML completes the strategic review. In consequence the reduced spending combined with the higher than budgeted income resulted in OML ending the year with a \$77,050.69 surplus compared to a budgeted surplus of \$223.06.

## Veterinary Contact

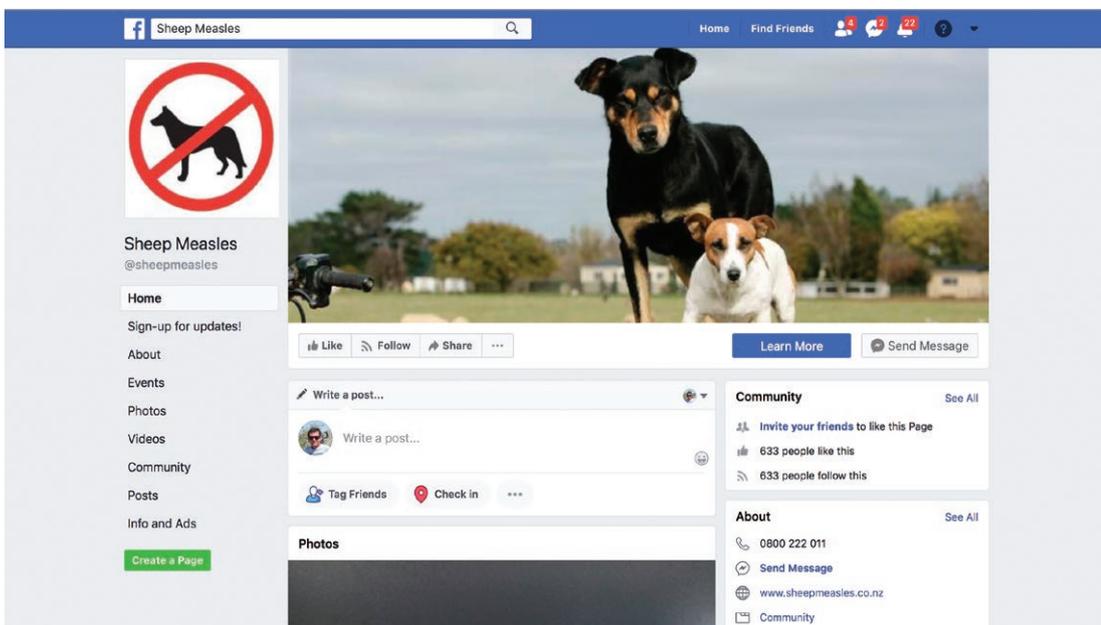
Repeated surveys show vet clinics and veterinarians are the key point of contact for sheep farmers looking to discuss and establish their on-farm Sheep Measles programmes. OML has an evolving database of around 170 clinics that are given resource packs containing up to date material for clients. OML also participates in farmer days and events on request by clinics. OML's goal is to visit each of the 170 practices or clinics every 18 months to update or replace the material.

As well as visiting clinics regular requests come from them to OML for Restricted Dog signs and resources such as magnets, codes of practice and laminated dog treatment calendars.

## Social media

The increased use of Social Media provides OML an opportunity to develop targeted messaging to specific groups such as pig hunters and duck shooters. An upgrade for the website is also planned with the addition of more video.

*“The increased use of Social Media provides OML an opportunity to develop targeted messaging to specific groups.”*



*“While meat inspection for Sheep Measles has relatively low sensitivity it remains at present the best system for detecting infected carcasses.”*

OML has engaged Quest Marketing of Hawkes Bay to assist in this area and to that end two videos around pig hunting and duck shooting have been prepared.

Cara Uttley of Quest Marketing has been working to increase OML’s exposure to Facebook pages used by hunting groups and increasing Sheep Measles information put out on Facebook pages.

**Reducing prevalence**

Last year Ovis Management explored the issues around the potential for eradication of this parasite and while technically feasible the cost and changes in a direct programme outweigh the benefits at this point in time.

The company does advocate a number of steps designed to more forcefully reduce prevalence. These include:

1. A requirement for 4 weekly dog treatments on all Farm Assured properties.
2. In time the requirement that all stock presented for processing must have come from farm assured properties at all stages of their life e.g. “whole of life” farm assurance.

These steps would provide drivers to maximise dog treatments, reducing

on farm risks. It should be noted that over 90% of infection of lambs arises from dogs resident on sheep farms, hence the focus on increasing monthly dog treatments is critical. External dogs do provide a level of risk although the less infection on farm the less chance external dogs have of accessing infected meat.

**DeerPro Database**

OML continues to manage the DeerPro Johnes Disease database. Data is received from nine processing plants and loaded then forwarded to DeerPro for analysis.

**Database Security**

Every second year Ovis Management is audited against protocol to ensure conformance with operational procedures and also in regard to handling of data in relation to the principles of Privacy Act 1993. This year the audit was conducted by Auditing Solutions. The report letter is on page 33 of the Annual Report.

**Plant Capture of Ovis Information**

As in past years the effectiveness of the programme is dependent on the capture of Ovis prevalence in 30 processing plants throughout the country by both AsureQuality and meat company meat inspectors.

**Figure 2. Ovis data capture**



While meat inspection for Sheep Measles has relatively low sensitivity it remains at present the best system for detecting infected carcasses. The recording is via either manual ticketing or touchscreens and maximising that recording against suppliers is critical to the programme. The data capture has increased as more plants utilise touchscreens, however, the level of capture coming from manual ticketing plants also continues to rise with data capture for the current 2017/18 season year to July being 93.41%. For the full 2016/7 season it was 93.8 and for the 2016 season was it was 91.04%. Fig 2; Graph showing all plants capture rates vs manual plants data capture rates.

**Ovis Management Database: The Numbers.**

For the October 2016- September 2017 season the OML database received supplier line data from 30 (34) processing sites processing 19,250,739 lambs. The lambs came from 14,252 suppliers (2015/16; 15,365 suppliers 19,968,452 lambs, 2014/15; 15,963 suppliers 20,823,551 lambs). A total of 9,605 suppliers killed more than 100 lambs (2017: 10,326, 2016; 10,610).

A total of 4,774 suppliers killed more than 1,000 lambs (2017; 5,036, 2016;

5,213), and 678 suppliers more than 5,000 lambs (2016; 702, 2015; 753).

A total of 7,267 suppliers or 50.9% had one or more lamb detected with sheep measles (2016: 7,752 / 50.4%, 2015 7,959 / 49.8%) with 4,119 suppliers (2017; 4,466, 2016; 4,616) eligible for high prevalence status (killing greater than 50 lambs with more than three infected).

**Lamb Ovis Prevalence 2016/17 Season**

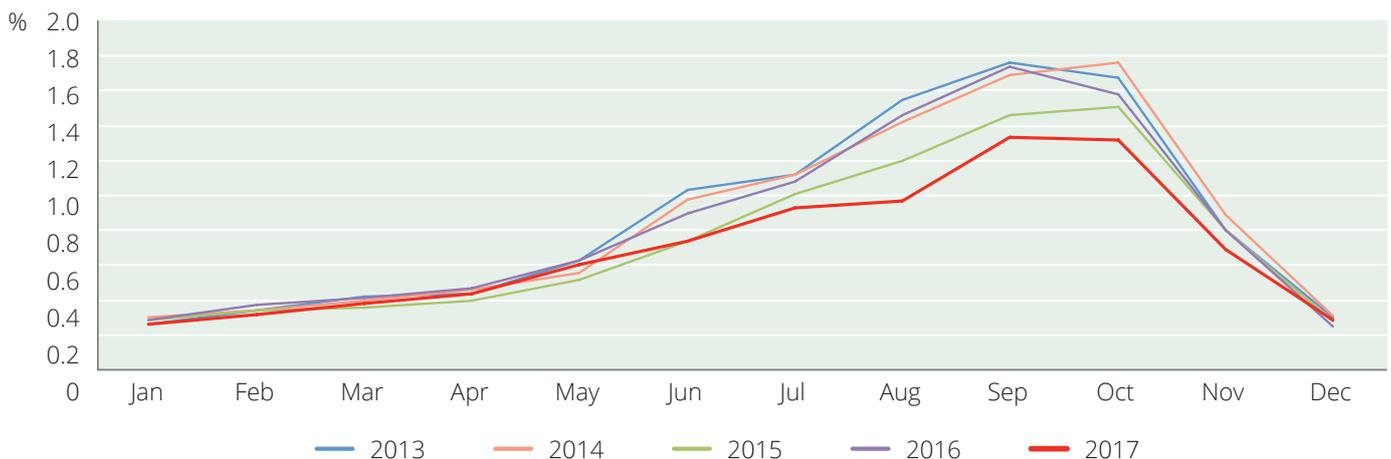
For the 2016- 17 season sheep measles prevalence detected in lambs was 0.59%, down from 0.62% the previous season. This is the lowest recorded prevalence since the introduction of viscera recording in 2008. The season was marked by low prevalence in winter trade lambs similar to 2015 with the absence of any major storm lines until September when the kill is low.

**Lamb Ovis Prevalence 2017/18 Season**

For the year to date season October 2017 - July 2018 lamb prevalence is currently at 0.52% compared to 0.54% for the same period last year. While the overall prevalence has been low, lines from traders are coming through with High Prevalence levels with one trader

*“For the 2016-17 season sheep measles prevalence detected in lambs was 0.59%, down from 0.62% the previous season.”*

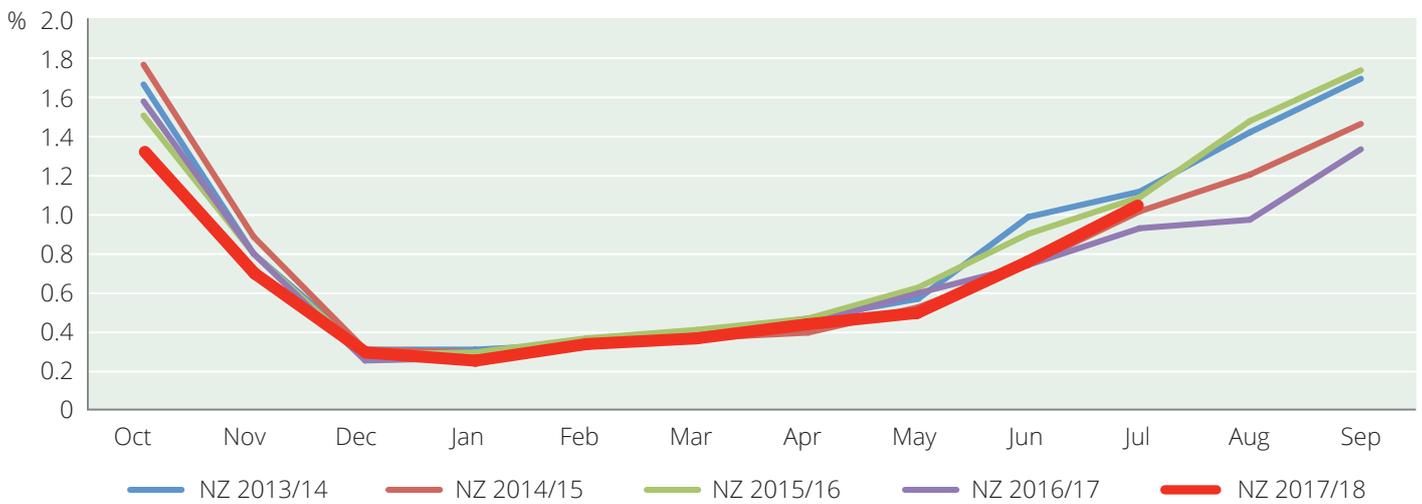
**Figure 3. Lamb prevalence by calendar year**



since June killing 6,060 lambs with 1,165 or 19.2% infected. Again, all of the lines are boxed, however, the levels detected indicate an issue on a “home block” or finishing location, although no apparent cause has been readily identified at this point.

As in previous seasons the North Island prevalence is higher than 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.

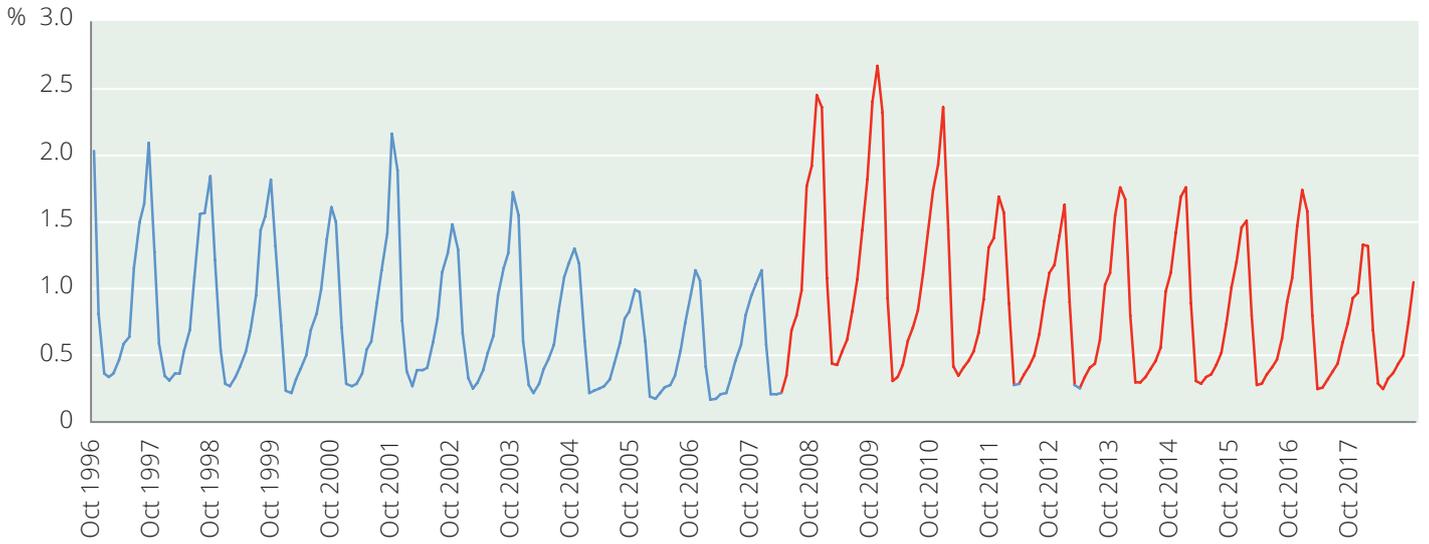
**Figure 4. New Zealand Lamb Ovis prevalence**



**Figure 5. North Island and South Island lamb prevalence October-September**



**Figure 6. NZ Lamb Prevalence 1997- 2018** \*March 2008 inclusion of viscera data



**High Prevalence Notifications by TLA, November 16 – December 17**  
**North Island**

TLA	Letters 2017	Letters 2016	Letters 2015	Letters 2014	Letters 2013	Letters 2012	Letters 2011	Letters 2010	Letters 2009	Letters 2008	Letters 2007
Gisborne	104	96	78	86	87	84	75	58	88	123	80
Hastings	55	57	59	66	73	45	62	64	74	101	74
Rangitiki	53	46	45	48	43	46	23	44	48	59	44
C H Bay	51	43	51	63	59	55	56	67	61	97	58
Tararua	45	48	46	57	62	50	40	54	54	62	79
Wanganui	42	26	33	42	52	34	50	26	24	30	42
Manawatu	41	42	56	49	45	35	38	40	56	66	51
Ruapehu	37	51	57	39	44	37	40	35	44	50	53
Masterton	36	27	30	22	38	25	39	42	36	31	32
Wairoa	24	29	32	36	33	33	34	31	30	22	20
Carterton	21	10	4	12	12	11	8	14	11	10	11
Waitomo	20	27	26	20	25	33	24	20	27	52	54
Sth Wairarapa	14	14	7	20	31	21	21	21	27	30	19
Sth Taranaki	14	13	10	18	21	19	16	14	15	15	33
Rotorua	11	9	8	16	6	10	10	6	10	12	10
New Plym	10	18	10	12	11	11	13	14	12	21	20
Stratford	9	14	14	24	21	14	15	9	14	18	26
Waikato	9	14	14	17	13	14	17	7	4	7	21
Rodney	8	2	5	7	8	13	7	2	9	8	9
Otorohanga	7	10	12	7	13	9	10	8	9	16	14
Far North	6	7	9	7	7	8	10	13	7	10	10
Taupo	6	4	5	6	6	7	9	7	6	7	7
Bay Plenty	6	4	4		5	3	1	1	6	8	6
Kaipara	5	5	2	3	5	6	4	5	7	13	7
Whangarei	4	4		3	2	3	6	3		8	2
Horowhenua	4	2		4	4	2	5	2	7	5	2
Opotiki	3	1	6	3	3	3	4	1	1	3	4
Napier	3			1	3	1	0	1	1	1	2
Up Hutt	2										
Waipa	1	5	6	7	5	6	5	5	5	10	9
Franklin	1	3	6	8	9	6	4	5		7	9
Whakatane	1	6	5	3	3	1	2	0	3	2	
Sth Waikato	1	4	2	2	4	2	0	1	7	4	0
Palm North	1	2	3	4	2		2	3	4	4	2
Porirua	1	2		5	1		1	0		1	3
Welling	1	0	1	3	1	1	0	1	3	2	1
Manukau	1			2			1	0		2	0
Mat Piako	0	4	1		2	1	9	2	1	4	2
Thames Coro		1	1	1	4	3	4	3	1	1	3
Hauraki		1	1	1	1		2	0		3	1
Kapiti		0	1		2	1	0	1	1		1
Auckland		0	1								
Waitakere					1	1	0	0			
Low Hutt					1		1	1			
Papakura					1		0	1			0
Hamilton					0	1					
<b>North Island total</b>	<b>658</b>	<b>651</b>	<b>651</b>	<b>724</b>	<b>769</b>	<b>654</b>	<b>663</b>	<b>632</b>	<b>713</b>	<b>925</b>	<b>821</b>

### High Prevalence Notifications by TLA, November 16 – December 17 South Island

TLA	Letters 2017	Letters 2016	Letters 2015	Letters 2014	Letters 2013	Letters 2012	Letters 2011	Letters 2010	Letters 2009	Letters 2008	Letters 2007
Marlborough	68	40	58	40	31	21	28	43	29	42	47
Sthland	32	33	30	53	41	33	25	48	59	56	41
Hurunui	30	22	37	35	32	32	40	40	56	67	71
Clutha	30	20	27	40	26	21	27	40	49	80	38
Waitaki	25	14	16	28	26	22	20	15	39	42	33
Ashburton	21	14	18	37	23	19	24	39	54	53	42
Selwyn	21	10	25	38	16	12	35	33	76	60	68
C Otago	16	27	20	22	23	20	36	22	47	35	28
Tasman	16	16	30	15	16	9	12	16	18	18	24
Dunedin	14	14	11	17	18	14	10	9	23	29	17
Waimate	9	9	12	18	13	11	13	14	18	25	23
Timaru	9	8	11	17	12	12	27	20	27	30	32
Gore	8	5	7	5	10	8	15	23	30	42	20
Waimak	6	10	10	16	9	11	11	26	32	29	39
Mckenzie	6	4	6	10	7	9	5	7	11	23	15
Kaikoura	6	5	6	5	9	1	6	2	1	6	8
Greymouth	3	1	1				0	1	2	5	
Ingill	2	8	2	3		2	2	5	12	5	5
Chat Isl	2	2	1	2	1		0		3	2	
Banks Penin	2	3	7	5	5	3	13	5	11	10	11
Qtown	1	5	5	5	8	3	4	6	9	8	9
Nelson	1		2				1	1	0		
Chch		2	2	4		4	3	3	3	5	2
Buller			2				0	1	1	2	
Westland			1		2		2	1	0	2	
<b>South Island total</b>	<b>658</b>	<b>651</b>	<b>651</b>	<b>724</b>	<b>769</b>	<b>654</b>	<b>663</b>	<b>632</b>	<b>713</b>	<b>925</b>	<b>821</b>

<b>New Zealand total</b>	<b>986</b>	<b>923</b>	<b>998</b>	<b>1139</b>	<b>1097</b>	<b>921</b>	<b>1022</b>	<b>1052</b>	<b>1323</b>	<b>1601</b>	<b>1394</b>
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# ANNUAL REPORT/ FINANCIAL STATEMENTS

for the year ended 30 June 2018

## 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 2018

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

**Directors:** A Morrison  
R Barton  
J Goodall  
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)

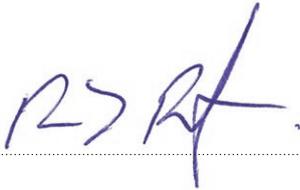
## Directors' Report for the year ended 30 June 2018

### 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 2018.

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.

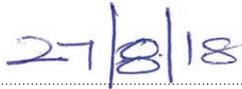
On behalf of the Board these special purpose financial statements were approved for issue on 27th August 2018.



..... Director



..... Director



..... Date



..... Date

## Statement of Comprehensive Income for the year ended 30 June 2018

	Note	2018	2017
		\$	\$
Operating revenue		383,352	337,099
Operating expenditure	1	317,277	354,142
<b>Operating surplus/(deficit) before other income</b>		<b>66,075</b>	<b>(17,043)</b>
Other Income		10,751	-
<b>Operating surplus/(deficit) before financing income</b>		<b>76,826</b>	<b>(17,043)</b>
Financial income		224	760
Financial expenses		-	-
<b>Net financing income</b>	<b>2</b>	<b>224</b>	<b>760</b>
<b>Operating surplus/(deficit) before tax</b>		<b>77,050</b>	<b>(16,283)</b>
Income tax expense/(benefit)	3	-	-
<b>Net surplus/(deficit) for the year</b>		<b>77,050</b>	<b>(16,283)</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>77,050</b>	<b>(16,283)</b>

## Statement of Changes in Equity for the year ended 30 June 2018

	2018	2017
	\$	\$
Opening Balance	253,771	270,054
Total comprehensive income for the year	77,050	(16,283)
<b>Closing Balance</b>	<b>330,821</b>	<b>253,771</b>

## Balance Sheet as at 30 June 2018

	Note	2018	2017
		\$	\$
<b>Equity</b>			
<b>Issued and paid up capital</b>			
2 ordinary shares of \$1 each		2	2
Uncalled capital		(2)	(2)
Retained earnings		330,821	253,771
<b>Total equity</b>		<b>330,821</b>	<b>253,771</b>
Represented by:			
<b>Current assets</b>			
Cash and cash equivalents	4	292,640	248,142
Trade and other receivables	5	22,838	24,680
<b>Total current assets</b>		<b>315,478</b>	<b>272,822</b>
<b>Current liabilities</b>			
Trade and other payables	6	22,819	40,210
Employee benefits	7	7,764	(121)
<b>Total current liabilities</b>		<b>30,583</b>	<b>40,089</b>
<b>Working capital</b>		<b>284,895</b>	<b>232,733</b>
<b>Non current assets</b>			
Property, plant and equipment	8	45,926	21,038
Software	9	-	-
<b>Total non current assets</b>		<b>45,926</b>	<b>21,038</b>
<b>Net assets</b>		<b>330,821</b>	<b>253,771</b>

## Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

### 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 2018. The special purpose financial statements were authorised for issue by the directors on the 27th August 2018.

#### (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**

- Revenue represents amounts received and receivable from meat companies paid on a 1.5 cents basis (2017:1.5 cents) for each sheep, lamb or goat processed.
- 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 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**

	2018	2017
	\$	\$
Audit remuneration	5,225	5,200
Tax services	1,400	1,250
Contracts/consultants/projects	4,348	4,174
Depreciation	10,348	9,719
Director's fees – Chairman	16,830	16,830
Director's fees	1,000	1,500
Personnel expenses	136,084	129,276
Other operating expenses	125,351	186,193
<b>Total operating expenditure</b>	<b>317,277</b>	<b>354,142</b>

**2. Net financing income**

	2018	2017
	\$	\$
Interest revenue	224	760
Interest expense	-	-
<b>Net financing income</b>	<b>224</b>	<b>760</b>

**3. Taxation**

	2018	2017
	\$	\$
<b>Operating surplus/(deficit) before tax</b>	77,050	(16,284)
Income tax using Company tax rate 28%	21,574	(4,559)
Non-assessable income/non-deductible expenses at company rate	2,208	(3,339)
Losses provided to/from parent	-	-
Losses bought forward and utilised at Company tax rate	(23,782)	-
Tax @ Company Tax Rate	-	(7,898)
Prior year adjustment	-	-
Tax benefit of losses not recognised	-	7,898
Income tax expense/(benefit) per income statement	-	-
<b>Income tax expense/(benefit) per income statement</b>	<b>-</b>	<b>-</b>

The Company and its parent has \$536,000 of tax losses to carry forward (2017: \$628,934), 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.

	2018	2017
	\$	\$
<b>Imputation credit memorandum account</b>		
Balance at beginning of year	197,651	200,436
Income tax paid/(refund)	(221)	(3,006)
Prior year adjustment	-	-
RWT on interest received	62	221
<b>Balance at end of year</b>	<b>197,493</b>	<b>197,651</b>

#### 4. Cash and cash equivalents

	2018	2017
	\$	\$
Bank balances	17,401	14,516
Call deposits	275,239	233,626
<b>Balance as at 30 June</b>	<b>292,640</b>	<b>248,142</b>

#### 5. Trade and other receivables

	2018	2017
	\$	\$
Trade receivables	22,774	23,093
RWT Receivable	62	221
Other Receivables and Prepayments	2	1,366
<b>Balance as at 30 June</b>	<b>22,838</b>	<b>24,680</b>
Impairment loss deducted	-	-

#### 6. Trade and other payables

	2018	2017
	\$	\$
Trade Payables	18,147	34,691
GST Payable	1,342	1,646
PAYE Payable	3,330	3,873
<b>Balance as at 30 June</b>	<b>22,819</b>	<b>40,210</b>

**7. Employee benefits**

	2018	2017
	\$	\$
Liability for Annual Leave	7,764	(121)
<b>Balance as at 30 June</b>	<b>7,764</b>	<b>(121)</b>

**8. Property, plant and equipment**

	2018	2017
	\$	\$
<b>Furniture and fittings</b>		
At cost	775	775
Accumulated depreciation	775	775
	-	-
Current year depreciation	-	-
<b>Motor vehicles</b>		
At cost	37,540	40,956
Accumulated depreciation	657	27,953
	<b>36,883</b>	<b>13,003</b>
Current year depreciation	8,541	8,601
<b>Computer hardware</b>		
At cost	16,739	17,920
Accumulated depreciation	13,364	16,394
	<b>3,375</b>	<b>1,526</b>
Current year depreciation	966	675
<b>Office equipment</b>		
At cost	69,753	69,753
Accumulated depreciation	64,085	63,244
	<b>5,668</b>	<b>6,509</b>
Current year depreciation	841	443
<b>Total property, plant and equipment</b>		
At cost	124,807	129,404
Accumulated depreciation	78,881	108,366
	<b>45,926</b>	<b>21,038</b>
Current year depreciation	10,348	9,719

There is no impairment loss recognised during the year (2017: nil).

## 9. Intangible assets

	2018	2017
	\$	\$
<b>Software</b>		
At cost	1,300	1,300
Accumulated Amortisation	1,300	1,300
	-	-
Current year amortisation	-	-

There is no impairment loss recognised during the year (2017: nil).

## 10. Capital commitments

There are no capital commitments outstanding as at balance date (2017: nil).

## 11. Contingent liabilities

There are no contingent liabilities outstanding as at balance date (2017: 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 \$16,691 (2017: \$16,362) to Meat Industry Association of New Zealand (Inc) for administration services provided. As at year end, Ovis Management Limited had nil payable to Meat Industry Association (parent company) (2017: \$7,707). 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 2018, 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 2018 tax losses available to Meat Industry Association and its subsidiaries are \$523,861 (2017: \$628,934).

### *(iii) Remuneration*

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

The 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 (2017: 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 2018 and its financial performance for the year ended on that date in compliance 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 2018;
- the statements 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 tax 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.



### Emphasis of matter – Basis of Accounting

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 purposes financial statements may not be suitable for another purpose.



### Use of this independent auditor's report

This independent auditor's 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 shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

## Other information

The Directors, on behalf of the company, are responsible for the other information included in the entity's Annual Report. Our opinion on the special purpose financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the special purpose financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the special purpose financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Responsibilities of the Directors for the special purpose financial statements

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

- the preparation of 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:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

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



KPMG  
Wellington

27 August 2018

27 April 2018

Mr Roger Barton  
Chairman of Directors  
Ovis management Ltd  
Stonestead RD 1  
Greytown 5794

Dear Mr Barton,

This letter is to advise you that the annual audit of the Ovis Management Ltd (OML) quality management system took place on 18 April 2018.

The audit followed the same form and had the same objectives as the audits conducted in previous years. The objectives of the audit were to:

- Assess the extent of compliance with the various procedures and protocols put in place by the Company to ensure the security of data supplied by meat companies and the confidentiality of information held by OML; and
- to review the operational functions of the quality management system – i.e. the disease database along with its supporting documentation, and to make any suggestions for improvement; and
- to review the documented system in order to validate the extent of compliance with relevant requirements of the Privacy Act 1993 No 28.
- At the request of OML Ltd, to evaluate the effectiveness of the documented procedures for workplace health and safety recently incorporated into the quality management system.

The overall audit finding was that there was adequate evidence available to demonstrate that the implementation of the OML quality system is compliant with the Company's documented procedures and the relevant requirements of the Privacy Act 1993 and that the procedures in place for health and safety in the workplace comply with both the ACC and Worksafe guidelines. Recommendations for improvement of the system have been noted in the Auditing Solutions NZ Ltd report of 24 April 2018.

Yours faithfully,

**RBaxter**

Rod Baxter  
Senior Auditor  
Auditing Solutions NZ Ltd  
110 Mandeville Street,  
Riccarton, Christchurch 8011  
PO Box 7469, Sydenham, Christchurch 8240  
P: 021 281 2859





