

ANNUAL REPORT

2019



**MY LAND
MY LIVELIHOOD
MY RULES**



Index

Notice of Annual General Meeting.....	2
Directory	3
Register of Interests.....	4
Chairman's Report.....	7
Project Manager's Report	9
Annual Report/Financial Statements	20

Mission statement

To promote the control of *Cysticercus Ovis* (*C. ovis*) through communication and collaboration.

Vision

We will be recognised by the wider Red Meat Sector as protecting and promoting our reputation, of a premium consumer experience of sheep meat.

Purpose

We educate and communicate about all potential Sheep Measles biosecurity risk factors and collaborate with all people and organisations who can strengthen these efforts.





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 29th August 2019 in the Board Room, Level 5, Wellington Chambers, 154 Featherston Street, Wellington, 11.30 am.

Agenda

- (1) To approve the minutes of the 2018 Annual General Meeting.
- (2) To receive and consider the Directors Report, Auditors Report and Accounts for the year ended 30 June 2019.
- (3) The appointment of Auditors for the forthcoming year.
- (4) General business.

Mr D. Lynch
Secretary
PALMERSTON NORTH

7th August 2019





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
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 for Ovis Management Ltd Directors. Updated at each Directors meeting.
As at 08/04/2019.

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

**Andrew Morrison****Chairman of:**

- Beef + Lamb New Zealand Ltd
- NZ Meat Board

Director of:

- Agricultural Leaders Health and Safety Action Group
- Ballance Agri Nutrients Ltd
- Glenroy Morrison Ltd
- Meat & Wool Trust Ltd
- Ovis Management Ltd
- Pastoral Greenhouse Gas Research Ltd
- Primary Resources Ltd
- Wool Research Organisation of New Zealand Ltd

Shareholder of:

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

Jim Goodall**Director of:**

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

Shareholder of:

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

Officer of:

- Progressive Meats Ltd



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CHAIRMAN'S REPORT 2019

On behalf of the board and management I am pleased to present my chairman's report for the 2018/19 financial year.

Earlier in the year we had a major review of our strategy and goals. A facilitated session with a number of valuable industry personnel over a full day gave a good opportunity to dissect our operation and focus on those parts which were working well and plan a path for in areas where we felt we needed to refocus. We have gone through a rebranding process and visited some of our core values. The intent remains the same: to drive prevalence of sheep measles down with a strong focus on education. Many of you will have noticed our changed logo and the strap line of "Promote, Protect and Participate." I would like to thank those participants for their contribution and combined thoughts.

It has been canvassed before but one of the issues is how to engage the next generation. The only good thing about hydatids was that the bulk of the nation knew that dogs were a potential animal and human health issue. Sheep measles has none of this impact. Even our younger members of the sheep and goat farming community have no understanding of an earlier major issue, let alone others in the dog owning community that have access onto or near farmland.

We need to constantly look at different pathways to educate all those who need to protect and participate in our programme to maintain the integrity of our products. To this end Ovis Management have added a further dimension to the board and have appointed an Associate Director. We went through an advertising and interview process and were thrilled with the quality of candidates who offered themselves for selection. I am pleased to announce that Alice Allsop has come on board as our Associate Director. Alice comes from a strong commercial background in the sector and currently works for Rimaniui Farms. Alice's incites as to where the next generation look for and how they seek out information will be valuable to the rest of the board and indeed the role of decreasing the prevalence of sheep measles.

We have lessened our reliance on field days and shows as a means of interfacing with the

farming fraternity and the other multitudes of dog owners. Field days are expensive and with limited resources we are hoping that other means of intercepting with knowledge and information can fill some of this gap. A close liaison with Lloyd Smith and his legendary dog training days gives great access to keen shepherds and a surprising number of older farmers refining their skills and knowledge. Working more closely with Beef and Lamb at some of their forums may also prove useful. The downside is that I have already been asked why we have not been at shows and field days. For some it was a chance to annually review Ovis stats and confirm a clean path. Our Project Manager is always happy to forward stats and info via email. This is efficient for all concerned and needs to be fostered. We have attempted to gain as many email addresses as possible but in these days of privacy legislation some hold this knowledge very closely. This is hampering our ability to be as effective in communicating with high prevalence suppliers and adding administrative cost and time in an environment in which we are trying to maximize the value of the companies' contributions to the end game.... reducing the prevalence of Ovis.

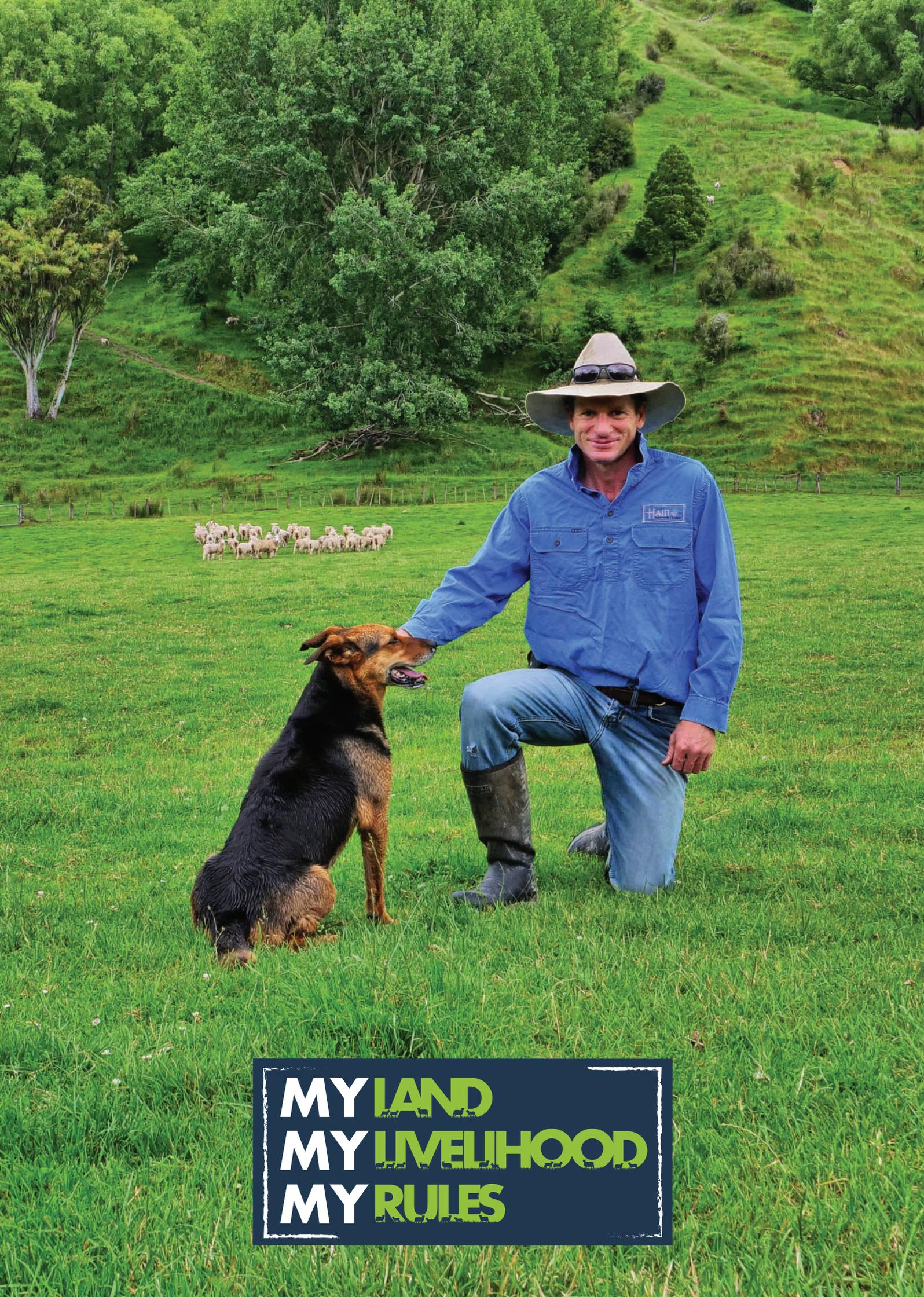
As always, the programme is indebted to our Project Manager Dan Lynch. Too shy to admit it but a world authority on Ovis and the means to control the issue. Our field days team of Mark Shirley and Murray Kerr. Murray doubles as our South Island contractor when available. Our thanks to Dr Bruce Simpson. Bruce has a background from the Hydatids days and a through technical working knowledge of the parasite we deal with. Thanks also to Michael Pran for his work in the accounts and finance area alongside the array of other accounts he manages for the MIA.

To my fellow directors Tim Ritchie, Jim Goodall, Andrew Morrison and Alice Allsop thank you for your time and efforts over the past year.

Roger Barton

Chairman
Ovis Management Limited

"We have gone through a rebranding process and visited some of our core values. The intent remains the same: to drive prevalence of sheep measles down"



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PROJECT MANAGER'S REPORT

The past year has seen Ovis Management Ltd (OML) undertake changes to our mode of operation and these are designed to move the company forward while maintaining beneficial aspects of previous activity.

A strategy review considered that the success of OML in it's role is a key factor in the biosecurity of our sheep and lamb farms. The company also plays a part in maximising product returns and meeting the expectations of consumers of our meat products. It also contributes to the objective of the Red Meat Sector in terms of raising the value of New Zealand's sheep exports.

Part of achieving these aims is strengthening visibility in social media by way of a relaunched website and increased Facebook activity.

These are designed to enable OML to have a presence on platforms increasingly occupied by a new farming generation and other groups with the ability to impact on the prevalence of Ovis (Sheep Measles). OML is also looking to initiate social media contact with non-traditional target groups to raise awareness of Ovis. These include hunting groups, stock agents, goat farming groups and rural woman, among others.

Integrated with these strategies is continuation of working closely with sheep farmers and lamb suppliers to maintain downward pressure on Ovis prevalence in lambs. Activities such as High Prevalence notifications, farm visits, localised maildrops and ongoing contact with veterinary practices remain an essential part of OML's day to day role.

To get the best out of these strategies, while as always focused on restraining costs, OML continues to encourage our processor partners to utilise technology to enable suppliers to have up to date awareness of their prevalence.

While OML promotes control and with it, emphasise the importance of monthly dog treatments on sheep farms, the requirement for monthly treatments in national farm assurance programmes is a significant industry move pushing down prevalence to a level where

the possibility of eradication of this parasite may become a viable option. A further step involving the requirement for "Whole of Life" assurance by processors would contribute to this possibility. Such a requirement would assist in ensuring appropriate regimes are in place across all lamb farms, not just those finishing lambs.

The issue of traded lambs continues to provide a challenge to reducing prevalence. Two surveys in recent years of suppliers processing greater than 1,000 lambs have had similar outcomes. Graph 8 They identified those suppliers finishing all traded lambs had an average prevalence nearly three times that of those breeding and finishing their own lambs. As most traded lambs are merged with other lines the ability to identify the any "source" farm when a high prevalence line is processed is limited. As prevalence decreases the role of traders and source farms becomes increasingly important to identify and work with.

One measure of supplier commitment to programme is the number of infected lamb carcasses detected at processing. This past season has seen prevalence levels continue to decrease with Ovis found in lambs for the 2017/18 season at 0.57%. This season to date, October 2018 - June 2019 it is 0.41% compared to 0.50% for the same period last year. This drop is discussed later in the report.

Strategy Review

In the past year OML has conducted a strategy review looking at all aspects of the current programme. A major part looked at how to ensure the OML message remained relevant with a changing demographic and to ensure key messages are able to penetrate in a crowded media market. As always, the goal of remaining low cost remains a key factor.

Following the review OML has developed the following Mission Statement, Vision and Purpose to take the programme forward.

Mission Statement

To promote the control of *Cysticercus ovis* (C. ovis) through communication and collaboration.

"The success of OML in it's role is a key factor in the biosecurity of our sheep and lamb farms"



“The requirement for monthly treatments in national farm assurance programmes is a significant industry move pushing down prevalence to a level where the possibility of eradication of this parasite may become a viable option”

Vision

We will be recognised by the wider Red Meat Sector as protecting and promoting our reputation, of a premium consumer experience of sheep meat.

Purpose

We educate and communicate about all potential Sheep Measles biosecurity risk factors and collaborate with all people and organisations who can strengthen these efforts.

Among outcomes are working with Quest Marketing Ltd to assist with social media campaigns and the development of a new updated website launched with several videos targeting specific groups. The website also has a page with downloadable resources for different groups. Many of the resources are new or updated targeting sheep farmers as well as dog owners.

Programme Activity

High Prevalence mailouts

2017-2018 - High Prevalence mailouts

These High Prevalence mailouts sent three times a year are designed to draw supplier attention

to their level of Ovis when lambs they process exceed seasonal thresholds. These floating thresholds are designed to identify farms that are likely to have, or have had, an infected dog present. The letters advise suppliers of their prevalence recommending they initiate or review their on-farm control.

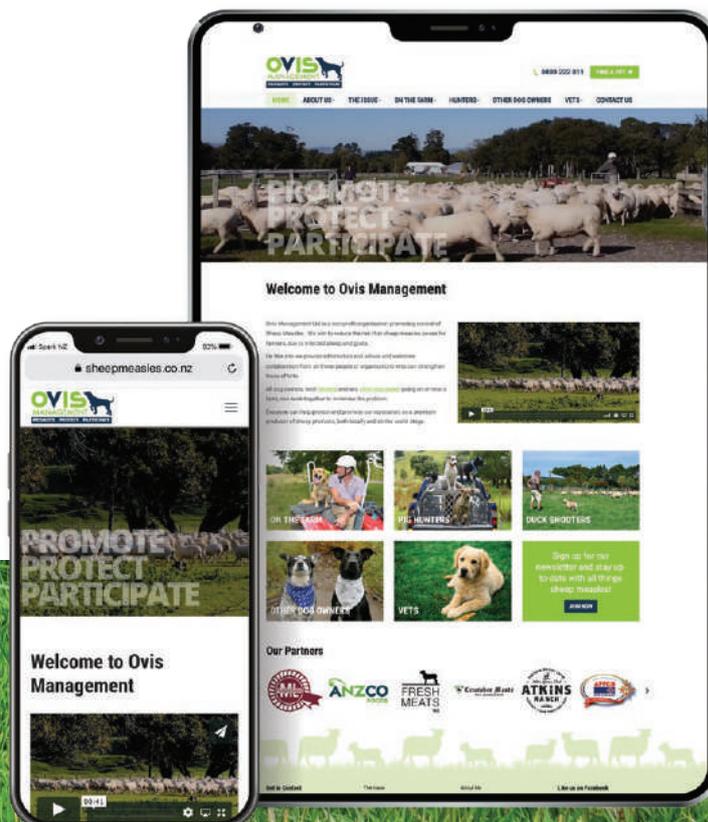
In 2018 OML contacted 933 suppliers in this manner compared to 986 in 2017, 923 in 2016, 998 in 2015 and 1,139 in 2014.

Along with the drop in the number of suppliers exceeding the thresholds the threshold levels themselves continue to decline as seen below. (Fig.1).

North Island farms contributed 66.4% or 620 of the 933 high prevalence suppliers reflecting, as in past years, the higher lamb prevalence on North Island farms. North Island farms killed 48.6% of the lamb kill but had 64.3% of lambs infected. This figure is almost identical to last season.

North Island

Of the twenty-three North Island districts receiving five or more notifications 18 had





reductions in suppliers contacted. The Gisborne district received most notifications with 91 for the past year although down from 104 in 2017. Hastings with 64 notifications is up from 55 the previous year leapfrogging Central Hawkes Bay with 57 notifications up from 51. Wanganui 45 has increased from 42 in 2017.

Areas that have increased from lower overall notifications include Rotorua with 12 up 1, and Taupo 9 up from 6. Also increases in Kaipara 8 and Franklin 5 respectively although from low bases.

Districts with reductions in notifications include Masterton with 29 down from 36, Carterton 9 down from 21 and South Wairarapa 7 down from 14 being positive outcomes.

South Island

South Island farms while contributing 33.5% or 313 of the 933 high prevalence suppliers kill 51.4% of the lambs processed having 35.7% of lambs found infected. Again, these figures are almost identical to last season. Of the 16 South Island districts receiving 5 or more notifications 8 or 50% had reductions in suppliers contacted.

Marlborough had a marked reduction to 41 down from 68 the previous year. However, Hurunui with 40 has increased from 30 last year and 22 the previous year although in that period many lambs left the district due to dry conditions for finishing elsewhere, many to Marlborough.

Other areas with increases were Selwyn with 27 up from 21 last year Timaru 15 up from nine and Waimakariri 15 up from 6.

Aside from Marlborough the other South Island district with a reduction in notifications was Clutha with 23 down from 30 last year.

A chart of mailouts is at the end of the report.

2018- 2019 - Initial High Prevalence mailout

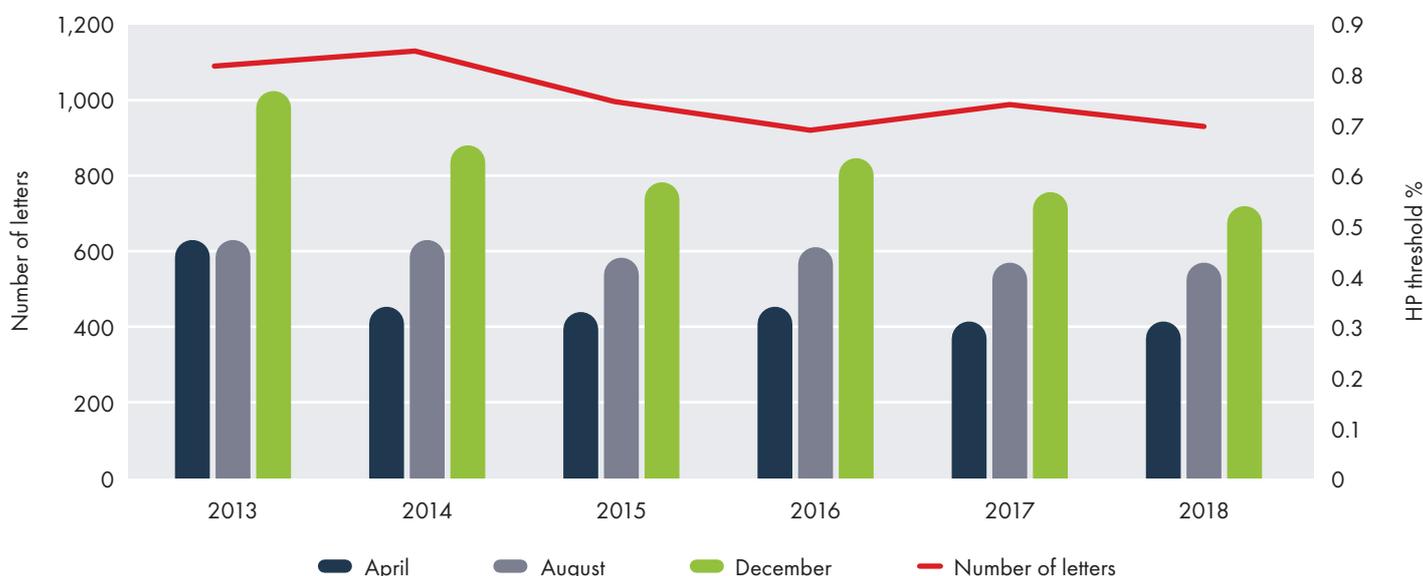
The first of the notifications for 2019 took place in April with 376 suppliers contacted (April 2018; 439). This is the lowest number of suppliers notified in the initial mailout since commencement of High Prevalence letters.

For this mailout the National prevalence December 2018- March 2019 was 0.25%. Note; OML uses a December to November season for High Prevalence mailouts in order to reduce the number of late season lambs processed in October and November being drawn into the next seasons lamb crop.

While this initial mailout does not always fully reflect total seasonal prevalence, it does provide a level of comparison to previous years. For the December 2017 to March 2018 period 8,805,110 lambs were processed, 25,106 of these were detected with Ovis. This year 8,702,769 lambs have been processed in the same period with 19,577 detected with Ovis, meaning that while lamb kill was down by

“North Island farms killed 48.6% of the lamb kill but had 64.3% of lambs infected”

Figure 1. Number of high prevalence letters vs high prevalence threshold





“While lamb kill was down by 1.16% the number of lambs found infected (with Ovis) this season was down by 22%!”

1.16% the number of lambs found infected this season over this period was down by 22%!

In the North Island 262 suppliers have been contacted compared to 306 for the same time last year, while in the South Island 114 suppliers were contacted compared to 133 also for the same time last year.

Features of this mailout include Central Hawkes Bay continuing to increase in notifications with 30 up from 27, in turn up from 18 in 2017 for this period. Tararua has also increased from the past two seasons with 27 notifications up from 22 last year. Gisborne, historically a high notification area, continues to drop with 26 down from 32 last year and 36 in March 2017, Rangitikei with 16 down from 24 last year is the lowest since 2011. Wanganui has also had a noticeable drop with 14 notifications down from 26 last year. High Prevalence Mailout.

In the South Island Marlborough has five notifications for this period compared to eight last year and 14 in 2017. Most other South Island districts are on par with previous years although Central Otago with 11 is up from seven last year while Selwyn has dropped to seven from 11 last year.

The next mailout will take place in late August.

High Prevalence Line Notifications

Direct notification from AsureQuality and company inspectors enables a quick response to suppliers processing specific lines of lambs with large sheep measles prevalence. The process, whereby relevant data on such lines is emailed (or sometimes even faxed) to OML. Then, usually within 48 hours, the supplier is contacted by letter and resources provided. If a supplier has a storm outbreak of Ovis several notifications are received for one supplier from one or more processing plants. The success of this feedback over a number of seasons has been due to the support and assistance of both company and AsureQuality meat inspection staff.

Free Pills

In two locations OML has worked with local identities and made free tablets available to dog owners in the local population to reduce ongoing high levels of prevalence in the local lamb population.

In Fordell OML has worked with Brenda Collins a farmer and Veterinarian to raise awareness of the issue faced by farmers finishing lambs in the vicinity of the village. Brenda has taken it on the task to dose a number of dogs in the village and across the district on a regular basis and commenced with a BBQ and free all wormer tablets sponsored by local farmers and Wanganui Vets.

Data across the Fordell locality for the December – June period 2017- 2018 was 62,986 lambs processed with 804 or 1.3% infected. For the same period 2018-19 it was 58,457 lambs processed for 280 or 0.5% infected.

The other area is Tolaga Bay on the East Coast around which many lambs are finished. In this area free pills were made available from the local garage publicised by a maildrop to residents and radio advertising. The goal here was to act as a circuit breaker getting dogs treated that may otherwise not be dosed as a one off. The 400 pills were taken up in a two-week period. The outcome here was not as clear with data across the Tolaga Bay locality for the December – June period 2017- 2018 being 49,256 lambs processed with 563 or 1.1% infected. For the same period 2018-19 it was 48,851 lambs processed for 403 or 0.9% infected.

Localised Mail Drops

One of the challenges in reducing the impact of Ovis is the large number of eggs deposited by an infected dog and the wide distance over which these eggs can be spread. In a number of cases sheep farmers who appear to be carrying out effective on farm control have high prevalence in lambs at processing. To assist these suppliers OML liaises with the local mail person to carry out localised maildrops that seek to raise awareness in the environs around the farm to reduce the impact of contamination arising from other properties.

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. Fifteen of these drops have been carried out in the past 12 months. The calendar



year end of July 2019 has seen 13 drops have been carried out.

Public Events

While Ovis Management has reduced its presence at field days, and some shows the company takes every suitable opportunity to meet and discuss Ovis prevalence with suppliers. Where possible they show Ovis data relating to their stock held in the national database.

In the past 12 months OML attended Gisborne and Hawkes Bay A & P shows along with Central Districts and Lawrence Field days. In addition to these events OML has had a presence at a limited number of B&L field days around the Manawatu.

One area where exposure to young people involved in the meat industry has occurred is partnering with Lloyd Smith a well known sheep dog trainer. These events provide an opportunity to discuss the issue and engage with a frequently younger rural audience about their role in the control of Sheep Measles.

Farm Visits

Visits to high prevalence properties have been a staple activity over much of the OML programme. The visits are designed to enable a discussion about identifying risk factors to reduce the potential of ongoing infection continuing into the next lamb crop. On farm discussion can often identify risk factors unnoticed in the running of a full-on farming

operation. As Ovis is undiscerning, the farm visits range from high performing operations to those not actively engaged with external agricultural organisations at any level. Visits to these operations, like all others, focus on the Ovis issue but can provide the opportunity for other wide-ranging discussions.

For the 2018 year OML visited 82 farms, down from 120 farms the previous year and a high of 135 the year prior. The number of visits last year declined partly due staffing availability and many of the larger trading farms with high prevalence having been visited previously. This current year has seen an increase with, to date, 79 farms visited.

Financial

OML income in the 2018/2019 year was \$345,562 of which \$329,062 was from processor contributions. Total expenditure was \$331,242 which resulted in OML having excess income over expenditure of \$15,152.

The funding of OML by way of a meat processor contribution of \$0.015 per sheep, lamb and goat processed has been in place for nine years with OML operating within that income stream despite reducing stock numbers impacting on funding.

Veterinary Contact

Supplier surveys identify rural veterinarians and their practices as the prime source of information

“For the 2018 year OML visited 82 farms, down from 120 farms the previous year and a high of 135 the year prior.”



“The provision of resource packs to vet clinics enables OML to provide current material to veterinarians for distribution to clients”

for sheep farmers seeking information on the control of Ovis. Consequently, it is important the veterinarians and their practices have appropriate up to date information on hand. The provision of resource packs to vet clinics enables OML to provide current material to veterinarians for distribution to clients. OML also provides additional resources on request.

A feature of the visits is discussing with clinic staff the issues associated with reliance on three monthly dog treatments. The change of clinic staff which occurs in many cases means that the time spent talking personnel though treatment options during one visit requires repeating at the next visit when new staff are in the role.

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

OML has a goal to visit at least a third of the 159 key clinics each year.

DeerPro Database

OML continues to manage the Johne’s disease database for DeerPro (formerly Johne’s Management Ltd). This database captures information on each individual deer processed and especially the presence of Johne’s like lesions detected during post-mortem inspection by AsureQuality inspectors. The data is brought

into the OML database, assembled and formatted then provided to DeerPro for analysis.

Database Security

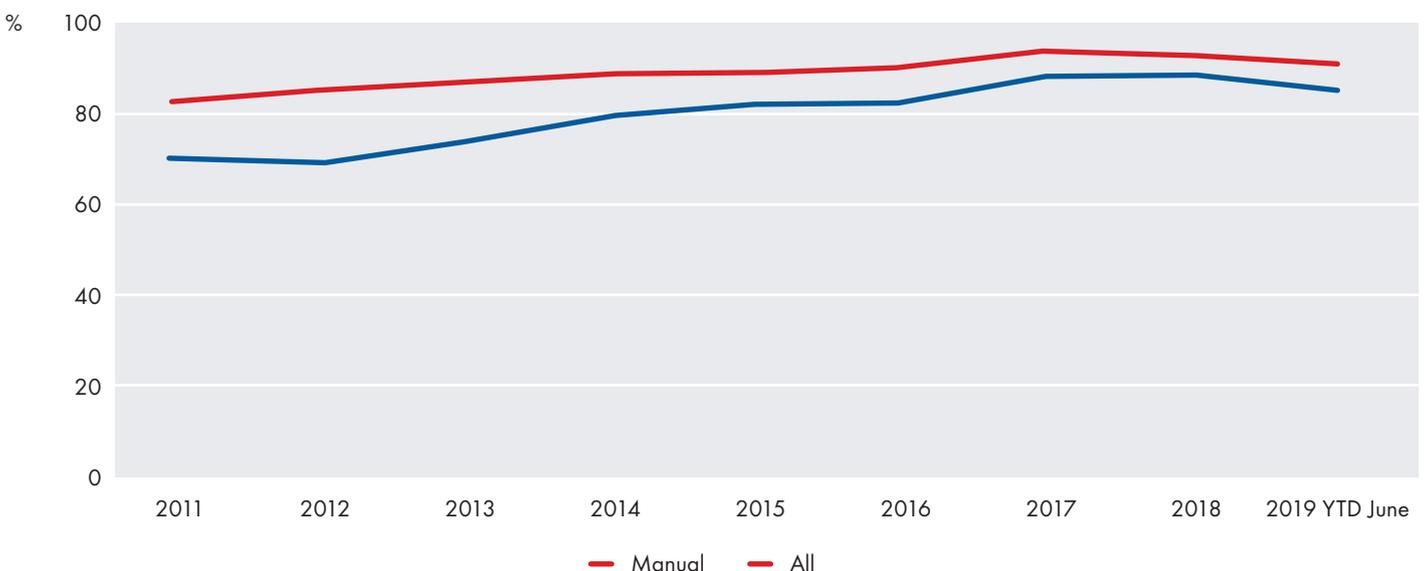
Every other year Ovis Management is audited against protocols to ensure conformance with operational procedures and to handling of data in relation to the principles of the Privacy Act 1993. The next audit will take place in April 2020 with the outcome circulated to meat companies.

Plant Capture of Ovis Information

As in past years the effectiveness of the programme is highly dependent on the capture of Ovis prevalence in 33 processing plants throughout the country by AsureQuality and meat company meat inspectors.

Meat inspection has relatively low sensitivity for detection of Sheep Measles given many cysts are deep seated in muscle tissue. However, at present, it remains the best system for detecting infected carcasses. The recording is either by manual ticketing or by touchscreens. Manual ticketing can cause issues around the tickets surviving on the carcass until the grader records the data. In recent years levels of data capture has increased due to increasing use of touchscreens. However, the level of capture coming from manual ticketing plants is also at a high level. The overall capture rate for last season was 93.48% with data capture for the current 2018/19 season year to June being 91.3%.

Figure 2. Ovis data capture - manual recording and all recording





Ovis Management Database:

The Numbers

For the October 2017- September 2018 season the OML database received line by line data from 33 sites processing 19,827,278 lambs. The lambs came from 14,252 suppliers (2016/17; 14,252 suppliers, 19,250,739 lambs; 2015/16; 15,365 suppliers, 19,968,452 lambs, 2014/15;

15,963 suppliers 20,823,551 lambs).

A total of 9,516 suppliers killed more than 100 lambs (2018: 9,605, 2017: 10,326, 2016; 10,610).

A total of 4,792 suppliers killed more than 1,000 lambs (2018; 4774, 2017; 5,036, 2016; 5,213), 679 suppliers more than 5,000 lambs (2018; 678, 2017; 677, 2016; 702, 2015; 753).

“NZ Lamb prevalence is now lower than that achieved when only carcass Ovis was recorded”

Figure 4. Lamb Prevalence by calendar year

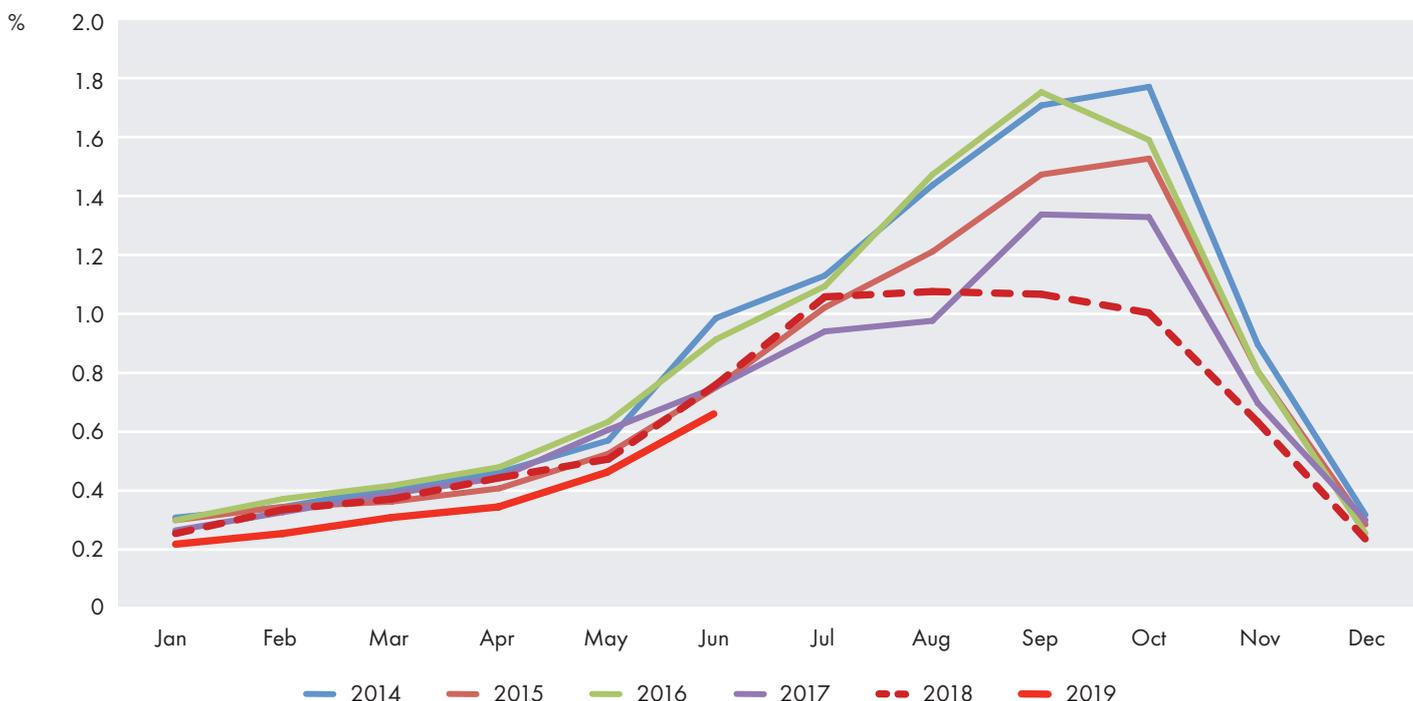
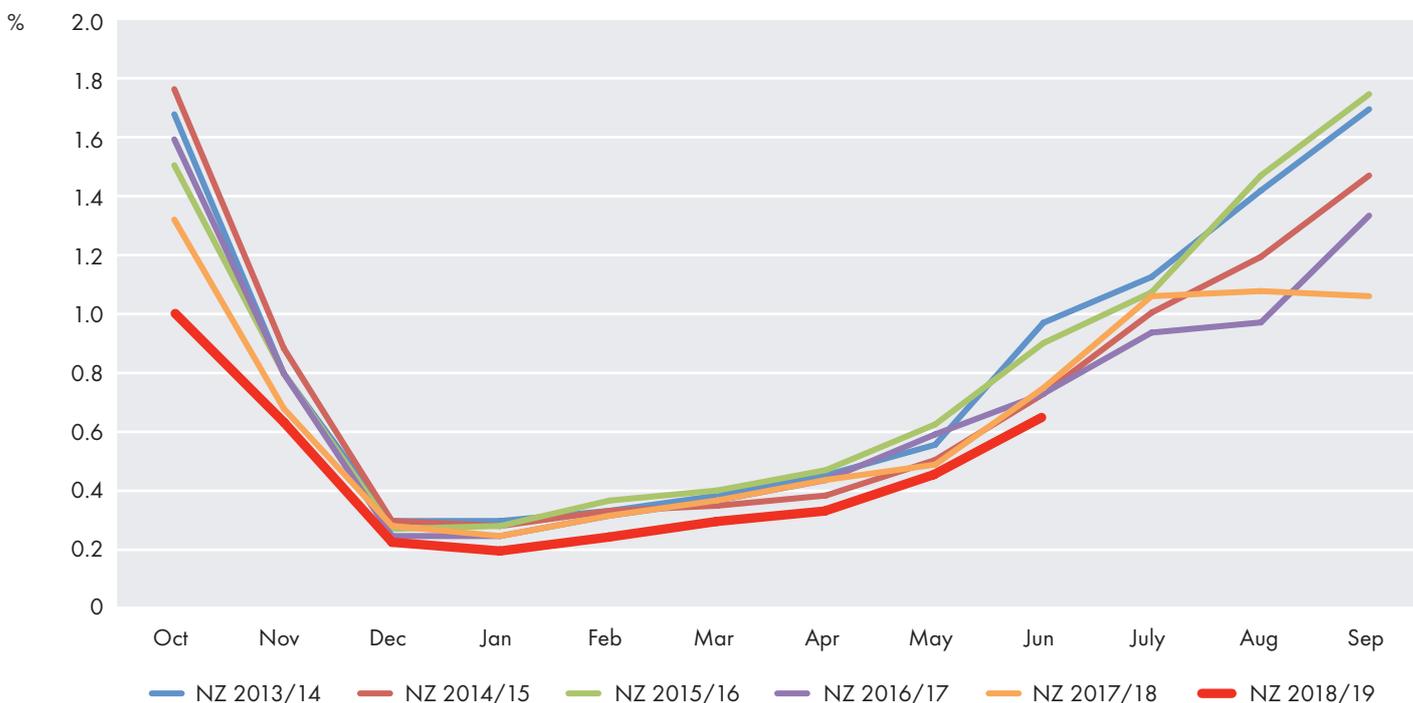


Figure 5. NZ lamb Ovis prevalence





“3,981 suppliers were eligible for high prevalence status”

A total of 6,975 suppliers or 48.9% had one or more lamb detected with sheep measles (2017; 7,267 / 50.9%, 2016; 7,752 / 50.4%, 2015; 7,959 / 49.8%).

3,981 suppliers were eligible for high prevalence status, that is, killing greater than

50 lambs with more than three infected (2017; 4119, 2016; 4,466, 2015; 4,616).

Lamb Ovis Prevalence 2017/18 Season

For the past season prevalence detected in lambs was 0.57%, down from 0.59% the previous season. The significance of the recent

Figure 6. North/South Island lamb prevalence

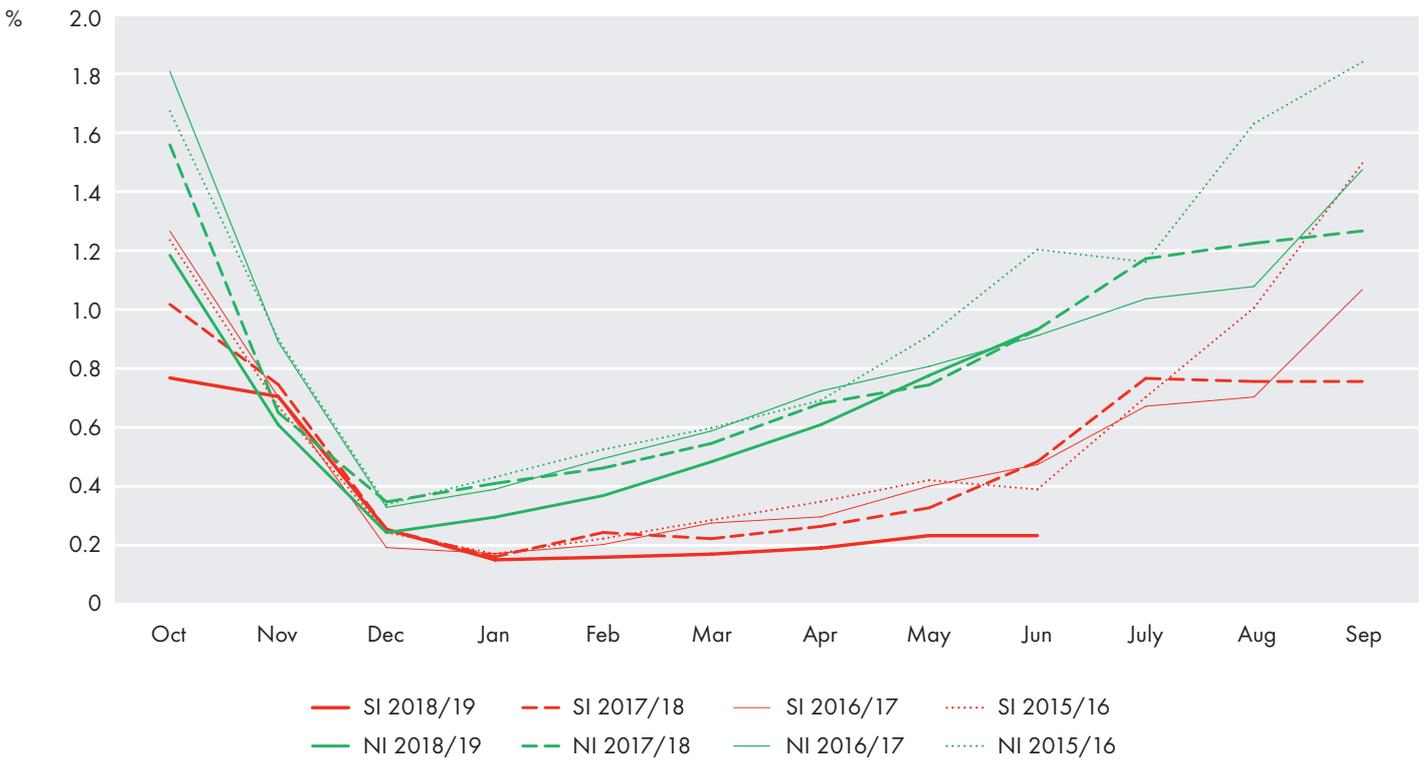
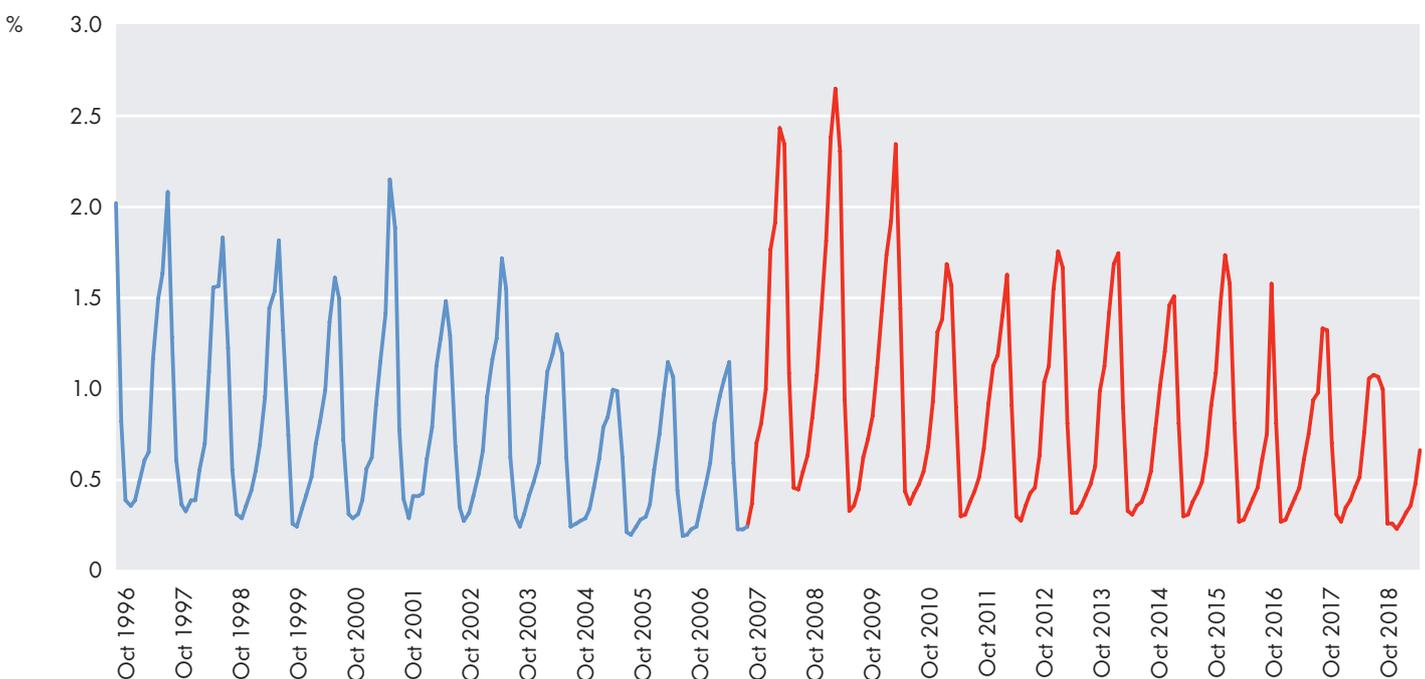


Figure 7. New Zealand lamb prevalence 1997-2019 - March 2008 inclusion of viscera data





low prevalence is that New Zealand Lamb prevalence is now lower than that achieved when only carcass Ovis was recorded. Since 2008 in order to provide better feedback to suppliers, Ovis found in viscera is captured. This accounts for around 70% of Ovis detected.

Lamb Ovis Prevalence 2018/19 Season to Date

For the year to date season October 2018 - June 2019 lamb prevalence was 0.41% compared to 0.50% for the same period last year, this marked reduction is seen primarily in South Island lambs but also early in the season in North Island lambs. Factors for this significant reduction in prevalence may include:

- A reduction in mutton fed to farm dogs. Possibly due to high returns from processing older stock that may have previously been designated dog tucker, hence less chance for

dogs to get infected meat

- More dogs being treated at 4-6-week intervals.
- Environmental factors such as dry weather reducing egg survival on pasture.
 - a. Decline in blowfly numbers.
 - b. Shorter survival of eggs on pasture.

It may be that several factors are contributing to this drop. The important aspect is for suppliers to maintain their controls even when they see little or no Ovis on kill sheets and for the industry the continued application of control.

As noted in previous seasons the North Island overall 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.

“The important aspect is for suppliers to maintain their controls even when they see little or no Ovis on kill sheets”





Figure 8. North Island HP letters sent December 2017-November 2018

TLA	Letters 2018	Letters 2017	Letters 2016	Letters 2015	Letters 2014	Letters 2013	Letters 2012	Letters 2011	Letters 2010	Letters 2009	Letters 2008
Gisborne	91	104	96	78	86	87	84	75	58	88	123
Hastings	63	55	57	59	66	73	45	62	64	74	101
C H Bay	57	51	43	51	63	59	55	56	67	61	97
Wanganui	45	42	26	33	42	52	34	50	26	24	30
Rangitiki	42	53	46	45	48	43	46	23	44	48	59
Manawatu	42	41	42	56	49	45	35	38	40	56	66
Tararua	38	45	48	46	57	62	50	40	54	54	62
Ruapehu	31	37	51	57	39	44	37	40	35	44	50
Masterton	29	36	27	30	22	38	25	39	42	36	31
Wairoa	22	24	29	32	36	33	33	34	31	30	22
Waitomo	21	20	27	26	20	25	33	24	20	27	52
Sth Taranaki	13	14	13	10	18	21	19	16	14	15	15
Rotorua	12	11	9	8	16	6	10	10	6	10	12
New Plym	11	10	18	10	12	11	11	13	14	12	21
Waikato	11	9	14	14	17	13	14	17	7	4	7
Carterton	10	21	10	4	12	12	11	8	14	11	10
Far North	9	6	7	9	7	7	8	10	13	7	10
Taupo	9	6	4	5	6	6	7	9	7	6	7
Stratford	8	9	14	14	24	21	14	15	9	14	18
Otorohanga	8	7	10	12	7	13	9	10	8	9	16
Kaipara	8	5	5	2	3	5	6	4	5	7	13
Sth Wairarapa	7	14	14	7	20	31	21	21	21	27	30
Franklin	5	1	3	6	8	9	6	4	5		7
Mat Piako	4	0	4	1		2	1	9	2	1	4
Opotiki	3	3	1	6	3	3	3	4	1	1	3
Rodney	2	8	2	5	7	8	13	7	2	9	8
Bay Plenty	2	6	4	4		5	3	1	1	6	8
Whangarei	2	4	4		3	2	3	6	3		8
Napier	2	3			1	3	1	0	1	1	1
Waipa	2	1	5	6	7	5	6	5	5	5	10
Whakatane	2	1	6	5	3	3	1	2	0	3	2
Porirua	2	1	2		5	1		1	0		1
Thames Coro	2		1	1	1	4	3	4	3	1	1
Horowhenua	1	4	2		4	4	2	5	2	7	5
Sth Waikato	1	1	4	2	2	4	2	0	1	7	4
Up Hutt		2									
Palm North		1	2	3	4	2		2	3	4	4
Welling		1	0	1	3	1	1	0	1	3	2
Manukau		1			2			1	0		2
Hauraki			1	1	1	1		2	0		3
Kapiti			0	1		2	1	0	1	1	
Auckland			0	1							
Waitakere						1	1	0	0		
Low Hutt						1		1	1		
Papakura						1		0	1		
Hamilton						0	1				
North Island total	617	658	651	651	724	769	654	663	632	713	925


South Island HP letters sent December 2017-November 2018

TLA	Letters 2018	Letters 2017	Letters 2016	Letters 2015	Letters 2014	Letters 2013	Letters 2012	Letters 2011	Letters 2010	Letters 2009	Letters 2008
Marlborough	41	68	40	58	40	31	21	28	43	29	42
Hurunui	40	30	22	37	35	32	32	40	40	56	67
Sthland	27	32	33	30	53	41	33	25	48	59	56
Selwyn	27	21	10	25	38	16	12	35	33	76	60
Clutha	23	30	20	27	40	26	21	27	40	49	80
Waitaki	22	25	14	16	28	26	22	20	15	39	42
Tasman	20	16	16	30	15	16	9	12	16	18	18
C Otago	19	16	27	20	22	23	20	36	22	47	35
Dunedin	17	14	14	11	17	18	14	10	9	23	29
Timaru	15	9	8	11	17	12	12	27	20	27	30
Waimak	15	6	10	10	16	9	11	11	26	32	29
Ashburton	14	21	14	18	37	23	19	24	39	54	53
Waimate	7	9	9	12	18	13	11	13	14	18	25
Kaikoura	6	6	5	6	5	9	1	6	2	1	6
Mckenzie	5	6	4	6	10	7	9	5	7	11	23
Ingill	5	2	8	2	3		2	2	5	12	5
Gore	4	8	5	7	5	10	8	15	23	30	42
Banks Penin	4	2	3	7	5	5	3	13	5	11	10
Qtown	1	1	5	5	5	8	3	4	6	9	8
Nelson	1	1		2				1	1	0	
Chch	1		2	2	4		4	3	3	3	5
Greymouth		3	1	1				0	1	2	5
Chat Isl		2	2	1	2	1		0		3	2
Buller				2				0	1	1	2
West Land				1		2		2	1	0	2
South Island total	931	986	923	998	1139	1097	921	1022	1052	1323	1601



Ovis Management Limited

Annual Report/ Special Purpose Financial Statements
for the year ended 30 June 2019

CONTENTS	PAGE
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



Ovis Management Limited

Directory

For the year ended 30 June 2019

Principal Business:	The main activity of the company is to maintain awareness of and promote control of <i>Cysticercus ovis</i>
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)



Ovis Management Limited

Directors' Report

for the year ended 30 June 2019

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 2019.

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 29th August 2019.

Director

Director

Date

Date



Ovis Management Limited

Statement of Comprehensive Income for the year ended 30 June 2019

	Note	2019 \$	2018 \$
Operating revenue		345,562	383,352
Operating expenditure	1	331,242	317,277
Operating surplus/(deficit) before other income		14,320	66,075
Other Income		565	10,751
Operating surplus/(deficit) before financing income		14,885	76,826
Financial income		267	224
Financial expenses		-	-
Net financing income	2	267	224
Operating surplus/(deficit) before tax		15,152	77,050
Income tax expense/(benefit)	3	-	-
Net surplus/(deficit) for the year		15,152	77,050
Other comprehensive income			
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		15,152	77,050

Statement of Changes in Equity for the year ended 30 June 2019

	2019 \$	2018 \$
Opening Balance	330,821	253,771
Total comprehensive income for the year	15,152	77,050
Closing Balance	345,973	330,821



Balance Sheet

as at 30 June 2019

	Note	2019 \$	2018 \$
Equity			
Issued and paid up capital			
2 ordinary shares of \$1 each		2	2
Uncalled capital		(2)	(2)
Retained earnings		345,973	330,821
Total equity		345,973	330,821
<i>Represented by:</i>			
Current assets			
Cash and cash equivalents	4	311,634	292,640
Trade and other receivables	5	21,363	22,838
Total current assets		332,997	315,478
Current liabilities			
Trade and other payables	6	28,668	22,819
Employee benefits	7	(1,092)	7,764
Total current liabilities		27,576	30,583
Working capital		305,421	284,895
Non current assets			
Property, plant and equipment	8	35,422	45,926
Software	9	5,130	-
Total non current assets		40,552	45,926
Net assets		345,973	330,821



Notes to the Special Purpose Financial Statements for the year ended 30 June 2019

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 2019. The special purpose financial statements were authorised for issue by the directors on the 29th August 2019.

(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 (2018:1.5 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 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

	2019	2018
	\$	\$
Audit remuneration	5,600	5,225
Tax services	1,413	1,400
Contracts/consultants/projects	5,042	4,348
Depreciation	10,504	10,348
Director's fees – Chairman	18,065	16,830
Director's fees	1,000	1,000
Personnel expenses	126,282	136,084
Other operating expenses	163,336	142,042
Total operating expenditure	331,242	317,277

2 Net financing income

	2019	2018
	\$	\$
Interest revenue	267	224
Interest expense	-	-
Net financing income	267	224

3 Taxation

	2019	2018
	\$	\$
Reconciliation of effective tax rate		
Operating surplus/(deficit) before tax	15,152	77,050
Income tax using Company tax rate 28%	4,243	21,574
Non-assessable income/non-deductible expenses at company rate	(2,166)	2,208
Losses provided to/from parent	-	-
Losses bought forward and utilised at Company tax rate	(2,076)	(23,782)
Tax @ Company Tax Rate	-	-
Prior year adjustment	-	-
Tax benefit of losses not recognised	-	-
Income tax expense/(benefit) per income statement	-	-

The Company and its parent has \$541,548 of tax losses to carry forward (2018: \$536,000), 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.



	2019	2018
Imputation credit memorandum account		
Balance at beginning of year	197,493	197,651
Income tax paid/(refund)	(63)	(221)
Prior year adjustment	-	-
RWT on interest received	75	63
Balance at end of year	<u>197,505</u>	<u>197,493</u>
4 Cash and cash equivalents		
	2019	2018
	\$	\$
Bank balances	<u>47,404</u>	<u>17,401</u>
Call deposits	<u>264,230</u>	<u>275,239</u>
Balance as at 30 June	<u>311,634</u>	<u>292,640</u>
5 Trade and other receivables		
	2019	2018
	\$	\$
Trade receivables	20,916	22,774
RWT Receivable	75	62
Other Receivables and Prepayments	<u>372</u>	<u>2</u>
Balance as at 30 June	<u>21,363</u>	<u>22,838</u>
Impairment loss deducted	-	-
6 Trade and other payables		
	2019	2018
	\$	\$
Trade Payables	<u>25,244</u>	<u>18,147</u>
GST Payable	-	1,342
PAYE Payable	<u>3,424</u>	<u>3,330</u>
Balance as at 30 June	<u>28,668</u>	<u>22,819</u>
7 Employee benefits		
	2019	2018
	\$	\$
Liability for Annual Leave	<u>(1,092)</u>	<u>7,764</u>
Balance as at 30 June	<u>(1,092)</u>	<u>7,764</u>

8 Property, plant and equipment

	2019	2018
	\$	\$
Furniture and fittings		
At cost	775	775
Accumulated depreciation	775	775
	-	-
Current year depreciation	-	-
Motor vehicles		
At cost	37,540	37,540
Accumulated depreciation	8,540	657
	29,000	36,883
Current year depreciation	7,883	8,541
Computer hardware		
At cost	16,739	16,739
Accumulated depreciation	15,144	13,364
	1,595	3,375
Current year depreciation	1,780	966
Office equipment		
At cost	69,753	69,753
Accumulated depreciation	64,926	64,085
	4,827	5,668
Current year depreciation	841	841
Total property, plant and equipment		
At cost	124,807	124,807
Accumulated depreciation	89,385	78,881
	35,422	45,926
Current year depreciation	10,504	10,348

There is no impairment loss recognised during the year (2018: nil).

9 Intangible Assets

	2019	2018
	\$	\$
Software		
At cost	6,995	1,300
Accumulated Amortisation	1,865	1,300
	5,130	-
Current year amortisation	1,865	-

There is no impairment loss recognised during the year (2018: nil).

**10 Capital commitments**

There are no capital commitments outstanding as at balance date (2018: nil).

11 Contingent liabilities

There are no contingent liabilities outstanding as at balance date (2018: 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 \$17,025 (2018: \$16,691) to Meat Industry Association of New Zealand (Inc) for administration services provided. As at year end, Ovis Management Limited had \$3,292 (2018: nil) payable to Meat Industry Association (parent company) 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 2019, 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.

During the year ended 30 June 2019, Ovis Management received \$14,438 (2018: \$13,683) from a company related to one board member which was included in operating revenue and has recognised a receivable of \$1,075 (2018: \$1,155) from this company.

Ovis Management Limited tax losses are available for use by its parent, Meat Industry Association. As at 30 June 2019 tax losses available to Meat Industry Association and its subsidiaries are \$541,549 (2018: \$536,000).

(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 (2018: nil).

Independent Auditor's Report

To the shareholder of Ovis Management Limited

Report on the audit of 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 2019 and its financial performance and cash flows 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 2019;
- 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. These matters have 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 purpose 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 shareholder 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 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:

<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

29 August 2019



