OSPRI

Annual Report

2021–2022

Annual Report 2021–2022

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

OSPRI has closely engaged with its funders and stakeholders this year on several important initiatives. We have worked together on NAIT funding and future operational strategy, and on the possible transition in 2023 from MPI of the *Mycoplasma bovis* surveillance programme under a National Pest Management Plan framework.

Our farmer-led regional Committees and the wider Stakeholders' Council have also been key partners with links to broader Committees, providing valued feedback on our communication campaigns and the ongoing delivery of our information systems strategy. We value the insights from these groups which help to inform our decision making.

TBfree

We achieved the lowest ever TB infected herd number during the year (18 at the end of March), but residual infection within previously long-standing infected herds and contact with infected wildlife has meant an increase during the autumn testing season. We still reduced the number of infected herds by 45% over the year.

While the Hawke's Bay and Hari Hari regions have the highest number of infected herds, the size of those clusters are starting to decrease reflecting the results of control operations. We also continue to target the other high risk areas identified in the 2020 TBfree Health Check and we are confident in the recipe we use to reduce wildlife transmission and our ability to achieve our 2026 target of sustainable herd freedom from infection. At the same time we are working with other organisations to research improvements in delivery and surveillance methods.

We are starting to see the benefits of our efforts to build relationships and partnerships with farmers, landowners and iwi and gain access to land that contains source infection and which has not been controlled in the past. By working with other predator organisations our programmes help to deliver environmental, social and cultural benefits beyond TB eradication.

While the TBfree programme has sufficient cash reserves to manage its BAU activities, this year the Board set up a $15 million bank facility. This will allow us to undertake a short-term response to any future TB incursion and/or take advantage of opportunities to significantly advance the TB programme.

NAIT

Key work on the NAIT programme has been completed during the year.

Future funding was agreed with stakeholders following the early-2022 industry consultation on NAIT levies. We are now working to finalise a funders' agreement and a traceability operational strategy with four focus areas to deliver system ease of use and integration, help farmers and industry to comply, and partner with the wider biosecurity system.

The accreditation programme was delivered to give farmers assurance that the third parties they use are meeting their NAIT obligations.

OSPRI is working with MPI to increase NAIT compliance, with OSPRI concentrating on four key annual campaigns to ensure farmers are aware of their obligations.

The OSPRI Support Centre resources were reorganised and operating procedures revised, ensuring farmers receive advice and support to improve NAIT compliance.

Integration improvements between NAIT and industry software were delivered, reducing the need for double-entry or manual entry and will lead to increased accuracy of the database.

Barry Harris
Chair

Steve Stuart
Chief Executive

M. bovis

While there are in-principle approvals for OSPRI to become the future management agency for *Mycoplasma bovis*, the Board has emphasised the importance of ensuring the sufficiency of resources for the new project so that it does not impact delivery of the organisation's existing programmes.

There is still a lot of work to be done, but we are working closely with funders to ensure a seamless transition and make sure OSPRI is set up for success.

Technology

With electronic Animal Status Declarations now available within our new farmer portal, MyOSPRI, the technology team is progressing the replacement of the existing NAIT, disease management and vector operations systems.

The new integrated system is due within the next two years and will be a simple-to-use tool enabling self-service while strengthening the bio-security system. When the system is in place, farmers will be able to view traceability, testing and movement information about their livestock through one online login. We are also enabling integration with third-party systems used on farm so farmers only have to record movements once to meet their traceability obligations.

Engagement

A reshaping of the Support Centre during the year has improved our service delivery. We are particularly pleased by key response statistics during the Moving Day period, which showed the benefit of the new approach and the effectiveness of this year's messages to farmers.

The lifting of COVID-19 restrictions has seen an increased presence at farmer events by our regional people. Directors have enjoyed attending OSPRI farmer Committee meetings in person during the year, when able to. The Committees are an important link to the farming community and we will continue to work closely with them to gain full benefit from their insights and perspective on how our work impacts the sector.

People

As with other businesses in New Zealand, OSPRI has been challenged by the flow-on effects of COVID-19 on the labour market. In response we continue to implement our People Strategy, invest in our Wellbeing Framework, and develop our leadership and competency programmes. This year we carried out a refresh of our remuneration settings, with the attraction and retention of key people being essential to delivering our work.

FY2022 summary

The changes this year – COVID-19 disruption, a competitive labour market, increasing inflationary pressure – have been challenging. There have also been some ambitious pieces of work to complete.

We have maintained a strong focus on efficient and cost-effective delivery of our monitoring and control operations. Efficiencies achieved this year include a 20% reduction in TB testing, a 38% reduction in Moving Day calls, and an average cost saving of 20.2% on budget for pest control tender for contracted work over the coming years.

However, the support shown to OSPRI by its funders is heartening as we build on progress to date, focus on delivery of our priorities – the TBfree and NAIT programmes, new technology system, building a strong organisation – and look forward to taking on new responsibilities while maintaining industry confidence.

Stakeholders' Council report

The Council has enjoyed increased engagement with OSPRI stakeholders this year.

In addition to quarterly meetings with the Board Chair and Chief Executive, the Council now meets regularly with the CEOs of OSPRI's three shareholder organisations. We also provide frequent newsletter updates to our networks, including the OSPRI Committee Chairs, detailing the Council's interactions with, and feedback to, OSPRI's Board.

Council feedback on key work

This year the Council has focused on several major components of OSPRI's work programme, receiving briefings from senior management on:

- the NAIT levy consultation
- new system build
- stakeholder engagement
- progress on TBfree goals following the identification of focus areas in the TBfree Health Check
- *M. bovis* programme transition.

We have sought assurance on behalf of stakeholders that the delivery of current programmes is aligned to long-term strategic priorities for animal biosecurity.

NAIT – levy consultation, system build

The Council provided advice on how best to engage with farmers on the NAIT levy change consultation, noting the many demands on the sector's time. It also represented the wider stakeholder position while funders and OSPRI worked to identify a solution to NAIT's current funding challenge.

Following consultation, the new levy rates have been set below the original proposal. The Council will be attentive to the delivery of core NAIT services and how additional services will be provided.

We have maintained our advocacy on behalf of farmers for an improved, user-friendly NAIT system.

Stakeholder engagement

The Council continues to highlight the importance of OSPRI engaging effectively with farmers to build and sustain the support needed for the biosecurity services it provides. This is a standing meeting topic to ensure we regularly provide stakeholder perspectives and feedback to OSPRI's Board and management.

M. bovis management

While OSPRI has worked with shareholders and MPI on the possibility of future responsibility for the *M. bovis* programme, the Council has reinforced the need for adequate resourcing without undermining the ability of OSPRI to enhance delivery of the TBfree and NAIT programmes.

Strategic Plan update

As part of Council feedback to a refresh of OSPRI's 2019-2024 Strategic Plan, we emphasised the importance of building confidence and support in core programme delivery as the organisation prepares to take on additional biosecurity responsibilities. We have also provided suggestions for updated KPIs, recommending a strengthening of focus on outcomes.

James Buwalda
Chair Stakeholders' Council

Progress against 2022 KPIs

The Council notes the generally encouraging progress in 2021-22 against the operating plan KPIs, and has paid close attention to:

- following up on issues identified in the recent TB and traceability health checks
- implementation of the Information Systems Strategic Plan
- stakeholder engagement
- organisational capability.

In terms of the latter, we have been encouraged, given the risks of the tight labour market, by actions taken by the Board and CE to make OSPRI an attractive workplace.

Constitution change, director succession and recruitment

At OSPRI's 2021 Annual Meeting, the Council endorsed and shareholders approved an amendment to the OSPRI Constitution to enable directors to complete the full term to which shareholders appointed them, rather than one-third of directors being required to retire at each annual meeting.

At the same meeting, the Council recommended and shareholders reappointed Fenton Wilson and James Parsons as directors, each for a further three-year term. This followed formal assessment and a review of the Board's skill needs.

There are no directors retiring at the 2022 Annual Meeting. However, as four terms will end in 2023, with one director completing his third and final term, the Council's Director Assessment Panel has commenced recruitment for an additional director to bring the Board up to its maximum of seven members. This should boost Board resilience and strengthen its capability to drive OSPRI strategy.

The Council commissioned a review of Board remuneration by the Institute of Directors, and will recommend to shareholders an increase in the directors' fees pool for FY2023.

Council operations

Four meetings were held in the past financial year. The Council's expenditure for FY2022 of $68,804 was under its budget of $95,000.

The Chair thanks and congratulates Stuart Anderson of the Ministry for Primary Industries, who ceased being a member of the Council on his appointment as head of MPI's Biosecurity NZ. We welcome his replacements – Stu Hutchings and Mary van Andel as co-Councillors.

Our constructive engagement this year with the Board, shareholders and management on significant strategic matters reflects the substantial progress made in those relationships and the value of the Council's input to OSPRI.

Key highlights of our year

NAIT

93.7%
of animals registered prior to first movement

175
organisations on pathway to accreditation

Levies Consultation
50,000
people reached online

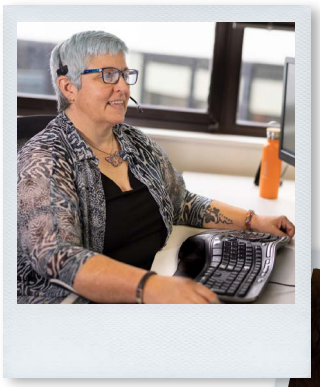
Support functions

HEALTH, SAFETY & WELL BEING

75+ welfare packs sent to COVID affected OSPRI people

Total Recordable Incident Frequency Rate reduced from **25.9** to **9**

PEOPLE



New recruitment and retention strategies implemented

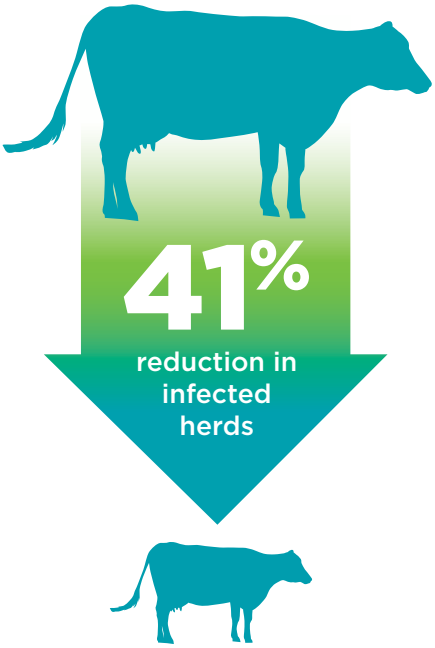
New remuneration framework launched

TB Free

Figure 1: Our key highlights for 2021–2022

243,575
hectares declared free of TB

18 herds cleared of TB in Hawke's Bay



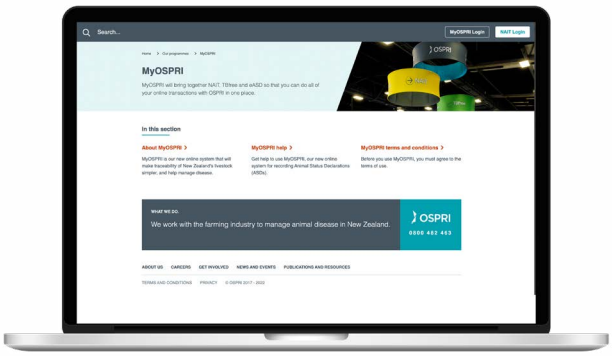
41%
reduction in infected herds

20%
reduction in the number of TB tests

23,000
hectare operation in kea habitat using mitigation techniques

IT

MyOSPRI
– delivery of new electronic Animal Status Declaration functionality



SUPPORT CENTRE

After a focused Moving Day campaign,
38%
reduction in calls

90,153 calls
answered by the Support Centre this year

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).

Our Board of Directors

Barry Harris (Chair)
Committees: HR, Audit and Risk

Fenton Wilson
Committees: HR (Chair); Audit and Risk

Susan Huria
Committees: HR

Michael James
Committees: Audit and Risk (Chair)

James Parson
Committees: HR, Audit and Risk

Nikki Davies-Colley
Committees: Audit and Risk

For full bios of our Board members visit:
https://www.ospri.co.nz/about-us/our-people/board-of-directors/

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.

Our Leadership Team

Steve Stuart
Chief Executive

Kevin Forward
Head of Traceability

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

Paul Burridge
General Manager, Business Services and Performance

John Tucker
Chief Information Officer

Helen Thoday
General Manager, Service Delivery (North Island)

Danny Templeman
Acting General Manager for Disease Control Planning and Integration; General Manager, Service Delivery (Upper South Island)

There have been some changes to our Leadership Team in 2021–2022

With our General Manager, Service Delivery (North Island) stepping down from his role in late 2021, we welcomed Helen Thoday into the role. Helen is passionate about the primary sector and has spent her career in agriculture.

Our General Manager for Disease Control Planning and Integration, Simon Andrew, has taken up an opportunity to work with the Ministry for Primary Industries for 12 months to lead the transition of *Mycoplasma bovis* to OSPRI. Danny Templeman, our General Manager, Service Delivery (Upper South Island) is acting in Simon's role for that period.

For full bios of our Leadership Team members visit:
www.ospri.co.nz/about-us/our-people/executive-leadership-team

OSPRI's operating context

As we progress through the life of our five-year Strategic Plan, we are faced with an ever-changing operating environment, posing some significant challenges to the achievement of our strategic outcomes. These challenges add to the complexity with which we must manage operations, while still delivering value to our stakeholders.

We continue to work through the impacts of COVID, including an extremely competitive labour market, associated skills shortage and increasing inflationary pressures. We also monitor and manage several key risks to the successful delivery of our programmes, including:

- securing and maintaining long term land access to support achievement of sustainable TB freedom in herds by 2026
- preventing outbreaks of TB in domestic herds
- maintaining strong stakeholder/farmer confidence
- retaining and developing our people
- ensuring financial resilience and security of funding
- continuing to increase farmers' awareness of and compliance with NAIT obligations

Aligned to this, the 2021-2022 Annual Operating Plan objectives and work programme were designed to focus on five priority work areas:

- reducing the number of infected herds in New Zealand
- aligning resources and focusing activities on the areas of greatest risk of disease outbreaks
- repositioning the traceability system to support animal disease outcomes
- efficiently allocating OSPRI resources
- shaping up and set up OSPRI for the future.

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 six locations

- Taupō
- Stratford
- Napier
- Greymouth
- Timaru
- 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.

The OSPRI Board and Executive Leadership Team reviewed and tested the Strategic Plan in early 2022, considering progress made to date and key challenges faced within the current operating environment.

The Strategic Plan is still seen to be fit for purpose, resilient and serving OSPRI well as we progress through the life of the plan. However, it does require a sharp focus on the priority work to ensure we manage key risks to the delivery of our strategic outcomes for the remaining life of the plan.

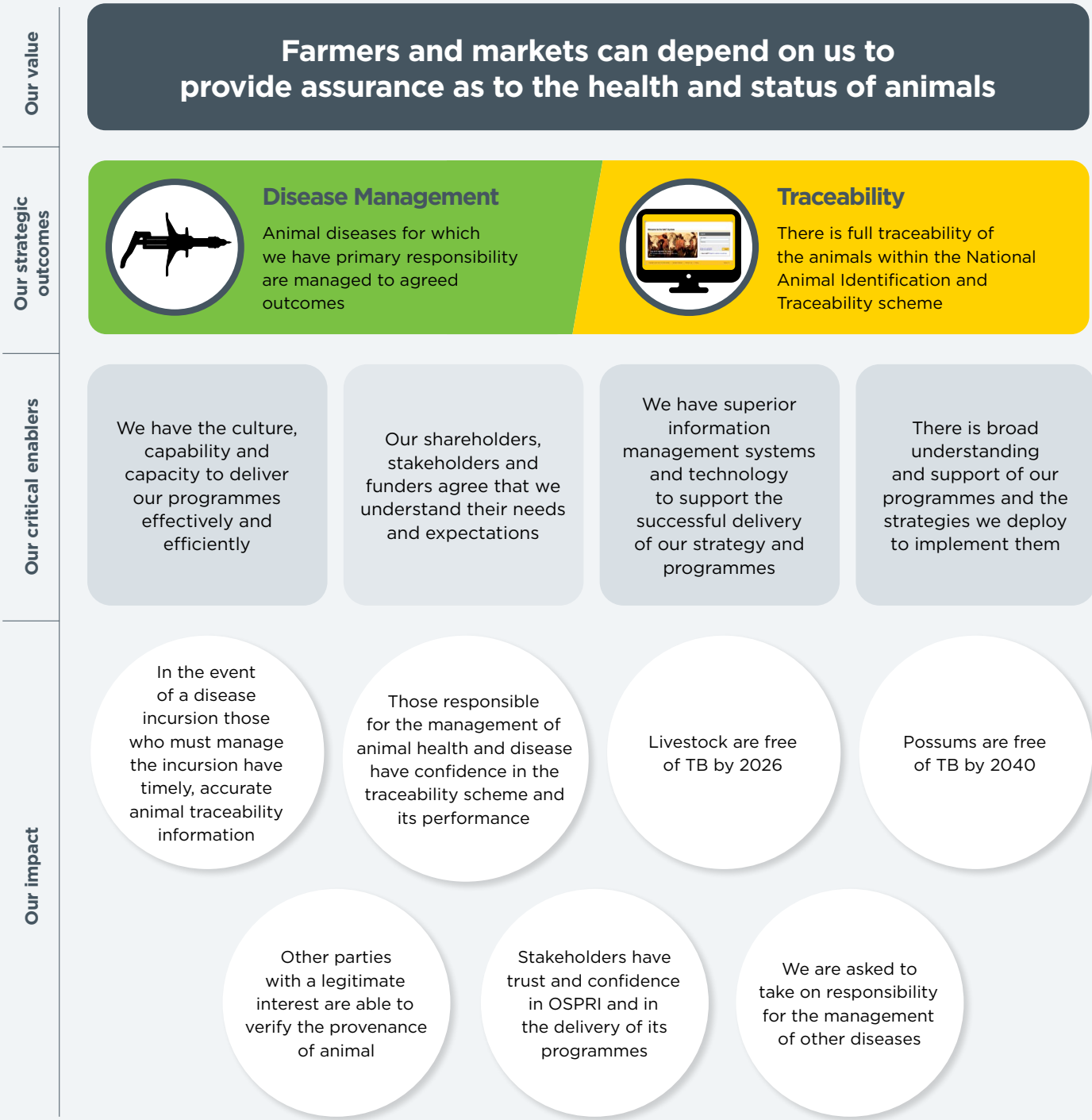


Figure 2: OSPRI's Strategic Plan framework 2019-2024

OSPRI's strategic priorities to 2022

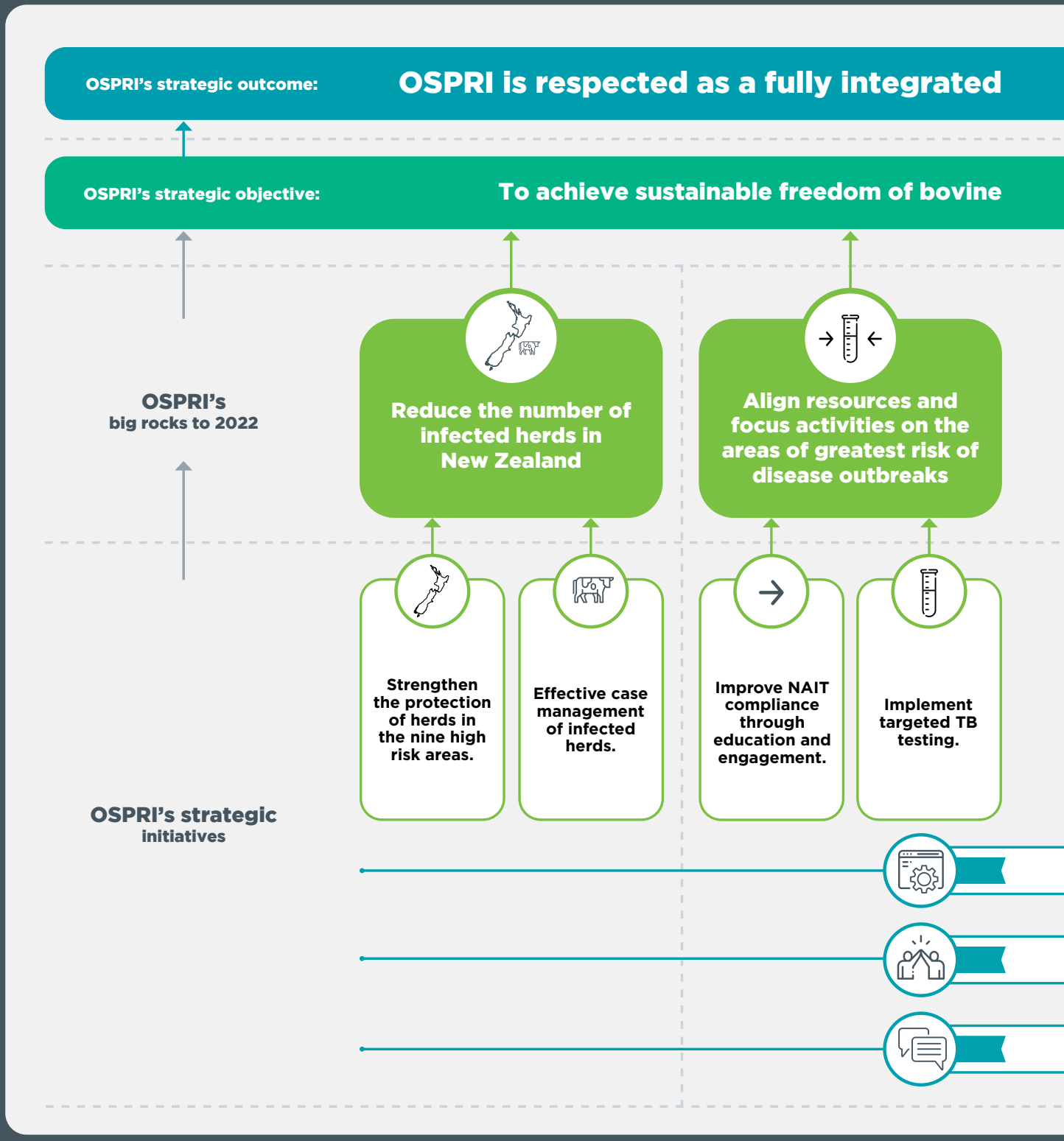
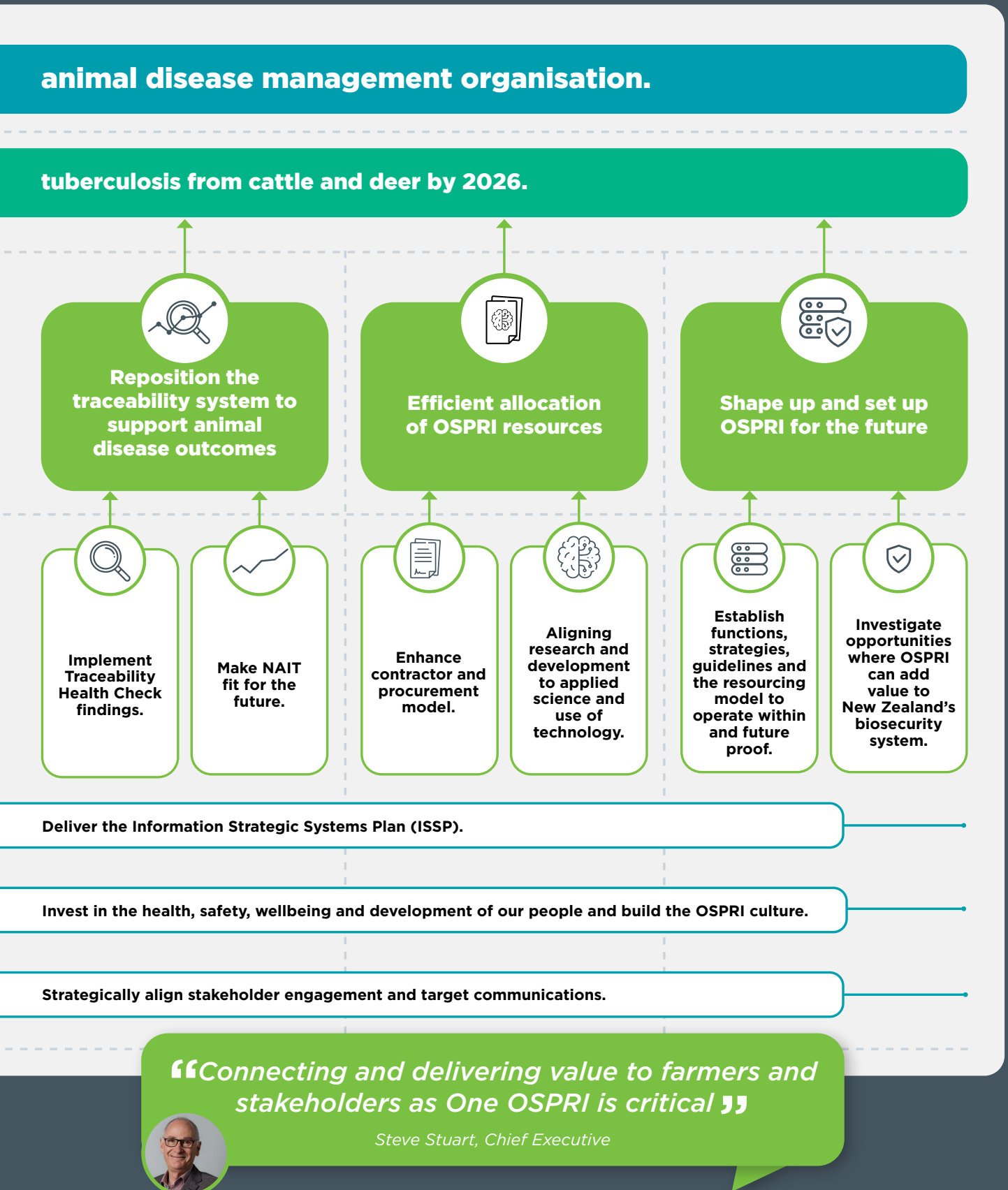


Figure 3: OSPRI's strategic priorities to 2022



"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

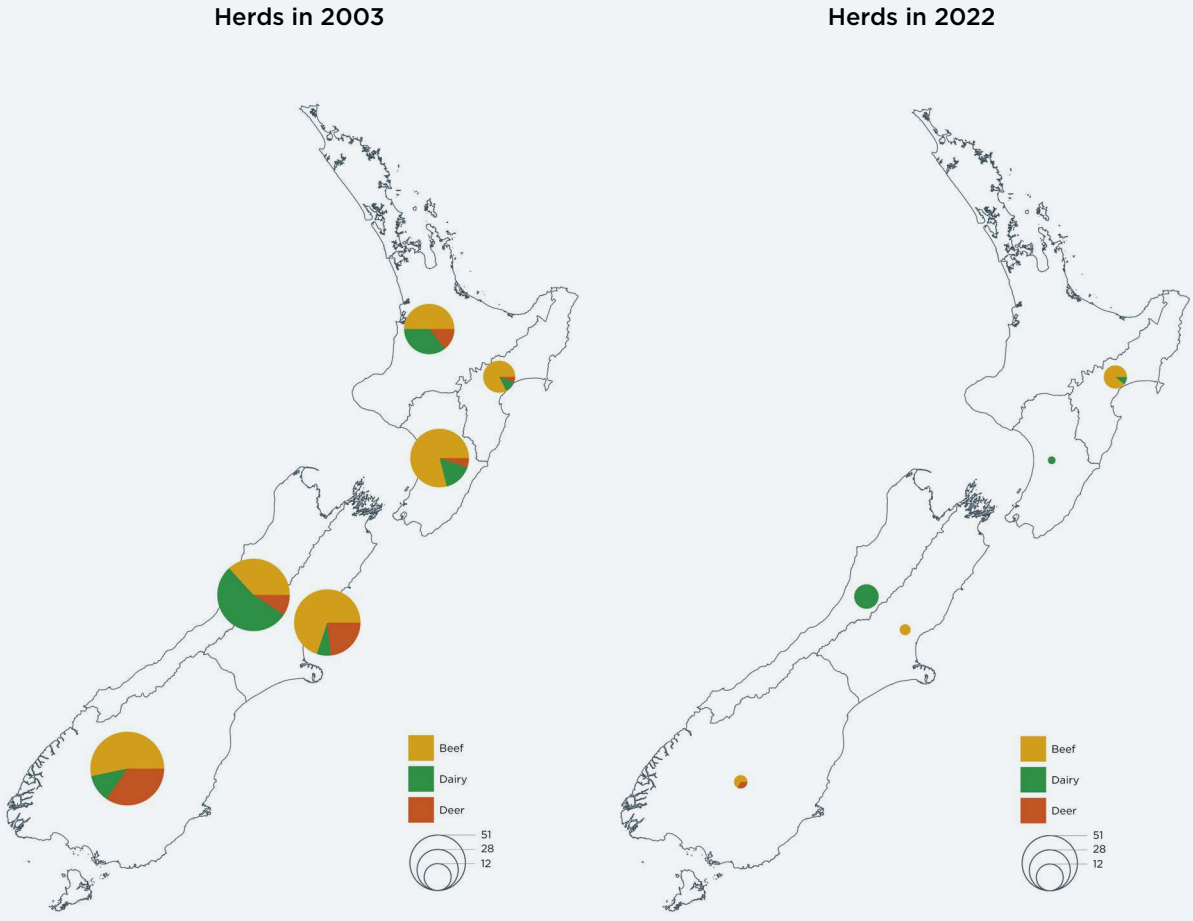
We are strengthening the protection of herds in nine high risk areas.

We are managing infected herds effectively.

2021-2022 KPIs	
Reduce the total TB Vector Risk Area by 100,000 hectares to 6.6 million hectares	**ACHIEVED** 243,575 hectares within 16 Vector Control Zones were declared free of TB during 2021-2022.
Reduce the number of infected status cattle or deer herds to less than 32	**ACHIEVED** As at 30 June 2022, there were 24 infected herds nationally, and two active clusters of infection in Hari Hari and Hawke's Bay. Required control work and surveillance either in progress or planned.

Infected herds at 30 June 2022

Figure 4: National TB infected herds, 30 June 2022



Map 2: Infected herd numbers have reduced over time

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.

The TBfree programme following the 2020 TB health check

OSPRI has continued to implement the learnings from the TB health check report completed late 2020 which 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.

Vector control planning is completed on an annual basis bringing together the previous year's pest control results, herd testing, slaughter information and wildlife monitoring results.

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
- investing in applied research and technology to find cost effective methods that can be put into operation quickly
- bringing forward operations when possible, using existing reserves and short-term funding.

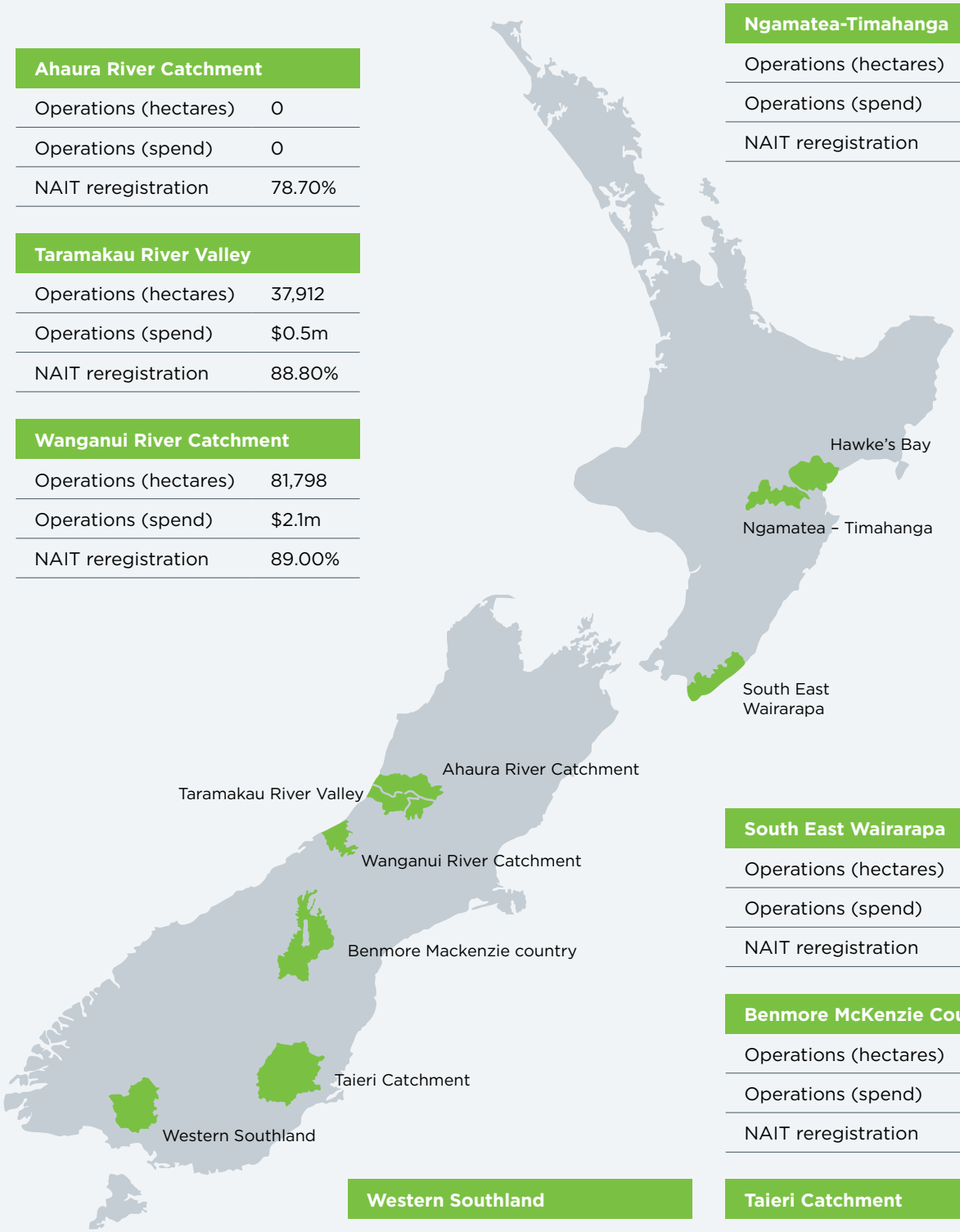
Map 3 shows operations activity and reregistration completion rates in the nine risk areas at 30 June 2022. Operations activity includes ground and aerial operations, surveying and monitoring. Due to phasing of control programmes or previous control activity some high-risk areas did not receive pest control activity during the year. Reregistration gives us confidence that NAIT locations and animals on farm are accurate, which helps with effective disease control.

Map 3: Nine risk areas, showing operations (hectares and $m carried out in 2021-2022) and progress with NAIT reregistration

Ahaura River Catchment	
Operations (hectares)	0
Operations (spend)	0
NAIT reregistration	78.70%

Taramakau River Valley	
Operations (hectares)	37,912
Operations (spend)	$0.5m
NAIT reregistration	88.80%

Wanganui River Catchment	
Operations (hectares)	81,798
Operations (spend)	$2.1m
NAIT reregistration	89.00%



Hawke's Bay	
Operations (hectares)	219,600
Operations (spend)	$6.2m
NAIT reregistration	95.0%

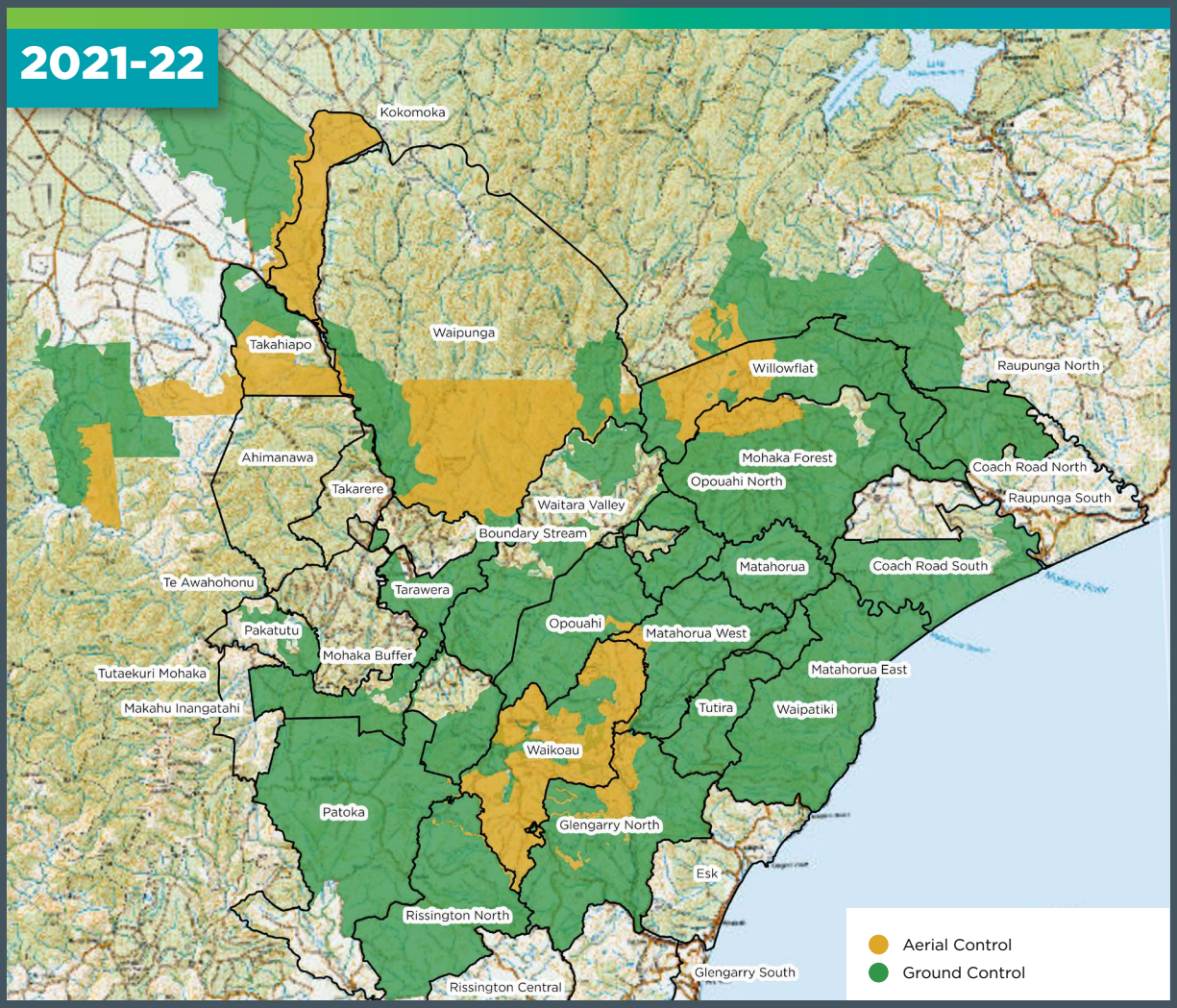
Ngamatea-Timahanga	
Operations (hectares)	0
Operations (spend)	0
NAIT reregistration	92.1%

South East Wairarapa	
Operations (hectares)	72,076
Operations (spend)	$1.9m
NAIT reregistration	94.6%

Benmore McKenzie Country	
Operations (hectares)	36,985
Operations (spend)	$0.20m
NAIT reregistration	95.50%

Western Southland	
Operations (hectares)	45,389
Operations (spend)	$0.64m
NAIT reregistration	95.70%

Taieri Catchment	
Operations (hectares)	378,809
Operations (spend)	$2.61m
NAIT reregistration	97.60%



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 (MCA) (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.

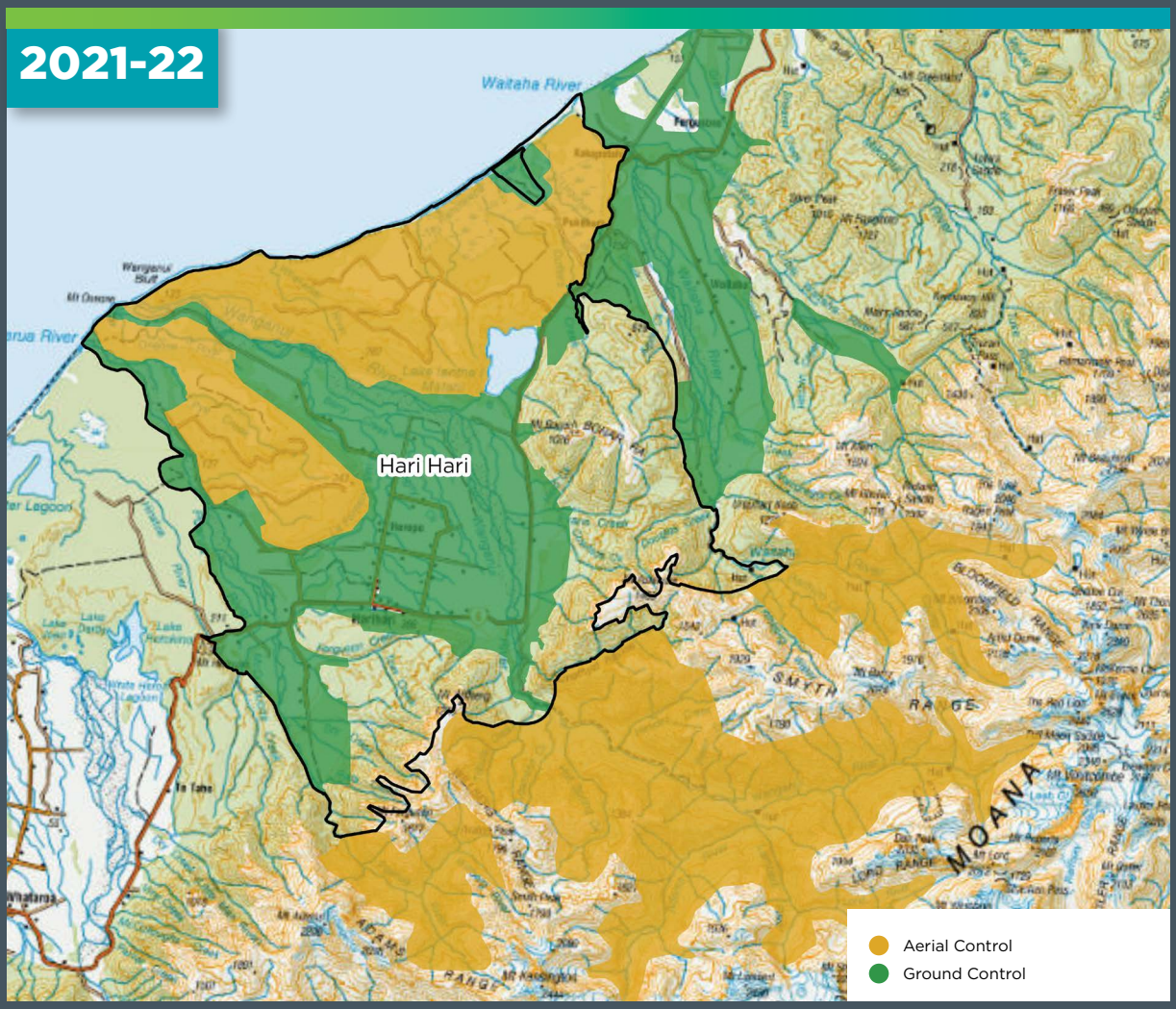
Our response also includes supporting both farmers with infected herds and affected communities.

During 2021-2022 we completed:

- ground control operations across over 170,000 hectares
- aerial operations covering over 41,000 hectares including control in key source infection areas
- surveillance of over 8,600 hectares
- just over $6.2 million of work.

Operations planned for the 2022- 2023 financial year (dependent on the outcome of consultation) are:

- just over 70,000 hectares of aerial operations
- just over 168,000 hectares of ground control
- continuing 10,257 hectares of wildlife surveillance.



Map 5: Hari Hari operations this year by type

Hari Hari operations update

We have also continued to manage the cluster of infection 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 for the majority of the cattle breakdowns. However a second "beta" strain of TB has been found in four cattle herds. During the herd breakdown investigations OSPRI has found no interactions between the herds which are located on separate properties. It is believed that this second 'beta' strain type will be present in local wildlife, but not a strain we have cultured from wildlife in this area.

In the past five years we have carried out $5million of possum control in the area, including:

- 60,000 hectares of aerial control
- 100,000 hectares of ground control operations.

Over the next five years we plan to spend $7million (approximate and dependent on the outcome of consultation) to eradicate the source of infection including:

- 80,000 hectares of aerial control
- 115,000 hectares of ground control operations.

OSPRI successfully completed a 23,000-hectare operation in kea habitat using mitigation techniques to ensure the resident kea were not impacted by the possum control programme. This mitigation work also continued to build on the knowledge of kea behaviour and ways we can continue to protect this important species.

We are managing infected herds effectively

Infected herd numbers

In 2021-2022 we reduced overall infected herd numbers by 41%.

Reduction in infected herd numbers is not linear (Figure 5). The number of infected herds fluctuates as existing infections are resolved and new infections are identified. New infections result from animal movements, residual infections, or by contact with infected wildlife. For a herd to move from an infected status to a clear status, the herd must undergo two clear whole herd tests at least six months apart with no infection found within that period. Continued vigilance and control are needed to ensure we achieve sustainable TB freedom in herds.

As at 30 June 2022 there were 24 infected herds compared with 41 the same time last year. Of the 24 infected herds, seven have completed one clear whole herd TB test. Hawke's Bay and the West Coast (including Hari Hari) of the South Island together have 19 of the 24 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 infected herd period prevalence at 30 June 2022 is 0.08%, which is below the targeted threshold of 0.2%.

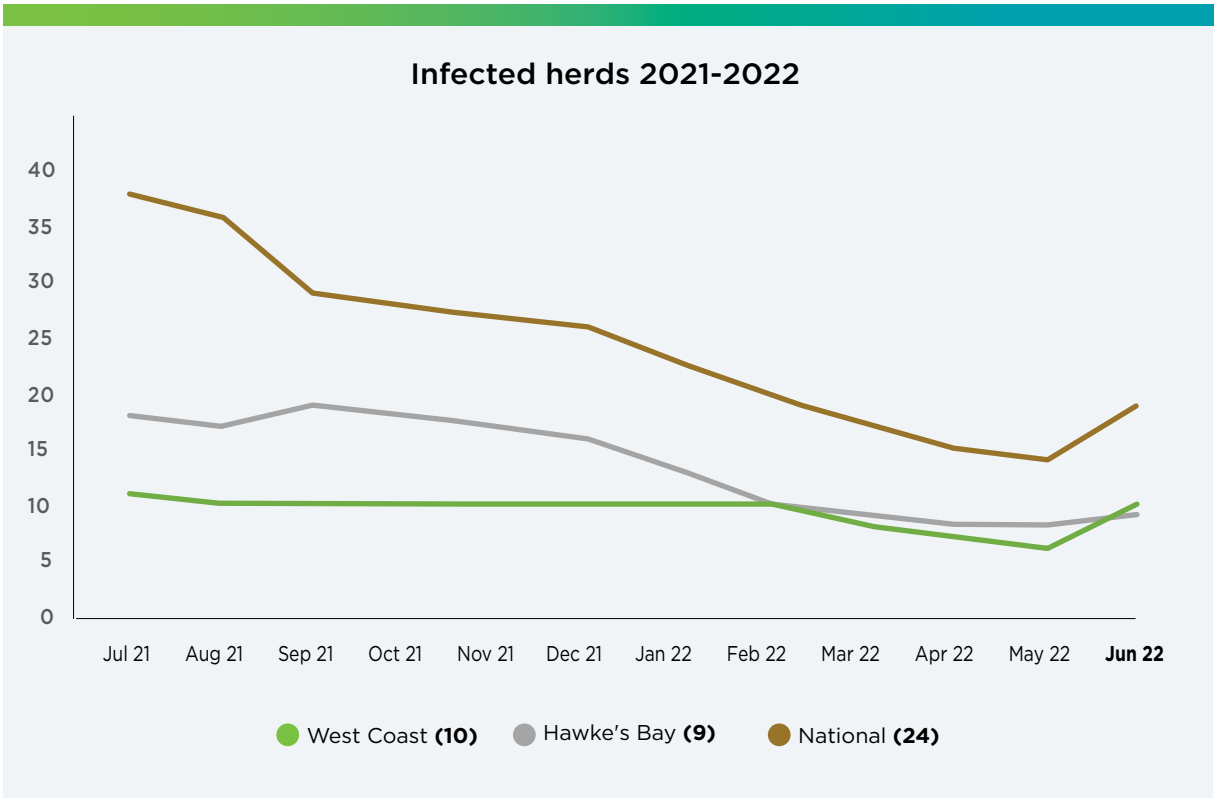


Figure 5: Infected herd numbers in Hawke's Bay, Hari Hari and nationally – the number by each region is the number of infected herds at 30 June 2022

$32.7m of operations delivered in 2021–2022

Our regional teams oversaw $32.7m of vector control operations this year against a budget of $37.5m. 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 $4.8m of operations into next year's operations plan, mainly in the North Island with weather windows pushing operations into the early part of the 2022-2023 financial year.

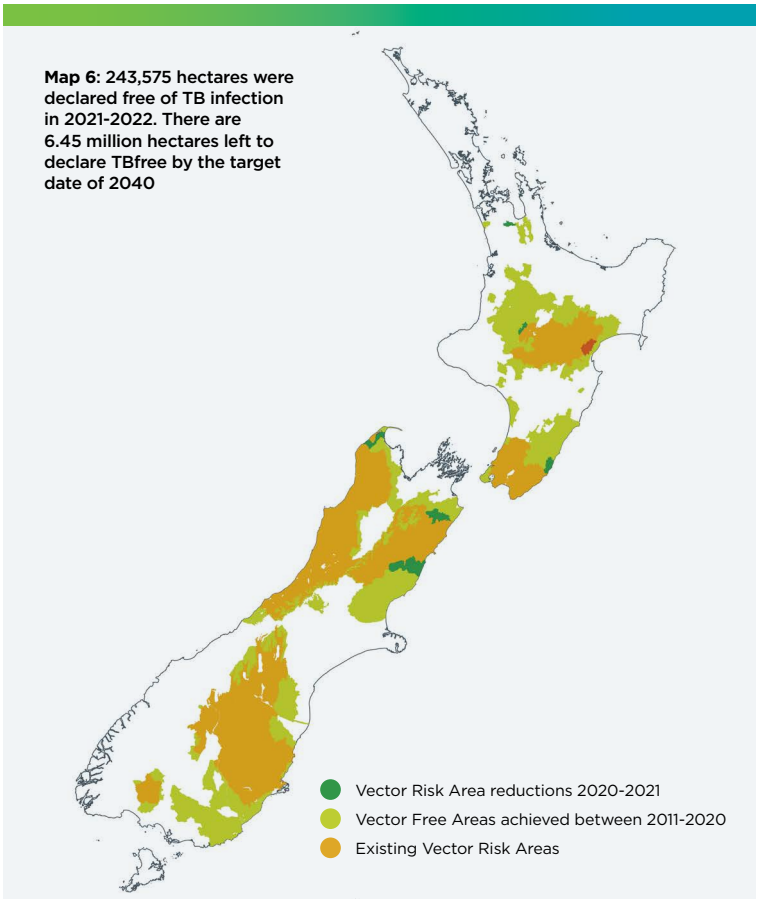
Another 243,575 hectares declared free of TB

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).

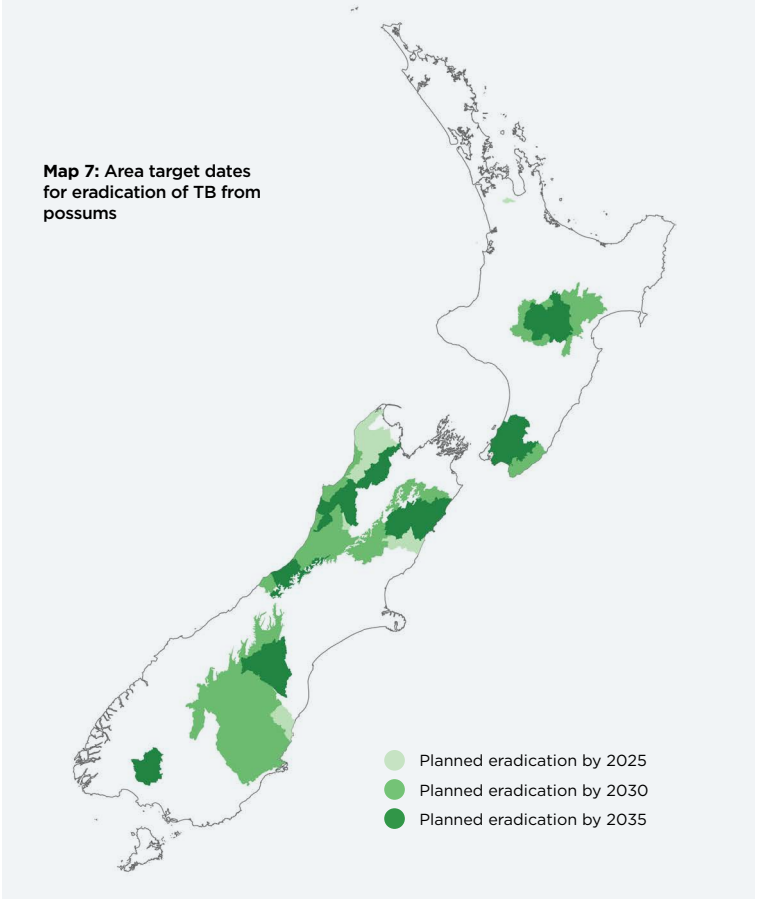
This year, the panel agreed that 243,575 hectares, within 16 separate Vector Control Zones, were free of TB infection. Of note, the Huahungaroa Stage 3 Vector Control Zone had its Vector Risk Area status revoked. This Vector Control Zone was the last unrevoked area of the Hauhungaroa Proof of Concept area that was established within the 2011 TBfree New Zealand Strategy to prove the ability to eradicate from extensive forested areas. We also successfully revoked a deep forested area in the North Western edge of Golden Bay – this is a significant step forward in achieving Vector Risk Area reduction in continuous deep forested areas.

Following the disease outbreak in the Hawke's Bay area, OSPRI extended the Vector Risk Area in the region by 41,359 hectares over five separate Vector Control Zones. This is in keeping with the National Operational Plan.

Further information about the changes in Vector Risk Areas is provided in the Appendix to this report.



Map 6: 243,575 hectares were declared free of TB infection in 2021-2022. There are 6.45 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

We continue to see benefits from the land access strategy implemented in 2020-2021, with improved relationships and collaboration on research and development.

We have obtained access to carry out operations in areas that are key to controlling the Hawke's Bay infection cluster. This came about by working together with landowners to achieve long-term biodiversity benefits on their land.

To further strengthen our 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

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. We continue to work with the Department of Conservation and Zero Invasive Predators to ensure the use of pest control methods to keep kea safe. This will allow us to undertake West Coast aerials.

Case study

OSPRI on track for a TBfree future in Hawke's Bay

OSPRI is getting Hawke's Bay back on track to a TBfree future after delivering multiple aerial and ground operations over the last 12 months.

Acting Head of Disease Management, Danny Templeman, says that despite logistical and land access challenges, OSPRI completed a series of successful aerial operations covering over 41,000 hectares of difficult-to-reach and challenging terrain. "Despite a strong history of TB control in New Zealand (28 herds cleared in the Hawke's Bay since the start of the response there in 2019) we are now at the most difficult and complex part of our 30-year journey. OSPRI is confronting this challenge and is committed to that final push to freedom of TB in livestock by 2026."

OSPRI continued to implement our substantial ground control programme in Hawke's Bay, covering more than 170,000 hectares over the 12-month period. This was supported by five strategic aerial operations designed to reduce the possum population in difficult or remote habitat and break the disease cycle.

The following aerial operations were completed in the Hawke's Bay region during the 2021-2022 financial year.

- 10,000ha near the Napier Taupo Road. This operation was an urgent priority for OSPRI and Hawke's Bay farmers as TB is known to be prevalent in local wildlife.
- Another critical operation in Waikoau covered 10,000ha of private, forestry and public conservation land.
- In Willowflat, an aerial operation covering 6,600ha was completed.
- Poronui-Ripia was also completed and covers an area of 3,600ha.
- The Kokomoka – Takahiapo aerial operation covered a combined area of 11,000 hectares. These Vector Control Zones are close to the boundary with the Bay of Plenty Region and act as a buffer to protect the herds in the Rangitaiki.

In total 494,763 hectares have been controlled in Hawke's Bay since the start of the TB outbreak response.

OSPRI is continuing to implement aerial and ground control work while also planning for further operations next year and into the future. This work will also contribute to the broader goal of eradicating TB from cattle and deer herds by 2026.

"We have been working hard to build and strengthen our relationships with local landowners and we are now in a better position to engage with the community. Our case management approach to infected herds has been updated and we have improved our regular communication with farmers. We have also held several farmer meetings during the year to keep locals up to date with our response plans," Mr Templeman said.

"We have been working hard to build and strengthen our relationships with local landowners"

The work OSPRI does to control possums extends beyond the management of TB in herds. It allows bush to regenerate and enhances biodiversity throughout Hawke's Bay and contributes to protecting an important source of kai for hunters and the local community.

Since 2020, OSPRI has committed over $20 million in Hawke's Bay over five years to remove TB from cattle and deer herds through possum control as we continue to drive towards our goal of biological eradication of bovine tuberculosis from New Zealand by 2055.

Strategic Priority

2

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

Strategic initiatives

NAIT compliance is improving through education, engagement, and enforcement.

We have targeted disease control resources to areas of higher risk.

2021-2022 KPIs	
Achieve 70% compliance with NAIT regulations as measured on the traceability compliance scale	**NOT ACHIEVED** Overall compliance with the NAIT scheme for the 2021-2022 year is 67.3%.
Reduce annual number of cattle and deer tests by 275,000 (10%)	**ACHIEVED** Combined cattle and deer TB testing numbers are 586,701 below last year's test numbers, a 20% reduction.

NAIT compliance is improving through education, engagement, and enforcement

NAIT compliance statistics continue to improve

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

The NAIT scheme has been trending up over the past five years (Figure 6).

The scale we use to indicate overall compliance shows an aggregate figure across several measures, including, registering animals prior to their first movement, recording movements within 48 hours and registering animals within six months of birth.

There has been continuous 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 is shifting to maintaining the behaviour, and we are now considering other compliance focus areas. We have worked with MPI to identify other compliance focus areas and implement the joint NAIT compliance/ intelligence action plan.

We are planning regulatory intelligence products are currently to ensure well targeted and prioritised activities and initiatives. Initial work on an intelligence product around transporting untagged animals has begun.

Figure 6: Improvements in the indicative compliance scale FY2018-FY2022 (FY – financial year, July to June in the next year)

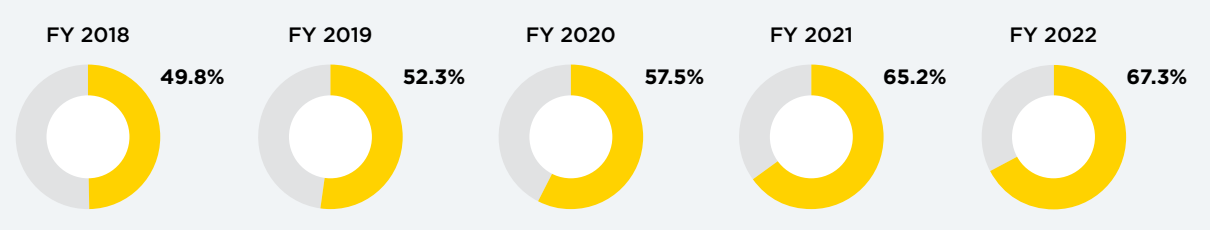
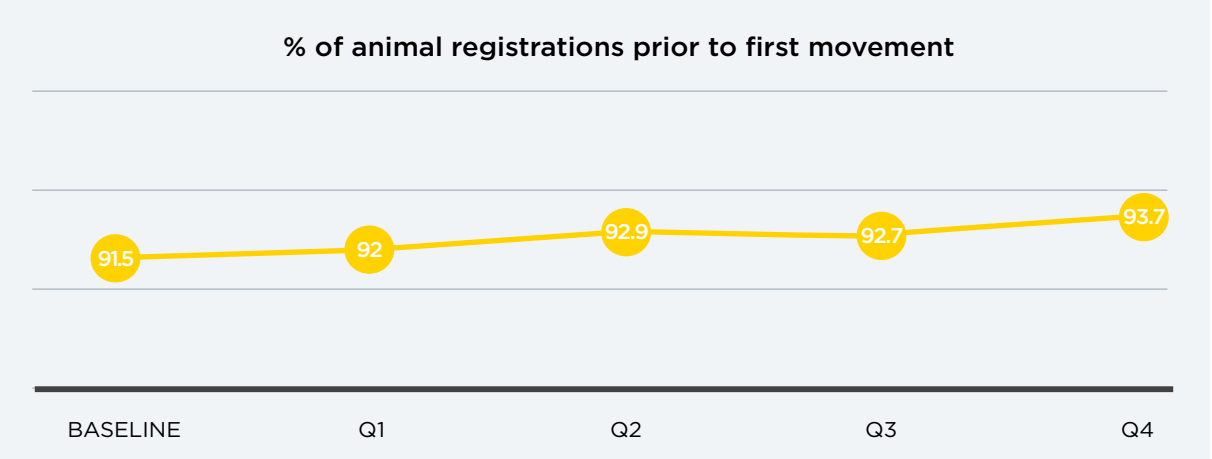


Figure 7: Improvements during 2021-2022 in registrations of NAIT animals prior to their first movement off farm (Q – quarter)



The responsibility for compliance

OSPRI and MPI work together on compliance using the VADE model (Figure 8). Under this model, OSPRI looks after the Voluntary and Assisted functions (education and assistance). MPI is responsible for Directed activity (improvement notices) and Enforced (prosecution) activity.

MPI has provided the statistics of their activity in the 2021-2022 year (Figures 9 and 10). The majority of the prosecutions, written warnings and infringements are for failure to register animals – this has continued to be the focus of OSPRI and MPI's compliance work for the year. With the high level of compliance in this area in 2021-2022 (93.7% of animals were registered before their first movement) the focus will begin to shift to other areas in the coming year.

Figure 8: VADE model

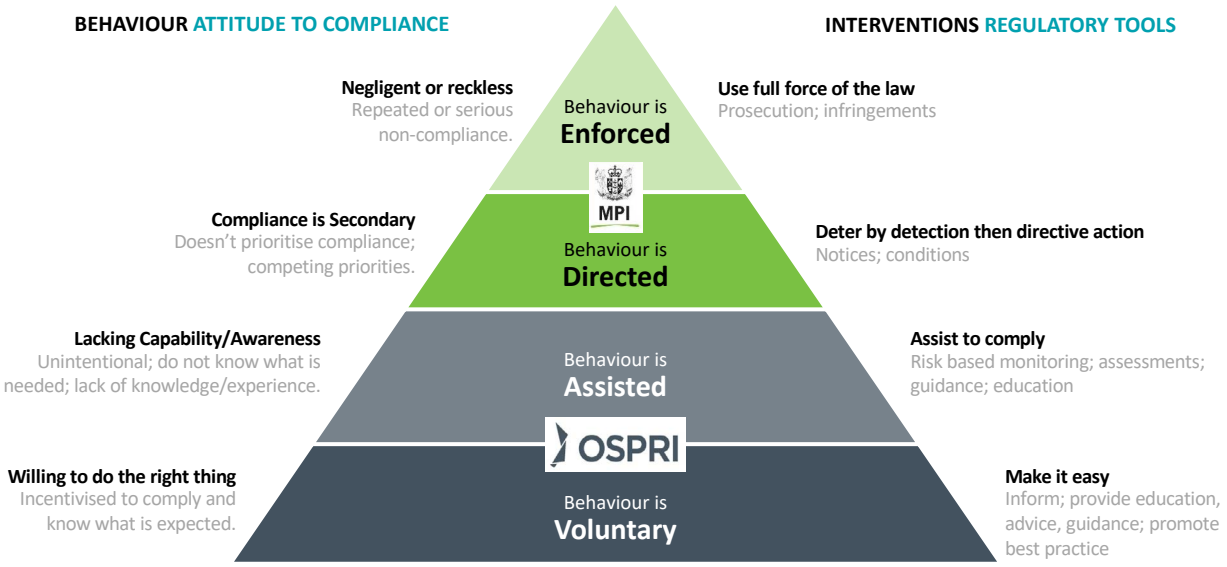


Figure 9: MPI prosecutions for breaches of the NAIT Act by region during 2021-2022

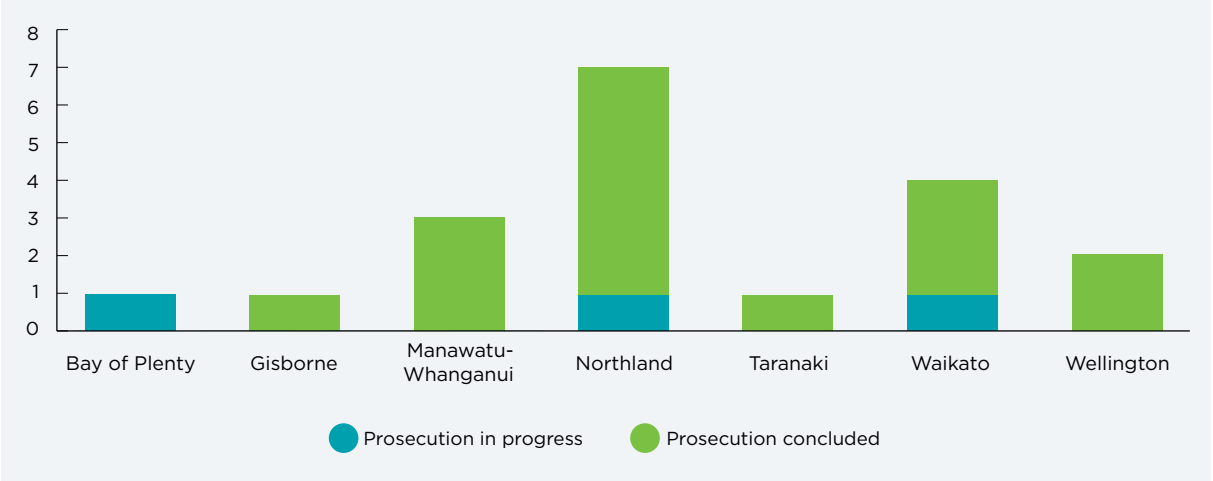
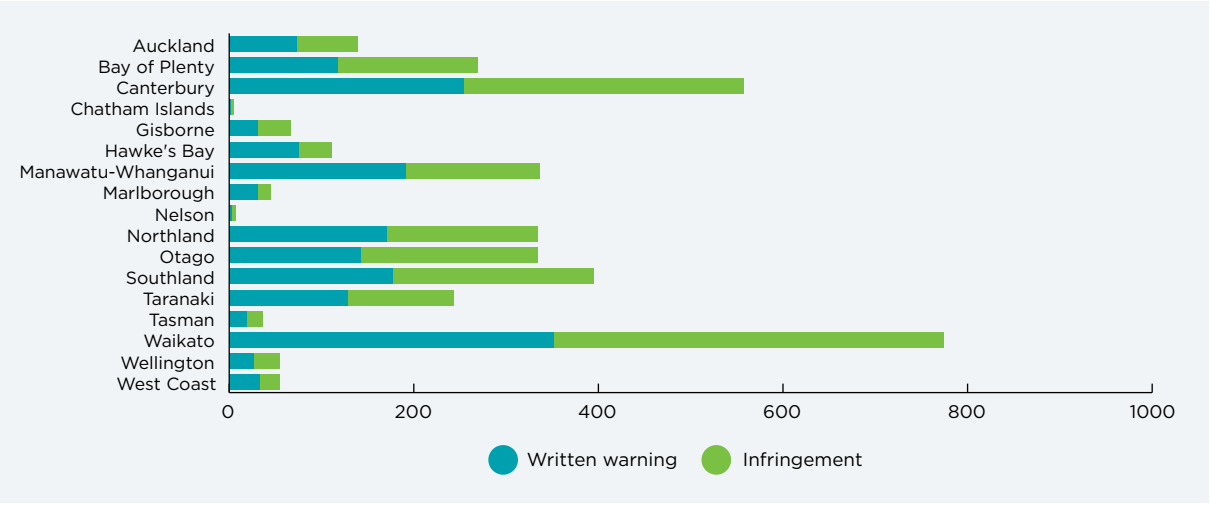


Figure 10: Written warnings and infringements by region issued by MPI during 2021-2022



NAIT education and engagement this year

We have partnered closely with MPI during the development and delivery of content to ensure messaging is clear and consistent.

We ran several NAIT education campaigns this year, tied to key dates in the farming calendar when NAIT actions are required or to communicate details of the NAIT levies consultation and the implementation of MyOSPRI Animal Status Declarations (ASD) (Figure 11). The Moving Day campaign running from April – June 2022 was successful in driving overall increased compliance throughout the Moving Day period.

These messages were shared through the OSPRI newsletter, on our website and social media channels, at events, by our Support Centre and Regional Partners, and through our shareholders' and stakeholders' newsletters.

We have also completed an overall update and refresh of the NAIT user guides.

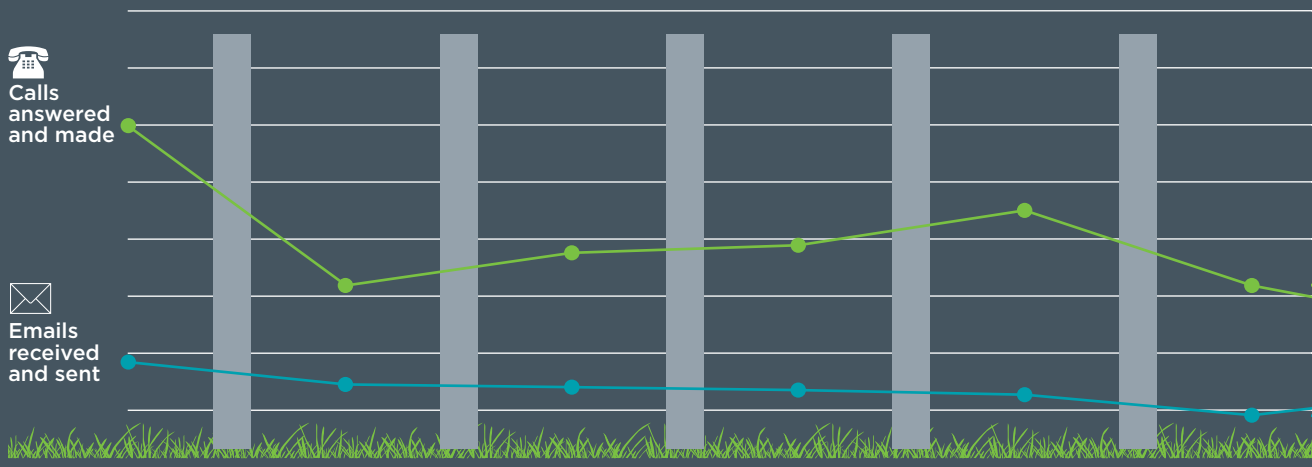
Throughout the year we continued to engage with key groups through our Technical Reference Groups. These groups continue to be a key engagement touchpoint for traceability.

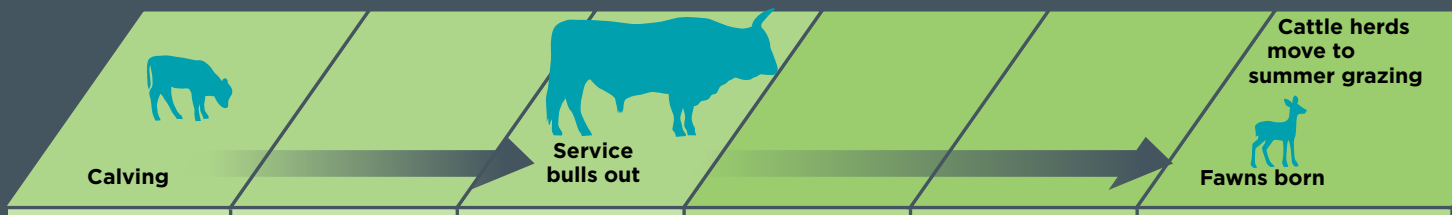
Our team of Regional Partners is a key provider of on the ground support and advice to farmers, particularly in areas with TB. Members of the 12 OSPRI Committees also provide help in their regions. Our Regional Partners worked closely with key stakeholders and MPI to provide support for farmers at workshops, events and expos, despite experiencing some cancellations due to COVID.

The Regional Partners also played a key role in relaying messaging and providing support during the NAIT levies consultation process and the development of MyOSPRI ASD.

Our Customer Support Centre is another source of one-to-one assistance to farmers, with over 84% of all calls taken this year being NAIT-related. The services provided by the Support Centre have helped us achieve improved registration and movement timeliness compliance compared to previous years.

OSPRI connects with farmers in a of ways throughout the farming

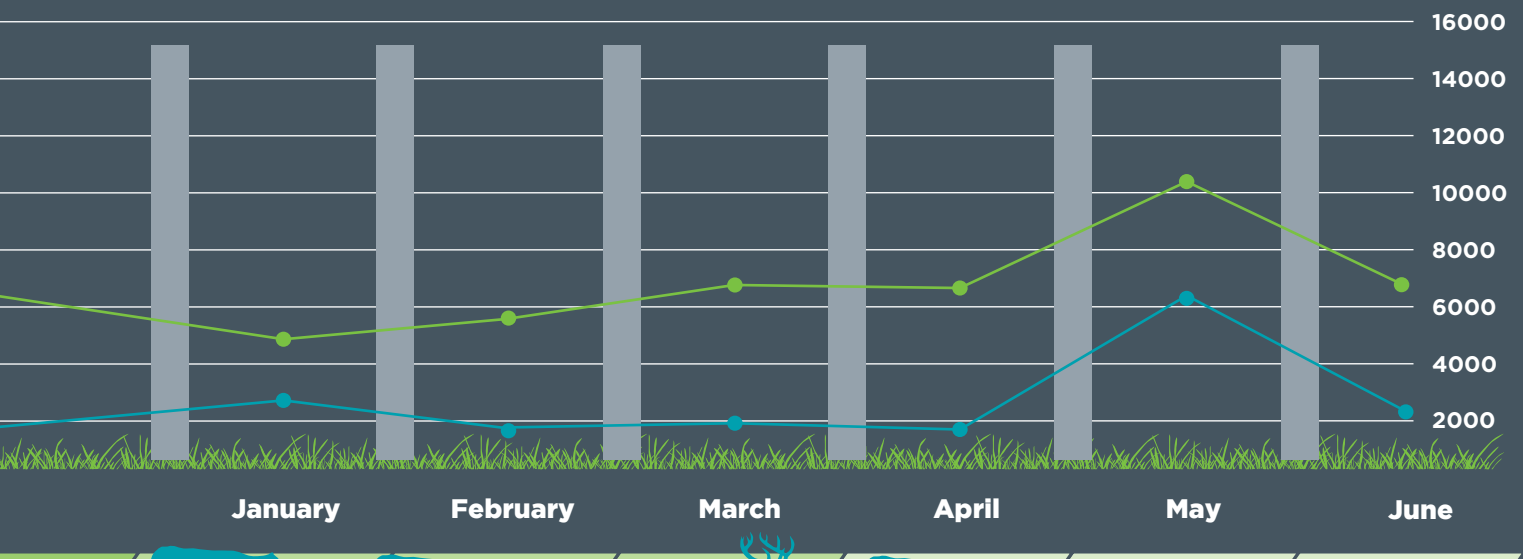




July	August	September	October	November	December
• Sending unsafe to tag animals to a meat processor • Minimise the risk – book pre-movement test for service bulls • MyOSPRI *farm-to-farm ASD* first release	• NAIT timeframes extended for flood/COVID affected farmers • New OSPRI website updates • NAIT standards – consultation open	• Moving bulls for mating • NAIT reporting timeframes and pest control operations under COVID Level 3	• Tougher rules for NAIT accreditation • NAIT reporting timeframes • Proposed aerial operations in 2022 – consultation open • TB levies applied by meat processors	• Stabilising the Traceability scheme • Summer grazing – record movements in NAIT	• Recreational hunters – TB – what to look for • COVID – create a back up plan
• 2 OSPRI Committee Meetings • 3 Hawke's Bay farmer meetings • Dairy Women's Network NAIT workshop • NAIT workshop Ohura • Red Meat Sector Conference	• Lifestyler event – New Plymouth		• 8 OSPRI Committee meetings • Gisborne A&P Show • Lifestyler event	• 3 OSPRI Committee meetings	

number year

Figure 11: OSPRI connects with farmers in many ways throughout the farming year



Communications and Campaigns

January	February	March	April	May	June
• NAIT levies consulation begins • MyOSPRI release two *Locations* goes live	• Weaner calves – buying and selling calves	• Weaner calves – good traceability practices • Recreational hunters – prevent spread of TB • Important NAIT timeframes • NAIT accreditation set to relaunch	• Moving Day – Be a mate, update NAIT – April to June 2022 • MyOSPRI release three goes live • OSPRI Committee expressions of interest open	• eASD transition to MyOSPRI campaign goes live	• NAIT Levy consultation outcome

Events

January	February	March	April	May	June
	• 6 OSPRI Committee meetings • Tasman FMG Young Farmer Regional Finals (Lincoln) • Dairy Women's Network NAIT webinar	• 1 OSPRI Committee meeting • Southern Remutaka Aerial Community Meeting	• 1 OSPRI Committee meeting	• Beef + Lamb Ladies' Long Lunch • NAIT workshop Mokau • Shareholder comms team briefing on eASD transition campaign	• 7 OSPRI Committee meetings • 3 Farmer Meetings/NAIT workshops • Beef + Lamb Ladies' Long Lunch • Dairy Women's Network Calving Event & Expo • South Island Dairy Event

We have targeted disease control resources to areas of higher risk

Routine livestock TB testing reduced

We are reducing routine livestock TB testing in areas where risk of infection from wildlife is very low, enabling overall reductions in test numbers and costs, and better targeting of disease control resources to areas of higher risk. There were just under 587,000 fewer tests in the 2021–2022 testing year, equating to a 20% reduction.

Improved detection at slaughter

To continue to assess and improve TB detection at slaughter during 2021-2022, OSPRI has worked with the Ministry of Primary Industries to design a pilot granuloma survey for roll out during the 2022-2023 year. The project will collect information about any tongue or jaw lesions deemed to be “actino”, and collect physical samples of any granulomas detected in lymph nodes that are not considered to be TB. The data gained from this study will help to inform future TB surveillance, particularly with respect to slaughter surveillance.

New requirements for testing stock being moved

A 500,000-hectare reduction in the Movement Control Area in Otago was implemented on 1 March 2022, providing testing relief to close to 700 herds and reducing tests by approximately 33,000 per year. The release of a new integrated disease management system will further allow OSPRI to target testing to areas or herds of greatest risk.

Case study

Refining TBfree operations at Molesworth

OSPRI's TBfree programme is continuing to innovate and improve its operational effectiveness with the successful trialling of aerial low sow baiting and deer repellent bait at Molesworth Station.

In 2021, OSPRI completed two aerial control operations over 70,000 hectares and the outcomes were excellent for both sustainable possum control and deer survival in the high-country environment.

Prior to the aerial operations, possums and deer were radio-collared for tracking purposes to evaluate bait efficacy as part of a trial carried out by Manaaki Whenua – Landcare Research.

Findings from the trials show:

- Most deer survived the treatment (95—98%).
- Of the 358 non-collared deer found within the treatment area, 351 were alive and only seven dead.
- 100 percent of radio collared possums were eradicated using three different trial techniques: standard broadcast, low sow broadcast and low strip sow.

"The introduction of a new deer repellent was a significant factor in reducing deer by-kill numbers," says OSPRI Research Manager Dr Richard Curtis.

"We've learned from previous 1080 aerial operations at Molesworth and acted on Landcare Research recommendations. The deer repellent was spread over the entire treatment area, and the new formula appears especially suitable for Molesworth's unique conditions."

The possum control work was timed to coincide with the start of winter to enable quicker detoxification of the aerial 1080 baits.

OSPRI engaged beforehand with the deer hunters, landowners, farmers, and Molesworth Station, to minimise disruption to farming and recreational activities at Molesworth.

Dr Curtis says, "We're aware that wild deer and hunting are valued by many people and we're confident that the results of this deer repellent trial at Molesworth will demonstrate that we can balance possum control and minimise impacts on the immediate environment."

"You can never rule out feral deer mortality following an aerial operation, but with the wide use of deer repellant in this type of habitat, the impact on the deer population can be minimised."

Aerial bait sowing innovation

Aerial bait sowing trials over 9,000 hectares at Molesworth and adjoining private land has potential to reshape how OSPRI undertakes TBfree operations in the future.

In an alternative approach to improve efficiency of 1080 aerial control, the volume and density of aerial sow baits was modified.

A 'strip sowing' technique in the Saxton block, and a 'low sow' broadcast approach in the Severn block were trialled, and this has provided a 65 percent and 50 percent reduction in toxins respectively.

Both trials achieved 100 percent poisoning of possums with lower sowing rates shown to be effective in dryland habitat where the environment supports good access to bait.

These techniques are expected to be more cost effective than the standard process and still achieve the necessary possum control target.

Strategic Priority 3

Reposition the traceability system to support animal disease outcomes

Strategic initiatives

Implementing the traceability health check findings.

Making NAIT fit for the future.

2021-2022 KPIs	
Release MyOSPRI and supersede the current electronic Animal Status Declaration (eASD) Release 1: Farm to farm ASD (By August 2021) Release 2: Organisation and location management (by December 2021) Release 3: Farm to meat processor support (by 30 June 2022)	**ACHIEVED** R1 completed on time in June/July 2021. R2 completed in January 2022. R3 has been split into two releases in response to feedback from industry stakeholders and the impacts of COVID. The first release was in early April 2022. The second release will be late July 2022 as agreed, on-boarding farmers and enabling meat processing plants to use the system.
Implement the Accreditation Programmes for Entities Trading in NAIT Animals and Information Providers	**PARTIALLY ACHIEVED** Accreditation Programme for Information Provider and Entities Dealing in NAIT Animals is now complete.

Implementing the traceability health check findings

Consultation on NAIT levies

In 2020-2021, OSPRI and its key stakeholders undertook the Traceability Health Check, a process designed to develop a new strategy for traceability, one that is fit-for-purpose, allows farmers to extract value from it, is easy to use, and supports disease response teams in their work.

The delivery of the new strategy required an increase in funding. In early 2022 NAIT undertook consultation with levy payers, collection agents, and funders on a proposal to increase NAIT levies, the Crown contribution, and deer industry contribution. We received 147 submissions. After consideration of these submissions, the NAIT Board decided to revise the proposed operational strategy under a reduced funding package, with an emphasis on delivering the core capabilities of a fit-for-purpose traceability system that works in the event of a disease outbreak.

NAIT funding

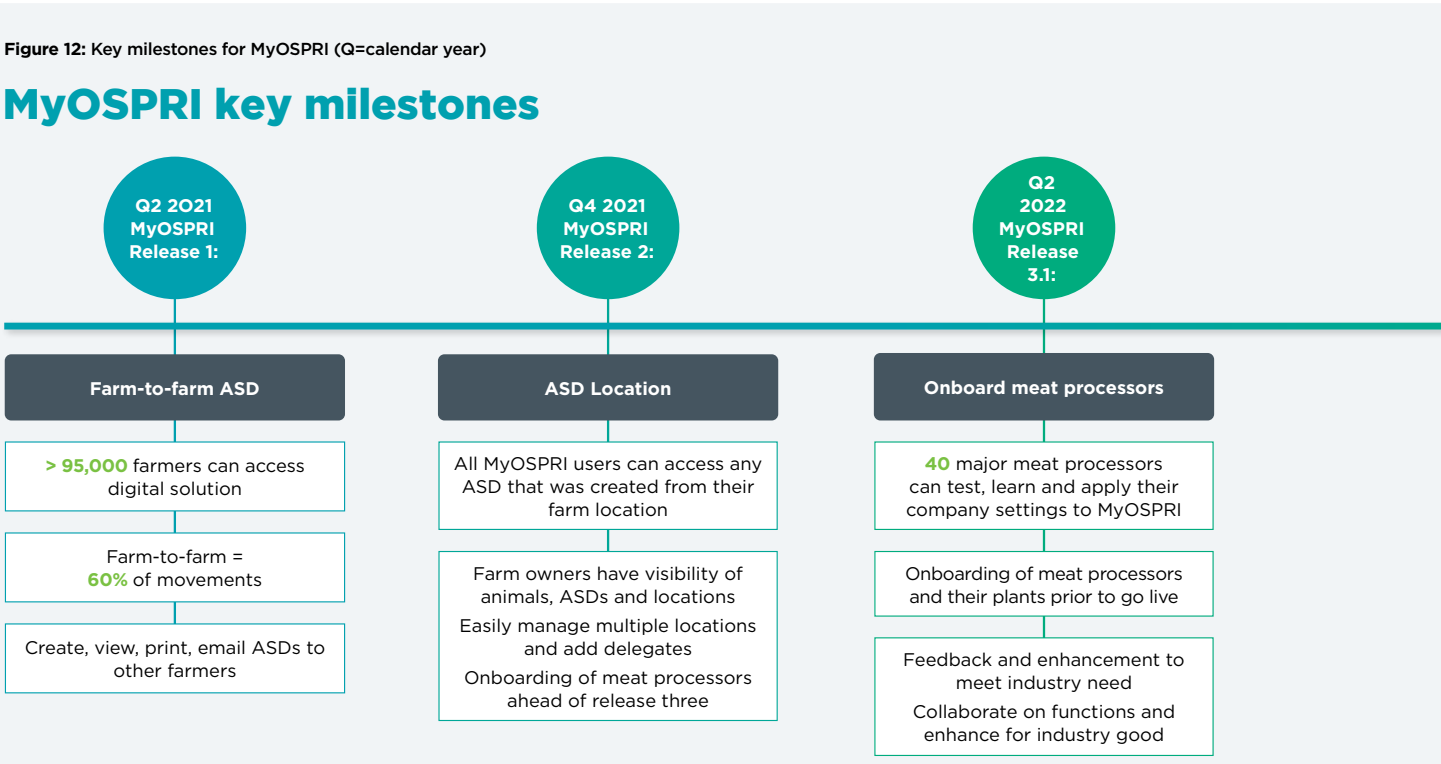
Effective 1 July 2022, the tag levy will increase from $0.90 to $0.97 and the slaughter levy from $0.50 to $1.49. These new cattle levy rates align with the agreed dairy/beef industry split. The Crown will increase its contribution to $4.34m per annum (from $2.14m per annum), while the deer industry will increase its contribution to $249k per annum (from $120k per annum).

Establishing fit for purpose NAIT Accreditation Programme

The new, improved NAIT Accreditation Programme enables all current accredited organisations and interested parties to apply for accreditation against the NAIT Standard Accreditation of Information Providers 2021 and/or NAIT Standard for Entities Dealing with NAIT Animals 2021.

The voluntary scheme is intended to improve the standard of NAIT account service providers such as saleyards, meat processors and information providers. It follows a review of the *Mycoplasma bovis* outbreak which highlighted issues with NAIT data.

Figure 12: Key milestones for MyOSPRI (Q=calendar year)



This is the first major revision of the accreditation system since 2012 and raises the bar for accredited status.

NAIT accredited organisations will now be subject to increased monitoring, performance checks and regular audits. This is expected to build more farmer and industry confidence in the NAIT system with those who record information about livestock and their movements.

The new standard for Entities Trading in NAIT Animals has not yet been approved by the Minister. Design of the registration programme for this standard will commence once approval has been received.

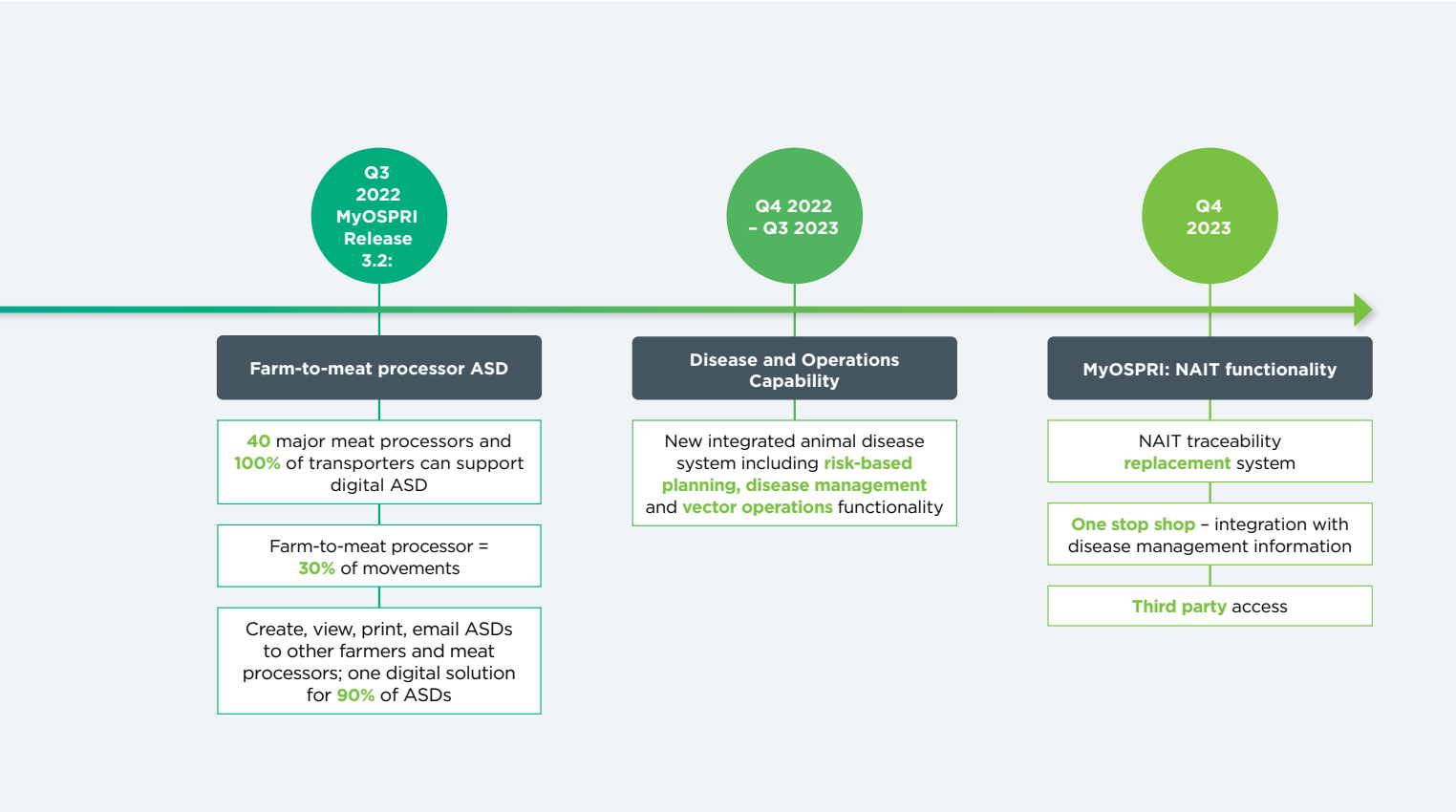
Electronic Animal Status Declarations (eASD)

The first release of ASD functionality in OSPRI's new customer-facing web application, MyOSPRI, was launched in late June 2021 to a small number of farmers.

The second release, completed in January 2022, provided farmers visibility of ASDs and farming locations, enabling easy management of multiple locations and the ability to delegate to other members of the farming team, and onboarded meat processors ahead of the third release.

In response to feedback from industry stakeholders, seasonal workloads and the impacts of COVID, the third release is being delivered in two parts. The first part was successfully delivered in early April 2022, onboarding meat processors and enabling them to test, learn and apply their company settings to MyOSPRI. The second part will be delivered in late July 2022, migrating all data from the existing eASD, on-boarding circa 8,000 farmers onto the new platform ready for the NAIT redevelopment and enabling meat processing plants to use the system. At the same time we are working on future developments. Over time NAIT, eASD and TBfree will all be available in MyOSPRI so that farmers can complete all online transactions with OSPRI in one place.

Figure 12 shows the planned milestones for MyOSPRI.



Making NAIT fit for the future

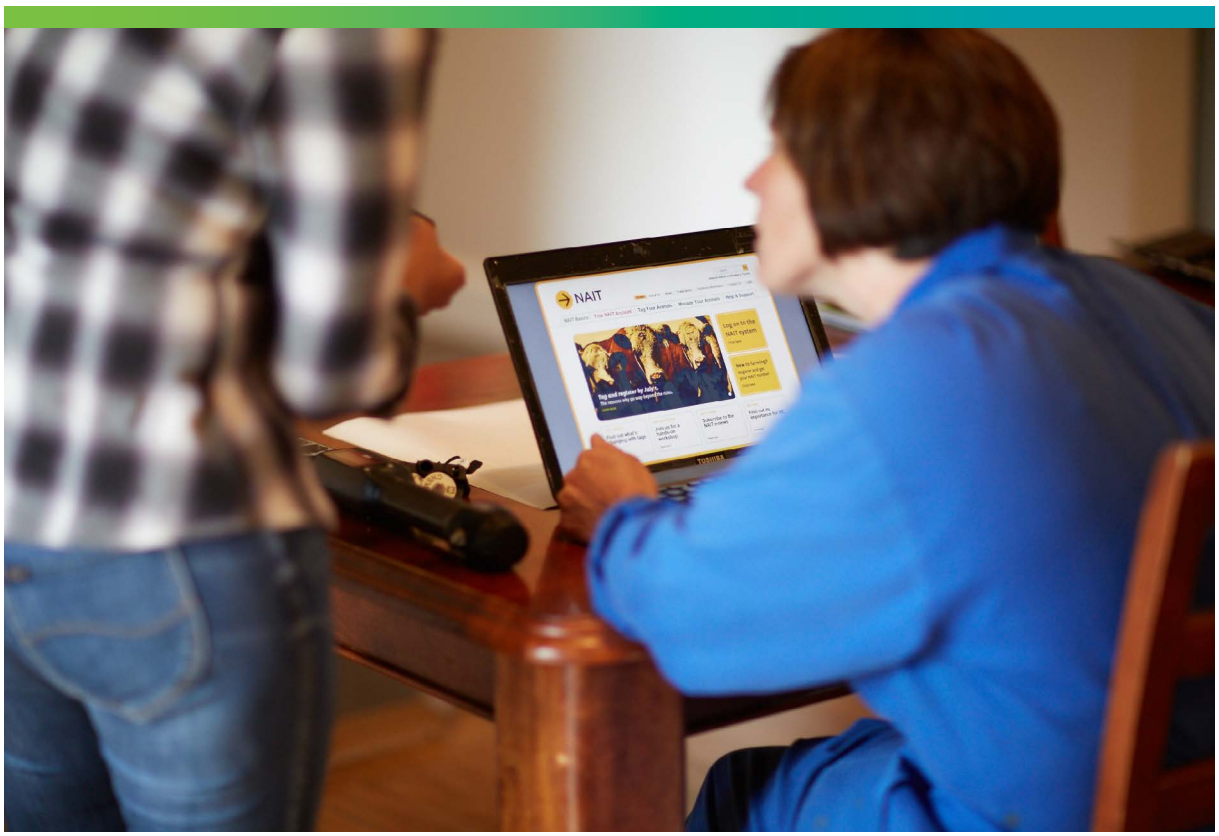
Making NAIT more usable – MyOSPRI

We have been designing services for the new NAIT regulatory system that are easier to use. The first phase of NAIT specific functionality will enable the migration and viewing of animal, tag and location information leveraging the functionality built in the first three releases of MyOSPRI. This will then enable us to design and build the recording and editing of animals, tags and movements.

We have a small number of farmers who have volunteered to work closely with us to help us get this right for the sector. OSPRI is also working in parallel with partners interested in integrating with this platform and including OSPRI services along with their own products and services. This work is supported by our change and transformation team ensuring appropriate processes are used to engage and communicate with our stakeholders, and work across our organisation so that the whole of OSPRI is enabled and ready to deliver new and improved services to our sector.

Making NAIT data more accurate

MyOSPRI will link our multiple systems and provide a single view of people and location data. Part of the upcoming work is to compare current data against NAIT rules and external datasets, and check directly with farmers and meat processors if we identify any problems, so that we can migrate the best data into the new system. Some of this will be automated given the amount of NAIT data involved.



Case study

Reposition the traceability system to support animal disease outcomes

OSPRI is focused on delivering a world-class animal traceability system, which is critical for effective disease management. Head of Traceability, Kevin Forward, discusses the progress made with traceability.

New Zealand's current animal traceability system compares favourably to its overseas counterparts, but we know there is more work to do to make it fit for purpose and easy to use.

Farmers rely on us to provide the tools and information they need to help reduce their on-farm biosecurity risk and manage disease. Much like COVID, having an accurate, up-to-date, and reliable animal tracing system plays a vital role in limiting the impact of a disease outbreak and maintaining market access.

We want farmers to see the value in being able to trace the history of their animals and to help them make better on-farm management decisions around their livestock and health.

Since the *Mycoplasma bovis* outbreak, farmers have told us that the NAIT system is difficult to use. We have taken on board this feedback and are now working with our stakeholders to stabilise our national traceability scheme. This includes investment in technology to deliver a fit-for-purpose information system that will be easy to use, with better interoperability so farmers only have to enter their livestock data once.

OSPRI's organisational structure and operating model makes it quick and easy for farmers to get the support they need. We have rolled out NAIT workshops alongside our regional partners and industry stakeholders and these events have been well received.

In 2022, we introduced new standards and an audit and accreditation framework to improve the quality-of-service farmers receive from third-party providers and the quality of livestock data entered in the NAIT system.

Our intention is to give confidence to farmers that organisations handling and managing their NAIT data have been scrutinised and meet industry-agreed standards, leading to better outcomes for them and the wider industry.

Today, there are over 14 million animals registered in the NAIT system and that is testament to the majority of farmers and lifestyle block owners choosing to do the right thing by their neighbour and industry, by keeping their NAIT accounts up to date.

Our intention is to give confidence to farmers that organisations handling and managing their NAIT data have been scrutinised and meet industry-agreed standards, leading to better outcomes for them and the wider industry.

Strategic Priority

4

Efficient allocation of OSPRI resources

Strategic initiatives

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

We have enhanced our contractor and procurement model.

2021-2022 KPIs

Complete 80% of vector operations contracts on time and within budget	**PARTIALLY ACHIEVED** Vector operational activity can be affected by a number of variables, with both the weather and access to private land, making it difficult to determine when activities will be performed. As at 1 July 2022, 81.2% of vector operations were within approved cost, and 77.72% were completed before planned end date. Our regional teams oversaw $32.7m of vector control operations this year against a budget of $37.5m. $4.8m of operations were delayed. The majority of the delayed operations are expected to be completed in the first quarter of 2022-2023.

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

Driving efficiency and reducing costs

The focus for research over the last year has been on finding more efficient and cost-effective ways to undertake vector monitoring and disease testing and diagnostics, working closely with technology providers. In addition, we continued our efforts to find an alternative to 1080 and repellents that would provide our operations teams more flexibility when working in areas with deer and taonga species such as kea.

Research Strategy 2020-2025 Roadmap

Figure 13: 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
- Livestock traceability

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
- Closed legacy epidemiology projects
- Develop rapid TB diagnostic tests for slaughter surveillance (ongoing)
- Collaborate with DOC and ZIP to develop kea mitigation tools (ongoing)
- Trialled drones & thermal sensors for surveillance
- Investigate 1080 alternatives (ongoing)

21/22
- Completed an IoT proof of concept trial
- Undertook 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

Research and Development carried out this year

Figure 14: R&D projects July 2021 – June 2022

What	Result	Benefits
Research objective 1: rapid disease diagnostic tests		
Rapid diagnostic tools to test for TB in samples	An alternative PCR test has been validated with Gribbles Scientific and a new multiplex test has been developed in collaboration with Thermo Fisher.	Both tests offer possible alternatives to the existing testing process for granulomas. The Thermo Fisher multiplex will be used in a further study of lesions in livestock to understand what the predominant causes of lesions and granulomas are.
Nanopore technology	Nanopore technology offers an entirely different way of testing for the presence of disease in granulomas. An initial, exploratory trial showed it is worth progressing with a larger trial.	Potentially nanopore technology could provide diagnostic and whole genome sequencing results within several hours using a single piece of equipment. Currently samples go through multiple labs and tests and the process can take several months.
Research objective 2: cost-efficient control and surveillance at landscape scale		
Drones and thermal imaging for surveillance	Multiple trials have been flown during the year over a range of habitats. In open country and young pine forests it has proven to be an extremely useful tool. However, over dense bush canopy the results were unsatisfactory.	The technology has potential as a future possum monitoring tool but requires further development of both drones and cameras to be useful in covering dense bush and large-scale areas.
Long-life lures with AI	Long-life lures were developed with infra-red sensors and LED flashing lights to lure the possums, which meant servicing of feed lures was not required. The sensors provided data on possum visits via satellite.	The goal is to be able to leave long-life lures in the bush for many months at a time, widely spaced, to provide post-control possum density monitoring, without having to regularly send people into the bush. Initial trials were successful and operational trials are now being undertaken.

What	Result	Benefits
Research objective 3: livestock traceability		
NAIT tag degeneration	A study was undertaken by Callaghan Innovation scientists on roughly 1,000 NAIT tags from around New Zealand (provided via meat companies) to determine whether tags were degenerating due to climatic factors in various parts of the country.	The study found the plastic wasn't degenerating which has ruled out tag structural issues within the context of livestock losing tags from ears.
Research objective 4: operationalisation of research		
Kea mitigation strategy	In collaboration with DOC and the Kea Conservation Trust we have been running trials with bait repellent (D-Pulegone) in the Arthur's Pass area. These are showing some promise, but more testing is required. 45 kea have had GPS trackers attached to them which is providing valuable new data on kea movements that can be used to plan operations. Mitigation techniques using thar carcasses, audio lures and anthraquinone non-toxic baits continue to be effective in the high country.	All these techniques will enable us to undertake operations in kea country, primarily the West Coast outside of mast years (years when forests produce a large seed crop, which usually results in increased predators). Ongoing research and results will make this progressively easier.
Deer repellent	ProDeer was trialled at Molesworth with a 95-98% deer survival rate.	Reduce by-kill which helps to retain the social licence for our work amongst several groups.
Bait development	An alternative toxin to 1080 that is less harmful to non-target species, especially birds, is being investigated. Initial chemistry reviews show it is worth progressing with the work.	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

In late 2019-2020 we changed how we contract suppliers for our vector control work with the aim of making the 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
- more balanced approach to audits while maintaining a focus on quality assurance and health and safety.

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

This is the second year using our new contracting model and we are pleased with the results.

- We continue to have great discussions with potential suppliers about the order of operations and alternative proposals for delivering our key objectives.
- Our regional teams now have greater flexibility to allocate their work programmes.
- We achieved an average cost saving of 20.2% on budget for pest control tender round for contracted work over the coming years.

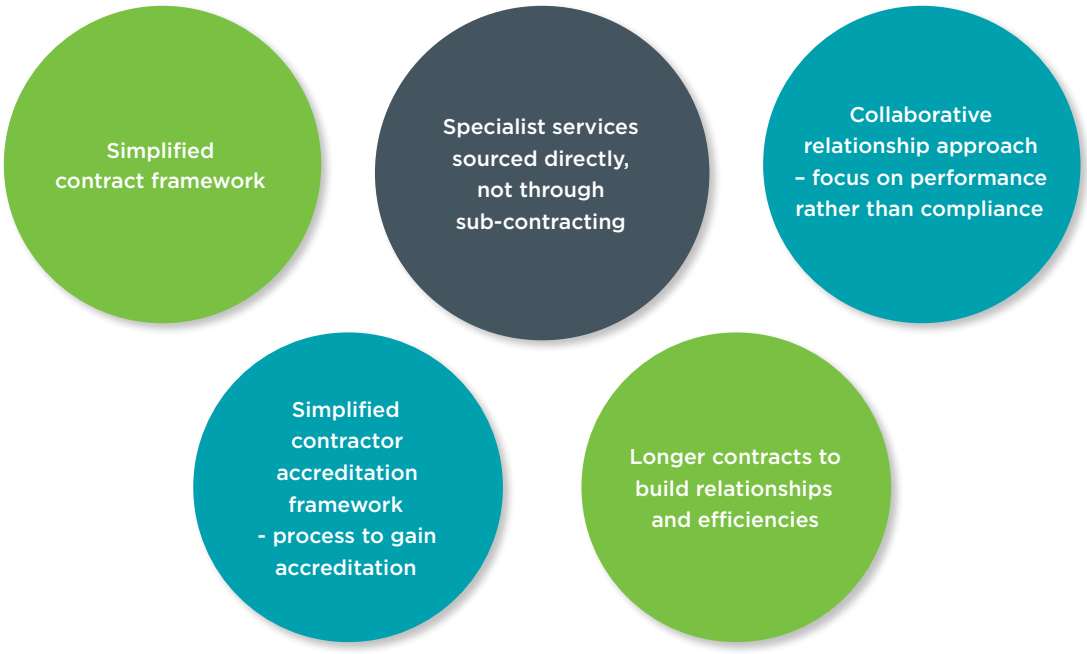


Figure 15: Advantages of the new contractor procurement model

Case study

Shaping OSPRI for the future – location, location, location

The concept of a 'location' can mean different things to farmers, lifestylers, meat processors and TB testers, but to Campbell Fleury, Manager of Data and Information Products, and Technical Product Owner of MyOSPRI, it's fundamental to managing disease, supporting tracing efforts across programmes, and protecting New Zealand's biosecurity.

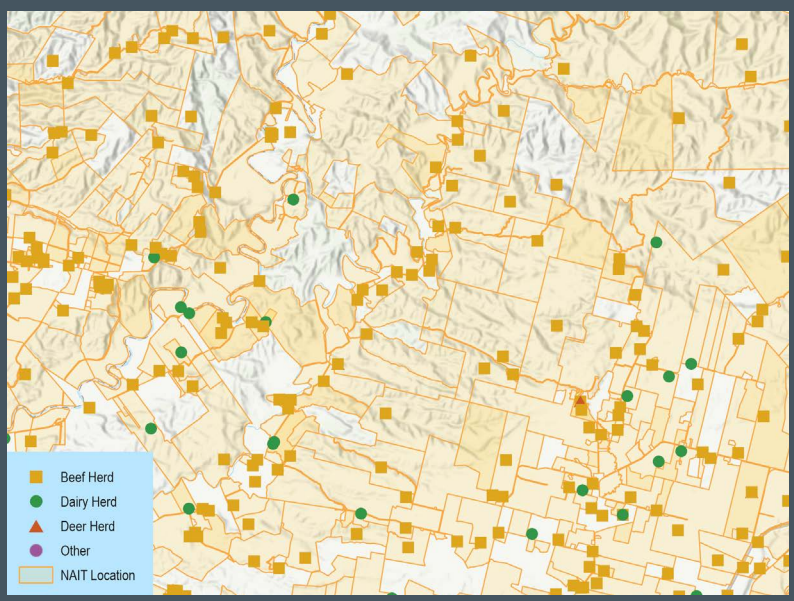
In 2021 OSPRI launched MyOSPRI, a new online customer portal that will make traceability of New Zealand's livestock simpler and help manage disease. Over the next year, it will replace the NAIT and TBfree systems, so farmers can view disease information and manage livestock movements easily online, and in one place.

This year, MyOSPRI replaced the electronic Animal Status Declaration (eASD) system – an important development as the old eASD system had no consistent concept of location. Adding electronic ASDs to MyOSPRI and underpinning them with the same location framework that our new traceability and disease management systems will use, will give us a more complete data picture for New Zealand's biosecurity activities and will improve the system's responsiveness to new disease incursions.

"To future proof OSPRI, with the potential to manage diseases other than TB, we need not only a clear view of herd disease information, but also an understanding of the animals' locations. That's why we're changing the way we collect data. The location model and new integrated system will be the enabler for this change, through the MyOSPRI portal and integration with third-party providers," says Campbell.

When farmers use MyOSPRI for the first time, they'll be asked to create locations in their account. "Accurately capturing this information is critical to ensure the livelihoods of farmers are protected against disease incursion," says Campbell.

As the team continues its focus on replacing both the disease management system and the NAIT system, new location concepts will continue to be added to MyOSPRI, to broaden the disease management picture across New Zealand. These include adding TB testing locations, and a new tool that will allow farmers to electronically draw boundaries to their properties, linked not only to land parcels but also to disease control areas. Campbell notes, "Having the link between these locations allows greater visibility on the ground and means OSPRI is in a better position to identify future risks to farmers."



Map showing NAIT locations and herd type.

Strategic Priority

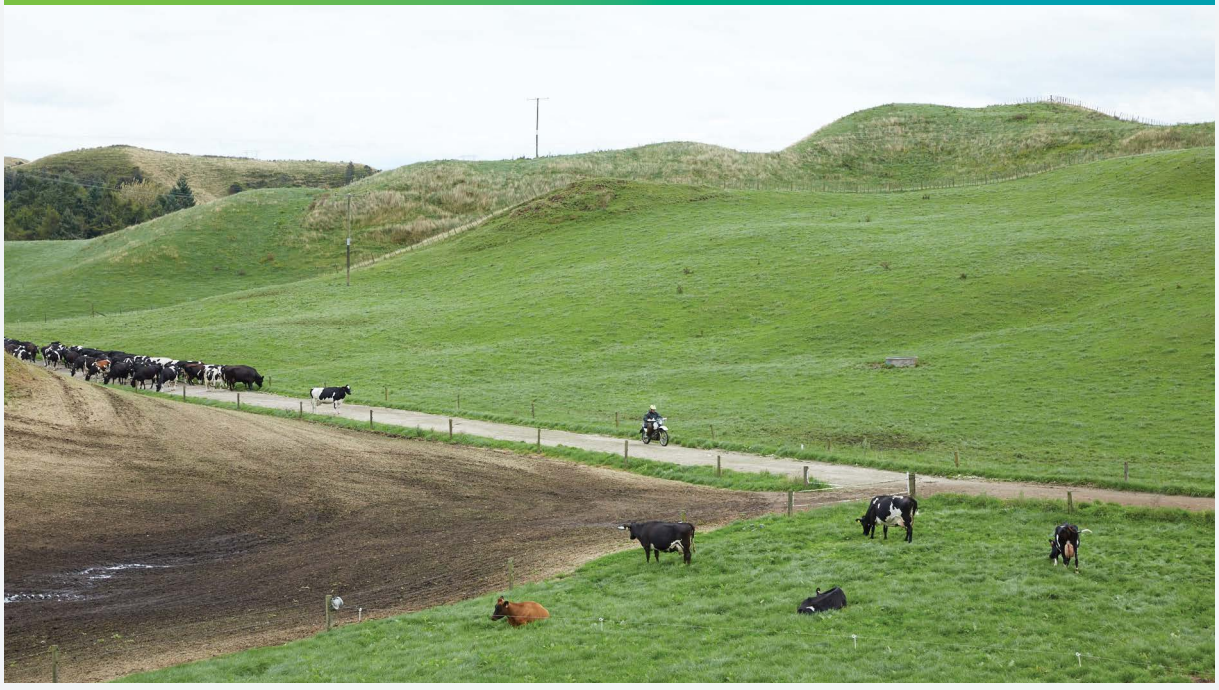
5

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.



Establish functions, strategies, guidelines and the resourcing model to operate and future proof our programmes

Improving the way we do things

Established in late 2020, our Quality, Compliance and Assurance group has focused on systems design, training facilitation, and continuing to support and deliver foundation programmes for OSPRI and our key stakeholders. Our design efforts have been focused on using a systems approach, integrating processes, controls, and tools to deliver 'right first time' methods.

Key activities delivered in 2021-2022 include:

- the NAIT Accreditation Programme. A complete redesign from the 2012 process, the new process has been designed to ensure integration with future OSPRI technology.
- design and development of key tools that support OSPRI people to guide their induction, development, and career pathways. This is integrated with OSPRI's People Strategy.
- continuous improvement of existing processes, including TB testing, accreditation, learning design, compliance, and investigations.
- delivery of improved trend analysis and reporting.
- internal reviews and investigations to strengthen controls.

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

Mycoplasma bovis Transition

The *Mycoplasma bovis* programme has been delivered by the Ministry for Primary Industries (MPI) under a Government Industry Agreement (GIA) since 2018. The programme aims to eradicate *Mycoplasma bovis* infection and minimise impacts on the lives of farmers, their families, and communities, supporting farmers through the disease management process.

The goal is to eradicate the *Mycoplasma bovis* organism from New Zealand cattle herds by 30 June 2028, reducing the adverse effects on farmer economic wellbeing and leaving the biosecurity eco-system of New Zealand stronger and positioned well for the future. The programme is reaching the end of its 'delimiting' phase, and it has been proposed that the delivery of the *Mycoplasma bovis* programme transitions from the GIA model to a National Pest Management Plan (NPMP) and the associated transfer of functions to a management agency (OSPRI).

It is possible by the time the *Mycoplasma bovis* programme transitions to an NPMP in 2023, MPI will have depopulated the last confirmed infected herds. The objective and associated work programme of the NPMP will be the progressive proof-of-absence of the *Mycoplasma bovis* infection within the New Zealand cattle herd population, culminating in a statement-of-absence (effective eradication) of the *Mycoplasma bovis* organism by 30 June 2028.

As the management agency (through its subsidiary company TBfree NZ) for the Bovine TB NPMP, OSPRI possesses significant disease management capability and is well placed to act as the management agency for *Mycoplasma bovis*.

OSPRI is confident it can deliver the *Mycoplasma bovis* programme effectively, providing substantial value for farmers and stakeholders, without compromising the quality or effectiveness of its current programmes. Through doing this, OSPRI will strengthen its reputation and position as an integrated disease management agency, build capability and increased service provision for future disease management and strengthen the biosecurity system of New Zealand.

Transition work is well underway, with the completion of a business case that has been approved in principle subject to any outstanding issues in the NPMP. The NPMP will be submitted to Cabinet in late 2022/early 2023 prior to public consultation, with OSPRI named as the nominated agency. If endorsed, a National Operational Plan will be implemented.

Case study

Research on repellents to keep kea safe

New research to test the use of repellents to help keep kea safe during predator control operations is underway near Arthur's Pass in Canterbury.

We are funding the research along with the Department of Conservation (DOC), which will test the effectiveness of two bird repellents (d-pulegone and anthraquinone) in reducing the risk of kea interacting with 1080 baits.

Kea are a taonga for Ngāi Tahu and Ngā iwi o Te Tau Ihu (northern South Island iwi) and valued by New Zealanders as an icon of the outdoors. However, this brainy parrot is in trouble, with predators such as stoats, possums, and feral cats a major cause of their decline.

The aim of the research is to mitigate risk to kea and increase benefits from predator control for kea recovery, says DOC Science Advisor Kerry Weston.

"Evidence shows kea rear more chicks and survive in greater numbers after predator control operations but in some areas, there is a risk of kea eating 1080 baits, especially where birds have learnt to scrounge human food.

"Arthur's Pass is one of the places where kea regularly interact with people and scavenge, putting them at higher risk, which is why we're doing this research here.

"Previous trials with these repellents have shown promise but we need robust evidence to show they work to reduce the risk to kea without compromising the effectiveness of predator control itself.

"We've completed trials with a peppermint-flavoured additive, d-pulegone, in non-toxic cereal baits at 18 alpine sites and have seen some interesting kea reactions, although results have yet to be analysed."

If the d-pulegone works to sufficiently repel kea and passes tests with rats and possums to ensure they will still eat the bait, it will be later trialled in a predator control operation. A new method using tiny capsules of repellent in the bait is being used to avoid previous problems with it evaporating.

Trials using anthraquinone will also take place as part of planned predator control operations later this year. This repellent makes birds feel temporarily sick and it will be used prior to operations to 'teach' kea to avoid 1080 baits. This method has been used with some success by ZIP (Zero Invasive Predators) in Predator Free South Westland but needs further testing.

The trials have been co-designed with Ngāi Tahu, OSPRI, ZIP and the Kea Conservation Trust, and build on previous research.

OSPRI's Research Manager Dr Richard Curtis welcomes the research and is looking forward to seeing the results in coming months.

"Results from previous trials were encouraging, so I'm hopeful these trials will be too.

"Aerial pest control operations are necessary to protect the health of our cattle and deer herds from bovine TB. These operations also provide biodiversity benefits by suppressing predators such as possums and stoats which threaten to decimate our native birds, including kea."

Up to 100 kea will be monitored through the repellent trials and 1080 operations, using radio transmitters and video cameras, to assess their behaviour and ongoing survival over several years. In addition, 45 GPS trackers have been attached which show flight path data of the kea and are already showing kea move around far more than previously thought.

If the repellents prove successful, these methods would likely be added to DOC's Code of Practice for use of 1080 in kea habitat.

All aerial 1080 operations in areas where kea live must follow the Code of Practice, which has measures to mitigate the risk to kea based on the latest research, including bait type, sowing rate, operation design and proximity to known kea scrounging areas.

Support Priority

1

Deliver the Information Systems Strategic Plan

Strategic initiatives

Improving our information systems for better delivery of disease control and traceability.

Improving our information systems for better delivery of disease control and traceability

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 providing more self-service options. 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.

We have delivered a number of key technology improvements this year.

We successfully released ASD functionality of MyOSPRI for ASD Farm to Farm and Farm to Meat Processor. The changes made provide farmers visibility of ASDs and farming locations, enable easy management of multiple locations and delegation to other members of the farming team, and also onboarded meat processors.

We improved our information systems for delivery of disease control and traceability. Completion of the foundation build of our new disease management and vector operations system further enhances our ability to rapidly trace and respond to disease outbreaks and our capability to take on responsibility for other disease programmes.

We made additional enhancements to our Customer Relationship Management application to have a better view of the farmer and their circumstance and understand how to service their needs.

We also successfully completed the implementation of our new finance system and expenses processes, and delivered a replacement health and safety software to improve the way that we capture risk and incidents.

More information about the technology improvements made in 2021-2022 to reposition the traceability system to support animal disease outcomes is included under Strategic Priority 3.

Support Priority

2

Invest in our people and their health, safety and wellbeing

Strategic initiatives

Implementing Our People Strategy.

Building on the success of OSPRI's Health, Safety and Wellbeing.

2021-2022 KPIs	
Reduce and maintain the OSPRI Total Recordable Injury Frequency Rate (TRIFR) below 23, for every million hours worked	**ACHIEVED** The TRIFR dropped from 25.9, to close at 9 for the year result. We achieved a significant reduction in recordable injuries, dropping from 17 last year to 6 this year.
Develop a cultural training framework to lift capability and embed Te Ao Māori across OSPRI	**PARTIALLY ACHIEVED** Scoping of this work has started to determine the shape of the programme and the training it will provide. Development of the framework was impacted by COVID and deferred due to the inability to hold in-person workshops. We anticipate recommencing this work in late 2022.

Implementing Our People Strategy

Our People Strategy continues to support our Strategic Plan through to 2024 and beyond with programmes of work built to ensure OSPRI has the most talented people, doing their best work, feeling like they are a part of OSPRI. We have been able to flex and pivot to the evolving and challenging external environment to best ensure we have the people resource required to deliver our national programmes. Although we didn't do an Engagement Survey in 2022, we did closely track attrition and saw this number reduce.

How we are looking after our people

We have prioritised the care of our people through enhanced employee benefits that focus on wellbeing, a strong position on safety and wellbeing in our response to COVID, a strengthened and proactive relationship with a new EAP provider and focussing on employee experience as the moments that matter.

We introduced a Return to Work programme for returning parents and sent care packs to our people when impacted by loss.

Our remuneration framework was redesigned, hybrid working was introduced as an evolution to flexible working and we prioritised a people focussed approach to leadership development and employee wellbeing.

Learning framework for personal and professional development of our people

We have successfully implemented three professional development offerings:

- a personal leadership development to ensure our people have the confidence to perform to their greatest potential.
- a six-month bespoke leadership programme for 12 leaders to develop their leadership behaviours and capabilities.
- an online learning platform enabling people to learn anywhere, anytime. To date we have released modules on Health and Safety, Diversity and Inclusion, Privacy, Advanced Excel Skills. Further modules are in development so that there is a wide range of training programmes for OSPRI people to continue self-paced online learning.

We also ran situational safety and confrontation workshops for our front-line people.

Developing a Diversity and Inclusion Framework and policy

With guidance and support from DiversityWorks New Zealand, our employee-led Belonging Committee is developing a better understanding of the diversity of OSPRI and the challenges and opportunities within our workplaces across the country.

Building on the success of OSPRI's Health, Safety and Wellbeing

Implementation of new national Wellbeing Framework

This year we consolidated and improved our Wellbeing Framework, launching a new guideline to help our people navigate through the framework and better understand what OSPRI can and will provide each year.

We also published a calendar of wellbeing events highlighting the wellbeing initiatives we plan for each year.

Improving our safety culture, incident frequency rates and proactive safety conversations

The total number of recordable injuries at the end of June 2022 is six (down from 17 over the previous period 2020-2021).

Of note was the drop in all injuries from 65 in 2020-2021 to 42 in 2021-2022. The total recordable injury frequency rate for the same period is 9 (down from 25.9 over the previous period 2020-2021). This is a direct reflection in the volume of injuries reducing as the hours worked remained similar over the period.

New geospatial incident and hazard reporting system for OSPRI people and our contractors

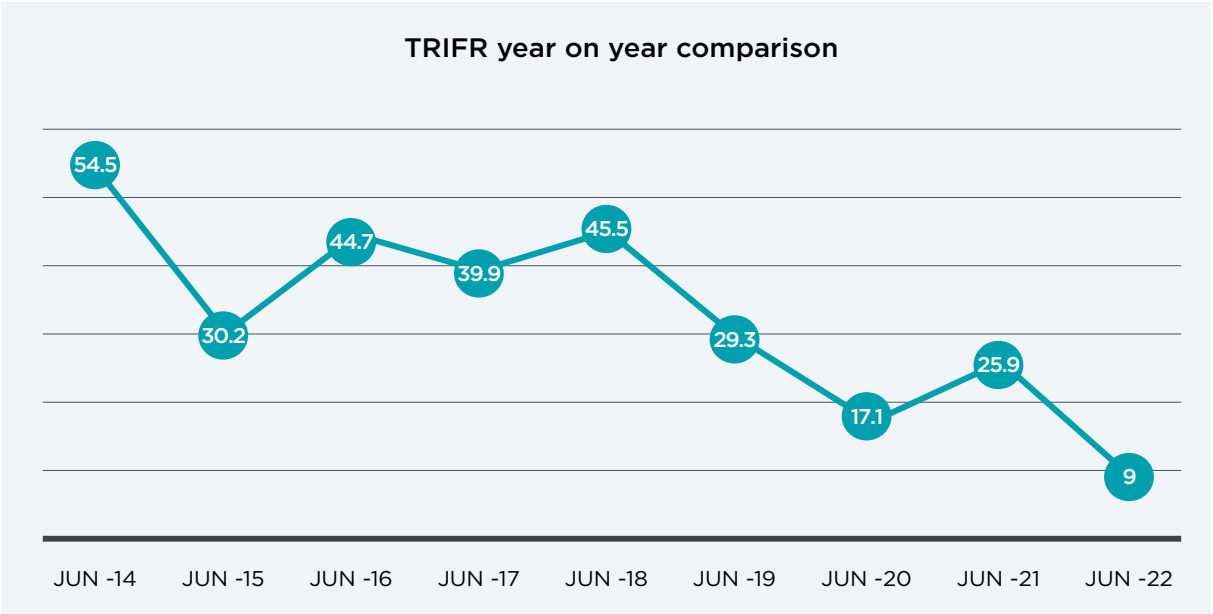
We have provided our frontline people and contractors a geospatial application that enables them to record and report on risks, hazards, incidents and operational performance in a single tool.

Building workplace culture and promoting awareness and capability

We delivered a variety of events to support our people to function effectively during lockdown and upon return to the office. Virtual afternoon teas were a particular success with OSPRI people dialling in and sharing anecdotes and stories about themselves, their colleagues and the peaks and pits of their week. We participated and contributed generously to public wellbeing campaigns like Gumboot Friday, Pride week, Movember, Mental health awareness week, and celebrated other significant moments with our colleagues. We also support our people affected by COVID, providing over 75 welfare packs to those required to isolate.

COVID impacted the ability to get together in person, but we managed to connect effectively with technology and the support of our leadership teams.

Figure 16: Trend of Total Recordable Injury Frequency Rate over the past 9 years



Support Priority

3

Strategically align stakeholder engagement and target communications

Strategic initiative

Ensure continued trust and confidence of our stakeholders, shareholders and customers.

2021-2022 KPIs

Achieve a 75% community engagement score measured through OSPRI Stakeholder and Committee Chairs	**NOT ACHIEVED** We achieved a 70% community engagement score as measured through interviewing and surveying our Stakeholders' Council and Committee Chairs. A range of feedback was received, which will be taken on board and built into further improving our community engagement.

Ensure continued trust and confidence of our stakeholders, shareholders and customers

Enhancing customer service through the Customer Support Centre

We made significant changes to our Support Centre this year to better service the needs of our farming customers. These changes have enabled us to:

- enhance the quality and timeliness of our training
- recruit and maintain a full complement of people
- reduce the time to train new team members
- strengthen our knowledge base
- be more responsive to metrics and trends
- to be more targeted and proactive in our communications.

We are seeing the benefits of these changes, with the Support Centre reporting reductions in call numbers and the average speed of answer, whilst also maintaining farmer satisfaction with the quality of service.

Moving Day results for this year showed a marked improvement on 2021. While we received fewer overall phone calls, we answered and resolved more customer enquiries than last year and maintained the high level of service our Support Centre is known for (as measured through our Net Promotor Score, with an average score of 57 for the financial year).

Average speed to answer has reduced across the Moving Day period from approximately 34 minutes in 2021, to approximately 5 minutes in 2022. Abandonment rates have also decreased from 69.3% to 13.1% respectively.

Building stronger communication of our Operational Plans

During 2021-2022 we focused on four priority areas to improve stakeholder engagement.

We decentralised our operating model and recruited good people in the regions who are close to the customers and communities we serve and understand the regional engagement requirements for the NAIT and TBfree programmes.

Transformation of our Support Centre by reorganising resources and revising operating procedures has delivered improved service to farmers and stakeholders.

We designed and delivered marketing and educational campaigns that enable farmers to easily understand and meet their NAIT obligations.

There has been a marked improvement in the service from the Support Centre.

We appreciated being involved in the development of messaging for the Moving Day campaign.

I find the support for positive TB farms proactive and forthcoming.

Figure 17: Quotes from interviews with Committee Chairs

The development of campaign messaging using a collaborative process to gain insights, input and expertise from across OSPRI, our farmer Committees and Stakeholders' Council has resulted in measurable improvements in our service delivery. The Moving Day campaign drive to encourage self-service saw a reduction in the total number of calls fielded by the Support Centre over the Moving Day period from 10,666 calls in 2021 to 6,622 calls in 2022, and increases in overall compliance relating to animal registration and movement timeliness compared to previous years.

The TBfree aerial operations standard operating procedure document was redeveloped, including substantial rework of the engagement roles and responsibilities to ensure we have early and consistent engagement across New Zealand.

Refreshing our campaigns and messaging to farmers

In response to stakeholder feedback, we have developed a new brand look and feel. The new brand aligns with our establishment as an integrated animal disease management agency and will seamlessly allow for the addition of the *M. bovis* programme. The refresh has been well received internally and with external stakeholders.

Collaborating with our stakeholders

To ensure successful delivery of our programmes, we are collaborating with and listening to our stakeholders. Key collaboration activities in 2021-2022 included:

- consultation on the plan for our TBfree programme.
- extensive engagement with stakeholders and funders to reach an agreement on the new NAIT levies structure.
- working closely with stakeholders across the primary sector, including with farmers, third party providers, meat processors and transporters, to bring our new digital services and technology products to the market.
- working with the Department of Conservation, Zero Invasive Predators and Predator Free NZ 2050 to develop and ensure the use of safe and effective pest control methods that protect our taonga species.
- regularly meeting with the Stakeholders' Council to get their views and advice on our long term strategies and objectives, and our operational performance.
- building relationships and partnerships with farmers, landowners and iwi and gain sustainable access to land that contains source infection.

Figure 18: New OSPRI branding

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.

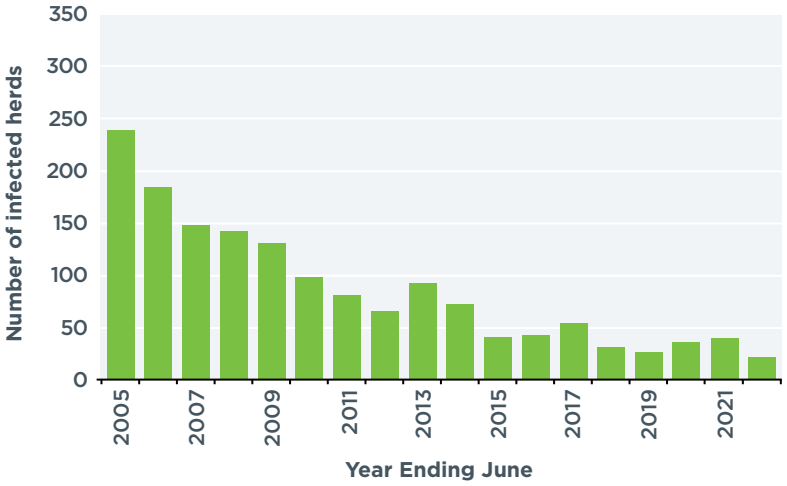
An overview of pest operations management

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.

Recent progress of the TBfree programme

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



Infected herd period prevalence

The annual infected herd period prevalence (for cattle and deer combined) at 30 June 2022 was 0.08%.

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 eight financial years, and New Zealand therefore meets the World Organisation for Animal Health (OIE) standard for being classified as officially TB free.

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

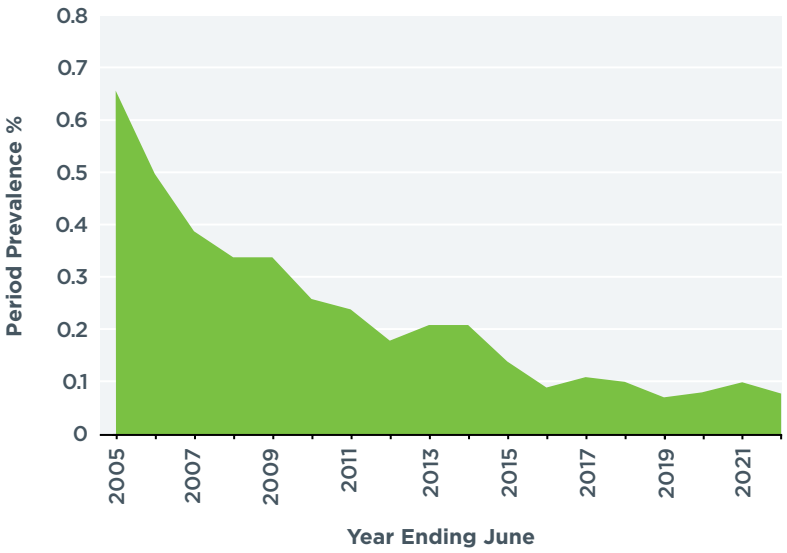


Figure 21: Disease metrics over three different time periods for cattle and deer herds located in Vector Free Areas (VFA) and Vector Risk Areas (VRA)

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	2021/22	1992/93	2002/03	2021/22	1992/93	2002/03	2021/22
VFA	1.3%	0.15%	0.02%	6.8	0.73	0.06	68%	83.3%	87%
VRA	14.9%	3.8%	0.47%	50.3	13.21	1.44	32%	58.5%	48%
Total	**3.6%**	**0.91%**	**0.08%**	**13.4**	**3.3**	**0.24**	**42%**	**61.4%**	**58%**

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 2022 there were 23 infected cattle herds (0.032% of total cattle herds), compared to 38 herds at 30 June 2021, a reduction of 39.5%.

Of the infected cattle herds:

- 48% (11) were beef dry or beef breeding herds; 52% (12) were dairy or dairy dry herds
- 39% were herds in Hawke's Bay (9)
- 30% were herds in Hari Hari (7)
- 13% were herds in Karamea (3)
- 42% were in the North Island; 58% were in the South Island.

Figure 22 shows the change in infected herd numbers since June 2005 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 four 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 2021–2022 was 0.24, and the cattle herd clearance rate was 56%. These rates compare with a herd breakdown rate of 0.48 per 1,000 herds, and a clearance rate of 58% in 2020-2021.

During the year there were 54 existing and newly infected status herds, 11 less than in 2020–2021.

In total, 79 cattle had confirmed TB test results during 2021-2022. This compares with a total of 62 tuberculous animals in the 2020–2021 year.

The reduction in infected herds is attributed to a decrease in new infections caused from infected wildlife, which is a result of increased vector control in highly infected regions near farmland.

However, there was an increase in individual tuberculous animals due to a single infected herd which contained a very high number of infected animals.

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 2022

	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			2	22	
Newly infected herds in VFA		7			
Existing infection	1	1	1	20	
All infected herds	**1**	**8**	**3**	**42**	

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, 2020–2021, and 2021-2022.

In the year to 30 June 2022, approximately 2.2 million cattle were tested using the intradermal caudal-fold tuberculin test (primary skin test). This is approximately 577,000 less than the number of cattle tested in the previous year.

Serial ancillary (blood) tests were carried out on 3,402 cattle which had a positive reaction to the primary skin test. In addition, ancillary parallel gamma interferon blood tests were performed on 7,766 cattle that tested negative to the primary skin test for TB.

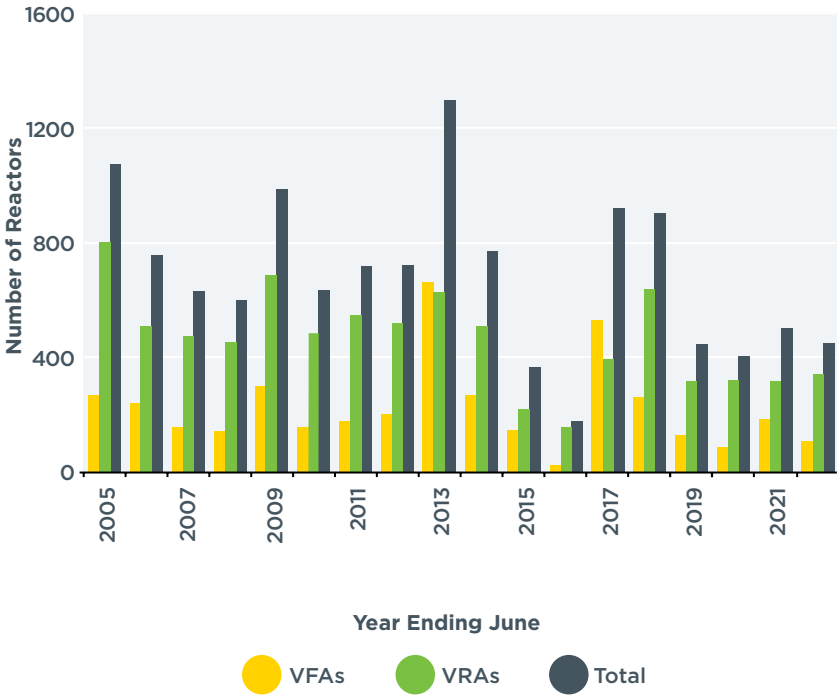
Figure 24: Cattle TB test results for 2018-2019, 2019-2020, 2020-2021 and 2021-2022

Cattle testing	2018/19	2019/20	2020/21	2021/22
Primary tuberculin tests on cattle	2,900,162	3,000,154	2,736,154	2,158,569
Primary test-positive cattle ancillary serial tested	4,413	4,174	3,536	3,402
Ancillary parallel tests on cattle	13,847	9,394	12,452	7,766
Total cattle reactors slaughtered	445	401	506	450
Total positive TB cattle reactors	44	84	62	73

There has been a significant decrease in primary tuberculin tests (skin tests) over the past few years. Tests have been reduced in areas associated with a low wildlife risk. Post movement tests from previously infected herds, and herds from high risk regions, will be introduced once the upcoming new data system is implemented. This will target our surveillance programme where the most disease risk resides, to introduce cost efficiencies.

Figure 25 shows the trend in cattle reactors from 2004-2005 to 2021–2022 by area status (VRA – Vector Risk Area; VFA – Vector Free Area).

Figure 25: Number of cattle reactors



Tuberculous cattle

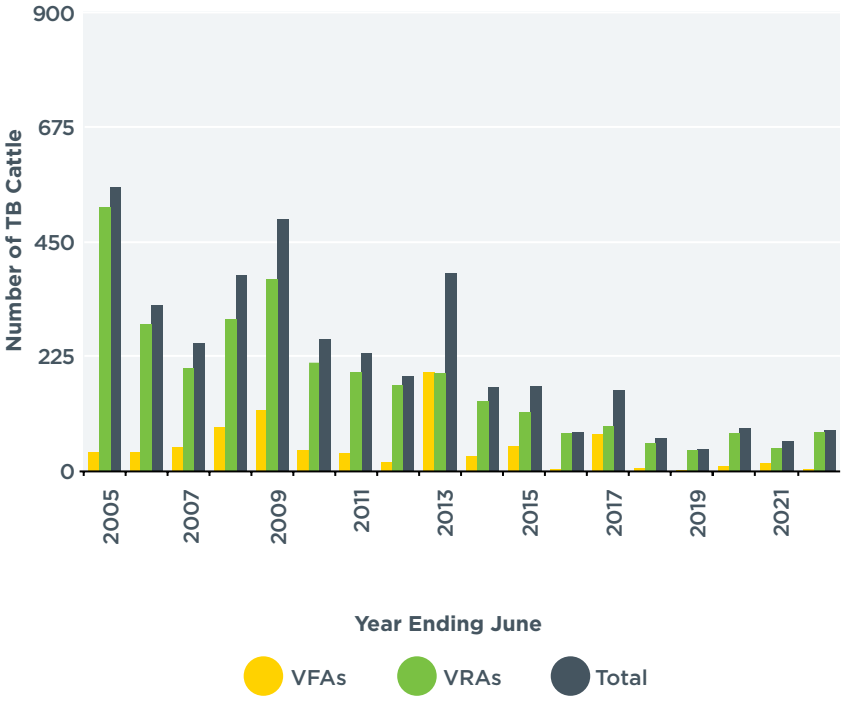
The number of tuberculous (confirmed infected with TB) cattle includes the total number of cattle (both TB test reactors and cattle found during routine slaughter) with gross TB-like lesions, or otherwise identified as infected following Polymerase Chain Reaction assay or culture of *Mycobacterium bovis*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

During 2021–2022, 73 (16%) of the 450 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 (0.22 per 100,000 cattle slaughtered, based on 2.68 million cattle slaughtered in 2021–2022). Figure 26 illustrates the long-term trend for TB found in cattle from 2004-2005 to 2021–2022 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 2004-2005, 2008–2009 and 2012–2013.

This mirrors that for reactors.

Figure 26: Number of tuberculous cattle

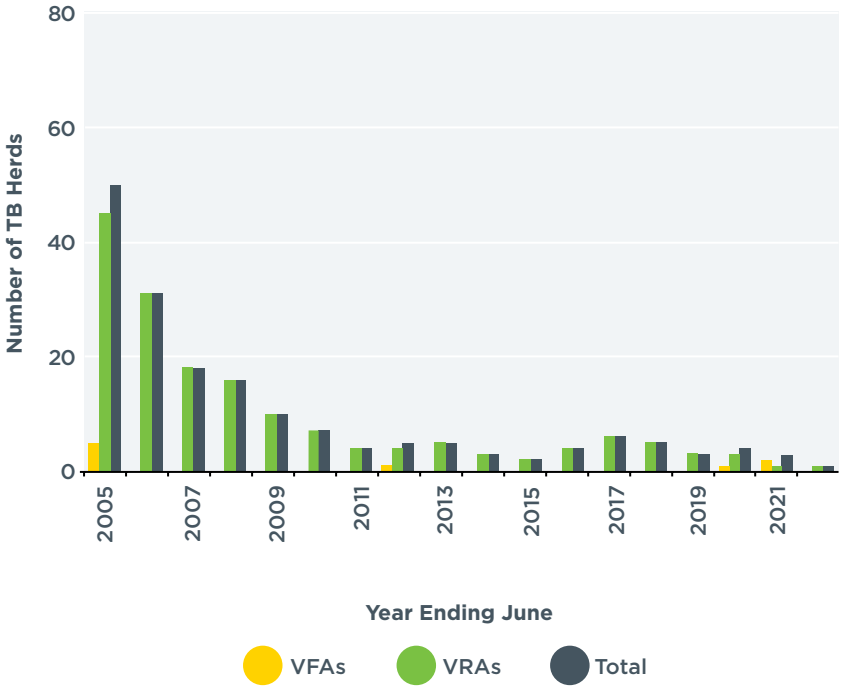


Infected deer herds

At 30 June 2022, there was one infected deer herd (0.052% of total deer herds), compared to three herds at 30 June 2021, a decrease of 66%. Figure 27 shows the decline in the number of infected deer herds between June 2005 and June 2022 by area status (VRA – Vector Risk Area; VFA – Vector Free Area). In the past decade, numbers have remained relatively steady and low, at between one and five herds.

The deer herd breakdown rate per 1,000 herds (new infected herds divided by total herds x 1,000) for 2021-2022 was zero as there were no new infected herds in the year, and the deer herd clearance rate was 66%. During the year there were three existing TB infected deer herds, this is a decrease of two herds from the 2020–2021 year. Two of the herds had clear TB tests during the year and so no longer have the infected herd status, resulting in only a single infected deer herd remaining.

Figure 27: Number of infected deer herds at 30 June 2022



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, 2020-2021 and 2021-2022. In the year to 30 June 2022, 137,550 primary mid-cervical intradermal tuberculin tests (skin tests) were performed on deer compared to 146,666 in the previous year.

Serial ancillary (blood) tests were carried out on 459 deer positive to the primary skin test compared with 1,005 ancillary parallel tests performed on deer in 2020–2021. As a result of these tests 10 deer were declared as reactors and were slaughtered. On slaughter, there were no TB lesions found.

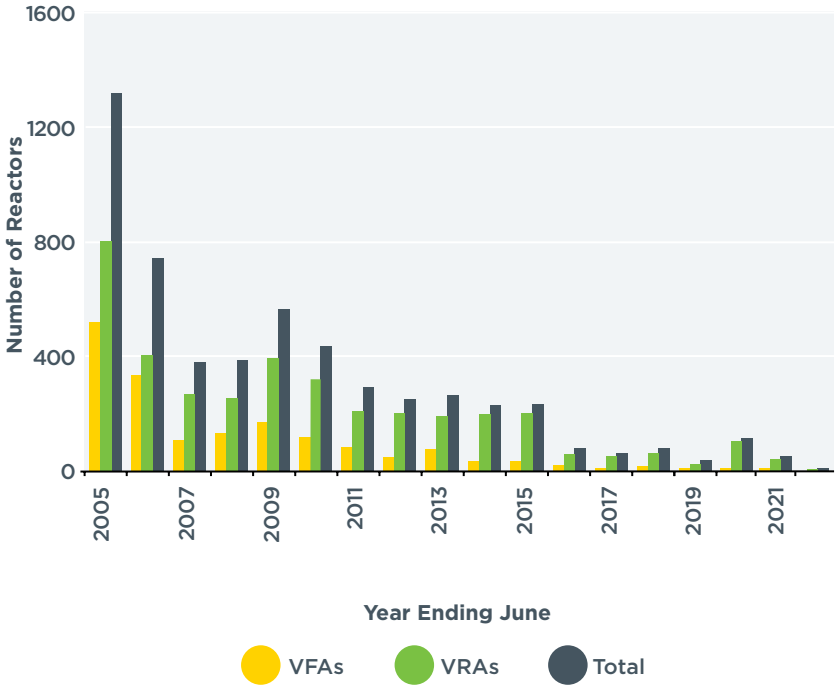
Figure 28: Deer TB test results for 2018-2019, 2019-2020, 2020-2021 and 2021-2022

Deer testing	2018/19	2019/20	2020/21	2021/22
Primary tuberculin tests on deer	173,577	170,671	146,666	137,550
Primary test-positive deer ancillary serial tested	1,271	955	1,005	459
Ancillary parallel test-positive deer	0	0	0	0
Total deer reactors slaughtered	36	114	56	10
Total positive TB deer reactors	0	3	2	0

Figure 29 shows the trend in deer reactors from 2004-2005 to 2021–2022 by area status (VRA – Vector Risk Area; VFA – Vector Free Area).

There has been a significant decrease in primary tuberculin tests (skin tests) for deer over the past few years. This reflects the decision to no longer on farm TB test deer in the lower risk surveillance areas and rely on slaughter surveillance. This is due to the low risk associated with deer farming practices and the high proportion slaughtered.

Figure 29: Number of deer reactors

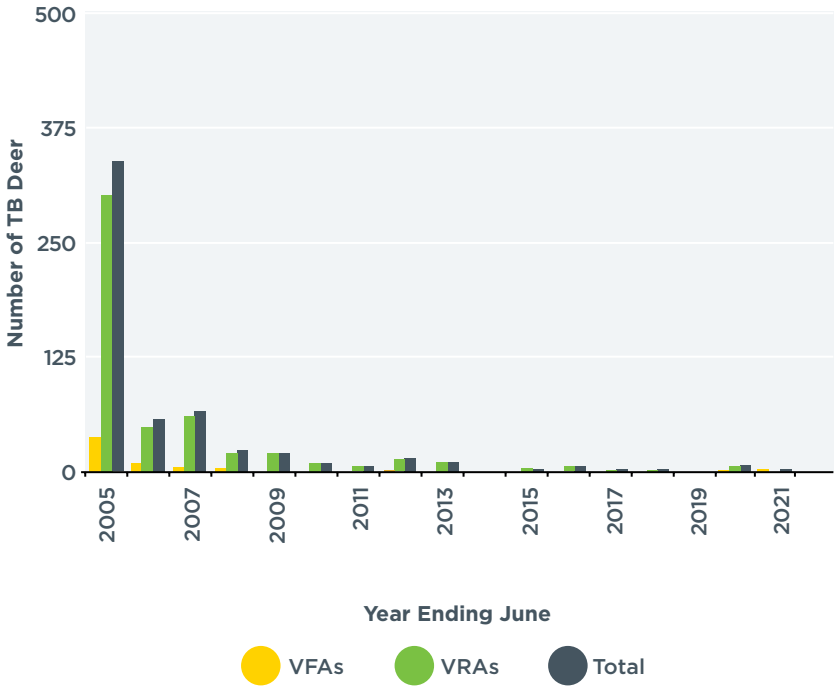


Tuberculous deer

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 2021–2022, there were no deer confirmed to be infected. Figure 30 shows the trend in the number of tuberculous deer between 2004-2005 to 2021–2022 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.

Disease Control Area changes

This year the Otago Movement Control Area (MCA) was reduced in size. The wildlife risk to herds in that area has been reduced and the area no longer meets the requirements to be a MCA. In other areas of New Zealand, we changed the frequency of testing and age categories of stock to test for 13 areas.

We predict that the combined impact of all changes made this year is a reduction in testing affecting 1,978 herds, with the changes being spread throughout New Zealand.

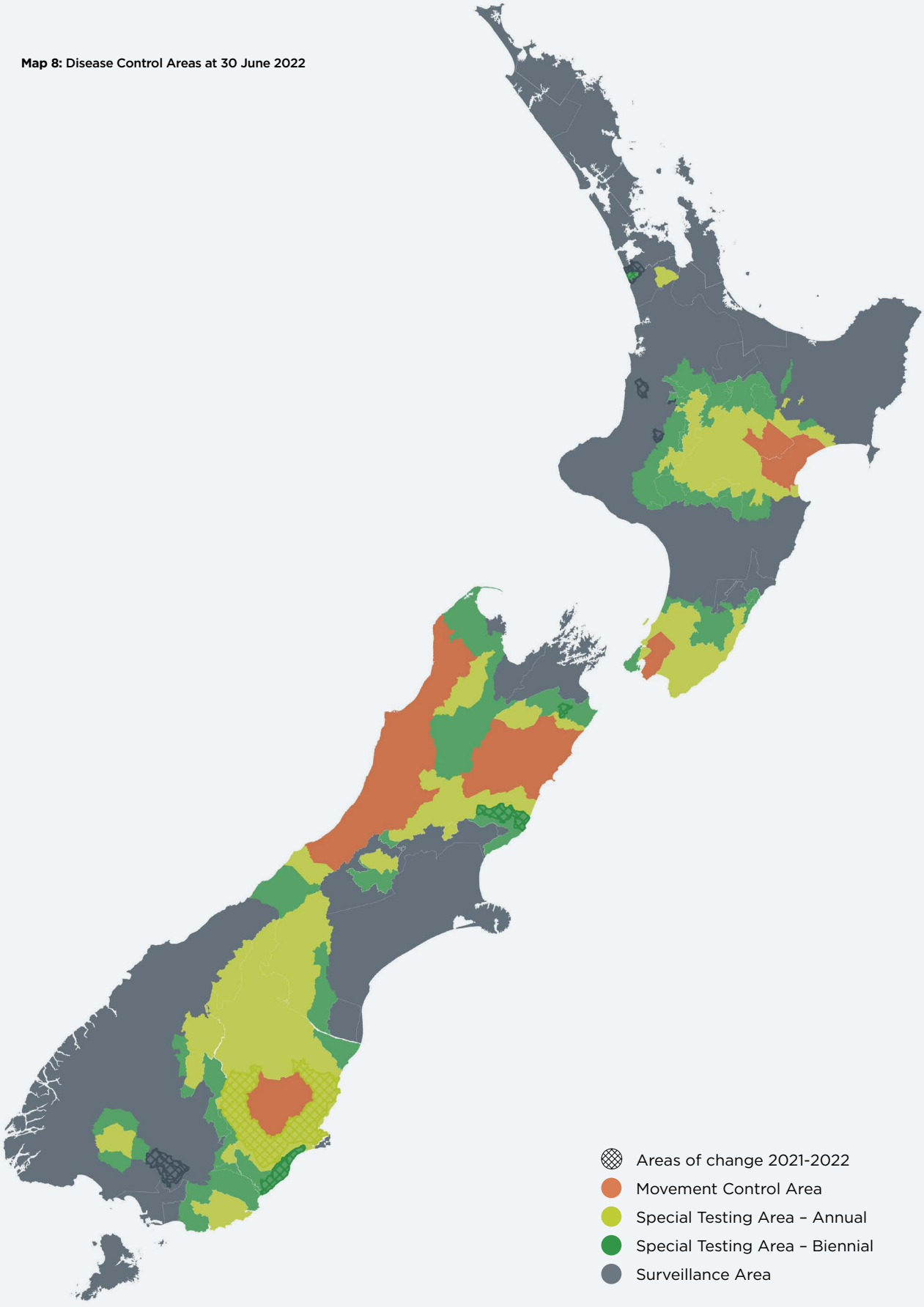
The numbers of cattle and deer herds and infected herds by Disease Control Area type (MCA – Movement Control Area, STA – Special Testing Area) is provided in Figure 31.

The Disease Control Areas Map 8 shows which testing regime an area is under at 30 June 2022 and the changes that were made this year.

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 2022	2,990	12,891	56,347	72,228
Cattle and deer infected herds during 2021–2022	44	8	5	57

Map 8: Disease Control Areas at 30 June 2022



Wildlife disease management

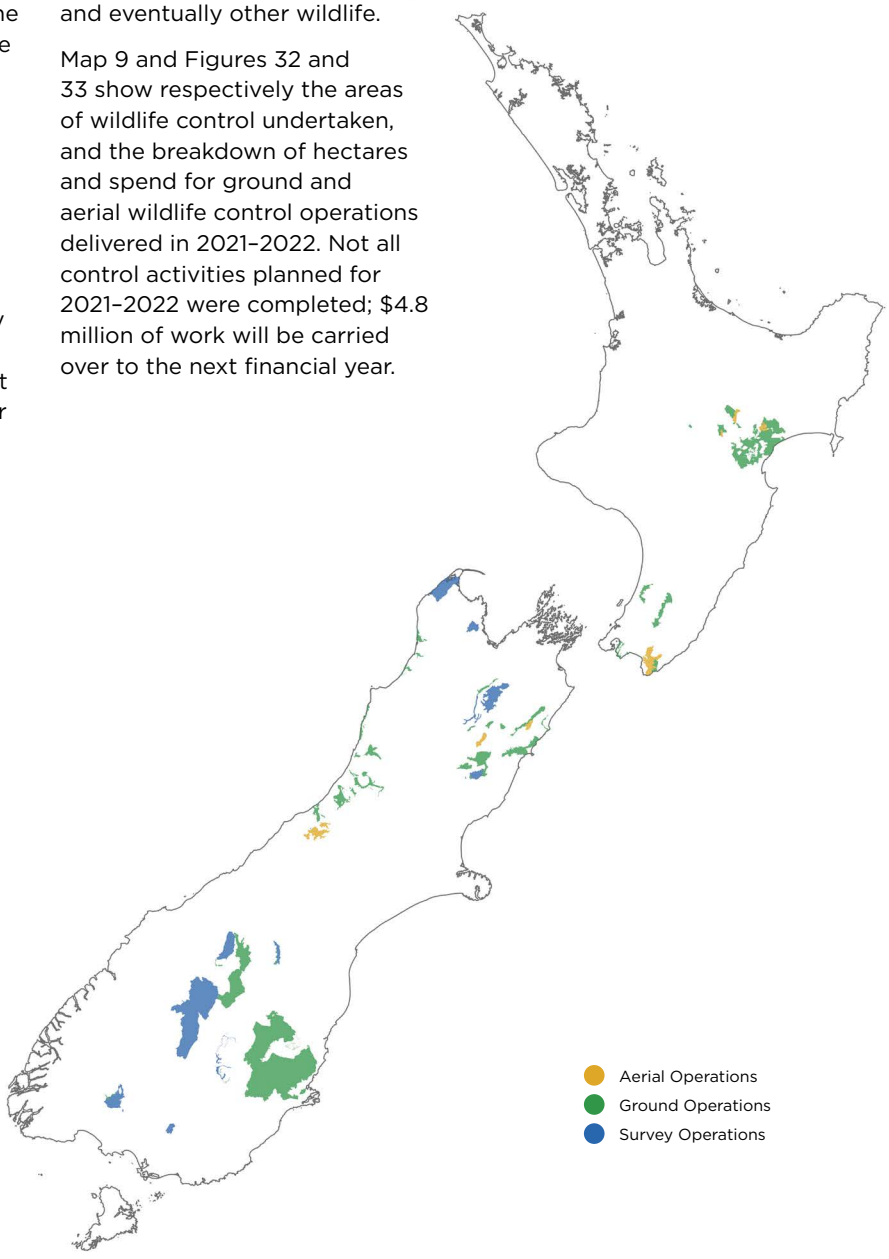
Contact with TB-infected wildlife – mostly possums – is the main cause of livestock TB in New Zealand. Possum control, along with surveys for TB in other wildlife species, is the largest component of the TBfree programme.

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 2021–2022. Not all control activities planned for 2021–2022 were completed; $4.8 million of work will be carried over to the next financial year.

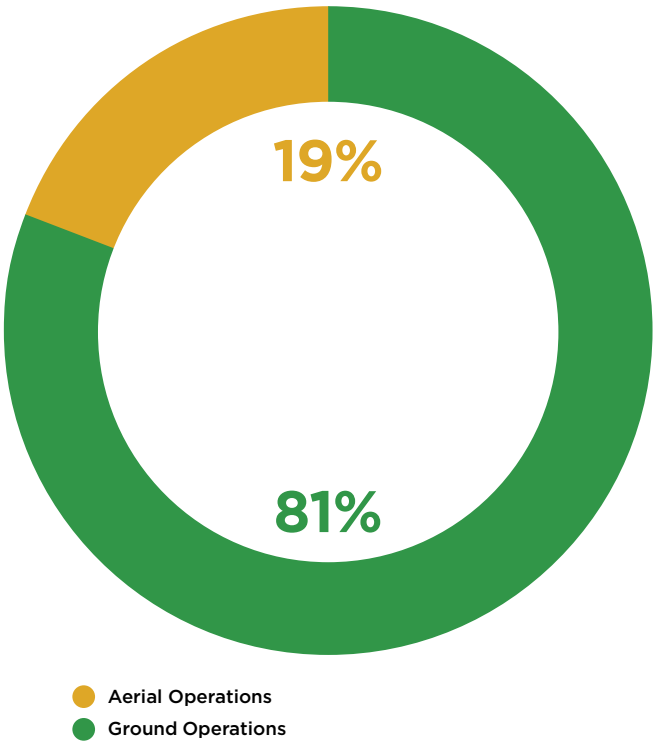


Map 9: Map of 2021-2022 wildlife control

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

	Total hectares	Spend
Ground Operations (including surveillance)	1,917,593 **85%**	$23,532,540 **72%**
Aerial Operations	351,737 **15%**	$9,141,561 **28%**
Total	**2,269,330**	**$32,674,102**

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 2021–2022 and the number and percentage that were TB positive are shown in Figure 34.

Figure 34: Number of wild animals in 2021/22 sampled by species, and the number and percentage found to be infected with *Mycobacterium bovis*

	Possums	Wild pigs	Wild deer	Ferrets	Others
Number sampled	1215	274	23	212	4
Number (%) with TB	0 **(0%)**	10 **(3.6%)**	4 **(17.4%)**	3 **(1.4%)**	0

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 2021–2022, the Chief Executive of TBfree New Zealand Limited approved the revocation of Vector Risk Area status for 16 Vector Control Zones totalling approximately 243,575 hectares. This consisted of reductions of 53,596 hectares in the North Island (3 Vector Control Zones) and 189,979 hectares in the Upper South Island (13 Vector Control Zones). Of note, the Huahungaroa Stage 3 Vector Control Zone had its VRA status revoked. This VCZ was the last unrevoked area of the Hauhungaroa Proof of Concept area that was established within the 2011 TBfree New Zealand Strategy to prove the ability to eradicate from extensive forested areas.

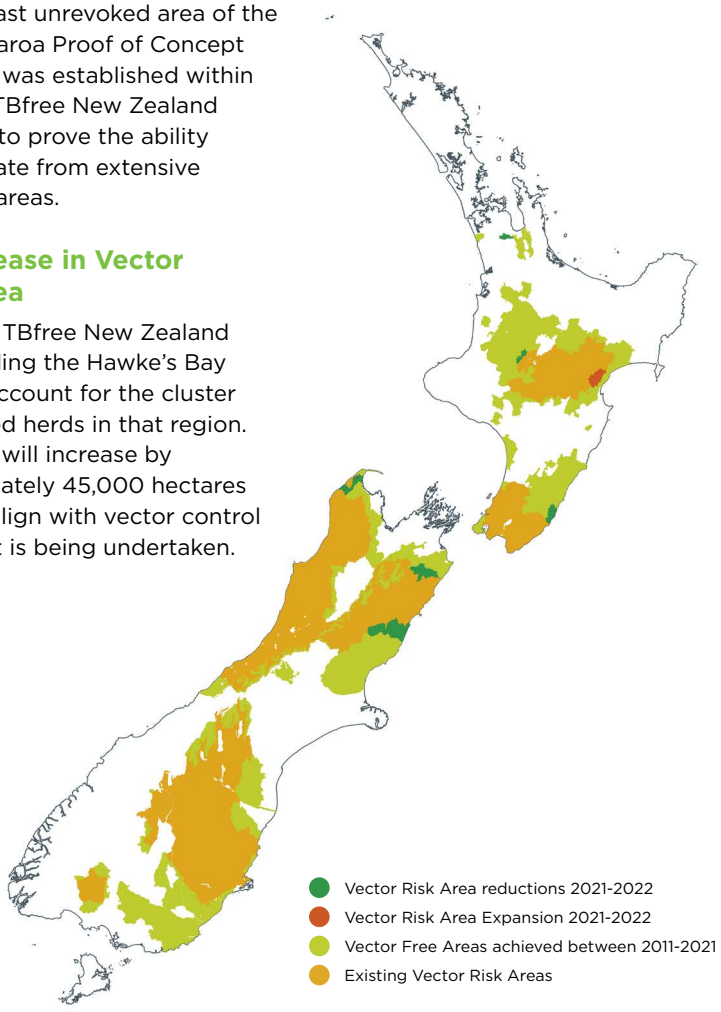
An increase in Vector Risk Area

This year TBfree New Zealand is expanding the Hawke's Bay VRA to account for the cluster of infected herds in that region. The VRA will increase by approximately 45,000 hectares and will align with vector control work that is being undertaken.

Hectare Change

Taking both the increase and decreases in Vector Risk Areas, the total amount of Vector Risk Area reduction since 2011 is 3.39 million hectares over 277 Vector Control Zones. 6.41 million hectares of Vector Risk Area remain in New Zealand at 30 June 2022.

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
North Island			
North Waikato New	13,365	Homewood Riversdale (East Wairarapa)	26,151
Hauhungaroa Stage 3 (West Taupo)	14,080		
North Island Total	**53,596**		
Upper South Island			
Grey Medway (Inland Kaikoura)	38,211	Stanton (North Canterbury)	10,525
Ure Medway West (Inland Kaikoura)	15,288	Anatori Anaweka (Golden Bay)	2,221
Amuri Range (North Canterbury)	19,526	Anatori Patarau South (Golden Bay)	6,209
Conway North (North Canterbury)	16,380	Barnett Range (Golden Bay)	13,791
Dog Creek (North Canterbury)	13,771	Maori Point (Golden Bay)	8,823
Inland Road (North Canterbury)	14,972	Leader Valley (North Canterbury)	16,937
Parnassus (North Canterbury)	13,325		
Upper South Island Total	**189,979**		
Grand Total	**243,575**		

Figure 35 details the 16 Vector Control Zones that achieved cancellation of Vector Risk Area status during 2021–2022.

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 in writing that 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 19 November 2021 two directors were reappointed to the Board, each for a further three-year term:

- Fenton Wilson
- James Parsons.

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 10 times during the 2021-2022 financial year. The following table shows director attendance at full Board meetings and member attendance at Committee meetings during the year ended 30 June 2022.

Director	Board meetings	A&R Committee meetings	HR Committee meetings
Barry Harris (Chair of the Board)	10	2	3
Fenton Wilson (Chair of the HR Committee)	10	4	4
James Parsons	10	4	4
Michael James (Chair of the Audit and Risk Committee)	9	4	-
Nikki Davies-Colley	10	4	-
Susan Huria	10	4	4

Members of the Audit and Risk Committee during the year were Michael James (Chair), Fenton Wilson, James Parsons, and Nikki Davies-Colley.

Members of the Human Resources Committee during the year were Fenton Wilson (Chair), James Parsons, and Susan Huria.

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

Remuneration Report

Directors' remuneration

Directors' fees

These fees have been applied for the year from 1 July 2021 to 30 June 2022.

Position	2021/22	2020/21
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 2021-2022 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	2021/22 Fees	2020/21 Fees
B Harris	Chair	$75,000	$75,000
F Wilson	Director Chair of the HR Committee Member of the NAIT Data Access Panel	$51,000	$48,500
J Parsons	Director Member of the NAIT Data Access Panel	$46,000	$46,000
N Davies-Colley	Director Member of the NAIT Data Access Panel	$46,000	$27,444
S Huria	Director	$40,000	$24,444
Michael James	Director Chair of the Audit and Risk Committee	$45,000	$26,944
L Campbell	Director, term ended 20 November 2020 Chair of the HR Committee Member of the NAIT Data Access Panel	Nil	$21,250
Marise James	Director, term ended 20 November 2020 Chair of the Audit and Risk Committee	Nil	$17,500
Total		**$303,000**	**$287,082**

Employee remuneration

The table below shows the number of OSPRI employees who received remuneration and other contracted benefits (including redundancy or termination payments) during 2021-2022 of at least $100,000.

The remuneration figures analysed include all monetary payments actually paid during the course of 2021-2022 whether in respect of 2021-2022 or other periods.

Remuneration bands	# employees 2021/22	# employees 2020/21
$100,000 – $109,999	11	10
$110,000 – $119,999	11	9
$120,000 – $129,999	4	4
$130,000 – $139,999	3	3
$140,000 – $149,999	5	8
$150,000 – $159,999	4	2
$160,000 – $169,999	-	2
$170,000 – $179,999	1	2
$180,000 – $189,999	2	2
$190,000 – $199,999	1	1
$200,000 – $209,999	3	1
$210,000 – $219,999	-	1
$220,000 – $229,999	1	2
$230,000 – $239,999	1	-
$240,000 – $249,999	2	-
$380,000 – $389,999	-	1
$390,000 – $400,000	1	-
Total	**50**	**48**

Auditor's remuneration

BDO was appointed auditor of the OSPRI Group for 2021-2022 at the 2021 Annual Meeting. The following costs for audit fees were incurred by OSPRI New Zealand and its subsidiaries during the 2021-2022 and 2020-2021 year.

Year	For audit work	For other work
2021/22	$42,000	**$14,000**
2020/21	$42,000	**$ 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 2022, 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 (NZ 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 Regional Airport Limited and associated entities	Chair
WEL Networks Limited and associated entities	Chair

F D Wilson	
Centralines Limited	Director
National Animal Identification and Tracing (NAIT) Limited	Director
Oruru Land Company Limited	Beneficial Shareholder/Director
Predator Free New Zealand Trust	Trustee
Quality Roading and Services (Wairoa) Limited	Director
TBfree New Zealand Limited	Director

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

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

N P Davies-Colley	
Kensington Hospital Limited	Director
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	
Accessible Properties New Zealand Limited and associated entities	Director
Construction Health and Safety NZ	Trustee
Leaderbrand Holdings Limited and associated entities	Chair
National Animal Identification and Tracing (NAIT) Limited	Director
Panuku Development Auckland 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

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 will OSPRI be entitled to any distributions on winding up.

Stakeholders' Council

The Stakeholders' 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 2021-2022 were:

Stakeholder	Representative
Beef+Lamb New Zealand	Nicky Hyslop
Dairy Companies Association of New Zealand	Shane Lodge
Dairy NZ	Ian Brown
Deer Industry New Zealand	Innes Moffat
Federated Farmers Dairy	Wayne Langford
Federated Farmers Meat and Wool	William Beetham
Local Government New Zealand	Nicol Horrell
Meat Industry Association of New Zealand	Sirma Karapeeva
Ministry for Primary Industries	Stuart Anderson (to March 2022) Stu Hutchings and Mary van Andel (alternates) (from March 2022)
New Zealand Deer Farmers' Association	Paddy Boyd
New Zealand Stock and Station Agents' Association	Steve Morrison
Transport Industry	Don Wilson
Predator Free 2050	Estelle Leask

James Buwalda is the independent Chair of the Stakeholders' Council. The Chair's fees in the 2021-2022 year totalled $44,000.

Consolidated Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2022

In thousands of New Zealand Dollars	2022	2021
Revenue		
Revenue from non-exchange transactions	67,263	70,576
Revenue from exchange transactions	623	1,147
Total revenue	**67,886**	**71,723**
Expenditure		
Pest control and management	(35,708)	(39,411)
Disease management and testing	(14,009)	(16,151)
Animal identification and tracing operations	(3,225)	(2,770)
Support centre	(2,246)	(1,952)
Research	(1,838)	(2,040)
Information technology	(6,264)	(5,804)
Corporate services	(9,310)	(8,877)
Total expenditure	**(72,600)**	**(77,005)**
Deficit before financing activities	**(4,714)**	**(5,282)**
Interest income	187	377
(Deficit)/Surplus for the year	**(4,527)**	**(4,905)**
Total comprehensive revenue and expense for the year	**(4,527)**	**(4,905)**

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 2022

In thousands of New Zealand Dollars	Retained Earnings	Total Equity
Opening equity	32,527	32,527
Total comprehensive revenue and expense for the year	(4,527)	(4,527)
Equity as at 30 June 2022	**28,000**	**28,000**
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**

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 2022

In thousands of New Zealand Dollars	2022	2021
Assets		
Cash and cash equivalents	14,938	9,915
Receivables and other current assets	4,460	5,483
Term deposits	4,500	18,500
Current assets	**23,898**	**33,898**
Property, plant and equipment	887	511
Intangible assets	14,165	7,903
Non-current assets	**15,052**	**8,414**
Total assets	**38,950**	**42,312**
Liabilities		
Trade payables and other liabilities	9,841	8,633
Revenue received in advance		143
Employee benefits liability	1,109	1,009
Current liabilities	**10,950**	**9,785**
Total liabilities	**10,950**	**9,785**
Equity		
Retained earnings	28,000	32,527
Total equity	**28,000**	**32,527**
Total equity and liabilities	**38,950**	**42,312**

Approval by the Directors

The Financial Statements were authorised on behalf of the Board of Directors on 21 September 2022.

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 2022

In thousands of New Zealand Dollars	2022	2021
Cash flows from operating activities		
Revenue from operations	68,170	71,641
Payments to employees and suppliers	(69,064)	(81,390)
Net cash flows from operating activities	**(894)**	**(9,749)**
Cash flows from investing activities		
Interest received	200	499
Term deposits invested	(28,500)	(41,200)
Term deposits matured	42,500	56,500
Purchase of property, plant and equipment	(618)	(307)
Purchase of intangible assets	(7,666)	(5,335)
Net cash flows from investing activities	**5,917**	**10,157**
Net increase in cash and cash equivalents	**5,023**	**408**
Opening cash and cash equivalents	9,915	9,507
Closing cash and cash equivalents	**14,938**	**9,915**

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 21 September 2022. 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 2022

In thousands of New Zealand Dollars	OSPRI	TBfree	NAIT	Group
Operating revenue	623	60,337	6,927	**67,886**
Operating expenditure	631	61,707	10,262	**72,600**
Net operating surplus/(deficit) for the year	(8)	(1,370)	(3,335)	**(4,714)**
Interest income	-	116	71	**187**
Total comprehensive revenue and expense for the year	**(8)**	**(1,254)**	**(3,264)**	**(4,527)**

Statement of financial position as at 30 June 2022

In thousands of New Zealand Dollars	OSPRI	TBfree	NAIT	Intra-Group	Group
Total assets	4,578	23,762	13,021	(2,410)	**38,950**
Current liabilities	2,703	9,521	1,135	(2,410)	**10,950**
Total equity	**1,875**	**14,241**	**11,886**	**-**	**28,000**

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**

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 2022, 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 2022.

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 21 September 2022.

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
21 September 2022
Wellington
New Zealand


AG vision
feed partners
NAIT
Hill Laboratories
fertco
Innovators in nutrient efficiency
AsureQuality
Kaitiaki Kai
PIONEER
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about how
Working
together
TBfree
beef+lamb


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