

ANNUAL REPORT

2020



**MY LAND
MY LIVELIHOOD
MY RULES**



MY LAND
MY LIVELIHOOD
MY RULES



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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 Monday 7th September 2020 in the Board Room, Level 5, Wellington Chambers, 154 Featherston Street, Wellington, 11.30 am.

Agenda

- (1) To approve the minutes of the 2019 Annual General Meeting.
- (2) To receive and consider the Directors Report, Auditors Report and Accounts for the year ended 30 June 2020.
- (3) The appointment of Auditors for the forthcoming year.
- (4) General business.

Mr D. Lynch
Secretary
PALMERSTON NORTH

7th August 2020





DIRECTORY

CHAIRMAN	R T Barton Woodside, RD 1 Greytown
DIRECTORS	D J Goodall 5 Ferguson Avenue Westshore Napier S B Karapeeva 108 Buckley Road Southgate Wellington 6023 A Morrison RD 5 Gore
ASSOCIATE DIRECTOR	Alice Allsop 23 Lockwood Road RD5, Palmerston North 4475
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 31/03/2020.

Director	Interest
Roger Barton	<p>Chairman of:</p> <ul style="list-style-type: none"> • Ovis Management Ltd <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

*T Ritchie resigned 31 June 2020, replaced by Sirma Karapeeva.

**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
- 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 2020

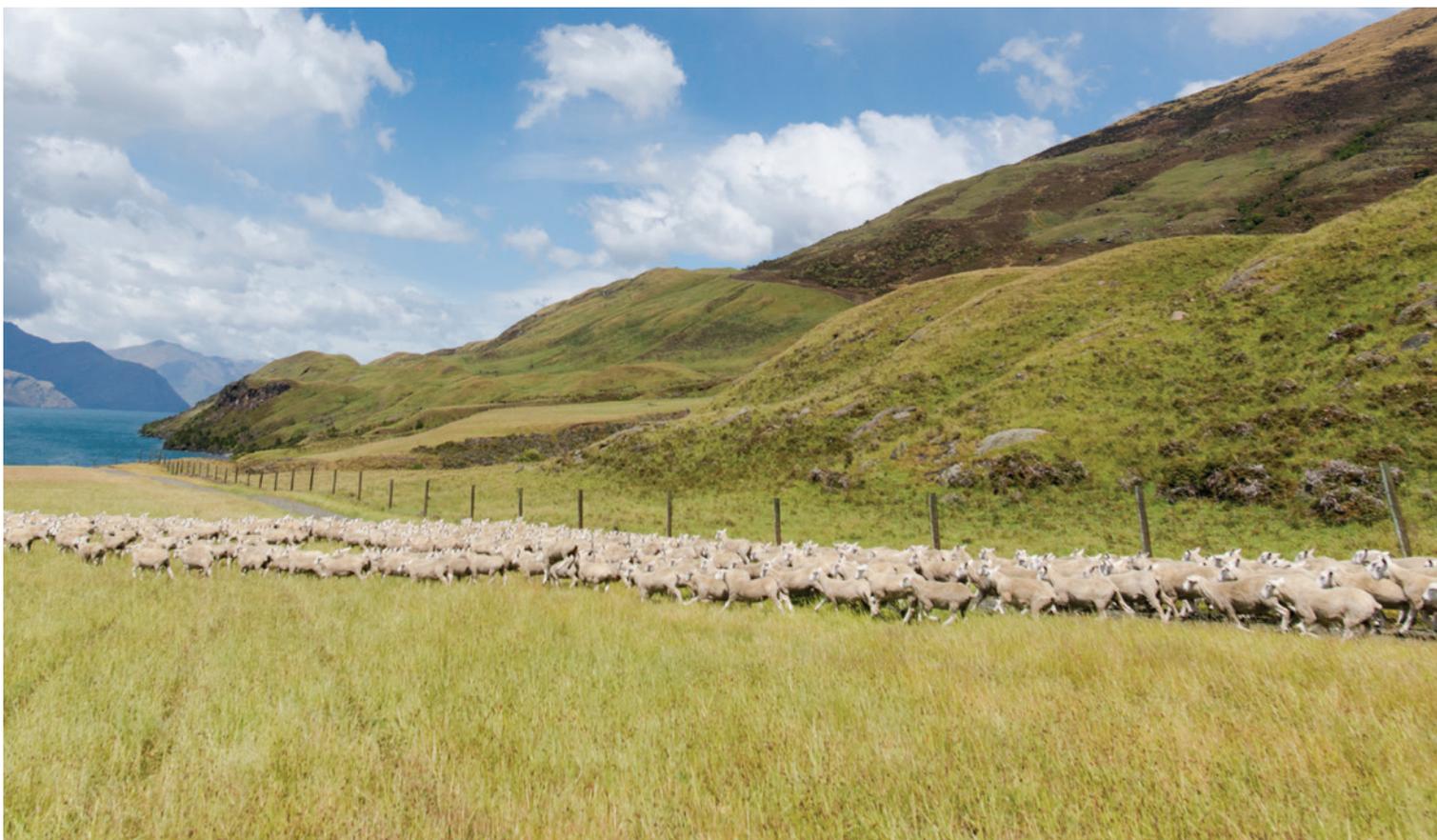
On behalf of the board and management I am pleased to present my chairman's report for the 2019/2020 financial year.

Like so many businesses, this year will be remembered because of the Covid19 pandemic which has cursed the modern world. In the early phase it was difficult to determine what the affects would be and certainly how long these would last. From an income point of view the revenue was always going to arrive, it was just the time lag that we needed to manage. The more difficult mission lay with Dan our project manager as to how best to manage the time interference and keep a level of liaison, where appropriate, with our stakeholders. Whether this be meat plant personnel requiring feedback around enhanced systems management or farmer suppliers who had on farm Ovis issues that needed some one on one consultation and guidance. Part of the lockdown workload was tidying up the email addresses of the 9000 plus suppliers we can access via this medium. More suppliers can be emailed now than ever before. The cost is minimal and the action immediate. In

particular suppliers can have their stats emailed so as to keep a closer track on their progress at attaining sheep measles free status. Thankfully the interruption of Covid19 was not too long and the back log of work was attended to in a timely manner.

From the wider meat industry's point of view the bigger issue facing the sheep meat industry was the drought which hit much of the North island and also some of the South. Capital stock numbers over the drought, but particularly in the wider Hawkes Bay area, have been adversely affected. In the initial phase this creates additional income for the country and OML but in the long term we see an erosion of our stock base. Coupled with this is the negative affect on expected lambing percentages and also the number of ewe hoggets mated this autumn has plummeted which will mean a further erosion of lamb numbers to be processed in the coming season. Beef and Lamb NZ, our main source of information for these important pieces of data, will be working hard on firming up these changes on their earlier estimates. Whatever

"From the wider meat industry's point of view the bigger issue facing the sheep meat industry was the drought which hit much of the North island and also some of the South"





“Whilst those who have increased Ovis incidence will end up higher on our radar unfortunately by this stage it is too late and the damage is done.”

the final figures are we will expect the income of OML to be somewhat negatively affected in the 20/21 season compared with historic figures.

The drought period also brings other issues with it. Closer grazing by sheep means that there is a higher chance of sheep ingesting Ovis infected pasture. Indications are that there are some areas where the infection rate has risen against the previous trend. Drought also encourages a higher level of stock trading which also increases Ovis issues and indeed its spread around the regions associated with trading activity. Whilst those who have increased Ovis incidence will end up higher on our radar unfortunately by this stage it is too late and the damage is done. Remedial action happens after the event. We would prefer that farmers and dog owners in general take preventative measures prior to a potential outbreak. Safe feeding and sound dog management practices are the back stop to stopping these issues. In particular, maintaining monthly dosing is the one action that gives us gold star protection status. Some continue to ignore this at their peril.

On the people front we must acknowledge the retirement of Tim Ritchie from the OML board and his position as CEO of the Meat Industry Association. Tim has made a major contribution to NZ Inc over his career. As chair of OML I have always appreciated Tim’s ability to make us focus on our parent body’s needs...the effective and efficient use of industry funds. We wish Tim and Deb a happy retirement.

We welcome Sirma Karapeeva, the new MIA CEO to the board as Tim’s replacement. Sirma has a long history in the wider meat industry and will hit the ground running at an important time for NZ as we move through the vagaries of trading in a Covid19 world.

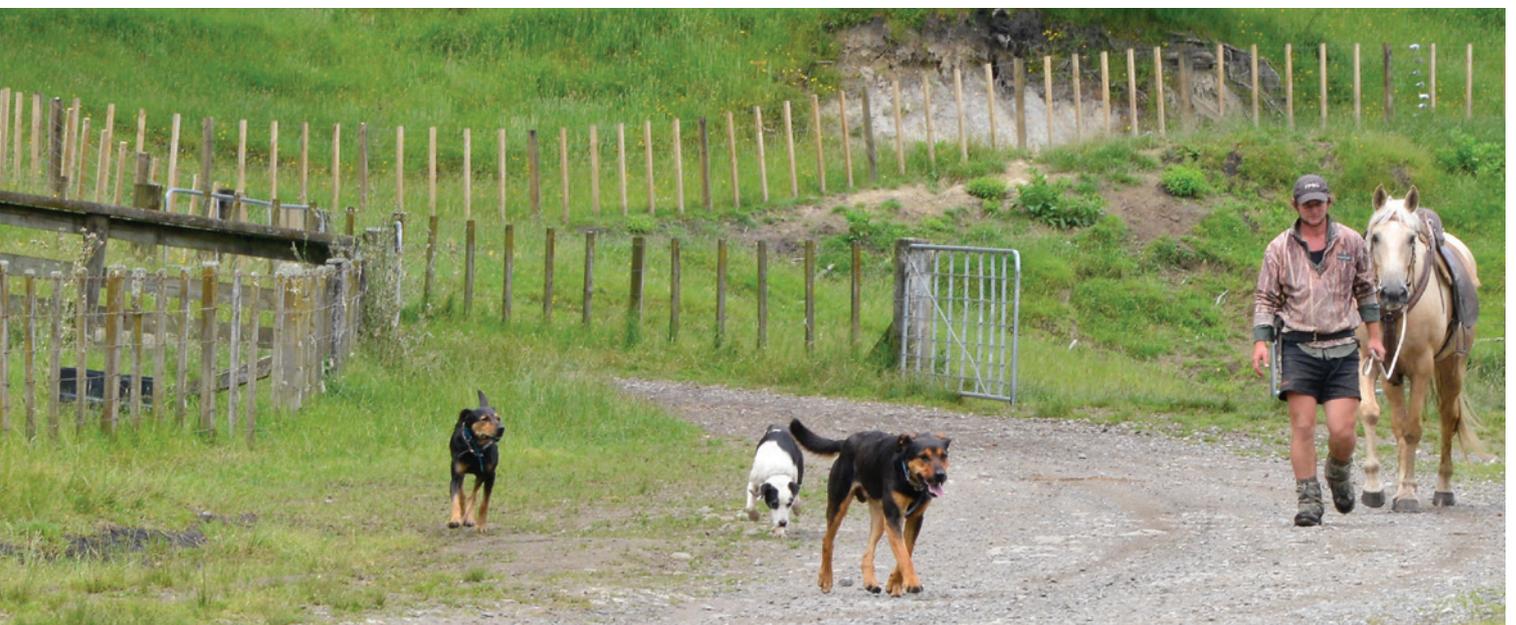
The programme remains indebted to Dan Lynch our programme manager. Dan’s industry knowledge is legend in a narrow field where research at a local or international level is close to nil. The only resource we have to work with is the information that we generate via company provided data well managed. Dan is supported by our contractor Murray Kerr. Murray has been less available this year as his work in the M Bovis arena has been important to NZ’s biosecurity. Bruce Simpson continues with background technical work and sleuthing the internet for information that may add value to the programme whilst Michael Pran manages the company’s finances amongst the raft of other meat industry ancillary companies in his stable.

To my fellow directors, Jim Goodall, Andrew Morrison and our associate director Alice Allsop my thanks for your contribution and support over the year.

Roger Barton

Chairman

Ovis Management Limited





PROJECT MANAGER'S REPORT

Ongoing application of on-farm control across the sheep industry has resulted in the continued reduction in sheep measles (*Ovis*) prevalence. For the past year the prevalence of sheep measles detected in lambs reduced to a record low of 0.48%.

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

The history of the past 28 years however has shown that given the right environment, access to resources and material, sheep farmers have been able to exert sufficient downward pressure on the parasite to minimise the risk its existence provides to the meat industry in a world of ever increasing consumer choice. It should be noted that over this time external factors have also contributed to this reduction in sheep measles prevalence. These include a significant reduction in the number of sheep farms due to dairy conversions reducing the opportunity for cross farm contamination of farms from infected dogs. Also, increases in the price of adult sheep have over time resulted in reduced home killing and greater use of prepared dog foods. This reduces the opportunity for dogs to be fed infected meat.

A feature of the programme is that despite its voluntary nature approximately 98% of lambs processed are monitored by the programme.

While maintaining a low prevalence of sheep measles is important for the meat industry it is also of consequence in reducing the number of sheep farms encountering an "Ovis Storm" in their lamb flock. These storms occur when a dog harbouring the Sheep Measles tapeworm

contaminates pasture grazed by naïve lambs. These lambs develop heavy infections, many of which are condemned at processing. While not now common, the small number of outbreaks occurring each season can be costly for the farmer. A recent case has seen 436 lambs processed with 245 infected.

OML has used social media channels, in particular Facebook, to establish contact with farmers and associated groups. Aside from sheep farmers and those employed in the rural sector a focus has also been on various hunting groups and organisations.

As prevalence reduces on farms, the risk posed by external dogs whose treatment status is unknown increases, therefore, OML has also

"A recent case has seen 436 lambs processed with 245 infected"





“The continued reduction of prevalence reflects the efforts carried out on a daily basis on farms across the country”

worked with Fish & Game, the Conservation Department and the Walking Access Commission to have links to the OML website from their own websites to raise understanding of dog owners responsibilities when entering rural areas.

Trading of lambs is a long established, widely conducted, and important part of the New Zealand farming system. However, unlike other traded livestock lamb (and sheep) traceability is based on lines purchased via ASD forms, not individual animals. This traceability dissipates when purchased stock are merged with other animals. From the perspective of further reducing Sheep Measles prevalence this limit on traceability is a major roadblock.

OML surveys show that suppliers who finish traded lambs have nearly twice the Sheep Measles prevalence compared to those who breed and process their own lambs despite applying similar levels of on-farm control. This indicates the trader/finishers are purchasing lambs from properties that have infection present. The breeder/trading farmer may not be aware an issue exists as kill sheet information and OML feedback is targeted at the finisher. As prevalence decreases the ability to either

1. identify breeder/trading farms or,
2. have confidence appropriate and effective controls are in place on breeding/trader properties

are increasing in importance in reducing prevalence levels.

The continued reduction of prevalence reflects the efforts carried out on a daily basis on farms across the country from regular treatment of on-farm dogs to tightening access policies around external dogs. These activities reduce the ability of sheep measles to be introduced or spread on farms. It should not be overlooked that the efforts by those off farm, who by dog treatments and, or compliance with farmer access rules also reduce risks to stock.

Ongoing downward pressure remains key to keeping prevalence levels low and the current seasons increase, while not large, reflects the fragility of maintaining a low prevalence when confronting a parasite with a large biotic potential. That said, the industry is initiating steps

to further increase control levels on farm by the introduction of four weekly dog treatments into the New Zealand Farm Assurance programme as a requirement. In addition, the potential to add wording to ASD forms around dog treatment regarding sheep measles and the introduction of “whole of life” farm assurance will drive prevalence and reduce market risk even lower.

Programme Activity

High Prevalence mailouts

2018-19 High Prevalence mailouts

A total of 842 lamb suppliers were contacted by these mailouts driven by Ovis prevalence detected in lambs in the 2018-19 year. In the previous 2017-018 year 933 suppliers were contacted and in 2016-17, 986 suppliers.

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

For Ovis Management sending out the letters to suppliers with prevalence above floating seasonal thresholds is an important facet of maintaining supplier awareness and drawing attention to their Sheep Measles status.

The recommendations to suppliers have not changed. They are encouraged to review their on-farm control programmes and ensure all resident dogs are on monthly treatments in the first instance. They are also encouraged to reduce access to external dogs where possible or require evidence of treatment.

Summary

The North Island has had, over a five-year period, a 22% drop in notifications. These reductions are despite the 2015-2019 average notifications in the Gisborne region, the region generating most High Prevalence letters, rising to 91 letters up from 78 for 2010-2014. Ruapehu 44 letters up from 39, Rangitikei 44/41 and Manawatu 43/41 also had small increases whereas Central Hawkes Bay 15 notifications down from 60, Hastings 61/62, Tararua 45/63, Wairoa 26/33, Whanganui



34/41 remained similar or had drops in notifications. Two other North Island areas with marked drops were South Wairarapa 11/23 and Stratford 11/17.

The South Island has had an even greater drop in these notifications over the five-year period with a 29.9% drop. Southland, the largest lamb producing area, has gone from an average of 40 letters in 2010-2014 to 30 in 2015-19. Hurunui has reduced from an average of 36 HP letters to 33 in the same period while Clutha 24/31, Selwyn 21/27, Central Otago 20/25, Timaru 10/18 have also had reductions. Larger drops in notifications have been seen also in Ashburton 14/28 and Gore 5/12.

Only two South Island districts had increases, Marlborough averaging 48 notifications for the 2015-2019 period compared with 33 for 2010-2014. Tasman also had an increase with 18 notifications against 14 for the early period.

A breakdown of notifications to farms with each district for the 2018-2019 year is at the end of this report.

First High Prevalence Supplier Mailout for 2019/20 Season

The initial 2020 High Prevalence mailout for the time frame December 2019- March 2020 was sent to 389 suppliers slightly up from the 376 for the same period last year but down from

439 in 2018 and 441 in 2017. It is, apart from last year, the lowest number of letters in an initial mailout.

In the North Island a total of 272 notifications were sent compared to 262 in 2019 and 306 in 2018.

Gisborne had 30 notifications compared to 20 for the same time last year, Rangitikei had 25 compared to 16. Minor increases were seen in notifications to Wairoa 14/10, Manawatu 13/10, while slightly larger increases were noted in South Taranaki 13/4, South Wairarapa 7/3 and Stratford 7/2.

Reductions have occurred in Central Hawkes Bay with 27 notifications down from 30 last year, Tararua 21/27 and Hastings 14/25 and Otorohanga 4/9.

In the South Island 117 notifications were sent, only 3 more than the 114 of last year and markedly down from 133 in 2018 and 149 in 2017.

Clutha suppliers received 19 letters compared to 15 for the same period last season, Waimate had 10 letters compared to 6 and Gore had 6 notifications up from 2 last season. Hurunui 15/18 and Central Otago 5/11 had drops in notifications while other regions had notifications around the same level as last year.

“The South Island has had an even greater drop in these notifications over the five-year period with a 29.9% drop.”

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





“These notifications are provided by plant inspectors to OML and are a useful tool in alerting farmers to lines with significant levels of Sheep Measles”

Tasman with 2 notifications and Marlborough with 7 have remained at low numbers at this point.

The next mailout will take place in late August covering the April- July period.

High Prevalence Line Notifications

These notifications are provided by plant inspectors to OML and are a useful tool in alerting farmers to lines with significant levels of Sheep Measles.

On receipt of such information a copy of the note and a cover letter is sent to the farm involved or increasingly an email letter with the notification and link to the website. Twenty of these have been sent in the past months.

Targeted Locations

Tolaga Bay

For the past two years OML has made free praziquantel tablets available in the Tolaga Bay locality. This is because farms finishing lambs around the town have continually had high levels of Ovis in their lambs processed. As for last year pills were distributed from the local garage after being publicised by a maildrop to residents supported by advertising on the local radio station. The goal was to get dogs, registered or otherwise, treated for ovis that may otherwise not be. The 400 tablets provided

were taken up in a two-week period. While it is difficult to assess the impact of providing the tablets, the drop in prevalence in farms around the town is noticeable as seen in the accompanying graph.

Whanganui

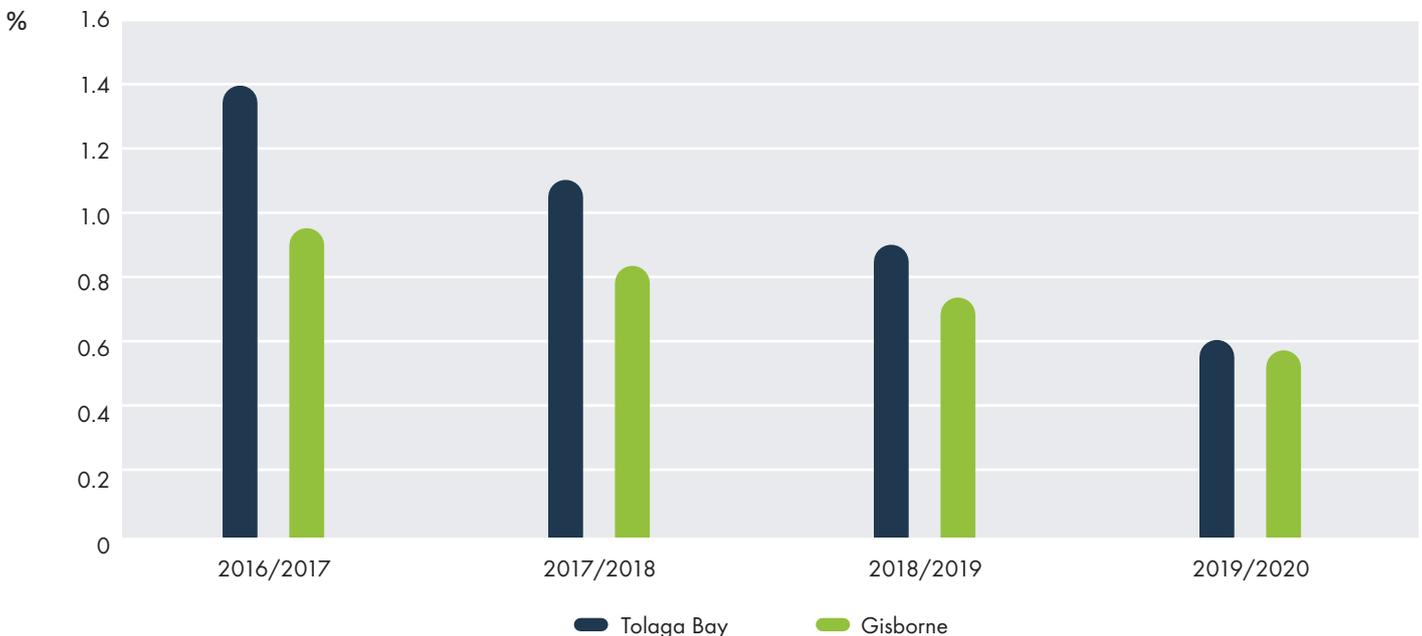
In Fordell and the surrounding area local farmer and Veterinarian Brenda Collins has worked with suppliers raising awareness and going onto a number of farms to treat dogs on a monthly basis. Prevalence across the Fordell locality for the December – June period 2017- 2018 was 1.3% infected lambs. For the same period 2018-19 it was 0.5% This past period with one of the farms having 152 lambs infected the prevalence has gone back to 0.9%.

In both cases the activity around Sheep Measles has increased awareness and knowledge of the problem which lifts understanding in non-farming communities that are impacting on stock presented for processing.

Localised Mail Drops

These are localised mail drops designed to raise awareness in an area of high levels of Sheep Measles. They are delivered to rural mailboxes or in some cases to post office boxes in small settlements. The drops in the past year have ranged in size from 15 in a specific

Figure 2. Tolaga Bay-Gisborne Lamb Prevalence





location or up to 150 letters in a built-up rural area. Drops have taken place in the past year around, Fielders Track, Halcombe, Kimbolton, Maraekakaho 2, Wairoa 2, Pahiatua 2, Table Flat in the North Island.

Drops in the South Island have included Cheviot, Fortification 2, Riversdale, Waimate 2 and Waipara 2.

Awareness via Council drops

OML’s approach of looking to exploit opportunities to put sheep measles in front of general dog owners in areas of greater prevalence has seen awareness information distributed with council dog registration notifications in Hurunui, Rangitikei and Gisborne. This builds on a similar exercise last year in Marlborough, Central Hawkes Bay and Whanganui.

Public Events

OML attends a number of public events to meet and discuss ovis prevalence with suppliers and where possible show them statistics relating to their stock held in the national database. The events also allow discussion with other visitors such as dog owners, rural agricultural contractors, small block holders, hunters and vets.

In the past 12 months OML has attended A&P events at Gisborne and Hawkes Bay also farming days at Waimumu and the Wairoa prior to Covid-19 resulting in a number of planned public events being cancelled.

OML’s goal at public events is to engage with sheep farmers and discuss their prevalence and on-farm control programmes. This engagement is important in bringing home to individual suppliers the need for on-farm control.

OML has also attend training days with dog trainer Lloyd Smith. These can attract ninety plus attendees many of which are young people starting out on their employment journey on farms and stations.

Farm Visits

Despite restrictions on travel due to Covid, 86 farms have been visited this current year to date.

Visits to sheep farms with significant levels of infection over the year provide an opportunity to

discuss on-farm control and prevention options with farmers and staff. The visits frequently lead to identification of risk areas not previously considered including issues such as tenants in rented cottages having dogs, visiting contractors and non-quarantining of new dogs. Informal meetings that take place around kitchen tables or in farm workshops discussing factors contributing to prevalence levels provides benefits to both the farmer and their processors.

For the 2018-19-year OML visited 113 farms up from 82 farms the previous year. In the North Island farms have been visited in Carterton, Gisborne, Gore, Central Hawkes Bay, Hastings, Masterton, Manawatu, Otorohanga, Rotorua, Rangitikei, Ruapehu, Stratford, Tararua, Taranaki, Whanganui, Waitomo and Wairoa.

In the South Island farms in Ashburton, Clutha, Central Otago, Hurunui, Marlborough, Selwyn, Southland, Tasman and Waitaki have had visits.

Electronic Media

Following on from a 2018 OML strategy review OML has directed messaging activity towards

“For the 2018-19-year OML visited 113 farms up from 82 farms the previous year”

The screenshot shows the Ovis Management website interface. At the top, there is a logo with the text 'OVIS MANAGEMENT' and 'PROMOTE PROTECT PARTICIPATE'. A phone number '0800 222 011' and a 'FIND A VET' button are visible. A navigation menu includes 'HOME', 'ABOUT US', 'THE ISSUE', 'ON THE FARM', 'HUNTERS', 'OTHER DOG OWNERS', 'VETS', and 'CONTACT US'. The main content area features a large banner with the text 'PROMOTE PROTECT PARTICIPATE' over a background image of sheep. Below this is a 'Welcome to Ovis Management' section with introductory text and a video player showing a sheep farm scene. The bottom of the page has several content tiles: 'ON THE FARM' (a man with a dog), 'PIG HUNTERS' (a dog on a truck), 'DUCK HUNTERS' (a man with a dog), 'OTHER DOG OWNERS' (two dogs), and 'VETS' (a dog). A green 'JOIN NOW' button is also present.



“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 ten years with OML operating within that income stream”

online sites and Facebook pages where groups and individuals who have the ability to impact on Sheep Measles levels can be found. OML is working with digital marketing agency, Quest Marketing, in expanding activity towards these niche groups which includes pig hunting clubs, deer stalking clubs, contractors and others.

This has led to a greater interaction with these organisations and development of an ever-expanding range of resources and education material many of which are downloadable from the OML website.

OML is increasing direct feedback to suppliers where emails are available. Information provided includes data around high prevalence line notifications and high prevalence mailout material to provide suppliers with data allowing them to view their status both nationally and locally.

Financial

OML income in the 2019/20 year was \$356,615 of which \$340,115.26 was from processor contributions. Total expenditure was \$331,159 which resulted in OML having excess income over expenditure of \$25,456.

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 ten years with OML operating within that income stream.

Veterinary Contact

Surveys identify rural veterinarians and their practices as the main source of information for sheep farmers seeking guidance on the control of Sheep Measles. Consequently, OML seeks to ensure these veterinarians and their staff have appropriate and up to date information at hand.

The provision of resource packs containing resources to clinics enables OML to provide material to veterinarians for distribution to clients. OML seeks to visit a third of the 159 identified key clinics each year plus provide additional resources on request.

In addition to this, around the time of high prevalence supplier mailouts, emails are sent to clinics and veterinarians providing up to

date information on their local prevalence and availability of resources.

The web site also provides links to clinics selling wormer tablets enabling dog owners to see where they can be obtained. The coming year will see a push towards inclusion of more urban clinics and identification online of those clinics prepared to provide bulk purchase deals to groups such as pig hunting clubs.

A feature of the visits is discussing with clinic staff who provide advice to farmers the issues associated with reliance on three monthly dog treatments. The change of clinic staff frequently occurs means that the time spent talking personnel through treatment options requires repeating at the next visit when new staff are in the role.

OML also participates in information days in conjunction with practices or provides additional resources for such events.

DeerPro Database

OML continues to manage the deer industry Johnes disease database for DeerPro Ltd. This unique database operates as a module on the sheep measles database capturing information on each individual deer processed, in particular, the presence of Johnes-like lesions detected during post-mortem inspection byASUREQuality inspectors. The data is assembled by OML and once formatted, 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 audit due to take place in April was delayed due to Covid and will now take place in mid - September 2020 with the outcome circulated to processors.

Plant Recording of Sheep Measles Data

Having high levels of data recording in processing plants improves the accuracy of the information being provided to suppliers. OML tracks line by line supplier information pertaining to sheep measles from 33 processing sites. The majority of the lambs processed are at sites with



touchscreens where data is captured direct from inspectors. This ensures, unless a software glitch occurs, high rates of information capture.

Inspectors at plants using manual recording use paper tickets to indicate to graders the presence of sheep measles in a carcass. By nature this system results in lower data recording levels. For the past season 83.5% of manual tickets used were recorded. When touchscreen data is added 90% of sheep measles detected is captured into the national database.

**Ovis Management Database:
The Numbers**

For the October 2018 - September 2019 season the OML database received line by line data from 33 sites processing 18,743,907 lambs. The lambs came from 13,695 suppliers (2017/18; 14,244 suppliers, 19,830,352 lambs, 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 9,025 suppliers killed more than 100 lambs (2019: 9,516, 2018: 9,605, 2017: 10,326, 2016; 10,610).

A total of 4,575 suppliers killed more than 1,000 lambs (2019: 4,792, 2018; 4,774, 2017; 5,036, 2016; 5,213),

707 suppliers processed more than 5,000 lambs (2019: 679, 2018; 678, 2017; 677, 2016; 702, 2015; 753).

A total of 6,416 suppliers or 46.8% had one or more lamb detected with sheep measles (2018: 6,975 / 48.9%, 2017; 7,267 / 50.9%, 2016; 7,752 / 50.4%, 2015; 7,959 / 49.8%).

3,510 suppliers were eligible for high prevalence status, that is, killing greater than 50 lambs with more than three infected (2018; 3,981, 2017; 4,119, 2016; 4,466, 2015; 4,616).

Lamb Ovis Prevalence 2018/19 Season

The past year saw a significant drop in levels of sheep measles detected in lambs with the national prevalence of 0.48%. This has reduced from 0.57% the previous 2017/18 year and 0.59% the season prior.

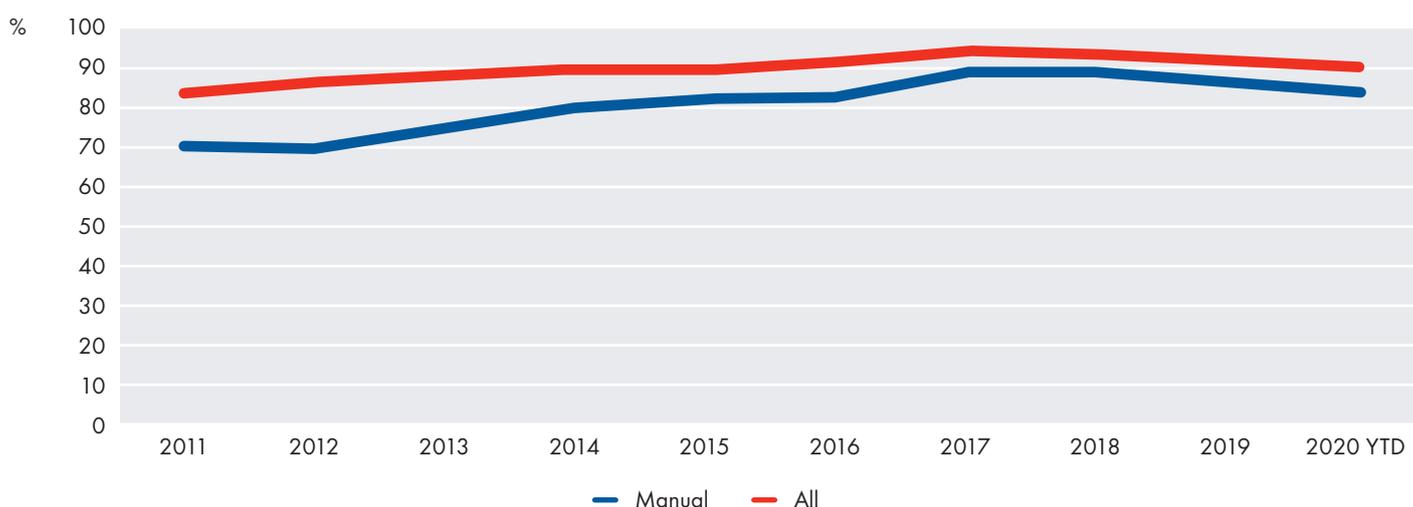
The size of the reduction is notable when comparing prevalence to that of the late 90's and early 2000's at which time only Sheep Measles found in the carcass was recorded. Now however, sheep measles detected both in the carcass and the viscera (where approximately 70% of sheep measles is found) is recorded. In the past four years the combined carcass and viscera data is less than that of the previous carcass only period.

What events may have contributed to this reduction?

- High returns from older stock resulting in less mutton being available to farm dogs.
- Continued increase in dogs being treated at 4-week intervals.
- Environmental factors such as

“The past year saw a significant drop in levels of sheep measles detected in lambs with the national prevalence of 0.48%”

Figure 3. Ovis data capture rates





“any low prevalence... should be a cause for maintaining or increasing control”

- a. Dry weather reducing egg survival on pasture.
- b. Decline in blowfly numbers.

While the reduction is welcomed the reality is that the biotic potential of the parasite is so great any low prevalence, while welcome, should be a cause for maintaining or increasing control rather than backing off especially on farms

Lamb Ovis Prevalence 2019/20 Season to Date

1. For the year to date October 2019 - July 2020 lamb prevalence was 0.44% compared to 0.43% for the same period last year.

The present season October 2019 - July 2020 has seen the national prevalence largely

Figure 4. Lamb Prevalence by calendar year

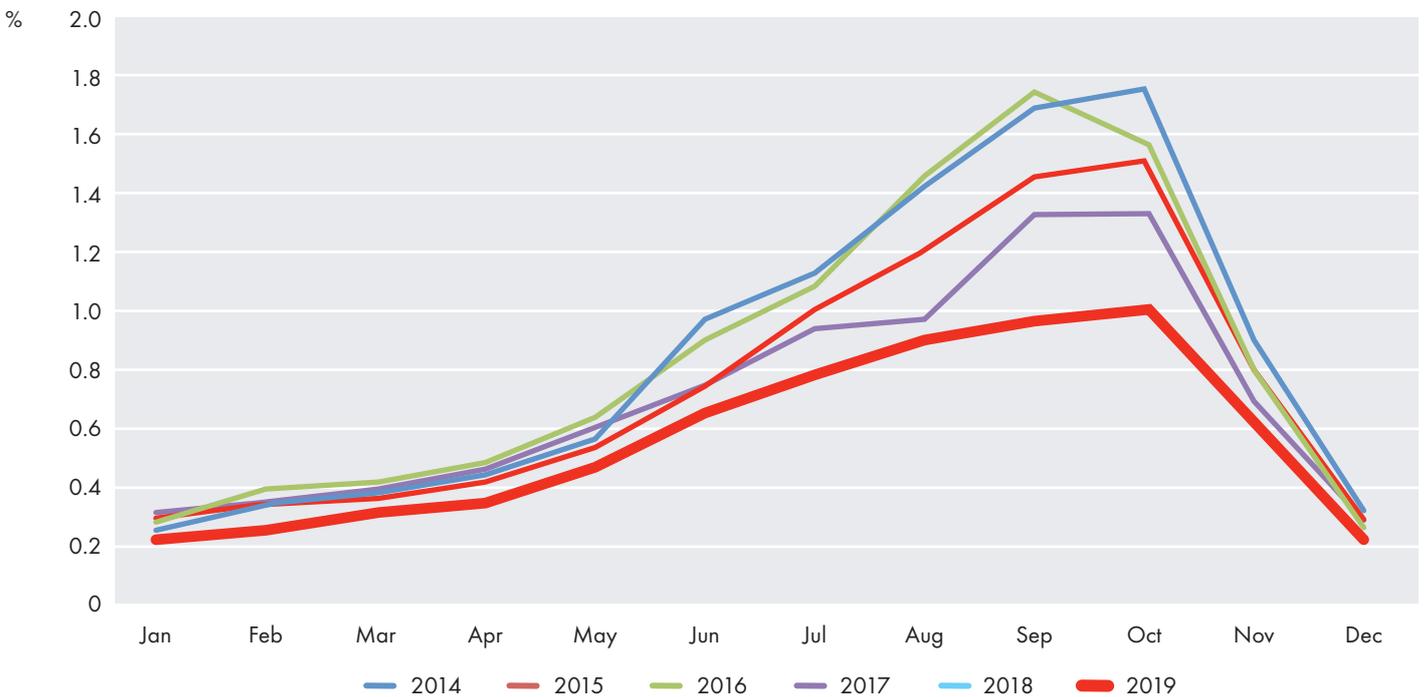
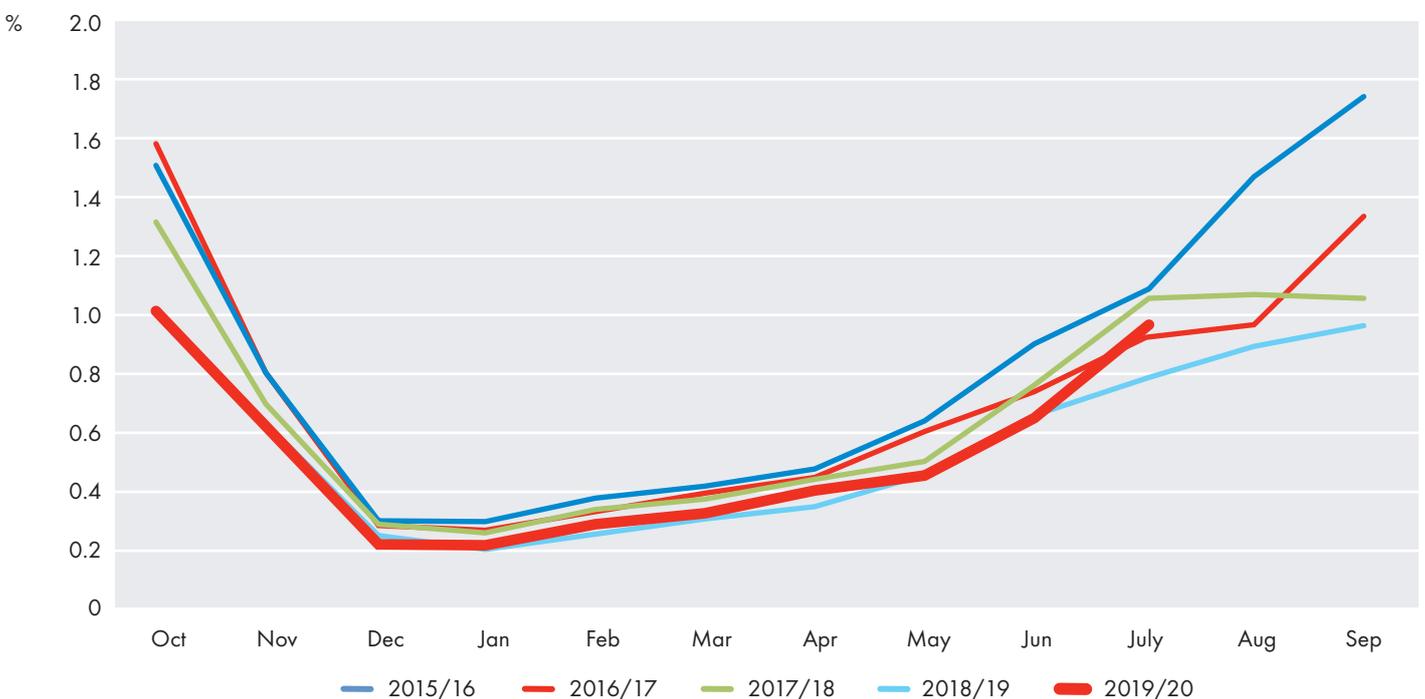


Figure 5. New Zealand Lamb Ovis Prevalence





tracking that of last year, however, both North and South Island prevalence have moved ahead of last season since April as the winter kill, which has had a relatively low prevalence in recent seasons, comes forward for processing.

The increased prevalence has been driven partly by a number of high prevalence lines arising from individual supplier but primarily from large traders. A factor contributing to this increased prevalence and seen in past years

“North and South Island prevalence have moved ahead of last season”

Figure 6. North Island and South Island Lamb Prevalence

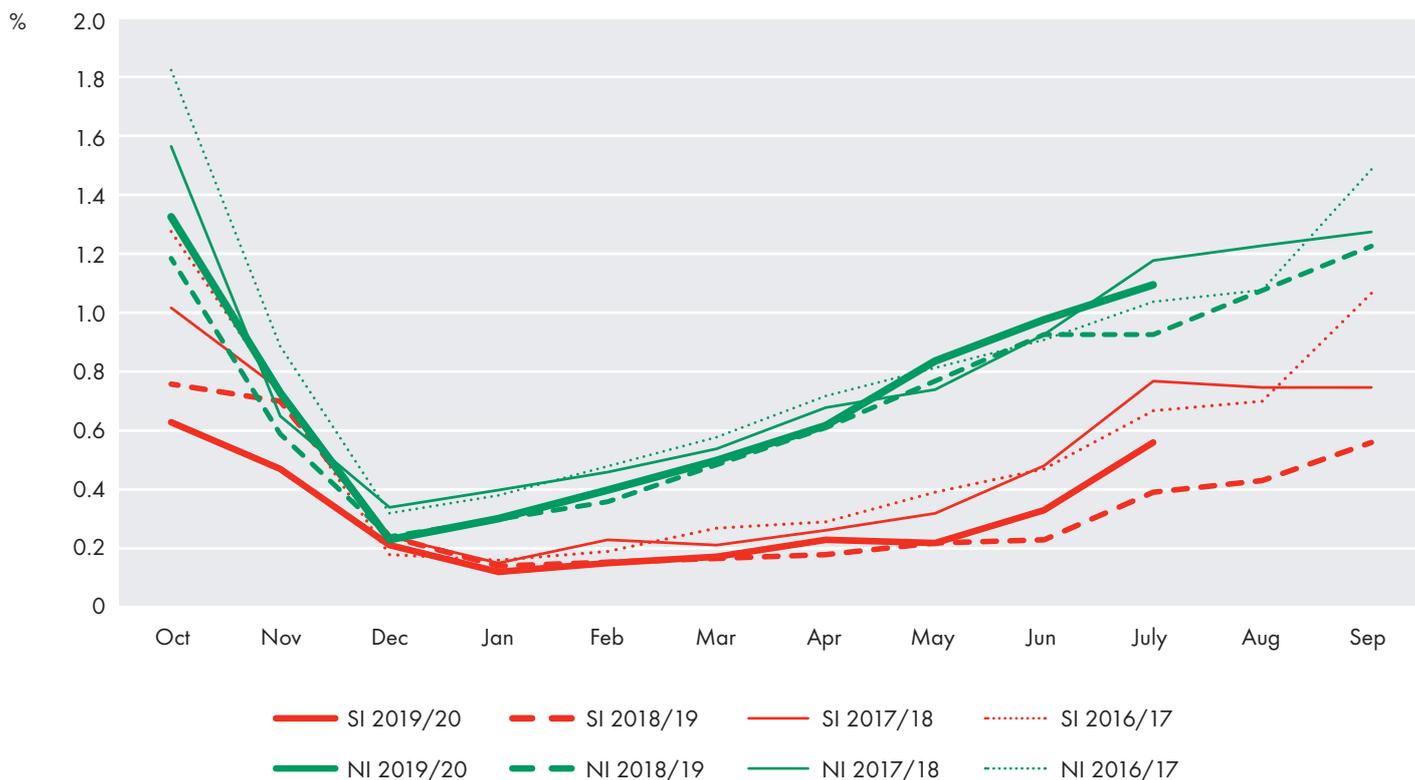
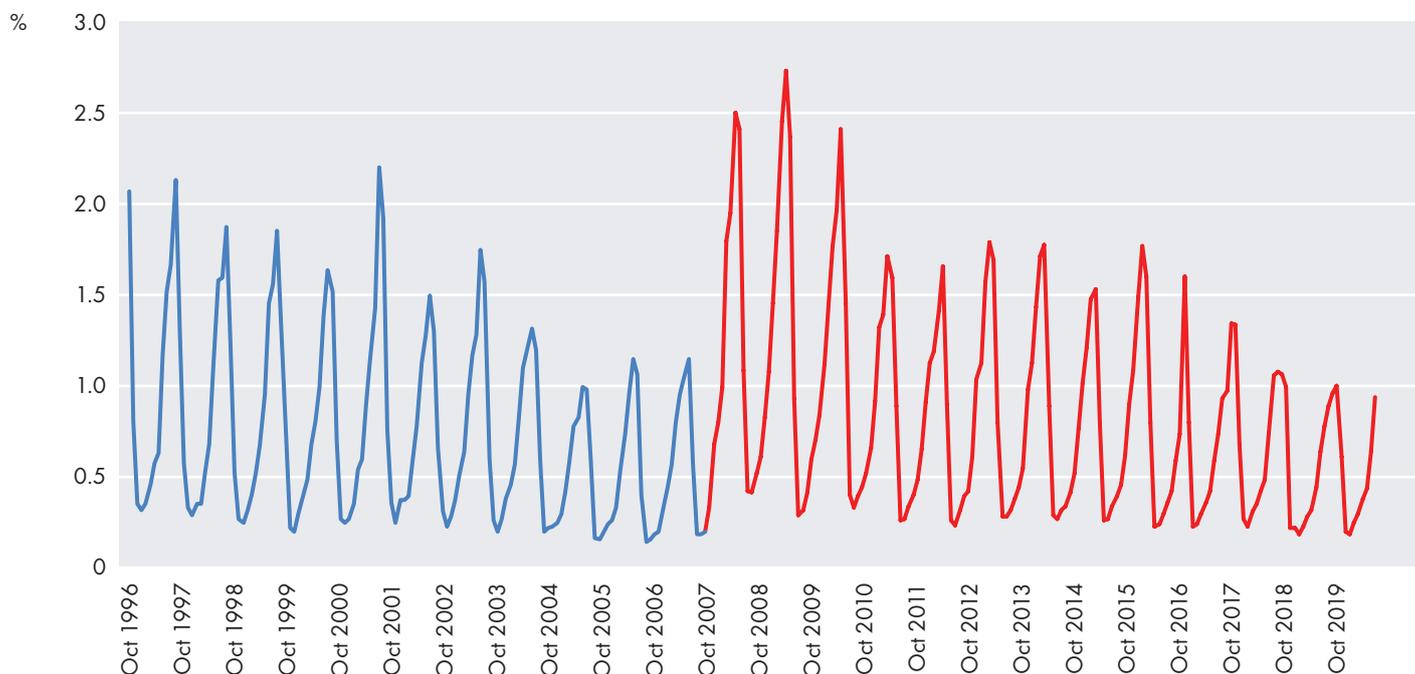


Figure 7. New Zealand lamb prevalence 1997-2020 - March 2008 inclusion of viscera data





“Southland, with its large sheep population, has minimal Ovis recorded”

where dry conditions have existed is that stock graze areas not usually utilised such as around yards (and kennels) and roadsides. These areas open up increased opportunity for infection from foreign dogs.

North Island districts with larger dog (and human) populations and an environment with

less temperature extremes, being conducive to egg survival, have a higher prevalence than those in the South Island where a district like Southland, with its large sheep population, has minimal Ovis recorded.

Figure 8. South Island HP letters sent December 2018 – November 2019

TLA	Letters 2019	Letters 2018	Letters 2017	Letters 2016	Letters 2015	Letters 2014	Letters 2013	Letters 2012	Letters 2011	Letters 2010	Letters 2009
Hurunui	35	40	30	22	37	35	32	32	40	40	56
Marlbrough	34	41	68	40	58	40	31	21	28	43	29
Sthland	28	27	32	33	30	53	41	33	25	48	59
Selwyn	24	27	21	10	25	38	16	12	35	33	76
C Otago	20	19	16	27	20	22	23	20	36	22	47
Clutha	19	23	30	20	27	40	26	21	27	40	49
Waitaki	18	22	25	14	16	28	26	22	20	15	39
Waimate	12	7	9	9	12	18	13	11	13	14	18
Tasman	9	20	16	16	30	15	16	9	12	16	18
Timaru	7	15	9	8	11	17	12	12	27	20	27
Dunedin	5	17	14	14	11	17	18	14	10	9	23
Waimak	5	15	6	10	10	16	9	11	11	26	32
Ashburton	5	14	21	14	18	37	23	19	24	39	54
Qtown	5	1	1	5	5	5	8	3	4	6	9
Kaikoura	4	6	6	5	6	5	9	1	6	2	1
Mckenzie	4	5	6	4	6	10	7	9	5	7	11
Banks Penin	3	4	2	3	7	5	5	3	13	5	11
Gore	2	4	8	5	7	5	10	8	15	23	30
Nelson	2	1	1		2				1	1	0
Ingill	1	5	2	8	2	3		2	2	5	12
Chch	1	0		2	2	4		4	3	3	3
Greymouth			3	1	1				0	1	2
Chat Isl			2	2	1	2	1		0		3
Buller					2				0	1	1
West Land					1		2		2	1	0
South Island total	243	313	328	272	347	415	328	267	359	420	610

22.3% reduction




Figure 9. North Island HP letters sent December 2018 – November 2019

TLA	Letters 2019	Letters 2018	Letters 2017	Letters 2016	Letters 2015	Letters 2014	Letters 2013	Letters 2012	Letters 2011	Letters 2010	Letters 2009
Gisborne	84	91	104	96	78	86	87	84	75	58	88
Hastings	71	64	55	57	59	66	73	45	62	64	74
C H Bay	53	57	51	43	51	63	59	55	56	67	61
Tararua	46	38	45	48	46	57	62	50	40	54	54
Ruapehu	45	31	37	51	57	39	44	37	40	35	44
Rangitiki	33	43	53	46	45	48	43	46	23	44	48
Manawatu	32	42	41	42	56	49	45	35	38	40	56
Wairoa	25	22	24	29	32	36	33	33	34	31	30
Masterton	24	29	36	27	30	22	38	25	39	42	36
Wanganui	23	45	42	26	33	42	52	34	50	26	24
Waitomo	22	21	20	27	26	20	25	33	24	20	27
Otorohanga	12	8	7	10	12	7	13	9	10	8	9
Sth Taranaki	11	13	14	13	10	18	21	19	16	14	15
Waikato	11	11	9	14	14	17	13	14	17	7	4
Carterton	11	9	21	10	4	12	12	11	8	14	11
Sth Wairarapa	11	7	14	14	7	20	31	21	21	21	27
New Plym	10	11	10	18	10	12	11	11	13	14	12
Stratford	10	9	9	14	14	24	21	14	15	9	14
Taupo	8	9	6	4	5	6	6	7	9	7	6
Rodney	8	3	8	2	5	7	8	13	7	2	9
Far North	6	9	6	7	9	7	7	8	10	13	7
Rotorua	5	12	11	9	8	16	6	10	10	6	10
Franklin	5	5	1	3	6	8	9	6	4	5	
Horowhenua	5	1	4	2		4	4	2	5	2	7
Mat Piako	4	4	0	4	1		2	1	9	2	1
Palm North	4		1	2	3	4	2		2	3	4
Opotiki	3	3	3	1	6	3	3	3	4	1	1
Bay Plenty	3	2	6	4	4		5	3	1	1	6
Thames Coro	3	2		1	1	1	4	3	4	3	1
Kaipara	2	8	5	5	2	3	5	6	4	5	7
Waipa	2	2	1	5	6	7	5	6	5	5	5
Whakatane	2	2	1	6	5	3	3	1	2	0	3
Napier	1	2	3			1	3	1	0	1	1
Sth Waikato	1	1	1	4	2	2	4	2	0	1	7
Manukau	1		1			2			1	0	
Kapiti	1			0	1		2	1	0	1	1
Tauranga	1										
Whangarei	0	2	4	4		3	2	3	6	3	
Porirua	0	2	1	2		5	1		1	0	
Up Hutt	0		2								
Welling			1	0	1	3	1	1	0	1	3
Hauraki				1	1	1	1		2	0	
Auckland				0	1						
Waitakere							1	1	0	0	
Low Hutt							1		1	1	
Papakura							1		0	1	
Hamilton							0	1			
North Island total	599	620	658	651	651	724	768	654	663	631	713

3.38% reduction



ANNUAL REPORT/SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2020

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DIRECTORY

For the year ended 30 June 2020

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 S Karapeeva
Associate Director:	Alice Allsop
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 2020

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 2020.

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 26th August 2020.

Director

Director

Date

26 August 2020

Date

26 August 2020



STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Operating revenue		356,615	345,562
Operating expenditure	1	331,159	331,242
Operating surplus/(deficit) before other income		25,456	14,320
Other Income		-	565
Operating surplus/(deficit) before financing income		25,456	14,885
Financial income		247	267
Financial expenses		-	-
Net financing income	2	247	267
Operating surplus/(deficit) before tax		25,703	15,152
Income tax expense/(benefit)	3	-	-
Net surplus/(deficit) for the year		25,703	15,152
Other comprehensive income		-	-
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		25,703	15,152

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Opening Balance		345,973	330,821
Prior year adjustment	7	(30,124)	-
Total comprehensive income for the year		25,703	15,152
Closing Balance		341,552	345,973



BALANCE SHEET

As at 30 June 2020

	Note	2020 \$	2019 \$
Equity			
Issued and paid up capital			
2 ordinary shares of \$1 each		2	2
Uncalled capital		(2)	(2)
Retained earnings		341,552	345,973
Total equity		341,552	345,973
<i>Represented by:</i>			
Current assets			
Cash and cash equivalents	4	357,903	311,634
Trade and other receivables	5	28,552	21,363
Total current assets		386,455	332,997
Current liabilities			
Trade and other payables	6	38,564	28,668
Employee benefits	7	34,243	(1,092)
Total current liabilities		72,807	27,576
Working capital		313,648	305,421
Non current assets			
Property, plant and equipment	8	25,572	35,422
Software	9	2,332	5,130
Total non current assets		27,904	40,552
Net assets		341,552	345,973



NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

For the year ended 30 June 2020

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 2020. The special purpose financial statements were authorised for issue by the directors on the 26th August 2020.

(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%
-------------------	-----

Revenue

- Revenue represents amounts received and receivable from meat companies paid on a 1.5 cents basis (2019: 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.
- 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	2020	2019
	\$	\$
Audit remuneration	5,210	5,600
Tax services	1,450	1,413
Contracts/consultants/projects	-	5,042
Depreciation	9,850	10,504
Director's fees – Chairman	18,000	18,065
Director's fees	-	1,000
Personnel expenses	144,484	126,282
Other operating expenses	152,165	163,336
Total operating expenditure	331,159	331,242

2. Net financing income	2020	2019
	\$	\$
Interest revenue	247	267
Interest expense	-	-
Net financing income	247	267

3. Taxation	2020	2019
	\$	\$
Reconciliation of effective tax rate		
Operating surplus/(deficit) before tax	25,703	15,152
Income tax using Company tax rate 28%	7,197	4,243
Non-assessable income/non-deductible expenses at company rate	1,335	(2,166)
Losses provided to/from parent	(7,261)	-
Losses bought forward and utilised at Company tax rate	(1,271)	(2,076)
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 \$543,338 of tax losses to carry forward (2019: \$541,548), 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.

Imputation credit memorandum account		
Balance at beginning of year	197,505	197,493
Income tax paid/(refund)	(75)	(63)
Prior year adjustment	-	-
RWT on interest received	70	75
Balance at end of year	197,500	197,505



4. Cash and cash equivalents

	2020 \$	2019 \$
Bank balances	42,432	47,404
Call deposits	315,471	264,230
Balance as at 30 June	357,903	311,634

5. Trade and other receivables

	2020 \$	2019 \$
Trade receivables	22,547	20,916
RWT Receivable	70	75
Other Receivables and Prepayments	5,935	372
Balance as at 30 June	28,552	21,363
Impairment loss deducted	-	-

6. Trade and other payables

	2020 \$	2019 \$
Trade Payables	33,154	25,244
GST Payable	1,986	-
PAYE Payable	3,424	3,424
Balance as at 30 June	38,564	28,668

7. Employee benefits

	2020 \$	2019 \$
Liability for Annual Leave	1,858	(1,092)
Liability for Retirement Leave	32,385	-
Balance as at 30 June	34,243	(1,092)

Retirement Leave has been recognised in the current financial year. \$30,124 applies to prior year entitlement which is shown as an adjustment to opening retained earnings in the Statement of Changes in Equity.



8. Property, plant and equipment

	2020 \$	2019 \$
Furniture and fittings		
At cost	775	775
Accumulated depreciation	775	775
	-	-
Current year depreciation	-	-
Motor vehicles		
At cost	37,540	37,540
Accumulated depreciation	16,423	8,540
	21,117	29,000
Current year depreciation	7,883	7,883
Computer hardware		
At cost	16,739	16,739
Accumulated depreciation	16,270	15,144
	469	1,595
Current year depreciation	1,126	1,780
Office equipment		
At cost	69,753	69,753
Accumulated depreciation	65,767	64,926
	3,986	4,827
Current year depreciation	841	841
Total property, plant and equipment		
At cost	124,807	124,807
Accumulated depreciation	99,235	89,385
	25,572	35,422
Current year depreciation	9,850	10,504

There is no impairment loss recognised during the year (2019: nil).

9. Intangible Assets

	2020 \$	2019 \$
Software		
At cost	8,295	6,995
Accumulated Amortisation	5,963	1,865
	2,332	5,130
Current year amortisation	2,798	1,865

There is no impairment loss recognised during the year (2019: nil).



10. Capital commitments

There are no capital commitments outstanding as at balance date (2019: nil).

11. Contingent liabilities

There are no contingent liabilities outstanding as at balance date (2019: nil).

12. Capital commitments

(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 \$20,000 (2019: \$17,025) to Meat Industry Association of New Zealand (Inc) for administration services provided. As at year end, Ovis Management Limited had \$5,716 (2019: \$3,292) 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 2020, 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 2020, Ovis Management received \$12,797 (2019: \$14,438) from a company related to one board member which was included in operating revenue and has recognised a receivable of \$849 (2019: \$1,075) from this company.

Ovis Management Limited tax losses are available for use by its parent, Meat Industry Association. As at 30 June 2020 tax losses available to Meat Industry Association and its subsidiaries are \$543,338 (2019: \$541,549).

(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 (2019: 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 29:

- i. present, in all material respects the company's financial position as at 30 June 2020 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 2020;
- 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

26 August 2020