NAIT Programme 2026-29 Triennial Business Case

Project Sponsor:	Simon Andrew
Business Owner:	Jonathan Rudge
Project Manager:	N/A
Proposed Project Start Date:	1 July 2026
Estimated Project Completion Date:	30 June 2032
Cost Centre:	5001000

Document Version and Approvals

VERSION	DATE	SUMMARY OF CHANGES	AUTHOR
V1.0	06/05/2026	Initial version incorporating feedback from funders and OSPRI management	[redacted] Jonathan Rudge [redacted]
V1.1	19/05/2026	Incorporated feedback from OSPRI management, OSPRI directors and funders	[redacted] Jonathan Rudge

Reviewed by

The following people have reviewed this document:

NAME	ROLE	DATE	COMMENTS
Simon Andrew	Deputy Chief Executive	3/05/26	Minor edits
Sam McIvor	Chief Executive	3/05/26	Minor edits
ELT	OSPRI Management	14/05/26	Feedback incorporated
OSPRI funders	MPI, DairyNZ, B+LNZ, DINZ	15/05/26	Feedback incorporated

Reference Material (Annexes)

DOCUMENT NAME	DESCRIPTION
NAIT Scheme Strategy	Sets out the agreed strategic direction for the NAIT Scheme, including key objectives, priorities, and the improvement initiatives that underpin this Business Case.
NAIT replacement business case	Provides detailed analysis and justification for the NAIT Replacement System (NRS), including scope, delivery approach, costs, and expected outcomes.
Cost Benefit Analysis	Presents the full economic assessment supporting this Business Case, including quantified costs, benefits, and value-for-money analysis across the assessed scenarios.

1. Recommendation / Approval

This Business Case seeks formal endorsement from NAIT funders and approval from the OSPRI Board to proceed with delivery of the NAIT Programme over the next triennium (FY26/27–FY28/29).

Progression of the proposed approach requires:

- **OSPRI Board approval** to commit organisational resources and authorise delivery.

This Business Case seeks approval for a **three-year funding and delivery period only**. A six-year pathway is outlined to demonstrate the sequencing, dependencies, and intended direction of travel for the NAIT Scheme; however, activities and funding beyond FY28/29 are indicative and will require future review and approval through a subsequent triennial business case.

An annual review process is proposed to ensure transparency of progress against agreed deliverables, with a more substantive review in Year 3 (aligned with the triennial business case cycle) to inform future investment decisions.

Funders:

- **Endorse** funding and delivery scope for FY26/27–FY28/9, endorsement to be formalised in the Heads of Agreement and Funding agreement,
- **Agree** to participate in an annual review process that will consider progress against agreed deliverables
- **Note** Years 4-6 are an indicative pathway for FY29/30 –FY31/32 only and that the pathway will be subject to a review process in year 3 which will weigh:
    - change(s) as needed to deliver the programme
    - demonstrated programme progress and performance against agreed deliverables
    - affordability
- **Note** that the programme pathway and funding for years 4-6 will also require a future triennial business case to be developed and agreed.

OSPRI board:

- **Approve** funding and delivery scope for FY26/27 – FY 28/29
- **Note** Years 4-6 are an indicative pathway for FY29/30 –FY31/32 only and that the pathway will be subject to a review process in year 3 which will weigh:
    - change(s) as needed to deliver the programme
    - demonstrated programme progress and performance against agreed deliverables
    - affordability
- **Note** that the programme pathway and funding for years 4-6 will also require a future triennial business case to be developed and agreed.

Upon signing this document, I/we confirm that the proposed project, outlined in this business case, has been approved by OSPRI management and Board and may continue to the next steps.

Name	Simon Andrew	Date	
Role	Deputy Chief Executive	Signature / Email	

Contents

2. Executive Summary

This Business Case seeks approval to invest in and deliver the next phase of the NAIT Programme over a three-year period (FY26/27–FY28/29), with a longer-term six-year pathway outlined to demonstrate the intended direction of travel. Approval is sought for the first three years only, with later years indicative and subject to future review and investment decisions.

2.1 Case for Investment

The NAIT Scheme is critical national infrastructure, underpinning New Zealand's ability to trace livestock, respond to biosecurity events, maintain market access, and support industry productivity. While the Scheme has delivered important value, its performance is currently constrained by both **technical limitations** and **behavioural challenges**, resulting in gaps in adoption, compliance, and data quality.

The existing NAIT Information System is built on legacy architecture that is difficult to maintain, costly to enhance, and not aligned with modern user expectations or integration needs. This introduces elevated security risks, struggles to meet performance and scalability demands and creates barriers to future improvements. The system is increasingly unable to reliably support growing demand or adapt to support evolving needs. These limitations also make it harder for farmers and industry participants to meet their obligations and reduce the quality of NAIT data.

Without targeted investment, these constraints will persist, increasing operational and biosecurity risk, and limiting the Scheme's ability to deliver value for farmers, industry, and New Zealand.

2.2 ISSP Background

Work to stabilise the existing NAIT Information System formed part of OSPRI's Information Systems Strategic Plan (ISSP), however, an independent review in 2024 found the proposed solution to be overly complex and unlikely to deliver a sustainable or cost-effective outcome. As a result, the programme was reset, incorporating lessons learned and refocusing on establishing the foundations for a simpler, fit-for-purpose replacement system.

From 2025, this revised approach progressed to confirming requirements and engaging the market to appoint a delivery partner, positioning the programme to deliver a more sustainable, user-focused, and effective NAIT Replacement System.

This reset provides the basis for the proposed approach outlined in this Business Case, which focuses on delivering a simpler, more sustainable, and effective NAIT Scheme.

2.3 Proposed Approach

The preferred approach (Scenario Two) delivers the **full NAIT Scheme Strategy over a six-year period**, with a deliberate focus on sequencing delivery to ensure sustainable and manageable change.

The first three years focus on:

- Delivering the NAIT Replacement System (NRS)
- Establishing a modern, secure, and user-friendly technology platform
- Implementing foundational improvements to accreditation, integration, and stakeholder engagement.

The subsequent three years focus on:

- Embedding behavioural change and improving voluntary compliance
- Strengthening data quality, governance, and use
- Delivering broader system and industry-level benefits.

This staged approach reflects the scale and complexity of the programme, ensuring that change is achievable, sustainable, and delivers measurable value over time.

2.4 Investment and Funding

The preferred scenario requires an increase in funding to deliver the programme, with an additional **$1.5 million per annum** sought over the initial three-year period.

Total programme costs over the first three years are estimated at approximately **$46 million**, with funding to support both core operations and delivery of the NAIT Replacement System.

While indicative costs are presented for Years 4–6, **these are not being sought for approval** and will be considered through a future Triennial Business Case.

With the exception of the Cost Benefit Analysis discussed in the Economic Case, the Business Case does not include the $6.2 million/year MPI Compliance spend on NAIT compliance activities as these are not subject to NAIT Limited oversight and accountability. The Traceability team works closely with MPI to support their compliance activities. This will be further enhanced through the development and implementation of the shared compliance and monitoring framework initiative.

2.5 Benefits and Value

Benefits from the NAIT Programme will be realised progressively.

Years 1–3 deliver foundational benefits and measurable performance uplift, including:

- Improved user experience and reduced effort for farmers
- Increased timeliness and completeness of data entry
- Operational efficiencies and reduced administrative burden
- Early improvements in compliance and data quality.

These improvements create the conditions required for full benefits realisation.

Years 4–6 are expected, subject to the outcomes of the Year 3 review and future funding decisions, to deliver broader system and industry-level benefits, including:

- Stronger biosecurity response capability
- Improved lifetime traceability and data integrity
- Increased value from NAIT data across the livestock sector
- Greater confidence in the Scheme from stakeholders and markets.

Economic analysis confirms that both the foundational system replacement and the full strategy deliver strong value for money, with benefits significantly exceeding costs over time.

2.6 Governance, Delivery and Assurance

Delivery will be supported by a **structured governance and assurance framework**, including:

- A formal **annual review process** to assess progress, performance, and value delivery
- **Stage gates and in-year approvals** to manage risk, cost, and scope changes as they arise
- Regular programme monitoring, reporting, and risk management.

This approach ensures that funders and the OSPRI Board maintain strong oversight and control throughout delivery, while enabling the programme to respond to emerging risks and opportunities.

2.7 Conclusion

This Business Case presents a clear, staged pathway to strengthen the NAIT Scheme and ensure it can meet current and future demands.

The proposed investment will:

- Address critical system limitations
- Improve adoption, compliance, and data quality
- Strengthen New Zealand's biosecurity resilience and market assurance.

The first three years deliver tangible, measurable improvements and provide confidence in the longer-term benefits of the programme.

Approval is sought to proceed with delivery of the NAIT Programme for the three-year period FY26/27–FY28/29.

3. Purpose

The NAIT Funders' Agreement requires NAIT Limited and its funders to review the NAIT Scheme every three years. Key aspects of the review include:

- Developing a long-term strategy for implementing the NAIT Scheme
- Calculating funding to deliver the NAIT Scheme Strategy over the coming three years, including levy and/or crown adjustments (if necessary).

A long-term NAIT Scheme Strategy was originally developed and agreed by funders and OSPRI as a three-year programme aligned to the Triennial Business Case cycle. However, the scale, complexity, and sequencing requirements of the proposed changes mean that full implementation cannot be realistically achieved within a single three-year period.

This Business Case seeks approval for deliverables and funding for the next three years commencing 1 July 2026.

A six-year view is also presented to show the intended sequencing and long-term direction of the NAIT Scheme. **This longer-term view is indicative only and does not represent a funding commitment beyond the initial three-year period.**

Traditionally, the Triennial Business Case (TBC), as its name suggests, has focused on three years of activity and agreed funding for that period. Consistent with that approach, this business case seeks approval for deliverables and funding for the next three years commencing 1 July 2026. It also sets out the broader rationale, sequencing and high-level indicative priorities and funding requirements for the NAIT Scheme over a six-year horizon (2026/27 to 2031/32). The six-year view is indicative only and is intended to support longer term planning. It does not represent a funding commitment beyond the initial three-year period.

The implementation of the TBC will be reviewed annually to monitor progress, assess funding requirements, and ensure alignment with delivery expectations. A more substantive review will also be undertaken in FY28 to reassess baseline activities, strategic priorities, and key initiatives, ensuring the programme remains appropriately positioned and resourced to fulfil its statutory functions.

The following Business Case is set out using the "Better Business Case" approach, which is comprised of five cases and summarised as covering the following:

- **Strategic Case:** Defines the compelling case for change, showing how the investment fits with broader objectives and why it is needed.
- **Economic Case:** Identifies the scenario that offers the best value for money by analysing costs, benefits, and risks.
- **Commercial Case:** Demonstrates that the proposal is viable, focusing on procurement, contract structure, and the capability of the supplier market to deliver the required solution.
- **Financial Case:** Confirms the proposal is affordable, outlining the required funding and budgetary impact.
- **Management Case:** Proves the project is achievable by outlining the planning, governance, and risk management required to deliver it.

3.1 Statutory Alignment

The activities and investments proposed in this Business Case are designed to strengthen the Scheme's ability to meet its statutory responsibilities. In particular:

- **Traceability and biosecurity management:** Improvements to data quality, system capability, and compliance directly strengthen the ability to rapidly trace animals and respond effectively to disease outbreaks.
- **Food safety and human health:** Complete and reliable NAIT data improves and supports the ability to manage risks associated with residues, food-borne disease, and other public health concerns.
- **Regulatory compliance:** A more intuitive, integrated NAIT Information System makes it easier for farmers and industry participants to meet their legal obligations, supporting higher levels of voluntary compliance and more effective enforcement, where required.
- **Wider data use and value:** High quality NAIT data enables greater value to be realised by authorised users across the industry, for example to support animal welfare, wandering stock enquiries and informing animal purchase decisions.

3.2 Review and Performance Monitoring

To support effective oversight and ensure delivery remains on track, a formal **annual review process** will be implemented across the life of the TBC.

This reflects the scale, complexity, and multi-year nature of the NAIT scheme strategy, and the need to provide funders with ongoing visibility of progress, performance, and value delivery.

3.2.1 Purpose of the Annual Review

The annual review process will:

- Assess progress against agreed deliverables and milestones,
- Review the performance of the NAIT Scheme, through compliance and lifetime traceability metrics,
- Provide transparency on how funding is being used and whether it is delivering expected outcomes,
- Identify and monitor risks and issues, enabling timely mitigation or course correction
- Inform prioritisation decisions, including sequencing or re-scoping of initiatives where required

3.2.2 Scope of Review

Each annual review will consider:

- Delivery progress against the approved work programme and planned milestones
- Performance against agreed measures (e.g. compliance indicators, traceability metrics, system performance)
- Financial performance against the approved funding envelope
- Key risks, issues, and dependencies affecting delivery
- Stakeholder feedback and evidence of behavioural change or adoption
- Emerging opportunities or changes in the operating environment.

3.2.3 Governance and Decision-Making

The outcome of the annual review will be provided to NAIT funders and the OSPRI Board and will form part of the formal governance cycle for the programme. Outcomes of the review may include:

- Confirmation that delivery is progressing as planned
- Agreement to refine priorities, sequencing, or delivery approach within the approved funding envelope
- Identification of areas requiring additional focus, support, or intervention.

3.2.4 Stage Gates and in-year Approvals

In addition to the annual review cycle, OSPRI will operate defined stage gates and in-year decision points to support timely governance and ensure that emerging risks, issues, or opportunities can be addressed as they arise.

This recognises that material changes, particularly in relation to cost, scope, or delivery, may occur outside the annual review cycle and require more immediate engagement and approval from funders and the OSPRI Board.

Stage gates will be established at key delivery points, with clear entry and exit criteria (e.g. delivery readiness, cost position, risk profile, and expected benefits). Progression between stages will require confirmation that these criteria have been met.

In-year engagement and approvals will be triggered where, for example:

- Contingency funding may be required or cost pressures exceed agreed tolerances
- There are material changes to scope, sequencing, or delivery approach
- Significant risks or issues arise that may impact delivery, outcomes, or value
- Opportunities emerge that could materially improve programme outcomes or value for money.

Where these thresholds are met, formal approval will be sought to:

- Progress to the next phase of delivery
- Reallocate funding within the approved envelope
- Access contingency funding where justified
- Adjust scope, sequencing, or delivery approach.

This approach ensures that governance is both structured and responsive, enabling decisions to be made at the point they are required, while maintaining strong funder oversight and control.

3.2.5 Link to Triennial Business Case Cycle

The annual review process will complement a more substantive review in Year 3, aligned with the TBC cycle. This review will:

- Assess overall programme performance and outcomes achieved
- Reconsider strategic priorities and delivery approach
- Inform the development of the next TBC, including future funding requirements.

3.3 Funder Assurance

In recognition that funding organisations require their own assurances that the NAIT Scheme Strategy delivery progresses as planned, and that their funding is being used as intended, the programme will also be subject to external governance reporting and requirements. These will be complimentary to the internal governance and assurance processes outlined previously in this paper.

External governance and assurances will be achieved through the OSPRI Shareholder and MPI Group, consistent with their agreed Terms of Reference, and as established under Clause 44 of the OSPRI Limited Constitution.

The OSPRI Board will share quarterly reporting with the Shareholder and MPI Group to demonstrate progress against agreed deliverables and benefits, to raise awareness of any risks or issues, to seek direction for consideration, and to provide organisation to organisation assurance.

The Shareholder and MPI Group will:

1. Monitor and review the performance of the programme and the use of programme funding, including through an annual review, and via funding stage gates

2. Where they feel it is warranted, provide direction for consideration to the OSPRI Board
3. Seek additional information where needed, including from suitably qualified independent expert advisors*, through independent quality assurance , or by requesting that representatives may observe the programme board.

Funders recognise that OSPRI will have in place its own rigorous assurance processes including its internal Portfolio Governance Board and a technology sub-committee of the OSPRI Board. Funders expect that the internal assurance will include at least one suitably qualified independent expert advisor.

4. Scope of this Business Case

This Business Case is structured around a three-year funding and delivery period, consistent with the TBC cycle.

While the NAIT Scheme Strategy spans six years, only the first three years (FY27–FY29) are in scope for approval. Activities and costs for Years 4–6 are presented to illustrate sequencing and the intended direction of travel but remain indicative and subject to future review and funding decisions.

The Business Case does not include the $6.2 million/year MPI spend on NAIT compliance activities as these are not subject to NAIT Limited oversight and accountability.

5. Recommendations

This Business Case seeks formal approval to invest up to **$15.63m** in financial years (FY) **26/27** to **28/29** and commit resources to deliver the NAIT replacement project. The delivery stage of the project will start on 1 July 2026.

Years 4–6 are indicative, showing direction of travel and enabling long-term planning, but are not a funding commitment.

6. Background

The NAIT Scheme has been in place as New Zealand's mandatory livestock industry[1] identification scheme for cattle (from 1 July 2012) and deer (from 1 March 2013), under the National Animal Identification and Tracing Act 2012 (the NAIT Act). The purpose of the Scheme as set out in section 3 of the NAIT Act is to:

a. provide for the rapid and accurate tracing of individual, or groups of, NAIT animals from birth to death or live export
b. provide information on the current location and movement history of individual, or groups of, NAIT animals
c. improve biosecurity management
d. manage risks to human health arising from residues in food, food-borne diseases, and diseases that are transmissible between animals and humans
e. support improved animal productivity, market assurances, and trading requirements.

NAIT Limited is responsible for collecting, protecting, and enabling the use of traceability data to support these outcomes.

As a wholly owned subsidiary of OSPRI NZ Limited, NAIT Limited is the designated NAIT organisation under Section 7 of the NAIT Act. It is responsible for the day-to-day implementation and operation of the Scheme. **OSPRI**, as the sole shareholder of NAIT Limited, provides strategic oversight and governance. OSPRI New Zealand Limited was established on **1 July 2013** to lead national traceability and disease management programmes, with NAIT Limited playing a key role in delivering those outcomes.

The NAIT Scheme is jointly funded by government and industry (farmers). Funding is provided through an agreement between OSPRI, MPI and OSPRI's shareholders. MPI contributes 35%, Deer Industry New Zealand 2%, and the remaining 63% is split between DairyNZ (54.59%) and Beef+Lamb New Zealand (45.41%). The farmer contributions are primarily collected through a combination of NAIT tag levies, slaughter levies, and a levy on animals deemed unsafe to tag. MPI's contribution is by direct payment. This collaborative funding model enables the NAIT Scheme to be both industry-led and government-supported, aligning operational priorities with the needs of the livestock industry while maintaining confidence in the integrity of the livestock industry's traceability system.

Achieving the purposes of the NAIT Scheme relies on widespread and consistent participation across the livestock industry, as accurate and timely data can only be captured when farmers and other stakeholders routinely register themselves, their location, and their animals, declare movements, and keep their information up to date. Adoption is both a behavioural challenge, and a technical one. The goal is to encourage farmers and other Scheme participants to comply with obligations because they see the value in doing so, not because they are required to by law. Technology is a critical enabler to support farmers and others to play their part. This will foster the integration of robust traceability practices into everyday farming activities and drive improvements in NAIT data quality.

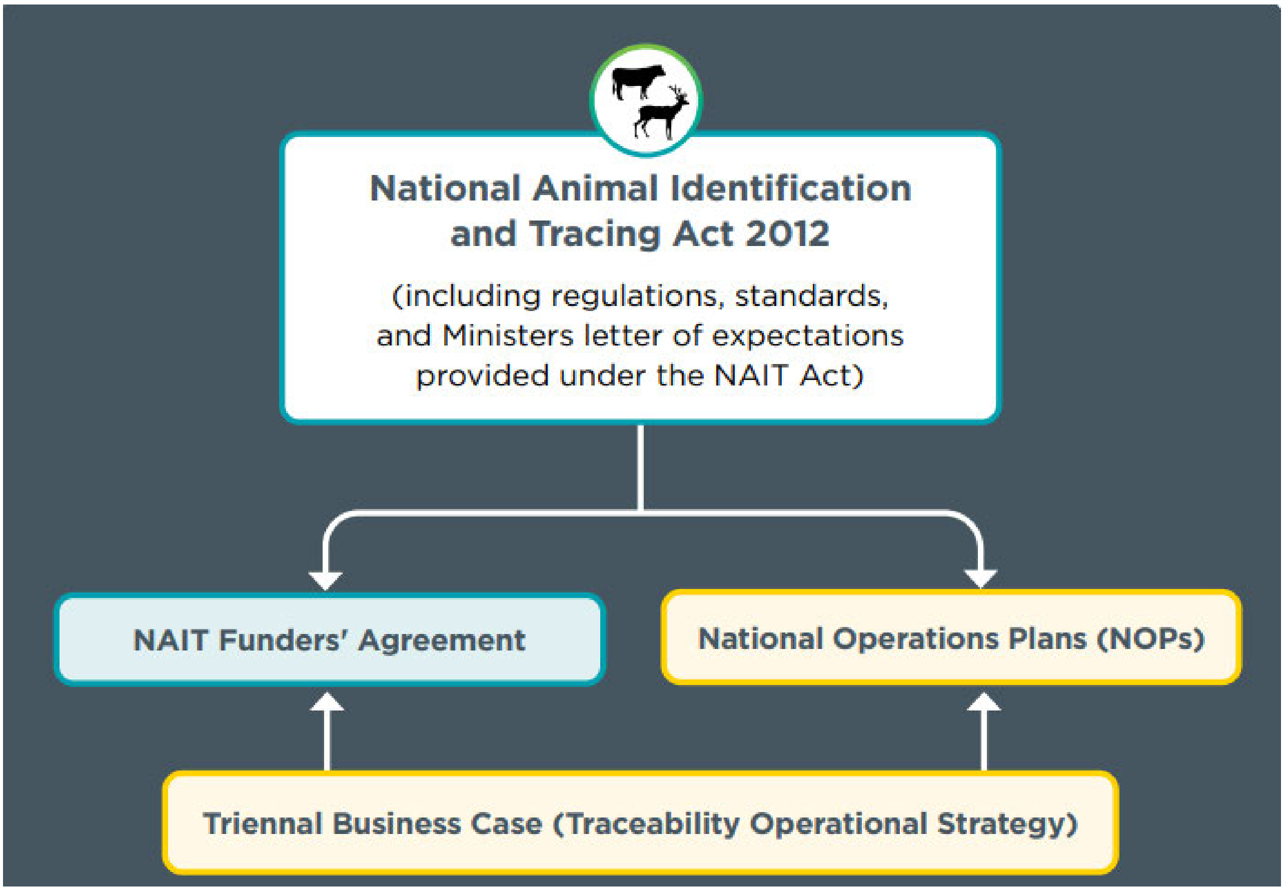
When adoption and compliance is strong, NAIT data enables rapid disease tracing, supports management of endemic diseases, strengthens biosecurity, underpins market access, and ultimately supports farming productivity and profitability and by extension benefits all New Zealanders. Conversely, gaps in adoption and compliance reduce data quality, slow disease response, increase costs, and erode confidence in New Zealand's traceability systems.

[1] *The term 'livestock industry' is used in this Business Case to mean all cattle and deer farming, and upstream and downstream activities such as stock agents, transport operators, saleyards, processing and servicing customers.*

6.1 NAIT Scheme Governance

The NAIT Scheme is governed by a framework of legislation, supporting documents, and formal agreements.

Figure 1 – The NAIT Scheme's governance and funding structure



6.1.1 The NAIT Funders' Agreement:

- Sets out the ways of working and key terms for the release of funds to NAIT Limited to enable it to fulfil its core functions and duties under the NAIT Act.
- Outlines the key expected outcomes of funders for the NAIT scheme.
- Outlines the roles and responsibilities for funders and NAIT Limited regarding the NAIT scheme.
- Sets out reporting requirements and timing.
- Outlines the need for a triennial business case to be developed which identifies the business needs that reasonably satisfy the expected outcomes and that funding received by OSPRI to administer the NAIT Scheme go towards addressing these needs.

6.1.2 The National Operations Plan (NOP):

- Sets strategic and operational goals.
- Sets objectives and priorities for the NAIT organisation and the NAIT scheme.
- Identifies the expectations of those persons who have an interest in the NAIT scheme.
- Specifies the measures by which the NAIT organisation's performance of its functions and duties under the NAIT Act (including any function or duty specified in the legislation) will be assessed.

- Specifies how the NAIT organisation’s activities will be independently audited against those measures.

6.2 NAIT Limited’s Functions and Duties – Base Operations

To meet its statutory responsibilities and deliver the objectives of the NAIT Scheme, NAIT Limited undertakes a range of core operational activities. These reflect the functions set out in section 10 of the NAIT Act and represent the core services required to operate and maintain the Scheme.

The key base operations are:

- **Provision of information, education and training (farmer support):** Supporting farmers and industry participants to understand and meet their NAIT obligations.
- **Monitoring and compliance:** Identifying non-compliance and supporting or enforcing corrective action to maintain scheme integrity.
- **Stakeholder engagement:** Working with industry, processors, and sector groups to support adoption and compliance.
- **Establishing policy, standards and rules:** Setting and maintaining standards to support the effective operating of the Scheme.
- **Approval of NAIT devices:** Ensuring approved identification devices meet required standards for durability and traceability.
- **The NAIT Information System:** Operating and maintaining the core technology platform used to collect, store and extract traceability data.
- **Access to NAIT information:** Managing and enabling authorised access to NAIT data to support regulatory, industry, and biosecurity needs.
- **Scheme management and administration:** Planning, reporting, and overseeing the overall operation and performance of the NAIT Scheme.

These key activities represent the essential services required to operate the NAIT Scheme and deliver its intended outcomes. Investment in the programme builds on this foundation to improve performance across adoption, compliance, and data quality.

6.3 Historic Scheme Performance

Historic performance of the NAIT Scheme during past disease outbreak events has revealed lower than desirable levels of adoption and compliance with the NAIT Scheme. This, alongside other factors outlined below, limited the effectiveness of the response when it was needed most.

The *M. bovis* Independent Review Panel into the 2017 *Mycoplasma bovis* outbreak and response effort exposed several weaknesses in the NAIT Scheme at the time, these included:

- Initial inadequate levels of farmer compliance with NAIT Scheme obligations, which were improved over the duration of the outbreak
- Increased enforcement was perceived to have strongly influenced the subsequently observed improvement in compliance
- Poor integration from third-party software into NAIT, which created issues with data accuracy and also farmers believing they were compliant when they were not; limited tools available to support disease response teams
- Poor data management practices (particularly around animal registrations and movement declaration)
- A general lack of buy-in from farmers, with many not seeing the value in the NAIT Scheme.

While it has been acknowledged that New Zealand could not have attempted to eradicate *M. bovis* without NAIT, had the system been fit-for-purpose the response would have been quicker, less costly, resulted in less farm-to-farm transmission of the disease, and caused less stress for farmers.

6.4 Current Scheme Performance

People in Charge of Animals (PICAs), most commonly farmers, have statutory obligations under the NAIT Act relating to the registration of themselves, their locations and animals, the timely recording of animal movements, and keeping their information up to date. The full detail of PICA obligations is set out in section 24 of the NAIT Act.

NAIT Scheme performance is assessed using two primary indicators: **compliance with NAIT requirements** and **lifetime traceability**.

6.4.1 Compliance with NAIT Requirements

The NAIT Scheme is only effective if its participants use it consistently. High adoption and compliance give confidence NAIT can support rapid disease response, biosecurity management and market access; gaps in either undermine data quality and those outcomes. This Business Case is therefore fundamentally about lifting adoption and compliance so NAIT data can be relied on when it matters most.

Because NAIT relies on user-entered information, compliance cannot be measured directly (missing or inaccurate data can't always be detected). Instead, we use proxy indicators from the data that *is* recorded.

In 2024/25:

- 6% of animals were not registered before their first off farm movement
- There were approximately 450,000 animal movements that are believed to be missing from the NAIT system[2]
- 61.79% of movements were declared within 48 hours
  - 67.2% of movements were declared within 72 hours (3 days)
  - 73.7% of movements were declared within 5 days.

Targeted effort has improved animal registration, but overall performance still shows material gaps across multiple obligations. Under current settings, while incremental gains have been made, they do not deliver the step-change needed to strengthen Scheme integrity and materially improve data quality.

6.4.2 Lifetime Traceability

This measure assesses whether an animal's registration, movement and status details are complete prior to slaughter, making it a key indicator of end-to-end data completeness. High levels of lifetime traceability indicate the Scheme is functioning well across multiple points in the supply chain, while gaps signal weaknesses that undermine scheme integrity.

In 2024/25, **55.8%** of animals met the lifetime traceability criteria. Performance is constrained by missing elements, particularly birth information, meaning many animals fail the measure due to one or two gaps. This remains below the level required to provide assurance for rapid tracing and potential capture of extra market value. It reinforces that current settings are not sufficient to shift adoption, compliance and traceability performance at the scale required.

More detail on these measures can be found in Appendix C.

6.5 Insights from the 2025 Disease Response Readiness Exercise

The September 2025 desktop exercise (involving MPI and OSPRI staff) showed that NAIT data can significantly accelerate disease tracing, with large volumes of animal movements traced in hours rather

---

[2] *Referred to as "broken chains" and detected by gaps in movement histories and/or irregular movement patterns.*

than days. The exercise confirmed strong potential for NAIT data to support disease response but also highlighted gaps, particularly around data completeness and the speed of data access.

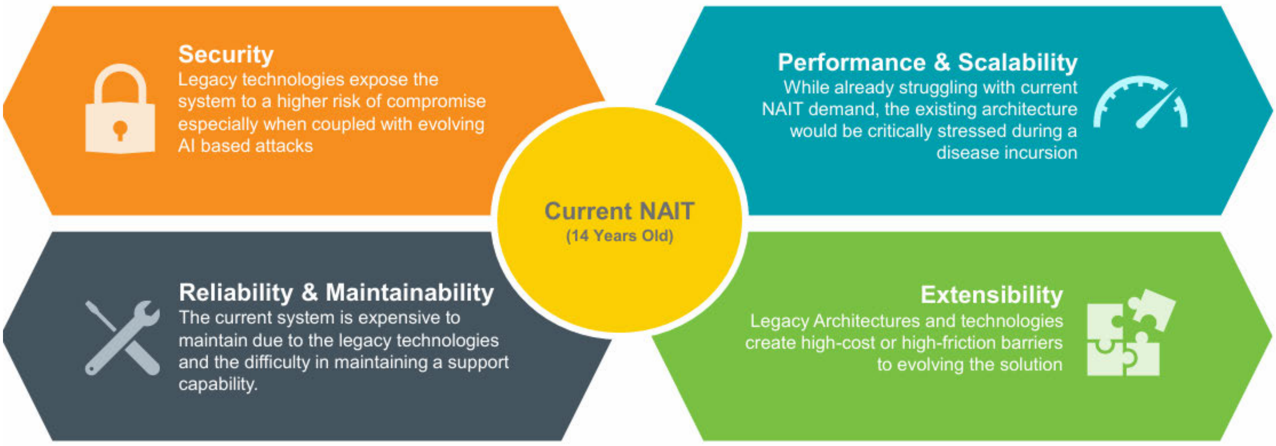
Ongoing monitoring of the NAIT database indicates that while meaningful tracing is achievable, improvements are still required in data accuracy, completeness, declaration timeliness, and tagging practices. Improving both the reliability of NAIT data and the speed at which it can be accessed and put to meaningful use will strengthen disease readiness and improve decision-making. These improvements will also help unlock greater value for farmers and industry partners and position NAIT data as a trusted resource across the livestock sector.

6.6 Information Systems Strategic Plan (ISSP)-Related Background

Since the NAIT Scheme launched in 2012, farmers have consistently reported that the NAIT Information System is difficult to use. One way integration with third-party software has also created data mismatches between systems, and the ongoing volume and nature of calls to OSPRI's Support Centre reinforces the practical challenges users face in meeting their obligations.

In 2019/20, OSPRI identified that upgrading the legacy NAIT system was not workable, partly due to security, reliability, performance and extensibility issues. and the preferred approach was replacement.

Figure 2 – Key issues with the current NAIT Information system



Work to stabilise the existing NAIT platform began as part of OSPRI's Information Systems Strategic Plan (ISSP), which aimed to deliver MyOSPRI—an integrated system to replace NAIT and related platforms.

In early 2024, concerns around delivery, cost, and functionality led the OSPRI Board, shareholders, and funders to commission an independent review by PwC. While the review initially recommended a short remediation phase, further assessment concluded that the underlying solution was overly complex, misaligned with requirements, and unlikely to deliver a sustainable or cost-effective long-term outcome.

As a result, continuing with the existing approach was deemed neither technically nor economically viable. The OSPRI Board subsequently approved a restart of the NAIT replacement programme.

This reset marked a deliberate shift to incorporate lessons learned from the ISSP experience, including the need for clearer requirements, stronger governance, simpler and more adaptable architecture, and tighter alignment between business outcomes and technology design

The project was refocused on establishing the core foundations for a fit-for-purpose solution. This included defining enterprise architecture principles, clarifying business requirements, strengthening programme governance, and articulating a clear future-state vision.

Engagement with internal and external stakeholders informed the development of a clear product vision for the NAIT Replacement System: *“Easy, accurate animal tracing through modern digital services.”*

From 2025, the programme progressed to confirming requirements and engaging the market through RFI and RFP processes to appoint a delivery partner, shifting away from the previous in-house model. This approach, alongside strengthened programme and portfolio management disciplines, positions the programme to deliver a more sustainable, user-focused, and effective system.

The NAIT replacement business case (annexed to this document) outlines this background in more detail.

7. The Strategic Case: Case for Change

7.1 Strategic Context

The NAIT Scheme has been in place as New Zealand's mandatory livestock industry identification scheme since 2012 under the National Animal Identification and Tracing Act (NAIT Act). The purpose of the NAIT Scheme under the NAIT Act is to: provide rapid and accurate tracing of individual animals from birth to death; improve biosecurity management; manage risks to human health, and support animal productivity and trade. The NAIT Act requires animals to be tagged with unique identifiers and registered in the NAIT Information System. For those that rely on NAIT data, such as MPI, the effectiveness of this system directly determines the speed, accuracy, and cost of disease response and containment activities.

NAIT has delivered important value to New Zealand's livestock industry, helping maintain market access and underpinning recent livestock industry biosecurity efforts. However, it is not performing as desired by stakeholders, and improvements are needed. Adoption and compliance, while incrementally improving, are well below desired levels.

While the NAIT Scheme Strategy spans six years, this Business Case seeks approval for the first three years only, with later phases indicative and subject to further review.

7.2 Rationale for Change

The effectiveness of the NAIT Scheme relies on widespread and consistent adoption by farmers and other key industry participants. High quality NAIT data is critical for biosecurity responses, disease management, and maintaining market access. Currently, adoption is constrained by both technical and behavioural barriers. A key issue is that the existing NAIT Information System does not make it easy for farmers to meet their obligations making compliance burdensome, and restricting data quality meaning the Scheme cannot perform as intended.

Fixing the NAIT Information System is therefore essential. Farmers and stakeholders need intuitive, fit for purpose tools that align with how they work. When registering animals, declaring movements and managing information is simple and integrated into daily farm practice, compliance becomes easier and more consistent.

With this foundation in place, the NAIT Scheme can deliver reliable, high-quality data to enable rapid tracing during biosecurity events and support long-term industry productivity and profitability

7.2.1 Why Change is Necessary Now

Historic performance, including during the 2017 *Mycoplasma bovis* outbreak, exposed issues such as low rates of compliance, weak data integration, and poor data management, which slowed and complicated the response and added extra cost. Although targeted efforts by OSPRI and MPI since 2021 have significantly lifted compliance, particularly with the requirement to register NAIT animals, other areas have improved more slowly, reinforcing the need for focused interventions that will deliver stepwise change.

Incremental improvements are no longer sufficiently keeping up with stakeholder and wider industry expectations. Although the NAIT Scheme has supported national biosecurity and underpinned market access for more than a decade, its technology, processes, and policy settings have not kept pace with the sector's growth, maturity, and increasing reliance on timely, accurate data.

A central driver for change is the technical fragility of the current NAIT Information System, which is built on legacy architecture not designed for modern integration and security standards, mobile-first usage, or modular enhancement. Changes to the current system are complex, costly, slow to implement, and requiring increasing maintenance effort. These constraints limit OSPRI's ability to respond to evolving regulatory expectations, emerging biosecurity risks, and the operational needs of the industry.

Farmers and system users increasingly expect simple, intuitive workflows, consistent information and guidance, and easy integration with the tools they already use. The current user interface and related processes do not sufficiently support adoption or enable users to voluntarily meet their obligations, and roles and responsibilities across the NAIT Scheme remain inconsistently understood. These gaps contribute to lagging adoption and compliance, inconsistent user experience, and lower-than-desired levels of data quality.

7.2.2 Impact of Not Investing

Without targeted investment, the NAIT Scheme will remain constrained by outdated technology, inconsistent processes, and compromised data quality. Increasing effort would be required simply to stabilise the legacy platform, generating cost without commensurate value. These constraints would slow and limit the ability to rapidly and confidently respond to and manage disease, increase operational risk, and limit farmers' and industry partners' use of NAIT data to support on-farm decision-making, assurance programmes, and innovation.

Over time, this would force OSPRI to commit significant additional resources just to maintain system stability. Reactive investment would crowd out planned improvements, increase long-term costs, and further reduce the Scheme's ability to meet future demands. This would constrain broader NAIT Scheme uplift and weaken its contribution to effective biosecurity, trusted market access, and value creation across the livestock industry.

7.3 Strengthening the NAIT Scheme through Better Adoption

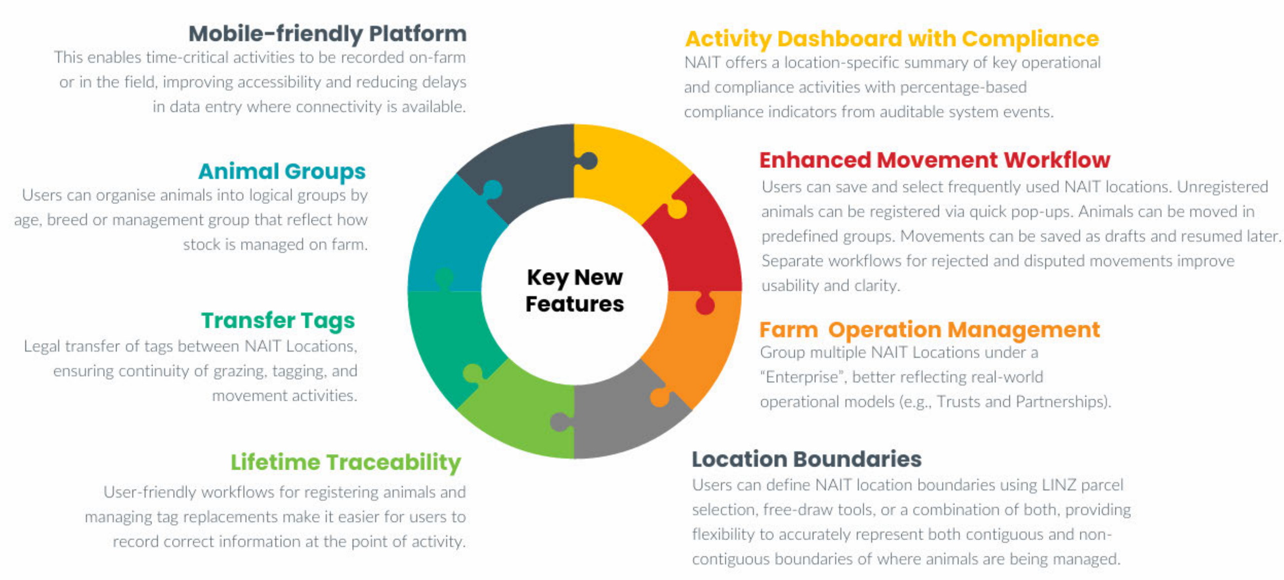
The NAIT Scheme Strategy 2025-31, agreed by OSPRI, funders and stakeholders in 2025, outlines the vision, purpose, strategic priorities, key strategic shifts and activities for the NAIT Scheme for the next six years.

7.3.1 A Future-Ready Information System

At the centre of this strategy is replacement of the NAIT Information System, which addresses longstanding structural constraints and modernises the platform that underpins the NAIT Scheme. The new system establishes a fully integrated, contemporary technology foundation that strengthens traceability confidence, supports effective biosecurity response, and helps safeguard New Zealand's market access and sector productivity.

The NAIT Replacement System (NRS) updates core architecture, user experience, integration capability, and data visibility to better support scheme objectives. It will deliver a secure, fast, and reliable national traceability system designed around modern farming realities. The platform will be mobile-first, intuitive, and tailored to different operational contexts, guiding users step-by-step through key tasks while proactively supporting increased compliance and disease management. These capabilities will also support disease response agencies by enabling access to high-quality, up-to-date traceability data, improving the speed and precision of tracing during biosecurity events.

Figure 3 – Key features of the NAIT replacement system



Through improved usability and alignment with on-farm and post farm gate workflows, the NRS will reduce administrative effort, minimise errors, and make information easier to find, understand, and act on. Modern integrations and self-service functionality will enable farmers and partners to confidently meet their obligations while unlocking greater value from their data.

Every capability within the NRS is directly linked to the drivers for change and the core outcomes of the NAIT Scheme. The solution draws on lessons from the existing system and extensive farmer and stakeholder feedback, providing confidence that the future state reflects real user needs and will materially lift traceability performance and trust in the scheme. Figure 3 (above) summarises the key structural improvements delivered through the NRS and how these contribute to improved Scheme performance.

These improvements constitute structural change rather than incremental enhancement and provide the capability required to sustain NAIT Scheme performance over time. The NRS will result in

- Reduced compliance effort without reducing compliance outcomes
- Higher data integrity supporting disease response, biosecurity, and market access
- A Scheme and an Information System that aligns with how people actually work and integrates with industry and third-party systems
- Near real-time updates ensuring consistent information across the ecosystem
- A supportable, secure and extensible[3] system to support the NAIT scheme and evolving sector needs.

7.3.2 Other Key Elements of the NAIT Scheme Strategy

The NAIT Scheme Strategy outlines the following additional initiatives which will improve scheme performance and therefore provide a better return on investment for farmers and key stakeholders. While

3 *The term "extensible" refers to the ability of the platform to be easily enhanced, expanded, and adapted over time. An extensible solution enables OSPRI to introduce new capabilities, support additional integrations and evolve data and reporting requirements, and respond to future traceability, market access, and biosecurity needs. This supports scalability and cost-efficiency, helping to protect long-term investment value while reducing the cost, complexity, and risk of future change.*

some enabling work begins in the first three years, most of these initiatives are expected to be developed and implemented in the latter three years of the six-year strategy:

- **A streamlined accreditation programme** and third-party integration standard will ensure supporting entities (i.e., meat processors and sale yards) and other service providers are able to meet the requirements needed to support farmers and the industry with their NAIT obligations.
- **A best practice compliance framework** will increase coordination between OSPRI and MPI Compliance and introduce more targeted monitoring and investigation functions within OSPRI. This will help ensure farmers are made aware of compliance issues early and receive the education and support needed to meet their obligations simply and confidently. This approach, in combination with the improved level of voluntary compliance as a result of a simpler, easier to use NAIT Information System, is expected to increase data accuracy and completeness and reduce the need for further compliance interventions over time.
- **Self service capability** will be enhanced including the development of a "knowledge hub" – an online space where farmers can quickly find clear, practical information about their NAIT responsibilities (for example this might include a chatbot functionality similar to what farmers can use to access information on DairyNZ and Beef+Lamb NZ websites). Other resources include guides, how to's, troubleshooting tips, and answers to frequently asked questions, helping farmers get things done without needing to contact the OSPRI Support Centre.
- Further improvements include **strengthening NAIT data governance and stewardship** and encouraging greater use of the data across the industry and NZ Inc.
- A more deliberate and proactive **approach to stakeholder engagement** will support sector wide behaviour change and clarify roles and responsibilities.

Figure 4 – NAIT Scheme Strategy on a page

7.4 Investment Objectives – Why are we doing this?

The TBC investment objectives are targeted at addressing key limitations of the current NAIT Scheme. The investment objectives are:

1. Realise greater value for farmers and the livestock industry from lifetime traceability, through improved biosecurity, food safety, market assurance, and animal productivity.
2. Deliver a NAIT Scheme that is intuitive, integrated, and requires reduced effort for farmers through an easy-to-use NAIT Information System and sound Scheme implementation.
3. Drive the success of the NAIT Scheme by everyone working together, with clear roles and responsibilities.
4. Enable lifetime traceability by NAIT animals being uniquely identified with the best available technologies.

The investment objectives are interrelated and linked, as objectives Two Three and Four provide the foundation for collecting timely and accurate traceability data, which in turn enables the successful delivery of Objective One. Table 1 describes the issues being addressed and the outcomes expected from investment for each of the investment objectives.

Table 1 - Investment objectives outcomes

Investment Objective	Description	Strategic Rationale for Investment
Easy-to-use NAIT Information System	**Core delivery in Years 1–3,** embedding continues into Years 4–6. The replacement NAIT Information System is fast, reliable and intuitive, enabling farmers to easily input accurate and timely information. Users of NAIT data, have timely access to the right information to support disease management and market access. NAIT requirements can be woven into day-to-day farming and business practices, including through two-way communication with third-party software. NAIT Scheme requirements, and the legislative obligations for farmers, are as easy as possible, and provide appropriate levels of privacy protection.	The NAIT Information System is not user friendly or fit-for-purpose and there is no two-way communication with third-party software applications. The current legislation, NAIT Limited policies and procedures have not kept pace with the needs of the livestock industry. The NAIT information system and OSPRI CRM contains insufficient information about customer interactions, and the information they contain is not used to drive improvements in scheme performance.
Realising greater value from lifetime traceability	**Enabled by year 1-3 delivery,** full implementation in years 4-6. Organisations have increased awareness of how they can have approved access to NAIT data to increase overall use including, but not limited to, disease management, market access and animal productivity. Accreditation standards and processes refreshed and balance: data privacy; commercial value; and cost-effective quality farmer services.	NAIT data supports biosecurity and disease management, but better data could speed response and reduce cost. Value from purposes such as market access and animal productivity are currently limited. Farmers cannot easily access their own data in a useful way, or readily share data related to their animals to inform other farmers' or customers' livestock purchasing decisions.

Investment Objective	Description	Strategic Rationale for Investment
	Farmers can utilise NAIT data for animal productivity and other business benefits.	Lift engagement and interaction with third parties to maximise the mutual value and benefits of accreditation processes.
Everyone working together, with clear roles and responsibilities	**Enabled by year 1-3 delivery**, full implementation in years 4-6. NAIT Scheme stakeholders, including farmers, are committed, understand their role and responsibilities to improve lifetime traceability, and NAIT Limited. partners with stakeholders, with appropriate and coordinated engagement to improve scheme performance. NAIT Scheme monitoring, compliance and enforcement efforts better target data accuracy and provide assurance about Scheme performance. Compliance activities are supported by most farmers who appreciate that the activities protect their industry and encourage farmers to voluntarily comply.	Not all stakeholders understand their role and responsibilities and there is not a united industry effort to drive scheme performance. Significant OSPRI Support Centre time and effort support farmers not using the NAIT Information System. The NAIT Scheme monitoring, compliance and enforcement practices are not focussed for greatest impact. There are also gaps in 'Assisted' and 'Directed' activities within the VADE[4] model.
Lifetime traceability supported by the best available technologies	**Enabled by year 1-3 delivery**, full implementation in years 4-6. Farmers have access to the best available, value for money technology. The NAIT Scheme minimises the impact of tag loss on overall Scheme performance and improves ease of farmer reconciliation of lost tags in the NAIT Information System. The NAIT Scheme has refreshed device approval processes and performance expectations are maintained and tag performance is reported. An innovation programme looks at new and emerging technologies and international best practice, to explore scenarios provided for under the NAIT Act are explored.	Identification and tracing is currently based around proven technology, and approval processes, namely tags. Lost tags are believed to be an issue in Scheme performance. Farmers can face challenges replacing lost tags and reconciling NAIT Information System. The device approval process is robust, but it may be overly expensive and arduous. There may be new animal identification technologies that could cost effectively improve scheme performance.

[4] *VADE is the graduated compliance model used by MPI and OSPRI for enforcing compliance with the scheme. Voluntary and Assisted compliance interventions are primarily the responsibility of OSPRI while Directed and Enforced interventions are primarily MPI's responsibility.*

7.5 NAIT Scheme Strategy Benefits

The below table describes the intended benefits of investing in the NAIT Scheme, it shows what success looks like against the agreed investment objectives and Scheme priorities. These benefits articulate the outcomes the investment is seeking to achieve and support the strategic rationale for change.

Benefits are realised progressively, with initial improvements, related to the NAIT Replacement System, delivered in Years 1–3 and full realisation achieved in later years. The below table, and the further detail within the Management Case of this document, outlines when benefits are expected to emerge and accumulate across each phase of delivery.

The economic value and value-for-money of these benefits are assessed later in the Economic Case through the Cost–Benefit Analysis (CBA).

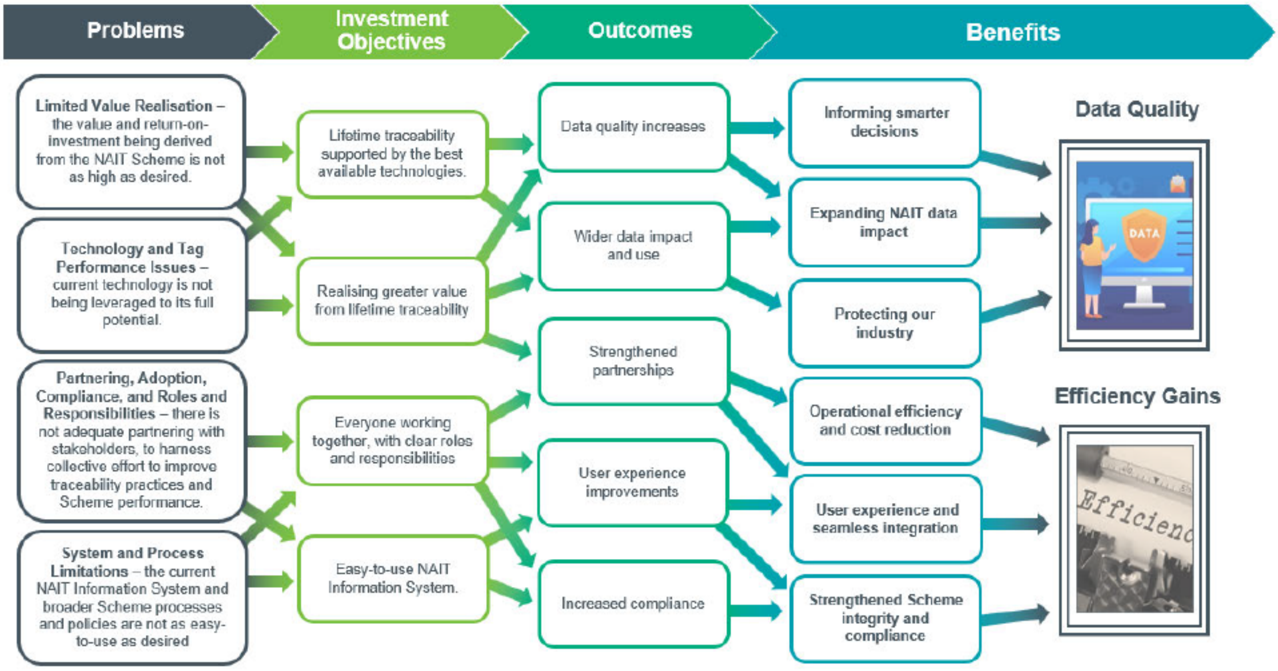
Table 2 – Expected benefits of investing in the NAIT scheme

BENEFIT	INVESTMENT OBJECTIVES	SCHEME PRIORITIES	DESCRIPTION	PRIMARY BENEFICIARIES
Near term benefit realisation (by year 3)				
User experience and seamless integration.	• Easy-to-use NAIT Information System. • Everyone working together, with clear roles and responsibilities. • Lifetime traceability supported by the best available technologies.	• Scheme simplicity • Partnering for success • Best available technologies	Integrate traceability seamlessly into daily operations through a user-friendly NAIT Scheme, third-party integration, transparent processes, and accessible technology reducing effort and improving overall experience.	Farmers, Accredited Entities, Information Providers, OSPRI
Operational efficiency and cost reduction.	• Easy-to-use NAIT Information System. • Lifetime traceability supported by the best available technologies.	• Unlocking greater value • Scheme simplicity	Support a simpler and more efficient NAIT Scheme by reducing unnecessary effort and complexity in how traceability obligations are met, creating conditions for a more sustainable and effective Scheme over time.	Farmers, OSPRI
Informing smarter decisions.	• Realising greater value from lifetime traceability. • Easy-to-use NAIT Information System.	• Unlocking greater value	Enable farmers, industry participants, and government to make more informed decisions by improving the overall quality, completeness, and reliability of NAIT data, supporting better outcomes across biosecurity, productivity, and market assurance.	Farmers, Livestock Sector, New Zealand Inc, OSPRI

BENEFIT	INVESTMENT OBJECTIVES	SCHEME PRIORITIES	DESCRIPTION	PRIMARY BENEFICIARIES
Medium term benefit realisation ***(begins in year 3 as a result of the NAIT information system, strengthened by end of year 6 by other improvement initiatives)***				
Strengthened scheme integrity and compliance.	• Easy-to-use NAIT Information System. • Everyone working together, with clear roles and responsibilities. • Lifetime traceability supported by the best available technologies.	• Scheme simplicity • Partnering for success	Increase confidence in the integrity of the NAIT Scheme by clarifying expectations, roles, and responsibilities, supporting higher levels of voluntary compliance and more consistent traceability practice across the sector.	Farmers, Partners, OSPRI, MPI
Longer term benefit realisation (by end of year 6)				
Expanding NAIT data impact.	• Realising greater value from lifetime traceability.	• Unlocking greater value	Broaden understanding and appropriate use of NAIT data so that its value is more fully realised across the livestock sector and New Zealand Inc, consistent with privacy, trust, and legislative settings.	Farmers, Livestock Sector, New Zealand Inc, OSPRI
Protecting our industry.	• Realising greater value from lifetime traceability. • Lifetime traceability supported by the best available technologies.	• Unlocking greater value	Strengthen New Zealand's biosecurity and disease response capability by improving traceability confidence, enabling faster and more targeted identification of animals and locations of interest during biosecurity events.	Farmers, Livestock Sector, New Zealand Inc
The NAIT Scheme Strategy includes targeted initiatives and investment to strengthen collaboration across farmers, industry partners, MPI, and OSPRI. Collaboration is not treated as a standalone benefit, but as a critical enabler of benefits realisation. By improving role clarity, coordination, and consistency of engagement, these initiatives drive higher adoption, increased voluntary compliance, and more consistent practices across the industry				

The below diagram illustrates the relationship between the core scheme problems, benefits sought, and strategic responses for this investment.

Figure 5: Relationship between core scheme problems, benefits sought, strategic responses



7.6 Strategic Alignment

This Business Case aligns with key sector and organisational strategies, priorities, and goals that emphasise traceability, system modernisation and biosecurity risk reduction:

- The NAIT Scheme Strategy document which outlines the vision, purpose, strategic priorities, key strategic shifts and activities for the NAIT Scheme for 2026-31 (discussed above).
- The OSPRI Strategic Plan 2025-28 which outlines OSPRI's vision, purpose, strategic priorities, critical enablers, outcomes, and Key Performance Indicators for 2025-2028.
- The Biosecurity System Action Plan, which builds on and replaces the previous national biosecurity strategies 'Biosecurity 2025' and the earlier 'Tiakina Aotearoa – Protect New Zealand (2003)'.

Table 3 – Strategic alignment detail

STRATEGY AND KEY CONTENT	CONTRIBUTION
OSPRI Strategy 2025-28 Vision: Our farmers succeeding through exceptional biosecurity and traceability.	The OSPRI vision reinforces the strategic importance of the NAIT Scheme by highlighting its role at the centre of OSPRI's traceability and disease management functions. NAIT data underpins both the traceability system itself and the wider OSPRI programmes, including TBfree NZ and *Mycoplasma bovis* eradication.

STRATEGY AND KEY CONTENT	CONTRIBUTION
Strategic Priority for NAIT: Consistently improving traceability and assurance. Key outcomes for NAIT: • Partner with farmers and stakeholders to improve NAIT performance. • NAIT information system replacement is delivered.	• A clear plan laid out for the NAIT Scheme, including how the improved technology infrastructure will deliver the livestock industry's current and future needs. • A major focus for the first two years in the OSPRI Strategy is the delivery of the new NAIT Information System, which will be user-friendly for farmers and Information Providers. This will increase the volume, accuracy and timeliness of data to meet the needs of internal and external data users. • Focus will be on continuous improvement: more data, more accurate data and more timely data. • The VADE (Voluntary, Assisted, Directed and Enforced) compliance model focus on education and support to help farmers provide better data, backed-up by direction and enforcement by MPI where justified.
Biosecurity System Action Plan Vision - New Zealand's biosecurity system protects what we value and grows our economy. Key relevant actions: • Leadership and performance • Effective partnerships • Prioritisation and investment • Research and technology	The Biosecurity System Action Plan creates shared direction for people and organisations committed to strengthening New Zealand's biosecurity system. Actions are expected to drive change where it is needed most, using collective effort and resource. Significant progress towards delivery is expected by 2030. • Improve the integration, management and use of data for continuous system improvement. This includes enhancing data interoperability, connectivity and accessibility to enable smarter decisions, and maximise value and support strategic outcomes. • Timely, informed, transparent, and effective decisions are enabled through collective leadership and system performance management (including clear roles and responsibilities). • Genuine partnerships grow biosecurity knowledge and skills and empower participation (including training and support, and initiatives to generate action and responsible biosecurity behaviours). • Work is prioritised and resources allocated where they will have biggest impact (investment planning). • Current and future challenges are tackled through effective development and deployment of research and technology (including uptake of new and emerging technologies).

8. The Economic Case: The Scenarios

The identification and development of scenarios provide decision makers with choice about the best way to meet the objectives of the Scheme and the proposed investment. This provides contestability of ideas and helps ensure that projects are not pursued without sufficient analysis and diligence.

The presentation of a suite of scenarios (including any discarded) enables a range of possible interventions to be considered that meet, (partially or fully) the investment objectives, desired Scheme outcomes, Critical Success Factors, service requirements, and deliver the benefits and opportunities identified in the Business Case.

This Economic Case is structured into four sections:

- **Scenario descriptions** - outlines the scenarios considered, including the costs associated with each.
- **Critical Success Factors -** describes the critical success factors, which form the criteria for assessing the scenarios.
- **Scenarios analysis -** presents the assessment of each scenario and identifies the preferred way forward.
- **Cost benefit analysis -** summarises the results of the cost–benefit analysis (CBA) undertaken.

While scenarios consider impacts over up to six years, funding approval is sought for the first three-year period only.

8.1 Scenario Development

The development of scenarios for this Business Case has been a multi-staged process involving extensive engagement across NAIT Limited, OSPRI's senior leadership (including the Executive Leadership Team), funders and subject-matter experts.

The proposed initiatives were initially shaped in partnership with funders and OSPRI's senior leadership during the development of the NAIT Scheme Strategy. Since then, each initiative has been further refined to clarify intended deliverables, define interdependencies, and understand how the initiatives collectively support the overall strategic direction. This analysis enabled the sequencing of initiatives based on their dependencies and the scale of change required, ensuring delivery is both efficient and manageable for stakeholders. Care was taken to avoid introducing an unreasonable level of change within a short timeframe.

This process resulted in four scenarios for consideration:

- Status quo – Continue operating under the 2021-24 strategy settings.
- Scenario 1 - Delivery of the NAIT Replacement System (NRS) and minimal other change over three years.
- Scenario 2 - Full NAIT Scheme Strategy implementation over six years.
- Scenario 3 - Delivering the NRS within the current agreed funding envelope of $12.4 million/year[5].

The scenarios include the base operational functions and duties that NAIT Limited is required to undertake as per the NAIT Act as well as a focused set of improvement initiatives designed to uplift the efficiency and effectiveness of those functions and duties. These scenarios outline pathways to

[5] *Scenario 3 was developed after the commissioning of the CBA and is therefore not included in the modelling but has been considered in this Business Case.*

addressing system, policy, data, and behavioural barriers to enable a shift in the NAIT Scheme's performance, increase data accuracy and ensure value realisation and stakeholder confidence.

8.1.1 NAIT Limited Base Operations

The core functions and duties that NAIT Limited is required to undertake are set out in section 10 of the NAIT Act and comprise the following base operations:

- Provision of information, education and training material (farmer support).
  - Operation of the OSPRI Support Centre to respond to farmer enquiries.
  - Maintenance of the OSPRI website.
- Monitoring and compliance.
  - Analytics in support of MPI activities.
  - Regional support to implement the accreditation programme.
  - NAIT system monitoring to support reporting.
- Stakeholder engagement – engagement with stakeholder groups as part of scheme administration.
- Accreditation programme – for sale yards, meat processors and information providers.
- Implementation and maintenance of the NAIT accreditation programme and associated standards.
- Approval of NAIT devices.
  - Responding to requests for new device approvals.
  - Overseeing tag trials and assessing results.
- The NAIT Information System – running the current information system.
- Access to NAIT information – responding to, and analysis of, requests for NAIT data, including across OSPRI's data team and the NAIT Data Access Panel.
- Scheme management and administration.
  - Planning of the NAIT Scheme.
  - Reporting progress (quarterly).
- Data and IT support.
  - Cloud computing infrastructure that runs the current NAIT system.
  - The OSPRI Data Platform - collects, transforms, and normalises NAIT data to support ongoing analysis and reporting.
  - IT Managed Service Provider - support for the underlying Cloud Infrastructure.
  - Licensing for supporting or enabling software.
  - Information Security Systems - these are essential for managing security risks across the existing NAIT platform.
  - Supporting IT Services enables the ongoing operation of the NAIT systems, including IT service management functions such as change and configuration management, incident management, and problem management.

All base operations are supported by the Traceability, Data, Technology and Service Delivery teams within OSPRI.

8.1.2 Discarded Scenarios

NAIT Limited identified and assessed two additional scenarios, both of which were discarded for the reasons outlined below:

- **Disestablishment of the NAIT Scheme -** This scenario proposed closing the Scheme entirely. It was quickly ruled out as infeasible under current legislative and regulatory settings. The NAIT Act and associated regulations and levy orders remain in force, meaning scheme participants would still have legal obligations, levies would continue to be collected, and NAIT Limited would remain responsible for delivering statutory functions. Funders also made it clear there is no desire to close the Scheme, reinforcing that disestablishment is neither viable nor aligned with stakeholder expectations.

- **Delivery of the full NAIT Scheme Strategy within the 3-year Business Case period –** This scenario would compress the full strategy into the standard three-year cycle. It was discounted due to the scale of change and investment required within such a short timeframe. The risk of overwhelming stakeholders, limiting adoption, and undermining the likelihood of sustainable, sector-wide uplift was considered too high.

8.2 Scenarios Considered and Assessed in this Business Case

8.2.1 Status Quo - Continue Operating under the 2021-24 Strategy Settings

This scenario is to continue to implement the NAIT Scheme per the existing arrangements as outlined in the 2021-24 NAIT Scheme Strategy, without replacing the NAIT Information System. This scenario is retained only as a baseline comparator and is not considered feasible largely because it would leave the NAIT Information System operating on an ageing legacy platform that is no longer fit-for-purpose, cannot be further developed and will eventually require increasing levels of low-value high cost investment simply to maintain basic stability. Without replacement, the current platform faces growing risks of system failure and security vulnerabilities, while also preventing meaningful improvements to usability, functionality, or third-party integration. Under this scenario, NAIT Limited would continue business-as-usual activities with outdated policies and processes, no significant uplift in self-service capability for farmers or data accuracy, and reliance on regulatory deterrence rather than system or behavioural improvements. As a result, only marginal performance gains would be possible, which is well below what stakeholders need and inconsistent with the investment objectives.

It is expected that the status quo will slightly exceed current funding due to the increase in overhead cost associated with the *Mycoplasma bovis* programme winding down earlier than expected.

Scenario 1 – Delivery of Foundational Elements Only

Description: Scenario 1 delivers only the foundational elements of the NAIT Scheme Strategy. This includes the replacement NAIT Information System, a refreshed accreditation programme, and a limited set of supporting changes. Under this scenario, the Strategy is implemented only in part, with investment focused on establishing a modern technology platform and enabling baseline improvements. Broader policy, process, compliance, engagement, increasing data use and operational changes are largely deferred, resulting in a more limited scope of transformation.

What is included:

- All base operations as described in this Economic Case.
- The NRS
    - Implementation of a communications and engagement/ change strategy focused on supporting and embedding the NRS and related change.
- A refreshed accreditation programme.
- A third-party integration standard.
- Minimal policy and process change – to support the NRS only.
- Minimal compliance enforcement change – focus will be on enforcing the new accreditation programme only.
- Privacy impact assessment.

What is not included:

- Full implementation of the compliance enforcement framework.
- Improved provision of education and information via a knowledge hub and other self-service tools.
- A NAIT Scheme-wide communication and engagement strategy focused on broader Scheme performance (separate from NRS change and engagement activities).
- A data user strategy.
- Investigation into tag loss.
- Enhancements to the NAIT device strategy.
- Investigation into emerging NAIT device/tag technologies.

Scenario 2 – Full implementation of the NAIT Scheme Strategy over a 6-year period

Description: Scenario 2 proposes full implementation of the NAIT Scheme Strategy over a six-year period (indicative beyond Year 3 and subject to future funding decisions). It delivers the replacement NAIT Information System and implements the full set of policy, process, compliance, engagement, data and operational improvement initiatives set out in the Strategy.

While this Business Case seeks funding for a three-year period, the scale and complexity of the proposed changes require a longer delivery horizon. The six-year timeframe allows initiatives to be deliberately sequenced and managed, ensuring change is achievable, sustainable, and embedded across the Scheme. The scenario description therefore covers both the activities undertaken during the Triennial Business Case (TBC) period and those required in the subsequent three years to complete full Strategy implementation.

What is included:

- All base operations as described in this Economic Case.
- The NRS *(first three years)*
    - Implementation of a communications and engagement/ change strategy focused on supporting and embedding the NRS and related change.
- A refreshed accreditation programme *(first three years)*.
- A third-party integration standard *(first three years)*.
- Updated policies and procedures across the entire scheme *(final three years)*.
- Full implementation of the compliance enforcement framework *(final three years)*.
- Improved provision of education and information via a knowledge hub and other self-service tools *(final three years)*.
- A NAIT Scheme-wide communication and engagement strategy focused on broader Scheme performance (separate from NRS change and engagement activities) *(final three years)*.
- A data user strategy *(final three years)*
    - Privacy Impact Assessment *(first three years).*
- Investigation into tag loss *(final three years).*
- Enhancements to the NAIT device strategy *(final three years).*
- Investigation into emerging NAIT device/tag technologies *(final three years).*

8.2.2 Scenario 3 - Delivery of the NRS within Current $12.4m/year Funding Envelope

Description: This scenario invests in the NRS within the current agreed funding envelope of $12.4 million/year including recovery of the $1.2 million under-collection of beef and dairy farmer contributions over the next three years (i.e. $38.4 million over three years and $75.6 million over six years) and use of use of $3.0m cash reserves.

This would require savings of $7.72 million over the next three years and $10.32 million over six years to be made from delivery of NAIT Limited's base functions compared to delivery of the NAIT Scheme Strategy over six years. These would primarily come from the Support Centre and monitoring and compliance activities. This in effect represents a material (~40%) reduction in funding of NAIT core services and associated capability.

While formal service level agreements (SLAs) are not defined, recent experience of the stakeholder impacts when these functions, particularly the Support Centre, are under sustained pressure, provided a clear practical benchmark for minimum acceptable performance.

Reductions across the Service Delivery, Traceability, Data, and Engagement functions would have compounding, system-wide impacts on NAIT Scheme delivery, reflecting their integrated operating model. At this scale of reduction, performance would be expected to fall below historically acceptable operating levels with key impacts including:

- **Support Centre:** significantly increased wait times, dropped and unanswered calls, loss of outbound activity, and reduced capacity to manage seasonal demand peaks (e.g., Moving Day), limiting access to timely support and education
- **Traceability:** reduced ability to respond to NAIT compliance referrals, investigate issues, process data access determinations, administer the accreditation programme, and provide critical subject-matter expertise relied on across OSPRI, MPI, and stakeholders
- **Data:** reduced capacity to provide data extracts for compliance and disease investigations (in particular for large scale or complex data requests), impaired reporting stability, inability to perform bulk data fixes, and reduced capacity to identify and resolve systemic data issues
- **Engagement:** little regional presence, education, workshops, or targeted communications, including for high-risk periods such as Moving Day, and reduced proactive support for voluntary compliance.

Stakeholder impacts:

- **PICAs**: would notice reduced access to support, and increased reliance on directed and enforced compliance interventions due to reduced capacity to support voluntary and assisted. enforcement as the primary mechanism for managing compliance.
- **Processors/ Saleyards**: would notice limited support for existing accredited entities and no support for new applications. Reduced assistance for data correction and general enquiries, affecting efficiency and data quality.
- **MPI/Funders**: would notice an overall increase in costs and effort across compliance, enforcement and disease response activities.

Collectively, these impacts would significantly undermine the VADE model, by reducing OSPRI's capacity to support voluntary and assisted compliance activity. This would increase non-compliance, reliance on enforcement activity and reduce overall trust in the NAIT Scheme. Reductions affecting critical functions prior to NRS delivery would materially jeopardise successful delivery particularly in data migration, system integrations, and large-scale user readiness requirements. A reduction of this scale would significantly restrict OSPRI's ability to manage release demand spikes and unresolved system integration issues. Downstream effects include increased cost and effort for MPI and funders to address compliance, enforcement, and disease response activities, heightened reputational risk for NAIT-related entities, and increased biosecurity risk resulting from delayed or impaired access to timely and reliable traceability data.

8.3 Costs

A range of cost estimates have been used for each scenario identified in this Business Case. These estimates have been sourced from OSPRI and NAIT Limited documentation, information and estimates; and project team expertise (i.e., NRS project processes) and research.

Although the Business Case does not include the $6.2 million/year MPI spend on NAIT compliance activities as these are not subject to NAIT Limited oversight and accountability, these have been included in the overall Cost Benefit Analysis as set out in Table 4 below. The Traceability team works closely with MPI to support their compliance activities. This will be further enhanced through the development and implementation of the shared compliance and monitoring framework initiative.

Table 4 – Costs per scenario

SCENARIO	YEAR 1-3*	*YEAR 4-6****	TOTAL
Status Quo	$39.91m ($13.3m/year)	*$44.65m* *($14.88m/year)*	$84.56m
MPI compliance cost	$18.6m ($6.2/year)	*$18.6m* *($6.2/year)*	
Scenario 1 Delivery of NRS only	$46.88m ($15.63m/year)	*$41.58m* *($13.86m/year)*	$88.45m
MPI compliance cost	$18.6m ($6.2/year)	*$18.6m* *($6.2/year)*	
Scenario 2 Full implementation of the NAIT Scheme Strategy	$46.89 m ($15.63m/year)	*$44.49m* *($14.83m/year)*	$91.37m
MPI compliance cost	$18.6m ($6.2/year)	*$15.7m***** *$5.15m/years 1 & 2* *$5.3m/year 3*	
Scenario 3 Delivery of NRS within $12.4m/year	$42.02m** ($14.08m/year)	*$36.78m* *($12.26m/year)*	$78.8m
MPI compliance cost	$18.6m ($6.2/year)	*$18.6m* *($6.2/year)*	

* Includes use of cash reserves.

** Includes recovery of $1.2m under collection from dairy and beef in previous four years, may be recovered in first year.

*** Funding approval is sought for Years 1–3 only. Costs for Years 4–6 are indicative and included to support comparison of full implementation pathways.

**** The decrease in MPI compliance costs reflects the increase in OSPRI-led assisted interventions in years 4-6 (per the compliance, monitoring and enforcement framework initiative).

8.4 Cost Benefit Analysis

In mid-2025, a comprehensive Cost-Benefit Analysis (CBA) of the NAIT Scheme was commissioned to inform this Business Case and future investment decisions. Using Treasury and MPI CBA guidance, the analysis compares two forward investment scenarios, replacement of the NAIT Information System alone (Scenario 1), and system replacement plus additional initiatives to strengthen compliance, engagement and data access (Scenario 2), against a status-quo baseline over a 20-year horizon. The CBA draws on stakeholder knowledge across industry and government, quantifies incremental costs and benefits, and stress-tests results through sensitivity and breakeven analysis. The process included several iterations including consultation with key stakeholders.

This section presents the high-level results of the CBA. To help frame the results, it is important to confirm that a Benefit Cost Ratio (BCR), calculated as the ratio of total discounted benefits to total discounted costs, and the Net Present Value (NPV), the net value of those discounted benefits minus costs, are the key indicators of value for money. A BCR that is greater than one implies a positive NPV. Conversely, a BCR of less than one implies a negative NPV.

The NPV results of the CBA by scenario are as follows *($m)*:

Scenario	NPV	Benefit-cost ratio (x)	PV Cost	PV Benefit
1	13.3	5.6	2.9	16.2
2	21.6	4.1	6.9	28.6
Excluding lower confidence data quality benefits				
1	3.9	2.3	2.9	6.7
2	2.3	1.3	6.9	9.3

The analysis shows that both scenarios deliver positive outcomes, but they reflect different priorities. **Scenario 1** provides the strongest value-for-money case, with a higher BCR (5.6 vs 4.1) and lower overall cost. **Scenario 2**, however, delivers **greater total net benefits ($21.6m vs $13.3m)** and significantly stronger improvements in data quality, risk reduction, and market outcomes. Scenario 1 prioritises efficiency, whereas Scenario 2 prioritises capability and resilience.

It is important to note that the analysis does not factor in the potential impact of increased voluntary compliance rates and the associated reduction in costs related to MPI compliance interventions, which were out of scope for the CBA.

Scenario 1's investment delivers a highly efficient uplift in NAIT system performance. It achieves strong gains in ease-of-use and operational efficiency, generating benefits at relatively low cost while maintaining core system functionality.

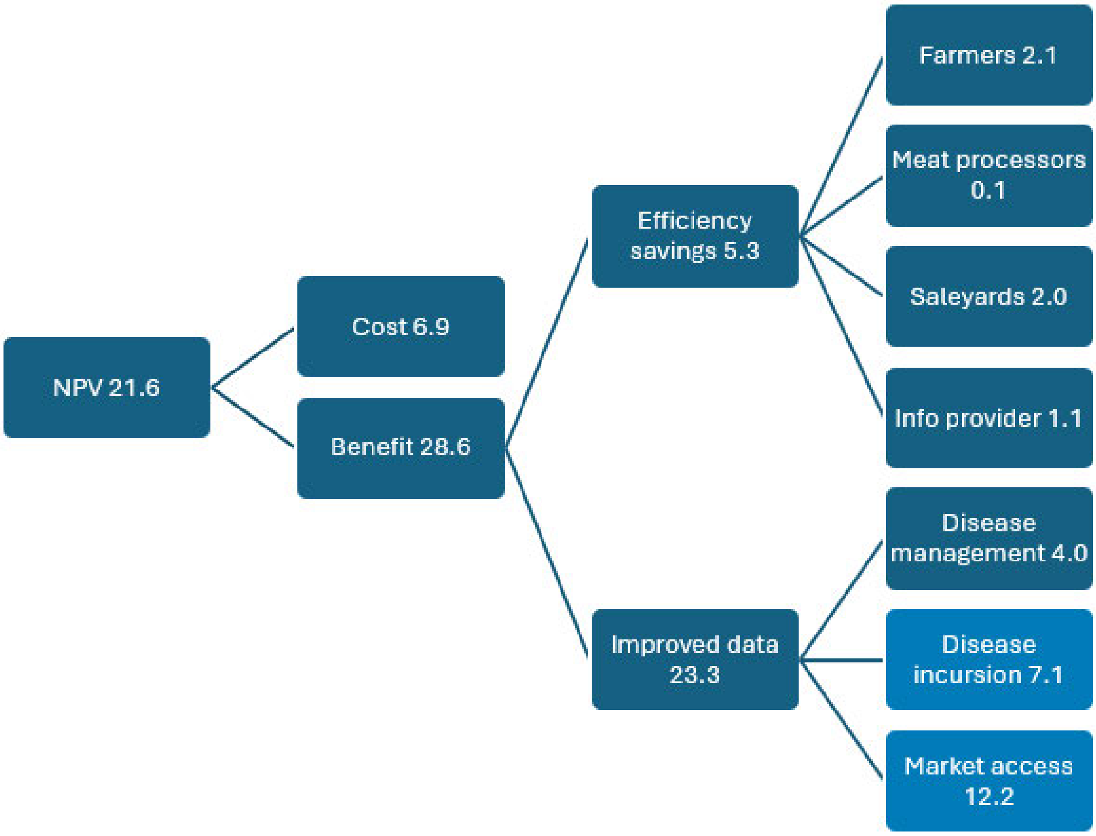
Scenario 2's additional investment translates into materially improved system performance. It delivers a step-change in data quality (over 100% increase relative to Scenario 1) and stronger reductions in the likelihood and consequences of major biosecurity events.

When assessed against the purposes of the NAIT Act, Scenario 2 provides a stronger fit. Section 3 outlines the purposes of the NAIT Act emphasising effective tracing, biosecurity management, and market assurance. Scenario 2's step-change in data quality and NAIT system capability directly supports:

- the rapid and accurate tracing of individual, or groups of, NAIT animals from birth to death or live export
- providing information on the current location and movement history of individual, or groups of, NAIT animals
- improving biosecurity management
- managing risks to human health arising from residues in food, food-borne diseases, and diseases that are transmissible between animals and humans
- supporting improved animal productivity, market assurances, and trading requirements.

Scenario 2 more fully delivers on the purpose and intent of the NAIT Scheme.

Figure 6 - PV mix of costs and benefits for scenario 2



Across both scenarios, most of the value comes from improvements in data quality, which underpin reduced biosecurity and disease incursion costs, more efficient endemic disease management, and protection of high-value export market access. Efficiency gains are also discussed as a key benefit.

Data quality benefits represent the largest share of the total benefits and sit one level deeper reflecting improved accuracy, completeness and timeliness of animal traceability data. Data quality benefits flow through to three main outcome areas:

- Biosecurity responses – reduced scale, duration and cost of exotic disease outbreaks.
- Endemic disease management – increased efficiency and targeting and reduced surveillance and testing costs (namely of bovine TB).
- Market access protection – reduction in risk of losing access to high-value export markets due to traceability or assurance concerns.

Efficiency gains capture time and cost savings across the livestock chain arising from the replacement NAIT information system and related support improvements. Improved usability, system integration, real-time verification, and reduced rework drive these gains, which collectively translate into material savings and lower compliance burdens for participants.

Overall, the report confirms that NAIT functions as core national infrastructure, delivering returns that far exceed its cost and providing a strong, evidence-based case for continued, and potentially expanded, investment in the Scheme.

The full CBA report is available and is supplied as an annex to this Business Case.

8.5 Critical Success Factors

Critical Success Factors (CSFs) set out the criteria that are essential for the successful delivery of the project. They necessarily complement, but are distinct from, the investment objectives set out in the Strategic Case above.

Investment objectives describe what we want to achieve, whereas CSFs describe how best to achieve it. Together, they form the "assessment framework" that our scenarios are initially assessed against.

The development of CSFs has been informed by Treasury Better Business Case best practice, analysis of information supporting the case for change, and through consideration of the problem and opportunity statements described in the Strategic Case.

The identified CSFs for the TBC, their description and rationale are set out in the below table:

Table 5 – Critical success factors

CRITICAL SUCCESS FACTOR	DESCRIPTION
Strategic fit and business needs	a. Assesses how well the scenario supports the NAIT Scheme Strategy, the OPSRI Strategy and the Biosecurity System Action Plan. b. Meets the agreed investment objectives.
Legislative obligations	a. Enables OSPRI and farmers/PICAs to meet their legislative obligations (especially voluntarily) as defined in the NAIT Act and associated Regulations and Orders, and Privacy Act.
Return on Investment	a. Evaluates the profitability or efficiency of the scenario relative to the cost, so that spend and effort is directed to create the most meaningful impact.
Affordability	a. Assesses how well the scenario can be met from available funding or the level of funding likely to be available.
Capability/Capacity	a. Assesses how effectively the scenario can be delivered over the planned timeframes, given the available skills, resources, capability and change required for: • OSPRI and NAIT Limited • External providers/service providers • Farmers. b. Stakeholders are informed, engaged and supported through change to fulfil their responsibilities under the NAIT scheme.
Achieves Balance of Stakeholder Key Imperatives	a. Assesses how the scenario achieves the appropriate and timely balance between stakeholder key imperatives: • quality and fit-for-purpose activities undertaken • return on investment and value-for-money • pace and level of uplift of Scheme performance improvement.
Flexibility	a. Assesses how well the scenario enables NAIT Limited/NAIT Scheme to be flexible to changing livestock industry needs, now, and in the future.

8.6 Scenario Analysis

The purpose of this section is to outline the analysis of the three scenarios considered within this Business Case against the CSFs and investment objectives identified in the Strategic Case.

The following three scenarios were considered:

- Status Quo – continue operating under previous strategy (retained as a baseline comparator).
- Scenario 1 – Delivery of the NAIT replacement system and minimal other change over three years.
- Scenario 2 – Full delivery of the NAIT Scheme Strategy over a 6-year period. **Recommended**
- Scenario 3 - Delivery of NRS within current agreed funding envelope.

The following sections outline the initial assessment of the scenarios. A detailed assessment against the CSFs can be found in appendix E.

8.7 Assessment against the Investment Objectives

The below table assesses the scenarios against the investment objectives outlined above.

Table 6 – Assessment against the investment objectives

INVESTMENT OBJECTIVE	STATUS QUO	SCENARIO 1	SCENARIO 2	SCENARIO 3
Realising greater value for farmers and the livestock industry from lifetime traceability, through improved biosecurity, food safety, market assurance, and animal productivity.	Does not meet this objective	Partially meets this objective	Meets this objective	Does not meet this objective
Delivering a NAIT Scheme that is intuitive, integrated, and requires reduced effort for farmers through an easy-to-use NAIT Information System and sound Scheme implementation.	Does not meet this objective	Meets this objective	Meets this objective	Does not meet this objective
Driving the success of the NAIT Scheme by everyone working together, with clear roles and responsibilities	Does not meet this objective	Does not meet this objective	Meets this objective	Does not meet this objective
Enabling lifetime traceability by NAIT animals being uniquely identified with the best available technologies	Does not meet this objective	Does not meet this objective	Meets this objective	Does not meet this objective
Overall assessment	**Does not meet**	**Partially meets**	**Meets**	**Does not meet**

8.8 Assessment against the Critical Success Factors

Table 7 - Status Quo - continue operating under previous strategy (retained as a baseline comparator)

Critical Success Factor	Status Quo: Overall assessment – Weak Alignment	RAG
Strategic fit and business needs	**Low strategic fit** – This scenario maintains existing operations and does not incorporate the strategic shifts identified in the NAIT Scheme Strategy, OSPRI Strategy, or Biosecurity System Action Plan. It retains the current NAIT Information System (with inherent stability, security and privacy risks) and does not include broader scheme-wide improvements such as technology upgrades, policy updates, or enhanced support mechanisms.	Weak Alignment
Legislative obligations	**Obligations can be met** – This scenario maintains current arrangements for meeting statutory requirements. Farmers continue to use the existing NAIT Information System to fulfil their NAIT obligations. However, the scenario does not introduce any additional initiatives to strengthen NAIT Limited's core functions (e.g., farmer education, and system maintenance remains limited to essential activities). Existing privacy, security, and system-stability risks persist.	Partial Alignment
Return on Investment (ROI)	**Low ROI** – This scenario retains the existing NAIT Information System and associated operating arrangements. It does not include initiatives aimed at improving operational efficiency, data quality and use, or compliance processes. System maintenance remains focused on essential updates, and costs and risks associated with maintaining the legacy platform may increase over time.	Weak Alignment
Affordability	**Moderately affordable** – This scenario is closest to current funding level with some increases associated with overhead changes and inflation. There is no additional investment above existing operations and maintenance of the current NAIT Information System. Additional investment into the existing NAIT Information System is likely to be required to maintain its stability.	Partial Alignment
Capability/ Capacity	**Moderate** – The scenario maintains sufficient capability to continue existing operations. It does not include initiatives to expand capability across the industry and does not introduce changes that would build capacity for meeting future stakeholder expectations.	Partial Alignment
Achieves Balance of Stakeholder Key Imperatives	**Low balance** – The scenario retains existing system and operational settings and does not include activities to advance stakeholder priority areas such as return on investment, ease of use and data quality.	Weak Alignment
Flexibility	**Low flexibility** – This scenario does not introduce changes that would enable adaptation to evolving industry needs, future requirements, or biosecurity settings beyond the schemes current ability to respond.	Weak Alignment

Table 8 - Scenario one - Delivery of the NAIT replacement system and minimal other change over three years

Critical Success Factor	Scenario One: Overall assessment – Partial Alignment	RAG
Strategic fit and business needs	**Moderate strategic fit –** The scenario includes replacement of the NAIT Information System, which improves usability, data accuracy and privacy, system stability and interoperability. It does not include other strategic enablers such as full compliance framework implementation, a stakeholder engagement strategy, a data-user strategy, device/tag-related work, or expanded information and education activities. Alignment is achieved with some, but not all, elements of the NAIT Scheme Strategy, OSPRI Strategy, and Biosecurity System Action Plan.	Partial Alignment
Legislative obligations	**Obligations can be met –** Core statutory obligations under the NAIT Act can continue to be met. The new NAIT Information System and accreditation programme support more accurate data entry, improved visibility of third-party activity and provide users with clearer signals where they may not be meeting their obligations. A Privacy Impact Assessment will be conducted. The scenario does not include broader initiatives to strengthen compliance, limiting uplift to system-driven improvements.	Strong Alignment
Return on Investment	**Moderate to high ROI –** The replacement NAIT Information System provides operational efficiency, third-party integration and user-experience improvements, with some associated compliance uplift. The scenario does not include supporting activities such as a data-user strategy, full compliance framework implementation, or broader behavioural and engagement initiatives, which limits longer-term benefit realisation.	Partial Alignment
Affordability	**Not affordable –** While funding requirements are closer to existing baselines than scenario two, additional investment is required for this scenario. Investment will be focused on the system replacement project and reduced scope in other areas. This approach remains financially manageable but does not incorporate other scheme-wide investments, some of which may need to be addressed in later years or future funding cycles.	Partial Alignment
Capability/ Capacity	**Capacity is sufficient for system replacement and supporting activities -** The chosen activities in this scenario are achievable within available capacity and capability. Change-management activity supports stakeholders and third-party integrators. The scenario does not include initiatives that build sector-wide capability or expand capacity beyond what is required for the system replacement and accreditation programme.	Strong Alignment
Achieves Balance of Stakeholder Key Imperatives	**Partially achieves balance –** The scenario improves system usability and interoperability but does not introduce the broader policy, compliance, data, and engagement improvements needed to advance all stakeholder priority areas. As a result, benefits are realised in some areas, particularly ease-of-use, but not across all.	Partial Alignment
Flexibility	**Moderate flexibility –** The replacement NAIT Information System will support technical adaptability. However, flexibility remains constrained as the scenario does not include supporting changes to compliance enforcement settings, policy alignment, data governance and use or the device standard. The scheme becomes more capable in some respects but is not fully adaptable to future industry or regulatory needs.	Partial Alignment

Table 9 - Scenario Two - Full delivery of the NAIT Scheme Strategy over a 6-year period

Critical Success Factor	Scenario 2: Overall assessment – Strong Alignment	RAG
Strategic fit and business needs	**High strategic fit –** This scenario includes replacement of the NAIT information system and implements all additional initiatives across policy, compliance enforcement, data governance and use, device/tag work, stakeholder engagement, and the provision of information and education. These activities best address the priorities in the NAIT Scheme Strategy, OSPRI Strategy, and key parts of the Biosecurity System Action Plan.	Strong Alignment
Legislative obligations	**Obligations can be met –** Core statutory obligations under the NAIT Act can continue to be met. A Privacy Impact Assessment will be conducted. The scenario includes all activities that improve NAIT Limited's execution of its core functions and duties including implementation of the full compliance framework, the replacement NAIT Information System (which will provide users with clearer signals where they may not be meeting their obligations) and enhanced visibility of third-party activity. These best support consistent and accurate fulfilment of legislative requirements.	Strong Alignment
Return on Investment	**High ROI –** Delivery of benefits begins with system implementation and continues through initiatives introduced in later years, including data governance and use, compliance enforcement, stakeholder engagement, and the provision of information and education. These activities support improved data quality, ease of use, operational efficiency, and broader value derived across the livestock industry.	Strong Alignment
Affordability	**Moderate-low affordability –** This scenario requires higher total investment than the alternatives, though the difference is relatively small. Costs are phased over six years, with core system replacement occurring in the early years and additional initiatives delivered in later years. While the additional funding is modest in context, it nonetheless exceeds the Status Quo and Scenario 1, resulting in partial alignment with this CSF.	Partial Alignment
Capability/Capacity	**High capability uplift -** Sequenced delivery over six years supports manageable implementation of system, policy, compliance, data, education, and stakeholder engagement work. Additional capacity and capability are built or sourced to support change and initiative implementation where required.	Strong Alignment
Achieves Balance of Stakeholder Key Imperatives	**Strong balance –** Improvements to system usability, compliance enforcement, stakeholder roles and responsibilities, data governance and use, device standards, and information provision collectively support uplift across all major stakeholder priority areas (ROI, ease of use, data quality). Outcomes and benefits are delivered both early (system replacement) and progressively (years 4–6 initiatives).	Strong Alignment
Flexibility	**High flexibility –** A modernised, modular NAIT Information System, refreshed policy and compliance settings, improved data governance and use, and ongoing device/tag work enable adaptation to future industry requirements, technology shifts, and biosecurity needs.	Strong Alignment

Table 10 - Scenario three - Delivery of NRS within current agreed funding envelope

Critical Success Factor	Scenario 3: Overall assessment – Very Weak Alignment	RAG
Strategic fit and business needs	**Very low strategic fit –** This scenario severely constrains OSPRI's ability to achieve the objectives outlined in the NAIT Scheme Strategy, OSPRI Strategy, and the Biosecurity System Action Plan, while also degrading current operational performance. Significant reductions across Traceability, Data, and Service Delivery teams would materially impact OSPRI's ability to meet existing obligations, resulting in degraded service levels, increased call wait times, reduced accreditation activity, and a diminished ability to respond to stakeholder needs. These impacts also would significantly undermine the VADE model, by reducing OSPRI's capacity to support voluntary and assisted compliance activity	Very Weak Alignment
Legislative obligations	**Meeting obligations is at risk –** NAIT Limited would likely be unable to meet its core statutory functions at current levels due to significant reductions in capability and capacity. Reduced ability to support compliance monitoring and enforcement, reconcile records, investigate issues, and provide information and education materially increases the risk of regulatory failure.	Very Weak Alignment
Return on Investment (ROI)	**Low ROI –** While this scenario delivers the NRS, it does so at the expense of core operations and supporting activities required to realise benefits. The reduction in capability across compliance monitoring and enforcement, data quality, and stakeholder support significantly limits the realisation of expected investment benefits and reduces the overall impact of the system replacement.	Weak Alignment
Affordability	**Very affordable –** This scenario is the most affordable in the short term and does not require additional funding; however, this is achieved through substantial reductions in operational capability and service delivery, which undermine Scheme performance and introduce significant operational and reputational risks.	Strong Alignment
Capability/ Capacity	**Insufficient capability and capacity –** This scenario results in a material reduction in capability across critical functions. NAIT Limited would not have sufficient capacity to sustain base operations, deliver effective change management, or support successful implementation and stabilisation of the NRS.	Very Weak Alignment
Achieves Balance of Stakeholder Key Imperatives	**Fails to achieve balance –** While the NRS is delivered, the broader set of initiatives required to meet stakeholder expectations cannot be progressed. There is also a material risk that existing base operations degrade, resulting in worsening outcomes across data quality, compliance, service levels, and stakeholder confidence.	Very Weak Alignment
Flexibility	**Low flexibility with constrained future responsiveness –** Although the replacement system introduces some technical flexibility, the lack of supporting operational capability, policy alignment, and process change significantly limits OSPRI's ability to respond to evolving industry, regulatory, or biosecurity requirements.	Very Weak Alignment

8.9 The Preferred Way Forward

8.9.1 Scenario Two is the Recommended Scenario *(table 11 below)*

Approval is sought for funding and delivery of Years 1–3 only. The remaining years represent the intended pathway to full implementation of the NAIT Scheme Strategy – subject to approval.

Table 11 – Scenario Two

SCENARIO TWO	DELIVERY OF THE NAIT SCHEME STRATEGY OVER A 6-YEAR PERIOD
Description	Scenario 2 delivers the replacement NAIT Information System and fully implements the NAIT Scheme Strategy over six years, with initiatives deliberately sequenced beyond the three-year funding period to ensure sustainable, embedded Scheme-wide change.
Advantages	This scenario has the strongest strategic fit and is the only scenario that fully aligns with NAIT Scheme Strategy, OSPRI Strategy, and parts of the Biosecurity Action Plan. This scenario also offers the highest ROI with the NRS setting the foundation for later stage benefits that can be realised through the additional initiatives aiming to increase data accuracy and overall scheme performance. This scenario provides a comprehensive uplift across NAIT Limited core functions and duties, in particular the NAIT Information System as well as provision of information and the monitoring and enforcement of compliance. This scenario offers the highest level of flexibility, including the planned work around investigation into innovation for possible future NAIT devices. The staged, multi-year delivery approach allows for large amounts of change to be embedded across a longer timeframe and reduces the associated risks related to change and capability. A formal 3-year review will allow for mid-course corrections and ensuring continued funder confidence.
Disadvantages	This scenario has the highest total investment cost across scenarios ($89.56M over 6 years), this has resulted in only partial alignment with the affordability CSF. The level of change is higher than other scenarios, which introduces greater delivery complexity and cumulative change load across sector (this scenario requires significant change management and sequencing).

SCENARIO TWO	DELIVERY OF THE NAIT SCHEME STRATEGY OVER A 6-YEAR PERIOD
Conclusion	Scenario 2 ***best meets all four Investment Objectives*** by delivering foundational improvements early and broader Scheme uplift over the later years. The new NAIT Information System provides usability and data-quality gains, while a data-user strategy expands industry value and supports better decision-making (Objective 1). Farmers benefit from simpler, better-integrated technology and refreshed policies (Objective 2). A strengthened compliance approach and clearer roles and responsibilities lift Scheme integrity and collective performance (Objective 3). Improved device monitoring and structured work on tag loss support better lifetime identification over time (Objective 4). Scenario 2 achieves **six of the seven Critical Success Factors**, with partial alignment on *Affordability*. It shows strong alignment with *Strategic Fit, Legislative Obligations*, and *Capability/Capacity* through improved system design, guided workflows, modernised policies, and a completed Privacy Impact Assessment. It also performs best against *Return on Investment* and *Achieving Balance of Stakeholder Imperatives*, delivering better compliance settings, improved data quality, and stronger interoperability. *Flexibility* is enhanced through more adaptable technology and updated processes. The only partial alignment is on *Affordability*, reflecting the higher investment required relative to other scenarios, including the Status Quo.

8.10 Workstream Costs

Costs from FY30 onwards are indicative only, and do not form part of the funding approval sought through this Business Case.

Table 12– NAIT workstream costs

NAIT Workstream ($000s)	FY26	FY27	FY28	FY29	FY30	FY31	FY32
1. Provision of Information	2,911	3,147	3,786	3,976	*4,285*	*3,532*	*3,194*
2. Monitoring compliance	2,034	883	1,063	1,116	*2,247*	*2,287*	*2,107*
3. Stakeholder engagement	237	201	242	254	*576*	*424*	*432*
4. Accreditation programme	245	157	189	198	*226*	*230*	*234*
5. Approval of NAIT devices	41	29	35	37	*91*	*92*	*94*
6. NAIT information systems	983	734	1,000	1,089	*1,111*	*1,133*	*1,156*
7. Access to NAIT Information	234	212	254	267	*430*	*438*	*446*
8. NAIT Scheme Improvements	1,133	9,093	2,558	-	-	-	-
9. NAIT Planning	216	151	181	190	*205*	*208*	*212*
10. Data Information Services Support	1,555	1,949	2,452	2,864	*2,798*	*2,867*	*2,939*
11. Overheads	2,285	2,094	3,148	3,339	*3,436*	*3,497*	*3,560*
Overhead Ratio of Total Costs	*19%*	*11%*	*21%*	*25%*	*22%*	*24%*	*25%*
Total	**11,874**	**18,650**	**14,907**	**13,330**	***15,404***	***14,707***	***14,374***

8.11 NRS Investment

Table 13 – NRS specific investment

NAIT Portion (70%)	FY26	FY27	FY28	FY29	FY30	FY31	FY32
NRS Implementation Opex	-	1,995	873	-	-	-	-
NRS Implementation Capex	-	7,098	1,662	-	-	-	-
Operating Costs	-	-	306	623	636	649	661
Amortisation	-	-	622	1,251	1,251	1,251	1,251

8.12 NRS Benefits

Table 14 – NRS Benefits

NRS Benefits	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Provision of information - support centre savings	-	-	-	-	-	(580)	(788)
NAIT Information system	-	-	(150)	(300)	(300)	(300)	(300)
Total Savings	-	-	**(150)**	**(300)**	**(300)**	**(880)**	**(1,088)**

NRS benefits are driven by a combination of NAIT system related savings and reductions in Support Centre costs. NAIT Information System savings relate to external support for the existing platform, beginning in FY28 at $150k, increasing to $300k from FY29 for a full year. Further savings occur from FY31 as the Support Centre resourcing reduces, with savings of $580k in FY31 and $788k in FY32, based on an assumed 25% savings in current resourcing levels, rising to 33% in the following year. The table above outlines the timing and scale of these savings.

8.13 Delivering and Measuring the Benefits

The CBA described above identified data quality improvements and efficiency gains as the primary drivers of economic value across the assessed scenarios. The benefits described below reflect the economic outcomes associated with the preferred scenario (Scenario Two), showing how the strategic benefits articulated in the Strategic Case translate into quantifiable value, efficiency gains, and risk reduction. The table links the CBA benefit categories to the detailed benefits expected to be delivered through full implementation of the NAIT Scheme Strategy.

Table 15 – Economic outcomes associated with the preferred scenario

BENEFIT	CBA BENEFIT	DESCRIPTION (ECONOMIC BENEFIT)	BENEFICIARIES
		Years (1-3)	
User experience and seamless integration	Efficiency Gains	Improve system usability and integration with third-parties, reducing error, duplication, manual intervention, and reducing compliance costs, support interactions, and more enabling more efficient completion of traceability tasks.	Farmers, Accredited Entities, Information Providers, OSPRI
Informing smarter decisions	Data Quality	Generate economic value by improving the accuracy, completeness, and accessibility of NAIT data, reducing the time, effort, and uncertainty associated with decision-making across the livestock sector, and enabling more efficient allocation of resources by farmers, industry participants, and government.	Farmers, Livestock Sector, New Zealand Inc, OSPRI
Operational efficiency and cost reduction	Efficiency Gains	Deliver measurable efficiency gains by reducing the time and effort required to meet traceability obligations, lowering administrative burden for farmers and industry participants, and decreasing the cost to serve within OSPRI through streamlined processes and reduced rework.	Farmers, OSPRI
		Years 2-3+ (medium term benefit associated with the NAIT replacement system)	
Strengthened scheme integrity and compliance.	Data Quality	Deliver clear, transparent communication of policies and processes so farmers and stakeholders understand what's expected and what support is available, building trust and improving compliance.	Farmers, Partners, OSPRI, MPI

BENEFIT	CBA BENEFIT	DESCRIPTION (ECONOMIC BENEFIT)	BENEFICIARIES
		Years (4-6)	
Expanding NAIT data impact	Data Quality	Increase the utilisation and practical application of NAIT data across approved users enabling broader economic benefits through enhanced operational insight, and data-driven services.	Farmers, Livestock Sector, New Zealand Inc, OSPRI
Protecting our industry	Data Quality	Reduce the scale, duration, and cost of biosecurity and disease response events by improving traceability and enabling faster identification of at-risk animals and locations, thereby lowering response costs and mitigating the economic impact on farmers, industry, and New Zealand's export markets.	Farmers, Livestock Sector, New Zealand Inc

The preferred scenario includes targeted initiatives and investment to strengthen partnerships across farmers, industry partners, MPI, and OSPRI, recognising that collaboration is a necessary enabling condition for benefits realisation rather than a standalone benefit. These initiatives are intended to improve clarity of roles and responsibilities, consistency of engagement, and coordination across Scheme participants. By strengthening how stakeholders work together, these actions support higher levels of adoption, voluntary compliance, and consistent practice, which enable the delivery and sustainability of the data quality, efficiency gains, and biosecurity benefits outlined above. Enhanced collaboration is therefore treated as a means to achieving Scheme outcomes, and its effectiveness will be considered as part of the broader benefits realisation and performance monitoring framework.

These benefits provide the strategic and economic rationale for the preferred scenario and form the basis for the Benefits Realisation Plan described in the Management Case.

9. The Commercial Case: Procuring Value for Money

To deliver the improvements outlined in this Business Case, OSPRI must secure the right capabilities and technology at the right time and cost. The Commercial Case sets out how we will approach the market to procure these services, ensuring value for money and alignment with strategic objectives.

All procurement activities will adhere to OSPRI's procurement framework and relevant regulatory requirements. In all market engagements OSPRI will be guided by internal Procurement Policy 2025, which are informed by the MBIE's procurement policy and its whole-of-government guidance on strategic procurement. At this stage, no exemptions have been sought or approved. Any future departures from policy will be documented and justified through the governance process.

Relationship to the NAIT Replacement System Business Case

The primary procurement activity associated with the preferred scenario is the NAIT Replacement System (NRS), which underpins the broader NAIT Scheme uplift.

The procurement of the NRS, including market engagement, Request For Information (RFI) and Request For Proposal (RFP) processes, assurance, contractual structure, and risk allocation, is out of scope for this Commercial Case. Those matters are addressed in detail in the standalone NRS Business Case, which provides the authoritative source of information for procurement decisions relating to the system build, operation, and enhancement.

This Commercial Case therefore focuses on commercial readiness and alignment, rather than re-stating detailed procurement design that is already documented and governed elsewhere.

9.1 What is being Procured under this Business Case

Aside from the NRS, this Business Case does not seek approval to run detailed procurement processes or appoint major suppliers. Instead, it confirms that appropriate commercial arrangements are in place to support delivery of the preferred scenario and that procurement will be undertaken in accordance with OSPRI policy and governance.

In addition to the NRS, this Business Case anticipates limited, targeted procurement of specialist capability required to support implementation activities (e.g. change management, data, knowledge management, or analytical support). These procurements are small-scale, time-bound, and operational in nature, and will be managed through standard business-as-usual processes.

Market engagement undertaken through the NRS programme (including RFI and RFP processes) has confirmed that there is a capable and competitive supplier market with proven experience in delivering large-scale, secure, and integrated traceability or comparable systems. This provides confidence that the required technology, delivery capability, and ongoing support can be sourced from the market in line with OSPRI's requirements.

9.2 Procurement Approach

9.2.1 OSPRI Procurement Strategy

All procurement undertaken under this Business Case will comply with OSPRI's Procurement Policy ensuring value for money, proportionality, and legislative compliance. The procurement pathway used in each case will be determined by the size, risk, and nature of the services required, with advice from OSPRI Procurement where appropriate, in many cases, this may involve an Expression of Interest (EOI) or RFI. However, OSPRI also uses streamlined processes such as Procurement in a Day, which is designed to make the process more efficient and collaborative.

9.2.2 Contract Provisions

Where external suppliers or contractors are engaged, contracts will be structured in line with OSPRI's contract management framework and will be managed proportionately based on value and risk. Accountability for contract management will sit with the relevant OSPRI business owners once contracts are executed, supported by central procurement and legal functions as required.

9.3 Procurement Roles and Responsibilities

To ensure transparency, accountability, and compliance throughout the procurement process, clearly defined roles and responsibilities have been established. These roles outline who is responsible for leading procurement activities, who provides oversight and approvals, and who manages contractual obligations post-approval. This structure supports governance alignment, timely decision-making, and effective risk management across all procurement components.

Table 16 – Roles and responsibilities

DELIVERY ROLE	RESPONSIBILITIES
Programme Sponsor (Deputy Chief Executive (DCE), Strategy and Programmes)	Provides strategic oversight and approves procurement decisions and contractual arrangements.
Business Owner (Head of Traceability)	Leads procurement planning and execution, drafts documentation, coordinates evaluation, and reports to governance.
OSPRI Procurement Team	Ensures all procurement activities comply with OSPRI policies and regulatory requirements; provides guidance on process, documentation, and audit trails; supports evaluation and contract execution.
Contract Manager	Manages contract execution, monitors supplier performance, and ensures compliance post-approval.

10. The Financial Case

10.1 Overview

10.1.1 Purpose

The purpose of the Financial Case is to assess the funding requirements of the preferred option (i.e. progressing the NAIT strategy including the NAIT Replacement System (NRS) project) and to demonstrate the financial impact of the preferred approach.

This Business Case requests $4.5m of additional funding ($1.5m per annum) for the next three years (FY27-FY29) to enable delivery of the preferred option.

Separately, it signals that this will need to increase to $2.5m per annum of funding in the following three years (FY30-FY32) to fund the wider NAIT Strategy, however this is subject to a separate business case process aligned with funder priorities closer to the time.

10.1.2 Financial Summary

The NAIT programme experiences increasing financial pressure over the medium term, driven by the delivery of the NRS, implementation of wider strategic initiatives and the ongoing cost of maintaining core functions. Over the next three years, current funding inflows provide $38.5m of revenue, against programme outflows of $46.1m resulting in a $7.7m cash shortfall over the period. Key drivers of these costs are described in the Operating and Capital Impact section below.

Table 17 - Operating and cashflow analysis for NAIT Scheme for FY27-FY29

Operating and Cashflow Analysis ($000s)	FY27-FY29
Revenue (BAU)	
Current Agreed Funding	$37.3M
add undercollected levies from prior years	$1.2M
Total Revenue	**$38.5M**
Less Programme Outflows	
Operational Expenditure (excl depreciation)	($35.3M)
NAIT Replacement System	($11.6M)
Interest & Working Capital Movements	$0.7M
Total Programme Outflows	**($46.2M)**
Net Cash Movement	**($7.7M)**

NAIT has $6.1m of opening cash reserves to contribute towards the $7.7m shortfall, with the aim to retain three months of cash cover for working capital requirements as per the NAIT Funders' Agreement. As at the end of FY29 this is $3.3m. This results in a need to raise $4.9m externally over the three-year period. Otherwise, NAIT will run out of cash and will be unable to meet its ongoing financial obligations. However, only $4.5m can be raised due to (refer Funding Constraints section):

- regulated levy rate caps
- the requirement to maintain funder proportions
- legislated requirement to spread total funding over three years.

This results in a maximum of $2.8m (63%) that can be collected from beef and dairy farmers over the next three years, over and above the recovery of the under collection of $1.2m from the previous triennium. The flow on effect is that once the agreed Deer Industry and Crown shares of 2% and 35% respectively are applied a maximum of $4.5m can be funded over the next three years, resulting in a $0.4m funding shortfall (see table below).

Table 18 - Shortfall in operating capital to deliver NAIT Scheme strategy for FY27-29 under current funding arrangements

Funding Reconciliation ($000s)	FY27-FY29
Net Cash Movement	**($7.7M)**
Opening Cash available	$6.1M
less working capital reserves (3 months cover)	($3.3M)
Funding Required to meet cash reserves	**($4.9M)**
Impact of levy cap from funding model	**$0.4M**
Shortfall - Additional Funding Request	**($4.5M)**

Therefore, the funding request and financial modelling are based upon $1.5m of additional funding per annum over the next triennium (FY27-FY29). This means that NAIT's cash balances remain positive, but fall below target cash reserve levels in FY28 and FY29.

Table 19 - Impact of additional funding of $4.5 on operating cash reserves

Cashflows ($000s)	FY26	FY27	FY28	FY29
Net Cash Movement (incl new funding)	-	(3,865)	(439)	1,151
Closing Cash Balance	**6,072**	**2,207**	**1,768**	**2,919**
Target Cash Reserves	*2,382*	*2,294*	*3,109*	*3,311*
Difference	3,690	(87)	(1,341)	(392)

This places liquidity pressure upon NAIT over the triennium, especially in FY28 where cash balances drop to the lowest point of $1.8m (vs target $3.1m). This is due to the mismatched timing between upfront NRS capital investment requirements, and requirement to smooth industry funding revenue over the three-year period. However, these cash balances are forecast to provide sufficient buffer to meet operating needs throughout the triennium and will be supplemented by tight cost controls, ongoing monitoring and updates to stakeholders. This ultimately achieves a practical balance between NAIT's financial viability and farmer affordability.

10.1.3 Operational and Capital Impact

Under the preferred option, total NAIT operating costs are projected to increase by $5m per annum between FY27 and FY29, rising from $9.6m to $14.6m. This increase is mainly due to these three factors:

- An increased contribution towards shared salaries and overheads following the wind down of the *M. Bovis* programme ($2.1m per annum).
- NAIT's share of NRS operating and amortisation costs ($1.9m per annum).
- Inflationary pressures applied to baseline operating costs ($0.6m per annum).

If programme income remains fixed, NAIT's current cost structure becomes unsustainable over the forecast period. Under this scenario, operating performance deteriorates, with EBITDA of -$0.5m projected by FY29 which declines further in out-years. This reflects increasing operating and overhead costs without growth in revenue.

This results in a total net operating shortfall of $1.4m over FY27-FY29 (driven by a $2.7m deficit across FY28 and FY29 following closure of *M. bovis*), growing to $10.7m over FY30-FY32.

Table 20 - Impact of increased NAIT Scheme costs on operating and capital reserves without additional funding

Summary Financials ($000s)	FY26	FY27	FY28	FY29	FY30	FY31	FY32
INCOME STATEMENT							
Total Revenue (excluding new funding)	11,921	12,826	12,826	12,826	*12,426*	*12,426*	*12,426*
Total Expenses	(10,496)	(9,541)	(12,385)	(13,332)	*(15,404)*	*(14,707)*	*(14,374)*
EBITDA	**1,426**	**3,285**	**441**	**(506)**	***(2,979)***	***(2,282)***	***(1,948)***
Depreciation	(233)	(16)	(16)	(10)	-	-	-
Net Interest Income	119	79	60	70	*83*	*92*	*106*
Net Surplus before One-off Items	**1,312**	**3,347**	**484**	**(446)**	***(2,896)***	***(2,190)***	***(1,842)***
NAIT Replacement System Opex	(1,143)	(1,995)	(873)	-	-	-	-
Amortisation on NRS	-	-	(622)	(1,251)	*(1,251)*	*(1,251)*	*(1,251)*
Net Surplus/(Deficit)	**169**	**1,353**	**(1,012)**	**(1,698)**	***(4,148)***	***(3,441)***	***(3,093)***
OPERATING SHORTFALL	**-**	**-**	**1,012**	**1,698**	***4,148***	***3,441***	***3,093***

Additionally, NAIT's share of NRS project investment (based on a 70/30 split of costs between NAIT/TBfree, refer NRS Investment section for detail) is anticipated at $11.6m ($8.8m capex and $2.9m opex) over 19 months, going live in January 2028. This includes a 20% contingency provision of $1.9m. Additional operating costs are anticipated at $637k per annum post-implementation.

The $8.8m of capital investment over FY27-FY28 must be fully funded by industry funds due to Crown funds being ringfenced for opex only. This is affordable using only industry funds and is detailed further in the Capital Cash Analysis section below.

10.1.4 Capital Cash Analysis

Under the recommended pathway, NAIT will have sufficient industry-funded cashflow each year to invest into the NRS, with programme opex met through a combination of Crown and remaining industry funds.

The below table illustrates the available NAIT cash each year to invest in capital expenditure after ringfencing Crown funds (which cannot be used for capital expenditure) and accounting for retention of three months cash cover. It demonstrates that the industry funding being received each year is sufficient to cover capex requirements on its own, thus not requiring any Crown funding to cross-subsidise capital expenditure.

Table 21 - Operating cash flow reflecting Crown funds being applied only to operating expenditure

Capital Cash Analysis ($000s)	FY26	FY27	FY28	FY29	FY30	FY31	FY32
	Forecast	Budget	Projection	Projection	*Projection*	*Projection*	*Projection*
Estimated Opening Cash	**3,451**	**6,072**	**2,207**	**1,768**	***2,919***	***2,591***	***3,009***
less retained reserves attributable to Crown	(1,208)	(2,545)	(1,052)	(759)	*(1,022)*	*(907)*	*(1,053)*
less amount required for working capital*	(2,255)	(2,294)	(3,109)	(3,311)	*(3,839)*	*(3,650)*	*(3,605)*

Capital Cash Analysis ($000s)	FY26	FY27	FY28	FY29	FY30	FY31	FY32
add new industry reserves**	7,570	9,461	9,461	9,461	*9,711*	*9,711*	*9,711*
Amount available for capital investment	**7,558**	**10,693**	**7,505**	**7,159**	***7,768***	***7,745***	***8,061***
Planned capital expenditure in year	-	(7,098)	(1,662)	-	-	-	-
Industry cash surplus/(deficit) for opex funding	**7,558**	**3,595**	**5,844**	**7,159**	***7,768***	***7,745***	***8,061***

** being working capital cash reserves required to provide three months of cash cover.*

*** being current funding plus industry portion (65%) of new funding.*

This can also be demonstrated via allocating NAIT's opening cash balance between Crown and Industry each year and demonstrating the respective flow of funds and expenditure against each stakeholder's funds. This has been provided in Appendix B.

10.1.5 Funding Constraints

This section describes the constraints to funding under current legislation and agreements between NAIT and its funders. The additional funding that can be raised is subject to limits due to:

- regulated levy rate caps
- the requirement to maintain funder proportions
- legislated requirement to spread total funding over three years.

NAIT funding is structured as a co-investment between the Crown and industry, with total scheme costs funded through a fixed proportional model in which Crown funding is capped at 35% of total funding while the remaining 65% is recovered from industry, comprising 63% from cattle (beef and dairy levy payers) and 2% from the deer sector.

Within the cattle component, funding is split between dairy and beef based on agreed shares (54.6% dairy and 45.4% beef), which must be maintained through the levy-setting process over the triennium. This is achieved through both tag and slaughter levies, where levy rates are calibrated against projected volumes and any over or under recovery corrected by adjustments to levy rates for the next triennium to ensure each industry continues to meet its target share. MPI and deer industry contributions are funded directly and as such are not constrained by levy caps, but are required to be maintained in proportion with cattle stakeholders.

Herd slaughter volumes have been lower-than-forecast over the FY22-FY26 period. As a result, dairy has under-contributed against its agreed share of funding over the previous triennium, distorting the intended dairy–beef proportional split. To address this, levy revenue over the next funding period (FY27–FY29) factors a $1.2m wash-up ($0.4m per annum) toward correcting this under-recovery, in addition to normal annual funding levels.

However, any further increase to levies to raise additional funding is constrained by regulatory caps on levy rates which require Cabinet approval to amend, placing a ceiling on cattle industry income that can be raised over the three-year period. Under current regulatory settings, the maximum that can be raised while remaining within levy caps and maintaining agreed industry proportions are:

Table 22 - Proposed increase in Crown and industry funding for FY27-FY29

Stakeholder	Funding Proportion	Amount per Annum	Total FY27-FY29 Additional Funding
MPI	35%	$525K	$1.58M
Dairy	34%	$516K	$1.55M
Beef	29%	$429K	$1.29M
Deer	2%	$30K	$0.09M
Total	**100%**	**$1.5M**	**$4.5M**

While NAIT will explore longer-term options such as increasing levy caps or separating wash-up mechanisms from levy settings, in the near term it must operate within existing regulatory constraints and optimise outcomes within the current levy framework. As a result, NAIT is unable to recover the full $4.9m required and must instead operate within a constrained funding envelope of $4.5m, resulting in a $0.4m funding shortfall.

10.1.6 Funding Approach

Therefore, $1.5m per annum is requested in the first triennium ($4.5m total) to provide sufficient headroom to meet investment requirements while maintaining cash reserves. Whilst lower than the average funding required per annum, this achieves a balance of financial viability by maintaining short-term cash cover while minimising costs to public and industry stakeholders.

Additionally, there is an option to address liquidity risk by forward funding e.g. cash received for the full quarter or half-year on the first day of the respective period, rather than the current practice of cash received on the first day of each month. While the net result each year remains the same, OSPRI would have more assurance of being able to meet obligations as they fall due and earn slightly higher interest on cash balances.

While OSPRI holds sufficient cash reserves at group level, NAIT has no capacity to service any debt due to negative future operating cashflows, meaning any intergroup or external borrowing would not be able to be repaid. Any upfront borrowing would be more expensive long-term from interest costs, hence the preferred approach is to raise funding levels in line with increased service expectations from the implementation of NRS.

10.1.7 Key Risks

It is noted that even with increased $1.5m per annum of funding over the next three years, closing cash reserves over the FY27-FY29 triennium will remain positive but will fall below the required three months cash cover levels. This is due to the additional investment required for the NRS, loss of overhead contribution from the *M. Bovis* programme and ongoing inflationary pressures while income remains fixed. Tight cost controls will be required to maintain cash levels, which are at their lowest in FY28 following NRS investment.

Following NRS replacement, implementation of the wider NAIT Strategy is anticipated to require a net $4.2m of investment over FY30-FY32. At this stage, delivering this Strategy on top of core operations will indicatively require additional funding to increase to $2.5m per annum from FY30 to maintain target cash reserves by the end of the second triennium. It is understood that decision-making on funding levels for the FY30-FY32 triennium will be reviewed in FY29 and requested as part of a separate business case once NRS has been completed and operating model impacts better understood.

Table 23 - Forecast cash requirements for delivery of the NAIT Scheme Strategy over six years

Summary Financials ($000s)	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Net Cash Movement	-	(3,865)	(439)	1,151	*(328)*	*418*	*615*
Closing Cash Balance	**6,072**	**2,207**	**1,768**	**2,919**	***2,591***	***3,009***	***3,623***
Target Cash Reserves	*2,382*	*2,294*	*3,109*	*3,311*	*3,839*	*3,650*	*3,605*
Difference	3,690	(87)	(1,341)	(392)	*(1,248)*	*(641)*	*18*

10.2 Key assumptions

The modelling for the NAIT programme is based on a consistent set of assumptions across revenue, expenditure, and balance sheet items. Inflation and interest rate assumptions have been informed by Treasury forecasts, with expense inflation set at circa 2% per annum based on discussions with internal staff. Allocation of overhead costs across programmes has also been aligned to information analysed by OSPRI finance team.

Revenue has been modelled on a flat basis across the forecast period, consistent with current funding arrangements. Income over the first triennium (FY27-FY29) includes under collection of $1.2m ($0.4m per annum) from previous periods, which is time-limited to end in FY29. An additional funding of $1.5m per annum is modelled over the first triennium to support delivery of the NRS project, increasing to $2.5m in the second triennium (FY30-FY32) for implementation of the wider NAIT Strategy while largely maintaining minimal cash reserves.

Personnel costs reflect the reallocation of enabling services from the wind-down of the *M. bovis* programme to NAIT and TBfree. Staff seconded to the NRS project have not been backfilled during the implementation period and are assumed to return to business-as-usual operations following go-live in January 2028. KiwiSaver contributions are modelled at 4% from FY28 onwards. Salary increases have been modelled at a time-limited increase of 3.5% in FY27, before decreasing to 2% per annum thereafter.

Expenditure includes NAIT strategic initiatives based on decisions made by internal staffing, with costs increasing in outer years in line with CPI. These costs sit alongside the additional operating and capital impacts associated with delivery of the NRS and are explained further below.

The model is built using data extracted from OSPRI's FY27 draft budget, with opening balance sheet items rolled forward from the closing FY26 forecast position.

Cash reserves have been modelled based on a target of holding three months of operating expenditure, consistent with funders agreement. However, the limitations on funding described above means that NAIT's cash balances remain positive, but fall below target cash reserve levels in FY28 and FY29. However, these cash balances are forecast to provide sufficient buffer to meet operating needs throughout the triennium and will be supplemented by tight cost controls, ongoing monitoring and updates to stakeholders. This ultimately achieves a practical balance between NAIT's financial viability and farmer affordability

Depreciation has been applied based on existing asset run rates to fully depreciate current assets over time. No additional provision has been included for minor capital replacement over the forecast period.

Table 24 - NAIT Financial Metrics

Summary Financials ($000s)	FY26	FY27	FY28	FY29	FY30	FY31	FY32
	Forecast	Budget	Projection	Projection	*Projection*	*Projection*	*Projection*
INCOME STATEMENT							
Total Revenue (including new funding)	11,921	14,326	14,326	14,326	*14,926*	*14,926*	*14,926*
Total Expenses	11,171	9,541	12,385	13,332	*15,404*	*14,707*	*14,374*
EBITDA	**750**	**4,785**	**1,941**	**994**	***(479)***	***218***	***552***
Depreciation	233	16	16	10	*-*	*-*	*-*
Net Interest Income	119	79	60	70	*83*	*92*	*106*
Net Surplus before One-off Items	**637**	**4,848**	**1,985**	**1,054**	***(396)***	***310***	***658***
NAIT Replacement System Opex	-	(1,995)	(873)	-	*-*	*-*	*-*
Amortisation on NRS	-	-	(622)	(1,251)	*(1,251)*	*(1,251)*	*(1,251)*
Net Surplus/(Deficit)	**637**	**2,853**	**488**	**(198)**	***(1,648)***	***(941)***	***(593)***
CAPITAL EXPENDITURE							
NAIT Replacement System Capex	-	(7,098)	(1,662)	-	*-*	*-*	*-*
CASH BALANCES							
Net Cash Movement	**-**	(3,865)	(439)	1,151	*(328)*	*418*	*615*
Closing Cash Balance	**6,072**	**2,207**	**1,768**	**2,919**	***2,591***	***3,009***	***3,623***
Target Cash Reserves	*2,382*	*2,294*	*3,109*	*3,311*	3,839	3,650	3,605
Difference	3,690	(87)	(1,341)	(392)	*(1,248)*	*(641)*	*18*

Table 25 - Forecast workstream costs

NAIT Workstream ($000s)	FY26	FY27	FY28	FY29	FY30	FY31	FY32
1. Provision of Information	2,911	3,147	3,786	3,976	*4,285*	*3,532*	*3,194*
2. Monitoring compliance	2,034	883	1,063	1,116	*2,247*	*2,287*	*2,107*
3. Stakeholder engagement	237	201	242	254	*576*	*424*	*432*
4. Accreditation programme	245	157	189	198	*226*	*230*	*234*
5. Approval of NAIT devices	41	29	35	37	*91*	*92*	*94*
6. NAIT information systems	983	734	1,000	1,089	*1,111*	*1,133*	*1,156*
7. Access to NAIT Information	234	212	254	267	*430*	*438*	*446*
8. NAIT Scheme Improvements	1,133	9,093	2,558	-	*-*	*-*	*-*
9. NAIT Planning	216	151	181	190	*205*	*208*	*212*
10. Data Information Services Support	1,555	1,949	2,452	2,864	*2,798*	*2,867*	*2,939*
11. Overheads	2,285	2,094	3,148	3,339	*3,436*	*3,497*	*3,560*
Overhead Ratio of Total Costs	*19%*	*11%*	*21%*	*25%*	*22%*	*24%*	*25%*
Total	**11,874**	**18,650**	**14,907**	**13,330**	***15,404***	***14,707***	***14,374***

The table above shows NAIT cash expenditure by functional workstream across FY27-FY32, showing how resourcing is distributed over the forecast period.

Changes in workstream expenditure over the forecast period are driven by:

- Implementation and operation of the NRS project and wider NAIT strategy.
- increased contributions from FY28 towards OSPRI Group staffing and indirect expenses resulting from the closure of the *M. bovis* programme.
- underlying inflation, and the implementation of strategic initiatives.

Provision of Information remains the largest workstream across the forecast period. The increase in FY30 reflects investment in knowledge hub improvements, while reductions in FY31-FY32 are driven by support centre savings.

10.2.1 NRS Investment

The NRS comprises a major cash draw over the next triennium. This is funded between NAIT and TBfree, on a 70/30 basis. TBfree uses NAIT information to inform its surveillance programme (e.g. support targeted testing and in future targeted slaughter surveillance) and disease response in the event of new livestock cases (casing and tracing). The OSPRI Board approved the proposed ownership split of the NRS intangible asset, with 70% allocated to NAIT and 30% to TBfree, based on the benefits each receives from the asset (for example support of targeted testing is expected to provide greater than 50% reduction in TB testing and also reduction in the number of farms impacted by movement controls (in the absence of the information derived from NAIT).

The project costs include 20% of contingency costs reflecting the level of uncertainty standard to IT projects of this nature. External vendor contracts comprise the majority of cost, and has gone through an extensive contracting process to provide greater price certainty. As a result, the financial risk associated with the project stems primarily from timing overruns from delays as opposed to pricing risk, and maintaining this level of contingency provides buffer for circa 4 months of both internal and external costs. To manage risk throughout the project, access to contingency will require approval from project governance with consistent reporting on the nature and extent of contingency budget utilised.

The upfront costs and subsequent depreciation will be recorded on the balance sheet of each legal entity in these proportions. TBfree's contribution to operational costs after system go-live will be allocated according to the same percentages.

The financial impact of this investment on the programme is shown below, with fuller details available in the wider NRS business case.

Table 26 - NRS build and operating costs

NAIT Portion (70%)	FY26	FY27	FY28	FY29	FY30	FY31	FY32
NRS Implementation Opex	-	1,995	873	-	-	-	-
NRS Implementation Capex	-	7,098	1,662	-	-	-	-
Operating Costs	-	-	306	623	*636*	*649*	*661*
Amortisation	-	-	622	1,251	*1,251*	*1,251*	*1,251*

The existing NAIT Information System has passed end of life and there is no further depreciation factored in. The new system is commissioned in Jan-28 with depreciation following thereafter. Total capex is $12.5m with a useful life of 7 years, therefore amortisation is $1.8m per annum on a straight-line basis, with NAIT covering 70% of this as shown above.

NRS benefits are driven by a combination of NAIT system related savings and reductions in support centre costs. NAIT Information System savings relate to external support for the existing platform, beginning in FY28 at $150k, increasing to $300k from FY29 for a full year. Further savings occur from FY31 as the support centre resourcing reduces, with savings of $580k in FY31 and $788k in FY32, based on an assumed 25% savings in current resourcing levels, rising to 33% in the following year. The table below outlines the timing and scale of these savings.

Table 27 - Savings that arise from delivery of the NAIT Replacement System

NRS Benefits	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Provision of information - support centre savings	-	-	-	-	-	*(580)*	*(788)*
NAIT Information system	-	-	(150)	(300)	*(300)*	*(300)*	*(300)*
Total Savings	-	-	**(150)**	**(300)**	***(300)***	***(880)***	***(1,088)***

10.2.2 *M. bovis* Programme Disestablishment

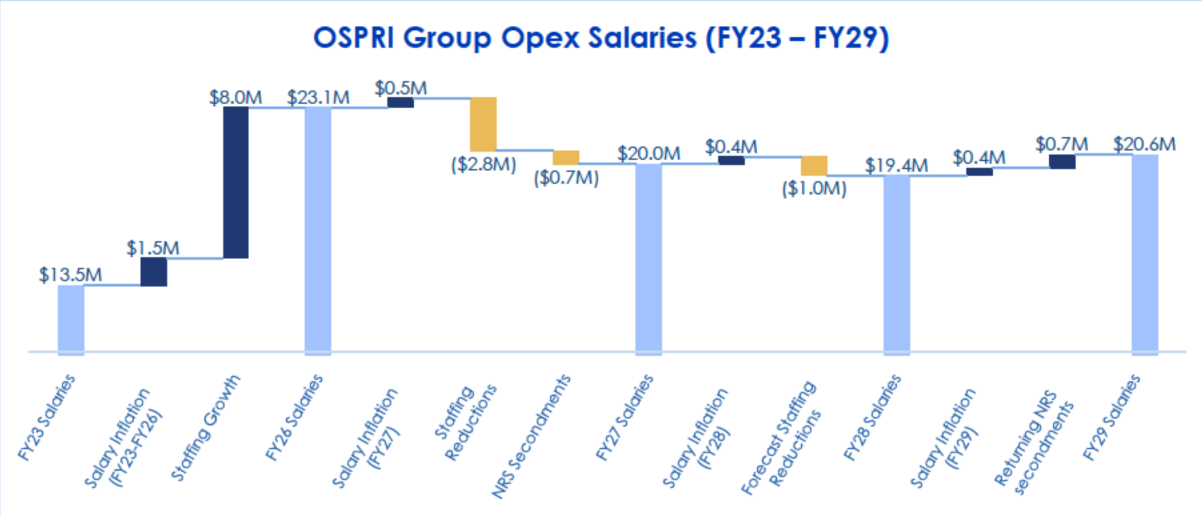
NAIT personnel expenditure depends on the FTE allocation of staffing from the wider OSPRI Group which occurs at a functional level. OSPRI's implementation of the *M. bovis* programme in FY24 led to significant change in the size of the organisation, with NAIT benefiting from greater economies of scale reducing shared overhead staffing. With monitoring providing greater confidence that the disease has been eradicated from NZ, it is likely that this programme will be disestablished by June-28.

As a result, the closure of this programme leads to a greater contribution required from both NAIT and TBfree for shared overhead costs effective from FY28. However, OSPRI has pre-emptively taken action to right-size the organisation to reduce the total base, covered in the next section.

The total cost impact to the NAIT programme from this change is anticipated at a total $2.1m of additional costs per annum, being $0.9m of salary contribution, and $1.2m of overhead costs.

10.2.3 OSPRI Group Salaries

Changes in total OSPRI opex staffing over the forecast period are illustrated in the below chart:



Excluding inflation, OSPRI personnel costs increased by $8.0m from FY23 to FY26, driven by direct programme costs (TBfree and *M. bovis*) along with growth in digital and corporate services. This is offset by cost reduction initiatives to reduce staffing costs by circa $2.8m from FY27, with further $1.0m planned in FY28.

Key areas of remaining growth are shown in the below table. Growth in TBfree and *M. bovis* staffing relate to resourcing to drive programme outcomes, with the remaining *M. bovis* staffing costs expected to be removed in FY28. The growth in TBfree-related wages and salaries relates to a decision to insource testing and field services over the period, where these had previously been contracted externally.

Table 28 - Changes in OSRI costs since 2023 including impoact of the MBfree programme

Functional Area	Change	Change	Net Change
	FY23-FY26	*FY26-FY27*	*FY23-FY27*
TBfree	$4.2M	($1.1M)	**$3.1M**
M. Bovis	$1.6M	($1.1M)	**$0.5M**
Digital Services	$1.5M		**$1.5M**
Corporate Services	$0.8M	($0.7M)	**$0.0M**
Vacancy Provision		($0.6M)	**($0.6M)**
PMO Office		$0.7M	**$0.7M**
Total Growth	**$8.0M**	**($2.8M)**	**$5.2M**

The growth in Digital Services is due to historically capitalised staffing in FY23 relating to the ISSP project who have since been reclassified as opex. Additionally, OSPRI has established a new PMO function to support organisational transformation as a key learning from previous experience.

10.2.4 Personnel Cost Allocation

Structural changes following the wind down of the *M. bovis* programme cause changes in both staffing costs and the allocation of shared overheads across the Group. As *M. bovis* exits, the level of shared overheads and programme costs previously absorbed by *M. bovis* reduces, resulting in a redistribution of these costs across NAIT and TBfree.

Table 29 - Forecast personnel cost allocation across OSPRI Business Groups (FY26-FY32)

Personnel Cost Allocation	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Salaries (excl project costs)	**$23.0M**	**$19.9M**	**$19.4M**	**$20.6M**	***$21.1M***	***$21.5M***	***$21.9M***
% Allocation							
NAIT	26%	28%	36%	37%	*37%*	*37%*	*37%*
TBfree	48%	54%	64%	63%	*63%*	*63%*	*63%*
M. Bovis	27%	18%	-%	-%	*-%*	*-%*	*-%*
NAIT Wages & Salaries (excl project costs)	**$5.9M**	**$5.6M**	**$7.0M**	**$7.7M**	***$7.8M***	***$8.0M***	***$8.2M***
Annual Change ($m)	-	($0.3M)	**$1.4M**	$0.7M	*$0.2M*	*$0.2M*	*$0.2M*

This results in an overall $1.4m increase in NAIT salary costs between FY27-FY28, of which $0.9m arises from the redistribution of *M. bovis* salaries, with the remainder from NAIT's share of returning project staff from NRS ($0.5m, being NAIT's portion of total project staffing returning to BAU from Jan-28). The FY29 staffing change relates to a further six months of opex staffing costs from NRS resources returning for the full year.

10.2.5 OSPRI Overheads

OSPRI overheads have also increased over the period across the various functional areas, albeit lower than cumulative CPI for all areas except for programme stakeholder delivery functions.

Table 30 - Changes in OSPRI overheads since FY 2023

Overheads ($000s)	FY23 Actual	FY27 Budget	Change	% Change
Programme Delivery	$1,560	$1,772	$212	13.6%
M. Bovis Transitional Funding	($633)	$0	$633	-100.0%
Digital Services	$6,236	$6,690	$453	7.3%
Corporate Services	$3,694	$3,816	$123	3.3%
Total	**$10,857**	**$12,278**	***$1,421***	***13.1%***
Cumulative FY23-FY27 CPI				*10%*

A material shift is reflected in allocation of indirect costs, with 31% of overhead costs currently absorbed by *M. bovis* to be split between NAIT and TBfree once *M. bovis* winds down in FY27.

The total overhead costs at a Group level does not increase but results in a higher proportion of these costs being picked up by NAIT and TBfree.

Table 32 - Forecast overhead cost allocation by group

Overhead Cost Allocation	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Total Overhead	**$14.5M**	**$12.3M**	**$11.1M**	**$11.3M**	***$11.5M***	***$11.7M***	***$12.0M***
% Allocation							
NAIT	27%	31%	46%	46%	*46%*	*46%*	*46%*
TBfree	42%	38%	54%	54%	*54%*	*54%*	*54%*
M. Bovis	31%	31%	-	-	-	-	-
Impact - % Allocation	-	$0.7M	$1.8M	-	*$0.0M*	*($0.0M)*	-
Impact - Change in Base	-	($0.7M)	($0.6M)	$0.1M	*$0.1M*	*$0.1M*	*$0.1M*
Total NAIT Overheads Impact	**-**	**($0.0M)**	**$1.2M**	**$0.1M**	***$0.1M***	***$0.1M***	***$0.1M***

10.2.6 Strategic Initiatives

Following the NRS, further enhancements are envisaged to build upon the capabilities unlocked. The largest area of growth is increasing the scope of monitoring and compliance, offset by savings in Support Centre resourcing and NAIT Information System.

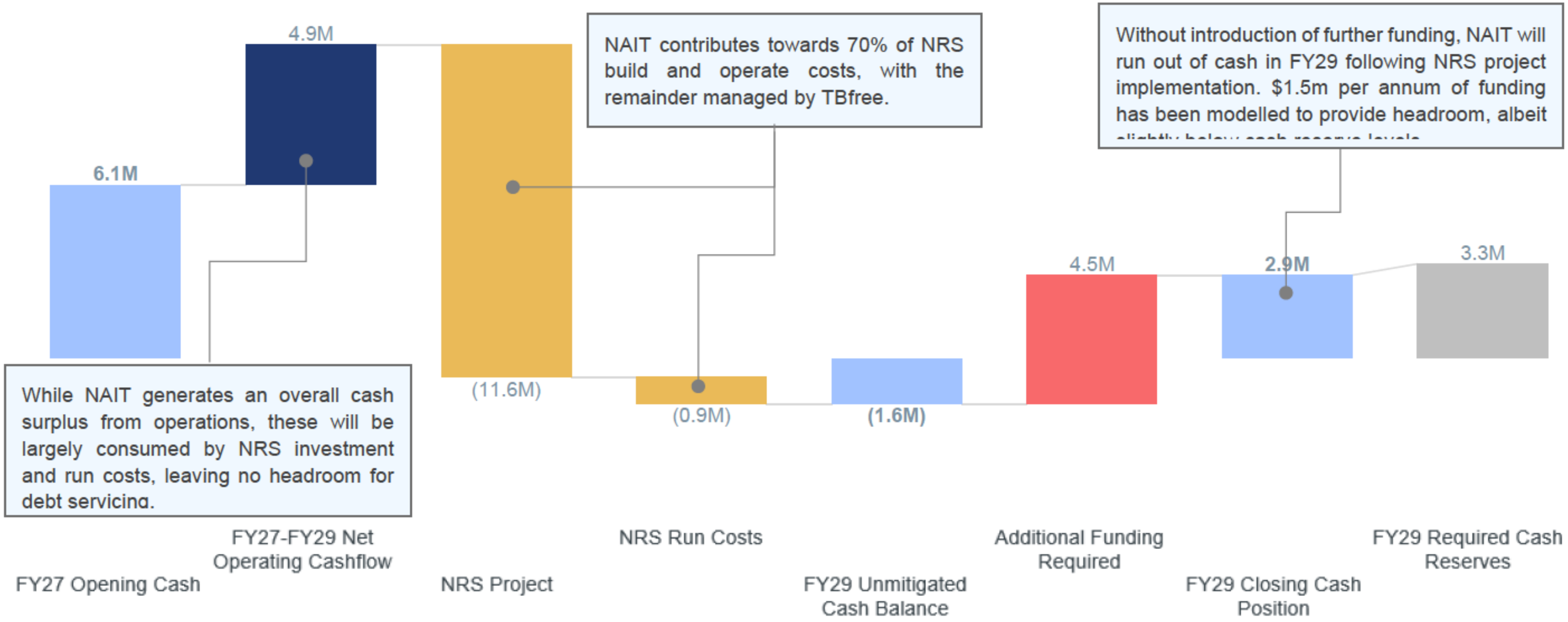
Table 32 - Forecast costs of NAIT Scheme Strategy initiatives other than the NRS over next six years

NAIT Strategic Initiatives ($000s)	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Provision of Information	-	-	-	-	***250***	***4***	***(174)***
Knowledge hub improvements	-	-	-	-	*250*	*190*	*190*
Support centre savings	-	-	-	-	*-*	*(186)*	*(394)*
Monitoring compliance	-	-	-	-	***1,050***	***1,050***	***850***
Stakeholder engagement	-	-	-	-	***300***	***150***	***150***
Approval of NAIT devices	-	-	-	-	***50***	***50***	***50***
Access to NAIT Information	-	-	**50**	**-**	***150***	***150***	***150***
Total Expenditure/(Savings)	-	-	**50**	**-**	***1,800***	***1,405***	***996***

10.3 Programme Liquidity

The cashflow profile below shows that while NAIT continues to generate a positive operating cash position over FY27-FY29, this is then largely consumed by the cost of delivering the NRS programme, including both build and ongoing run costs. This leaves limited headroom within the programme to absorb additional shocks. Cash reserves fall below minimum required levels during the first triennium.

Without the introduction of additional funding, the programme's cash position becomes constrained. The modelling indicates that NAIT will run out of cash following the implementation of NRS, which could significantly restrict the programme's ability to operate unless additional funding is available. Therefore, $4.5m of additional funding is required to maintain positive cash balances and largely meet required cash reserves.



10.4 Impact on TBfree

TBfree is impacted by changes in both the NRS investment and reallocation of overhead costs following the wind down of the *M. bovis* programme. The programme will be required to cover 30% of the NRS project costs, along with 54% of the reallocated overheads. This will increase its cost base and place significant financial pressure on the programme throughout FY27-FY29.

Despite this impact, TBfree maintains a relatively strong cash position over the forecast period and is expected to retain liquidity to meet financial obligations through the next triennium. The programme is expected to have cash balances of $23.5m at the end of FY27, providing a level of resilience to absorb these additional costs following the wind down of the *M. bovis* programme.

11. The Management Case

The Management Case confirms that the preferred scenario, encompassing both the continuation of NAIT's base operations and delivery of the proposed improvement initiatives, is achievable and details the arrangements needed to both ensure successful delivery, realise the benefits and to manage programme risks.

If approval is given to proceed with this investment proposal, existing OSPRI structures, processes and practices will be leveraged to support the design, development and implementation of the proposed investment initiatives outlined in this Business Case. However, supplementary specialist resources will be sourced to fill specific capability gaps to drive the work programme (as described in the Commercial Case).

11.1 Implementation of the Preferred Scenario

Implementation of the preferred scenario will occur through a combination of programme-governed delivery, business-as-usual (BAU) operations, and targeted, discrete improvement initiatives, reflecting the scale and risk profile of each component of the delivery of the NAIT Scheme Strategy.

11.1.1 Programme-Governed Delivery

OSPRI applies a structured Enterprise Portfolio Office (EPO) framework to ensure consistent governance, oversight, and delivery across all its programmes and projects. This framework provides clear roles and responsibilities, standardised processes, and robust reporting mechanisms, recently reinforced through independent review, to support effective decision-making and accountability. The EPO acts as the central coordination point, enabling transparency, resource optimisation, and continuous improvement across the portfolio.

- **Portfolio governance:** Alignment of all programmes and projects with OSPRI's strategic objectives
- **Programme governance:** Coordination of related projects to ensure achievement of strategic objectives
- **Project management:** management of project delivery

The NAIT Replacement System (NRS) will be delivered as a formally governed project within this EPO framework, reflecting its scale, complexity, cost, and risk. It will be subject to EPO controls and quality assurance processes, including defined milestones, reporting, risk management, and independent assurance as appropriate. These are described in full in the NRS business case.

While governed as a formal project, the NRS will remain fully integrated with the broader NAIT Scheme programme. This ensures technology delivery is directly aligned with operational policy, process design, change management and business as usual requirements. This approach supports coordinated system development, operational readiness and user adoption and ensures the replacement system acts as an enabler for the wider scheme uplift.

11.1.2 Business as Usual and Targeted Initiatives

In parallel with programme-governed delivery, a significant proportion of the preferred scenario will be implemented through enhanced BAU operations and targeted improvement initiatives that do not warrant formal EPO or project structures.

These initiatives will be delivered through enhanced BAU operations, supported by specific, approved additional investment under the preferred scenario, and led by the relevant functional owners. While not structured as discrete projects, these investments will be subject to clear scope definition, agreed deliverables, and proportionate performance monitoring to ensure value for money and benefits realisation.

11.2 Governance and Accountability

The implementation of the preferred scenario will be sponsored by the Deputy Chief Executive – Strategy and Programmes and delivered through a structured Implementation Plan. Day-to-day oversight will be provided by the Business Owner (Head of Traceability), with operational delivery led by the Project Manager/Advisor.

The EPO framework includes a Portfolio Governance Board (PGB), supported by established programme and portfolio governance structures, and oversight from the OSPRI Board.

Consistent with funder expectations, OSPRI will maintain rigorous internal assurance processes, including the use of the PGB and oversight from a technical sub-committee of the OSPRI Board.

OSPRI's internal assurance will include at least one suitably qualified independent expert advisor, providing specialist technical and delivery expertise to strengthen programme assurance.

Figure 7: OSPRI's high-level governance structure for BAU, including NAIT programme operations, and projects (e.g., the NRS).

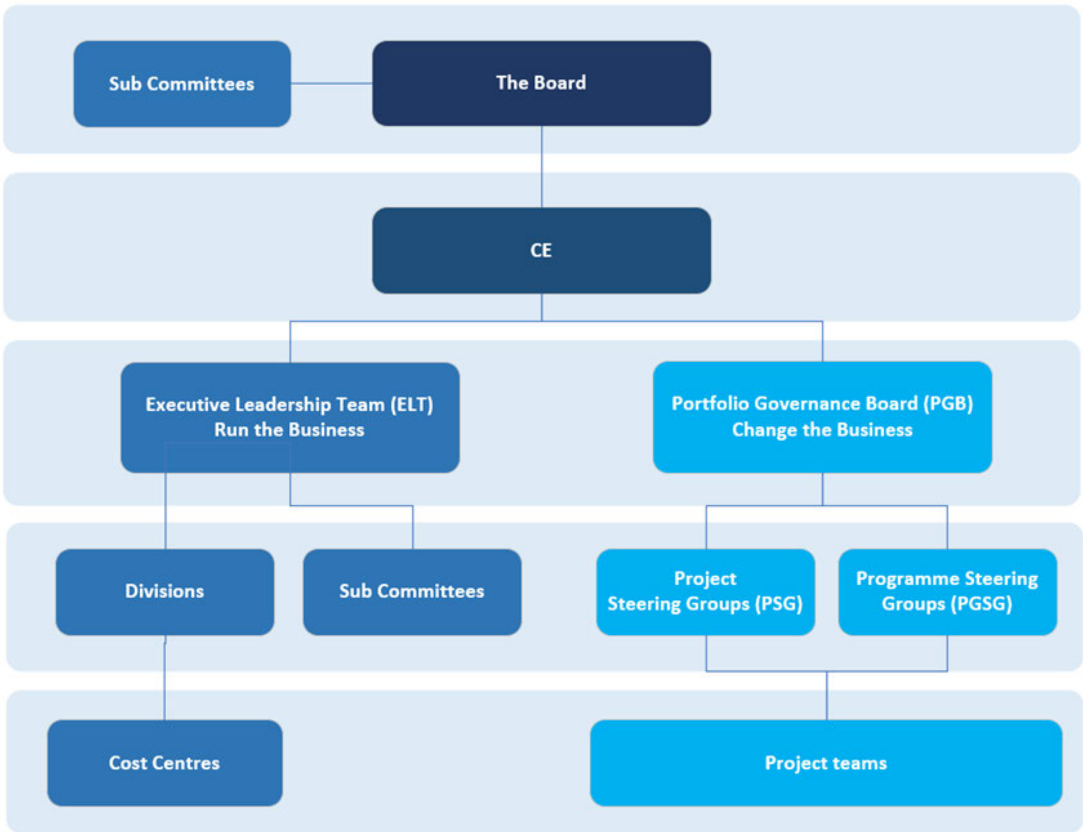


Table 33 - The responsibilities of the various governance roles within the preferred scenario

#	ROLE	RESPONSIBILITIES
1	OSPRI Board	Provides strategic oversight of the preferred scenarios' alignment with OSPRI's long term objectives.
2	Executive Leadership Team (ELT)	Provides executive-level guidance, monitors programme performance and ensures resources and priorities are aligned with OSPRI's Strategy.
3	Portfolio Governance Board (PGB)	Comprised of ELT members, the Portfolio Governance Board is a formal decision-making body that provides leadership and direction and serves as a crucial link between corporate governance and programme delivery, ensuring resources are focused on initiatives that provide the greatest overall value.
4	Programme Sponsor	The programme sponsor is the senior leader who champions the programme from start to finish. They're not involved in the day-to-day tasks, but they play a critical role in steering the programme toward success by providing vision, resources, and high-level support, ensuring the programme delivers intended benefits.
5	Programme Business Owner	Holds ultimate accountability for achieving programme outcomes, making key decisions, and ensuring benefits are realised.
6	Programme Steering Group (PGSG)	This Group is responsible for the oversight and decision-making support of the programme, within the set tolerances (the Group is accountable to the PGB).
7	Project Steering Group (PSG)	This Group will include at least one independent expert advisor. It is responsible for oversight and decision-making support of the NAIT replacement project.

11.3 Milestones and Key Deliverables for the NRS Programme

This section lists the milestones and key deliverables under each milestone and their targeted completion dates.

Table 34 below provides a structured overview of the NRS programme. It outlines the purpose of each phase, outlines the indicative activities to be undertaken, and highlights the expected timeframes for delivery, giving a clear, high-level view of how the NRS programme will progress from initiation through to close.

Table 34 – Overview of NRS programme

#	PHASE	PURPOSE	INDICATIVE ACTIVITIES	INDICATIVE TIMEFRAME
1	Phase 1: Initiate	To mobilise the programme of work based on the approved business	▪ Appoint programme resources and workstream leads. ▪ Establish programme infrastructure (plans, governance, SharePoint structure).	Q3 FY 25/26-Q1 FY 26/27

#	PHASE	PURPOSE	INDICATIVE ACTIVITIES	INDICATIVE TIMEFRAME
		case (and preferred scenario selected).	▪ Support workstream detailed planning. ▪ Create key artefacts: Programme Management Plan, Control Book, Change Management Plan, Communications Plan, Stakeholder Engagement Plan, Workstream Plans.	
2	Phase 2: Design /Develop	To ***design and develop the work necessary to operationalise the changes*** to give effect to this programme to improve the operation of the NAIT Scheme.	▪ **Programme Management:** Coordinated planning, sequencing and reporting across the technology build and a small number of supporting Scheme improvements, including oversight of dependencies, risks and readiness. ▪ **Change Management, Stakeholder Engagement and Communications:** Targeted change planning and engagement to support early Scheme improvements alongside system delivery, including clear guidance, feedback channels and preparatory communications with farmers, accredited entities and delivery partners. ▪ **Technology**: Design system architecture, UAT plans, data migration strategy, security/compliance requirements, technical documentation. ▪ **Operational Policies and SOPs**: Targeted review and update of priority policies, procedures and standards required to support the new system and improve Scheme clarity and consistency (e.g. accreditation, approaches to compliance enforcement and supporting SOPs). ▪ **Operational Preparedness**: Preparing OSPRI and delivery partners for change through training, operating model alignment, and readiness activities to support both the new system and associated Scheme changes.	FY 26/27
3	Phase 3: Implement	To implement the changes in an efficient way to achieve the outcomes sought from the new NAIT Scheme.	▪ **Programme Management**: Ongoing coordination, progress tracking and issue resolution across implementation activities. ▪ **Change Management, Stakeholder Engagement and Communications**: Deliver planned communications and	FY 26/27-27/28

#	PHASE	PURPOSE	INDICATIVE ACTIVITIES	INDICATIVE TIMEFRAME
			engagement activity, provide guidance and support, and maintain feedback loops during transition. ▪ **Technology**: Execute deployment, data migration, UAT sign-off, transition support to BAU, monitor performance. ▪ **Operational Policies and SOPs**: Implement updated policies and procedures, with monitoring and support to embed them into day-to-day practice. ▪ **Operational Preparedness**: Roll out training and readiness activities and monitor early adoption to support successful implementation.	
4	Phase 4: Review	Joint review with funders to confirm progress and agree actions for Years 4–6 required to deliver the NAIT Scheme Strategy."	▪ **Formal review** with funders will be undertaken at the end of Year 3 to assess progress ▪ **Agree actions, priorities, scope and sequencing** for Years 4–6, to enable continued delivery of the NAIT Scheme Strategy.	Latter part of FY 27/28
5	Phase 5: Implement for years 4, 5 and 6	Same as Phase 3 – but covering years 4, 5 and 6.	Same as Phase 3.	FY 28/29-30/31
6	Phase 6, Close	To transition any remaining ongoing work to business-as-usual functions, document key lessons learned and close the Programme.	▪ **Programme Management**: Conduct lessons learned workshops, prepare closure report, archive documentation. ▪ **Change Management, Stakeholder Engagement and Communications**: Communicate closure, share outcomes, consolidate feedback, transition knowledge base to BAU. ▪ **Operational Policies and SOPs**: Validate SOP embedding, confirm training records, ensure operational readiness. ▪ **Operational Preparedness**: Maintain training records, transfer training responsibility to BAU, and confirm operational readiness. ▪ **Technology**: Complete technical handover, validate system stability, archive technical documentation.	FY 30/31

11.3.1 Scope

The scope of the NAIT Scheme Programme defines the boundaries and extent of work required to deliver the preferred scenario. It clarifies what is included and excluded, ensuring alignment with programme objectives and stakeholder expectations.

Scope will be managed through formal change control processes and monitored via the programme's governance cadence. Any proposed changes to scope, time, cost, or quality beyond agreed tolerances will require a change request and approval by the PSG or PGB.

Table 35 summarises the scope of the NAIT Scheme Programme.

#	PHASES	IN-SCOPE	OUT-OF-SCOPE
1	1, 3	Establish forums to engage widely with impacted stakeholders to ensure broad canvassing through a genuine social process to inform design and build matters.	Legislative changes to the NAIT Act 2012; advocacy activities.
2	2, 3	Seek and coordinate support from OSPRI BAU functions without disrupting core operations.	Non-NAIT operational changes; unrelated BAU initiatives.
3	1	Stand up the programme team with requisite capability and capacity to plan, design, and implement technology and business solutions.	Recruitment for unrelated programmes; permanent organisational restructuring.
4	2, 3	Plan, design, and implement the NAIT replacement technical solution.	Technology outside NAIT replacement scope; non-integrated third-party systems.
5	2, 3, 5	Plan, design, coordinate, and implement operational response including updating operational policies, SOPs, and operating model.	Legislative drafting; non-NAIT operational policy changes.
6	1–3, 5	Redirect matters outside programme scope to appropriate OSPRI business units.	Delivery of redirected work.
7	2, 3, 5	Design and deliver training to ensure OSPRI staff readiness and apply change management practices.	Training unrelated to NAIT programme.
8	2, 3, 5	Develop engagement collateral to ensure external stakeholders are aware, prepared, and capable of fulfilling responsibilities under the new NAIT Scheme.	Marketing campaigns unrelated to NAIT compliance.
9	6	Transition remaining programme activities to BAU (including any remaining open issues/risks),	-
10	6	Confirm embedding of updated SOPs and operating model.	-
11	6	Validate training completion.	-
12	6	Complete technology handover.	
13	6	Complete lessons learned.	-
14	6	Deliver closure report, archive documentation,	-

11.4 Benefits Realisation

A Benefits Realisation Plan (BRP) will be developed to ensure the benefits outlined in this Business Case are clearly defined, measurable, and sustained beyond programme delivery (an indicative draft BRP has been developed and shown in Table 36 below).

The final BRP will:

- Define each benefit and its link to strategic objectives
- Establish measurable KPIs and baselines
- Assign clear ownership and accountability
- Integrate with existing reporting frameworks (e.g., NOP, QBR)
- Enable adaptive management to respond to performance insights.

The BRP will provide visibility of benefits achieved at different stages of the programme, supporting informed decision-making and continuous improvement. In particular, it will distinguish between **near term benefits realised during the first three years** and **longer-term benefits that are dependent on broader scheme improvements**.

This staged approach enables the programme to demonstrate measurable progress within the three-year investment period while demonstrating a clear line of sight to the full benefits expected over the six-year strategy horizon.

11.4.1 Measuring the Benefits

The benefits realisation approach for this programme will be supported by a suite of performance measures that are currently being drafted and refined. These measures are expected to span a mix of qualitative and quantitative outcomes, including risk-reduction and efficiency-driven measures.

While initial benefits and indicative measures have been defined in this this section, the detailed development of the benefit measures will be materially influenced by the NRS build and the vendor's detailed design work as well as through detailed scoping of the other initiatives. Data availability, reporting functionality, and agreed operational processes will need to be confirmed and translated into measurable KPIs to ensure the measures are feasible, auditable, and aligned to the system functionality and operating model.

The detailed metric specifications (including baselines and targets) will be developed and agreed with funders within Year 1 and incorporated into programme governance and quarterly reporting.

11.4.2 Key Benefits Selected

The benefits framework for this Business Case is anchored around the six core benefits described in the Economic Case.

Years 1-3 (foundational and early uplift benefits):

- Informing smarter decisions.
- Expanding NAIT data impact.
- Operational efficiency and cost reduction.
- Strengthened scheme integrity and compliance.

These benefits arise primarily from the successful replacement of the NAIT information system.

Years 4-6 (embedding and full outcome benefits):

- Protecting our industry.
- User experience and seamless integration.

These benefits are realised over time as improvements in data quality, adoption, compliance and stakeholder engagement with the scheme are embedded.

The benefits are interdependent and shaped by the interaction between NAIT Limited/OSPRI's system and process improvements and the behaviours of approximately 100,000 PICAs.

11.4.3 Expected Dis-benefits

A primary objective of this programme is to deliver a strong return on investment and achieve operational efficiencies through enhancements to the NAIT Information System and a shift to a self-service support model. These changes will alter how some stakeholders interact with OSPRI and will require targeted change management to ensure a smooth transition and maintain engagement.

Benefits realisation will be tracked across both **leading indicators** (e.g. system usage, timeliness of data entry, and early compliance improvements) and **outcome measures** (e.g. lifetime traceability and NAIT data completeness). This approach ensures that progress made during the first three years can be clearly demonstrated through measurable early improvements, while maintaining a focus on the longer-term outcomes expected from full implementation of the NAIT Scheme Strategy.

Table 36 – (Initial) benefits realisation plan (BRP)

BENEFIT	DESCRIPTION	TYPE	BENEFICIARIES	MEASUREMENT SCOPE/NOTES
Near term benefit realisation (years 1-3)				
User experience and seamless integration	Integrate traceability seamlessly into daily operations through a user-friendly NAIT Scheme, third-party integration, transparent processes, and accessible technology reducing effort and improving overall experience.	Qualitative	Farmers, stock agents, saleyards, processing companies. NAIT Limited/OSPRI	User experience measures will focus on how effectively users are enabled to complete their obligations via the NAIT replacement system and other supporting methods.
Operational efficiency and cost reduction	Support a simpler and more efficient NAIT Scheme by reducing unnecessary effort and complexity in how traceability obligations are met, creating conditions for a more sustainable and effective Scheme over time.	Avoided Cost	Farmers, stock agents, saleyards, meat processing companies.	Operational efficiency measures will focus on reductions in cost-to-serve and effort-to-comply with scheme obligations.
Informing smarter decisions	Enable farmers, industry participants, and government to make more informed decisions by improving the overall quality, completeness, and reliability of NAIT data, supporting better outcomes across biosecurity, productivity, and market assurance.	Quantitative	Farmers, government/regulators, processing companies, stock agents, saleyards, other agribusiness organisations	Leading compliance indicators and data quality indicators illustrating improvement in overall Scheme performance (including improved lifetime traceability and compliance rates).
Medium term benefit realisation **(begins in year 3 as a result of the NAIT information system, strengthened by end of year 6 by other improvement initiatives)**				
Strengthened scheme integrity and compliance	Increase confidence in the integrity of the NAIT Scheme by clarifying expectations, roles, and responsibilities, supporting higher levels of voluntary compliance and more consistent traceability practice across the sector.	Quantitative and, qualitative	Farmers, Funder organisations, other agriculture sector stakeholders. NAIT Limited/OSPRI. Government/regulators	This will be measured through a combination of quantitative metrics (including improvements in compliance rates) and qualitative (broader stakeholder survey results).
Longer term benefit realisation (years 4-6)				
Expanding NAIT data impact	Broaden understanding and appropriate use of NAIT data so that its value is more fully realised across the livestock sector and New Zealand Inc, consistent with privacy, trust, and legislative settings.	Qualitative	Farmers, government/ regulators, processing companies, stock agents, other agribusinesses, NZ inc.	Assessment of increased data use, user satisfaction and confidence in the accessibility, quality, and usability of NAIT data, informed by periodic user surveys and structured feedback.
Protecting our industry	Strengthen New Zealand's biosecurity and disease response capability by improving traceability confidence, enabling faster and more targeted identification of animals and locations of interest during biosecurity events.	Risk Reduction	Farmers, saleyards, processing companies, government/ regulators, other agribusiness organisations	This will be measured through an assessment of OSPRI's preparedness and response readiness, aligned with relevant industry response plans and agreed response expectations

11.4.4 Embedding Benefits across Delivery Phases

The realisation of benefits will be sequenced across the programme lifecycle to reflect the scale and complexity of change. The replacement of the NAIT Information System is an anchor point for overall Scheme uplift, but benefits accumulate progressively over the six-year period:

Year 1 (2026–27): Establish and Baseline

- Establishing baseline measures for data quality, user behaviour, adoption, compliance, operational efficiency, and user experience.
    - **Lifetime traceability** is already used as a core measure of Scheme performance. This measure will be reviewed during the year to confirm it remains fit for purpose, with any refinements approved by OSPRI management and communicated to funders.
    - **NAIT compliance measures** will be comprehensively reviewed to establish a robust baseline, enabling meaningful measurement of performance improvement over time.
- Reflecting the NRS build and the vendor's detailed design work, as data availability, reporting functionality, and operational processes are confirmed.
- Confirming the benefit measurement approach, data sources, and reporting mechanisms with funders.

Years 2–3 (2027–29): Transition and Embed Major Change

During this period, the NRS and the refreshed accreditation programme are implemented and embedded. As these changes take effect, the programme will begin to see early and measurable realisation of some benefit categories, particularly:

- Improved data quality, driven by clearer workflows, better system guidance, and more accurate data capture.
- Enhanced user experience, as farmers and third-party providers interact with a modern and intuitive system.
- Operational efficiency and cost reduction, with declines in manual interventions, support centre demand, and rework.

Years 4–6 (2029–32): Stabilise, Optimise and Sustain

Once the system has stabilised and foundational behavioural and operational changes are established, the programme will shift into full optimisation across the Scheme. During this phase, benefits will expand across all categories, including:

- Greater data value and use, enabled by the NAIT data strategy, improved governance, and broader approved data access.
- Higher levels of compliance and stronger Scheme integrity through the fully implemented compliance framework.
- Improved stakeholder trust and engagement, underpinned by a coordinated communications and engagement strategy.
- Enduring ROI generated through better data, streamlined processes, improved capability, and more consistent compliance and adoption.

11.4.5 Benefits Tracking

The outputs and outcomes identified in the BRP against expected values over the life of the programme will be monitored and evaluated in an ongoing manner, and be aligned with other monitoring and reporting activities such as the quarterly business review. The BRP will also establish a consistent approach in ensuring that project deliverables and work products are reviewed for quality at key stages of the project lifecycle to allow for a successful project completion.

11.5 Monitoring and Evaluation

11.5.1 Programme Monitoring and Reporting

A programme of this size requires a significant suite of evaluation and monitoring activities. These will evaluate the programme as-a-whole as well as for individual initiatives, projects and key activities.

The NAIT programme will use OSPRI's Programme Control Book as the central repository for all of these along with schedule management based on a detailed view of the plan.

Regular reporting on the NRS project will include:

- Monthly status reports to the PSG and PGB, summarising progress against milestones, financials, and benefits
- Fortnightly risk reviews to monitor and mitigate emerging risks and dependencies
- Governance cadence including weekly team stand-ups, working group meetings, and monthly governance sessions to maintain alignment and resolve blockers
- SharePoint repository for storing all programme documentation, ensuring knowledge management and compliance.

Note: BAU activity will use the established reporting framework, detailed in the National Operations Plans.

Annual Review and Formal Assurance

The programme's annual review process, as outlined earlier in this Business Case, provides a structured mechanism for assessing overall progress, performance, and value delivery.

This formal review builds on the ongoing monitoring and reporting described above, consolidating programme information into a holistic, point-in-time assessment to support funder and Board oversight.

It draws on established reporting, performance metrics, and risk monitoring to provide assurance that delivery remains aligned with agreed objectives and funding expectations (outlined in the funders agreement).

Outcomes of the annual review will inform direction-setting and prioritisation decisions, including any refinements to scope, sequencing, or delivery approach within the approved funding envelope.

MPI will use the annual review to ensure its capped funding share is used as expected. The Crown may seek a refund or alternatively choose (at its sole discretion) to offset a future Crown contribution.

11.5.2 Stage Gates and In-Year Approvals for Delivery of the NRS

In addition to the annual review, the programme's stage gates and in-year approval processes (as described earlier) are operationalised through the programme's governance structure and reporting cadence.

Stage gates will be embedded within the programme plan and schedule, with progress and readiness assessed through existing reporting mechanisms (including monthly reporting and risk reviews). This ensures that:

- Delivery readiness, cost position, and risk profile are continuously monitored ahead of key decision points
- Emerging issues are identified early and can be escalated through established governance forums
- Decisions requiring funder or Board approval are supported by robust, up-to-date evidence from programme reporting.

Where thresholds are triggered (e.g. cost pressures, scope changes, or risks), the PSG and PGB will provide initial oversight and escalation, with formal approvals sought from the OSPRI Board and/or funders as required.

This approach ensures that stage gate decisions and in-year approvals are fully integrated into day-to-day programme management, rather than operating as standalone processes.

11.6 Approach to Change Management

11.6.1 Overview of Change Management to Support the NRS Programme

The NRS is a key enabling technology that underpins the broader Scheme improvements and changes. The change management approach for the NAIT Scheme is designed to ensure NRS improvements are embedded into everyday practice. This approach means the NRS programme will deliver coordinated change across policy, processes, partnerships, compliance practices and technology. Change management is central to supporting the transition to new ways of working across the NAIT Scheme and realising the benefits of the investment.

Adoption of new ways of working will be instrumental to improve data confidence, supported by simpler and more consistent processes, leading to increased trust in the NAIT Scheme. This approach sets out how change across the NAIT Scheme will be deliberately planned, sequenced and supported. It enables farmers, accredited entities, information providers, partners and delivery teams to adapt in a manageable way while maintaining effective business as usual operations.

The approach is NAIT Scheme-wide rather than programme-specific. It recognises that stakeholders experience change cumulatively through their ongoing interactions with NAIT. Different parts of the NAIT Scheme will mature at different points across the preferred scenario being delivered between 2026/27-31/32. Change activity is therefore coordinated across workstreams and business as usual functions to ensure policy, compliance, system and capability changes reinforce one another and land coherently for OSPRI and the wider sector. Detailed change plans sit at workstream level, with this overarching approach providing the Scheme-level view and assurance of how change is managed.

11.6.2 Enabling Adoption across the NAIT Scheme

Adoption across the NAIT Scheme is enabled through the combined effect of readiness, engagement, learning, support and sequencing. These elements are treated as connected and mutually reinforcing.

- **Readiness and Adoption Confidence** - Readiness is assessed using practical indicators that apply across workstreams, including clarity of expectations, confidence in completing tasks, availability of tools and guidance, process alignment and system preparedness. These indicators are used before -and after major changes to confirm readiness and identify where additional support is required.
- **Learning, Support and Frontline Enablement** - learning and capability building are sequenced across the period of implementation to support cumulative change. Support models emphasise self-service where appropriate, backed by accessible guidance and reinforced by frontline teams who provide triage and coaching during transition periods.
- **Sequencing and Change Load** - change is deliberately sequenced to reflect delivery dependencies, seasonal pressures and cumulative impact. A Scheme-wide view of change load is used to inform timing, pacing and prioritisation decisions.

11.6.3 NAIT Scheme Change Roadmap Summary (2025-2031)

The Scheme Change Roadmap provides a high-level view of how change is sequenced across the 2026-2028, and into years 2029-31, to support delivery of the NAIT Scheme. It reflects cumulative change across workstreams and business-as-usual activity. The NRS is the primary inflection point for adoption confidence and Scheme performance.

The roadmap is used as a planning and governance tool to inform pacing, resourcing and prioritisation decisions. It does not replace detailed delivery plans but provides assurance that change activity is deliberately sequenced and manageable for the livestock industry.

Table 37 – Scheme change roadmap

YEAR	SCHEME CONTEXT AND DELIVERY FOCUS	CHANGE MANAGEMENT PRIORITIES	STAKEHOLDER GROUPS MOST IMPACTED
Year 1 (2026-27) Establish and Prepare	Scheme priorities confirmed through the Triennial Business Case. Early delivery across workstreams begins. Foundations for NRS established.	Build shared understanding of Scheme priorities and change intent. Establish baseline readiness and confidence insights. Engage early with livestock industry partners and intermediaries. Prepare internal teams and frontline roles. Stand up core change enablers such as learning approach, support model and knowledge resources.	OSPRI operational teams, MPI, partners, livestock industry partners and intermediaries, Support Centre and frontline roles
Years 2 and 3 (2027/28 and 2028/29) Transition and Embed Major Change	Peak delivery period across the Scheme. NRS delivered and transitioned into use. Policy and process changes converge.	Intensive readiness and transition support aligned to NAIT Replacement cutover. Sequenced learning and guidance to support early system use and new processes. Surge support and frontline enablement. Active monitoring of adoption confidence, support demand and emerging risks.	Farmers and PICAs, accredited entities, software providers and integrators, Support Centre and regional teams, OSPRI operational and compliance teams
Three-year review of progress and confirmation/identification of activities to deliver NAIT Scheme strategy over the next three years			
Year 4 and beyond (2029/30 through 2031/32) Stabilise, Optimise and Sustain	NRS stabilised as BAU. Scheme improvements embedded. Focus shifts to optimisation and consistency.	Reinforce correct and consistent practice. Reduce rework and variation through targeted learning and guidance. Transition ownership of change enablers fully into BAU. Refine support model as self-service uptake increases. Capture insights to inform future planning. This phase will also consolidate progress across all wider strategic priorities to ensure cohesive, scheme-wide uplift and added livestock industry impact.	Farmers and livestock industry partners, OSPRI BAU teams, Support Centre (complex issue focus), MPI partners

11.7 Stakeholder Management

11.7.1 Stakeholder Engagement Approach

Communications and engagement will support the Scheme's strategic direction, reinforce its regulatory purpose, and enable stakeholders to confidently adopt and embed change. The approach is aligned to the NRS change programme and reflects the phased nature of change delivery and uptake – supporting stakeholder understanding, participation, and behaviour change.

11.7.2 Engagement Principles and Planning Considerations

The approach will be guided by the following principles, drawn from the NRS change management framework:

- **Inclusive and segmented**: Engagement will reflect stakeholder diversity and operational relevance.
- **Clear and plain**: Messaging will be accessible and jargon-free.
- **Purpose-led and consistent**: Activities will be designed to support change outcomes and build trust.
- **Pre-emptive and realistic**: Communications will anticipate stakeholder needs and reflect programme constraints.
- **Integrated**: Messaging will align across NAIT and OSPRI programmes.

In addition, the following factors will be considered during detailed planning work:

- **Legislative requirements:** Legislative engagement requirements under the NAIT Act will be factored into detailed planning.
- **Shared ownership and trusted voices**: Where appropriate, communications and engagement will be co-developed and delivered in partnership with funders and industry stakeholders.
- **Seasonal alignment**: Activities will be seasonally aligned to accommodate farming and industry cycles wherever possible.
- **Accessibility**: Accommodations for cultural, language, literacy and other accessibility requirements will be made wherever feasible.

11.7.3 Stakeholder Segmentation

Key NAIT Scheme stakeholders include farmers, primary sector industry bodies, government and governing groups, or technology integrators, saleyards, meat processors, and internal OSPRI teams.

Segmentation has been achieved using a structured influence–interest matrix, informed by ratings determined by OSPRI subject matter experts and relationship managers. Segmentation enables a proportionate and fit-for-purpose communications and engagement approach by ensuring that engagement intensity is right-sized to stakeholder need and strategic relevance. It also supports efficient resource allocation, and enables targeted messaging and delivery tailored to OSPRI's assessment of stakeholders' strategic relevance and overall potential impact upon the NAIT Scheme.

11.7.4 Channels

A mix of existing, enhanced, and third-party channels will be used to reach stakeholders effectively. These include:

- **Existing OSPRI channels**: OSPRI website, OSPRI News monthly newsletter, OSPRI Facebook and LinkedIn, Support Centre, regional field teams, direct email.
- Regular reporting to shareholders/funders per channels outlined in the funding agreement.
- **Third-party channels**: Industry partners and intermediaries (e.g. processors, stock agents) to amplify messaging.

- **New or enhanced channels**: SMS alerts, micro-videos, interactive tools, and low-bandwidth formats for rural audiences may be investigated.

11.8 Project Risks

This section outlines the key risks that are most material to successful delivery of the NAIT programme. It represents a high-level snapshot, with a more detailed and actively managed risk profile captured in the programme's risk register, which is maintained as part of core programme management processes.

The risks are owned by the Deputy Chief Executive – Strategy and Programmes and delivered through a structured risk register and reporting system. Day to day oversight of the risk register will be provided by the Head of Traceability, with operational management of the register led by the Project Advisor, with governance oversight provided by the OSPRI Executive Leadership Team and the OSPRI Board. Risks are managed according to the OSPRI risk management strategy.

A risk register (risks, assumptions, issues and dependency log (RAID)), is reviewed regularly by the Head of Traceability. The risk register will clarify if risks are the responsibility of other key stakeholders and how this will be managed and updates recorded.

- The NAIT Scheme Programme/Project Manager along with the NAIT Scheme Sponsor is responsible for overall NAIT Scheme risk management and reporting to ELT, Board, funders and key stakeholders.
- Risks associated with adoption, data quality, and programme integration present the most significant threat to benefits realisation and will be prioritised within the programme's risk management and governance framework.

Table 38 - Key risks to programme delivery

RISK	DESCRIPTION	IMPACT (H/M/L)	LIKELIHOOD (U/P/L)	MITIGATION	RESIDUAL IMPACT	RESIDUAL LIKELIHOOD
Adoption and behavioural change	Stakeholders (particularly farmers and PICAs) do not adopt the new system, processes, or behaviours required to improve compliance and data quality.	High	Possible	The design of the NAIT replacement system will be modern and intuitive and supported by the delivery of a coordinated change and communications programme to drive adoption, supported by clear guidance, training, and aligned policy settings. Monitor uptake and adjust approach in real time to ensure sustained behaviour change.	Moderate	Possible
Benefits realisation and data quality	Improvements in system capability and Scheme settings do not translate into the expected uplift in data quality and compliance, limiting the realisation of benefits.	High	Possible	Establish a structured benefits realisation plan with defined KPIs, transparent reporting, and governance oversight to track progress and maintain stakeholder confidence. Ensure	Moderate	Possible

RISK	DESCRIPTION	IMPACT (H/M/L)	LIKELIHOOD (U/P/L)	MITIGATION	RESIDUAL IMPACT	RESIDUAL LIKELIHOOD
				capability is in place to translate improvements into measurable outcomes.		
Programme delivery capability and capacity	OSPRI does not have sufficient capability, capacity, or structure to deliver the programme and associated changes while maintaining service quality.	High	Possible	Actively manage capability and capacity across the programme through phased delivery, prioritisation, and targeted capability uplift. Maintain strong programme governance and contingency planning to manage peak demand and delivery risk.	Moderate	Possible
Programme integration and sequencing	Technology delivery, policy changes, and other key initiatives are not effectively coordinated, resulting in fragmented delivery and reduced overall impact.	Moderate	Possible	Apply robust programme governance and dependency management to ensure coordinated delivery of technology, policy, and operational changes. Sequence initiatives deliberately to align with capacity and support effective implementation.	Moderate	Possible
Stakeholder alignment and collaboration	Key stakeholders (MPI, industry bodies, intermediaries, integrators) are not sufficiently aligned or engaged, limiting coordinated delivery and uptake.	High	Likely	Implement a structured stakeholder engagement strategy, supported by clear roles, consistent communication, and formal governance alignment, to ensure coordinated delivery across partners and sustained sector buy-in.	Moderate	Possible
Technology delivery and usability	The NAIT Replacement System does not meet usability, integration, or performance expectations, limiting adoption and undermining programme outcomes.	Moderate	Possible	Support system delivery with a comprehensive adoption and enablement approach, including user-centred design, strong integration support, and ongoing monitoring of user experience to ensure the system meets stakeholder needs.	Low	Unlikely

11.9 Assurance and Quality Control

11.9.1 NAIT Replacement System and Business Case:

The project will apply the EPO **Three Lines of Defence** model, embedding assurance through all layers of delivery and governance to support disciplined decision-making.

A continual mix of internal and independent assurance provides early visibility of risks and validates delivery integrity through each line of defence:

- **First Line – Project Controls**
  Delivery teams operate within agreed processes, standards, and controls to manage scope, cost, schedule, quality, and risks. This provides early identification and resolution of issues and ensures disciplined day-to-day delivery.

Quality is embedded "by design" through agreed acceptance criteria, testing outcomes and delivery standards appropriate to each phase.

- **Second Line – Governance Oversight and Compliance**
  Governance forums provide oversight of delivery performance, financials, risks, readiness and escalation. They ensure adherence to agreed tolerances, confirm that material risks and issues are surfaced, and that corrective action is taken where required.

Structured stage gates require evidence-based approval before progressing.

- **Third Line – Independent Assurance**
  Independent internal and external assurance provides objective confirmation at defined points that delivery remains viable, well-governed and under control. Independent reviews are planned at key investment, design, build and pre-go-live decision points to identify emerging delivery, technical, or adoption risks and where corrective actions are required.

11.9.2 Programme Reviews and Reports Include:

- Quarterly business reviews reporting on the progress of each initiative. Reported to the NAIT Board, Traceability Technical Reference Groups, OSPRI Executive Leadership Team, Ministry for Primary Industries, and funders.
- Financial reviews every three years (in accordance with section 57 of the NAIT Act) as a part of the NAIT funders' agreement.

And, as required by the NAIT Act:

- Annual audited financial reports
- Annual NAIT National Operations Plan reviews
- Annual NAIT National Operations Plan Independent Audit
- Report to the Minister on how NAIT Limited is addressing Government's priorities and expectations.

11.10 Key Constraints, Dependencies and Assumptions

Table 39 - The key dependencies

#	DEPENDENCY	OWNER	TYPE	DATE NEEDED
D01	Funding model is approved and available to support delivery	Traceability		
D02	Support Centre CRM and Telephony/IVR enablement	COO / ICT / Support Centre	Inbound	2026/7
D03	The OSPRI website is enhanced to better enable a functional Knowledge Hub and self-service	COO / ICT / Support Centre	Inbound	2028
D04	Third party integrators readiness (Information Providers, Meat Processors, Stock and Station Agents)	Ecosystem Partners Group / ICT	Inbound	Q3–Q4 FY26/27
D05	Accreditation standards refresh and approval	Traceability / Compliance	Inbound	Q2–Q3 FY26/27
D06	A compliance strategy is agreed with Ministry for Primary Industries, and an agreement is in place	Traceability / MPI	Inbound	Q1 2026/27
D07	Operational policy and SOP approvals	Workstream Lead / ELT	Inbound	Q2 FY26/27
D08	Training content and completion for OSPRI staff	Workstream Lead / People and Culture	Inbound	Q3 FY26/27

Table 40 - The key constraints

#	CONSTRAINT DESCRIPTION	NOTES / MANAGEMENT STRATEGIES	RISK IMPLICATION
C01	Technology integration without legislative change – NAIT replacement must integrate with existing systems.	Validate integration early; define interfaces; execute migration dry-runs.	Integration issues cause rework and potential non-compliance, delaying go-live.
C02	Regulatory and privacy compliance – Outputs must meet NAIT Act 2012 and privacy obligations before go-live.	Complete privacy/legal assessments; secure signoffs prior to deployment.	Non-compliance risks legal exposure and enforced rollback.

#	CONSTRAINT DESCRIPTION	NOTES / MANAGEMENT STRATEGIES	RISK IMPLICATION
C03	Seasonal engagement constraints – External stakeholder availability affected by seasonal factors.	Lock dates early; use multi-channel comms; capture feedback asynchronously.	Low participation reduces design validation and readiness, increasing change resistance.
C04	Stakeholder readiness – External stakeholders must be aware and capable prior to go-live.	Execute engagement plan; measure readiness; address gaps via targeted collateral.	Insufficient readiness drives adoption resistance and reputational risk.

Table 41 - The key assumptions

#	SUBJECT AREA	ASSUMPTIONS	CONFIDENCE LEVEL	RATIONALE
A01	Technology	That the NAIT replacement system is delivered	High	Foundational and critical to other initiatives and activities, to drive the desired lift in Scheme performance.
A02	Technology	Data migration from legacy systems can be completed without major integrity issues.	Medium	Based on initial data quality review.
A03	Compliance and Regulatory	A joint compliance strategy based on the VADE model is agreed with Ministry for Primary Industries.	High	MPI and OSPRI are committed to a connected approach to compliance enforcement.

11.11 Transition to BAU

Transition to BAU will occur progressively across the six-year implementation period, rather than at a single point in time.

While the NRS represents a key transition point, the preferred scenario includes a broader set of scheme, policy, compliance, data, and engagement improvements that embed into BAU at different stages. Ownership progressively moves to relevant BAU functions, with performance monitored through existing operational and governance frameworks (e.g. NOP, QBR).

This staged transition ensures that delivered improvements are sustained over time, with benefits continuing to be realised beyond the formal delivery period.

12. Appendices

12.1 Appendix A - Expenditure Summaries for all Scenarios

Status quo – Continue operating under the 2021-24 strategy settings

NAIT Workstream ($000s)	FY26	FY27	FY28	FY29	FY30	FY31	FY32
1. Provision of Information	2,911	2,754	3,480	3,547	*3,615*	*3,687*	*3,761*
2. Monitoring compliance	2,034	773	977	995	*1,014*	*1,035*	*1,055*
3. Stakeholder engagement	237	176	222	227	*231*	*236*	*240*
4. Accreditation programme	245	137	173	177	*180*	*184*	*187*
5. Approval of NAIT devices	41	25	32	33	*33*	*34*	*35*
6. NAIT information systems	983	642	811	827	*843*	*859*	*877*
7. Access to NAIT Information	234	185	234	238	*243*	*248*	*253*
8. Additional investment required to maintain system functionality	1,133	1,350	1,350	1,350	*1,350*	*1,350*	*1,350*
9. NAIT Planning	216	132	167	170	*173*	*176*	*180*
10. Data Information Services Support	1,555	2,970	3,736	3,814	*3,898*	*3,976*	*4,055*
11. Overheads	2,285	2,313	2,922	2,978	*3,035*	*3,096*	*3,158*
Overhead Ratio of Total Costs	*19%*	*20%*	*21%*	*21%*	*21%*	*21%*	*21%*
Total	**11,874**	**11,457**	**14,104**	**14,356**	***14,615***	***14,881***	***15,151***

Scenario 1 - Delivery of the NRS and minimal other change over three years

NAIT Workstream ($000s)	FY26	FY27	FY28	FY29	FY30	FY31	FY32
1. Provision of Information	2,911	3,147	3,773	3,976	*4,044*	*4,118*	*4,194*
2. Monitoring compliance	2,034	883	1,063	1,116	*1,135*	*1,156*	*1,177*
3. Stakeholder engagement	237	201	242	254	*259*	*263*	*268*
4. Accreditation programme	245	157	189	198	*202*	*205*	*209*
5. Approval of NAIT devices	41	29	35	37	*37*	*38*	*39*
6. NAIT information systems	983	734	1,000	1,089	*1,084*	*1,103*	*1,124*
7. Access to NAIT Information	234	212	254	267	*272*	*277*	*282*
8. NAIT Scheme Improvements	1,133	9,093	2,558	0	-	-	-
9. NAIT Planning	216	151	181	190	*194*	*197*	*201*
10. Data Information Services Support	1,555	1,949	2,452	2,864	*2,964*	*3,041*	*3,120*
11. Overheads	2,285	2,094	3,148	3,339	*3,396*	*3,458*	*3,522*
Total	**11,874**	**18,650**	**14,895**	**13,330**	***13,586***	***13,858***	***14,135***

Scenario 2 - Full NAIT Scheme strategy implementation over six years

NAIT Workstream ($000s)	FY26	FY27	FY28	FY29	FY30	FY31	FY32
1. Provision of Information	2,911	3,147	3,786	3,976	*4,285*	*3,532*	*3,194*
2. Monitoring compliance	2,034	883	1,063	1,116	*2,247*	*2,287*	*2,107*
3. Stakeholder engagement	237	201	242	254	*576*	*424*	*432*
4. Accreditation programme	245	157	189	198	*226*	*230*	*234*
5. Approval of NAIT devices	41	29	35	37	*91*	*92*	*94*
6. NAIT information systems	983	734	1,000	1,089	*1,111*	*1,133*	*1,156*
7. Access to NAIT Information	234	212	254	267	*430*	*438*	*446*
8. NAIT Scheme Improvements	1,133	9,093	2,558	-	-	-	-
9. NAIT Planning	216	151	181	190	*205*	*208*	*212*
10. Data Information Services Support	1,555	1,949	2,452	2,864	*2,798*	*2,867*	*2,939*
11. Overheads	2,285	2,094	3,148	3,339	*3,436*	*3,497*	*3,560*
Total	**11,874**	**18,650**	**14,907**	**13,330**	***15,404***	***14,707***	***14,374***

Scenario 3 - Delivering the NRS within the current agreed funding envelope of $12.4 million/year plus $1.2 million recovery of under collection and use of $3.0 million cash reserves

NAIT Workstream ($000s)	FY26	FY27	FY28	FY29	FY30	FY31	FY32
1. Provision of Information	2,911	1,989	2,301	2,628	*2,680*	*2,735*	*2,791*
2. Monitoring compliance	2,034	734	936	993	*1,012*	*1,033*	*1,054*
3. Stakeholder engagement	237	121	213	226	*231*	*235*	*240*
4. Accreditation programme	245	95	166	176	*180*	*183*	*187*
5. Approval of NAIT devices	41	25	31	32	*33*	*34*	*34*
6. NAIT information systems	983	632	979	1,038	*1,059*	*1,081*	*1,103*
7. Access to NAIT Information	234	182	224	238	*242*	*247*	*252*
8. NAIT Scheme Improvements	1,133	9,093	2,558	-	-	-	-
9. NAIT Planning	216	130	160	169	*173*	*176*	*180*
10. Data Information Services Support	1,555	1,949	2,557	2,892	*2,984*	*3,071*	*3,160*
11. Overheads	2,285	2,094	3,136	3,326	*3,391*	*3,461*	*3,532*
Total	**11,874**	**17,043**	**13,261**	**11,719**	***11,985***	***12,257***	***12,534***

12.2 Appendix B – Financial Case Appendices

Forecast financial statements with additional funding

12.2.1 Profit and Loss Statement

Income Statement ($000s)	FY26	FY27	FY28	FY29	FY30	FY31	FY32
	Forecast	Budget	Projection	Projection	*Projection*	*Projection*	*Projection*
Revenue:							
Crown Revenue	4,340	4,340	4,340	4,340	*4,340*	*4,340*	*4,340*
Levy Revenue	7,284	8,238	8,238	8,238	*7,838*	*7,838*	*7,838*
Industry Revenue	286	248	248	248	*248*	*248*	*248*
Additional Funding	-	1,500	1,500	1,500	*2,500*	*2,500*	*2,500*
Other Revenue	11	-	-	-	-	-	-
Total Revenue	**11,921**	**14,326**	**14,326**	**14,326**	***14,926***	***14,926***	***14,926***
Operating Expenses:							
Wages and Salaries	5,899	5,563	6,958	7,688	*7,842*	*7,999*	*8,159*
Salary On-Costs	433	10	10	10	*10*	*10*	*10*
Travel and Vehicle	3	10	10	10	*10*	*10*	*11*
Communication	13	14	14	14	*15*	*15*	*15*
Business Services & Admin	287	88	89	91	*93*	*95*	*97*
NAIT Strategic Initiatives	-	-	50	-	*1,800*	*1,405*	*996*
NRS Run Cost	-	-	306	623	*636*	*649*	*661*
NRS Efficiencies	-	-	(150)	(300)	*(300)*	*(880)*	*(1,088)*
Total Operating Expenses	**6,634**	**5,684**	**7,286**	**8,137**	***10,106***	***9,303***	***8,861***
Indirect Expense Allocation	(3,861)	(3,857)	(5,099)	(5,195)	*(5,299)*	*(5,405)*	*(5,513)*
EBITDA	**1,426**	**4,785**	**1,941**	**994**	***(479)***	***218***	***552***
Depreciation and Amortisation	233	16	639	1,262	*1,251*	*1,251*	*1,251*
EBIT	**1,193**	**4,768**	**1,302**	**(268)**	***(1,730)***	***(1,033)***	***(700)***
Net Interest Income	119	79	60	70	*83*	*92*	*106*
Net Surplus before Unusual Items	**1,312**	**4,847**	**1,362**	**(198)**	***(1,648)***	***(941)***	***(593)***
NAIT Replacement System	(1,143)	(1,995)	(873)	-	-	-	-
Net Surplus/(Deficit)	**169**	**2,853**	**488**	**(198)**	***(1,648)***	***(941)***	***(593)***

12.2.2 Balance Sheet with Additional Funding

Balance Sheet ($000s)	FY26	FY27	FY28	FY29	FY30	FY31	FY32

	Forecast	Budget	Projection	Projection	*Projection*	*Projection*	*Projection*
Current Assets:							
Cash and Cash Equivalents	6,072	2,207	1,768	2,919	*2,591*	*3,009*	*3,623*
Trade & Other Receivables	850	850	701	703	*681*	*681*	*679*
Total Current Assets	**6,922**	**3,057**	**2,469**	**3,622**	***3,272***	***3,690***	***4,302***
Non-Current Assets:							
Property, Plant & Equipment	43	27	8,148	6,886	*5,635*	*4,383*	*3,132*
Assets Under Construction	-	7,098	-	-	*-*	*-*	*-*
Total Non-Current Assets	**43**	**7,125**	**8,148**	**6,886**	***5,635***	***4,383***	***3,132***
Total Assets	**6,965**	**10,181**	**10,617**	**10,508**	***8,907***	***8,073***	***7,434***
Current Liabilities:							
Trade & Other Payables	-	364	311	399	*446*	*554*	*508*
Employee Entitlements	1,242	1,242	1,242	1,242	*1,242*	*1,242*	*1,242*
Other Current Liabilities	232	232	232	232	*232*	*232*	*232*
Total Current Liabilities	**1,474**	**1,838**	**1,785**	**1,873**	***1,920***	***2,028***	***1,982***
Total Liabilities	**1,474**	**1,838**	**1,785**	**1,873**	***1,920***	***2,028***	***1,982***
Equity:							
Retained Earnings	5,491	8,344	8,832	8,634	*6,987*	*6,045*	*5,452*
Total Equity	**5,491**	**8,344**	**8,832**	**8,634**	***6,987***	***6,045***	***5,452***

12.2.3 Cash Flow with Additional Funding

Cash Flow ($000s)		FY27	FY28	FY29	FY30	FY31	FY32
		Budget	Projection	Projection	*Projection*	*Projection*	*Projection*
Operating Cash Flows:							
Operating Inflows		12,826	12,975	12,824	*12,447*	*12,426*	*12,427*
Operating Outflows		(9,177)	(12,438)	(13,243)	*(15,358)*	*(14,600)*	*(14,419)*
Additional Funding		1,500	1,500	1,500	*2,500*	*2,500*	*2,500*
Net Operating Cash Flow (CFO)		**5,148**	**2,037**	**1,080**	***(410)***	***326***	***508***
Investment Cash Flows:							
NAIT Replacement System		(9,093)	(2,535)	-	-	-	-
Net Investment Cash Flow (CFI)		**(9,093)**	**(2,535)**				
Financing Cash Flows:							
Net Interest Income		79	60	70	*83*	*92*	*106*
Net Financing Cash Flows (CFF)		**79**	**60**	**70**	***83***	***92***	***106***
Net Increase in Cash Held		**(3,865)**	**(439)**	**1,151**	***(328)***	***418***	***615***
Opening Cash Balance		6,072	2,207	1,768	*2,919*	*2,591*	*3,009*
Closing Cash Balance		**2,207**	**1,768**	**2,919**	***2,591***	***3,009***	***3,623***

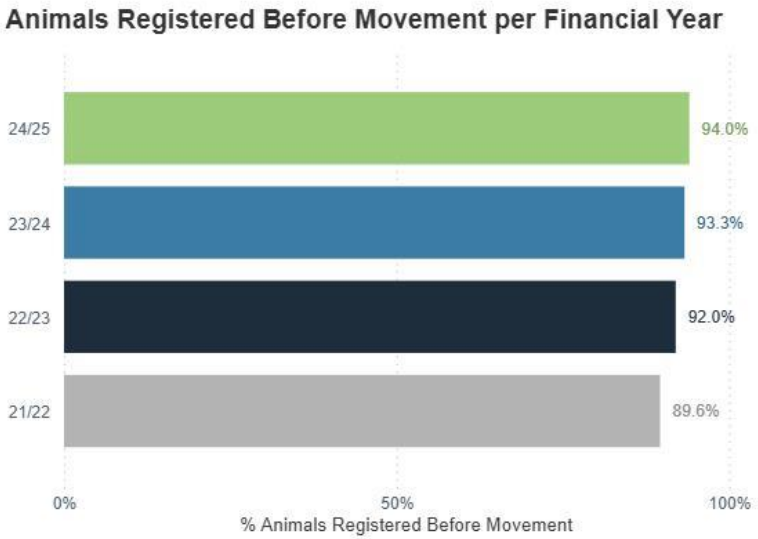
12.2.4 Funding Split

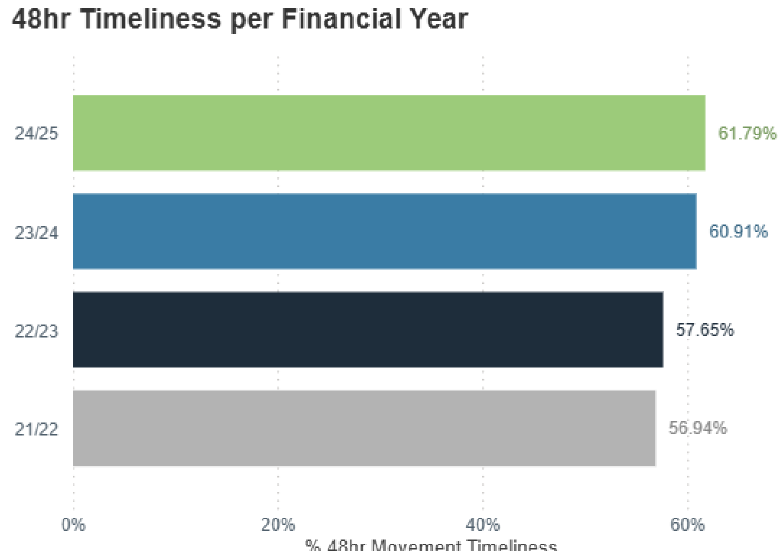
	FY27	FY28	FY29	FY30	FY31	FY32
MPI Opening Balance	**2,545**	**1,052**	**759**	**1,022**	**907**	**1,053**
add BAU Crown funding	4,340	4,340	4,340	4,340	4,340	4,340
add new MPI reserves	525	525	525	875	875	875
Total MPI Reserve available for opex	**7,410**	**5,917**	**5,624**	**6,237**	**6,122**	**6,268**
MPI Funding applied to opex	(6,358)	(5,159)	(4,603)	(5,330)	(5,069)	(5,000)
MPI share of opex	*57%*	*39%*	*35%*	*35%*	*35%*	*35%*
MPI funding applied to capex	-	-	-	-	-	-
Closing MPI Reserves	**1,052**	**759**	**1,022**	**907**	**1,053**	**1,269**
% total reserves	*48%*	*43%*	*35%*	*35%*	*35%*	*35%*
Industry Opening Balance	**3,527**	**1,154**	**1,009**	**1,898**	**1,685**	**1,957**
add BAU industry funding	8,086	8,235	8,084	8,107	8,086	8,087
add FY22-26 undercollected levies	400	400	400	-	-	-
add new industry reserves	975	975	975	1,625	1,625	1,625
Total Industry Reserve available	**12,987**	**10,764**	**10,468**	**11,630**	**11,395**	**11,669**
Industry Funding applied to opex	(4,735)	(8,093)	(8,570)	(9,945)	(9,439)	(9,313)
Industry share of opex	*43%*	*61%*	*65%*	*65%*	*65%*	*65%*
Industry funding applied to capex	(7,098)	(1,662)	-	-	-	-
Closing Industry Reserves	**1,154**	**1,009**	**1,898**	**1,685**	**1,957**	**2,357**
% total reserves	*52%*	*57%*	*65%*	*65%*	*65%*	*65%*

12.3 Appendix C - Current Scheme Performance

12.3.1 Compliance Measures

The below figures show the incremental improvement across animals registered before their first movement and animal movements declared within 48 hours over the past four complete financial years.





Analysis was also conducted across a wider range of measurable elements of the NAIT Scheme which highlighted that at approximately **70% of NAIT locations** (79,957 NAIT locations) had at least one occurrence of a potential compliance offence in the 2024/25 year.

The offences measured were:

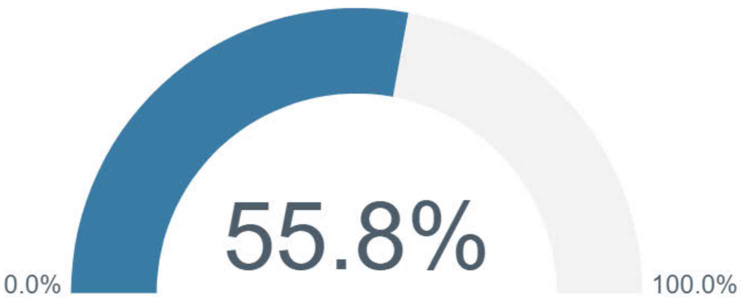
- Animals not registered prior to their first off farm movement
- Undeclared animal movements (broken chains)
- Missing NAIT location boundary information
- Movements declared outside of 48hours
- Out of date NAIT information ("inactive" PICAs[6])
- Incomplete birth information provided at animal registration (i.e., missing date or place of birth)

[6] *Defined as any PICA associated with a NAIT location that has had no recorded animal movements, registrations, updates, or tags issued from the 21/22 financial year onwards.*

12.3.2 Lifetime Traceability

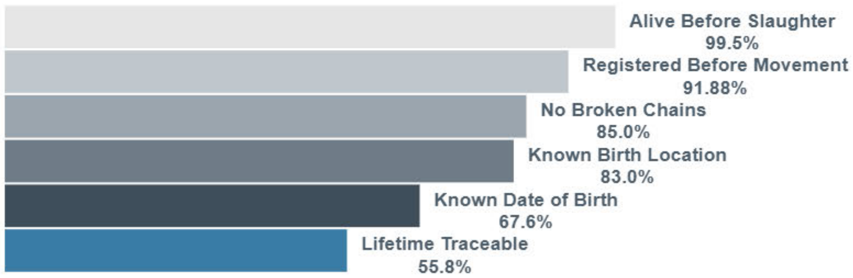
Lifetime Traceability of Animals Slaughtered at the Meat Processor 24/25

2,718,790 Total Animals Slaughtered



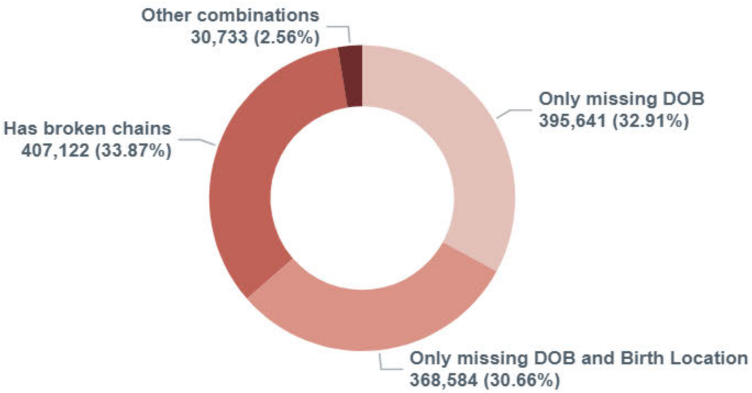
Percentage of Animals Meeting each Lifetime Traceability Criteria

Breakdown of 2,718,790 Total Animals Slaughtered

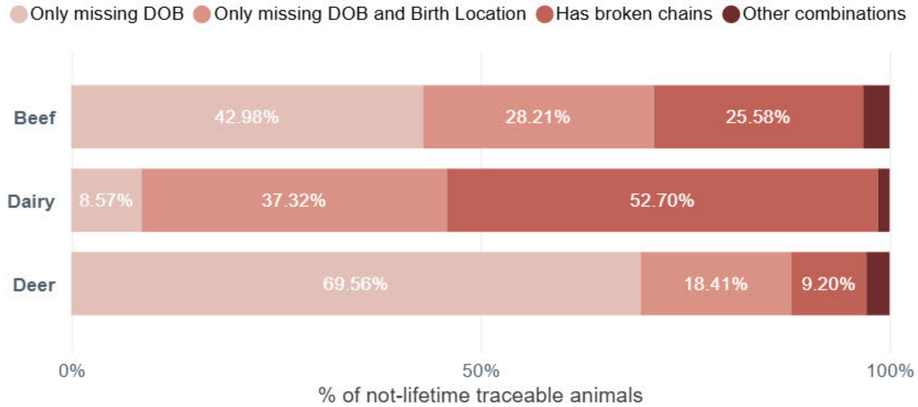


Reasons Animals Were Not Lifetime Traceable

Breakdown of 1,202,080 Not-Lifetime Traceable Animals

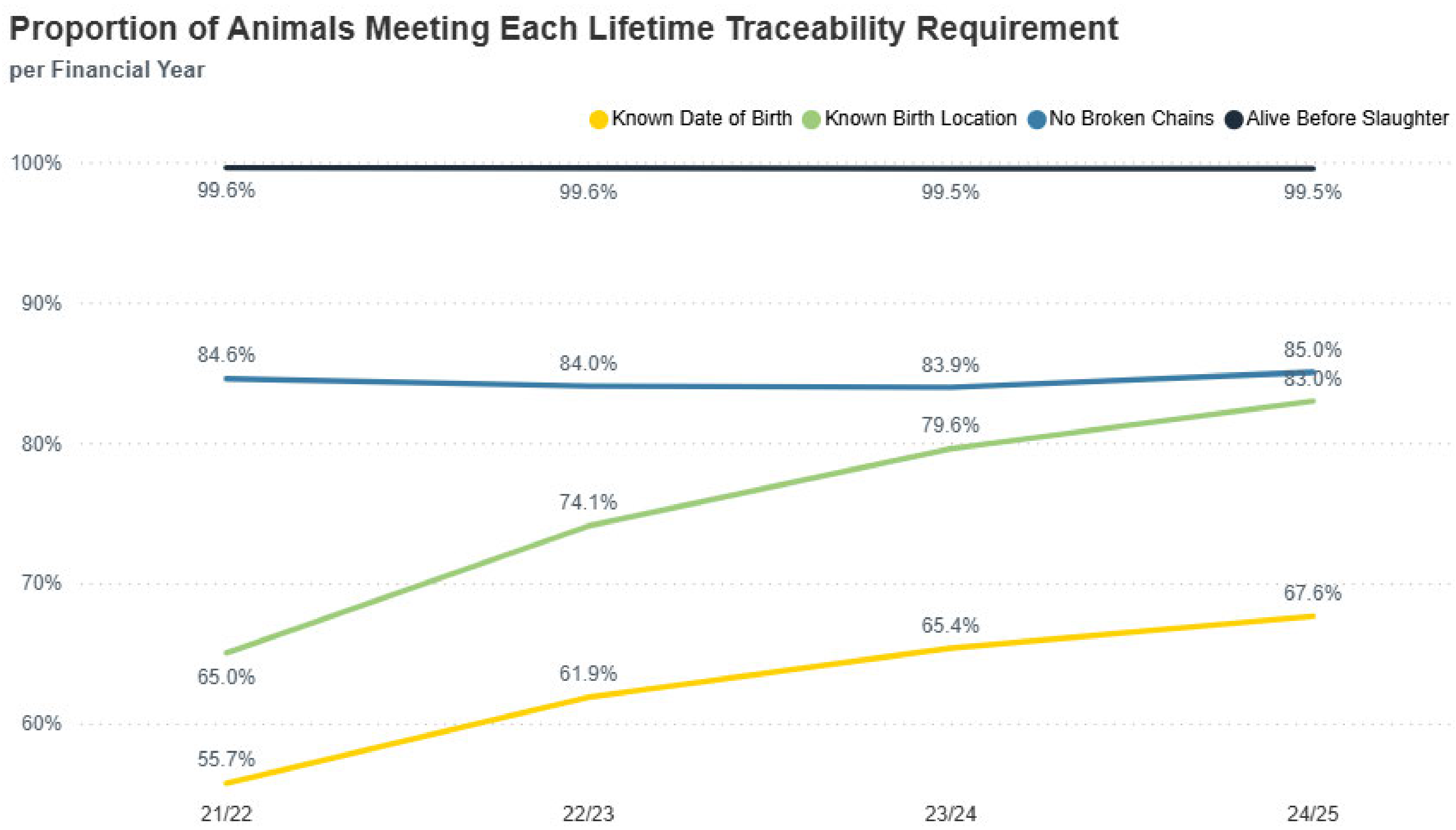


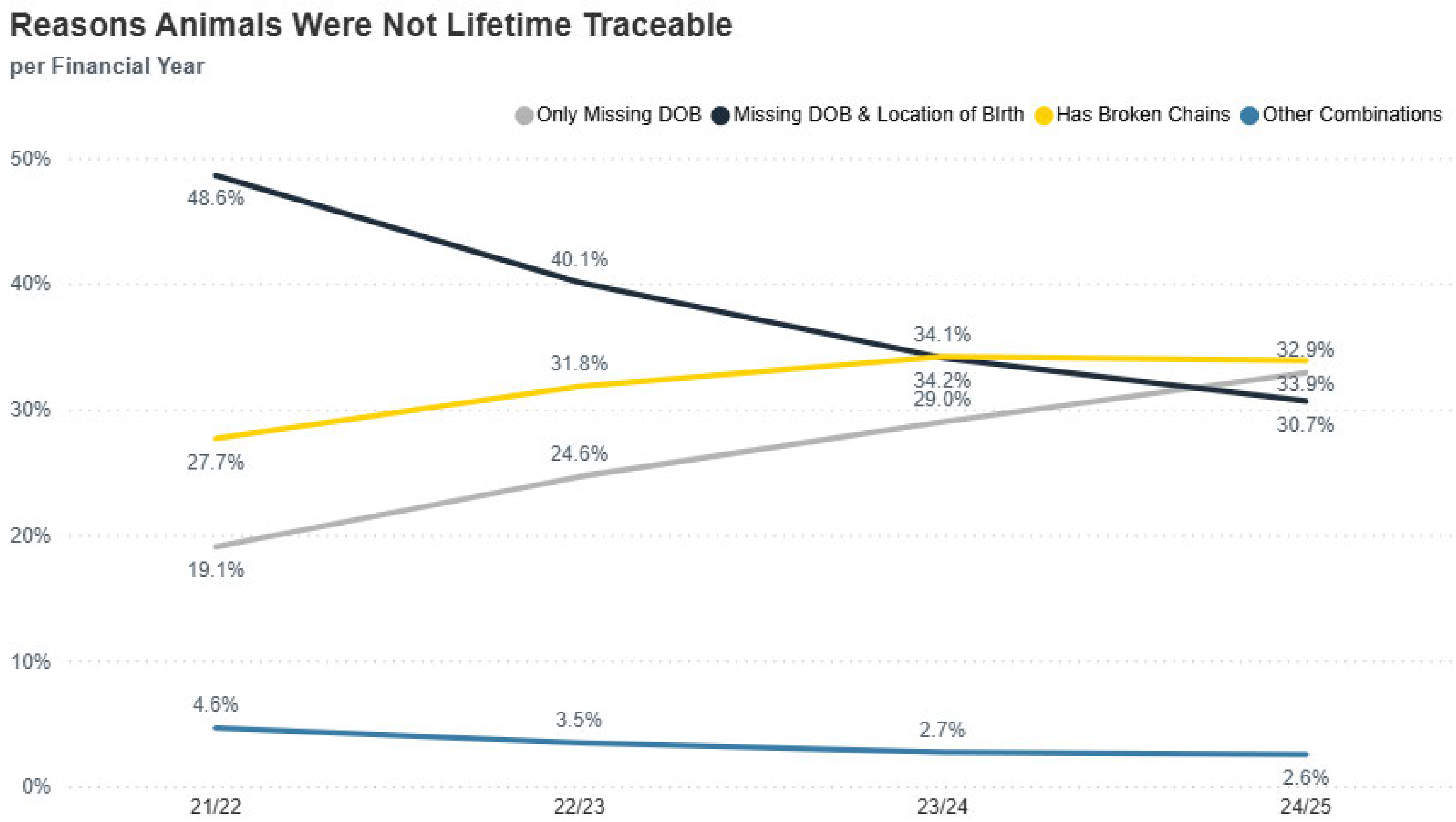
Reasons Not Lifetime Traceable by Production Type



The bottom two charts focus only on animals that are not lifetime traceable. As a result, the percentages shown differ from the criteria breakdown above, which is based on all animals slaughtered.

12.3.3 Averages over the past 4 Years





Reasons Animals Were Not Lifetime Traceable
per Financial Year
Only Missing DOB
Missing DOB & Location of Birth
Has Broken Chains
Other Combinations
50%
40%
30%
20%
10%
0%
48.6%
40.1%
34.1%
32.9%
31.8%
34.2%
29.0%
33.9%
30.7%
27.7%
24.6%
19.1%
4.6%
3.5%
2.7%
2.6%
21/22
22/23
23/24
24/25

12.4 Appendix D – Full Detail of Problem and Opportunity Analysis

12.4.1 Problems

The following problems inhibit the ability of the Scheme to fulfil its current and future potential purpose. These problems span people and capability issues as well as systems, processes and technology requirements.

Limited Value Realisation – the value and return-on-investment being derived from the NAIT Scheme is not as high as desired.

- The NAIT Scheme purposes that the legislation provides for, such as animal productivity, are not being fully realised, which limits the benefits and value.
- Farmers cannot easily access their own NAIT data in a usable form, or readily share data related to their animals to inform other farmers potential livestock purchasing decisions.
- The livestock industry is not able to fully leverage the potential of the NAIT Scheme to better support assurances to maintain and enhance New Zealand's market share in those overseas markets.
- The current use of NAIT data and benefits it provides is not quantified, communicated or understood.
- Gaps in the NAIT data can restrict the speed at which diseases can be traced, and the manual processes then required to fill the gaps takes time and increases costs.

System and Process Limitations – the current NAIT Information System and broader Scheme processes and policies are not as easy-to-use as desired.

- The NAIT Information System is not user-friendly and not fit-for-purpose – it is outdated, fragile, and difficult to maintain.
- The significant amounts of system-generated communication within the Scheme leads to farmer communications fatigue – affecting awareness, understanding, adoption and compliance.
- The NAIT Information System does not support two-way communication with third-party software applications, resulting in data accuracy issues.
- NAIT Scheme processes and policies require updating, particularly accreditation, and third-party engagement, to improve their effectiveness and efficiency.
- NAIT Limited's privacy policies and practices can make it impractical for farmers to meet their information obligations.

Partnering, Adoption, Compliance, and Roles and Responsibilities – there is not adequate partnering with stakeholders, to harness collective effort to improve traceability practices and Scheme performance.

- Adoption remains a challenge; further effort is required to encourage stakeholders to routinely integrate traceability into their everyday farming practices.
- There is mixed acknowledgement amongst farmers of the importance of the NAIT Scheme, and not all stakeholders interacting with NAIT understand their role and responsibilities and the value that effort provides.
- OSPRI provides a wide range of knowledge and training support information and material, both online and in-person, to support farmers better navigate the current systems and processes.
- The NAIT Scheme monitoring, compliance and enforcement practices are not focussed on areas of greatest impact, and there is a need to improve compliance, including lifting voluntarily comply.
- Farmers do not understand key principles about how compliance and enforcement operate and more could be done to highlight the appropriateness of the efforts.

Technology and Tag Performance Issues – current technology is not being leveraged to its full potential.

- Identification and tracing is currently based around proven technology, and approval processes, namely ear tags.
- The device approval process is considered to be robust, but it may be overly expensive and arduous, limiting the number of available providers.
- There are issues with tag retention and loss leading to Farmers facing practical challenges in replacing lost tags, including reconciling the information in the NAIT Information System.

12.4.2 Opportunities

New Zealand's remote island location and relative disease freedom is not only a market access advantage but also allows the livestock industry to achieve high animal productivity levels with relatively low inputs.

As New Zealand exports over 90% of its production, its economic and social prosperity is closely tied to its international trade reputation and access to key agricultural export markets. This includes being identified as an international leader in livestock health and welfare, as well as a trusted supplier of meat and dairy products. Improved NAIT Scheme performance would strengthen this foundation to secure continued market access, facilitate enhanced biosecurity response actions, improve animal health and productivity, and provide for more efficient management throughout the value chain.

Value Realisation and Return-on-Investment – farmers and the wider livestock industry derive more value from the NAIT Scheme.

The overarching value from the NAIT Scheme lies in improving the accuracy, completeness and timeliness of NAIT data. NAIT Limited will work with stakeholders to better inform them of how they can access and use NAIT data to derive meaningful value for their purposes.

The data underpins more rapid, effective and cost-effective disease management and eradication efforts, protecting and enhancing the value for farmers and livestock industry. As the understanding of NAIT data and its potential wider benefits improves, farmers will be better equipped to use it to enhance animal productivity and realise business efficiencies, supporting the embedding of good traceability practices on farm. By assuring the quality of traceability data, the NAIT Scheme will enable the livestock industry to demonstrate and strengthen the integrity of New Zealand animal products.

Scheme Simplicity – the livestock industry benefits from improved ease-of-use and performance of the NAIT Scheme.

This will be achieved primarily through replacing the current NAIT Information System and improving overall Scheme implementation, including the supporting policies and processes. Ease of use across the Scheme is essential, enabling farmers and other stakeholders to integrate traceability practices into everyday activities. A simple, intuitive system, with improved third-party integration and two-way communication between systems, will reduce barriers and support adoption.

Partnering, Adoption, Compliance, and Roles and Responsibilities – NAIT Scheme stakeholders and industry partners collaborate to deliver outcomes that benefit the wider livestock sector.

There is an opportunity for NAIT Limited, stakeholders, and industry partners to strengthen their understanding of their roles and responsibilities within the NAIT Scheme and how each contributes to its success. Greater clarity and shared understanding would help leverage collective capability and expertise, ensuring everyone is working together to support and advance the Scheme, while also enabling consistent messaging from trusted sources.

With improved understanding of the value and importance of accurate, timely NAIT information, farmers are more likely to voluntarily meet their obligations and embed traceability practices into everyday business.

The NAIT Scheme's compliance monitoring and enforcement model will be supported by a coherent, strategy that stakeholders understand and trust. Compliance data will be used effectively, and compliance and enforcement activity will be proportional, risk-based, and clearly directed toward protecting the livestock industry.

Best available technologies – farmers have access to the best available NAIT devices.

The NAIT Scheme policies and standards will be designed to minimise the impact of NAIT tag loss on overall Scheme performance, including providing practical advice to farmers and exploring the inclusion of new animal identification technologies. The NAIT Scheme will refresh the device approval processes and review performance expectations. NAIT Limited. will monitor and transparently report on tag performance providing farmers and the livestock industry with actionable and reliable insights on tag performance.

12.5 Appendix E – Detailed Scenario Analysis – Summary Tables for each Scenario

STATUS QUO	CONTINUING OPERATIN UNDER 2021-24 STRATEGY SETTINGS
Description	Under this scenario, NAIT Limited would continue delivering baseline operational activities aligned with the 2021-24 Triennial Business Case. The 2025–2028 NAIT Scheme strategy indicates that this approach is based on policies and procedures that have remained largely unchanged. There will be no business enhancements to enable self-service, significantly increase data accuracy or enhance stakeholder engagement. The primary focus will remain on a continued use of compliance enforcement as the main driver for improvements in Scheme performance. The scheme would likely see small incremental change in performance well below stakeholders needs. This scenario assumes no additional investment is made into the NAIT Scheme. NAIT Limited would continue operating under current arrangements, as described in the 2021-24 Triennial Business Case, without replacing the current NAIT information system or implementing further improvement activities outlined in the 2025-28 NAIT Scheme Strategy.
Net costs	Year 1-3 $39.91M ($13.3M/YEAR) Year 4-6 $44.65M ($14.88M/YEAR) Total $84.56M
Advantages	• This scenario has a low short-term cost overall and avoids major new investment. • As IT spending remains lower compared to the other scenarios, this frees up some funding for other activities (such as compliance enforcement). • Core legislative obligations can still be met under existing scheme (and system) settings.
Disadvantages	• This scenario has weak strategic alignment with the NAIT Scheme Strategy, OSPRI Strategy and the Biosecurity Action Plan. It fails to meet most Critical Success Factors except for partially meeting affordability and legislative obligations. • The current NAIT system would remain on a legacy platform with no further development. Ongoing maintenance would continue and only limited upgrades will be undertaken due to the architectural constraints of the current system the risk of system failure and unacceptable security risks brought about by system changes/enhancements. These constraints limit the extent to which improvements in user experience, functionality and third-party integration can be made. • Very low ROI due to no significant uplift in data quality, usability, compliance enforcement, or user experience. • Compliance enforcement will remain reactive and rely on regulatory deterrence as the key driver of behaviour change – there will be no significant uplift in “assisted” interventions.
Conclusion	This scenario has ***weak alignment when assessed against the Critical Success Factors***. This scenario has partial alignment with the ‘Affordability’ Critical Success Factor due to the overall lower cost, however due to the increase in overheads expected because of the *M. bovis* programme concluding, this scenario will still require additional funding over and above current. The scenario has weak alignment and fails to meet the remainder of the Critical Success Factors, because it relies on current system and processes that remain difficult, unintuitive and increasingly costly and inefficient. This scenario also ***fails to address the majority of the investment objectives***. Without a data user strategy, the wider benefits of NAIT data remain largely inaccessible (Investment Objective 1), and the lack of effective third-party integration prevents farmers from leveraging on-farm technologies and integrating with farming realities (Investment Objective 2). The absence of a stakeholder roles and responsibilities strategy limits shared understanding and collective action across the Scheme, and compliance activity remains reactive and costly (Investment Objective 3).

SCENARIO ONE	DELIVERY OF THE NAIT SYSTEM REPLACEMENT AND MINIMAL OTHER CHANGE OVER THREE YEARS
Description	This was the original scenario considered in the NAIT Strategy. This scenario delivers the replacement NAIT Information System and implements the full set of improvement initiatives outlined in 2025/28 NAIT Scheme Strategy. As OSPRI management has examined the scale of activity and change both at an OSPRI company level as well as the wider industry and government level we now consider that setting out to achieve the full strategy would be high risk and unlikely to deliver the full benefits expected with the strategy.
Net costs	Year 1-3 $46.88 M ($15.63M/YEAR) Year 4-6 $41.58M ($13.86M/YEAR) Total $88.45M
Advantages	• This scenario delivers the NAIT Replacement System which is a major uplift in system usability and integration. • This scenario also delivers the refreshed accreditation programme and introduces a third-party integration standard to improve quality and consistency of data input. • This scenario has moderate-to-strong ROI compared to the status quo, although with a smaller scope than scenario two. • There is strong alignment with legislative obligations compared to status quo with the NRS improving usability to promote voluntary compliance. • This scenario does not require the same uplift in capability and capacity that scenario two requires in years 4-6.
Disadvantages	• This scenario delivers only **partial** implementation of the NAIT Scheme Strategy leaving major policy, compliance, adoption, data, and engagement shifts unaddressed • The compliance framework will be developed within this scenario but not implemented fully, meaning there will be no uplift in OSPRI's capacity and capability to provide 'assisted' interventions to drive behaviour change and there will be continued reliance on 'directed' and 'enforced' compliance, which are more costly interventions. • Without the supporting scheme wide change, there will be limited benefit realisation (related to the NRS and accreditation programme/integration only) • This scenario costs more than the status quo and delivers only partial benefits described within the scheme strategy.
Conclusion	Scenario 1 represents a meaningful improvement relative to the Status Quo, however performance against the investment objectives is limited. Scenario 1 provides a material uplift primarily against Investment Objective 2, through the delivery of a modernised NAIT Information System, improved usability, guided workflows and enhanced interoperability. It offers only partial progress toward Objectives 1 and 3, as wider behavioural, compliance, engagement, and data-value interventions are not fully implemented in this scenario. While the scenario demonstrates alignment with Legislative Obligations, Capability/Capacity, and Affordability, its constrained scope limits its contribution to Flexibility, Return on Investment, and achieving an appropriate balance of stakeholder imperatives.

SCENARIO TWO	DELIVERY OF THE NAIT SCHEME STRATEGY OVER A 6-YEAR PERIOD
Description	This scenario delivers the replacement NAIT Information System and implements the full set of improvement initiatives outlined in 2025/28 NAIT Scheme Strategy. Due to the significant level of change involved in these improvement initiatives, the horizon for this scenario has been extended to six years, even though the funding period for this Business Case is three years. The scenario description outlines the initiatives and activities that will be undertaken during the Triennial Business Case funding period, as well as those undertaken in years four, five and six to achieve full Strategy implementation.
Net costs	Year 1-3 $46.89 M ($15.63M/YEAR) Year 4-6 $44.49M ($14.83M/YEAR) Total $91.37M
Advantages	• This scenario has the strongest strategic fit and is the only scenario that fully aligns with NAIT Scheme Strategy, OSPRI Strategy, and parts of the Biosecurity Action Plan This scenario also offers the highest ROI with the NRS setting the foundation for later stage benefits that can be realised through the additional initiatives aiming to increase data accuracy and overall scheme performance. • This scenario provides a comprehensive uplift across NAIT Limited core functions and duties, including the NAIT Information System as well as provision of information and enforcement of compliance. • This scenario offers the highest level of flexibility, including the planned work around investigation into innovation for possible future NAIT devices. • The staged, multi-year delivery approach allows for large amounts of change to be embedded across a longer timeframe and reduces the associated risks related to change and capability. • A formal three-year review will allow for mid-course corrections and continues funder confidence.
Disadvantages	This scenario has the highest total investment cost across scenarios ($89.56M over six years); this has resulted in only partial alignment with the affordability Critical Success Factor. The level of change is higher than other scenarios, which introduces greater delivery complexity and cumulative change load across sector (this scenario requires significant change management and sequencing)
Conclusion	Scenario 2 ***best meets all four Investment Objectives*** by delivering foundational improvements early and broader Scheme uplift over the later years. The new NAIT Information System provides usability and data-quality gains, while a data-user strategy expands industry value and supports better decision-making (Objective 1). Farmers benefit from simpler, better-integrated technology and refreshed policies (Objective 2). A strengthened compliance approach and clearer roles and responsibilities lift Scheme integrity and collective performance (Objective 3). Improved device monitoring and structured work on tag loss support better lifetime identification over time (Objective 4). Scenario 2 achieves **six of the seven Critical Success Factors**, with only partial alignment on Affordability. It shows strong alignment with Strategic Fit, Legislative Obligations, and Capability/Capacity through improved system design, guided workflows, modernised policies, and a completed Privacy Impact Assessment. It also performs well against *Return on Investment* and *Achieving Balance of* Stakeholder Imperatives, delivering better compliance settings, improved data quality, and stronger interoperability. Flexibility is enhanced through more adaptable technology and updated processes. The only partial alignment is on Affordability, reflecting the higher investment required relative to other scenarios, including the Status Quo.

SCENARIO 3	DELIVERING THE REPLACEMENT SYSTEM WITHIN THE CURRENT AGREED FUNDING ENVELOPE OF $12.4 MILLION/YEAR
Description	This scenario invests in delivery of the NRS within the current agreed funding envelope of $12.4 million per year. To fund the NRS within this constraint, significant reductions are required across NAIT Limited's base operations, particularly within Service Delivery, Traceability, Compliance, Data, and Engagement functions. As a result, while the system replacement is delivered, there is limited capacity to maintain core services or implement supporting initiatives required to realise the full benefits of the system and the wider NAIT Scheme Strategy.
Net costs	Year 1–3 $42.02M($14.08M/YEAR) – includes use of cash reserves of $3.69M Year 4–6 $36.78M ($12.26M/YEAR) Total $78.8M
Advantages	• This scenario is the most affordable in the short term and operates within the current funding envelope. • It enables delivery of the NRS, providing some improvement in system usability, performance, and technical capability.
Disadvantages	• Significant (~40%) reduction in funding for core services materially degrades service delivery, compliance monitoring and enforcement, data, and stakeholder engagement functions. • Reduced capability across integrated functions limits the ability to support adoption, maintain data quality, and realise the benefits of the system replacement. • Increased reliance on 'directed' and 'enforced' compliance interventions due to reduced support, education, and proactive compliance activity (i.e., reduced capacity to support voluntary and assisted). • Service levels (particularly within the Support Centre) would fall below historically acceptable performance, resulting in poorer stakeholder experience. • Reduced capacity to support accreditation, data integrity, and NAIT system integration creates risk to successful implementation and stabilisation of the replacement system. • Broader NAIT Scheme Strategy initiatives (policy, compliance framework, data use, engagement, and technology improvements) are not delivered. • Increased downstream cost and effort for MPI and funders to manage compliance monitoring, enforcement, and disease response activities.
Conclusion	Scenario 3 delivers the NRS but **does not meet most of the investment objectives**, as it lacks the supporting capability, policy, compliance monitoring and enforcement, and engagement initiatives required to drive higher levels of adoption and compliance, improve data quality, and realise Scheme-wide benefits. While it performs strongly on affordability, this is achieved through significant reductions in operational capability, resulting in degraded service delivery and increased Scheme-wide risk. Scenario 3 shows **very weak alignment with most Critical Success Factors**, including Strategic Fit, Legislative Obligations, Capability/Capacity, and Achieving Balance of Stakeholder Imperatives. While technically improving system capability, the absence of supporting investment significantly constrains return on investment and limits overall impact. Overall, this scenario represents a **high-risk approach**, where short-term affordability is achieved at the expense of overall Scheme performance, stakeholder confidence, and long-term benefit realisation.

12.6 Appendix F – Key Legislation –

National Animal Identification and Tracing Act 2012

12.6.1 Section 3 – Purpose

3 Purpose

The purpose of this Act is to establish an animal identification and tracing system that—

(a) provides for the rapid and accurate tracing of individual, or groups of, NAIT animals from birth to death or live export; and

(b) provides information on the current location and movement history of individual, or groups of, NAIT animals; and

(c) improves biosecurity management; and

(d) manages risks to human health arising from residues in food, food-borne diseases, and diseases that are transmissible between animals and humans; and

(e) supports improved animal productivity, market assurances, and trading requirements.

12.6.2 Section 10(1)(a) – Functions, duties, and powers of NAIT organisation

10 Functions, duties, and powers of NAIT organisation

Subsection (1) — Mandatory obligations

The NAIT organisation must—

(a) Meet its obligations under this Act and any regulations made under this Act, including (but not limited to)—

- **(i)** the delivery of any services required to be provided by the NAIT organisation;
- **(ii)** the collection of any levies required to be paid to the NAIT organisation;
- **(iii)** the employment, or contracting, of the staff or services required to administer the NAIT scheme;
- **(iv)** the provision of the appropriate information, educational material, or training to inform parties of their obligations under the NAIT scheme;
- **(v)** the gathering of information about compliance with the NAIT scheme;
- **(vi)** the undertaking of compliance and enforcement functions;
- **(vii)** the establishment of any policies, standards, and rules necessary for the effective operation of the NAIT scheme;
- **(viii)** the establishment and maintenance of the appropriate financial management systems;
- **(ix)** the establishment and maintenance of the appropriate systems that ensure that persons who are participants in, or have an interest in, the NAIT scheme are able to provide ongoing input into the NAIT organisation's decision-making; and
- **(x)** the development and implementation of a national operations plan that—
  - (A) sets strategic and operational goals; and
  - (B) sets objectives and priorities for the NAIT organisation and the NAIT scheme; and
  - (C) identifies the expectations of those persons who have an interest in the NAIT scheme; and
  - (D) specifies the measures by which the NAIT organisation's performance of its functions and duties under this Act (including any function or duty specified under subsection (2)) will be assessed; and
  - (E) specifies how the NAIT organisation's activities will be independently audited against those measures.

(b) Modify its constitution or rules to—

- **(i)** indicate that it is the NAIT organisation designated under this Act; and

(ii) indicate that its purpose or object includes meeting its obligations under this Act or any regulations made under this Act on a not-for-profit basis; and
(iii) reflect its obligations under this Act or any regulations made under this Act; and
(iv) enable it to meet its obligations under this Act or any regulations made under this Act.

(c) In the event that an appointment is made under section 9(1)(a) or (b), ensure that there is continuity of access to the NAIT information system (before and after the appointment) by persons entitled to access it under Part 4.
(d) Arrange for its activities to be independently audited each year against the measures specified in the national operations plan.
(e) Perform any function or duty that the Minister directs under subsection (2).

Subsection (2) — Ministerial direction power

The Minister may, after consulting the NAIT organisation and any other persons that the Minister considers appropriate, direct the NAIT organisation in writing to perform a function or duty, including a function or duty specified in subsection (1), provided the function or duty is consistent with the NAIT organisation's obligations under this Act or any regulations made under this Act.

Subsection (2A) — Parliamentary presentation of directions

The Minister must present a direction made under subsection (2) to Parliament.

Subsection (2B) — Continuity of NAIT information system access

The NAIT organisation must perform its function under subsection (1)(c)—
(a) in accordance with the terms of any agreement entered into by the NAIT organisation and the Crown; or
(b) if there is no agreement, in accordance with any direction of the Minister given under subsection (2).

Subsection (3) — Contracting out

The NAIT organisation—
(a) may contract out the functions, duties, and powers specified in subsection (1)(a)(i) to (v) and (vii) to (x), but remains responsible and accountable for the performance of those functions and duties and the exercise of those powers; and
(b) may not contract out the compliance and enforcement functions specified in subsection (1)(a)(vi) unless—
(i) the functions are contracted out to the NAIT organisation's subsidiary or holding company; or
(ii) the functions are compliance functions that relate to the provision of information and training.

Subsection (3A) — Accountability when contracting out compliance functions

When contracting out compliance and enforcement functions under subsection (3)(b), the NAIT organisation remains responsible and accountable for the performance of those functions.

Subsection (3B) — Definitions

In subsection (3), holding company and subsidiary have the meanings given by section 5 of the Companies Act 1993.

Subsection (4) — Crown enforcement not displaced

To avoid doubt, any compliance or enforcement function undertaken by the NAIT organisation under subsection (1)(a)(vi) does not displace or limit the compliance or enforcement functions of the Crown under this Act or any other enactment.

Subsection (5) — Annual review of national operations plan

The NAIT organisation—

- **(a)** must, on an annual basis, review any national operations plan that is implemented under subsection (1)(a)(x); and
- **(b)** must amend the plan if the NAIT organisation considers an amendment necessary or desirable in the light of the purpose of this Act; and
- **(c)** must, as soon as practicable after the review is completed, provide the Minister with the findings of the review.

Subsection (6) — Minister's review power

Despite subsection (1)(a)(x) or (5), the Minister—

- **(a)** may, at any time, review any national operations plan that is implemented under subsection (1)(a)(x); and
- **(b)** may, after consulting the NAIT organisation, amend the plan if the Minister considers an amendment necessary or desirable in the light of the purpose of this Act.

Subsection (7) — Obligations when performing functions

The NAIT organisation must, when performing its functions or duties or exercising its powers—

- **(aaa)** have regard to the Government's priorities and expectations notified under section 9B; and
- **(a)** have regard to any policies that the Minister issues under section 12; and
- **(b)** comply with any standards that the Minister issues under section 12.

Subsection (8) — Act prevails over other enactments

In the case of an inconsistency between this Act and any enactment under which the entity that became the NAIT organisation was established, this Act prevails.

10A Additional reporting obligations

This section was inserted on 14 December 2019 by section 9 of the National Animal Identification and Tracing Amendment Act 2019 (2019 No 74).

Subsection (1) — Annual financial reporting

The NAIT organisation must, for each financial year—

- **(a)** prepare a written report accounting for how any money appropriated by the Crown has been spent in the financial year; and
- **(b)** provide the report to the Minister as soon as practicable after the end of the financial year.

Subsection (2) — Government priorities reporting

The NAIT organisation must—

- **(a)** prepare a written report on how the NAIT organisation is addressing the Government's priorities and expectations relating to the organisation's performance of its functions and duties under this Act; and
- **(b)** provide the report to the Minister at the end of the financial year and at any other time at the request of the Minister.

Subsection (3) — Independent audit findings

The NAIT organisation must provide the Minister with the findings of the independent audit required under section 10(1)(d) as soon as practicable after the audit has been completed.

12.6.3 Section 40 – Purposes of holding core data

40 Purposes of holding core data

(1) Core data is held in the NAIT information system for the following purposes:

(a) to enable the NAIT organisation, a NAIT officer, or a NAIT authorised person to exercise their powers and carry out their functions and duties:

(b) to assist other persons with duties under this Act to carry out their duties:

(c) to facilitate the purposes of the Animal Products Act 1999, Animal Welfare Act 1999, Biosecurity Act 1993, Commodity Levies Act 1990, Primary Products Marketing Act 1953, and any other enactment relating to animals or animal health:

(d) to respond to the following human health issues:

(i) food residues associated with animals:

(ii) food-borne diseases associated with animals:

(iii) diseases transferable between animals and humans:

(e) to provide data supporting productivity, market assurance, and trading requirements:

(f) to respond to natural disasters or requests from emergency services when rapid access to data on animals and people is needed to manage risks to the lives and welfare of animals and people:

(g) to provide statistical data for policy development and related advice about the industries to which this Act applies:

(h) to enable the NAIT organisation to publish general agricultural statistics under section 49:

(i) to provide data to enable a potential purchaser of a NAIT animal to trace the location history of the animal over its life:

(j) to respond, or assist others with duties to respond, to inquiries about theft of NAIT animals, wandering NAIT animals, or NAIT animals found dead in public places.

(2) For the purpose of subsection (1),—

emergency services means—

(a) the services described in section 4 of the Civil Defence Emergency Management Act 2002; and

(b) animal control services of local authorities or other similar services relating to animal control

location history means information about the locations in which the animal was registered and the dates during which the animal resided in each location.