Annual Report

2020–2021

OSPRI

Annual Report 2020–2021

OSPRI New Zealand Limited was established on 1 July 2013. It currently manages the National Animal Identification and Tracing (NAIT) and TBfree programmes.

This is the Annual Report for OSPRI New Zealand Limited and its wholly owned subsidiaries National Animal Identification and Tracing (NAIT) Limited and TBfree New Zealand Limited.

The TBfree New Zealand Limited Annual Report provides a review and report on the Operational Plan for the National Bovine Tuberculosis Pest Management Plan, as required under section 100B(1)(b) and section 100B(2)(a) of the Biosecurity Act 1993.

The National Animal Identification and Tracing (NAIT) Limited Annual Report provides a review and report on how the NAIT organisation is addressing the Government's expectations of it, the performance of its functions and duties, and its financial statements, as required under sections 10A(1)-(2) and 63 of the National Animal Identification and Tracing Act 2012.

NAIT TBfree

OSPRI New Zealand Limited's shareholders and funders:

DairyNZ Deer Industry New Zealand beef+lamb new zealand Ministry for Primary Industries Manatū Ahu Matua

OSPRI New Zealand Limited's Stakeholders' Council consists of representatives from:

Beef+Lamb New Zealand

Dairy Companies Association of New Zealand

DairyNZ

Deer Industry New Zealand

Federated Farmers Dairy

Federated Farmers Meat and Wool

Local Government New Zealand

Meat Industry Association New Zealand

Ministry for Primary Industries

New Zealand Deer Farmers Association

New Zealand Stock and Station Agents Association

Predator Free 2050

Road Transport Forum

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Chair and CE report

Barry Harris **Chair**

Steve Stuart **Chief Executive**

It has been a tough year for farmers – drought and floods in different parts of the country, the ongoing impacts of COVID-19 on labour availability and the supply chain, and two regions dealing with a cluster of TB infected herds.

For OSPRI, it has also been a busy and eventful year.

The TB health check found that to date we've delivered the TB Plan to schedule.

The recommendations from the health check set clear objectives for the future which we are implementing. This includes a focus on safeguarding nine areas at higher risk of the spread of TB from wildlife.

During the year we have used our new land access strategy to good effect. Timely access to land, through either constructive long-term relationships or new, research-based ways of working, is critical to our success as we move to deliver our pest control programme in more challenging areas.

We have also made good progress this year on proving land free of TB – 395,948 hectares has been reclassified as vector free. Since 2011 we have cleared TB from 3.15 million hectares in total.

However, the number of TB infected herds at 30 June 2021 is concerning and Hawke's Bay has continued to be a challenge. Feedback from farmers is that we need to improve our communication with them, while the TBfree Plan compensation settings continue to be a frustration for some.

We worked with funders and stakeholders on the traceability health check to identify the improvements needed to strengthen the livestock traceability system.

We have noticed a positive change in farmer behaviour and attitudes towards traceability – there are improved levels of voluntary compliance with NAIT obligations and an increased awareness of the importance of traceability to on-farm biosecurity.

We are developing technology to make farmers' interactions with us easier.

The first release of MyOSPRI is live, providing a simple-to-use method to create, manage and share an electronic farm-to-farm Animal Status Declaration (ASD) form. In future, MyOSPRI will bring together NAIT, TBfree and ASD so that farmers can do all their online transactions with OSPRI in one place.

We thank those who have provided feedback about the MyOSPRI software prototype through farmer feedback groups, via the OSPRI farmer committees, or at events. Getting comments from users as we build the programme is key to making sure the design meets farmers' needs.

We also launched an improved website, with topics organised by user group and a better search tool.

We have been bedding in our new operating model including strengthening our regional teams and getting our Quality, Compliance and Assurance team up and running.

We now have 15 Regional Partners throughout New Zealand within three area teams (in the North Island, Upper and Lower South Island) that are working closer to farmers and local stakeholders. During the past year our regional teams have been managing TB outbreaks, land access issues and a range of ground and aerial operations, rebuilding regional working relationships, and consulting more closely with and receiving valuable feedback from OSPRI committees.

We started work on a customer excellence project to make sure we have the right systems, training and support for our people in place to improve our Contact Centre response times and the quality of advice to farmers.

Ongoing is our work to look after our people's health, safety and wellbeing with the introduction this year of a new People Strategy to ensure we can attract and retain talent.

In terms of Board operations during the year, two directors retired at the November Annual Meeting. The Board thanks Lesley Campbell and Marise James for their valuable contributions. Three directors were appointed to the Board at that time – Nikki Davies-Colley, Susan Huria, and Michael James – all of whom have quickly added value.

The Board has again enjoyed valuable interactions with the Stakeholders' Council and OSPRI committees, and with farmers at events around the country.

OSPRI is owned by and for the primary industry and we adopted the new geographically based operating model as we knew it was the right way to better support farmers and work with our stakeholders.

Everything we've been working on this year aligns to our five big organisation-wide "rocks" and to achieving the strategic outcome that OSPRI is respected as a fully integrated animal disease management organisation.

While there is still a healthy challenge ahead of us, we are making progress and working better with farmers who see the value that our work can add to their business.

Stakeholders' Council report

James Buwalda
Chair Stakeholders' Council

The Council wishes to commend the Board, management and staff for the progress made over the past year, particularly in areas we consider to be vital for outcomes for stakeholders.

We appreciate the emphasis given to working more closely with stakeholders, the recognition of the value of community-based solutions and the priority for building capability to support community engagement. We therefore support the regional approach to programme delivery and relationship ownership introduced at the start of this financial year as part of the organisation's new operating model.

Ongoing improvement to OSPRI's regional presence is important, particularly as the organisation works to get on top of the Hawke's Bay and Hari Hari TB outbreaks. We have advised the Board of our expectation that the regional model must lead to better relationships and communication with farmers, landowners, Regional Councils, and other local stakeholders as OSPRI gets closer to the 2026 milestone of the TBfree programme and continues work to improve the NAIT system.

Performance

Regular KPI performance reporting to the Council has shown performance is on track across most areas of focus, with a few areas below target. The following matters have been areas of focus for the Council during the year.

- While not a reported KPI, we have been tracking the TB infected herd numbers and particularly the organisation's response to the Hawke's Bay and Hari Hari outbreaks. The Council notes that progress with the TBfree programme has been impacted by instances of land access consent issues and government restrictions and agrees with the change in approach to engagement and R&D models to address these matters.
- The key themes that came out of the review of the Hawke's Bay response – being slow to start, the need to involve key partners early and develop strong relationships, the importance of communication, better assistance for impacted farmers – add weight to previous Council feedback.
- NAIT compliance continues to improve but still falls short of the targets set. The Council believes improving usability and increased education and communication are key areas of focus for strengthening compliance.
- The Information Systems Strategic Plan is a major strategic initiative for the organisation and of central importance to improving user experience of OSPRI processes. We are encouraged by the focus on users that is at the centre of the programme and that the Board is paying close attention to implementation of the programme, albeit the Council would prefer to see earlier delivery. We have highlighted some risks and challenges, from a stakeholder perspective, that OSPRI may face as it rolls out the new MyOSPRI app, including connectivity and capability.

- Staff engagement is strong, particularly around alignment with the OSPRI purpose, but the Council notes that staff have felt under pressure with the scale and range of change implemented in the past year. We are conscious of the challenges OSPRI has been addressing over recent years and the pressure this has placed on management and staff. With the organisation now focused on key priorities that have the greatest potential to make a difference for OSPRI's performance and users' satisfaction with that performance, the Council believes that a more positive culture is being built.
- The Council is pleased with the approach generated by the Traceability Health Check but has some concerns about how the current funding will meet the cost to deliver NAIT in the future. We look forward to further engagement with the Board in the next year about options.
- The results from the 2020 stakeholder survey were in line with previous feedback provided to the organisation and we note that there has been progress on many of the areas highlighted in that report.
- The closer relationship between OSPRI and the Ministry for Primary Industries has been noted, with approval.
- The Council endorses OSPRI's increased engagement with organisations sharing similar goals, particularly in pest management (eg Zero Invasive Predators, Department of Conservation). Such collaborations are likely to be increasingly important for sustaining progress towards OSPRI's long-term goals.

Business planning

The Council provided feedback to the Board during the organisation's planning cycle, highlighting the importance of getting the basics right by focusing on improving the delivery of disease management and traceability.

We are therefore pleased to see a tighter focus on key priorities in the organisation's Operational Plan for 2021-22.

We note, and endorse, that the budgeted expenditure for 2021-22 will exceed revenue, leading to a reduction in reserves. The Council recognises the importance of accelerating some initiatives now, to deliver greater gains sooner.

The KPIs adopted in the 2019-2024 Strategic Plan are set to be reviewed in 2022. The Council looks forward to engaging with the Board during this exercise, as the organisation has evolved significantly since the current set of KPIs was established. We are keen to ensure that important aspects of OSPRI operations, such as community engagement, are included for measurement.

Board – Council relationship

We continue to make progress to optimise value from the Board-Council relationship, with recognition from the Board that the relationship is strategy-focused with the Council providing usable feedback and valuable stakeholder perspectives.

The Council recently met with the Chief Executives of OSPRI's three shareholders to ensure we understand their expectations. The meeting affirmed that shareholders rely on the Council for feedback and advice as they hold the OSPRI Board to account.

We also conducted a self-assessment of how we are fulfilling our role as part of the organisation's governance structure. We continue to believe we play an important part in bringing the feedback of OSPRI's wider stakeholders to the Board's attention.

One area that councillors are keen to work on with the Board is to make better use of our respective stakeholder networks to facilitate improved communication of OSPRI's operational plans, progress and performance. This will build stakeholder recognition of the OSPRI "story" and result in practical stakeholder support for operations.

Director assessment and recruitment

Three directors were appointed to the OSPRI Board at the 2020 Annual Meeting following a recommendation to shareholders by the Director Assessment Panel. The Council is pleased to see the value added by these new appointees, particularly around iwi relationships. This reinforces the value of the skills matrix approach used.

The Council is confident that the director assessment, succession and recruitment processes put in place last year provide a sound foundation for the future. The skills matrix will be reviewed regularly and additional search avenues will be introduced. The shareholders' Chief Executives have also endorsed the process and provided specific advice to be considered in the upcoming year.

One matter which the Council will put forward for discussion and potential constitution change at the next shareholder meeting is the restrictive requirement regarding Board member retirement. In our view, a more practical balance between turnover and continuity is required.

Council operations

Four meetings were held in the past financial year. The Board Chair and Chief Executive attended for part of each of these meetings, and the full Board attended at two meetings. OSPRI's disease management, traceability and technology teams gave briefings to the Council on their work in progress.

We appreciate the working relationship we have had with the Board and its Chair, and the Chief Executive and his team over the past year.

The following changes to Council membership occurred during the year. The Chair welcomes all new councillors and thanks those retiring for their contribution to the Council's work.

- Wayne Langford, representing Federated Farmers Dairy division joined in August 2020, replacing Katie Milne.
- William Beetham, representing Federated Farmers Meat and Wool division joined in August 2020, replacing Miles Anderson.
- Stuart Anderson, representing the Ministry for Primary Industries joined in November 2020, replacing Grace Campbell-Macdonald.
- Nicky Hyslop, representing Beef+Lamb New Zealand joined in May 2021, replacing Phil Smith.

The Council has resolved to reappoint James Buwalda for a further three-year term as Chair of the Stakeholders' Council, effective July 2021.

The Council Chair acted as the independent chairperson of the Traceability Health Check Governance Group.

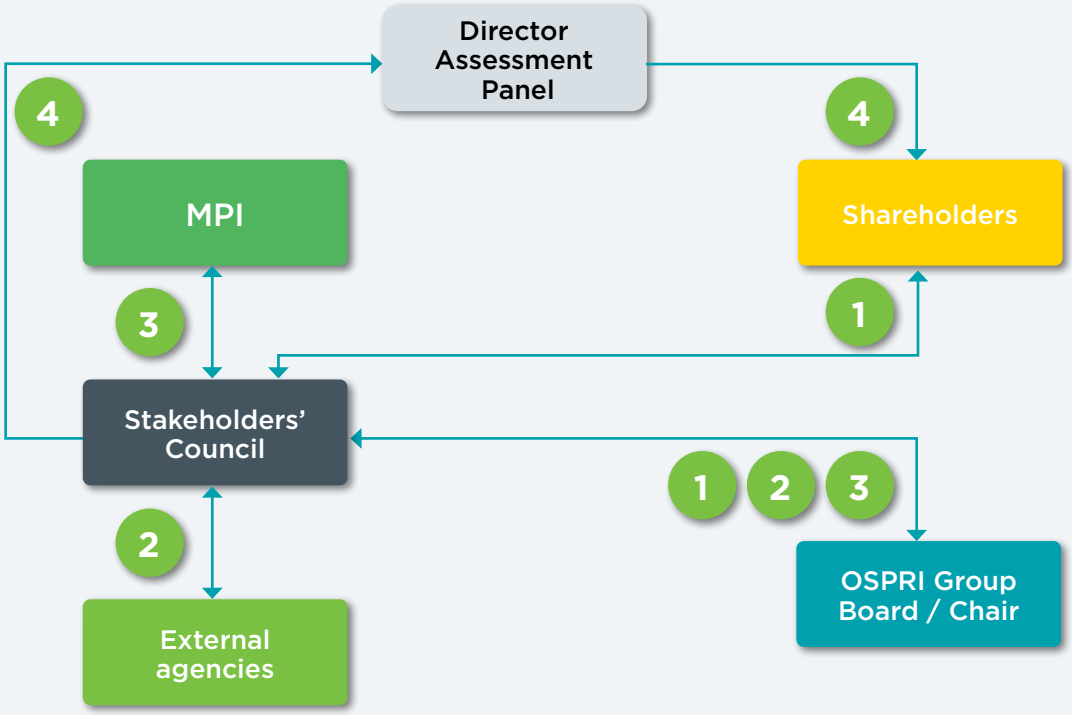
The Council's expenditure for FY21 of $97,280 slightly exceeded its budget of $95,000.

The Council will continue to be a "friendly" critic and encourage the Board to remain relentless in its focus on strengthening OSPRI's operational performance in both the TBfree and NAIT areas to provide high-quality delivery that is sensitive to the needs and interests of users and stakeholders.

Stakeholders' Council Programme of Work

Group objectives and long-term strategy	Board performance	Board succession planning	Board member assessment and selection
• Review Board's strategy (including long-term objectives) and comment/ recommend to Board • Discuss with Board the Group's performance in achieving those objectives and strategies • Review half-year/ annual reports • Report to shareholders 1	• Provide to Board (Chair to Chair), Council's view on Board effectiveness and performance • Commission formal, independent evaluation of Board 2	• Consult (with Board – Chair:Chair) on skills, knowledge and experience of current Board • Consult (with Board – Chair:Chair and with relevant regulatory authorities) on overall skills mix required (in context of existing/ anticipated Group objectives/ strategies) 3	• Establish Director Assessment Panel to recruit and assess candidates for appointment or election to the Board (by shareholders) 4

Stakeholders' Council relationships for delivery of Programme of Work



Key highlights of our year

TBfree

Canterbury free of TB for the first time in over

20 years

395,948

hectares declared free of TB - exceeded target

$35.6m

vector control operations delivered this year

Revised

Research & Development

Strategy - applied science and technology focus

Annual infected herd period prevalence

0.1%

- against 0.2% target

11% savings in TB testing costs

$1.4m

NAIT

91% of NAIT animals registered prior to their first movement

Completed

Traceability Health Check

with funders and stakeholders

MyOSPRI

release one farm-to-farm ASD live

Support Functions

70.4%

people engagement score

Retained

Health & Safety ISO45001

78,468

calls answered by the Contact Centre

About OSPRI

OSPRI New Zealand Limited (OSPRI) is a partnership between primary industries and the Government. It was established in 2013 by bringing together the Animal Health Board Inc and National Animal Identification and Tracing (NAIT) Limited. OSPRI is funded by levies from farmers via its shareholders – DairyNZ, Beef+Lamb New Zealand, Deer Industry New Zealand – and Government investment is made through the Ministry for Primary Industries (MPI).

OSPRI's purpose

OSPRI's ambition is to be the trusted partner of choice of Government and industry for the ongoing management of animal diseases in the primary sector.

OSPRI manages two national programmes – TBfree and NAIT

TBfree

The goal of the TBfree programme is biological eradication of bovine tuberculosis (TB) from New Zealand by 2055, with milestone targets of livestock TB freedom by 2026 and possum TB freedom by 2040.

NAIT

NAIT is New Zealand's national animal identification and tracing programme. It records where animals are in the supply chain, from farm to meat processing, for the purposes of managing animal health, disease outbreaks, food safety, and biosecurity risks. The programme applies to farmed cattle and deer.

OSPRI's operating model changed on 1 July 2020

On 1 July 2020 we launched a new operating model that helps us deliver more value by working closer with farmers and stakeholders and being better connected internally. OSPRI's new model has the following key features.

- Our regional service delivery is led by three General Managers who are responsible for delivery of our programmes in the North Island, Upper South Island and Lower South Island.
- Regional delivery is supported by national centres of excellence in disease management and traceability.
- Specialist regional capability includes planning and managing the delivery of vector control programmes and investigating and managing animal disease.
- 15 Regional Partners focus on supporting owners of infected herds and their communities, educating farmers about how to keep their NAIT accounts up to date, and maintaining local relationships, particularly with the 12 OSPRI farmer committees and industry partners.
- Our IT and business support teams, including the Contact Centre, communications, Quality Compliance and Assurance, People and Culture, Health Safety and Wellbeing, and finance, are based in Wellington.

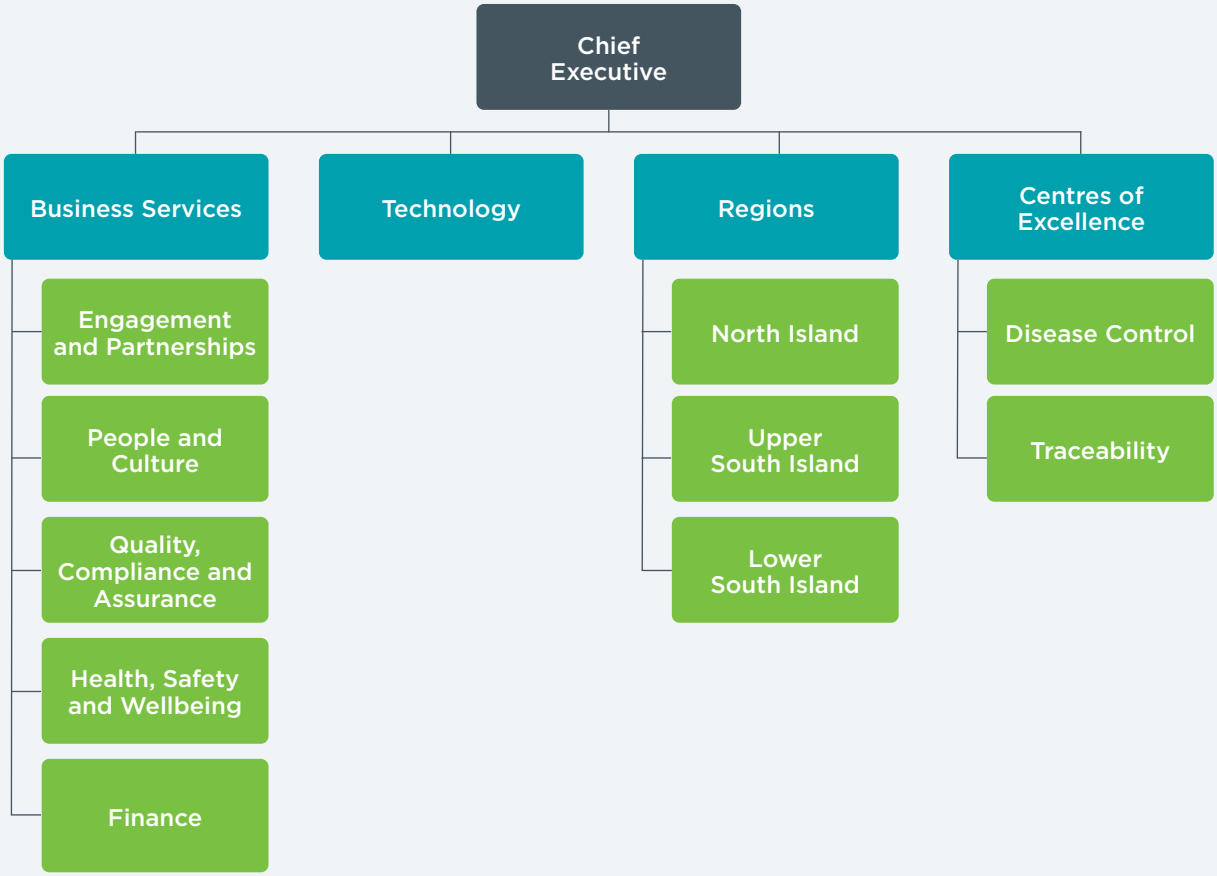
How OSPRI is set up

150 people in 13 locations

3 Industry Reference Groups – meat processors, stock and station agents, farmers

12 regional farmer committees

Wellington-based Contact Centre



OSPRI locations

Three service delivery regions

- North Island
- Upper South Island
- Lower South Island

Four regional offices

- Palmerston North
- Hamilton (reports to Palmerston North)
- Christchurch
- Dunedin

Wellington national office

Localised presence in eight locations

- Whangārei
- Taupō
- Stratford
- Napier
- Greymouth
- Timaru
- Mackenzie
- Invercargill

Map 1: OSPRI has nationwide presence

Our Strategic Plan 2019-2024

OSPRI's Strategic Plan 2019-2024 details the strategic outcomes, enablers for success and seven impacts that the company expects to deliver in that five-year period.

Our value

Farmers and markets can depend on us to provide assurance as to the health and status of animals

Our strategic outcomes

Disease Management

Animal diseases for which we have primary responsibility are managed to agreed outcomes

Traceability

There is full traceability of the animals within the National Animal Identification and Traceability scheme

Our critical enablers

We have the culture, capability and capacity to deliver our programmes effectively and efficiently

Our shareholders, stakeholders and funders agree that we understand their needs and expectations

We have superior information management systems and technology to support the successful delivery of our strategy and programmes

There is broad understanding and support of our programmes and the strategies we deploy to implement them

Our impact

In the event of a disease incursion those who must manage the incursion have timely, accurate animal traceability information

Those responsible for the management of animal health and disease have confidence in the traceability scheme and its performance

Livestock are free of TB by 2026

Possums are free of TB by 2040

Other parties with a legitimate interest are able to verify the provenance of animal

Stakeholders have trust and confidence in OSPRI and in the delivery of its programmes

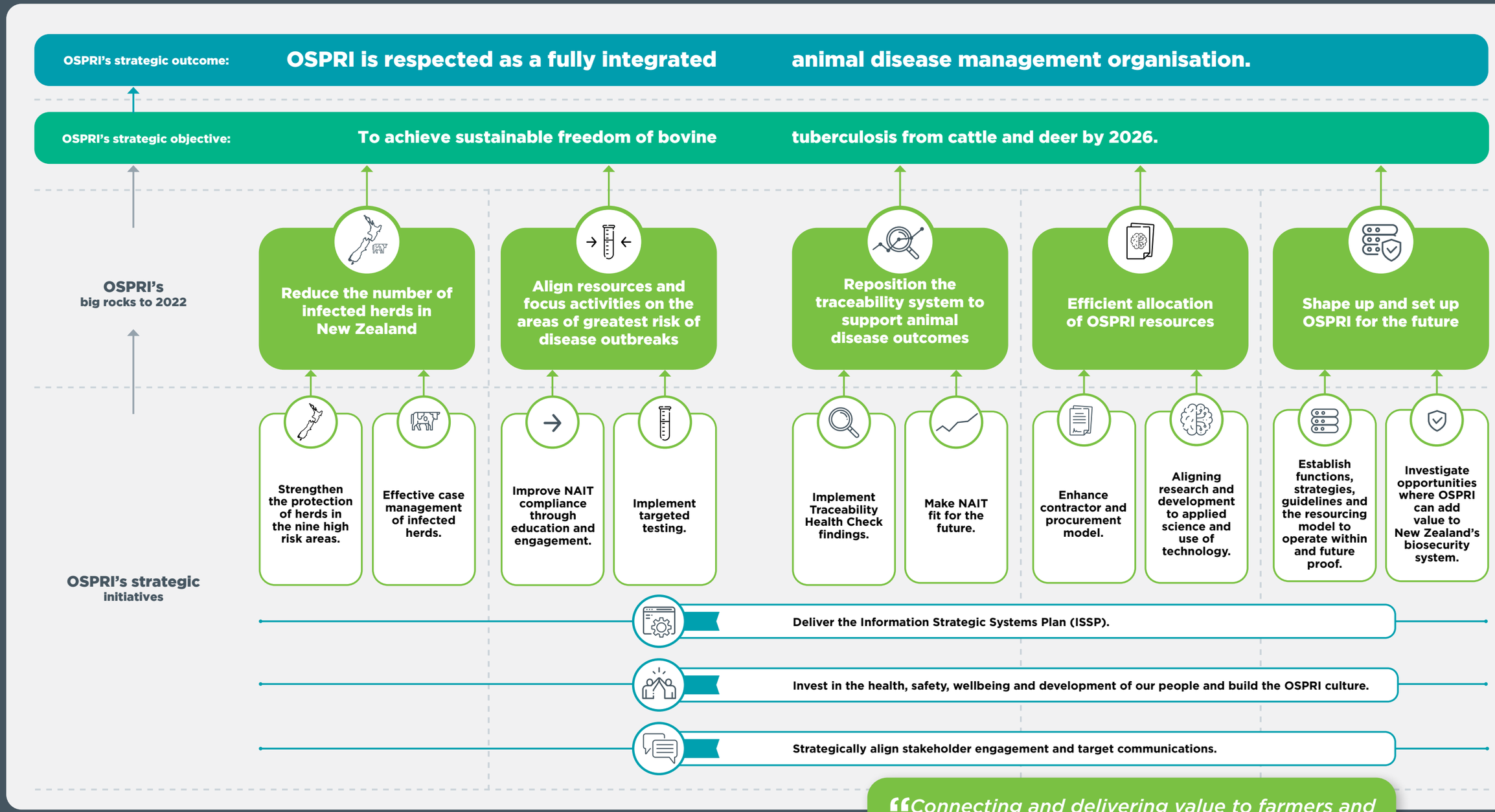
We are asked to take on responsibility for the management of other diseases

Figure 1: OSPRI's Strategic Plan framework 2019-2024

OSPRI's strategic priorities to 2022

Last year we re-examined our five-year Strategic Plan and identified five strategic "big rocks" and three organisation support priorities to focus on through to 2022.

Figure 2: OSPRI's strategic priorities to 2022



"Connecting and delivering value to farmers and stakeholders as One OSPRI is critical"

Steve Stuart, Chief Executive

Strategic Priority

1

Reduce the number of infected herds in New Zealand

Strategic initiatives

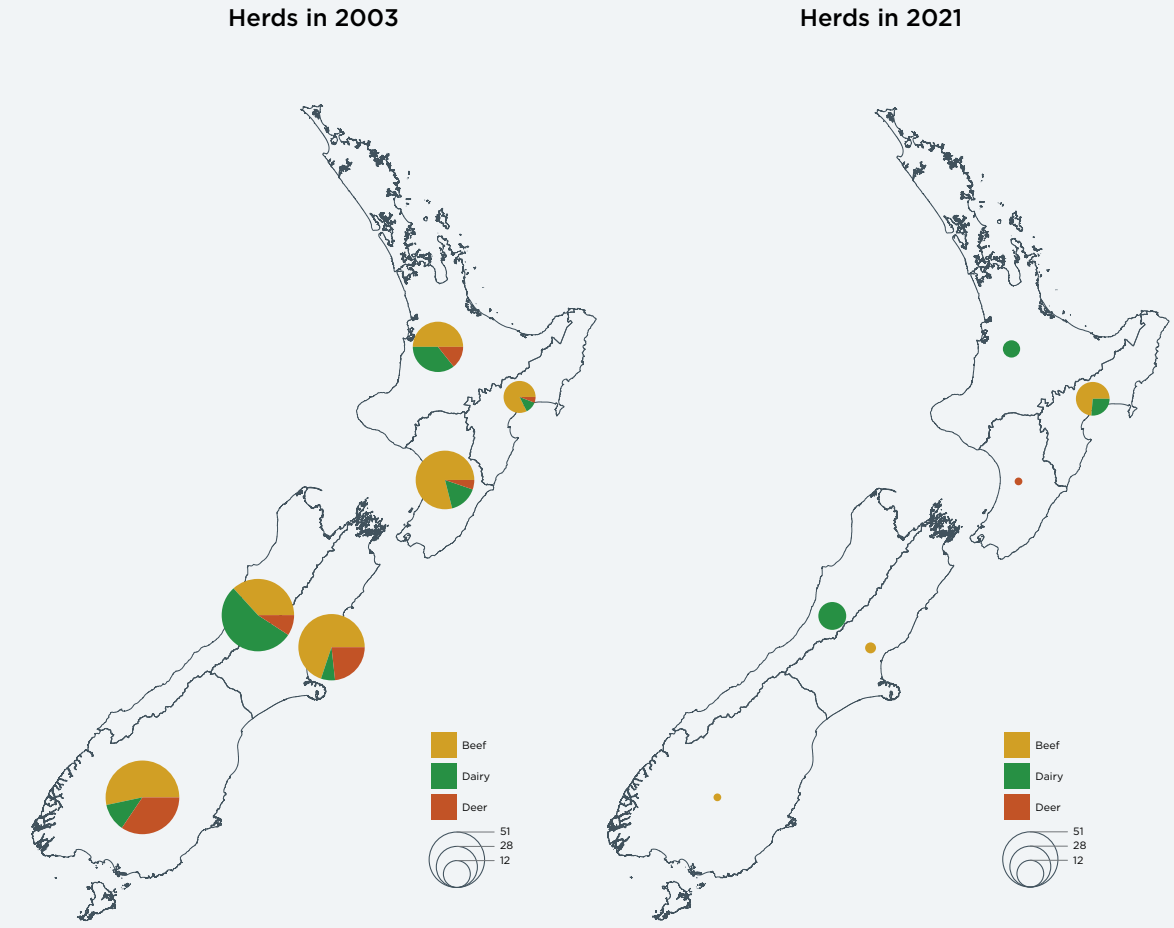
Strengthen the protection of herds in the nine high risk areas.

Effective case management of infected herds.

2020-2021 KPIs	
There is a reduction of 200,000 hectares of TB vector risk areas.	**COMPLETED** 395,948 hectares within 26 Vector Control Zones were declared free of TB during 2020-2021.
A land access strategy, including with iwi, is developed and implemented.	**COMPLETED** Early signs are positive as we implement the strategy. It is already showing results with access for key operations on the South Island's West Coast and in Hawke's Bay achieved in the last quarter.
Maintain national infected herd period prevalence of no more than 0.2%.	**COMPLETED** The national infected herd period prevalence was 0.1% at 30 June 2021.

Infected herds at 30 June 2021

Figure 3: National TB infected herds, 30 June 2021



Map 2: Infected herd numbers have reduced over time

Map 3: Nine risk areas, showing operations (hectares and $m carried out in 2020-2021) and progress with NAIT reregistration

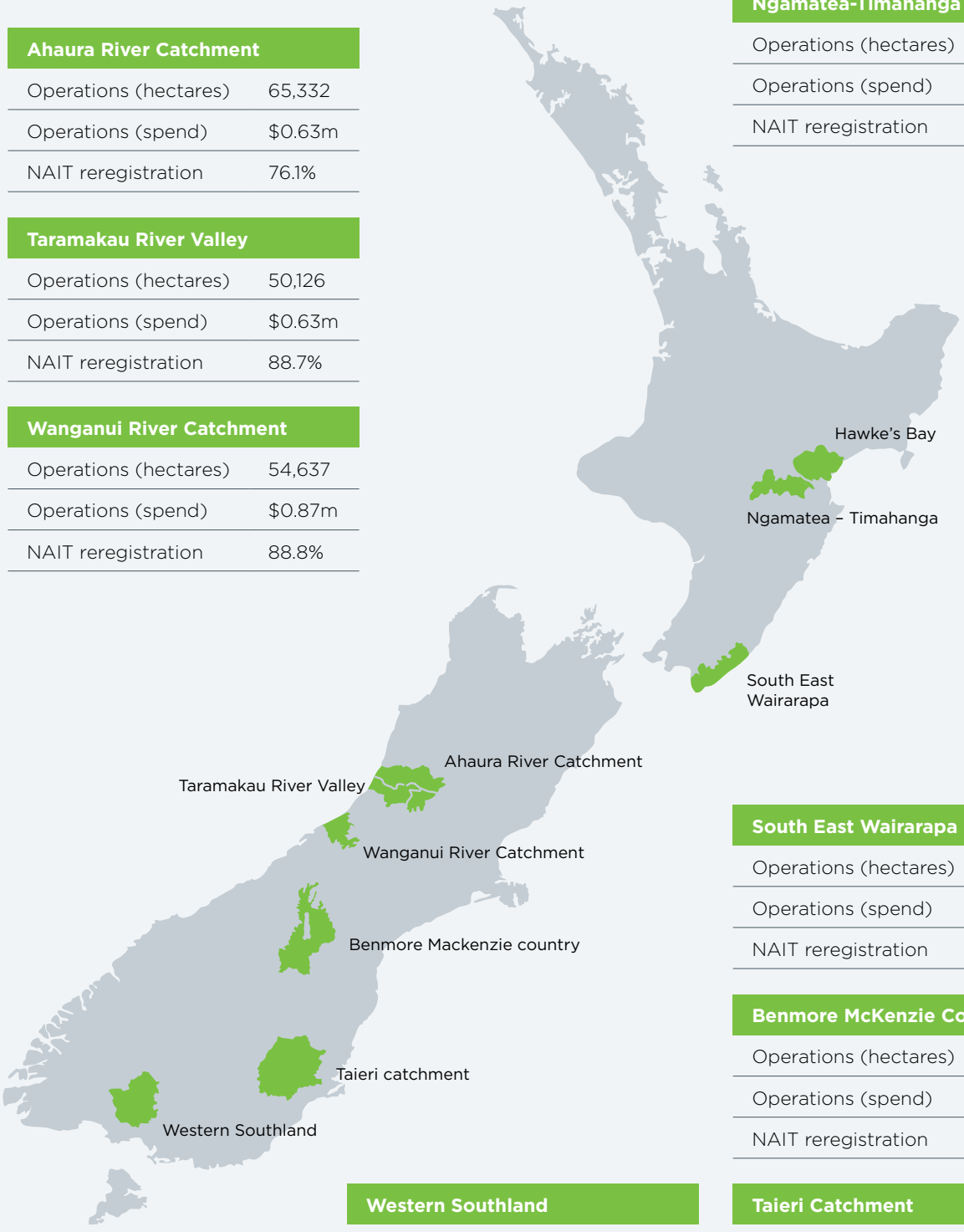
Ahaura River Catchment	
Operations (hectares)	65,332
Operations (spend)	$0.63m
NAIT reregistration	76.1%

Taramakau River Valley	
Operations (hectares)	50,126
Operations (spend)	$0.63m
NAIT reregistration	88.7%

Wanganui River Catchment	
Operations (hectares)	54,637
Operations (spend)	$0.87m
NAIT reregistration	88.8%

Hawke's Bay	
Operations (hectares)	298,598
Operations (spend)	$4.97m
NAIT reregistration	94.4%

Ngamatea-Timahanga	
Operations (hectares)	108,108
Operations (spend)	$1.70m
NAIT reregistration	91.8%



South East Wairarapa	
Operations (hectares)	42,217
Operations (spend)	$0.60m
NAIT reregistration	91.6%

Benmore McKenzie Country	
Operations (hectares)	38,417
Operations (spend)	$0.20m
NAIT reregistration	89.6%

Western Southland	
Operations (hectares)	53,531
Operations (spend)	$0.57m
NAIT reregistration	91.9%

Taieri Catchment	
Operations (hectares)	735,058
Operations (spend)	$3.83m
NAIT reregistration	96.9%

We are strengthening the protection of herds in nine high risk areas

What the 2020 TB health check told us

In 2020, OSPRI and its funders and stakeholders carried out a health check of the TBfree Plan. The health check showed that the TBfree Plan is on track to achieve its long-term goals, but there is some risk to the 2026 goal. The work gave us clarity on where to prioritise our resources and effort over the next five years as we work to achieve zero infected herds by 2026.

Changes to the TBfree programme following the 2020 TB health check

The health check report recommended a change in approach to:

- prioritise control in previously uncontrolled source areas of TB (which may include carrying out essential work earlier than planned), and
- protect herds by controlling buffer zones around them until source areas are fully controlled.

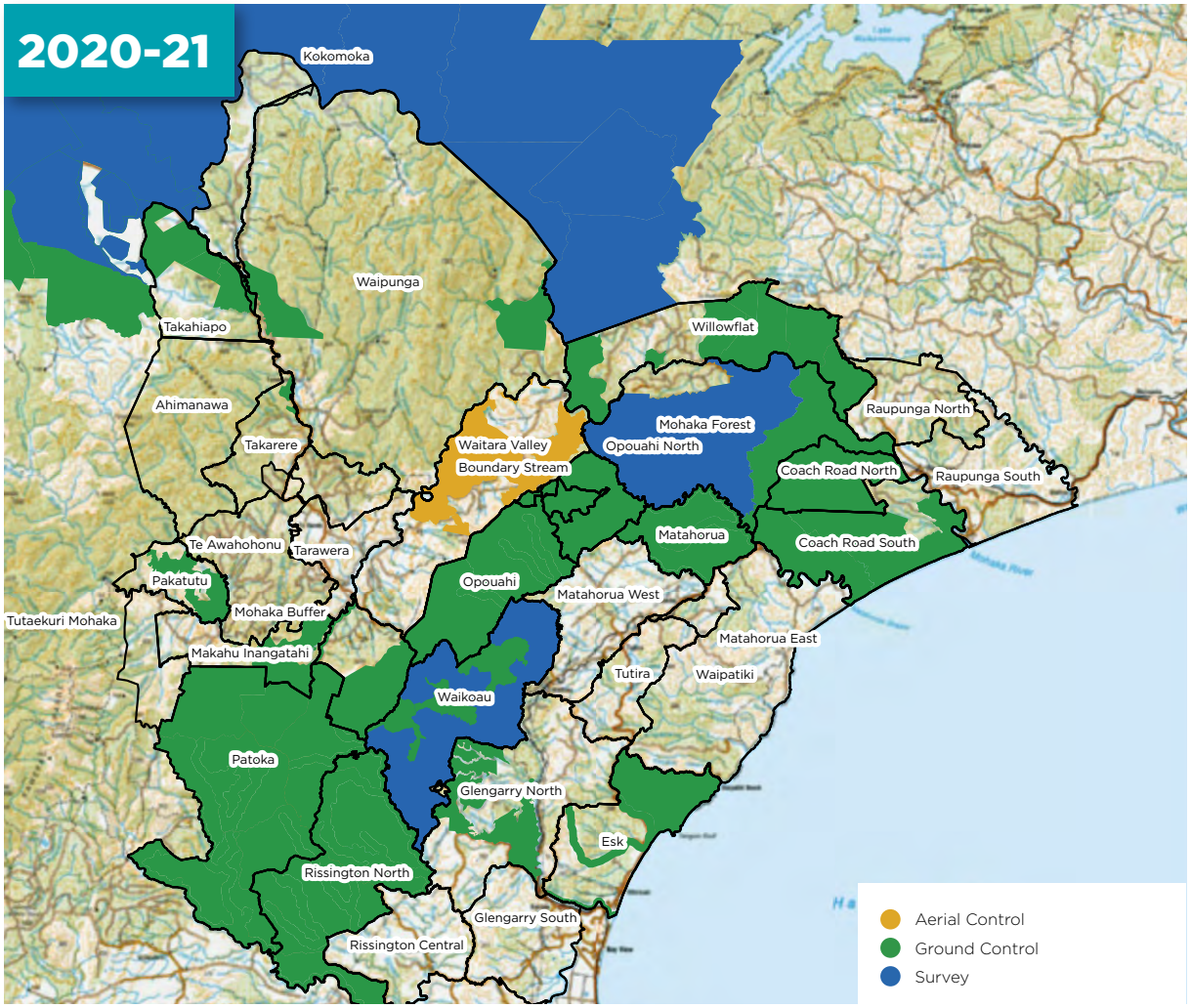
The adjusted strategy gives us more confidence in achieving sustainable TB freedom by the target date. It has been included in the updated TB National Operational Plan and in our new planning framework for pest control operations.

Nine risk areas

The health check identified nine areas that pose the highest risk to achieving the 2026 target of sustainable eradication of TB from cattle and deer herds. To safeguard these areas we are:

- prioritising pest control operations and wildlife disease surveys
- increasing assistance to farmers to support their compliance with disease control and traceability obligations
- increasing efforts to gain access to land for control operations
- using targeted testing (see Strategic Priority 2)
- investing in applied research and technology to find cost effective methods that can be put into operation quickly (see Strategic Priority 4)
- bringing forward operations when possible, using existing reserves and short-term funding.

Map 3 shows operations activity and reregistration completion rates in the nine risk areas at 30 June 2021. Operations activity includes ground and aerial operations, surveying and monitoring. Reregistration gives us confidence that NAIT locations are accurate, which helps with effective disease control.



Map 4: Hawke's Bay operations this year by type

Hawke's Bay operations update

The Hawke's Bay outbreak began in April 2019. Drought in the region and the expanded Movement Control Area we put into effect, which places restrictions on the movement of cattle and deer, have impacted many farmers.

We began a five-year, $20 million control operation in October 2019. The aim is to reduce and keep possum numbers very low to prevent them spreading disease to herds. The operations plan includes:

- buffering work to protect farms
- treatment of the source areas
- ground and aerial control.

Our response also includes supporting both farmers with infected herds, and affected communities.

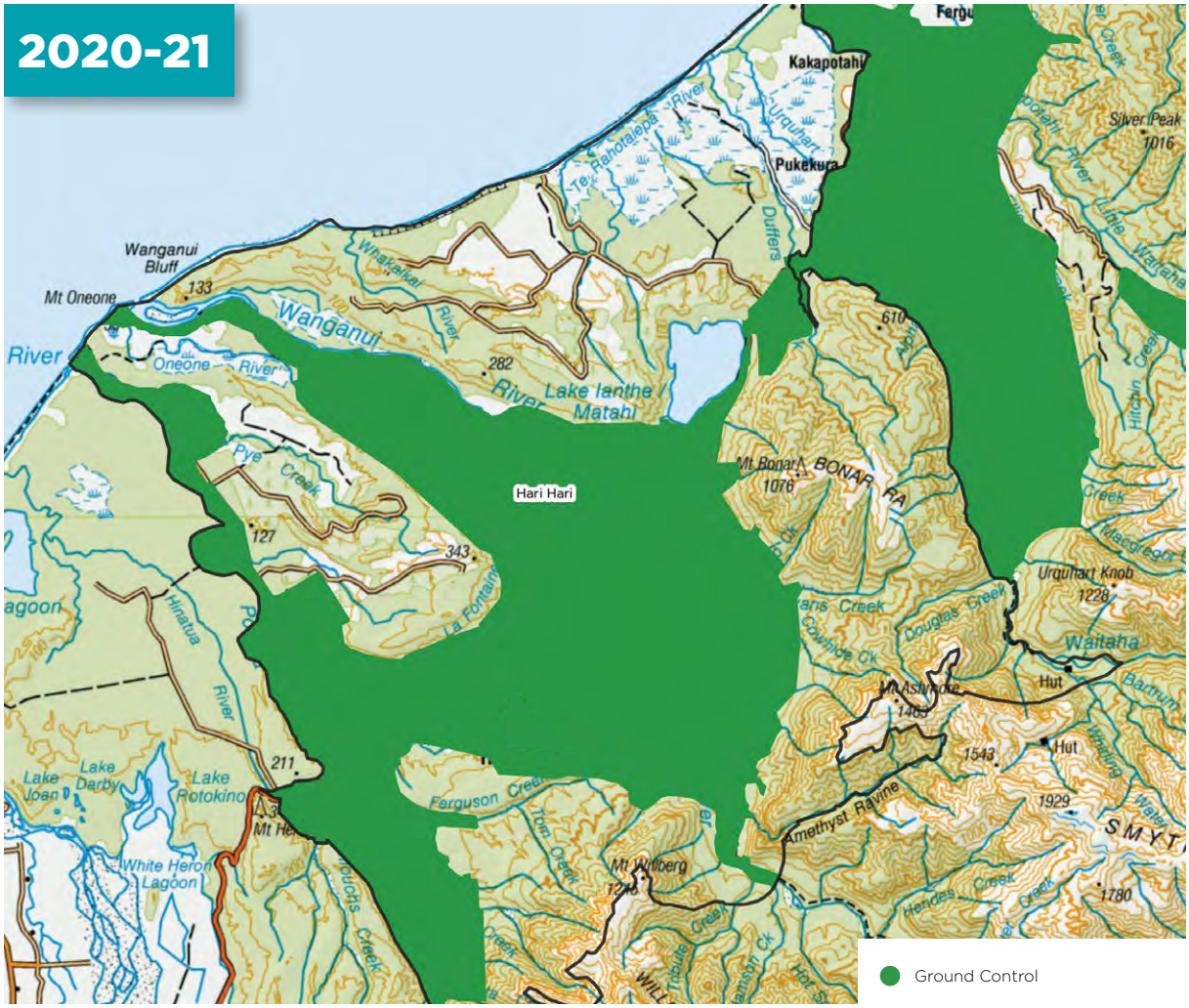
During 2020-2021 we completed:

- ground control operations across over 135,000 hectares
- just under 6,000 hectares of aerial operation
- surveillance of over 157,000 hectares
- just under $5 million of work.

Operations planned for the 2021-2022 financial year (dependent on the outcome of consultation) are:

- 39,000 hectares of aerial operations
- 176,000 hectares of ground control
- 41,000 hectares of wildlife surveillance.

Additional information about our response to the Hawke's Bay outbreak is in the section headed "Changes in how we support farmers".



Map 5: Hari Hari operations this year

Hari Hari operations update

During 2020 we have also been managing a cluster of infection in the South Island – TB was found in herds in the area surrounding Hari Hari and the Waitaha Valley on the West Coast. Genomic sequencing shows a link to TB strains in the local possum population.

We introduced a Movement Control Area for the Hari Hari and Waitaha catchments in early 2021, which requires herds to be tested before moving. This impacted 60 herds and is expected to increase TB tests by 3,700 annually.

In the past five years we have carried out $2 million of possum control in the area, including:

- 20,000 hectares of aerial control
- 15,000 hectares annually of ground control operations.

Over the next five years we plan to spend $9 million (approximate and dependent on the outcome of consultation) to eradicate the source of infection including:

- 84,500 hectares of aerial control
- 102,000 hectares of ground control operations.

We worked with Zero Invasive Predators to develop techniques to keep kea safe as these taonga live in the areas where we need to undertake aerial control. These methods have been approved for use and will allow us to bring forward operations in the Southern Alps to treat source areas for TB infection.

We discussed our control plans with local farmers in November 2020 and gave them an update on progress in April 2021. We send out a fortnightly email with the link to a dedicated web page to ensure local farmers and interested parties regularly receive up to date information. We are also assisting farmers to get their NAIT accounts up to date.

$35.6m of operations delivered in 2020-2021

Our regional teams oversaw $35.6m of vector control operations this year against a budget of $39.1m. This included $5.1m of operations delayed from the previous financial year due to the COVID-19 lockdown. Aerial operations can be delayed because of adverse weather or delay in obtaining consent of the landowner. Further detail on this year's operations is in the Appendix of this report.

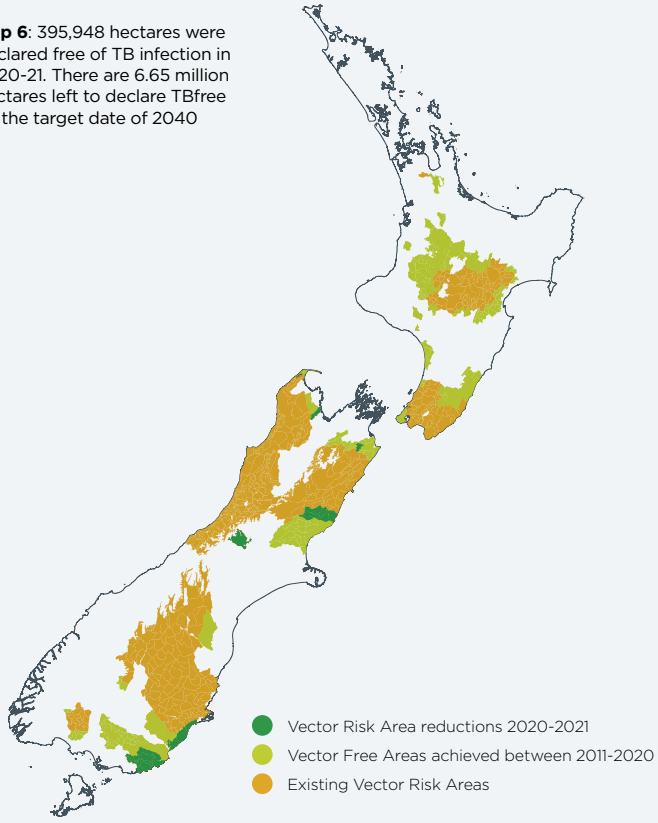
We are carrying forward $3.9m of operations to next year's operations plan, mainly in the North Island.

Another 395,948 hectares declared free of TB

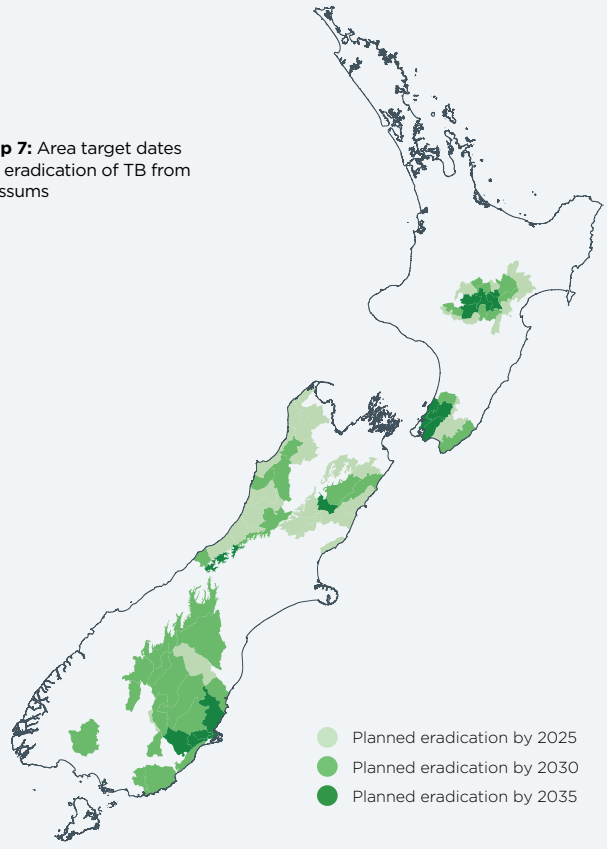
An annual assessment by an independent panel confirms whether we have proved, to 95% probability, the eradication of TB infection from Vector Risk Areas (areas where wildlife has been or remains infected with TB).

This year the panel agreed that we proved 395,948 hectares, within 26 separate Vector Control Zones, free of TB infection.

Map 6: 395,948 hectares were declared free of TB infection in 2020-21. There are 6.65 million hectares left to declare TBfree by the target date of 2040



Map 7: Area target dates for eradication of TB from possums



Progress with accessing land for control operations

Many of the areas in which we now need to deliver possum control are harder to access because of:

- their terrain or remoteness
- constraints on our operations including opposition to the use of 1080 and protocols to protect kea
- complex land ownership or commercial operations that mean consultation and agreement for access takes longer.

This year we developed a land access strategy to guide how we manage some of these challenges. We have already seen benefits from improved relationships and collaboration on research and development. To strengthen OSPRI's capability to deliver parts of the land access strategy and improve our engagement and understanding of te ao Māori, training goals have been included in the People Strategy.

Keeping kea safe

Aerial operations in kea habitat are restricted under the Kea Code of Practice. OSPRI needs to conduct approximately 250,000 hectares of aerial work in the Upper South Island where kea are plentiful, to achieve the 2026 TB freedom in herds target.

With the Department of Conservation and Zero Invasive Predators we have developed methods to keep kea safe (see Strategic Priority 4 for more information). This will allow us to undertake West Coast aerials in non-mast as well as mast years.

More operations in Hawke's Bay

We have obtained access to carry out operations in areas that are key to controlling the Hawke's Bay infection cluster. This resulted from our commitment to work together with landowners to achieve long-term biodiversity benefits on their land.

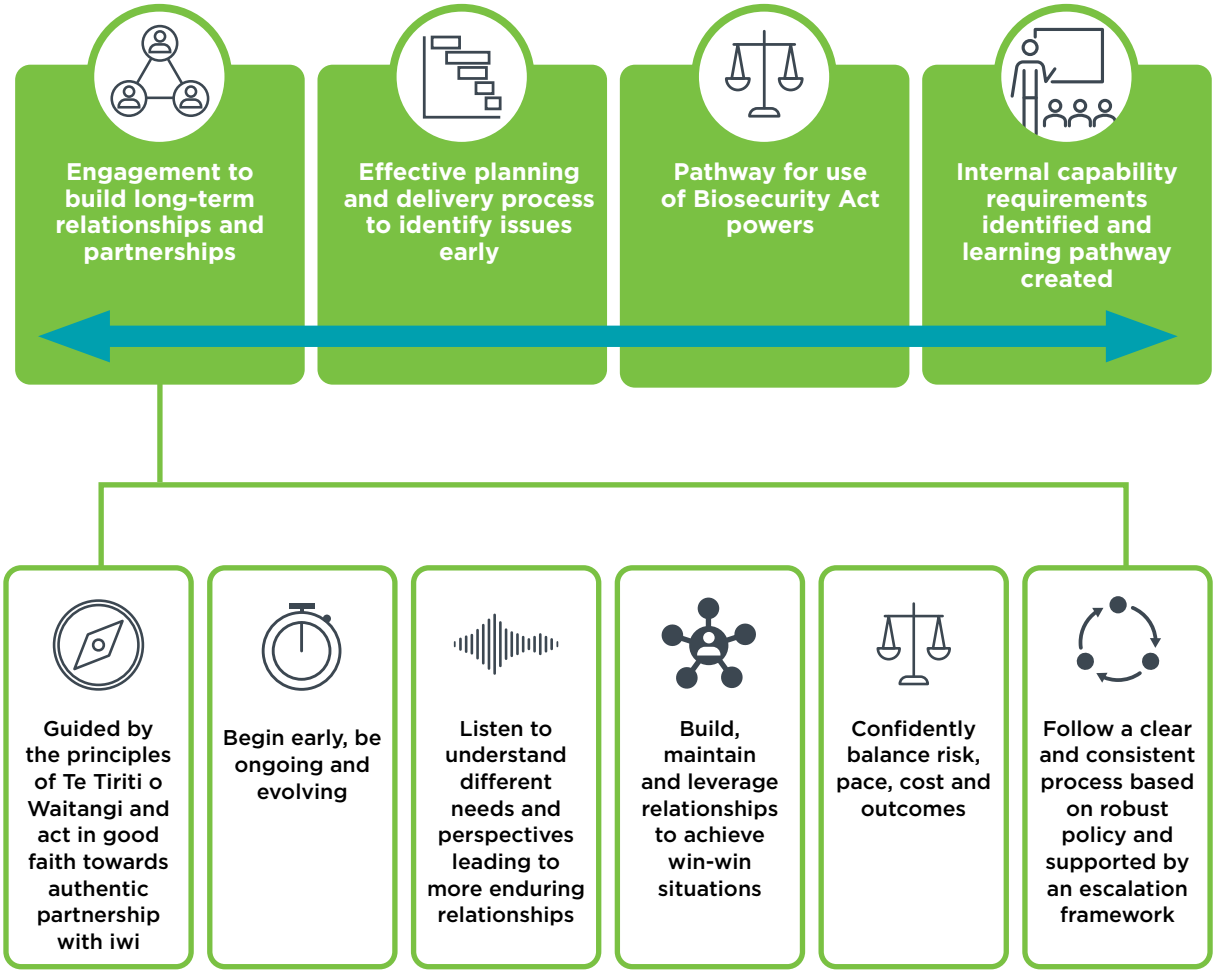


Figure 4: Components of our land access approach and our principles of engagement

We are managing infected herds effectively

Infected herd numbers

At 30 June 2021 there were 41 infected herds compared with 36 at 30 June 2020. Of the 41 infected herds, 20 have completed one clear whole herd TB test – two clear tests six months apart are required for a herd to be declared free of TB. Hawke's Bay and the West Coast (including Hari Hari) of the South Island together have 31 of the 41 infected herds. Vector control is in progress in both areas to remove the risk of further infection by wildlife – see the earlier updates on operations in these areas.

The second-longest infected herd (17 years) in Canterbury was cleared of TB this year. It is the first time in over two decades that the region has been free of infection. We also continued work to clear a Marlborough property, New Zealand's largest farm and longest TB-infected property.

The infected herd period prevalence at 30 June 2021 is 0.1%, which is below the targeted threshold of 0.2%.

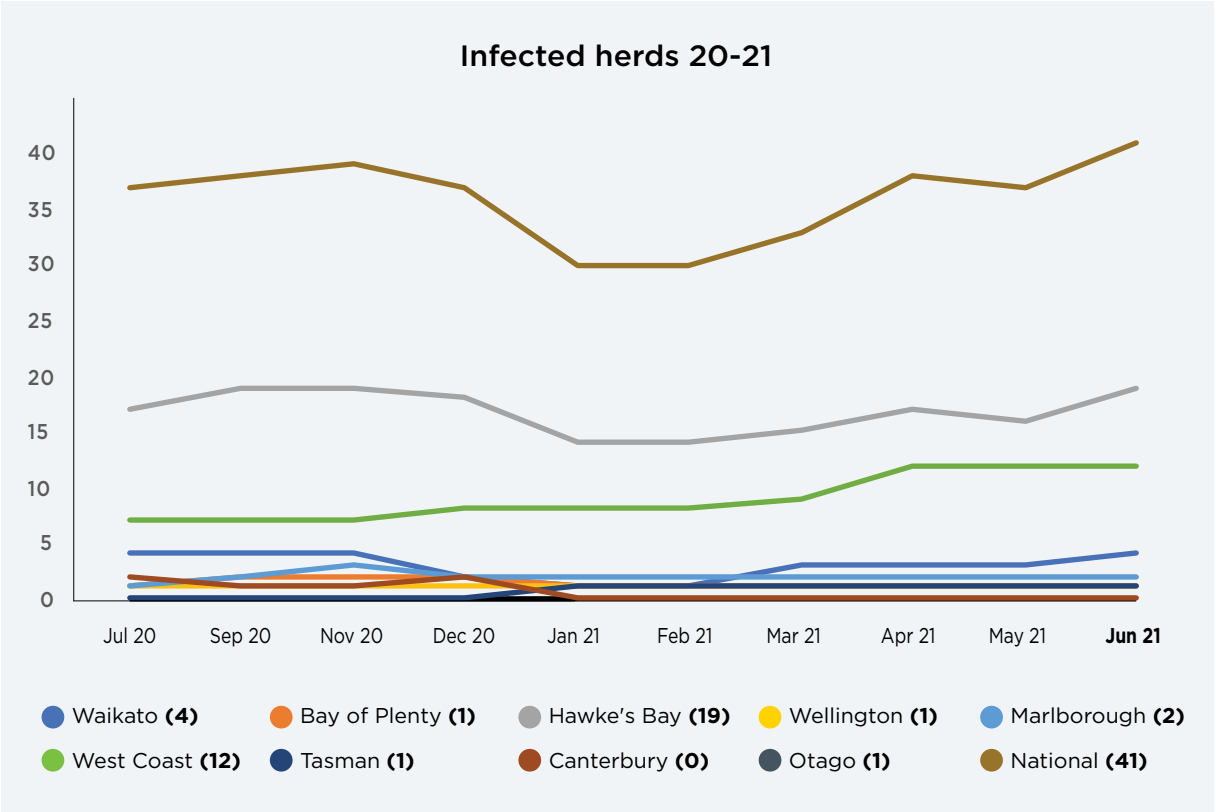


Figure 5: Infected herd numbers by region - the number by each region is the number of infected herds at 30 June 2021

Case study

OSPRI ‘disease detective’ focused on unique challenge

When you hear the word epidemiologist you might think of the experts who are figuring out how to tackle COVID-19. OSPRI Lead Veterinary Epidemiologist, Dallas New, part of the team working to eradicate TB in livestock by 2026, likens her work to that of an investigator or disease detective.

Epidemiology is the study of disease outbreaks and plays a big part in identifying the source of an outbreak, as well as monitoring and tracking the disease.

COVID-19 has opened a whole different language that now makes sense to people, says Dallas. ‘Most people now know why “movement control” is so important. For bovine TB it’s important to mark animal movements so we can track and trace the disease and make sure it doesn’t spread that way.’

‘Bovine TB is a zoonotic disease, which means it’s a type of disease that passes from an animal to a human.’

‘We get sick if we drink milk from animals with TB. We’ve managed that risk with pasteurisation, but it still remains a trade and animal welfare issue.’

Dallas believes New Zealand is on track for eradicating the disease from livestock but possums that carry the disease present a unique challenge.

> *“Most problems in the world are way more interconnected than we realise.”*

‘In the 1800s, both cattle and possums were imported to New Zealand. Some cattle were infected with TB, and it jumped into possums. This hasn’t happened anywhere else, so that’s what makes the TB situation so tricky, we have to get rid of the possums that are spreading the TB.’

Dallas says the eradication programme has made great strides in the last 30 years.

Before arriving in New Zealand in 2019, Dallas was a field veterinary epidemiologist in her home country Canada. Her work there included taking on anthrax in bison in northern Ontario and Avian Flu in British Columbia.

She began her current role at OSPRI in January 2021.

’I was stoked when this job came up because it’s my dream job. My background is in problems that touch on animals, humans and the environment and wildlife - and TB is exactly that - it’s a disease in cows, but to manage it you have to go into wildlife and kill possums to get rid of it.’

’Most problems in the world are way more interconnected than we realise.’

‘My team develops protocols for national testing, and what movements animals can or can’t do. We help analyse whole genome sequencing, which gives us clues about the source of an infection. We are there to support our vets in the regions and strengthen our eradication programme.’

Changes in how we support farmers

In 2020 we carried out a review of our Hawke's Bay response to learn what needed improving. The survey responses from farmers and other local stakeholders told us:

- our response was slow to start
- we did not include key partners early enough and need to build local relationships with stakeholders
- communication needs to be more frequent and to a wider audience.

We took several actions after this feedback, which we will also use in any future responses.

- Allocated more staff to the local team managing the response.
- Contracted Rural Support Trust to help affected farmers.
- Improved our communications.
- Provided NAIT support to owners of infected herds to get their NAIT accounts up to date.
- Reviewed how we support and manage suspected and infected herd cases - a case management team is appointed to ensure farmers receive cross-organisational support.
- Set up an industry support group which includes local stakeholder representatives.

As part of the TB health check recommendations, we introduced a risk-based approach for animal movement off-farm. The new rules allow more flexibility and will lessen the social, financial and wellbeing impacts of movement restrictions.

Case study

Mr OSPRI bids farewell

Nick Hancox has been a strong advocate for pest control and the battle to eradicate bovine TB since the 1990s, spending a good chunk of his working life explaining to the public the benefits of aerial 1080 applications to help control bovine TB.

After spells at Department of Conservation (DOC) and OSPRI's predecessor the Animal Health Board (AHB), Nick retired in June from his role as OSPRI Senior Policy Advisor.

He says the AHB was formed after significant growth in the number of bovine TB infected herds following taxpayer-funding of possum control being largely removed in the late 1970s. That led to a fragmented approach to possum control, although by the 1980s the disease had been eradicated in Northland, Taranaki and Mid Canterbury.

The result wasn't so good in the rest of the country, with an increase in TB in livestock peaking with more than 1700 infected cattle and deer herds in 1994. It represented a herd infection prevalence far higher than in most other developed countries, creating a potential risk to the marketability of New Zealand beef, dairy and venison exports.

The AHB took control of the national TB programme and operations when the first National Pest Management Strategy for possum control came into effect in 1998. Nick says national coordination of control efforts has seen the number of infected herds fall significantly.

The current TBfree programme's aims include achieving TB freedom in livestock by 2026 and in possums by 2040, and eradication of TB from all hosts across NZ by 2055.

Despite the outbreak in Hawke's Bay, Nick is optimistic those goals can still be reached. He says although the use of 1080 divides opinion, it is the best available method to control brushtail possums in hard-to-reach areas such as central North Island and Westland where trapping is neither practical nor makes financial sense.

Nick says a lot has changed since 1080 drops were first employed and the planning, expertise and technology, such as GPS, makes the drops today more accurate from when they were first used.

> *"good NAIT movement data is key to better targeting of TB testing."*

He also says farmers will continue to play a critical role in possum control by remaining committed to attacking the possum problem, and ensuring they are compliant with the NAIT scheme. 'Even when it looks like we're getting on top of TB and numbers are being reduced it is important that the focus continues or there is a danger numbers will build up again. Also, good NAIT movement data is key to better targeting of TB testing, which will reduce cost and release funds for more possum control in remaining risk areas.'

Extract from an article by Colin Williscroft published in Farmers Weekly on June 14.

Strategic Priority

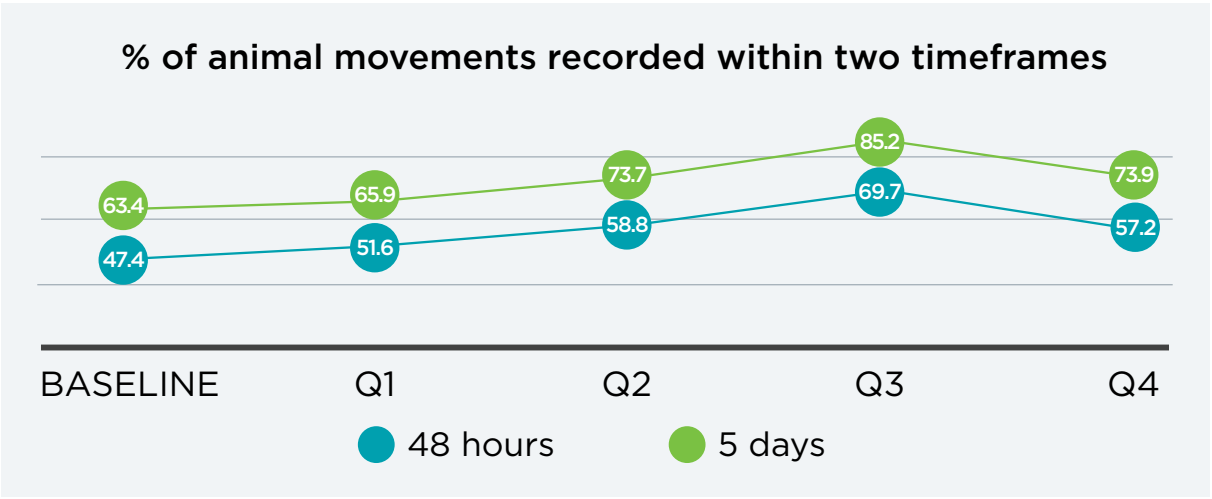
2

Align resources and focus activities on the areas of greatest risk of disease outbreaks

Strategic initiatives

- **Improve NAIT compliance through education and engagement.**
- **Implement targeted testing.**

2020-2021 KPIs



80% of animal movements are recorded within 48 hours.

MAKING PROGRESS

We are seeing consistent improvement in the statistics for recording animal movements for both 48 hours and 5 days, even though there has not yet been any targeted compliance action on movement recording obligations. This shows an increased awareness of the importance of traceability.

Through targeted testing there is a reduction of approximately 15% in annual cattle and deer numbers tested, equivalent to 550,000 tests and savings of at least $2 million.

MAKING PROGRESS

Targeted testing was implemented on 9 February 2021. It is designed to focus testing on areas that are at higher risk of the disease and is supported by nationwide surveillance at meat processing plants.

This year we achieved an 11% reduction in the number of tests carried out and cost savings of $1.425 million. This reduction in number and costs of TB tests occurred even with more testing in Hawke's Bay and Hari Hari because of the infection clusters in those areas.

NAIT compliance is improving through education and engagement

NAIT compliance statistics continue to improve

NAIT compliance is heading in the right direction but there is still work to be done.

- The scale we use to indicate overall compliance with the NAIT scheme has been trending up over the past five years (Figure 6).
- There has been lasting and better than expected improvement in farmers registering NAIT animals prior to their first movement (Figure 7). This was a focus of our education and compliance work with MPI during the year and is above our target of 80%. The focus will now shift to maintaining the behaviour.

The responsibility for compliance

OSPRI and MPI work together on compliance using the VADE model. Under this model, OSPRI looks after the Voluntary and Assisted functions (education and assistance). MPI is responsible for Directed (improvement notices) and Enforced (prosecution) activity.

MPI has provided the statistics in Figures 8 and 9 of their activity in the 2020-2021 year. The majority of the prosecutions, written warnings and infringements are for failure to register animals – this has been the focus of OSPRI and MPI's compliance work this year.

Figure 6: Improvements in the indicative compliance scale FY2017-FY2021 (FY – financial year, July to June in the next year)

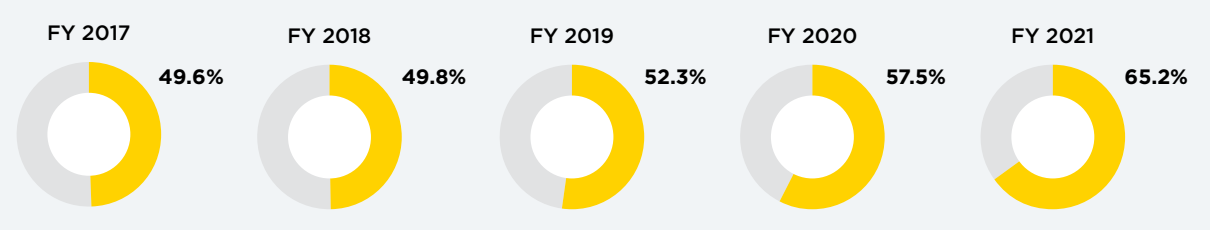
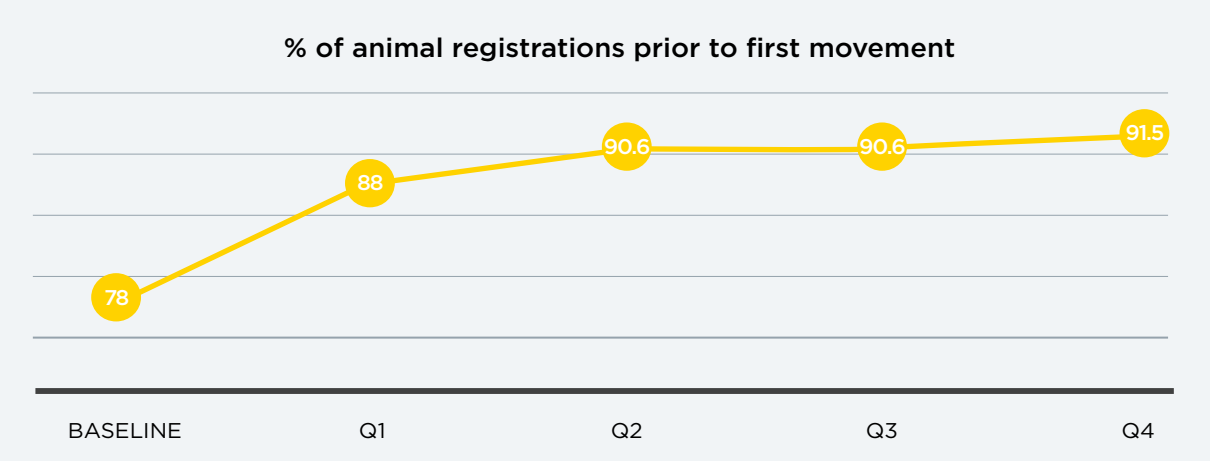


Figure 7: Improvements during 2020-2021 in registrations of NAIT animals prior to their first movement off farm (Q – quarter)



NAIT education and engagement this year

We ran several NAIT education campaigns this year, either tied to key dates in the farming calendar when NAIT actions are required or to highlight the impact of new legislation (see Figure 10). These messages were shared through the OSPRI newsletter, on our website and social media channels, at events, by our Contact Centre and Regional Partners, and through our shareholders' and stakeholders' newsletters.

Our team of Regional Partners is a key provider of on-the-ground support and advice to farmers, particularly in areas with TB. Members of the 12 OSPRI committees also provide help in their regions. Additionally, we ran NAIT workshops and drop-in sessions at both stakeholder-led and field day events throughout the country. The Contact Centre is another source of one-on-one assistance to farmers. Approximately 75% of the calls handled by the Contact Centre this year were about NAIT accounts.

Figure 8: MPI prosecutions for breaches of the NAIT Act by region during 2020-2021

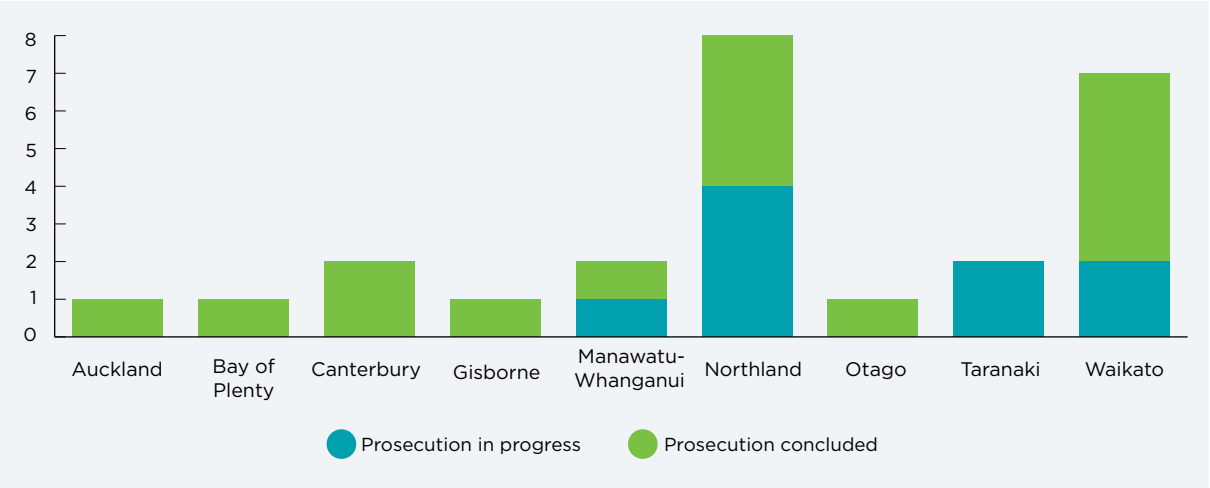
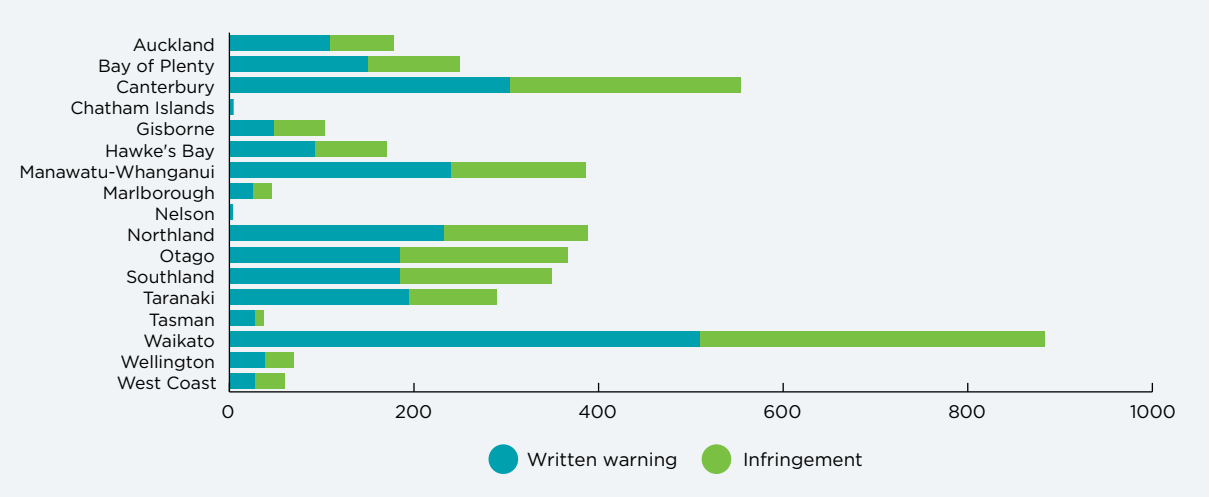
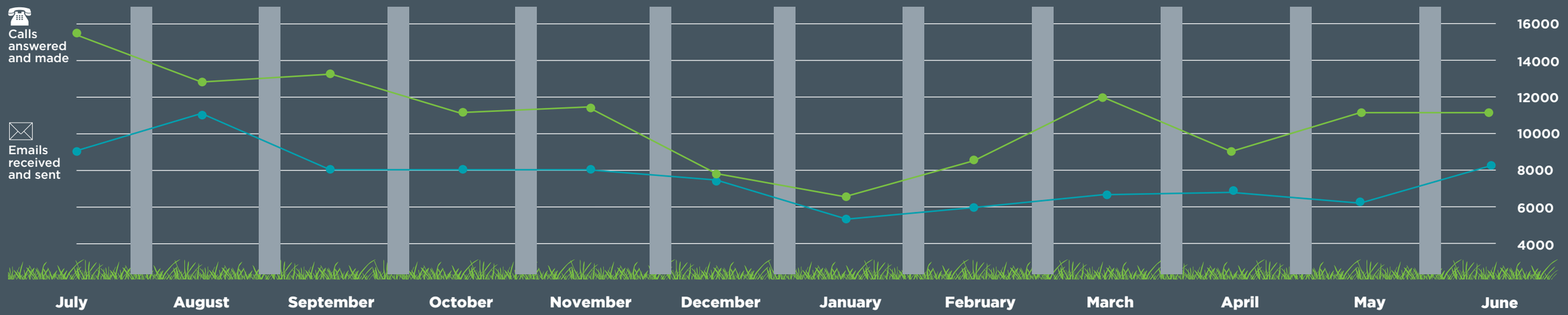


Figure 9: Written warnings and infringements by region issued by MPI during 2020-2021



OSPRI connects with farmers in a number of ways throughout the farming year

Figure 10: OSPRI connects with farmers in many ways throughout the farming year



Communications and Campaigns	• Tag and register new-borns for lifetime traceability • Declare all non NAIT animals	• Ask the vendor for a NAIT number when you are buying calves		• NAIT tag changes coming in on 14 December 2020 (only use tags at the location they are issued for)		• Changes to TB testing programme from 9 February 2021			• Weaner calves – buy from a registered farmer • Check tags for animals moving to grazing • New website	• Recreational hunters – prevent the spread of TB	• Moving Day from 1 June 2021	• Get your NAIT account up to date before calving • Unsafe to tag exemption from 1 July 2021 • TB test service bulls before sending off-farm
Events	• 4 NAIT Health Check workshops	• 3 Hawke's Bay farmer meetings • NAIT workshop Wairarapa • B+L Progressive Agriculture Conference	• 2 Dairy Women's Network NAIT workshops	• 8 Dairy Women's Network NAIT workshops • 6 OSPRI Committee meetings	• Hari Hari farmer meeting • 16 NAIT workshops • West Coast AgFest • 1 OSPRI Committee meeting • OSPRI Committee Chairs' conference	• 7 NAIT workshops		• East Coast Farming Expo • 4 OSPRI Committee meetings	• Wanaka A&P show • Central Districts Field Days • South Island Field Days • 6 OSPRI Committee meetings	• Hari Hari farmer meeting • 3 Dairy Women's Network Conferences • B+L Farm Smart Conference • 2 NAIT workshops • DairyNZ Farmers' Forum • 1 OSPRI Committee meeting	• 2 Dairy Women's Network NAIT workshops • B+L Ag Innovation Day	• National Fieldays • South Island Dairy Event • Deer Expo • 6 OSPRI Committee meetings • OSPRI Committee Chairs' conference

Case study

Hunters can help stop the spread of bovine TB

To help minimise the potential spread of TB (Bovine tuberculosis) in the bush, OSPRI and AsureQuality teamed up to produce an educational video to build more awareness among hunters.

We launched a nationwide TB education campaign for hunters, providing them with the advice they need to keep themselves and their whānau safe while ensuring the disease is not spread unintentionally.

Hunters sometimes come across TB infected animals during their hunting activity and may not know what to do when it comes to reporting or handling and disposing of these infected animals, says Simon Andrew, OSPRI General Manager, Disease Control Planning and Integration.

'To ensure hunters do the right thing when they kill a wild animal, whether it be a deer or pig, we're asking them to raise the alarm if they find something suspicious. What we've got to remember is that we're dealing with a disease that humans can catch. It's a form of TB which is detrimental to our health.'

Mr Andrew says there are a few simple steps hunters can take to reduce the risk of bovine TB spreading.

- Diseased animals must be left where they've been killed, and hunters must report the animal to the landowner.
- Minimise disease spread — never move a carcass to the next hunting site.
- If you suspect disease, take a picture if you can and note the location before sending the information to info@ospri.co.nz.
- If you suspect a carcass is infected, call OSPRI on 0800 482 463. We'll investigate and plan for the disposal of the carcass.

We have implemented targeted testing

Targeted testing for cattle and deer was introduced in early 2021

The TB Plan health check recommended we change how we find TB by only testing animals on-farm in areas where the risk to herds is highest (targeted testing). At the same time we will continue to check for the disease at slaughter.

We are rolling out targeted testing in stages. Phase 1 changes were introduced on 9 February 2021.

- Beef and dairy herds in low-risk areas, which were being tested every three years, are now tested less often.
- Deer herds in low-risk areas, which were being tested every three years, are no longer tested on-farm. We will check for disease during meat inspection at slaughter.
- Any herd in a low-risk area that receives animals from an infected herd that became clear of TB after 9 February 2021 must have a TB test.

These testing reductions mean we can use our resources in areas of higher TB risk.

Inspection training updated

As we reduce testing in low-risk areas, we will rely more on detecting TB at slaughter. We rolled out further training for meat processor workers this year and we are researching quicker diagnosis methods (see Strategic Priority 4).

Movement Control Area for Hari Hari

At the same time we introduced phase 1 of targeted testing, we also put in place a Movement Control Area for the area surrounding Hari Hari on the West Coast of the South Island. This means that a TB test is required before an animal can move out of the area. 60 herds were impacted by the Hari Hari Movement Control Area.

Other testing changes this year

As we make progress with our vector control operations programme and areas become free of TB, we can adjust TB testing requirements. This year we made changes in 29 areas, to both the frequency of tests and the age categories of livestock needing to have tests. These changes are estimated to reduce testing for 786 herds, mainly in the lower South Island. Further information on these changes is in the Appendix.

How NAIT links to testing

Accurate NAIT animal movement data helps to better target TB testing, which results in reduced testing costs and allows us to spend more on possum control in the remaining risk areas.

Thanks to a technology upgrade, our Disease Management System now includes a herd's NAIT number. This means our vets can trace an animal's NAIT movements and make sure any required post-movement testing happens.

Strategic Priority

3

Reposition the traceability system to support animal disease outcomes

Strategic initiatives

Implement Traceability Health Check findings.

Make NAIT fit for the future.

2020-2021 KPIs	
Progress the Information Systems Strategic Plan meeting time, quality and cost specifications including the following milestones:	
Complete a procurement process to select a software solution to manage disease and pest management capability by 30 December 2020.	**COMPLETED** We have selected a vendor and the discovery process is in progress with internal subject matter experts.
Implement an upgrade to CRM to support first release of the OSPRI Portal by 30 June 2021.	**COMPLETED** The MyOSPRI farm to farm module was released on 27 June 2021 and the CRM upgrade occurred as planned.
35% of OSPRI Portal capability progressed by 30 June 2021.	**COMPLETED** The ISSP Governance Board confirmed this KPI has been met.

Case study

Sharemilkers focused on NAIT account at calving

Coming into a busy calving season it pays to have your NAIT account up to date say Wairarapa-based, award winning 50/50 sharemilkers Manoj Kumar and Sumit Kamboj.

From early July, they expect around 760 winter calves on the Eketahuna properties which they manage along with their 6-strong team.

Front of mind for both brothers is making sure all new-born animals are traceable and their details recorded in the NAIT system.

'We use LIC's dairy participant code tags as we know these tags numbers are aligned to NAIT and can be matched in the NAIT system. Once we've tagged the animals, the tag numbers are recorded in MINDA [livestock management system] and that synchs through to the NAIT account for registration.'

The brothers keep tabs on the NAIT accounts for the three NAIT locations they manage and needed to update the NAIT records when they took over the sharemilking duties.

'Some of the herd was not registered in NAIT and the movement records also required attention. We called the OSPRI Contact Centre, and they were brilliant and very helpful getting the NAIT accounts to reconcile so we could become NAIT compliant.'

On-farm biosecurity starts with making sure new-born calves are tagged and registered in NAIT within 180 days of birth (6 months) or before their first movement off-farm, whichever happens first.

This season the plan is to hold on to most calves and to manage them at a recently acquired run-off block near both farms to build equity and breed replacement heifers.

When moving animals on and off-farm, the brothers scan the animal tags using a scanner to save time. They note that they only have to provide an Animal Status Declaration (ASD) form when sending animals to their meat processor, as the processor is a NAIT accredited entity and can make the NAIT movement on their behalf.

> *"I believe we are all learning from the M. bovis outbreak and how traceability has played a part in managing and containing it."*

Mr Kumar believes NAIT is not difficult to keep on top of and says it is essential for supporting disease management.

'I believe we are all learning from the *M. bovis* outbreak and how traceability has played a part in managing and containing it. There is also more information available now about keeping your animals compliant with NAIT.'

Implementing the traceability health check findings

In 2020-2021 OSPRI and its funders and stakeholders carried out a health check of New Zealand's animal traceability system. The work finished in May 2021.

The purpose of the traceability health check

We wanted to discover the components that are necessary for an effective traceability system. The *Mycoplasma bovis* outbreak showed the impact of disease outbreaks on farmers and industry and highlighted the importance of an easy-to-use information system and the need for high levels of compliance.

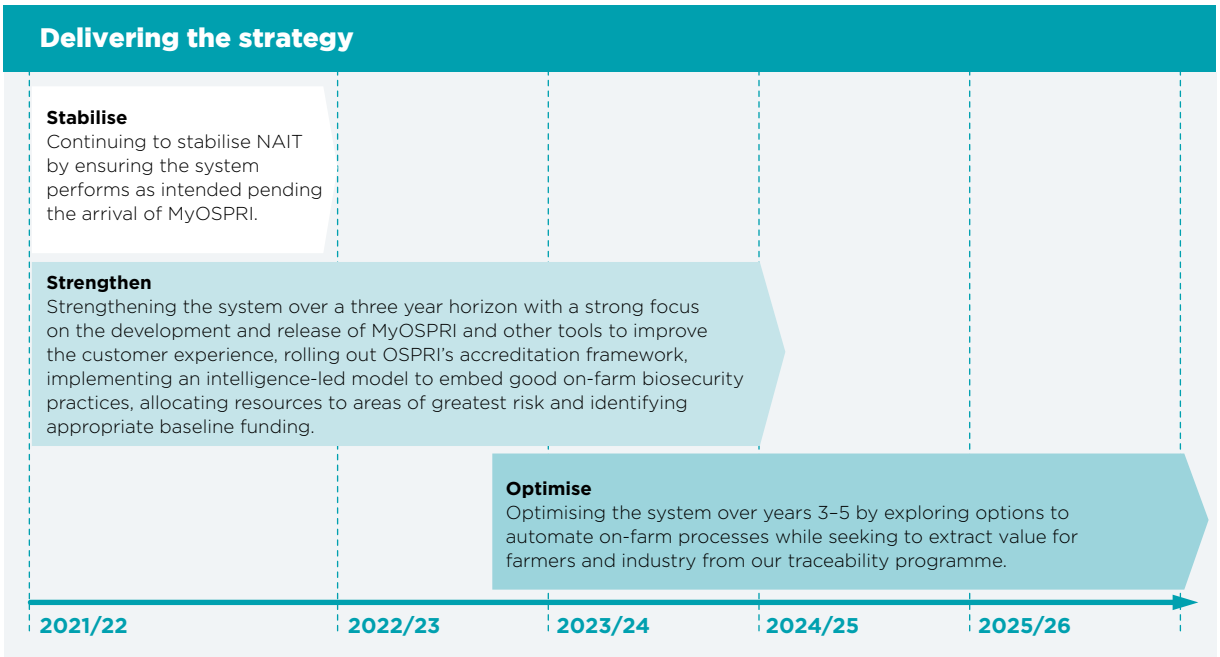
During the health check we researched the original reasons for developing the NAIT scheme, how the programme has performed so far, similar schemes around the world, and investigated what is and is not working in the programme.

Key findings of the traceability health check

- New Zealand's traceability system is thorough compared to international schemes. However, there are some concerns with the system.
- A strategy of "stabilise, strengthen, and optimise" is needed to deliver an improved traceability system for New Zealand (see Figure 11).
- Work to improve the traceability system has been done in the past couple of years, but there are still usability and data accuracy issues to resolve.
- An immediate priority is to improve ease of use for farmers to support them to complete their NAIT obligations.
- We need to look at and make choices about the future resources and funding needed for a sustainable traceability system that delivers what its users require.

The vision developed by the health check work is for a traceability system that is connected and integrated across the industry and that maximises the value and return on investment to the primary sector.

Figure 11: The approach OSPRI is using to improve New Zealand's traceability system



Traceability Operational Strategy

Informed by research, supported by tools and technology, and strengthened by an integrated network of industry partners.

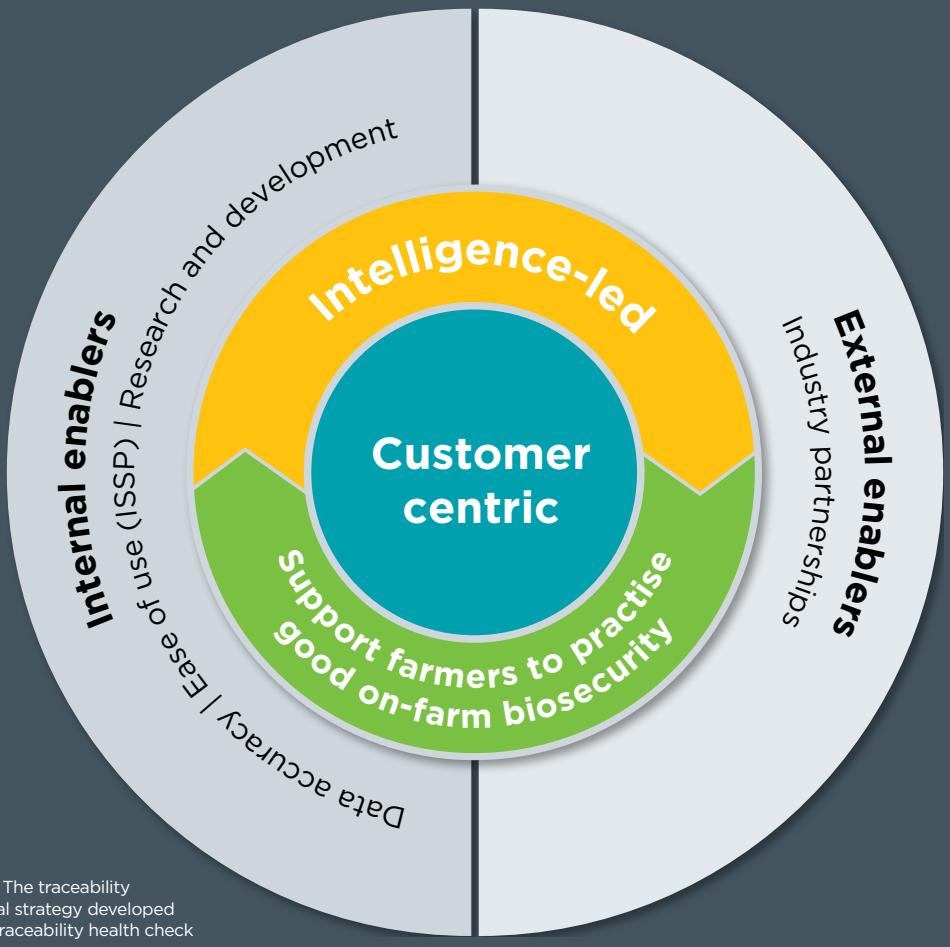


Figure 12: The traceability operational strategy developed from the traceability health check

What are the next steps for traceability

We will continue to support farmers to meet their NAIT obligations while we work to strengthen the system. The key steps that are critical for success are:

- delivering an easy-to-use system that results in accurate, up to date NAIT information
- using information from the NAIT database to develop behavioural change education and help farmers practise good on-farm biosecurity (see Figure 12).

Making NAIT fit for the future

Making NAIT more usable - MyOSPRI

The first release of OSPRI's new customer-facing application, MyOSPRI, was launched in late June 2021 to a small number of farmers. We will increase the numbers using the system slowly, allowing us to receive feedback as we develop future releases.

MyOSPRI currently allows farmers to create a farm-to-farm Animal Status Declaration (ASD) form online that they can download, print or share with transporters and receiving farmers. This task was chosen for the first release as it makes up 60% of animal movements.

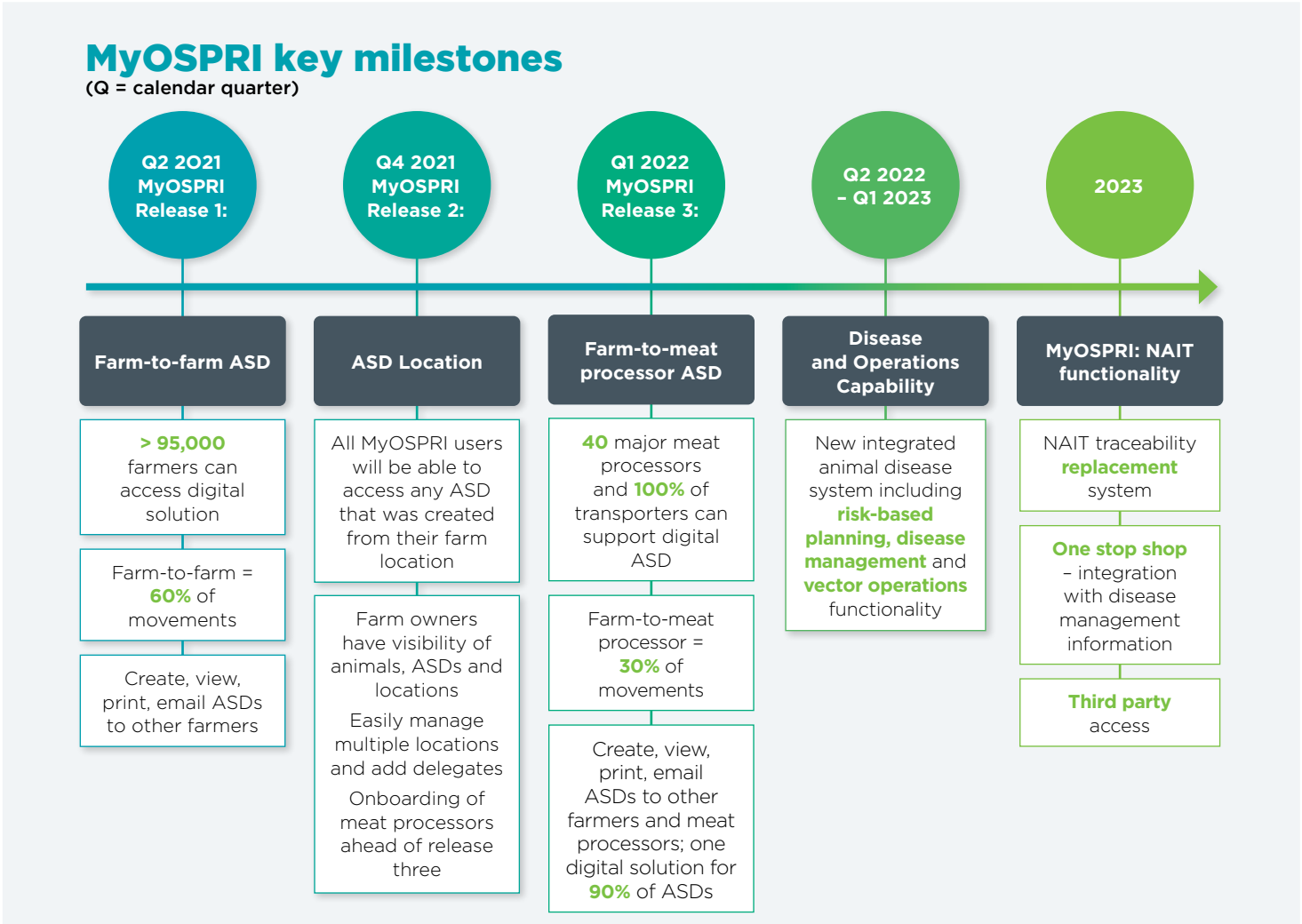
The next two releases in MyOSPRI will cover the set-up of locations and organisations, and farm-to-meat processor electronic ASD. At the same time we are working on future developments and over time NAIT, eASD and TBfree will all be available in MyOSPRI so that farmers can do all online transactions with OSPRI in one place. Figure 13 shows the planned milestones for MyOSPRI.

Making NAIT data more accurate

During 2019 we discovered issues with how MINDA data, the dairy farm management system operated by LIC (Livestock Improvement Corporation), was coming into NAIT. OSPRI and LIC have worked together over the past year to improve the timeliness and accuracy of data transferred from MINDA to NAIT.

This year we developed and consulted on two draft standards – Entities Trading in NAIT Animals, and Third-Party Software.

Figure 13: Key milestones for MyOSPRI

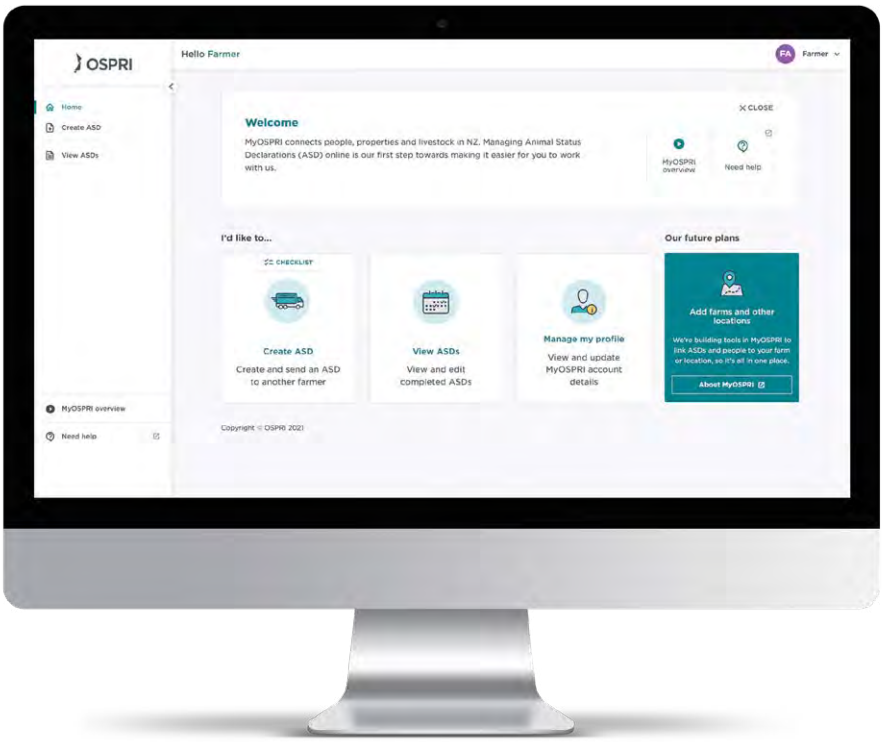


We have also started creating the accreditation programme for Information Providers and Accredited Entities. The NAIT standards programme allows farmers to be confident that the organisations handling and managing their NAIT data have been checked and meet industry-agreed standards.

Farmers have told us that high tag failure rates result in increased on-farm costs and a loss of lifetime traceability. Tag degradation is one of four possible causes for tag loss (the others being tag placement, application and the farming system). As international studies have found that environmental factors can cause premature tag failure, OSPRI has commissioned research into whether environmental factors are causing faster failure of the plastic in New Zealand.

8/10

Key to the design of MyOSPRI has been the feedback provided by farmer groups during demonstrations at OSPRI committee meetings, field days and Dairy Women's Network events. Farmers gave the prototype an average **8/10 rating** for usability.



Strategic Priority

4

Efficient allocation of OSPRI resources

Strategic initiatives

Aligning research and development to applied science and use of technology.

Enhance contractor and procurement model.

2020-2021 KPIs

Research and Development Strategy, focused on applied science and technology, is designed and implemented.	**COMPLETED** New R&D projects are showing results that will help deliver our TBfree programme more efficiently.

We have aligned research and development to applied science and use of technology

Our updated research and development approach

After consultation with our stakeholders, OSPRI introduced a new Research and Development Strategy this year (Figure 14). Our new focus is to fund research that:

- can be easily introduced into our work
- is done in collaboration with other pest management agencies and technology companies
- will save money while improving our programmes.

Research Strategy 2020-2025 Roadmap

Figure 14: Research Strategy 2020-2025 road map

PURPOSE OF OSPRI'S RESEARCH STRATEGY
To shift from knowledge based research to short-term applied research, technology initiatives and collaborative projects with other pest management agencies.

RESEARCH OBJECTIVES
- **Rapid disease diagnostic tests**
- **Cost-efficient control and surveillance at landscape scale**
- **Operationalisation of research**

Over the next five years our research investment will prioritise projects that deliver outcomes aligned with our strategic goals and that drive innovation and efficiencies into the way we deliver our programmes.

OSPRI's 11 research priorities

20/21
- Close legacy epidemiology projects
- Develop rapid TB diagnostic tests for slaughter surveillance
- Collaborate with DoC & ZIP to develop kea mitigation tools
- Trial drones & thermal sensors for surveillance
- Investigate 1080 alternatives

21/22
- Run an IoT proof of concept trial
- Undertake operational technology trials – remote traps; thermal surveillance; livestock movements

22/23
- Seek registration of kea repellent
- Commence development of an alternative toxin to 1080

23/24
- Partner with technology & communications companies to implement landscape scale control and surveillance

24/25
- Commence initial trials of alternative toxins

Areas of focus

Applied research

Technology

Partnerships

Implementation

R&D carried out this year

Figure 15: R&D projects July 2020 – June 2021

What	Result	Benefits
Research objective 1: rapid disease diagnostic tests		
New diagnostic tools to test for TB in samples	Two projects are trying to confirm TB within 48 hours Results to date are extremely positive; the final report is still to be provided If this is successful, it will not take long to set up	Reduce the 3-month time to prove TB in samples obtained from slaughtered livestock
Research objective 2: cost-efficient control and surveillance at landscape scale		
Drones and thermal imaging for surveillance	The initial thermal camera trial gave a 58% hit rate average, compared with chew cards and wax tags which have a 33% hit rate Surveillance drone trials have been flown with a final report due in the later part of 2021	May be more cost-effective, especially in small or difficult to get to areas Rapid and more efficient possum density monitoring, especially in small pockets of bush or along ravines where possum populations may survive aerial 1080 and maintain disease
Automated self-resetting traps that send data from the field	The units are bulky and unlikely to be effective for large-scale operations, however data was transmitted successfully which will enable us to develop remote monitoring tools for long-term monitoring	Potential for cost saving and more efficient use of resources in long-term monitoring after control operations as it removes the need to frequently visit the area
Automated lure traps with AI (takes an image of the animal to determine what it is)	This is being developed out of the automated self-resetting traps work Sixty lures are to be deployed in October prior to an aerial operation and left for several months to monitor the effectiveness of the aerial	To count the number of possums in an area before and after aerial control to assess possum density without needing to frequently visit the area

What	Result	Benefits
Strip sow, low sow	Trialled at Molesworth – both methods had 100% possum kill rate	Halves the amount of bait required; once the final report is reviewed we will identify if it can be applied to other location types
Drones for flying precision bait drops	Drones were consistently dropping non-toxic bait within a 4-metre swathe from heights of 20m, 40m and 60m	Greater precision drop than a helicopter can achieve, meaning we can drop bait in difficult to access areas
Research objective 3: operationalisation of research		
Kea mitigation strategy	Zero Invasive Predators' aversion methodology has been approved by the Department of Conservation for use at high altitude Upcoming trials on kea repellent bait using D-Pulegone for lowland areas	Keep kea safe by either training them not to eat 1080 bait (aversion training) and/or incorporating a kea repellent into the bait Enables us to undertake operations in kea country outside of mast years
Deer repellent	ProDeer was trialled at Molesworth – 95% deer survival rate	Reduce by-kill which helps to retain the social licence for our work amongst several groups
Possum movement on West Coast	This work is ongoing The results may influence our approach to control on the West Coast	Understand whether possums move from deep bush onto farmland, causing livestock infection, and whether TB is present at higher altitudes
Bait development	This work is ongoing	Improved bait formulations and alternatives to 1080

We have enhanced our contractor and procurement model

Controlling TB-carrying wildlife (vector) is one of the three tools to achieve the objectives of the TBfree Plan – management of the disease in herds and control of animal movement being the other two. We control possums using:

- ground and aerial operations
- surveying potentially infected wildlife.

OSPRI designs this work and contracts specialist pest control organisations to deliver it.

Why change the contractor model

The reasons to change how we contract suppliers for our vector control work were to make our purchasing model:

- faster when we need to react to new infection
- more open by giving contractors better information about our eradication plans and timelines in each region
- more collaborative so the design of TB operations can benefit from the expert knowledge of local contractors
- less focused on excessive audits, however quality assurance and health and safety requirements remain in contracts.

We also wanted:

- contractors who are champions of the TBfree programme
- to find cost and time savings
- a flexible model we can customise for a region.

The impact of the new procurement model

The new model was used for contracting the 2021-22 wildlife vector operations programme and we are pleased with the results.

- We had interesting discussions with potential suppliers about the order of operations and proposals for different methods.
- Our regional teams now have greater flexibility to allocate their work programmes.
- We achieved good cost savings in several regions which will let us do more work, faster.

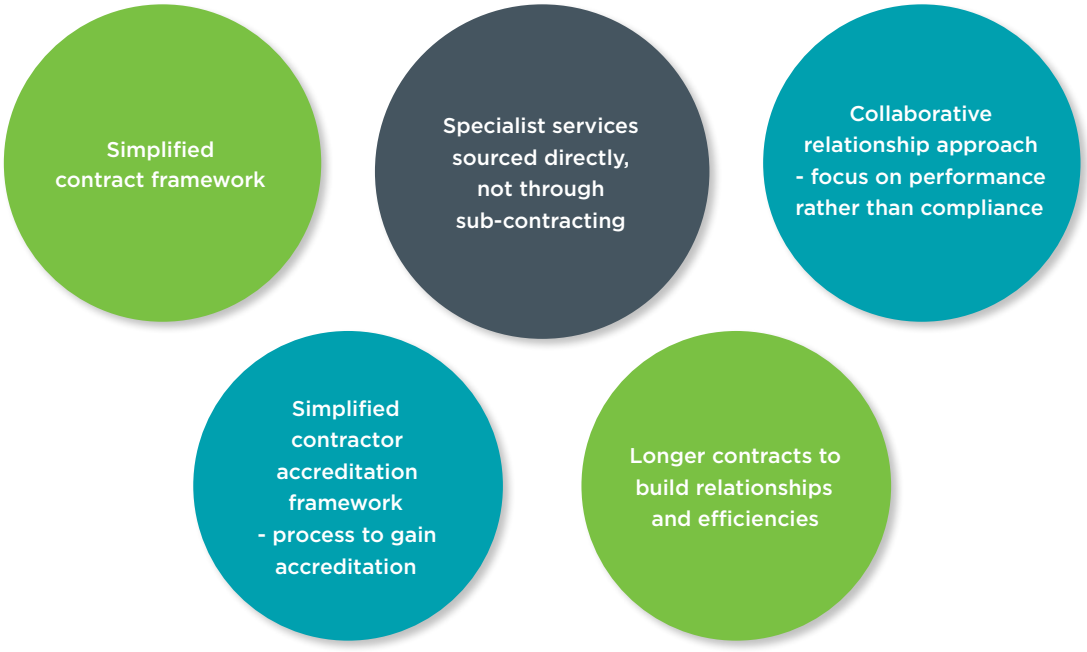


Figure 16: Advantages of the new contractor procurement model

Case study

OSPRI and partners trialling on-farm technologies

OSPRI's research programme activities are focused on better understanding and managing the ecology of possums and Bovine Tuberculosis (TB).

'We're moving away from a traditional science-based approach. While this has served us well to date, we are now undertaking more field trials using technology to support short-term targets which include TB eradication in livestock by 2026,' says Richard Curtis, OSPRI's Research Manager.

We are working closely with the Department of Conservation, ZIP, Predator Free 2050 and technology companies to develop alternative possum control and monitoring.

This new approach to developing technologies is aimed at reducing operational costs for pest control and surveillance and creating more efficiencies as we work to capture the remaining 1 to 2 percent of possums in areas which have disease.

Dr Curtis described the new technologies we are trialling with partners as ground-breaking with the potential to be game-changing.

'Drone technology can help us reach those gnarly areas like steep ravines and gullies where infected possums are still at large, but we only require relatively small spot-treatments that don't warrant putting a helicopter up. They can also be fitted with thermal imaging cameras for surveillance purposes pre- and post-operations,' says Dr Curtis.

Artificial intelligence software is developing rapidly, and we are exploring whether it is possible to identify individual animals based on their unique calls and count the numbers of wildlife such as possums still present after a pest operation.

Another key development is the increase in TB surveillance of animal carcasses at meat processing plants. It currently takes three months to confirm the presence or absence of TB in a granuloma sample from a suspect carcass, but using new disease diagnosis techniques, test results could be confirmed within 48 hours.

> *"This new approach to developing technologies is aimed at reducing operational costs for pest control and surveillance"*

Dr Curtis takes satisfaction in how OSPRI's commitment to investigate new pest control technologies can help protect New Zealand's biodiversity.

'We know that possums, rats and stoats are hugely detrimental to our native bird population. Removing these predators is now seen as the most important tool for bird conservation in New Zealand.'

Strategic Priority

5

Shape up and set up OSPRI for the future

Strategic initiatives

Establish functions, strategies, guidelines and the resourcing model to operate within and future proof.

Investigate opportunities where OSPRI can add value to New Zealand's biosecurity system.

2020-2021 KPIs	
OSPRI achieves a 75% engagement score in its staff engagement survey.	**MAKING PROGRESS** We achieved a 70.4% engagement score with a high 93% response rate. After the survey results, we have launched a new People Strategy and Wellbeing Framework to respond to the main themes from the survey feedback.
The OSPRI Total Recordable Injury Frequency Rate (TRIFR) reduces by 16% (from 25.0 to 21.0).	**NOT ACHIEVED** Towards the end of the year several slips, trips and falls incidents during field operations increased the TRIFR to 25.9, up from a July 2020 start of 17.1. TRIFR is based on 1 million hours worked.
Report six-monthly on progress against the 2020 OSPRI Stakeholder Survey conclusions and recommendations.	**COMPLETED** Several key recommendations came out of the February 2020 stakeholder survey where OSPRI received a rating of 71% for trust and confidence. During the year we have reported to the Stakeholders' Council on completed and in progress actions in response to those recommendations.

Putting in place functions, strategies, guidelines and the resourcing model to operate and future proof our programmes

How the new operating model is working

OSPRI launched a new operating model on 1 July 2020, made up of regional responsibility for service delivery, national centres of excellence (disease management and traceability), and central business support services.

As well as putting in place processes for how our regions will work with central teams, we have created cross-regional communities of practice for our veterinarian/epidemiologist and Regional Partner teams to share best practice and work together on common issues.

The new Quality, Compliance and Assurance team

The new model created a central Quality, Compliance and Assurance team to support the business to deliver its strategic priorities. As a new function within OSPRI, the team's initial areas of focus are:

- setting up OSPRI assurance and accreditation programmes; this includes work across the TBfree and NAIT programmes, for example the audit and accreditation process under NAIT standards
- refreshing OSPRI's internal standards and controls.

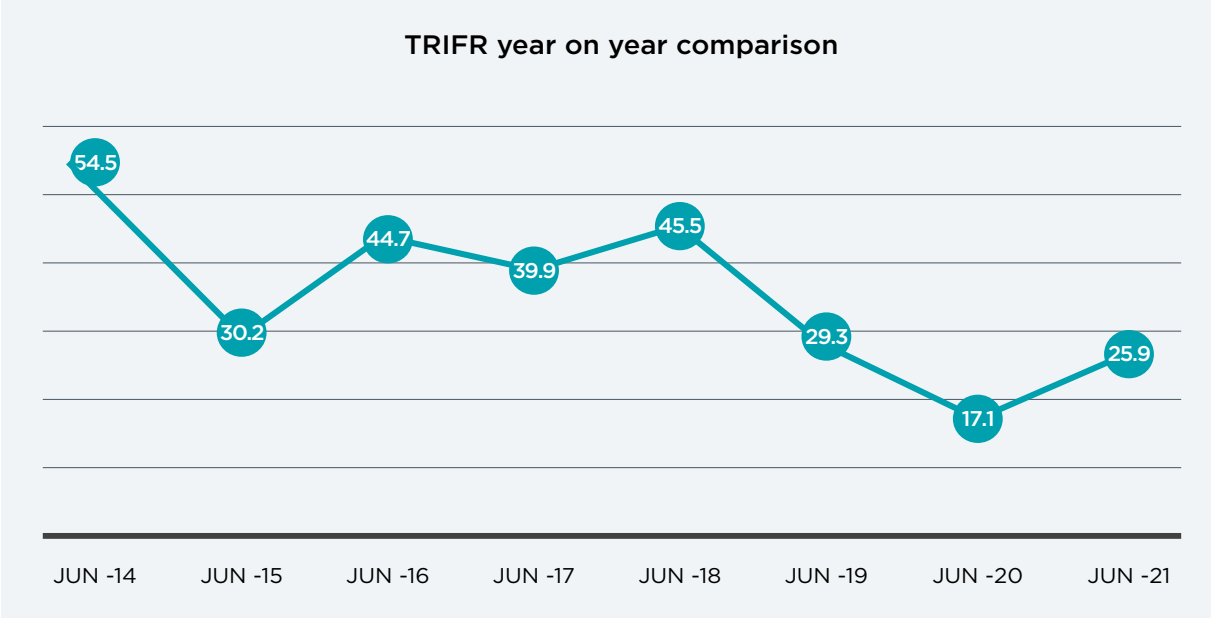
Ongoing focus on our customers

Farmers interact with OSPRI in multiple ways. We have launched a customer excellence project to ensure we provide a consistent and high-quality service to farmers across all these channels.

Our Contact Centre reporting during the year showed increases in call numbers, the average wait time for calls to be answered, and the average length of time to resolve calls. While farmers are satisfied with the quality of service provided once they talk to our Customer Service Representatives, we are working hard to improve service levels.

- Recruitment for the Contact Centre has been a priority in the second half of the year.
- We introduced a function for farmers to request a call back at a time to suit them.
- Regional Partners now have access to a priority queue in the Contact Centre, allowing them to provide service on the spot when they're with farmers.
- A refreshed training and quality programme and coaching support for our Customer Service Representatives is underway.
- We are now measuring the accuracy and quality of information provided to callers and we will report this externally in future.

Figure 17: Trend of Total Recordable Injury Frequency Rate over the past 8 years



Improving our technology systems for farmers

Our Information Systems Strategic Plan was approved in 2019. One of the main goals is to improve farmers' experience of the NAIT system by making it easier to use and provide more self-service options. See the section on Strategic Priority 3 for information about MyOSPRI. Our future system will link NAIT with our animal health and disease management system to give farmers improved reporting tools and one place to see all their OSPRI information.

Other key technology improvements we made this year were:

- an upgrade of our Customer Relationship Management system
- an updated website, organised by what different user groups need to do, and with an improved search function
- completing the movement of our system applications to the Cloud
- the introduction of Digital Workspaces for OSPRI people to improve file management and collaboration.

How we are looking after our people

Health and Safety

We continue to be focused on health and safety and were pleased to retain our ISO45001 certification this year.

While we achieved most lead indicator targets this year, our key lag indicator, Total Recordable Injury Frequency Rate (TRIFR), has risen from 17.1 at the end of the 2020 year to 25.9 this year. The measure was impacted by several slip, trip and fall injuries during the early part of winter 2021. While our TRIFR remains favourable to comparable industry benchmarks, this increase is disappointing after recent declines and we are exploring how to stop these types of injuries.

Figure 18: An overview of OSPRI's new People Strategy

People Strategy

Our new People Strategy focuses on making OSPRI a great place to work and one that enables our people to be the best they can be. The strategy is in response to matters reported in the 2021 people engagement survey. We achieved a 70.4% engagement score, which was similar to the 2019 survey result. The high participation rate (93%) was pleasing and people rated their connection to OSPRI's mission and their teams, and the organisation's health and safety culture highly.

Our performance management framework was redesigned and now consists of regular one-on-one performance discussions, which coach and support people to better performance.

Flexible working was introduced, based on lessons from the 2020 COVID-19 lockdown.

We launched an expanded Employee Value Proposition, to help OSPRI attract and retain the best people.

Wellbeing framework

Our updated Wellbeing Framework was introduced this year and describes how we promote and provide for the wellbeing of our people under the four pillars of:

- physical wellbeing
- health awareness
- mental health
- spiritual and emotional wellbeing.

Training initiatives

- Our emerging leadership programme was successfully launched this year.
- We ran situational safety and confrontation workshops for our front-line people.

Opportunities for OSPRI to add value to New Zealand's biosecurity system

Working better with our stakeholders

Our February 2020 stakeholders' survey reported a 71% rating for trust and confidence in OSPRI. The key recommendations were:

> *"Engage better with iwi"*

> *"Improve NAIT usability and farmer education"*

> *"Define OSPRI's value in the biosecurity system"*

> *"Become more farmer focused"*

> *"Work better with stakeholders to tackle common challenges and share resources"*

OSPRI has worked hard during the past 18 months responding to this advice and improving our external relationships at national and local levels. The objectives of working better with other organisations and landowners and improving our service to farmers are seen in this year's work.

- Release 1 of MyOSPRI launched – this new technology will deliver a connected animal disease and traceability system to help farmers to better manage their legislative obligations and farm systems. We used farmers and other user reference groups to provide feedback on the design to make sure it is easy to use and meets their needs.
- We set up industry reference groups of farmers, meat processor representatives, and stock and station agents who provide advice on OSPRI's objectives and delivery.
- Our regional operating model is in place with increased national coverage, greater numbers of staff working directly with farmers, and better engagement with local stakeholders.
- Under our new land access strategy we are focused on long-term relationships and shared benefits to gain access for control operations in remote parts of New Zealand that are essential to successfully deliver the TBfree programme.
- The traceability health check included shareholders and stakeholders in the governance and technical reference groups.
- The Board Chair meets regularly with the Stakeholders' Council to get their views on OSPRI's long-term objectives and strategies and how the organisation is performing.
- Collaboration and information sharing on research projects with other organisations working in the pest-free area, for example, Department of Conservation, Zero Invasive Predators, Predator Free NZ 2050, is in progress. Additionally, the Chief Executive is part of a collective leadership team, convened by the Department of Conservation, to provide oversight for the Predator Free by 2050 programme.

Case study

Perth Valley experiment a kea saver

A successful aerial and trapping operation in the Perth Valley on the West Coast carried out by Zero Invasive Predators (ZIP) over two years has eliminated possums, rats and stoats from the valley and safeguarded native biodiversity.

The outcome has been especially favourable for kea, an endangered alpine parrot vulnerable to predators.

'Kea numbers are flourishing again in the Perth Valley with numbers believed to be around 160 compared to fewer than 20 before the aerial pest control initiative.'

Kea have an inquisitive nature and are prone to investigate 1080 cereal bait used to control possums and rats.

ZIP trialled placing non-toxic bait in kea habitat next to tahr carcasses, which kea scavenge. The bait was coated with a high-concentration repellent which made the kea sick and stopped them eating the bait.

OSPRI Research Manager Richard Curtis has welcomed the trials and says the results are very encouraging.

'These kea mitigation sites were set up two months before the first 1080 drop in the Perth Valley and it's been a delight to see kea not take the bait after successive aerial pest operations.'

'The next step is to trial this mitigation technique at sea level where there are large numbers of kea predators such as possums and stoats. ZIP has developed a similar aversion training technique, where kea will be prompted to land in bird feeder boxes that are out of the reach of predators.'

'These bird feeders will be surrounded by tahr carcasses to attract the kea to the site and will contain the coated bait. When kea consume the non-toxic, anthraquinone-coated bait in the bird feeder it will make them sick, and they'll learn to avoid the bait, and then will also avoid the 1080 toxic baits that will be dropped several months later during actual pest control operations.'

'So, in effect, we're training them not to be attracted to 1080 cereal baits that are intended for their predators,

"Kea numbers are flourishing again in the Perth Valley with numbers believed to be around 160 compared to fewer than 20 before the aerial pest control initiative."

so it's a win-win situation for kea and our pest control objectives,' says Richard.

OSPRI has several critical aerial control operations scheduled on the West Coast — at Ianthe, One One and the upper Wanganui River — and plan to use the new kea mitigation techniques in all these operations if kea are known to be at the site.

Photo courtesy of Rosa Cabecinhas

Detailed disease management statistics

Delivery of the TBfree programme

TBfree New Zealand Limited, a wholly owned subsidiary of OSPRI NZ Limited, is the management agency for the National Pest Management Plan for Bovine Tuberculosis (*Mycobacterium bovis*) pursuant to section 100 of the Biosecurity Act 1993 and clause 6 of the Biosecurity (National Bovine Tuberculosis Pest Management Plan) Order 1998.

The objectives of the TBfree programme are:

- Eradication of bovine TB from New Zealand by 2055 with milestone objectives of:
  - TB freedom in cattle and deer by 2026
  - TB freedom in possums by 2040
- Containment of disease in cattle and deer to a national infected herd period prevalence of no more than 0.2% until such time as bovine TB is eradicated.

Components of the TBfree programme

To meet the objectives of the TBfree programme OSPRI delivers an integrated range of services:

- livestock disease management, which includes TB testing and diagnostics, disease surveillance through carcass inspection at slaughter premises, case management, and controls on livestock movement
- wildlife pest management operations through a possum control programme in Vector Risk Areas and wildlife surveillance to determine the presence of TB in possums or other wildlife
- an annual review of areas across New Zealand where there is a risk of transmission of TB from wildlife vectors to obtain an estimate of the probability that the possum population is free of TB
- a research and development programme to support the control and eradication of TB in wildlife and livestock
- support for farmers while eradicating within-herd infection
- local farmer-led committees which communicate the TBfree programme, activities, and operations to farmers
- a range of further communications and extension activity to farmers, stakeholders, and other affected parties.

How we find TB in livestock

Under the TBfree programme, New Zealand is divided into Disease Control Areas, each having their own frequency requirements for livestock TB testing – see the later section for more detail. The other method used to detect TB in livestock is identifying lesions suspicious of TB as part of routine carcass inspection at slaughter.

An overview of pest operations management

New Zealand is divided into Vector Risk Areas, where local wildlife populations have been or remain infected with TB, and Vector Free Areas, where TB freedom has been achieved or the disease was never suspected to be present.

The plan objective is to eradicate TB from all wild animal populations on land within Vector Risk Areas, and to ensure the continued absence of TB in wildlife in all areas.

Infected herd period prevalence

The annual infected herd period prevalence (for cattle and deer combined) at 30 June 2021 was 0.1%.

Period prevalence is derived from the total number of infected herds at the start of the year, plus new infected herds identified during the year, divided by the total herds in the country, expressed as a percentage. The annual period prevalence has been less than 0.2% for the last seven financial years and New Zealand therefore meets the World Organisation for Animal Health (OIE) standard for being classified as officially TB free.

Recent progress of the TBfree programme

Figure 19: Number of infected cattle and deer herds at 30 June

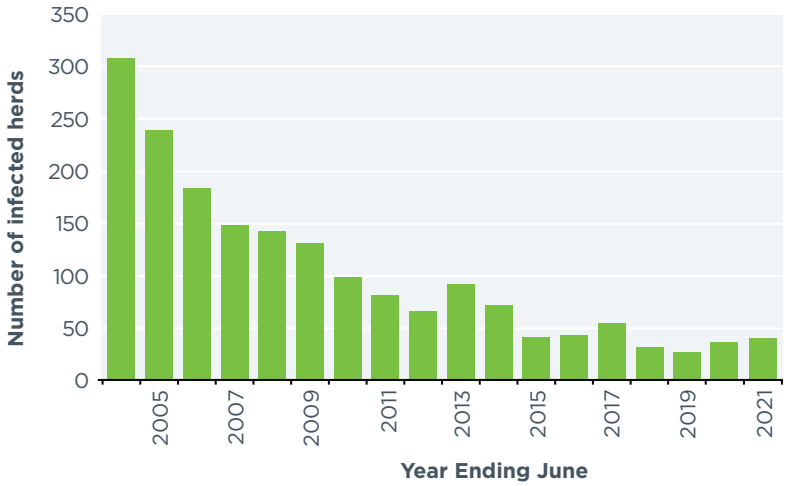


Figure 20: Annual infected herd prevalence (cattle and deer)

Figure 21: Disease metrics over three different time periods for cattle and deer herds located in Vector Free Areas (VFA) and Vector Risk Areas (VRA)

Vector area status	Infected herd period prevalence per cent			Herd breakdown rate per 1000 herds			Infected herd clearance per cent		
Period	1992/93	2002/03	2020/21	1992/93	2002/03	2020/21	1992/93	2002/03	2020/21
VFA	1.3%	0.15%	0.037%	6.8	0.73	0.191	68%	83.3%	47%
VRA	14.9%	3.8%	0.59%	50.3	13.21	2.8	32%	58.5%	58%
Total	**3.6%**	**0.91%**	**0.1%**	**13.4**	**3.3**	**0.483**	**42%**	**61.4%**	**55%**

Livestock disease management

An effective livestock disease management programme is a key part of OSPRI's TB control and eradication effort and includes:

- disease surveillance through routine on-farm TB testing and post-mortem inspection of cattle and deer at slaughter
- TB diagnosis through approved laboratory testing
- effective case management of infected herds
- restricting the movement of at-risk livestock either at area or herd level.

Our response to a diagnosis of TB

If TB is diagnosed, a Restricted Place Notice under section 130 of the Biosecurity Act 1993 is placed on the herd. This restricts any movement of stock from the herd (except to slaughter) without a permit. This on-farm biosecurity process limits any spread of the disease through cattle or deer movement from that time on.

The infected herd is case managed by an OSPRI team. The case management process involves tracing any livestock movements into and out of the herd prior to diagnosis. Any livestock identified as having moved out of the herd will be TB tested in their destination herd.

OSPRI uses both livestock movement information and DNA analysis of the TB organism to help determine whether TB has been introduced by livestock movement, or by contact with wildlife, or was potentially residual within the herd.

An important aspect of case management is working with the farmer to understand the cause of the disease and supporting the farmer to manage their herd through to TB freedom as quickly as possible. A herd cannot be declared free of TB until it has had at least two clear whole herd tests at a minimum of six months apart.

A key part of OSPRI's TB Plan is the restriction of livestock movement from infected herds and from designated Movement Control Areas where the TB risk from wildlife is considered high.

Infected cattle herds

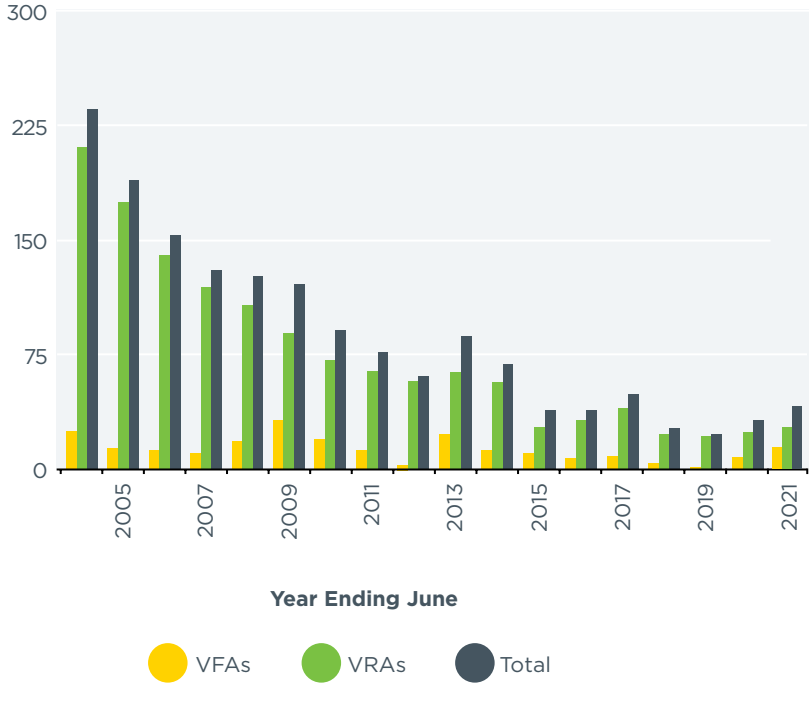
At 30 June 2021 there were 38 infected cattle herds (0.05% of total cattle herds), compared to 32 herds at 30 June 2020, an increase of 19%.

Of the infected cattle herds:

- 53% were beef dry or beef breeding herds; 47% were dairy or dairy dry herds
- 50% were herds in Hawke's Bay (19)
- 26% were herds in Hari Hari (10)
- 61% were in the North Island; 39% were in the South Island.

Figure 22 shows the change in infected herd numbers since June 2004 by vector area status (VFA – Vector Free Area; VRA – Vector Risk Area). The annual number of infected herds is expected to trend down towards zero over the next five years.

Figure 22: Number of infected cattle herds at 30 June 2021



The cattle herd breakdown rate per 1,000 herds (new infected herds divided by total herds x 1,000) for 2020–2021 was 0.48, and the cattle herd clearance rate was 56%. These rates compare with a herd breakdown rate of 0.39 per 1,000 herds, and a clearance rate of 49% in 2019-2020.

During the year there were 65 existing and newly infected status herds, 15 more than in 2019–2020. In total, 62 cattle had confirmed TB test results during 2020-2021. This compares with a total of 84 tuberculous animals in the 2019–2020 year.

The sources of infection for existing and newly TB infected cattle herds this year are summarised by area status (VRA – Vector Risk Area; VFA – Vector Free Area) in Figure 23.

Figure 23: Sources of infection for cattle herds in the 12 months to 30 June 2021

	Cattle introduced from known infected herds	Cattle introduced from clear herds	Residual herd infection	Contact with infected wild animal	Source yet to be determined
Newly infected herds in VRA	1	1		16	1
Newly infected herds in VFA		5		5	
Existing infection		7	1	28	
All infected herds	**1**	**13**	**1**	**49**	**1**

Cattle testing and reactors

Cattle testing data is summarised in Figure 24, which compares the number of TB tests carried out on cattle and the number of reactors to tests, for 2018-2019, 2019–2020 and 2020–2021.

In the year to 30 June 2021, approximately 2.7 million cattle were tested using the intradermal caudal-fold tuberculin test (primary skin test). This is approximately 300,000 less than the number of cattle tested in the previous year.

Serial ancillary (blood) tests were carried out on 3,536 cattle which had a positive reaction to the primary skin test. In addition, ancillary parallel gamma interferon blood tests were performed on 12,452 cattle that tested negative to the primary skin test for TB.

Figure 24: Cattle TB test results for 2018-2019, 2019-2020 and 2020-202

Cattle testing	2018/19	2019/20	2020/21
Primary tuberculin tests on cattle	2,900,162	3,000,154	2,736,154
Primary test-positive cattle ancillary serial tested	4,413	4,174	3,536
Ancillary parallel tests on cattle	13,847	9,394	12,452
Total cattle reactors slaughtered	445	401	506
Total positive TB cattle reactors	44	84	62

Figure 25 shows the trend in cattle reactors from 2003–2004 to 2020–2021 by area status (VRA – Vector Risk Area; VFA – Vector Free Area).

Tuberculous cattle

The number of tuberculous (confirmed infected with TB) cattle includes the total number of cattle (both TB test reactors and cattle found during routine slaughter) with gross TB-like lesions, or otherwise identified as infected following Polymerase Chain Reaction assay or culture of *Mycobacterium bovis* from tissues.

During 2020–2021, 48 (9.0%) of the 506 reactors slaughtered showed visible TB lesions or had lesions sampled that were confirmed as being infected with *Mycobacterium bovis*. Bovine tuberculosis was also identified in six cattle during routine slaughter (0.21 per 100,000 cattle slaughtered, based on 2.81 million cattle slaughtered in 2020–2021), and eight cattle were identified as tuberculous following culturing of lymph nodes collected from reactors with no visible lesions. Figure 26 illustrates the long-term trend for TB found in cattle from 2003–2004 to 2020–2021 by area status (VRA – Vector Risk Area; VFA – Vector Free Area) and shows the overall decline in the number of TB cattle, despite variable spikes in 2003–2004, 2008–2009 and 2012–2013. This mirrors that for reactors.

Figure 25: Number of cattle reactors

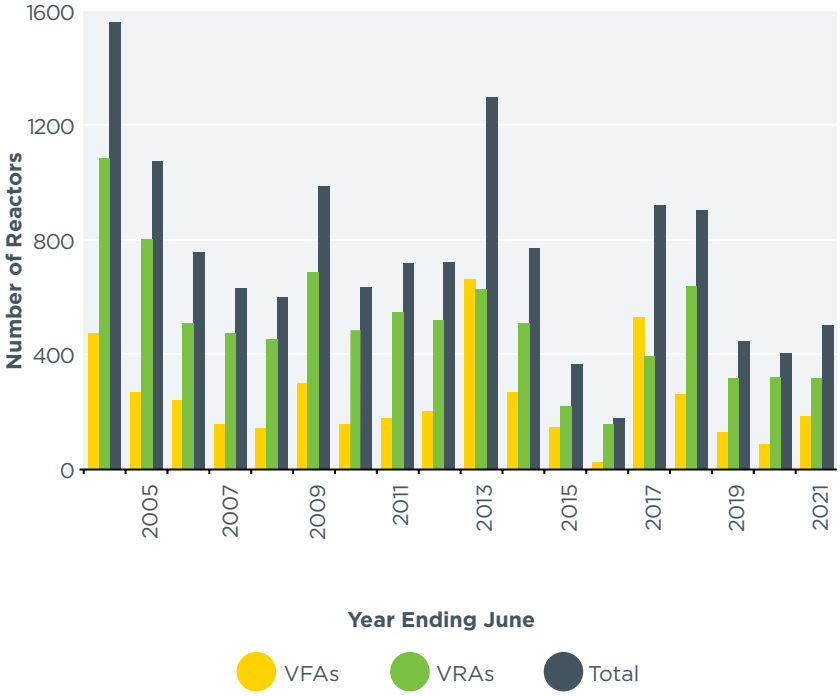
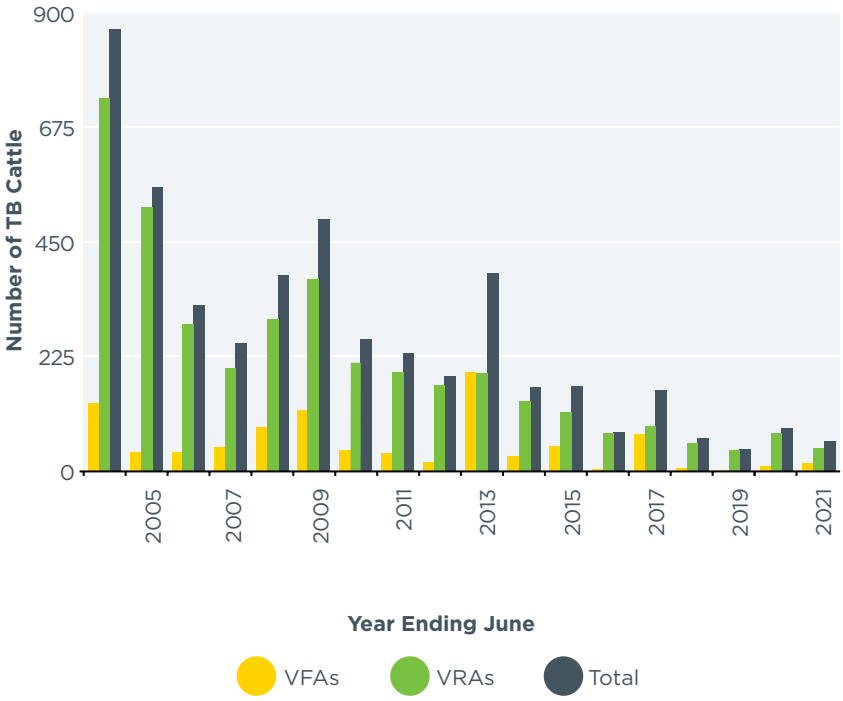


Figure 26: Number of tuberculous cattle



Infected deer herds

At 30 June 2021, there were three infected deer herds (0.15% of total deer herds), compared to four herds at 30 June 2020, a decrease of 25%. Figure 27 shows the decline in the number of infected deer herds between June 2004 and June 2010 by area status (VRA – Vector Risk Area; VFA – Vector Free Area). Since then, numbers have remained relatively steady and low, at between two and five herds.

The deer herd breakdown rate per 1,000 herds (new infected herds divided by total herds x 1,000) for 2020-2021 was 0.5, and the deer herd clearance rate was 44%. During the year there were five existing or newly TB infected deer herds, the same number as in the 2019–2020 year. In total, two deer were found with TB, both from on-farm TB testing.

Figure 27: Number of infected deer herds at 30 June 2021

Deer testing and reactors

Deer testing data is summarised in Figure 28, which compares the number of TB tests performed and the number of reactors to tests in 2018–2019, 2019–2020 and 2020-2021. In the year to 30 June 2021, 146,666 primary mid-cervical intradermal tuberculin tests (skin tests) were performed on deer compared to 170,671 in the previous year.

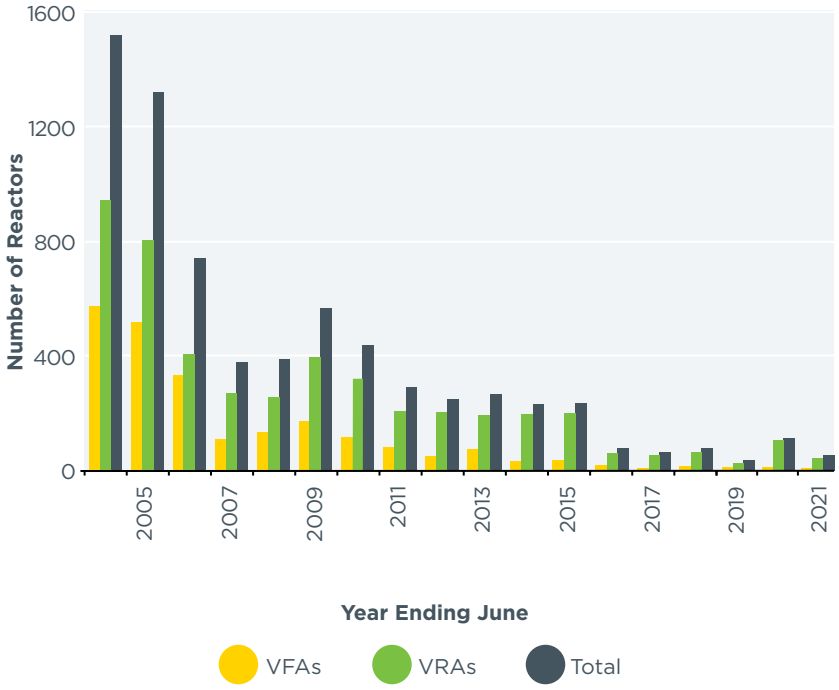
Serial ancillary (blood) tests were carried out on 1,005 deer positive to the primary skin test compared with 955 ancillary parallel tests performed on deer in 2019–2020. As a result of these tests 56 deer were declared as reactors and were slaughtered. On slaughter, two reactors were found to be confirmed cases of TB.

Figure 28: Deer TB test results for 2018-2019, 2019-2020 and 2020-2021

Deer testing	2018/19	2019/20	2020/21
Primary tuberculin tests on deer	173,577	170,671	146,666
Primary test-positive deer ancillary serial tested	1,271	955	1,005
Ancillary parallel test-positive deer	0	0	0
Total deer reactors slaughtered	36	114	56
Total positive TB deer reactors	0	3	2

Figure 29 shows the trend in deer reactors from 2003– 2004 to 2020–2021 by area status (VRA – Vector Risk Area; VFA – Vector Free Area).

Figure 29: Number of deer reactors



Tuberculous deer

The number of tuberculous deer includes the total number of deer (including reactors and deer found during routine slaughter) with gross TB-like lesions, or otherwise identified as infected following Polymerase Chain Reaction assay or culture of *Mycobacterium bovis* from tissues.

During 2020–2021, there were two reactors confirmed to be infected. Figure 30 shows the trend in the number of tuberculous deer between 2003–2004 to 2020–2021 by area status (VRA – Vector Risk Area; VFA – Vector Free Area).

Figure 30: Number of tuberculous deer

Tb surveillance and monitoring programme

Areas of New Zealand are categorised into Disease Control Areas, with different types of TB testing regimes based on the risk of infection.

- Movement Control Areas (MCA) are implemented to minimise the risk of TB spread through the uncontrolled movement of infected livestock from areas considered at greatest risk of vector-related infection. All cattle or deer over three months of age that move from, or within, an MCA must have been negative to a pre-movement test within 60 days prior to being moved.
- Special Testing Areas (STA) and Surveillance Areas are defined geographical areas where the frequency of cattle and deer testing is determined by the area's risk, or the need to obtain surveillance data for Proof of Freedom purposes.

As TB is progressively reduced or eradicated in each area, the definition and boundary of each Disease Control Area is reviewed, and testing requirements are amended in accordance with the residual disease risk.

Changes to testing policy

This year, as well as making our annual change to testing requirements for specific Disease Control Areas, we also commenced the phased roll-out of changes to our testing policy. This is in line with the 2020 TB health check recommendation that testing resources should be focused where the risk is highest, while continuing to maintain a surveillance programme that will detect disease early enough to stop its spread.

In lower risk surveillance areas, the following test policy changes were implemented from 9 February 2021.

Type	Current testing	New testing
Beef and dairy herds	Every 3 years	Less frequent Testing in response to movement to these areas of animals of higher TB risk
Deer herds	Every 3 years	No on-farm testing Monitored through slaughterhouse meat inspection
Any herd receiving an animal movement from a C1 status herd		Post movement test

Disease Control Area changes

The cluster of TB infection in herds in the area surrounding Hari Hari on the West Coast of the South Island is associated with infection in the local possum population. OSPRI extended the existing Movement Control Area from 9 February 2021, requiring pre-movement testing for affected herds until the wildlife source of infection has been controlled. This change impacted 60 herds.

In other areas of New Zealand, we changed the frequency of testing and age categories of stock to test for 29 areas. There was no change to the Movement Control Area in Hawke's Bay.

We predict that the combined impact of all changes made this year is a reduction in testing affecting 786 herds, with most changes in the Lower South Island.

The numbers of cattle and deer herds and infected herds by Disease Control Area type (MCA – Movement Control Area, STA – Special Testing Area) is provided in Figure 31.

The Disease Control Areas Map 8 shows which testing regime an area is under at 30 June 2021 and the changes that were made this year.

Map 8: Disease Control Areas at 30 June 2021

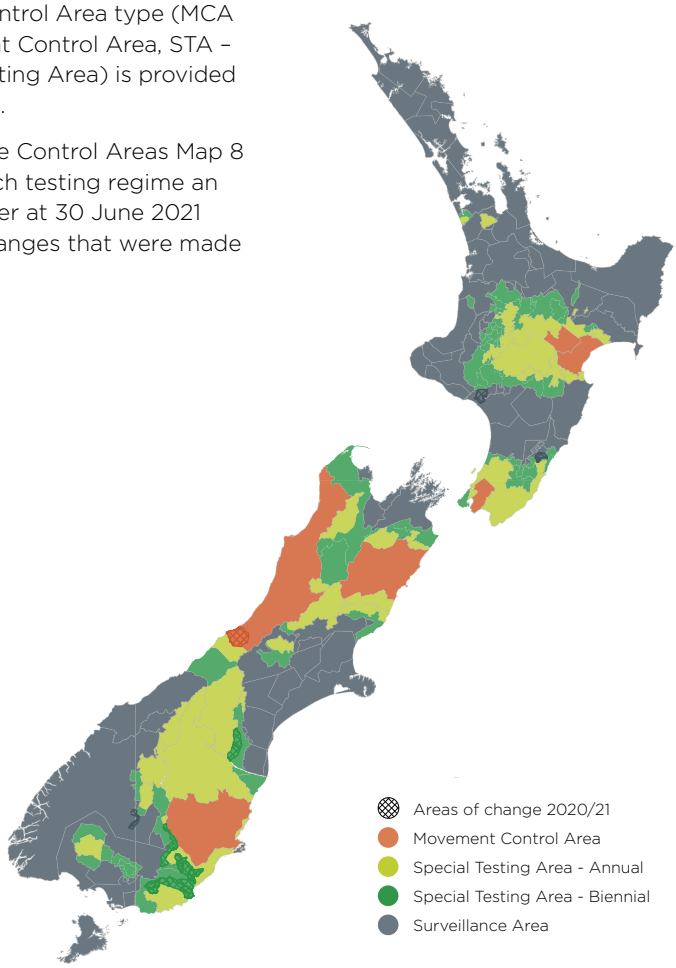


Figure 31: Total cattle and deer herds and infected herds by Disease Control Area type

	MCAs	STAs (annual and biennial)	Surveillance Areas	New Zealand
Total herds at June 2021	3,172	12,978	54,464	70,614
Cattle and deer infected herds during 2020–2021	52	13	5	70

Wildlife disease management

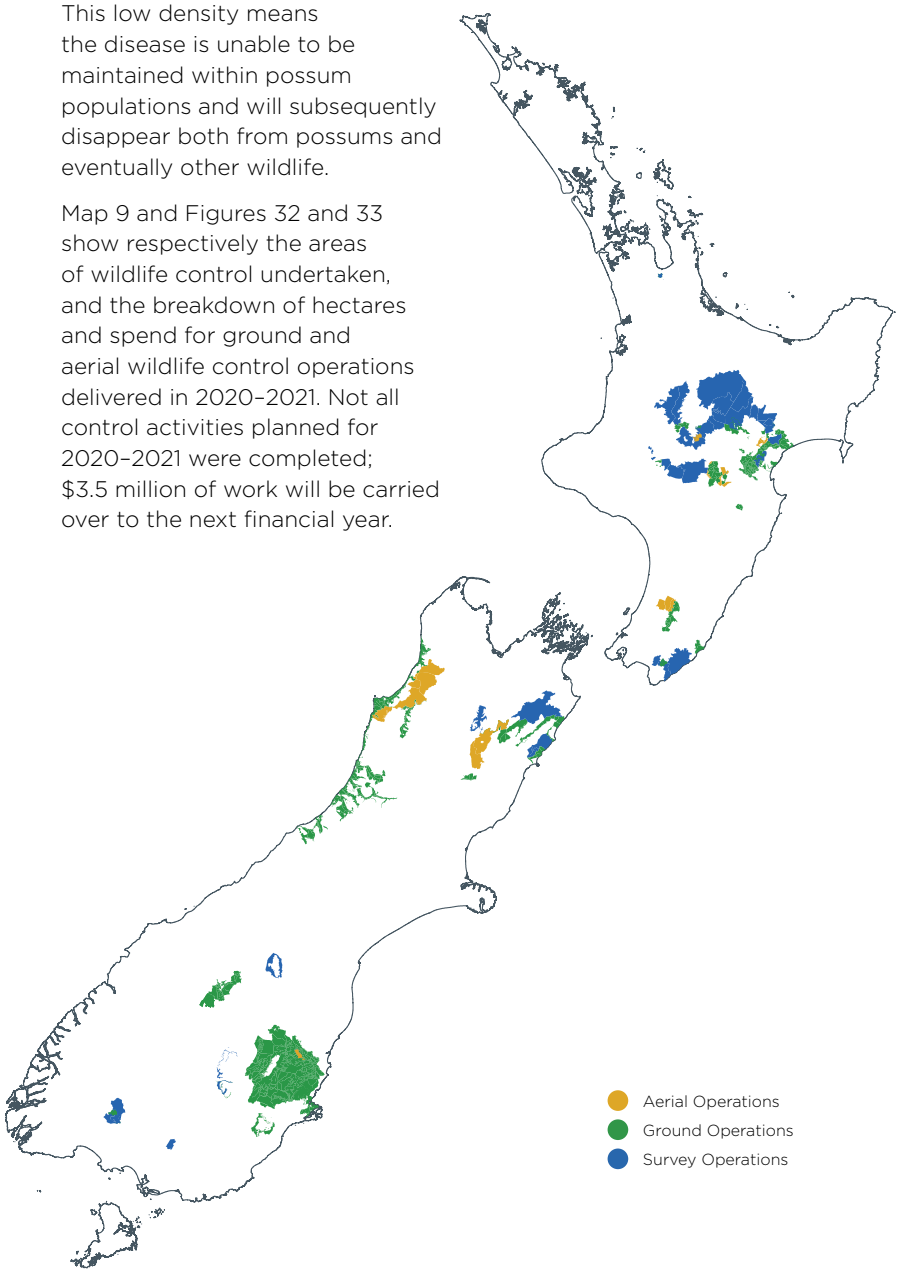
Contact with TB-infected wildlife – mostly possums – is the main cause of livestock TB in New Zealand. Possum control, along with surveys for TB in other wildlife species, is the largest component of the TBfree programme.

Possum control operations are designed to reduce possum population densities to prevent further transmission of TB between possums and from possums to livestock.

Eradication of TB is achieved by reducing the possum density to a very low and even level (about one possum per 10 hectares) for a period of at least five years.

This low density means the disease is unable to be maintained within possum populations and will subsequently disappear both from possums and eventually other wildlife.

Map 9 and Figures 32 and 33 show respectively the areas of wildlife control undertaken, and the breakdown of hectares and spend for ground and aerial wildlife control operations delivered in 2020–2021. Not all control activities planned for 2020–2021 were completed; $3.5 million of work will be carried over to the next financial year.

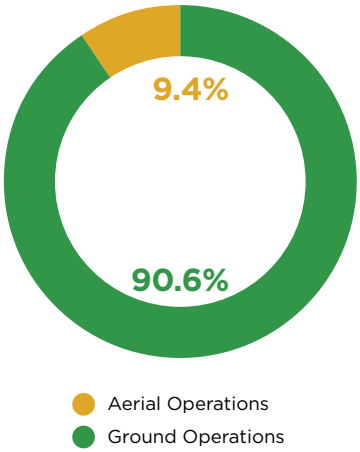


Map 9: Map of 2020-2021 wildlife control

Figure 32: Breakdown of national ground and aerial control operations by area and spend

	Total hectares	Spend
Ground Operations (including surveillance)	2,192,101 **90.6%**	$27,659,843 **77.67%**
Aerial Operations	228,046 **9.4%**	$7,950,557 **22.33%**
Total	**2,420,147**	**$35,610,400**

Figure 33: Area proportion of ground and aerial control operations



Wildlife surveys

An important aspect of the TBfree programme is surveying wildlife to detect whether TB is still present following a period of sustained possum control. This involves trapping or culling possums and other sentinel species, such as pigs and ferrets, followed by post-mortem examination and analysis. The results are used to help determine whether freedom from TB within designated areas has been achieved, or if further control work is needed. We expect to find few – if any – TB-infected possums or other wildlife in these surveys, as significant possum control effort has already been undertaken.

Wild animals sampled in 2020–2021 and the number and percentage that were TB positive are shown in Figure 34.

Figure 34: Number of wild animals in 2020-2021 sampled by species, and the number and percentage found to be infected with *Mycobacterium bovis*

	Possums	Wild pigs	Wild deer	Ferrets	Others
Number sampled	1494	785	18	258	225
Number (%) with TB	3	3	3	15	0
	(0.2%)	**(0.4%)**	**(16.7%)**	**(6%)**	

Reduction of Vector Risk Areas

Meeting the TB Plan's objectives requires the progressive reduction in size of Vector Risk Areas – where TB is thought to be present in possums and other wildlife – and the prevention of wildlife TB becoming established in Vector Free Areas.

Process for Vector Risk Area reduction

For an area to have its Vector Risk Area status revoked, an expert, independent review panel must agree that the evidence indicates a very high probability of freedom from TB in the possum population. This decision is mainly based on:

- qualitative data on the area's TB history, the effectiveness of possum control and the results of wildlife surveys
- quantitative data that includes the outputs from a Spatial Possum Model and Bayesian-based software (Proof of Freedom utility) that indicates there is 95% probability that TB has been eradicated from the possum population
- risk assessment that evaluates the risks and potential costs of making a wrong decision.

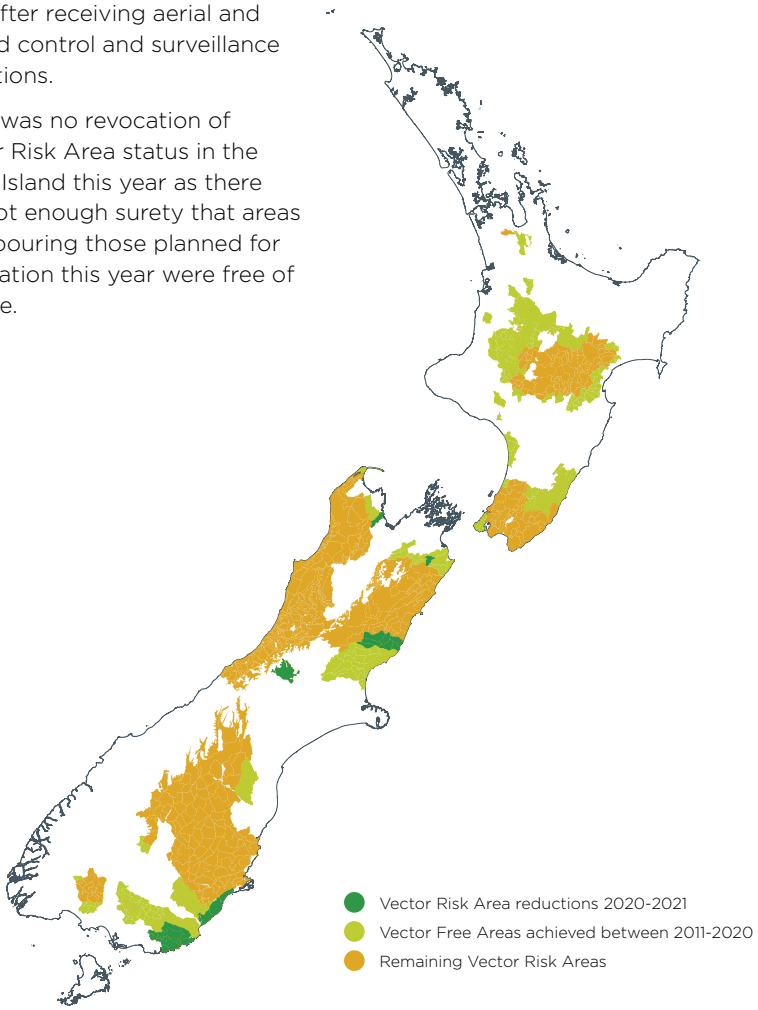
This year's Vector Risk Area reductions

In 2020–2021, the Chief Executive of TBfree New Zealand Limited approved the revocation of Vector Risk Area status for 26 Vector Control Zones totalling approximately 395,948 hectares. This consisted of reductions of 197,579 hectares in the Upper South Island (10 Vector Control Zones), and 198,368 hectares in the Lower South Island (16 Vector Control Zones). Of note, Rolleston Range, the centre of the 2012 Mount Algidus outbreak, has been declared Vector Free after receiving aerial and ground control and surveillance operations.

There was no revocation of Vector Risk Area status in the North Island this year as there was not enough surety that areas neighbouring those planned for eradication this year were free of disease.

The total amount of Vector Risk Area reduction since 2011 is 3.15 million hectares over 261 Vector Control Zones. 6.65 million hectares of Vector Risk Area remain in New Zealand at 30 June 2021.

Map 10 shows the total Vector Risk Area reductions since 2011.



Map 10: Vector Risk Area Reductions since 2011

Figure 35: Cancellation of Vector Risk Area status from 26 Vector Control Zones

VCZ	Area hectares	VCZ	Area hectares
Upper South Island			
Awatere Extension	11,437	Lowry Range	14,784
Domett	10,049	Ngatimoti	15,896
Ethelton	16,750	Pahau	17,480
Intake	11,011	Rotherham	29,435
Lowry Cheviot	15,092	Rolleston Range	55,648
Upper South Island total	**197,579**		
Lower South Island			
Akatore	27,457	Mokoreta	6,525
Brighton	13,793	Mouseback	5,531
Catlins	24,542	Owaka 1	14,898
Chaslands	20,721	Progress Valley	7,559
Flamborough	3,449	Slopedown South	19,884
Glenham	7,562	Tahakopa	7,682
Hinahina	12,542	Tokomairiro Kaitangata	18,066
Lake Tuakitoto	3,766	Waikawa	4,393
Lower South Island total	**198,368**		
Grand Total	**395,948**		

Figure 35 details the 26 Vector Control Zones that achieved cancellation of Vector Risk Area status during 2020–2021.

Summary consolidated financial statements

Governance

The OSPRI Board of Directors is responsible for, and committed to, maintaining the highest standards of corporate governance, ensuring transparency and accountability to shareholders and stakeholders.

Nomination and appointment of directors

Procedures for the appointment and removal of directors are governed by the constitutions of OSPRI New Zealand Limited and its subsidiary companies, TBfree New Zealand Limited, and National Animal Identification and Tracing (NAIT) Limited (the Group).

In respect of OSPRI New Zealand Limited, all director positions are approved by shareholders after recommendation by the four-person Director Assessment Panel. The Director Assessment Panel comprises one member of the Stakeholders' Council, two persons collectively nominated by shareholders, and one independent person nominated by the other Director Assessment Panel members.

The maximum term for which a director may be appointed to the OSPRI Board is three years. A director is eligible for reappointment after the expiry of his or her term of appointment but cannot hold office for a continuous period of more than nine years unless shareholders and the Director Assessment Panel agree exceptional circumstances warrant a longer continuous period.

OSPRI New Zealand Limited appoints directors to the boards of each of the two subsidiaries.

Director changes during the year

At the Annual Meeting on 20 November 2020 the following changes in the OSPRI Board occurred:

- Lesley Campbell stood down at the end of her third term
- Marise James, a casual appointment by the Board in February 2020 under clause 60 of OSPRI's constitution, stood down as required by the constitution
- Nikki Davies-Colley, Susan Huria, and Michael James were appointed to the Board.

The second term of Barry Harris, Chair of the Board, expired in June 2020. The Director Assessment Panel recommended, and shareholders approved by written resolution, his reappointment for a further three-year term from 1 July 2020.

The three new directors were appointed to the boards of each of the two subsidiaries at the OSPRI Board meeting on 17 December 2020.

Board Committees

The Board has established the following committees to examine proposals and make recommendations.

Audit and Risk Committee

The Audit and Risk Committee's responsibilities include the following:

- liaison with internal and external auditors
- review of the annual audit plan with the external auditors and their letter of engagement
- approval of the annual internal audit plan, and the terms of reference for each audit
- review of audit findings and monitoring of any consequential actions
- review of half-yearly and annual financial statements
- prior clearance of public releases of financial information in reports and to the media
- review of accounting policies
- review of the adequacy of the internal control structure and associated organisational policies
- review and monitoring of legislative and statutory compliance processes
- review of the frequency and significance of all transactions between the company and related parties and assessment of their propriety
- review of the appointment of external and internal auditors and their fees
- review of the independence of the external auditors and the appropriateness of any non-audit services they undertake for OSPRI
- supervision of any special investigations requested by the Board
- oversight of the risk management system for the company
- advise the Board and recommend and monitor any remedial action plan in respect of any significant non-compliance with policies
- review all whistle blowing matters raised and escalate to the full Board.

Human Resources Committee

The objectives and role of the Human Resources Committee are to assist the Board to fulfil its responsibilities in relation to setting and reviewing policies and standards for employees relating to remuneration and employment practices of OSPRI and its subsidiaries. The Committee also oversees the OSPRI Director Mentoring Programme.

Board and Committee meetings

The Board met seven times during the 2020-2021 financial year. The table opposite shows director attendance at full Board meetings and member attendance at Committee meetings during the year ended 30 June 2021.

Members of the Audit and Risk Committee during the year were Marise James (Chair to 20 November 2020), Michael James (Chair from 17 December 2020), Fenton Wilson, James Parsons, and Nikki Davies-Colley (from 17 December 2020).

Members of the Human Resources Committee during the year were Lesley Campbell (Chair to 20 November 2020), Fenton Wilson (Chair from 17 December 2020), James Parsons, and Susan Huria (from 17 December 2020).

The chairman of the Board is an ex-officio member of all Committees of the Board.

Director	Board meetings	A&R Committee meetings	HR Committee meetings
Barry Harris (Chair of the Board)	7	2	1
Fenton Wilson (Chair of the HR Committee from 17 December 2020)	7	4	2
James Parsons	7	4	2
Michael James (Chair of the Audit and Risk Committee from 17 December 2020)	4	1	
Nikki Davies-Colley (from 20 November 2020)	3	1	
Susan Huria (from 20 November 2020)	4	1	1
Lesley Campbell (Chair of the HR Committee to 20 November 2020)	3		1
Marise James (Chair of the Audit and Risk Committee to 20 November 2020)	3	3	

Remuneration Report

Directors' remuneration

Directors' fees

These fees have been applied for the year from 1 July 2020 to 30 June 2021.

Position	2020/21	2019/20
Chair	$75,000	$75,000
Director	$40,000	$40,000
Committee Chair	$5,000	$5,000
NAIT Data Access Panel member	$6,000	$6,000

Remuneration details of directors

Details of the total remuneration and the value of other benefits received by each OSPRI director for the 2020-2021 financial year are as follows. Directors' fees exclude GST where appropriate. In addition, Board members are entitled to be reimbursed for costs directly associated with carrying out their duties, including travel costs. Some Board members were remunerated as members of the NAIT Data Access Panel (set up under the National Animal Identification and Tracing (Information System Access Panel) Regulations 2012).

Director	Position	2020/21 Fees	2019/20 Fees
B Harris	Chair	$75,000	$75,000
F Wilson	Director Chair of the HR Committee, appointed 17 December 2020 Member of the NAIT Data Access Panel	$48,500	$46,000
J Parsons	Director Member of the NAIT Data Access Panel	$46,000	$42,000
N Davies-Colley	Director, appointed 20 November 2020 Appointed to the NAIT Data Access Panel, 17 December 2020	$27,444	Nil
S Huria	Director, appointed 20 November 2020	$24,444	Nil
Michael James	Director, appointed 20 November 2020 Chair of the Audit and Risk Committee, appointed 17 December 2020	$26,944	Nil
L Campbell	Director, term ended 20 November 2020 Chair of the HR Committee Member of the NAIT Data Access Panel	$21,250	$51,000
Marise James	Director, term ended 20 November 2020 Chair of the Audit and Risk Committee	$17,500	$14,583
M Pohio	Director, resigned 29 February 2020	Nil	$34,000
Total		**$287,082**	**$262,583**

Employee remuneration

The table below shows the number of OSPRI employees who received remuneration and other contracted benefits (including redundancy or termination payments) during 2020-2021 of at least $100,000.

The remuneration figures analysed include all monetary payments actually paid during 2020-2021 whether in respect of 2020-2021 or other periods.

Remuneration bands	# employees 2020/21	# employees 2019/20
$100,000 - $109,999	10	9
$110,000 - $119,999	9	4
$120,000 - $129,999	4	6
$130,000 - $139,999	3	3
$140,000 - $149,999	8	4
$150,000 - $159,999	2	3
$160,000 - $169,999	2	1
$170,000 - $179,999	2	1
$180,000 - $189,999	2	1
$190,000 - $199,999	1	2
$200,000 - $209,999	1	-
$210,000 - $219,999	1	2
$220,000 - $229,999	2	1
$240,000 - $249,999	-	1
$370,000 - $379,999	-	1
$380,000 - $389,999	1	-
Total	**48**	**39**

Auditor's remuneration

BDO was appointed auditor of the OSPRI Group for 2020-2021 at the 2020 Annual Meeting, its first appointment. The previous auditor was KPMG. The following costs for audit fees were incurred by OSPRI New Zealand and its subsidiaries during the year.

Auditor	Year	For Audit Work	For Other Work
BDO	2020/21	$42,000	**$ nil**
KPMG	2019/20	$45,000	**$ nil**

Statutory Disclosures

Disclosures of interests by directors

The following are particulars of general disclosures of interest by directors holding office as at 30 June 2021, pursuant to section 140(2) of the Companies Act 1993. Each such director will be regarded as interested in all transactions between OSPRI and the disclosed entity. "Associated entities" refers to non-operating and related subsidiaries.

B S Harris	
Food Innovations Waikato (New Zealand Food Innovation (Waikato) Limited) and associated entities	Chair
McFall Fuel Limited	Chair
National Animal Identification and Tracing (NAIT) Limited	Chair
National Institute of Water and Atmospheric Research Limited and associated entities	Chair
RMF Holdings Limited	Director
TBfree New Zealand Limited	Chair
Waikato Innovation Growth Limited	Director
Waikato Regional Airport Limited and associated entities	Chair
WEL Networks Limited and associated entities	Director

F D Wilson	
Centralines Limited	Director
National Animal Identification and Tracing (NAIT) Limited	Director
Oruru Land Company Ltd	Beneficial Shareholder/Director
Predator Free New Zealand Trust	Chair/Trustee
Quality Roading and Services (Wairoa) Limited	Director
Tangihanga Quarries Joint Operation	QRS Director representative
TBfree New Zealand Limited	Director

J R Parsons	
AgFirst Northland Limited	Director
Ashgrove Limited and associated entities	Director
National Animal Identification and Tracing (NAIT) Limited	Director
TBfree New Zealand Limited	Director
Trevear Limited	Director
Wools of New Zealand Limited	Chair

N P Davies-Colley	
National Animal Identification and Tracing (NAIT) Limited	Director
Ngarakau Family Trustee Limited	Director/Shareholder
TBfree New Zealand Limited	Director
The Tree People Limited	Shareholder
Tiaki Plantations Company	Chair
Worksafe NZ	Director

S M Huria	
Connexis ITO	Director
Construction Health and Safety NZ	Trustee
Eke Panuku Development Auckland	Director
Leaderbrand Holdings Limited and associated entities	Chair
National Animal Identification and Tracing (NAIT) Limited	Director
Rawa Hohepa Limited	Director/Shareholder
Royal College of General Practitioners	Director
Susan Huria Associates (2003) Limited	Director/Shareholder
TBfree New Zealand Limited	Director
Veterinary Enterprises Group Limited	Shareholder

M B James	
Middlemore Clinical Trials Trust	Trustee
National Animal Identification and Tracing (NAIT) Limited	Director
Northpower Limited	Director
TBfree New Zealand Limited	Director

Indemnity and insurance

In accordance with section 162 of the Companies Act 1993 and the constitution of the company, OSPRI has continued to indemnify and insure its directors and officers, including directors of subsidiary and associated companies, against potential liability or costs incurred in any proceeding, excluding actions for gross negligence, criminal liability, breach of fiduciary duty or breach of directors' duties.

Subsidiary company directors

Currently all companies of the Group share all directors in common. Directors' fees are paid by OSPRI and directors' costs are allocated across the Group.

Subsidiaries

OSPRI has the following subsidiaries:

Name	Holding	Principal Activity	Charity #
National Animal Identification and Tracing (NAIT) Limited	**100%**	Implementing and maintaining the animal identification and tracing scheme	**CC47735**
TBfree New Zealand Limited	**100%**	Implementation of the National Pest Management Plan for Bovine Tuberculosis	**CC49248**

Neither subsidiary is equity accounted as they are charitable entities. OSPRI will neither receive any future tangible financial benefit from either subsidiary nor be entitled to any distributions on winding up.

Stakeholders' Council

The Stakeholder's Council (the Council) performs the functions and powers required of it under the second schedule of OSPRI's constitution, which are to:

- convey stakeholders' views to the Board
- participate in consultation on Board membership, succession planning and the assessment and recommendation to shareholders of persons for appointment or election as directors
- provide oversight on the performance and effectiveness of the Board
- review and comment on the Group's long term objectives and strategies, discuss with the Board the Group's performance in achieving those objectives and strategies including review of Board reports, and report to shareholders on the Group's direction, performance and operations
- support the Board, including in relation to the procurement of funding for the Group
- consider and propose constitution changes
- prepare the Council's financial year programme and budget and report on Council activity.

The Stakeholders' Council representatives during 2020-2021 were:

Stakeholder	Representative
Beef+Lamb New Zealand	Phil Smith (to May 2021) Nicky Hyslop (from May 2021)
Dairy Companies Association of New Zealand	Shane Lodge
DairyNZ	Ian Brown
Deer Industry New Zealand	Innes Moffat
Federated Farmers Dairy	Katie Milne (to August 2020) Wayne Langford (from August 2020)
Federated Farmers Meat and Wool	Miles Anderson (to August 2020) William Beetham (from August 2020)
Local Government New Zealand	Nicol Horrell
Meat Industry Association of New Zealand	Sirma Karapeeva
Ministry for Primary Industries	Grace Campbell-Macdonald (to November 2020) Stuart Anderson (from November 2020)
New Zealand Deer Farmers' Association	Paddy Boyd
New Zealand Stock and Station Agents' Association	Steve Morrison
Transport industry	Don Wilson
Predator Free 2050	Estelle Pera-Leask

James Buwalda is the independent Chair of the Stakeholders' Council. The Chair's fees in the 2020-2021 year totalled $44,000.

Consolidated Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2021

In thousands of New Zealand Dollars	2021	2020
Revenue		
Revenue from non-exchange transactions	70,576	69,215
Revenue from exchange transactions	1,147	775
Total revenue	**71,723**	**69,990**
Expenditure		
Pest control and management	(39,411)	(38,279)
Disease management and testing	(16,151)	(16,866)
Animal identification and tracing operations	(2,770)	(1,618)
Contact centre	(1,952)	(2,375)
Research	(2,040)	(2,170)
Information technology	(5,804)	(5,807)
Corporate services	(8,877)	(10,641)
Total expenditure	**(77,005)**	**(77,756)**
Deficit before financing activities	**(5,282)**	**(7,766)**
Interest income	377	1,063
(Deficit)/Surplus for the year	**(4,905)**	**(6,703)**
Total comprehensive revenue and expense for the year	**(4,905)**	**(6,703)**

These are summary Group financial statements. A copy of the full consolidated financial statements are available from OSPRI New Zealand Limited or on our website www.ospri.co.nz. The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

In thousands of New Zealand Dollars	Retained Earnings	Total Equity
Opening equity	37,432	37,432
Total comprehensive revenue and expense for the year	(4,905)	(4,905)
Equity as at 30 June 2021	**32,527**	**32,527**
Opening equity	44,135	44,135
Total comprehensive revenue and expense for the year	(6,703)	(6,703)
Equity as at 30 June 2020	**37,432**	**37,432**

These are summary Group financial statements. A copy of the full consolidated financial statements are available from OSPRI New Zealand Limited or on our website www.ospri.co.nz. The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2021

In thousands of New Zealand Dollars	2021	2020
Assets		
Cash and cash equivalents	9,915	9,507
Receivables and other current assets	5,483	4,780
Term deposits	18,500	33,800
Current assets	**33,898**	**48,087**
Property, plant and equipment	511	477
Intangible assets	7,903	2,670
Non-current assets	**8,414**	**3,147**
Total assets	**42,312**	**51,234**
Liabilities		
Trade payables and other liabilities	8,633	12,177
Revenue received in advance	143	639
Employee benefits liability	1,009	986
Current liabilities	**9,785**	**13,802**
Total liabilities	**9,785**	**13,802**
Equity		
Retained earnings	32,527	37,432
Total equity	**32,527**	**37,432**
Total equity and liabilities	**42,312**	**51,234**

Approval by the Directors

The Financial Statements were authorised on behalf of the Board of Directors on 24 September 2021.

B Harris
Chair

M James
Director

These are summary Group financial statements. A copy of the full consolidated financial statements are available from OSPRI New Zealand Limited or on our website www.ospri.co.nz. The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

In thousands of New Zealand Dollars	2021	2020
Cash flows from operating activities		
Revenue from operations	71,641	83,065
Payments to employees and suppliers	(81,390)	(87,612)
Net cash flows from operating activities	**(9,749)**	**(4,547)**
Cash flows from investing activities		
Interest received	499	1,116
Term deposits invested	(41,200)	(83,600)
Term deposits matured	56,500	91,000
Purchase of property, plant and equipment	(307)	(319)
Purchase of intangible assets	(5,335)	(2,368)
Net cash flows from investing activities	**10,157**	**5,829**
Net increase in cash and cash equivalents	408	1,282
Opening Cash and cash equivalents	9,507	8,225
Closing Cash and cash equivalents	**9,915**	**9,507**

These are summary Group financial statements. A copy of the full consolidated financial statements are available from OSPRI New Zealand Limited or on our website www.ospri.co.nz. The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

Note 1 Basis of preparation – Summary statements

The summary consolidated financial statements have been prepared in accordance with, and comply with, New Zealand Generally Accepted Accounting Practice (NZ GAAP) and NZFRS-43 Summary Financial Statements.

Note 2 Basis of preparation – Full statements

This summary consolidated financial report does not provide the detail included in the full financial report, which has been prepared in accordance with NZ GAAP and complies with Tier 1 Public Benefit Entity Accounting Standards (Not-For-Profit). The specific disclosures included in the summary consolidated financial statements have been extracted from the audited consolidated financial statements dated 24 September 2021. The audit opinion expressed in respect of those consolidated financial statements was unqualified.

Note 3 Annual Report

The full annual report is available on our website www.ospri.co.nz.

Note 4 Segment information

As public benefit entities, the Group is not required to provide segment reporting. Nevertheless, segmental information is presented for the parent company (OSPRI) and its two subsidiaries (TBfree and NAIT).

The Group is organised and reports to the Directors on the basis of three functional areas: OSPRI (Parent), TBfree and NAIT (wholly owned subsidiaries). Expenses incurred by OSPRI on behalf of its subsidiaries are allocated across the two functional areas on a proportional basis.

Statement of comprehensive revenue and expense for the year ended 30 June 2021

In thousands of New Zealand Dollars	OSPRI	TBfree	NAIT	Group
Operating revenue	1,147	62,963	7,613	**71,723**
Operating expenditure	1,147	65,946	9,912	**77,005**
Net operating surplus/(deficit) for the year	-	(2,983)	(2,299)	**(5,282)**
Interest income	-	237	140	**377**
Total comprehensive revenue and expense for the year	**-**	**(2,746)**	**(2,159)**	**(4,905)**

Statement of financial position as at 30 June 2021

In thousands of New Zealand Dollars	OSPRI	TBfree	NAIT	Intra-Group	Group
Total assets	5,249	24,097	16,433	(3,467)	**42,312**
Current liabilities	3,366	8,602	1,283	(3,467)	**9,785**
Total equity	**1,883**	**15,495**	**15,150**	**-**	**32,527**

Statement of comprehensive revenue and expense for the year ended 30 June 2020

In thousands of New Zealand Dollars	OSPRI	TBfree	NAIT	Group
Operating revenue	775	61,416	7,799	**69,990**
Operating expenditure	740	68,099	8,917	**77,756**
Net operating surplus/(deficit) for the year	35	(6,683)	(1,118)	**(7,766)**
Interest income	-	675	388	**1,063**
Total comprehensive revenue and expense for the year	**35**	**(6,008)**	**(730)**	**(6,703)**

Statement of financial position as at 30 June 2020

In thousands of New Zealand Dollars	OSPRI	TBfree	NAIT	Intra-Group	Group
Total assets	8,290	34,550	17,452	(9,058)	**51,234**
Current liabilities	6,407	16,307	146	(9,058)	**13,802**
Total equity	**1,883**	**18,243**	**17,306**	**-**	**37,432**

BDO Wellington Audit Limited

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF OSPRI NEW ZEALAND LIMITED

Report on the Summary Financial Report

The summary financial statements, which comprise the summary consolidated statement of financial position as at 30 June 2021, the summary consolidated statement of comprehensive revenue and expense, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of OSPRI New Zealand Limited for the year ended 30 June 2021.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in the Notes to the Summary Report.

Summary Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by the Tier 1 Public Benefit Entity (Not-for-profit) Accounting Standards. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 24 September 2021.

Other Matter

The financial statements of OSPRI for the prior period were audited by KPMG. KPMG at the time expressed an unmodified opinion in their report dated 25 September 2020.

Directors' Responsibility for the Summary Consolidated Financial Statements

Directors are responsible on behalf of the entity for the preparation of the summary consolidated financial statements on the basis described in the Notes to the Summary Report.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), Engagements to Report on Summary Financial Statements.

Other than in our capacity as auditor we have no relationship with, or interests in, OSPRI New Zealand Limited.

BDO Wellington Audit Limited

BDO WELLINGTON AUDIT LIMITED
24 September 2021
Wellington
New Zealand

Director profiles

Barry Harris

Barry is a company director with extensive governance and executive experience. Barry has held a number of chief executive roles, with Environment Waikato, Greater Wellington Regional Council and Hamilton City Council. He was also a senior executive with Fonterra for five years. Barry is currently chair of McFall Fuel, National Institute of Water and Atmospheric Research, Food Waikato, Waikato Regional Airport; and director of WEL Networks. Previous boards have included DairyNZ, Agricultural Service Limited, NZ Food Innovation Network, Primary ITO, CentrePort, RD1, International Nutritionals, Hamilton Riverside Hotels, and Local Authority Shared Services. Barry has a Master of Agricultural Science (Honours) and lives in Hamilton.

Fenton Wilson

Fenton enjoys a range of governance roles as well as sheep and beef farming in Wairoa with wife Sue. A former member of the Stakeholders' Council and now director, he has been involved with OSPRI since its inception. Current governance responsibilities include Predator Free NZ Trust, Centralines Limited and Quality Roading and Services (Wairoa) Limited. With the OSPRI programme working toward the goal of TB freedom on farms by 2026, Fenton is keen to keep the TB strategy on track. Recent farm outbreaks in both islands show the challenges that the strategy has to overcome. However, he is confident the company is on target to deliver the 2026 TB milestone and upgrades to the NAIT system will make the programme easier to use for its farmer shareholders.

James Parsons

James farms sheep and beef in Dargaville, Northland and has extensive agri-business and rural sector leadership experience. James is a 2008 Nuffield Farming Scholar. His family sheep and beef farming business Ashgrove Ltd breeds and provides sheep genetics to clients around the North Island. James is an experienced director, retiring as chairman of Beef+Lamb New Zealand and the New Zealand Meat Board in 2018. He has held directorships in economic development, the veterinary sector and electricity sector. His governance capability is complemented by particular skills in strategy, stakeholder management, media and government relations, and he brings practical farmer perspectives to OSPRI's governance decisions.

Nikki Davies-Colley

Nikki and her husband have been involved in farming for over 35 years and still own a 320 hectare bull beef and forestry unit in the mid-North. They have owned and operated companies involved in forest management and silvicultural contracting in Northland for 30 years and are still involved in forest harvesting on small scale blocks.

Nikki currently chairs the Tiaki Plantations Company and is a director of WorkSafe NZ. She recently retired from the Chair of Northpower Ltd and the boards of Farmlands Cooperative Society Ltd and Kitchen Studio Distribution Limited. Other past roles have included West Coast Energy Pty Ltd and Landcorp Farming Ltd (now Pamu NZ).

Nikki has chaired the Audit and Risk Committee of Northpower Ltd, the People and Safety Committee of Landcorp, and the People and Performance Committee of Farmlands. She is currently Deputy Chair of the Audit and Risk Committee for WorkSafe and sits on the Health and Safety Committee for Tiaki Plantations. Nikki is focussed on strategic execution, change management, health, safety and wellbeing, and people strategy.

Nikki holds an MBA and is a Chartered Fellow of the NZ Institute of Directors and a member of the Australian Institute of Directors.

(L to R): Fenton Wilson, Nikki Davies-Colley, Michael James, James Parsons, Susan Huria, Barry Harris (Chair)

Susan Huria
Ngāi Tahu, Ngāi Tuahuriri

Susan is Chair of Leaderbrand and Gisborne Covered Production. She is also a director of Eke Panuku, Connexis, the Royal College of General Practitioners and a Trustee of Construction Health and Safety NZ. Previous roles include Chair of Ngāi Tahu Property and Veterinary Enterprises Group, Deputy Chair at AgResearch and she served as an independent on the Fonterra Governance Development Committee.

Susan works as an advisor to a number of boards in the Māori economy on governance and strategy related matters. Special interests include conduct and culture, how governance, strategy and remuneration align and commitment to focus on the future.

Michael James

Michael has been a director of Northpower since 2014 and is currently Chair of its Audit and Risk Committee, bringing to the role his senior executive financial experience in the hi-tech and innovation sector.

Michael's previous roles include CFO for Plant and Food Research, CFO for Navman and General Manager Europe for Dynamic Controls.

ELT profiles

(L to R back): Simon Andrew, Danny Templeman, John Tucker, Dan Schmidt, Paul Burridge
(L to R front): Kevin Forward, Steve Stuart (Chief Executive), Vivienne Larsen

Steve Stuart – Chief Executive

Steve joined OSPRI in March 2019. With over 20 years working in the primary sector, the opportunity to be part of the OSPRI team was simply too attractive, challenging and exciting to refuse. Prior to this role, Steve's career covered a range of leadership roles in regulatory environments including NZ Police, fisheries, biosecurity and immigration.

Simon Andrew – General Manager, Disease Control Planning and Integration

Simon is passionate about the primary industries and the ability of New Zealand farmers to produce safe, high quality and ethical primary products. He grew up on a small farm in the Wairarapa and has been involved in the primary industries on a professional basis for over 15 years. He feels privileged to be involved in the industry, and part of an organisation that protects the interests of industry. Simon was previously the General Manager for the Agrecovery Foundation and has an MBA from Victoria University of Wellington.

Kevin Forward – Head of Traceability

Kevin joined OSPRI in 2018 as the Head of NAIT and was appointed to the role of Head of Traceability in October 2020. He holds a Master of Science in Biochemistry

and Diploma in Nursing and is currently studying for his Executive Master of Business Administration. Despite having travelled and worked across the world, Kevin is a country kid at heart with his roots firmly planted in the Tararua.

Dan Schmidt – General Manager, Service Delivery (North Island)

Dan is responsible for all aspects of OSPRI's programme delivery in the North Island. Dan's previous roles and experience range from the *M. bovis* programme at MPI to DairyNZ — and prior to that, farming with his family on their farms in Southland. Driven by seeing the agriculture industry move forward, Dan is passionate about ensuring OSPRI delivers what is needed for farmers to succeed.

Danny Templeman – General Manager, Service Delivery (Upper South Island)

Danny has worked in the areas of meat inspection, disease control management, stakeholder engagement and extension for the past 25 years, in both New Zealand and Australia. Brought up in a primary industries family, Danny strives to have farmers' thoughts and needs at the forefront of OSPRI's thinking and decision making.

Vivienne Larsen – General Manager, Service Delivery (Lower South Island)

Vivienne (Ngāi Tahu, Ngāti Mutunga) holds a Bachelor of Science and Diploma in Teaching and brings broad business experience in building high performing teams and leading partner programmes. She is passionate about delivering outcomes that make a difference to farmers and the agriculture sector of Aotearoa, as well as contributing to the biodiversity of our country.

Paul Burridge – General Manager, Business Services and Performance

Paul and the Business Services and Performance team are responsible for the corporate service functions within OSPRI. Paul has a range of commercial and governance primary industry experience, spanning both public and private sector organisations. He is thrilled to be working with OSPRI, an organisation undertaking meaningful work to deliver value for our farming communities, and which plays a vital role in New Zealand's biosecurity system.

John Tucker – Chief Information Officer

John joined the OSPRI Executive Leadership Team in 2019. Prior to that he had been delivering statutory services in New Zealand's primary sector from industry owned organisations for over 14 years, including with MPI and the fisheries industry. Originally from the Horowhenua, he grew up on a beef farm, and has spent time working in several industries in New Zealand, England and Australia. John is currently studying for his Executive Master of Business Administration. With family involved in dairy, beef and arable farming he is passionate about protecting the agriculture sector, and the ability for technology to solve real-world problems while creating value.

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