30 October 2013

Adjudication Branch
Australian Competition & Consumer Commission
23 Marcus Clarke Street Canberra 2601 T

Via email: adjudication@accc.gov.au

Dear Sir / Madam

Notification of Exclusive Dealing

Please find included in this emailed application:

a. Form G - Notification of Exclusive Dealing for this entity and three associated entities,
b. A copy of the report referred to in our Form G - Contribution of the Pet Care Industry to the Australian Economy 7th Edition, 2010

We have paid $100 in fees on Monday 28th October 2013 and a further $300 earlier today directly with your finance department.

If you have any queries, please do not hesitate to contact the writer.

Yours faithfully,
The Franchise Group Pty. Ltd.

Martin Rose
Director

The Franchise Group Pty. Ltd.
A.C.N. 007 449 587 A.B.N. 84 725 952 928
Office: Suite 14, 209 Toorak Rd, South Yarra Vic 3141
Ph: 61-3-9926 5266 Fax – 61-3-9826 5277

Form G

Commonwealth of Australia

Competition and Consumer Act 2010 — subsection 93 (1)

NOTIFICATION OF EXCLUSIVE DEALING

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with subsection 93 (1) of the *Competition and Consumer Act 2010*, of particulars of conduct or of proposed conduct of a kind referred to subsections 47 (2), (3), (4), (5), (6), (7), (8) or (9) of that Act in which the person giving notice engages or proposes to engage.

PLEASE FOLLOW DIRECTIONS ON BACK OF THIS FORM

1. Applicant

(a) Name of person giving notice:
(Refer to direction 2)

N97059 The Franchise Group Pty Ltd ACN 007 449 587

N97060 Blue Wheelers Pty Ltd (**BW**) ACN 074 300 422

N97061 Blue Wheelers DFD Pty Ltd (**DFD**) ACN 160 000 608

N97062 Dash DogWash Pty Ltd (**Dash)** ACN 050 026 269

(b) Short description of business carried on by that person:
(Refer to direction 3)

The Franchise Group Pty Ltd is owner of all intellectual property used by Blue Wheelers Pty Ltd (**BW**), Blue Wheelers DFD Pty Ltd (**DFD**) and Dash DogWash Pty Ltd (**Dash**).

BW (formally known as HydroDog) - is a quality full service franchised dog washing, dog clipping and dog grooming franchise with an emphasis on training and customer service delivery.

DFD is a franchise that delivers dog food, treats, flea and other dog treatment products that also undertakes health reviews on dogs when it supplies pet food and associated products.

Dash is a franchised dog wash business focusing on the delivery of a dependable flea free wash and dry with excellent customer service.

All three franchised entities **BW**, **DFD** and **Dash** use almost all the same suppliers with all intellectual property being licenced to these entities by The Franchise Group Pty Ltd.

As at the date of application there are 187 franchisees in the three different franchise systems operating in every state and territory.

Under the franchise agreements, franchisees in all three systems are granted the right to operate a business system in a non-exclusive territory using the brands, business systems and intellectual property owned by The Franchise

Group Pty Ltd. To ensure a uniform and quality customer experience all three franchised systems offer:

i. Initial and ongoing training and support
ii. An integrated business information system that is computer cloud based and manages customer relationships. It provides franchisees an income and expense monitoring system and benchmarking against key performance indicators (The **CRM**)
iii. Fully developed business systems and manuals
iv. Access to exclusive **BW**, **DFD** and **Dash** branded high quality products
v. National marketing and lead generation.

As a condition of joining **BW**, **DFD** and **Dash** a franchisee must agree to follow the franchise systems and maintain the uniform branding, image and quality service levels so that customers can enjoy a uniform and repeatable quality experience and thus trust us to care for their fury family member (i.e. their dog).

(c) Address in Australia for service of documents on that person:

The Franchise Group Pty Ltd
Suite 14, 209 Toorak Rd South Yarra 3141.

2. Notified arrangement

(a) Description of the goods or services in relation to the supply or acquisition of which this notice relates:

i. A range of products used in the day to day operation of **BW** and **Dash** including but not limited to branded shampoos, flea treatments, sanitisers, deodorisers, cleaners, skin and coat conditioners.

ii. A range of branded pet food and treats; many made and packaged exclusively for **BW**, **DFD** and **Dash**.

iii. A range of specialised washing and grooming equipment used in the set up and day to day operation of **BW** and **Dash** including but not limited to clippers, dryers, grooming tables and grooming equipment to enable the efficient, consistent and professional operation of a **BW** and **Dash** business system.

iv. Specialised equipment used in the set up and day to day operation of **DFD** including but not limited to scales, food, treats, coat, skin and flea treatments and fit out and equipment to enable the efficient, consistent and professional operation of a **DFD** business system.

v. Standard national uniforms in our colours with logos

vi. Uniform national signage and branding

vii. The fully integrated business management and information system (The **CRM**)

viii. A unified 1300 call centre for **BW**, **DFD** and **Dash** so that customers can call one phone number and have their enquiry passed on to the most appropriate franchisee.

ix. A single payment system for the collection of franchise fees

x. A single web based portal for web based sales of services and products to be delivered by franchisees in **BW**, **DFD** and **Dash**.

xi. A national group insurance scheme.

(b) Description of the conduct or proposed conduct:
(Refer to direction 4)

The Franchise Group Pty Ltd through **BW**, **DFD** and **Dash** will supply its services, support and intellectual property to its franchisees as long as they reflect the values and the brands they represent.

We have been advised that the above conduct falls within the definition of exclusive dealing in sections 47(6) and (7) of the Competition and Consumer Act 2010 (Cth) as The Franchise Group Pty Ltd proposes to:

(i) Supply its services on the condition that the Franchisees acquire Approved Products from the suppliers; and
(ii) will refuse to supply is services if the Franchisees do not acquire and use Approved Products from the suppliers.

As we will detail in this application, The Franchise Group Pty Ltd believes that the public benefits resulting from this conduct outweigh any public detriment despite the conduct falling within this definition.

3. Persons, or classes of persons, affected or likely to be affected by the notified conduct

(a) Class or classes of persons to which the conduct relates:
(Refer to direction 5)

All franchisees in **BW**, **DFD** and **Dash** Australia wide.

(b) Number of those persons:

(i) At present time:

187

(ii) Estimated within the next year:
(Refer to direction 6)

205

(c) Where number of persons stated in item 3 (b) (i) is less than 50, their names and addresses:

Not applicable

4. Public benefit claims

(a) Arguments in support of notification:
(Refer to direction 7)

See 4 (b) below.

(b) Facts and evidence relied upon in support of these claims:

By way of background The Franchise Group Pty Ltd operates franchise systems in the entry level of small business. For almost all of our franchisees this is their first involvement in a small business and thus they require support and business training; relying on us to guide them to success.

Overall market

According to the "Contribution of the Pet Care Industry to the Australian Economy 7th Edition, 2010" report compiled by the Animal Companion Council, (section 10.2) there are more than 2,700 pet service providers supplying dog and cat clipping and grooming. With many of these being shops with multiple employees, we fairly estimate that there are significantly more than 4,000 dog groomers. We therefore represent less than 5% of the total number of groomers. This list excludes the abundant number of back yard operations that did not advertise in the medium they surveyed to determine market size.

With such a diverse and competitive market, we try to provide a meaningful point of difference for potential and current consumers to choose us over the vast array of groomers available.

In pet food, the sources of food for consumers are so varied from pet food stores, to pet superstores, on line web based delivery companies and the plethora of supermarkets. With only two current **DFD** franchisees it would seem that we will have little impact on the market place for pet food. All we can try to do is create a perceptual difference through service and quality branded products that consumers find us an appealing alterative to what is already a widely distributed and extremely competitive product category.

Relevancy Of Products In The Respective businesses

It is only through the use of Approved Products that a **BW** or **Dash** franchisee can consistently deliver to consumers' quality services. A brand is trust. We submit that only through the use of specially developed Approved Products, can franchisees maintain a trusted brand for the consumers they interact with.

The Franchise Group Pty Ltd has developed a range of pet food and treats products and intends to brand them and buy them in bulk. As part of the consistent customer experience, we believe it important to keep control over the products used in our franchisees business. We contend that the bulk buying of such products should allow us to be competitive so that **BW**, **DFD** and **Dash** franchisees can provide consumers a quality product and experience; at a fair price.

In **BW**, **DFD** and **Dash** we negotiate not only core products used in the delivery of service but the purchase of quality equipment for franchisees to use in each of these business. Without bulk buy opportunities, franchisees could pay significantly more than they would otherwise. No supplier rebates are currently received or have ever been received from any equipment supplier; with all savings passed on to franchisees. Should this change at any time, we would be required to be completely transparent in accordance with the considerable obligations contained in The Franchise Code.

Competitive Prices

With such a diverse and highly competitive market in all areas we operate, we offer a measurably different product and market relative pricing (supplied across Australia) through buying core products in bulk in sufficient quantities from nominated suppliers.

Since its inception, The Franchise Group Pty Ltd and its associated entities have invested in developing supplier relationships to ensure that our franchisees and consumers are given the best quality products at market competitive prices.

Given the aggregated volume, in what is otherwise a diverse market, we believe we are in a position to negotiate lower prices on average than individual franchisees could otherwise obtain themselves.

It is only through the combination of volume purchases and long term relationships that we can maintain standards. Franchisees in **BW**, **DFD** or **Dash** do not have the time, the experience nor the contacts and ability to develop, source, produce and negotiate contracts on the products we supply. One of the main benefits of joining a **BW**, **DFD** or **Dash** franchise is the potential to access our specially developed approved products (and branding) to stand out from the very significant competition.

By enabling Franchisees to acquire Approved Products at competitive rates franchisees can:

- Maximise their profitability opportunity; and
- Provide a point of difference for consumers; and
- Provide value for money to their customers; and

- Concentrate on running their own businesses.

Product Supply - Unique Products

It is unlikely that a manufacturer would make specially branded and formulated products for an individual operator in **BW**, **DFD** or **Dash**.

Consumers benefit by having quality products and services available to them at would otherwise be higher prices – if available at all.

Brand Protection

Franchisees buy not only the support that a franchise affords; they buy the marketing support and brand recognition that comes with a national brand.

It is only through the ability to supply consistent high quality product, branding and marketing to our franchisees and customers that **BW**, **DFD** and **Dash** can have a perceptual difference in their markets but also the way they can maintain this differentiation and brand reputation.

We provide national branding and have contractors in place for all signage, uniforms and marketing materials, to ensure that the brands are presented in an identical way in all areas we operate. Whilst there are many vehicle and fibreglass signage providers in the market, even when provided with the same design, they are usually unable to provide the exact same imaging. This is because the use of different inks, printing substrates and wide format ink printers leads to colour variation.

Consequently different suppliers provide a different quality of end product. For example, the crispness of lines in the printing and the quality of the background that is applied to the vehicle or trailer, all vary. Some contractors have been willing to place updated signage on faded and poorly presented trailers when the trailer was in need of new paint. This leads to signs peeling off and additional costs when it has to be stripped off and re-done. Different providers apply our branding differently for different models of trailers and vehicles. All these changes reduce the impact of the branding, resulting in inconsistent brand representation. By restricting the availability of our graphics files, we are also better able to control the ownership and use of our registered designs and Trademarks.

Technology and The Franchise Group Pty Ltd

All franchisees should pay their fortnightly service fees via a single supplier gateway. It is very expensive and time consuming for us to manage a large quantity of direct debits; such costs being able to be passed on to franchisees. The cost to a franchisee of $1.95 (as at the date of this communication) per fortnight is significantly less than doing this ‘in house’.

Through outsourcing franchisees have lower costs and can afford to be more competitive for consumers.

With a proposed upgrade to our web site we would like to provide franchisees with a payment gateway so that they can receive non cash payments for services and goods supplied to consumers. Given the small size of each individual franchisees business and the low average non cash income each franchisee receives on a monthly basis, it would be doubtful if an individual franchisee to obtain the same costs per transaction as compared to the accumulation of all franchisees transactions in a single gateway. Lower EFPOS fees should be the result.

Almost every Australian serviced based franchise system uses a national 1300 or 1800 phone number and call centre. It is a foundation of lead generation for franchisees. Usually marketing is undertaken Australia wide to direct calls to a centralised call centre. Calls are routed via a local 'POP' in each State / Territory via an internet 'Voice Over Internet Protocol' (**VOIP)** telephone line to our call centre.

Without a connection to this lead generation system franchisees would miss out on significant new business. An individual franchisee would be challenged to replace this infrastructure and lead generation. It is only through the collective buying power of a franchise system the costs can be negotiated and consumers can find one point of contact for **BW**, **DFD** and **Dash**.

We are in the final stages of introducing The **CRM**; a cloud based software product that has been specially developed for The Franchise Group Pty Ltd over the past two years. Given the significant investment made to date we doubt a franchisee could afford to develop their own system. It will better facilitate business management for franchisees in their business and assist us to provide them support.

We would like to link it into the payment gateway noted above so that franchisees can accept non cash payment for goods and services. Income and expenditure would appear within their businesses accounts. This could only occur when a single payment gateway was in place.

Customers will have better and more efficient products and services offered and receive better communication from their local operator. Each local operator will be able to offer last minute specials to fill their diaries during quiet periods and newsletters of valuable information.

Insurance

We advertise that all our franchisees are “Fully Trained Certified and Insured”. It is also stated in signage displayed on our franchisees trailers. Consumers have a right to expect that such a statement is not misleading and deceptive. Further, consumers expect a national brand and thus their local operator would have such insurance in place for their protection.

Customers will benefit from the proposed arrangement as they will have the security that all **BW**, **DFD** and **Dash** franchisees have insurance in place when using our services. Currently, franchisees have the right to insure wherever they chose but have the obligation to supply a copy of their suitable policy to The Franchise Group Pty Ltd and its associated entities. As a consequence of recent insurance history we have concerns that we are not being made aware of any franchisees that may cancel an insurance policy or have it cancelled on them (if they do not pay the monthly premium). This leaves a high level of risk exposure for the public, the franchisee and the reputation of every other franchisee Australia wide. A national group insurance policy will better enable us to comply with the advertising provisions of the Competition and Consumer Act 2010.

Franchisees should benefit from the proposed arrangement as The Franchise Group Pty Ltd should be able to obtain a lower price or a better insurance policy as compared to a single standalone policy.

5. Market definition

Provide a description of the market(s) in which the goods or services described at 2 (a) are supplied or acquired and other affected markets including: significant suppliers and acquirers; substitutes available for the relevant goods or services; any restriction on the supply or acquisition of the relevant goods or services (for example geographic or legal restrictions):
(Refer to direction 8)

Shampoos and pet equipment are mostly supplied by local or state based small concerns. Pet treats, uniform suppliers and signage suppliers are a similarly fragmented small suppliers and manufacturers. An individual operator would not have any ‘purchasing power’.

Branded pet food comes from mostly one of four key manufacturers. Three huge international corporations; Nestle, Mars and Procter and Gamble. There is only one local producer of any size - VIP. All four companies have traditionally dealt via wholesalers but are beginning to dismantle this supply channel and deal direct to improve their margins. Unless you are a major supermarket or a chain of pet superstores you have no ability whatsoever to negotiate prices. The only way we can assist our franchisees to purchase products at competitive prices is through group buying.

Technology, insurance and signage suppliers are varied and widely available. However, pricing is constantly based on volume, thus an individual operator is unlikely to have any ‘purchasing power’.

6. Public detriments

(a) Detriments to the public resulting or likely to result from the notification, in particular the likely effect of the notified conduct on the prices of the goods or services described at 2 (a) above and the prices of goods or services in other affected markets:
(Refer to direction 9)

(i) Franchisees

As a consequence of the notified conduct, Franchisees will be unable to choose the supplier they obtain their requirement of Approved Products.

As noted herein, in some cases they could not obtain products or if they could obtain products then they would likely be at higher prices. On occasions, franchisees may not be able to buy the cheapest product. We do not consider this to be a significant issue as we quite simply do not want franchisees to be buying the cheapest products. By way of example, our treats are locally made, not imported from Asia and irradiated to kill all manner of insects / diseases that could harm our ecosystem. Australian made products cost more but do not need to be treated with radiation. We consider this to be a defining benefit to our consumers, their pets and our local economy. Similar our shampoos are tried, tested and approved as being safe on the pets we care for each month. The correct use of our products ensures a quality result for the franchisee and the end consumer.

Our broad range of expertise and experience is what franchisees rely upon when buying into a franchise system.

As all but two of our franchisees are owner operators, they do not have the time or resources to be purchasing officers. It is one of the reasons they join a franchise. Suppliers nominated by The Franchise Group Pty Ltd will be subject to regular review to ensure that they continue to provide high quality products to franchisees at competitive prices.

(ii) Consumers

The Franchise Group Pty Ltd believes that there is minimal, if any, public detriment from the proposed arrangements. None of the issues we have raised in this notification are likely to have any effect on the price of the goods and services in a highly diversified and competitive market. The pet industry (save for branded food manufacture) remains competitive with a large number and variety of suppliers and potential users of the goods and services.

As previously detailed, a brand is trust and consumers trust us with their fury family member. This nexus of trust would be broken if franchisees were not required to use uniform products in their businesses; such products being an essential part of a franchise model. It is no different in application to the “Special Sauce” in a Big Mac.

Consumers are easily able to compare prices and products. We believe our proposal will ensure that consumers are better served by our ability to offer continued competitive prices. Further, only through the use of Approved Products are we able to deliver to consumers’ product and service consistency. Therefore, the anti-competitive effect on the end consumer is negligible – if anything at all.

The benefits to consumers of certainty on insurance are significant.

(b) Facts and evidence relevant to these detriments:

Detailed above.

7. Further information

(a) Name, postal address and contact telephone details of the person authorised to provide additional information in relation to this notification:

Martin Rose
Director
The Franchise Group Pty Ltd
Suite 14 / 209 Toorak Road South Yarra 3141
(03) 9826 5266

Dated 30th October 2013

Signed by/on behalf of the applicants

Martin Rose (Signature)

Martin Rose
(Full Name)

The Franchise Group Pty Ltd
Blue Wheelers Pty Ltd
Blue Wheelers DFD Pty Ltd
Dash DogWash Pty Ltd
(Organisations)

Director
(Position in Organisations)

DIRECTIONS

1. In lodging this form, applicants must include all information, including supporting evidence that they wish the Commission to take into account in assessing their notification.

   Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.

2. If the notice is given by or on behalf of a corporation, the name of the corporation is to be inserted in item 1 (a), not the name of the person signing the notice, and the notice is to be signed by a person authorised by the corporation to do so.

3. Describe that part of the business of the person giving the notice in the course of the which the conduct is engaged in.

4. If particulars of a condition or of a reason of the type referred to in section 47 of the *Competition and Consumer Act 2010* have been reduced in whole or in part to writing, a copy of the writing is to be provided with the notice.

5. Describe the business or consumers likely to be affected by the conduct.

6. State an estimate of the highest number of persons with whom the entity giving the notice is likely to deal in the course of engaging in the conduct at any time during the next year.

7. Provide details of those public benefits claimed to result or to be likely to result from the proposed conduct including quantification of those benefits where possible.

8. Provide details of the market(s) likely to be affected by the notified conduct, in particular having regard to goods or services that may be substitutes for the good or service that is the subject matter of the notification.

9. Provide details of the detriments to the public which may result from the proposed conduct including quantification of those detriments where possible.

AUSTRALIAN COMPANION ANIMAL COUNCIL

CONTRIBUTION OF THE PET CARE INDUSTRY TO THE AUSTRALIAN ECONOMY

7TH EDITION, 2010

Proudly sponsored by

Animal Health Alliance
SOLUTIONS FOR THE FUTURE

THE AUSTRALIAN COMPANION ANIMAL COUNCIL

PURPOSE

The Australian Companion Animal Council Incorporated is a non-profit organisation. It is the peak body representing pet ownership and the pet industry in Australia. The purpose of the ACAC is to provide a forum for the pet care industry to promote the benefits of socially responsible companion animal ownership to the wider community.

MEMBERSHIP

- Animal Health Alliance (Australia) Ltd (AHAA)
- Animal Welfare League Australia (AWLA)
- The Association of Pet Dog Trainers (APDT) Australia
- Australian National Kennel Council (ANKC)
- Australian Small Animal Veterinary Association (ASAVA)
- Australian Veterinary Association Ltd (AVA)
- Pet Food Industry Association of Australia (PFIAA)
- Pet Industry Association of Australia Ltd (PIAA)
- Petcare Information and Advisory Service Australia Pty Ltd (PIAS)
- Veterinary Manufacturers and Distributors Association (VMDA)

OBJECTIVES

To achieve this purpose the Australian Companion Animal Council will:

- Promote socially responsible pet ownership by endorsing or implementing community education programs and conferences.
- Provide an effective voice against those who oppose socially responsible companion animal ownership.
- Publicise the benefits to the community of socially responsible companion animal ownership.
- Organise, co-ordinate and publicise studies and surveys about companion animal ownership.
- Be a spokesbody for socially responsible companion animal ownership.
- Participate in the legislative process where it affects companion animal ownership.
- Endorse or conduct national events promoting socially responsible companion animal ownership.
- Seek and maintain affiliation and co-operation with national and international organisations with similar objectives.

The Australian Companion Animal Council Incorporated acknowledges the needs of pets, pet owners and non-pet owners are all legitimate. These needs must be appreciated and integrated with society and the environment to ensure that people and pets live harmoniously. ACAC also acknowledges people may not want to interact with companion animals and this should be respected.

www.acac.org.au

AUSTRALIAN
COMPANION
ANIMAL
COUNCIL

CONTRIBUTION OF THE PET CARE INDUSTRY TO THE AUSTRALIAN ECONOMY

7TH EDITION, 2010

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VMDA

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This report was compiled from information supplied by the Australian Companion Animal Council, industry sources and research companies.

CONTENTS

AUSTRALIAN COMPANION ANIMAL COUNCIL

1 EXECUTIVE SUMMARY

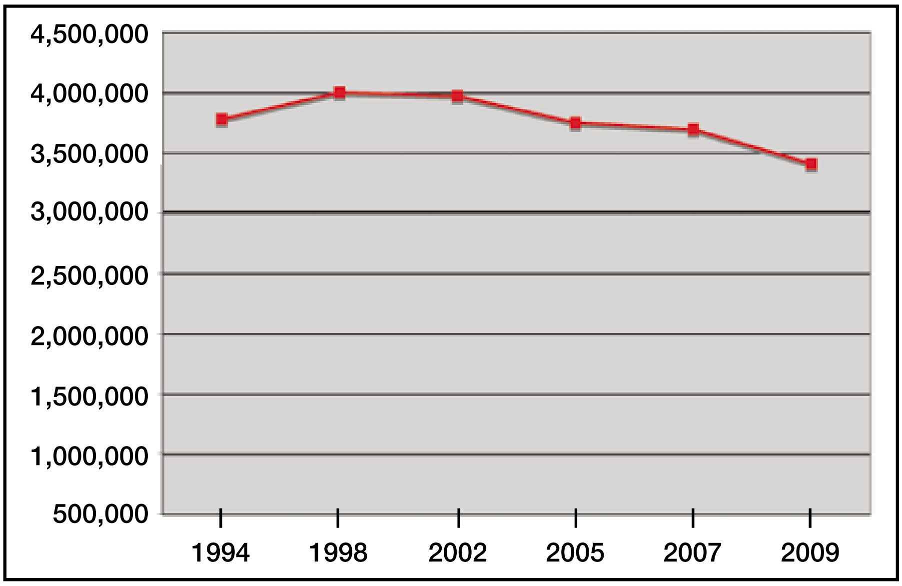
The Australian Companion Animal Council is the leader and voice for the pet care industry on the benefits of socially responsible pet ownership in the Australian community. With more pets living in Australia than people, pets continue to be a significant part of our lives. This report has been prepared by ACAC and outlines the value of the Australian pet industry to the Australian economy.

1.1 POPULATION TRENDS

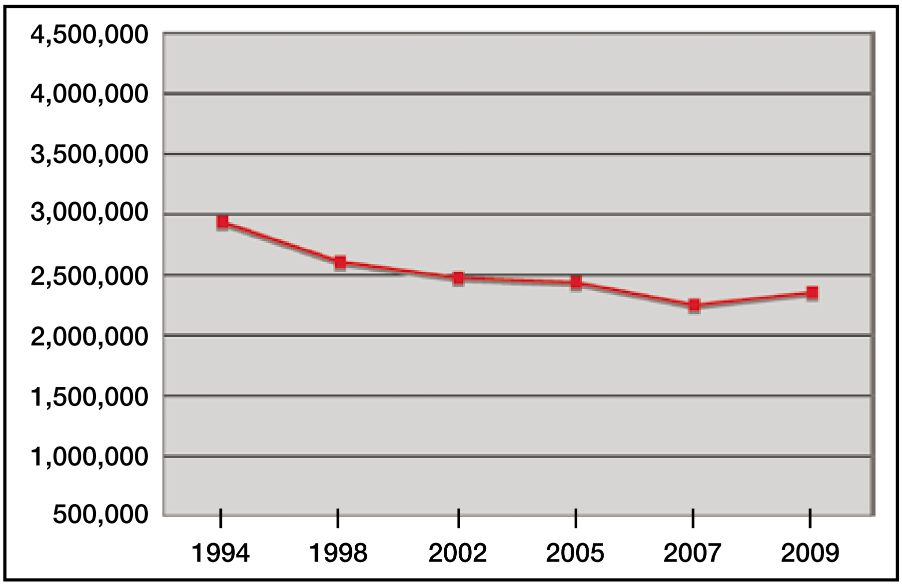
There are an estimated 33 million pets in Australia. With just over 8 million households, Australia has one of the highest incidences of pet ownership in the world, with 36% of households owning a dog and 23% of households owning a cat (Euromonitor International, 2009). This is higher than the UK, where 23% of households own a dog and 20% own a cat, but lower than in the USA where the figures are 40% and 33% respectively. (See table 17).

In 2009 there were 3.41 million dogs and 2.35 million cats, at an average of 16 dogs and 11 cats for every one hundred people.

Trend line for dog population numbers



Trend line for cat population numbers



In 2009 the total number of pet birds was 8.1 million and in addition there were 1.06 million other pets, including pleasure horses, rabbits, guinea pigs, reptiles and other small mammals.

The pet population breakdown across the states and territories mirrors the country's population distribution. New South Wales and Victoria account for 60% off all pets in Australia, and 59% of the country's human population (ABS, 2010).

1.2 EXPENDITURE ON PET CARE PRODUCTS AND SERVICES

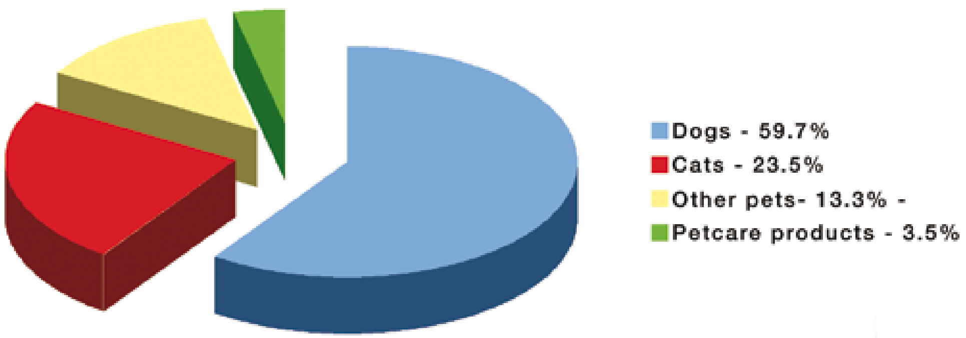
In 2009 consumers spent $6.02 billion on pets, pet care products and services.

Table 1: Consumer expenditure on pet care by pet type, 2009

	$million	% of total
Dogs	3,597	59.7
Cats*	1,415	23.5
Other pets	801	13.3
Pet care product**	208	3.5
TOTAL	**6,021**	**100**

**Includes cat litter*
*** Excludes cat litter*
Source: Compiled by Rockwell Communications. Information from: Euromonitor International 2009; IBISWorld 2009; Industry sources.

Figure 1: Consumer expenditure on pet care by pet type, 2009



Spending on dogs accounted for almost 60% or $3.6 billion, whilst cats accounted for 24% of the market and expenditure of $1.4 billion.

All states and territories benefit from consumer expenditure on pet care products and services, with their market share roughly equivalent to their proportion of the pet population.

Table 2: Consumer expenditure on dogs and cats by state, 2009 ($ million)

	NSW/ACT	VIC	QLD	WA	SA/NT	TAS	Total
Dogs	1,177.9	882.7	773.6	312.7	347.8	102.3	3,597
Cats	460.5	366.5	243.5	137.0	158.3	49.2	1,415
TOTAL	**1,638.4**	**1,249.2**	**1,017.1**	**449.7**	**506.1**	**151.5**	**5,012**

Source: Compiled by Rockwell Communications. State pet population calculations undertaken by Charles Sturt University, 2009 based on information from: Euromonitor International, 2009; IBISWorld, 2009; Industry sources.

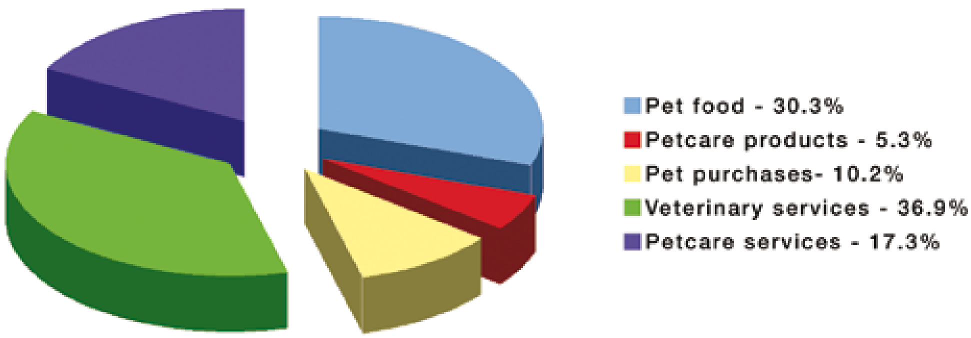
In 2006 expenditure on pet care products, pet purchases and pet care services totalled $1.54 billion (ACAC, 2006). In 2009 this figure was $1.98 billion, a 28% increase over the previous three years or an average annual growth rate of 9.3 percent.

Table 3: Consumer expenditure on pets, 2009

	$million	% of total
Pet food	1,826	30.3
Pet care products	319	5.3
Pet purchases	616	10.2
Veterinary services	2,219	36.9
Pet care services	1,041	17.3
TOTAL	**6,021**	**100**

Source: Compiled by Rockwell Communications. Information from: Euromonitor International 2009; IBISWorld 2009; Industry sources.

Figure 2: Consumer expenditure on pets, 2009



1.3 EMPLOYMENT IN THE PET CARE INDUSTRY

The pet industry is a major employer and it is a conservative estimate that there are in excess of 47,627 people engaged in the industry.

Table 4: Estimated employment in the pet care industry, 2009

Industry area	Estimated employees
Pet food manufacturing	4,543
Pet care products	16,147
Veterinary services	20,600
Pet care services	6,337
TOTAL	**47,627**

Source: Compiled by Rockwell Communications.

1.4 THE POWER OF PETS

With more pets living in Australia than people, pets continue to be a significant part of our lives.

Not only are pets wonderful companions they also provide significant psychological and physiological benefits to owners. In addition, pets engender caring and responsibility in our children, improve feelings of safety and help create social bridges in our communities.

The importance of the pet industry to Australia's economy mirrors the personal importance of pets to people.

Although the traditional dog and cat pet population is declining, the amount of money spent on our pets continues to rise. This suggests that we are moving towards owning fewer pets, but spending more on them as a reflection of not only our changing lifestyles but also advances in veterinary medicine and increased choices in products and services.

Regrettably, at the same time increased high-density living, changing lifestyles and government legislation are creating an environment in which pet ownership is under threat.

Because of the considerable benefits pets bring to individuals, the community and the economy, serious attention must be given to the issues that may be contributing to limiting pet ownership. The needs of pets, pet owners and non-pet owners are all legitimate. These needs must be considered, appreciated and integrated into the society and the environment, in which we live so that people and pets can continue to live together in harmony in our communities.

Socially responsible pet ownership in Australia is an important part of the Australian culture.

2 INTRODUCTION

2.1 REPORT OVERVIEW

This is the seventh edition of the Australian Companion Animal Council's report on the 'Contribution of the Pet Care Industry to the Australian Economy'.

The report seeks to provide an insight into not only the breadth and value of Australia's pet care industry, but also its importance to Australia and its population.

The report provides an updated evaluation on the importance of the pet care industry by assessing consumer expenditure, employment, social benefits and trends across the following chapters:

Chapter 3: Pet population trends – This chapter details pet population numbers and trends within Australia at a state and national level, and provides an international comparison with the United States of America and the United Kingdom.

Chapter 4: Consumer expenditure in Australia – This chapter provides a summary of consumer expenditure across the areas detailed in chapters five to nine, broken down by pet type.

Chapter 5: Pet food – Current sales statistics and trends in the pet food market are analysed in detail, specifically the dominance of various distribution channels, sales of different types of pet food, consumption of prepared and non-prepared pet food and premium pet food sales.

Chapter 6: Summary pet care products and services – This table summarises the spend on pet care products, pet purchases and pet care services.

Chapter 7: Pet care products – This chapter provides an overview of the sales of pet care and health care products by type, the distribution channels through which they are sold and examples of unit prices for commonly bought products.

Chapter 8: Pet purchases – This chapter provides an overview of the number of pets sold through pet stores, the RSPCA, animal shelters, aquariums and breeders.

Chapter 9: Veterinary services – Consumer expenditure on veterinary services, as well as the products and services available are outlined. Information on the number of veterinary students enrolled at major Australian universities is provided.

Chapter 10: Pet services – The pet services industry is hugely diverse, with a range of different providers offering services tailored to meet the needs of pet owners.

Chapter 11: The benefits of a companion animal – The chapter shows how the importance of the pet industry to Australia's economy mirrors the personal importance of pets to people.

2.2 SOURCES

This report has been compiled utilising data and information sourced from internationally recognised research and consulting firms, Australian Government Departments, international pet industry bodies and industry associations and sources.

All resources and source material utilised in developing this report are included in the references section at the end of the report.

The **Australian Bureau of Statistics (ABS)** is Australia's official national statistical agency. The ABS provides statistics on a wide range of economic, social and environmental matters, covering government, business and the community.

Euromonitor International provides international market intelligence on industries, countries and consumers and provides services including publishing market reports, business reference books, online information systems and tailored consulting projects.

IBISWorld provides business information and research on over 500 industries, including statistics, analysis and forecasts. In addition there are reports on Australia's top 2000 companies and risk rating reports on every industry.

Retail World's Australasian Grocery Guide 2009 is an annual publication of Retail World, the premier national news magazine servicing the grocery trade. The grocery guide provides a full overview of the industry including how much it is worth across key categories and areas, review of the nation's top grocery retailers, database for supermarket suppliers, list of industry associations and details on brand shares.

TNS Australia has offices in Sydney, Melbourne, Canberra, Brisbane and Perth and specialises in both quantitative and qualitative market research across all the major industry sectors. TNS is a local, medium-sized company, with global market research expertise with capabilities in market research and development, research-on-research and new product development across businesses and brands.

2.3 DATA REPORTING

For the 7th edition, ACAC is now reporting data and statistics collected by EuroMonitors International. ACAC has also utilised the services of Jane Heller (BSc BVSc DipVetClinStud MVetClinStud PhD), Lecturer Veterinary Epidemiology and Public Health at the School of Animal and Veterinary Sciences, Charles Sturt University for data calculations. These calculations were based on historical information from Editions One to Six of the ACAC Report.

The following points regarding data should be noted:

- Information and industry data has been gathered from research firms, academic institutions and industry sources.
- Throughout the report some figures have been rounded, this may result in minor variations between sums of the component items and totals.
- There may be some variation across data depending on the data source.

The report acknowledges the contributions of all companies, industry associations and government agencies and thanks them for their support in providing information to compile this report.

3 PET POPULATION TRENDS

3.1 SUMMARY

Throughout Australia there are over 33.3 million pets of various species. In 2009, the population of dogs was 3.41 million, whilst the cat population was 2.35 million. In addition, there were also 8.1 million birds, over 18.4 million fish[1] and 1.06 million other pets including pleasure horses, rabbits, guinea pigs and other small mammals.

Table 5: Australian pet population, 2009

Pet type	('000)
Dogs	3,405
Cats	2,350
Fish*	18,397
Birds	8,100
Other pets	1,060
Total	**33,312**

** Total number of live ornamental fish imported into Australia during the 2008/09 Financial Year (ABS, 2009)*
Source: Compiled by Rockwell Communications. Information from: ABS, 2009; Euromonitor International, 2009.

Australia has one of the highest incidences of pet ownership per capita in the world, with 36% of households owning a dog and 23% of households owning a cat (Euromonitor International, 2009).

Pet population numbers in Australia have fluctuated over the last 15 years, with a moderate decline in dog numbers noted since 1998. Cat numbers have risen slightly (4.9%) over the last two years, following a 23% decline in numbers from 1994 to 2007.

Table 6: Australian pet population, 1994 - 2009 (million)

	1994	1998	2002	2005	2007	2009
Dogs	3.78	4.00	3.97	3.75	3.69	3.41
Cats	2.93	2.60	2.47	2.43	2.24	2.35
Fish*	11.90	11.90	12.20	20.00	20.50	18.40
Birds	9.70	8.40	8.70	9.00	7.80	8.10
Other pets	0.80	2.00	2.10	3.00	2.88	1.06
Total	**29.11**	**28.90**	**29.44**	**38.18**	**37.11**	**33.32**

** Total number of live ornamental fish imported into Australia during the 2008/09 Financial Year (ABS, 2009)*
Source: Compiled by Rockwell Communications. Information from: ABS, 2009; ACAC, 2006; Euromonitor International, 2009; TNS, 1994 - 1998.

The pet population breakdown across the states and territories mirrors the country's population distribution. New South Wales and Victoria account for 60% of all pets in Australia, and 59% of the country's human population (ABS, 2010).

New South Wales has the largest number of pets with 11.6 million (excluding other pets); Victoria has the second largest with 7.7 million (excluding other pets).

1. The total population of pet fish in Australia is difficult to quantify due to insufficient data sources. ABS data indicates that there were 18.4 million live ornamental fish imported into Australia during the 2008/09 Financial Year. This number is taken to be a base figure for the total population of fish.

Table 7: Pet population by state, 2009 ('000)						
	Dogs	Cats	Fish*	Birds	Total	% of total
NSW/ACT	1,115.0	764.8	7,089.6	2,648.1	11,617.4	36.0
VIC	835.6	608.7	4,397.3	1,869.2	7,710.8	23.9
QLD	732.3	404.4	3,141.0	1,557.7	5,835.3	18.1
WA	296.1	227.4	1,525.6	726.9	2,775.9	8.6
SA/NT	329.2	263.0	1,794.8	1,038.5	3,425.5	10.6
TAS	96.8	81.7	448.7	259.6	886.9	2.8
Total	**3,405.0**	**2,350.0**	**18,397.0**	**8,100.0**	**33,311.6**	**100**

** Total number of live ornamental fish imported into Australia during the 2008/09 Financial Year (ABS, 2009).*
Note: The category 'Other Pets' was not included in this table due to state population data being unavailable.
Source: Calculations undertaken by Charles Sturt University, 2009 based on information supplied by: ABS, 2009; Euromonitor International, 2009.

The average proportion of dogs and cats to people across Australia is 16 dogs and 11 cats to every one hundred people. These averages vary across the states and territories. Western Australia has the lowest proportion of dogs at 14, whilst Tasmania has the highest at 19. Queensland has the lowest average number of cats at 9, and again Tasmania has the highest proportion, with 16 cats to every one hundred people.

The national averages over the last 11 years have decreased as the total population of dogs and cats has declined.

Table 8: Number of pets per 100 head of population, by state, 2009			
State	Population ('000)	Number per 100 people	
		Dogs	Cats
NSW / ACT	7,326	15	10
VIC	5,310	16	11
QLD	4,290	17	9
WA	2,170	14	10
SA/NT	1,820	18	14
TAS	497	19	16

Source: Calculations undertaken by Charles Sturt University, 2009 based on information supplied by: ABS, 2008; ACAC, 2006.

Table 9: National average number of pets per 100 head of population, 1998 - 2009			
Year	Population ('000)	Number per 100 people	
2009	21,412	16	11
2007	21,067	18	11
2005	20,385	18	12
2002	19,705	20	13
1998	18,748	20	14

Source: Calculations undertaken by Charles Sturt University, 2009 based on information supplied by: ABS, 2008; ACAC, 2006.

Of Australia's 8 million households, 2.9 million or 36% own a dog, and 1.8 million or 23% own a cat.

Table 10: Number of households with dogs and cats (million), 2004 - 2009

Pet type	2004	2005	2006	2007	2008	2009
Dogs	2.80	2.80	2.81	2.85	2.85	2.88
Cats	1.80	1.90	1.86	1.87	1.82	1.83

Source: Compiled by Rockwell Communications. Information from: ACAC, 2006; Euromonitor International, 2009.

Table 11: Proportion of households with dogs and cats (% percentage of total), 2004 - 2009

Pet type	2004	2005	2006	2007	2008	2009
Dogs	38.2	37.8	37.0	36.5	36.0	35.8
Cats	24.6	25.0	24.5	24.0	23.0	22.8

Source: Compiled by Rockwell Communications. Information from: ACAC, 2006; Euromonitor International, 2009.

3.2 DOGS

In 2009 there were 3.405 million dogs in Australia, at an average of 16 dogs for every one hundred people. Australia's dog population has decreased by 14.9% since 1998. In 1998 the average number of dogs per one hundred people was 20.

Table 12: Dog population, 1994-2009

	1994	1998	2002	2005	2007	2009
Dog Population (millions)	3.78	4.00	3.97	3.75	3.69	3.41
Dogs per 100 people	N/A	20	20	18	18	16

N/A: Information not available
Source: Calculations undertaken by Charles Sturt University, 2009 based on information supplied by: ACAC, 2006; Euromonitor International, 2009; TNS, 1994-1998.

Whilst the percentage of households with dogs has decreased marginally, by 1.2%, over the last five years, the actual number of households with dogs has increased as Australia's population and number of households has grown.

Table 13: Proportion of Households with dogs, 2004-2009						
	2004	2005	2006	2007	2008	2009
Dog Ownership (% households)	38.2	37.8	37.0	36.5	36.0	35.8
Number of households with dogs (million)	2.8	2.8	2.81	2.85	2.85	2.88

Source: Compiled by Rockwell Communications. Information from: ACAC, 2006; Euromonitor International, 2009.
Note: Available data for 2004 and 2005 only provided to one decimal point.

3.3 CATS

In 2009 there were 2.350 million cats in Australia, at an average of 11 cats per every one hundred people. Cat numbers have increased over the last two years, following a steady decline from 1994 to 2007.

Table 14: Cat population, 1994-2009						
	1994	1998	2002	2005	2007	2009
Cat Population (million)	2.93	2.60	2.47	2.43	2.24	2.35
Cats per 100 people	N/A	14	13	12	11	11

N/A: Information not available
Source: Compiled by Rockwell Communications. Information from: ACAC, 2006; Euromonitor International, 2009; TNS, 1994-1998.

The total percentage of households that own a cat has decreased slightly by 1.8% over the last 15 years. The total number of households that own a cat has fluctuated during this period as Australia's human population has increased. There has been a small increase in the number of households that own a cat over the last 12 months.

Table 15: Households with cats, 2004-2009						
	2004	2005	2006	2007	2008	2009
Cat Ownership (% households)	24.6	25.0	24.5	24.0	23.0	22.8
Number of households with cats (million)	1.8	1.9	1.86	1.87	1.82	1.83

Source: Compiled by Rockwell Communications. Information from: ACAC, 2006; Euromonitor International, 2009.
Note: Available data for 2004 and 2005 only provided to one decimal point.

3.4 OTHER PETS

In 2009 the total number of pet birds in Australia was 8.1 million. There were 1.06 million other pets, including pleasure horses, rabbits, guinea pigs, reptiles and other small mammals.

Fish numbers are difficult to quantify however ABS data indicates that during the 2008/09 financial year there were 18.4 million pet fish imported into Australia. This figure is therefore used as a base reference for fish numbers.

Table 16: Fish, birds and other pet populations, 1994 - 2009 (million)

	1994	1998	2002	2005	2007	2009
Fish	11.90	11.90	12.20	20.00	20.50	*18.40
Birds	9.70	8.40	8.70	9.00	7.80	8.10
Other pets	0.80	2.00	2.10	3.00	2.88	1.06

** Total number of live ornamental fish imported into Australia during the 2008/09 Financial Year (ABS, 2009).*
Source: Compiled by Rockwell Communications. Information from: ABS, 2009; ACAC, 2006; Euromonitor International, 2009, TNS 1994 - 1998.

3.5 INTERNATIONAL COMPARISON

An international comparison provides the Australian pet industry with an insight into comparative data and trends in pet ownership with other similar pet owning countries and regions. The USA and UK are chosen for comparative purposes because they have many similarities to Australia and are often used for benchmarking. Trends across Europe are also considered.

Australia continues to have one of the highest levels of pet ownership, with 36% and 23% of households owning a dog or cat respectively. This is more than the UK, where 23% of households own a dog and 20% own a cat, but lower than in the USA where the figures are 40% and 33% respectively.

The number of dogs per one hundred people in the USA has remained consistent at 25 since 2005. In contrast, in Australia this figure has fallen by 2 dogs per one hundred people, from 18 in 2005 to 16 in 2009. In the UK this figure has risen strongly from 9 in 2003 to 13 in 2009.

In terms of cat ownership trends in the USA and Australia, ownership rates have remained reasonably constant, with both countries experiencing a decrease of only 1 cat per one hundred people from 2005 to 2009. The UK has seen an increase from 10 to 13 cats per one hundred people between 2003 and 2009.

Unlike Australia, in the USA there are significantly more cats owned than dogs, whereas in the UK the figure is approximately the same.

Table 17: International comparison of pet ownership

Pet type	Australia (2009)	USA (2009/10)	UK (2009)
Dogs:			
% households with dogs	35.8	40	23
Number of dogs/100 people	16	25	13
Cats:			
% households with cats	22.8	33	20
Number of cats/100 people	11	30	13

Note: Data available are for different years
Source: Compiled by Rockwell Communications. Information from: American Pet Products Association (USA), 2009; Calculations undertaken by Charles Sturt University, 2009; Euromonitor International, 2009; Pet food Manufacturers Association (UK), 2009.

3.5.1 Trends in the USA

Every second year the American Pet Products Association (APPA) undertakes a National Pet Owners Survey. The 2009/10 survey found that 62% of households in the USA own a pet, which equates to 71.4 million homes.

The number of dogs owned in the USA has grown strongly over the last 15 years, reaching a population of 77.5 million in 2009, with 40% of households owning a dog. This represents a very significant 41% increase in the dog population.

A similar trend can be seen with cats, with the total cat population increasing from 63.8 million in 1994 to 93.6 million in 2009, with 33% of households owning a cat. This is an increase of almost 47% and represents a significant growth in the USA's cat population.

The growth rates in the populations of dogs and cats have been significantly greater than the growth in the human population, indicating that more Americans own a larger number of dogs and cats than they did 15 years ago.

Data on other pet numbers is only known for 2005 and 2009. Over this period however there has been a marked increase in the ownership of pets other than dogs and cats, with the figure increasing from 194.4 million to 240.7 million, a growth of almost 24%.

Table 18: USA pet ownership trends, 1994-2009

	1994	1996	1998	2000	2001	2005	2009
Dogs:							
Number of dogs (million)	55.00	55.80	57.61	59.35	60.18	73.90	77.50
% of households owning	38.2	37.6	37.8	37.3	36.9	39.7	40.0
Cats:							
Number of cats (million)	63.82	67.94	70.94	75.05	75.60	90.50	93.60
% of households owning	32.3	33.4	34.0	34.5	34.2	34.4	33.0
Both dog(s) and cat(s):							
% of households owning both dog(s) and cat(s)	14.6	15.6	15.9	16.0	15.7	15.2	n/a
Other pets:							
Number of other pets (million)	n/a	n/a	n/a	n/a	n/a	194.40	240.70
% of households owning	n/a	n/a	n/a	n/a	n/a	7.10	n/a

n/a: data not available
Source: American Pet Products Association, 2009; US Pet Food Institute, 2009.

Despite the economic downturn in the USA, the pet care market has continued its growth trend recording a total market value of US$45.5 billion (AUD$50.5 billion) in 2009, an increase of 5.4%. The average annual expenditure per pet owning household is therefore US$638 (AUD$707).

Growth was experienced across all sectors of the market, however spending on veterinary care showed the greatest growth at 8.5%. This is attributed to medical advances leading to a greater range of services available (APPA, 2010).

Table 19: US pet care market, 2009 (US$ billion)

Type	Value
Food	17.56
Supplies/Over the Counter (OTC) Medicine	10.41
Vet Care	12.04
Live animal purchases	2.16
Pet Services: grooming and boarding	3.36
Total	**45.53**

Source: American Pet Products Association, 2010.

In the USA there has been a huge growth in the range of products available for companion animals. These include high-end apparel and high-tech products that extend beyond traditional necessities. According to the APPA, the trends in pet products emerging in the USA include digital aquarium kits, automatic doors and feeders, touch activated toys and products that reduce a pet's 'carbon paw print' such as natural litters and organic foods. Companies that have traditionally made products for humans are expanding product lines to include pet products such as pet shampoo, pet clothing, brand name toys and gourmet treats and food.

3.5.2 Trends in the UK

Research undertaken by the Pet Food Manufacturers' Association in the UK shows that the total number of pets owned in 2009 was 23 million (excluding fish). Around 43% of the population or 11.2 million households in the UK own a pet.

Dogs and cats continue to be the preferred pets, with approximately 8 million of each owned in the UK. Indoor and outdoor fish and birds are also popular however there are now around 3 million other small pets including rabbits, guinea pigs, hamsters, gerbils and rats.

Table 20: UK pet population (million), 2009

Pet Type	Population
Dogs	8.0
Cats	8.0
Fish (indoor and outdoor)	50.0
Rabbits	1.0
Birds	1.0
Domestic Fowl	0.5
Guinea Pigs	0.5
Hamsters	0.5
Horses/Ponies	0.3
Tortoises/Turtles	0.2

Source: The Pet Food Manufacturers' Association, 2009.

The number of dogs in the UK has increased steadily by 1.3 million over the last 15 years, with only a slight drop being experienced in 2001. Cat population numbers have fluctuated, reaching highs of 8 million in 1998, 2000 and 2009.

Although the number of households owning dogs has increased as dog population numbers have increased, the percentage of households owning dogs has fluctuated over this period and reduced slightly from 24.4% in 2005 to 23% in 2009.

Cat population and ownership trends have fluctuated over the last 15 years, with the total cat population varying by 0.8 million during this period.

Table 21: UK pet ownership trends, 1994-2009

	1994	1996	1998	2000	2001	2005	2009
Dogs:							
Population (million)	6.7	6.6	6.9	6.5	6.1	*7.3	8.0
Number of households owning (million)	5.3	5.4	5.4	5.1	4.8	5.2	6.0
% of households owning	25	24	23	21	20	24	23
Cats:							
Population (million)	7.2	7.7	8.0	8.0	7.5	*7.2	8.0
Number of households owning (million)	4.7	4.9	5.1	5.0	4.8	6.0	5.2
% of households owning	22	22	21	20	20	21	20

** 2008 population figure used*
Source: ACAC, 2006; The Pet Food Manufacturers' Association, 2009.

The next table provides a full breakdown of the number and percentage of households in the UK that own various pet types.

Table 22: UK pet ownership breakdown, 2009

Pet type	Number of households (million)	% of households
Dogs	6	23
Cats	5.2	20
Indoor fish	2.6	10
Outdoor fish	2.1	8
Rabbits	0.7	2.8
Indoor birds	0.5	1.8
Guinea pigs	0.3	1.3
Hamsters	0.3	1.3
Domestic fowl	0.21	0.8
Horses/ponies	0.16	0.3
Tortoises/turtles	0.16	0.3
Gerbils	0.13	0.5
Snakes	0.10	0.4
Lizards	0.10	0.4
Rats	0.08	0.3

Source: The Pet Food Manufacturers' Association, 2009.

In 2008 the pet food market had a total value of £2 billion (AUD$3.44 billion), which was a 7% increase on the previous year. The trend seen in Australia of increased spending on premium pet food products is also being experienced in the UK.

Table 23: UK market for prepared pet food, 2008

Food type	Volume ('000 tonnes)	Value (£ million)
Dog food:		
Moist	376	464
Dry complete	369	432
Mixers	45	28
Treats and other	55	203
Subtotal	845	1,127
Cat food:		
Moist (single serve)	187	436
Moist (multi serve)	139	151
Dry complete	85	182
Subtotal	411	769
Other:		
Rabbit	55	43
Guinea Pig	14	12
Rodent	8	9
Subtotal	77	64
Total	**1,333**	**1,960**

Source: Adapted from published data from The Pet Food Manufacturers' Association, 2009.

Table 24: UK pet food market, 1996-2009		
Year	Volume ('000 tonnes)	Value (£ million)
1996	1,380	1,398
1997	1,357	1,484
1998	1,334	1,496
1999	1,397	1,474
2000	1,291	1,519
2001	1,274	1,460
2004	1,206	1,514
2008	1,336	1,975

Source: The Pet Food Manufacturers' Association, 2009.

3.5.3 Trends in Europe

According to the European Pet Food Industry Federation (FEDIAF) there are currently 62 million pet owning households and 200 million pets in Europe. Of these pets, 60 million are cats, 56 million are dogs and 35 million are birds. The other 49 million are aquaria and other pets.

Table 25: European pet population	
Pet type	Number (million)
Cat	60
Dog	56
Bird	35
Aquaria	9
Other	40
Total	**200**

Source: European Pet Food Industry Federation, 2009.

Each year Europe's 62 million pet owning households spend €8.5 billion (AUD$12.8 billion) on 5 million tonnes of pet food. This is an average of €137 (AUD$207) per household per year.

Europe's pet food industry supports 21,000 jobs directly and 30,000 jobs indirectly.

4 CONSUMER EXPENDITURE IN AUSTRALIA

4.1 SUMMARY

In 2009 consumers spent $6.02 billion on pets, pet care products and services.

Spending on dogs accounted for almost 60% or $3.6 billion, whilst cats accounted for 24% of the market and expenditure of $1.4 billion. Expenditure on other pets and pet care products was $801 million and $208 million respectively.

Table 26: Consumer expenditure on pet care by pet type, 2009

	$ million	% of total
Dogs	3,597	59.7
Cats*	1,415	23.5
Other pets	801	13.3
Pet care products**	208	3.5
Total	**6,021**	**100**

** Includes cat litter*
*** Excludes cat litter*
Source: Compiled by Rockwell Communications. Information from: Euromonitor International, 2009; IBISWorld, 2009; Industry sources.

The next table provides a more detailed breakdown of expenditure across the market sectors of pet food, pet care products, pet purchases, veterinary services and pet care services. Each of these market sectors is analysed in greater detail in Chapters 5 to 9 of this report.

In 2009 Australians spent $2.22 billion on veterinary services, making it the largest sector of the pet care industry, representing 37% of all expenditure. Pet owners' needs are changing as pets have become an important companion for pet owners. As a result there is an increased awareness of animal health issues as part of socially responsible pet ownership. Pet owners have increasingly been prepared to spend significant amounts of money to care for their pets' health and well-being.

The second largest sector of the industry is pet food, with expenditure totalling $1.83 billion. In 2009, the value of pet food product sales grew steadily despite the volume sales of dog and cat food continuing to decline slightly. The value increase and volume decrease is attributed to the growth in the premium pet food market as a result of the trend of pet owners to prioritise the health and well being of their pets.

Table 27: Consumer expenditure on pets, 2009		
	$ million	% of total
Pet food		
Dog food	1,107.2	
Cat food	581.5	
Bird food	69.6	
Fish food	25.1	
Small mammal/reptile food	42.7	
Sub-total	1,826	30.3
Pet care products		
Cat litter	110.6	
Healthcare	124.5	
Pet Dietary supplements	21.4	
Other pet care products	62.0	
Sub-total	319	5.3
Pet purchases		
Dogs	135.3	
Cats	32.9	
Birds – aviary	43.7	
Birds – companion	70.9	
Fish	125.0	
Reptiles	5.0	
Small mammals	2.7	
Pleasure horses	200.0	
Sub-total	616	10.2
Veterinary services		
Dogs	1,575.7	
Cats	532.6	
Other pets	111.0	
Sub-total	2,219	36.9
Pet care services		
Dogs	778.9	
Cats	156.1	
Pleasure horses	102.9	
Native animals	3.0	
Sub-total	1,041	17.3
Total	**6,021**	**100**

Source: Compiled by Rockwell Communications. Information from: Euromonitor International, 2009; IBISWorld, 2009; Industry sources.

4.2 DOGS

Consumer expenditure on dogs and dog related products and services represents 60% of the total pet care industry and in 2009 this equated to $3.6 billion. Dog related expenditure has grown by 31% since 2005, with the average dog owner now spending $1,056 per year on their pet. This is 44% more than in 2005.

Dogs have become an important part of the Australian household, with dog owners placing significant value on the health and wellbeing of their pets.

Table 28: Consumer expenditure on dogs, 1998 - 2009					
	1998	2002	2005	2009	% change 2005 - 2009
Total expenditure ($ million)	2,167	2,640	2,745	3,597	31.0
Number of dogs (million)	4.00	3.97	3.75	3.41	-9.1
Cost per dog ($)	584	664	732	1,056	44.3

Source: Compiled by Rockwell Communications. Information from: ACAC 2006; Euromonitor International, 2009; IBISWorld, 2009; Industry sources.

The next table provides a detailed breakdown of consumer expenditure on dogs. Whilst the largest areas of expenditure are veterinary services and food, there are an increasing number of businesses in Australia offering other services to dog owners including grooming, walking, burial, insurance and transport. In 2009 expenditure on these services was estimated to be $779 million.

Table 29: Consumer expenditure on dogs, 2009		
	$ million	% of total
Dog food		
Wet dog food	474	
Dry dog food	448	
Dog treats and mixers	185	
Sub-total	1,107	30.78
Veterinary services		
Sub-total	1,576	43.81
Dog purchases		
Sub-total	135	3.75
Other services		
Clipping and grooming	204	
Boarding and minding	375	
Dog walking	71	
Dog training	25	
Dog show competition fees	2	
Local council registration	18	
Transport	72	
Burial	5	
Insurance	7	
Sub-total	779	21.66
Total	**3,597**	**100**
Average yearly expenditure per dog ($)	**1,056**	

Source: Compiled by Rockwell Communications. Information from: Euromonitor International, 2009; IBISWorld, 2009; Industry sources.

4.3 CATS

In 2009 Australian cat owners spent $1.4 billion on cat related expenses representing an increase of over 18% compared to 2005. The average annual expenditure per cat is $602, which is more than 22% higher than in 2005.

Table 30: Consumer expenditure on cats, 1998 - 2009

	1998	2002	2005	2009	% change 2005 - 2009
Total expenditure ($ million)	865	1,015	1,195	1,415	18.4
Number of cats (million)	2.60	2.47	2.43	2.35	-3.3
Cost per cat ($)	345	411	492	602	22.4

Source: ACAC, 2006: Euromonitor International, 2009; IBISWorld, 2009; Industry sources

The table below provides a breakdown of consumer expenditure on cats. Cat food accounts for 41% of all cat related expenditure, with veterinary services making up 38%.

Expenditure on cat litter has risen by 20% in current value sales over the last twelve months. This growth is attributed to increased sales in natural varieties of cat litter products, which are typically more expensive (Euromonitor International, 2009). It could also be due to cats being increasingly kept inside.

Table 31: Consumer expenditure on cats, 2009

	$ million	% of total
Cat food		
Wet cat food	363	
Dry cat food	212	
Cat treats and mixers	7	
Sub-total	582	41.1
Cat products		
Cat litter	111	
Sub-total	111	7.8
Veterinary services		
Sub-total	533	37.7
Cat purchases		
Sub-total	33	2.3
Other services		
Grooming	3	
Boarding and minding	99	
Cat show competition fees	2	
Local council registration	5	
Transport	44	
Insurance	3	
Sub-total	156	11.1
Total	**1,415**	**100**
Average yearly expenditure per cat ($)	**602**	

Source: Compiled by Rockwell Communications. Information from: Euromonitor International, 2009; IBISWorld, 2009; Industry sources.

4.4 OTHER PETS

Other pets include pleasure horses, fish, birds, rabbits, reptiles and other small animals.

In 2009 Australians spent $801 million on other pets, accounting for 13% of total consumer expenditure in the pet care industry. This represents an increase of $121 million or 18% compared to expenditure of $680 million in 2005 (ACAC, 2006).

Table 32: Consumer expenditure on other pets, 2009

	$ million	% of total
Other pet food		
Bird food	69.6	
Fish food	25.1	
Small mammal/reptile food	42.7	
Sub-total	137	17.1
Veterinary services		
Sub-total	111	13.9
Pet purchases		
Birds - aviary	43.7	
Birds - companion	70.9	
Fish	125.0	
Reptiles	5.0	
Small mammals	2.7	
Pleasure horses	200.0	
Sub-total	447	55.8
Other pet services		
Horse stabling, feed and other services	96.3	
Pony club membership	6.6	
Native animal keeper licenses	3.0	
Sub-total	106	13.2
Total	**801**	**100**

Source: Compiled by Rockwell Communications. Information from: Euromonitor International, 2009; IBISWorld, 2009; industry sources.

5 PET FOOD

5.1 SUMMARY

In 2009 pet food sales totalled $1.826 billion, an increase of $38.9 million on 2008 expenditure. In the 6th edition of this report the total sales of pet food was reported to be $2,015 billion, which includes an estimated amount for non-manufactured pet food. The value of non-manufactured pet food is difficult to calculate and is not included as a figure in this report. Instead, tables 34 and 42 do provide an estimate of prepared versus non-prepared dog and cat food. In this report, the terms prepared and non-prepared replace the terms manufactured and non-manufactured used in the 6th edition of this report.

The 6th edition of this report provided a breakdown of the grocery sales of pet food. Sections 5.1 – 5.5 provide a breakdown of the total sales of pet food. Grocery sales of pet food is addressed in section 5.6.

In 2009, the value of pet food product sales grew steadily despite the volume sales of dog and cat food continuing to decline slightly as pet ownership in Australia continues its downward trend.

The value increase and volume decrease is attributed to the growing trend of pets being considered as a member of the family and the resultant growth in the premium pet food market, as pet owners prioritise the health and well being of their pets.

Table 33: Sales of Pet Food by Sector, 2004-2009 ($ million)

	2004	2005	2006	2007	2008	2009
Dog food	884.3	920.4	963.5	1,013.2	1,079.0	1,107.2
Cat food	478.8	491.2	519.4	539.1	571.3	581.5
Bird food	52.5	55.2	57.6	63.4	71.0	69.6
Fish food	20.9	22.0	22.5	23.3	24.3	25.1
Small mammal/reptile food	38.1	38.6	39.4	40.4	41.6	42.7
Total	**1,474.6**	**1,527.4**	**1,602.4**	**1,679.4**	**1,787.2**	**1,826.1**

Source: Euromonitor International, 2009.

Pet food sales make up 3.2% of all major food product sales in Australia. To provide a comparison, the sales of other major food product industries are shown below. The most recent data available from the Australian Bureau of Statistics (ABS) is for the 2005/06 financial year.

Table 34: Australia – Major Food Product Sales, 2005-06

Product	Retail sales of goods	Cost of goods sold	Margin
	$m	$m	%
Meat (including poultry) for human consumption	10,095.7	7,340.2	27.3
Milk and dairy products	5,923.5	4,377.3	26.1
Bread and bakery products	3,407.0	2,540.9	25.4
Confectionery	3,029.9	2,148.3	29.1
Pet food (excluding vitamin and other feed supplements)	1,570.2	1,116.9	28.9
Fish and fish products for human consumption	1,890.1	1,365.8	27.7
Other food products	22,488.8	16,513.3	26.6
Total	**48,405.2**	**35,402.7**	**26.9**

Source: ABS, 2005-06.

5.2 TRENDS

Through the economic downturn that has been felt since 2008, supermarkets and hypermarkets have grown in value share. This is a result of aggressive price competition and the draw of the low pricing offered by private labels (retailers' own brands).

Within the economy segments of dog and cat food, and to a degree in the mid-priced segments, consumers are increasingly switching to private label products, which are significantly cheaper than their branded counterparts. Consumers who purchase products in the premium segment have tended to remain brand loyal as it is likely that these consumers have been less affected by the economic downturn.

The continued trend of pets becoming a part of the family is having an ongoing and increasing impact on the pet food and pet care market place, with consumers placing greater value on the health and well-being of their pets. This trend has led to growth in premium pet foods as well as more specialised foods and health care products for pets.

To capitalise on this trend, pet food manufactures have sought to increase their market share by differentiating their products across a variety of segments. This market segmentation has resulted in products that cater to the lifecycle, activity levels and specific breeds of pets.

Despite the increasing growth of the internet as a retail distribution channel, almost all dog and cat food, 99.4%, is sold through store based retailing. Internet retailing of dog and cat food accounts for only 0.6% of the market. The figure is slightly higher for other pet foods, at 1%.

5.3 DOG FOOD

5.3.1 Summary

In 2009, dog food sales grew by $28.2 million, or 2.6%, compared to the previous year.

Declining pet numbers have resulted in a 2% decline in the volume sales of dog food in 2009. However, sales in the premium segment and dog treats, and general price increases propped up current value sales to attain 3% growth in 2009. Dog treats recorded the strongest performance with 12% growth in current value.

Table 35: Sales of Dog Food by Type, 2004-2009 ($ million)

	2004	2005	2006	2007	2008	2009
Wet dog food	410.0	420.9	439.0	450.2	469.6	474.2
Dry dog food	346.8	363.1	381.9	406.2	433.8	447.7
Dog treats and mixers	127.5	136.4	142.6	156.8	175.6	185.3
Total	**884.3**	**920.4**	**963.5**	**1,013.2**	**1,079.0**	**1,107.2**

Source: Euromonitor International, 2009.

5.3.2 Prepared and non-prepared dog food

A significant amount of food eaten by dogs is prepared in the home, and consists of left-overs, table scraps and home made food. This is termed "non-prepared pet food", whereas manufactured pet food and other pet food bought in stores is termed "prepared pet food". The difference between the two is known as the "prepared gap". (Euromonitor International, 2009)

A range of variables are considered in determining the prepared gap, including the proportion of working women in the population, time available to prepare meals and the growth of packaged food sales, which result in fewer scraps available for pets.

Other areas that are taken into consideration include the awareness of nutritional requirements of pets, the status of pets (i.e. are they seen as a member of the family), concern over feeding pets a balanced diet and the drivers of these decisions, for example advertising and veterinary visits.

The significance of non-prepared food fed to pets needs to be recognised as a substantial contributor to total dog food consumption. Whilst a dollar value is difficult to estimate, over half of all dog food consumed in Australia is made in the home.

The table below outlines the percentage of total prepared and non-prepared dog food. Over the last five years there has been a slight increase (1%) in the consumption of prepared dog food.

Table 36: Dog Food Prepared vs Non-prepared, 2004 - 2009 (% of total consumption)						
	2004	2005	2006	2007	2008	2009
Prepared dog food	46.0	46.3	46.3	46.3	46.5	47.0
Non-prepared dog food	54.0	53.7	53.7	53.7	53.5	53.0
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Euromonitor International, 2009.

The total volume of dog food consumed in 2009 was 598,618 tonnes; this figure has fluctuated over the last five years in line with total dog population numbers.

5.3.3 Premium dog food

The premium dog food sector has continued its upward trend with steady growth over the last five years. This trend is underpinned by the consumer's desire to provide higher quality and branded pet food and so care for their dog's health and wellbeing. Premium dog food sales accounts for 44% of the value of all dog food sold.

Table 37: Sales of Premium Dog Food by Type, 2004-2009 ($ million)						
	2004	2005	2006	2007	2008	2009
Premium wet dog food	165.8	172.4	184.5	199.3	214.2	223.9
Premium dry dog food	167.7	181.1	197.4	227.0	249.7	262.2
Total	**333.5**	**353.6**	**381.9**	**426.3**	**464.0**	**486.1**

Source: Euromonitor International, 2009.

5.3.4 Dog food brands

Well known consumer brands dominate the dog food market, with private labels performing very strongly. The top 10 brands enjoy 67% of retail sales, with private label brands ranking third and accounting for 9.6% of the market.

5.4 CAT FOOD

5.4.1 Summary

In 2008, cat food sales totalled $581.5 million. This is an increase of 1.8% compared to 2008, and 7.9% compared to 2007. Premium wet cat food achieved the highest value growth at 5% in 2009. This segment has grown by 66% since 2004.

Trends in cat food are similar to those in dog foods. As such, consumers have stayed loyal to brands within the premium segment despite the economic downturn. However consumers who would normally buy from the mid-priced and economy segments tended to purchase cheaper brands and private labels.

Unlike the growth seen in the dog treats segment, cat treat sales declined in both value and volume. This is most likely due to cat treats not having the same functional benefits as dog treats, which can be used as training rewards.

With pets increasingly being considered as a member of the family, coupled with pet owners' growing awareness of pet obesity, consumers are becoming more discerning of cat food products, particularly in the premium segment.

However, in the mid-price and economy segments, cheaper brands and private labels are expected to see an increase in market share as consumers move to less expensive products. This is likely to favour supermarkets and hypermarkets, which have a greater capacity to engage in price competition to gain market share.

Table 38: Sales of Cat Food by Type, 2004-2009 ($ million)

	2004	2005	2006	2007	2008	2009
Wet cat food	304.9	311.3	332.4	340.7	361.9	363.3
Dry cat food	167.0	172.9	180.2	191.6	202.8	211.6
Cat treats and mixers	7.0	7.0	6.8	6.8	6.7	6.7
Total	**478.8**	**491.2**	**519.4**	**539.1**	**571.3**	**581.5**

Source: Euromonitor International, 2009.

5.4.2 Prepared and non-prepared cat food

Prepared cat food consumption has increased by 7.6% since 2004. In 2009 60.8% of cat food consumed was prepared. Comparatively more prepared food is fed to cats than dogs. Whilst it is less, there is still a significant amount of non-prepared food fed to cats as part of total cat food consumption.

Table 39: Cat Food Prepared vs Non-prepared, 2004-2009 (% of total consumption)

	2004	2005	2006	2007	2008	2009
Prepared cat food	56.5	57.0	58.0	59.0	60.5	60.8
Non-prepared cat food	43.5	43.0	42.0	41.0	39.5	39.2
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Euromonitor International, 2009.

As cat numbers have been slightly in decline since 2005, the total volume of cat food consumed has reduced proportionately. In 2009 179,693 tonnes of cat food was consumed, of which 109,253 tonnes was prepared, and 70,440 tonnes that was non-prepared.

5.4.3 Premium cat food

The premium cat food segment is growing at a faster rate than the premium dog food segment. Since 2007, premium cat food sales have increased by 16% compared to premium dog food sales, which increased by 14% over the same period. This is supported by the trend of cats being seen as a member of the family, with owners of cats providing their pet with a higher quality food product. Premium cat food sales account for 42% of all cat food sold.

Table 40: Sales of Premium Cat Food, 2004-2009 ($ million)						
	2004	2005	2006	2007	2008	2009
Premium wet cat food	84.7	88.1	105.7	121.5	136.1	142.9
Premium dry cat food	73.9	78.0	83.1	89.3	96.5	101.3
Total	**158.6**	**166.1**	**188.8**	**210.8**	**232.6**	**244.2**

Source: Euromonitor International, 2009.

5.3.4 Cat food brands

The top 10 cat food brands have a combined retail value of 81% of the market. Private label brands are ranked fourth, and account for 8.6% of retail sales.

5.5 OTHER PET FOOD

5.5.1 Summary

Sales of other pet food have grown slightly over the last year to reach $137 million in 2009. Trends indicate that reptiles are becoming increasingly popular as pets.

The premiumisation trend seen in dog and cat food products has not carried over into other pet foods. This has probably been a contributing factor to the relatively small growth in the sales of other pet foods over the last 12 months, compared to annual growth in previous years. Because consumers are not prioritising premium foods in this segment, as has been seen with dogs and cats, a larger proportion have opted to purchase cheaper products. Half of all other pet food is sold through supermarkets and hypermarkets. This is due in large part to the strong performance of private labels, as has been seen with dog and cat food. The increased popularity of reptiles has contributed to the slight gains posted by pet superstores and pet shops, at 12% and 33% respectively, as reptile food is typically available in pet stores and specialist retailers.

Private labels are expected to continue to dominate this market, with supermarkets and hypermarkets being the largest distribution channels of other pet food.

Table 41: Sales of Other Pet Food by Type, 2004-2009 ($ million)						
	2004	2005	2006	2007	2008	2009
Bird food	52.5	55.2	57.6	63.4	71.0	69.6
Fish food	20.9	22.0	22.5	23.3	24.3	25.1
Small mammal/reptile food	38.1	38.6	39.4	40.4	41.6	42.7
Total	**111.6**	**115.8**	**119.6**	**127.1**	**136.9**	**137.4**

Source: Euromonitor International, 2009.

5.5.2 Bird food brands

The top 5 branded bird food products have a retail share of 51.5%, with private labels being the biggest seller and accounting for a very significant 43% of the market.

5.5.3 Fish food brands

The top 5 branded fish food products have a total market share of 75%, with private label brands ranking fifth and making up 8% of retail sales.

5.6 GROCERY AND NON-GROCERY SALES OF PET FOOD

Total grocery retail sales account for 72.5% of dog and cat food sales, and 50.3% of other pet food sales. Conversely, non-grocery retail sales account for 26.9% of dog and cat food sales, and 48.7% of other pet food sales. Remaining sales for dog and cat food, and other pet food are made up from internet retailing, with are 0.6% and 1% respectively. (Euromonitor International, 2009)

In 2008, grocery sales of pet food totalled $1.4 billion, an increase of 9% from the previous year. All segments, except for canned dog food, increased in value. The most significant growth areas were dog treats, chilled dog food, chilled cat food and bird seed. The consumer trend towards premium pet food largely explains both the growth in dog treats and chilled dog food and the associated decrease in canned dog food sales.

Table 42: Grocery sales of pet food ($ million)

Type	1998	2002	2004	2005	2007	2008	% change 2007-2008
Dog food:							
Canned (wet)	297.5	280.0	269.0	269.0	305.2	304.0	-0.4
Packet (dry)	153.4	155.5	173.0	181.8	211.8	230.0	8.6
Treats	38.7	75.2	94.7	106.9	122.2	143.3	17.3
Chilled	n/a	64.5	85.1	96.2	104.9	115.7	10.3
Total dog food	489.6	575.2	621.8	653.9	744.1	793.0	7
Cat food:							
Canned (wet)	228.5	244.9	255.6	263.6	303.2	321.1	5.9
Packet (dry)	84.7	89.2	103.0	111.6	124.5	135.7	9.0
Treats	n/a	4.3	3.6	n/a	n/a	n/a	n/a
Chilled	n/a	30.5	36.9	44.3	47.8	52.7	10.3
Drinks	n/a	7.6	9.6	10.1	n/a	10.5	n/a
Total cat food	313.2	376.5	408.7	429.6	475.5	520.0	*9
Other:							
Bird seed	39.3	42.0	54.9	52.7	58.4	67.1	15.0
Poultry and rodent	n/a	n/a	8.4	8.8	n/a	9.0	n/a
Total other	39.3	42.0	63.3	61.5	58.4	76.1	15
Total:	**842.1**	**993.7**	**1,093.8**	**1,145.0**	**1,278.0**	**1,389.1**	***9**

n/a: data not available
** 2007 data for Cat food - drinks and Poultry and Rodent food is not available and therefore not included as part of the 2007 totals.*
Note: 2008 data on chilled pet food has been re-proportioned for dogs and cats to allow better indication of the market
Source: Retail Media, 2008; Retail World Year Book, 2003, 2005, 2006.

2008 saw the first increase (2.7%) in the volume of grocery sales of pet food since 2002. This is despite the total volume sales of pet food decreasing in 2008, a trend that has occurred over the last several years.

This volume increase in grocery sales is most likely the result of the economic downturn, with more consumers seeking to lower their grocery bills by selecting cheaper alternatives and therefore increasing total purchases of the less expensive private label pet foods.

Table 43: Grocery sales of pet food ('000 tonnes)							
Type	1998	2002	2004	2005	2007	2008	% change 2007-2008
Dog food:							
Canned (wet)	162.0	149.0	142.2	138.8	127.4	121.0	-5.0
Packet (dry)	89.0	95.9	99.0	100.6	96.7	98.0	-1.3
Treats	4.1	6.2	7.0	7.5	8.2	8.6	5.6
Chilled	n/a	32.4	38.9	39.1	41.2	46.0	11.6
Total dog food	255.1	283.5	287.1	286.0	273.5	273.6	0
Cat food:							
Canned (wet)	86.3	83.4	81.4	78.3	67.9	70.3	-3.6
Packet (dry)	28.8	27.9	28.8	29.5	30.5	31.2	2.3
Treats	n/a	0.3	0.5	n/a	n/a	n/a	n/a
Chilled	n/a	9.6	9.0	8.8	10.3	11.5	11.6
Drinks	n/a	2.9	3.0	3.5	n/a	3.4	n/a
Total cat food	115.1	124.1	122.7	120.1	108.7	116.4	*7
Other:							
Bird seed	28.0	27.7	27.6	27.1	24.8	24.0	-3.2
Poultry and rodent	n/a	n/a	5.0	5.0	n/a	3.9	n/a
Total other	28.0	27.7	32.6	32.1	24.8	27.9	-3
Total	**398.2**	**435.3**	**442.4**	**438.2**	**407.0**	**418.0**	***3**

n/a: data not available.
** 2007 data for Cat food - drinks and Poultry and rodent food is not available and therefore not included as part of the 2007 totals.*
Note: 2008 data on chilled pet food has been re-proportioned for dogs and cats to allow better indication of the market.
Source: Retail Media, 2008; Retail World Year Book, 2003, 2005, 2006.

5.7 EMPLOYMENT

IBISWorld estimates that the prepared animal and bird food manufacturing industry employs over 4,500 people in Australia. This figure has decreased during the last five financial years by 689 positions.

Table 44: Prepared animal and bird feed manufacturing, employment (persons)					
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Total	5,232	4,371	4,435	4,471	4,543

Source: IBISWorld, 2009.

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5.8 EXPORTS

The export of processed cat and dog food makes a significant contribution to Australia's international trade. In 2008/09, the total export of dog and cat food, and live ornamental fish was $295.1 million. This is a 24% increase compared to the previous financial year. Exports of pets and pet related products have fluctuated over the last decade, peaking in 2003/04 at $381.2 million.

Table 45: Exports of pets and pet-related products ($ million)

Type	1997 /98	1999 /00	2001 /02	2003 /04	2004 /05	2007 /08	2008 /09	% variation 2007/08 - 2008/09
Dried dog or cat food	143.9	155.7	201.6	197.1	187.5	107.0	132.8	24.1
Canned and vacuum sealed dog food	109.7	101.3	45.3	131.8	99.9	105.3	135.8	29.0
Dog or cat food (excl. canned and dried)	5.3	1.8	2.7	33.9	33.1	10.8	7.4	-31.5
Canned and vacuum sealed cat food	22.1	21.4	28.7	17.4	16.3	13.0	15.7	20.7
Live ornamental fish	n/a	n/a	0.3	1.0	0.6	1.9	3.4	78.9
Total	**281.0**	**280.2**	**278.6**	**381.2**	**337.4**	**238.0**	**295.1**	**24.0**

n/a: data not available
Source: ABS, 2009.

The two most significant Australian pet food exports are dried dog and cat food, and canned, pressure or vacuum sealed dog food. Japan was by far the biggest market for these products, importing $74.8 million, or 56%, and $88.6 million, or 65%, of these export products respectively.

Other significant export trade partners included New Zealand, the United States of America, Belgium and Taiwan.

Table 46: Country of destination for exports of pets and pet related products, 2008/09 (value)

Country of Destination	Value ($'000)	% Share
Dried dog or cat food exported for retail sale		
Japan	74,794	56.3
New Zealand	19,612	14.8
Thailand	8,945	6.7
Korea, Republic of	5,954	4.5
Malaysia	5,061	3.8
Taiwan	3,660	2.8
China	3,525	2.7
Philippines	3,045	2.3
Other	8,196	6.2
Subtotal	132,792	100

Table 46 continued on next page.

Table 46: Country of destination for exports of pets and pet related products, 2008/09 (value) *...continued*		
Country of Destination	Value ($'000)	% Share
Canned, pressure or vacuum sealed cat food exported for retail sale		
New Zealand	7,406	47.0
United States of America	3,366	21.4
Belgium	3,158	20.1
South Africa	390	2.5
Japan	313	2.0
Turkey	311	2.0
Italy	217	1.4
Israel	179	1.1
Other	407	2.6
Subtotal	15,747	100
Canned pressure or vacuum sealed dog food exported for retail sale		
Japan	88,618	65.2
Taiwan	16,685	12.3
Korea, Republic of	5,167	3.8
New Zealand	5,070	3.7
Thailand	4,963	3.7
Hong Kong (SAR of China)	3,402	2.5
Singapore	2,609	1.9
Malaysia	2,346	1.7
Other	6,971	5.1
Subtotal	135,831	100
Dog or cat food (excl. canned and dried) exported for retail sale		
Japan	3,928	53.3
New Zealand	1,464	19.9
Taiwan	527	7.1
Germany	490	6.6
Korea, Republic of	437	5.9
Thailand	314	4.3
Hong Kong (SAR of China)	104	1.4
India	56	0.8
Other	53	0.7
Subtotal	7,373	100
Live Ornamental Fish		
United States of America	1,745	51.4
United Arab Emirates	516	15.2
Hong Kong (SAR of China)	214	6.3
United Kingdom	209	6.2
Japan	203	6.0
Germany	121	3.6
Taiwan	103	3.0
Canada	95	2.8
Other	191	5.6
Subtotal	3,397	100
Total	**295,140**	

Source: ABS, 2009.

Table 47: Country of destination for exports of pets and pet related products, 2008/09 (volume)		
Country of Destination	Volume (kg)	% Share
Dried dog or cat food, put up for retail sale		
Japan	43,112,122	52.4
New Zealand	12,776,483	15.5
Thailand	6,495,772	7.9
Korea, Republic of	4,135,579	5.0
Malaysia	3,312,312	4.0
Taiwan	2,396,950	2.9
Philippines	2,386,010	2.9
China	2,366,361	2.9
Other	5,352,895	6.5
Subtotal	82,334,484	100
Canned, pressure or vacuum sealed cat food, put up for retail sale		
New Zealand	5,770,114	64.1
United States of America	1,466,849	16.3
Belgium	741,502	8.2
South Africa	269,078	3.0
Turkey	238,552	2.7
Japan	136,399	1.5
Israel	109,814	1.2
Italy	82,204	0.9
Other	183,839	2.0
Subtotal	8,998,351	100
Canned pressure or vacuum sealed dog food, put up for retail sale		
Japan	36,711,733	61.7
Taiwan	7,587,568	12.8
New Zealand	3,271,846	5.5
Korea, Republic of	2,086,788	3.5
Thailand	1,917,277	3.2
China	1,463,025	2.5
Malaysia	1,395,941	2.3
Hong Kong (SAR of China)	1,363,945	2.3
Other	3,695,702	6.2
Subtotal	59,493,825	100
Dog or cat food (excl. canned and dried), put up for retail sale		
Japan	1,300,831	44.7
New Zealand	1,103,403	37.9
Korea, Republic of	189,435	6.5
Taiwan	116,515	4.0
Thailand	81,786	2.8
Hong Kong (SAR of China)	39,931	1.4
Germany	35,008	1.2
India	20,433	0.7
Other	24,529	0.8
Subtotal	2,911,871	100

Table 47 continued next page.

Table 47: Country of destination for exports of pets and pet related products, 2008/09 (volume) *...continued*		
Country of Destination	Volume (kg)	% Share
Live Ornamental Fish*		
United States of America	47,918	43.3
United Arab Emirates	23,769	21.5
United Kingdom	6,587	6.0
Hong Kong (SAR of China)	5,658	5.1
Germany	5,417	4.9
Japan	4,473	4.0
Netherlands	4,407	4.0
Taiwan	4,126	3.7
Other	8,231	7.4
Subtotal	110,586	100
Total (excluding ornamental fish)	**153,738,531**	

** Quantities are actual numbers of live ornamental fish*
Source: ABS, 2009.

5.9 IMPORTS

In 2008/09, the import value of pets and pet-related products reached $219.1 million. This represents a significant increase of 71% since 2004/5.

Table 48: Imports of pets and pet-related products ($ million)								
Type	1997 /98	1999 /00	2001 /02	2003 /04	2004/ 05	2007 /08	2008 /09	% variation 2007/08 - 2008/09
Canned cat food	42.6	38.6	53.0	41.0	59.0	79.6	90.6	13.8
Dog or cat food (excl. canned cat food)	16.2	23.6	24.2	51.4	53.2	76.2	99.1	30.1
Fish food	4.7	6.1	9.4	11.6	10.5	17.6	23.6	34.1
Live ornamental fish	n/a	2.3	3.5	4.1	4.8	5.4	5.8	7.4
Total	**63.5**	**70.6**	**90.1**	**108.1**	**127.5**	**178.8**	**219.1**	**22.5**

n/a: data not available
Source: ABS, 2009.

Although the value of imports has increased substantially, Australia still has a trade surplus of pet food and pet care products. Total exports exceeded total imports by $76 million in 2008/09.

Table 49: Country of origin for imports of pets and pet-related products, 2008/09 (value)		
Country of Origin	Value ($'000)	% Share
Canned cat food, imported for retail sale		
Netherlands	46,165	50.9
New Zealand	43,619	48.1
Thailand	728	0.8
United States of America	85	0.1
Austria	21	0.0
Subtotal	90,618	100
Dog or cat food, imported retail sale (excl. canned cat food)		
United States of America	46,556	47.0
New Zealand	30,139	30.4.
France	8,499	8.6
Thailand	6,258	6.3
Germany	1,979	2.0
Canada	1,786	1.8
Hungary	1,263	1.3
China	1,002	1.0
Other	1,562	1.6
Subtotal	99,044	100
Fish food		
Chile	11,047	46.8
Taiwan	3,757	15.9
India	2,302	9.7
Netherlands	1,645	7.0
Thailand	1,084	4.6
China	937	4.6
France	758	3.2
Germany	741	3.1
Other	1,350	5.7
Subtotal	23,621	100
Live ornamental fish		
Singapore	1,641	28.2
Indonesia	1,570	27.0
Malaysia	629	10.8
Thailand	513	8.8
China	415	7.1
Sri Lanka	356	6.1
Germany	189	3.3
Mali	147	2.5
Other	349	6.0
Subtotal	5,809	100
Total	**219,092**	

Source: ABS, 2009.

Table 50: Country of origin for imports of pets and pet-related products, 2008/09 (volume)		
Country of Origin	Volume (kg)	% Share
Canned cat food, imported for retail sale		
United States of America	17,360,760	50.8
Thailand	16,485,673	48.2
New Zealand	302,429	0.9
Netherlands	15,251	0.0
Austria	8,770	0.0
Subtotal	34,172,883	100
Dog or cat food, imported retail sale (excl. canned cat food)		
United States of America	14,406,651	41.4
New Zealand	12,561,489	36.1
France	4,047,620	11.6
Thailand	1,417,746	4.1
Canada	527,202	1.5
Seychelles	445,749	1.3
Hungary	397,996	1.1
Germany	364,111	1.0
Other	614,550	1.8
Subtotal	34,783,114	100
Fish food		
Chile	6,219,485	58.2
India	1,434,530	13.4
Taiwan	1,328,177	12.4
Thailand	634,002	5.9
China	234,941	2.2
France	223,560	2.1
Netherlands	211,378	2.0
Italy	144,400	1.4
Other	259,790	2.4
Subtotal	10,690,263	100
Live ornamental fish*		
Indonesia	6,897,462	37.5
Singapore	4,804,692	26.1
Thailand	1,574,199	8.6
Malaysia	1,488,976	8.1
Sri Lanka	1,486,684	8.1
China	1,443,705	7.8
Mali	371,182	2.0
Hong Kong (SAR of China)	201,142	1.1
Other	128,590	0.7
Subtotal	18,396,632	100
Total (excluding ornamental fish)	**79,646,260**	

** Quantities are actual numbers of live ornamental fish*
Source: ABS, 2009.

6 SUMMARY PET CARE PRODUCTS AND SERVICES

The summary of pet care products, purchases and services is provided for comparative purposes from the 6th edition of this report. In 2006, total expenditure was $1.54 billion compared to $1.98 billion in 2009, a 28% increase over three years or an average growth rate of 9.3%.

Table 51: Summary Table of Pet Care Products and Services 2009

	$ million	% of total
Pet care products		
Cat litter	111	
Healthcare	125	
Pet Dietary supplements	21	
Other pet care products	62	
Sub-total	319	16.1
Pet purchases		
Dogs	135	
Cats	33	
Birds – aviary	44	
Birds – companion	71	
Fish	125	
Reptiles	5	
Small mammals	3	
Pleasure horses	200	
Sub-total	616	31.2
Pet care services		
Dogs	779	
Cats	156	
Pleasure horses	103	
Native animals	3	
Sub-total	1,041	52.7
Total	**1,976**	**100**

Source: Compiled by Rockwell Communications. Information from: Euromonitor International, 2009; IBISWorld, 2009; Industry sources.

7 PET CARE PRODUCTS

7.1 SUMMARY

Consumer expenditure on pet care products in 2009 was $318.4 million, an increase of $24.7 million since 2008 (Euromonitor International, 2009). The pet care product market has experienced strong and steady growth over the last 5 years. The pet care product market comprises of cat litter, healthcare (includes flea and tick treatments), dietary supplements and other pet care products such as toys, food bowls, dog kennels, collars, brushes, fish tanks, grooming and dressage products.

Table 52: Sales of Pet Care Products by Type, 2006-2009 ($ million)

	2006	2007	2008	2009
Cat litter	73.5	80.1	96.1	110.6
Healthcare	98.8	106.7	117.4	124.5
Pet Dietary supplements	17.6	18.8	20.5	21.4
Other pet care products	51.6	55.2	59.6	62.0
Total	**241.5**	**260.9**	**293.7**	**318.4**

Source: Euromonitor International, 2009.

Across the pet care product market, cat litter saw the strongest growth, registering a 15% increase in current value sales from 2008 to 2009. This growth is a good example of how certain segments have capitalised on the general trend towards natural and environmentally friendly products. In this segment, the growth could be attributed to increased sales in natural varieties of cat litter that tend to be positioned at higher price points. With more cats being kept inside, this too could attribute to increased market share.

The cat litter market has grown by 65% in value over the last 5 years. The next most significant growth area is healthcare, which has grown by 43% over the same period.

Grocery retailers, specifically supermarket and hypermarkets, dominate pet care product sales, accounting for 54% of all pet care products sold, by value. It should be noted however, that this is much lower compared to dog and cat food sales through grocery retailers, which account for 72.5% of all dog and cat food sold, by value. This difference is attributed to consumers seeking greater product variety and the expertise of staff in pet shops, pet superstores and veterinary clinics.

The pet products sector is dominated by two major companies, one has 15% market value share, and the other has 11% market value share. Private labels have 11% value share. The remainder of the sector is largely fragmented.

Pet shops are the dominant non-grocery distribution channel accounting for 28.5% of value sales. Pet superstores and veterinary clinics are the next largest non-grocery distribution channels accounting for 7.7% and 7.8% of sales respectively.

Although a growing industry, internet retailing accounts for only 0.5% of all pet care products sold. There are an increasing number of pet superstores and pet shops that sell products online as part of their normal retail business.

7.2 TRENDS

Anecdotal industry sources report the rising rate of obesity in humans in Australia has also been accompanied by higher rates of obesity amongst cats and dogs. There are a range of health problems associated with obesity such as diabetes and osteoarthritis. These health problems have led to pet owners turning to dietary supplements to improve the health and wellbeing of their pets. As a result of these factors, and the continued trend of pets being considered as a member of the family, sales of dietary supplements for pets grew by 4.4% in current value terms during 2009, and 13.8% over the last two years.

The healthcare segment saw strong value growth of 10%. This growth is mostly as a result of pet owners taking preventative measures against fleas and ticks. Flea and tick treatments make up 77% of pet healthcare products sales in 2009, with a value of $96 million.

In 2009, 54% of pet care products were sold through supermarkets and hypermarkets. This represents a slight decline in market share for pet stores, which is attributed to more consumers buying cat litter from supermarkets than from pet stores. Consumer behaviour is such that pet owners rely on pet shops and superstores for more specialised and varied products and advice from knowledgeable staff.

As pets are increasingly being seen as a part of the family, consumers are showing that they place significant value on the health and wellbeing of their pets.

Pet food is becoming increasingly specialised and segmented across pet age and breed type, with additional value offerings including immunity and joint care. This has been well received by consumers. These products provide additional health benefits, without the need for dietary supplements.

7.3 EXAMPLES OF PET CARE PRODUCTS AND THEIR UNIT PRICES

Whilst the value of pet care product sales in Australia is known, it is valuable to understand what some of the most common products are that make up this market segment.

A large variety of pet care products are available in the market place. Although online retailing accounts for a very small amount of pet care products sold, the number of online stores is increasing. These include companies that sell through online auctions such as e-bay.

A range of pet care products for dogs, cats and other pets, and their current prices at a variety of retail outlets are shown in this section.

7.3.1 Dogs

Most new puppy or dog owners will invest in a range of basic products that are required to care for a dog. The most common products are shown below, along with their current retail values from supermarkets, a pet store and an online store.

Prices will vary depending on the brand, size of the pet, and the specific needs of pets and pet owners.

Table 53: Start up puppy/dog kit - indicative costs

Item	Online*	Major Retailer A	Major Retailer B	Pet Store**
Collar		$6.26 - $14.99	$6.75 – $14.00	$20.00 - $60.00
Lead		$9 - $11.55	$9.00 - $14.30	$20.00 - $80.00
Small Stainless Steel Non Skid Bowl		$9.89	$6.75	$13.00
Puppy Cuddle Pal		$6.00	$9.99	$20.00
Rope Bone with Rubber		N/A	$5.00 - $10.00	$15.00 - $30.00
Puppy Toilet Training Pads		Tray: $20.00	N/A	Tray: $55.00
		Pads(6): $7.00	N/A	Pads(30): $40.00
Puppy Shampoo		$7.30	$7.30	$30.00
Total	**$65.05 - $81.05**	**$65.45 - $76.73**	**$44.79 - $62.34**	**$213.00 - $328.00**

N/A : not available
** The online price is a total for the whole kit.*
*** Pet stores will have greater variety and cater for the specific individual pet requirements from standard through to premium products – the products are also supported by customer service, therefore average costs shown here will be higher.*
Note: The prices shown in this table are for example purposes only and were sourced from single outlets and a small number of online stores. These prices are subject to change and variation.
Source: Major retailers, various pet stores and online sources, 2009.

The table below shows current costs for other dog care and accessory products.

Table 54: Dog pet care and accessory products - indicative costs				
Item	Online	Major Retailer A	Major Retailer B	Pet Store*
Collar	$8.00 - $40.00	$6.26 - $14.99	$6.75 – $14.00	$20.00 - $60.00
Lead	$7.00 – $32.50	$9.00 - $11.55	$9.00 - $14.30	$20.00 - $80.00
Retractable lead	$40.00 – $70.00	$25.00	$20.00	$20.00 - $80.00
Name tag	$5.00 – $15.00	N/A	N/A	$16.00 - $30.00
Food/water bowl – plastic/ ceramic/ stainless steel	$10.00 – $15.00	$8.45	$9.77 - $12.50	$15.00 - $35.00
Padded dog bed	$50.00 - $130.00	N/A	N/A	$40.00 - $180.00
Brush	$10.50 – $20.00	$10.00	$11.00 - $17.00	$13.00 - $30.00
Toy	$5.00 – $15.00	$7.00	$8.00	$5.00 - $40.00
Dog coat	$20.00 – $30.00	N/A	N/A	$35.00
Household dog kennels	$110.00 - $495.00	N/A	N/A	$130.00 - $360.00

N/A : not available
** Pet stores will have greater variety and cater for the specific individual pet requirements from standard through to premium products – the products are also supported by customer service, therefore average costs shown here will be higher.*
Note: The prices shown in this table are for example purposes only and were sourced from single outlets and a small number of online stores. These prices are subject to change and variation.
Source: Major retailers, various pet stores and online sources, 2009.

7.3.2 Cats

The products that a new kitten or cat owner is likely to purchase are outlined below.

Table 55: Start up kitten/cat kit - indicative costs				
Item	Online	Major Retailer A	Major Retailer B	Pet Store*
Name tag	$10.00 – $15.00	N/A	N/A	$16.00 - $30.00
Collar	$10.00 – $20.00	$7.00	$5.00 - $7.00	$12.00 - $25.00
Cat dish – plastic	$8.00 – $14.50	$12.65	$4.00	N/A
Litter tray	$12.00 – $30.00	$6.25	$5.80	$17.00
Hooded litter tray	$30.00 – $130.00	N/A	N/A	$70.00
Cat scratching post	$24.00 – $150.00	N/A	N/A	$45.00 - $120.00
Brush	$12.00 – $25.00	$8.00	$10.00	$13.00
Small toy	$7.00 – $35.00	$4.50	$5.00 - $9.00	$6.00 - $12.00

N/A : not available
** Pet stores will have greater variety and cater for the specific individual pet requirements from standard through to premium products – the products are also supported by customer service, therefore average costs shown here will be higher.*
Note: The prices shown in this table are for example purposes only and were sourced from single outlets and a small number of online stores. These prices are subject to change and variation.
Source: Major retailers, various pet stores and online sources, 2009.

7.3.3 Other pets

Bird cages and accessories

There are a range of products that a new bird owner would need to purchase, depending on the type, size and number of birds. These products are outlined below, along with the indicative prices of how much they cost to buy online, in supermarkets and a pet store.

Table 56: Bird cages and accessories - indicative costs

Item	Online	Major Retailer A	Major Retailer B	Pet Store
Cage	$109.90 – $2,477.89	N/A	N/A	$80.00 - $250.00
Ladder	$2.70	$3.00	N/A	$7.00
Perch/swing	$1.20 - $1.90	$2.00	N/A	$9.00
Grit sheets – pack of 3	$3.90	$4.00 (5 pack)	N/A	$10.00
Bird bath	$2.50	Don't sell	N/A	$6.00
Feeder	$1.90 - $6.20	$3.00	N/A	$6.00
Plastic ladder with mirror	$4.95 (mirror toy)	$3.00	N/A	$8.00
Cuttle bone	$2.50	$3.00	$3.00	$6.00 (2 pack)
Cage tidy	$4.00	N/A	N/A	N/A

N/A : not available
Note: The prices shown in this table are for example purposes only and were sourced from single outlets and a small number of online stores. These prices are subject to change and variation.
Source: Major retailers, various pet stores and online sources, 2009.

Aquariums and related equipment

Depending on the type tank, tank size and the features included, aquariums can range in price from a $150 to several thousand dollars.

An entry level tank from a pet store, which includes all necessary equipment and two goldfish, starts at $150.

The table below lists some common aquarium equipment, as well as indicative online and pet store prices.

Table 57: Aquarium equipment - indicative costs

Item	Online	Pet Store
Internal filter jet	$29.95 – $52.95	$120.00 – $500.00+
Air pump 150l – 350l per hr	$59.95 – $98.95	$30.00 – $80.00
Light aqua light	$48.95 – $59.95	$60.00 – $120.00
Aqauscape – small to large (single plant only)	$8.00 – $12.90	$4.00 – $10.00
Pond filter	$99.00 – $199.00	$100.00 – $400.00

Note: The prices shown in this table are for example purposes only and were sourced from single outlets and a small number of online stores. These prices are subject to change and variation.
Source: Various pet stores and online sources, 2009.

Reptiles

As with aquariums, the set-up cost for a reptile tank can vary considerably, depending on the type and species of reptile, number of animals, and the equipment and accessories needed.

Some common products that new reptile owners would need to purchase are outlined below, as well as the indicative prices from an online store and pet store.

Table 58: Reptile tanks and equipment - indicative costs

Item	Online	Pet Store
Golf Club Snake Hook	$42.50	$50.00 - $70.00
Tank plastic	$11.95 - $29.95	$10.00 - $25.00
Light Holder	$49.95 - $62.90	$30.00 - $80.00
Light Globe compact	$34.95 - $39.95	$40.00 - 100.00
Thermostat	$98.55 - $135.35	$120.00 - $150.00
Baths / Rock	$11.50 - $29.50	$10.00 - $25.00

Note: The prices shown in this table are for example purposes only and were sourced from single outlets and a small number of online stores. These prices are subject to change and variation.
Source: Various pet stores and online sources, 2009.

Pleasure horses

Annual expenditure on products and equipment for horses and riding is dependant on the activities of the horse, and the individual needs of the animal and owner.

The equipment required to care for and ride a horse can be quite extensive and expensive.

Some of the basic and most commonly used horse care products and riding equipment are outlined in the table below.

Table 59: Horse and riding equipment and products - indicative costs

Item	Price
Helmet	$99.00 - $695.00
Boots	$49.95 - $349.95
Chaps	$44.95 - $225.00
Saddle	$449.00 - $5,995.00
Rug	$59.95 - $229.95
Reins	$20.00 - $85.00
Halter (leather)	$23.95 - $149.95
Leads	$5.95 - $16.95
Bridle	$39.95 - $220.00
Bit	$36.95 - $46.95
Stirrup irons	$24.95 - $89.95
Brushes	$12.95 - $29.95
Clippers	$99.00 - $689.00
Coat care and polishes	$15.95 - $33.95
Grooming kits	$19.95 - $29.95
Hoof picks and scrapers	$2.95 - $5.95
Hoof polish	$10.25 - $33.95
Shampoo (1 litre)	$10.95 - $19.95
Fly veils	$12.95 - $34.95

Note: The prices shown in this table are for example purposes only and were sourced from single outlets and a small number of online stores. These prices are subject to change and variation.
Source: Online sources, 2009.

The costs of veterinary and grooming supplies, including wormers and shampoos, start at $200 per annum, but can exceed well over $1,000.

Industry advice is that horse owners spend anywhere between $1,500 and $10,000 on equipment/gear for their horses. This does not include a float, or vehicle to pull the float.

According to industry sources, large proportions of horse owners change their lifestyle and purchase a property to keep their horse on.

7.3.4 Healthcare products

Healthcare products have a primary function directly related to the health of a pet and are usually purchased following advice from a veterinarian or pet care expert. There are a wide range of healthcare products available to pet owners. These include skincare, ear care, tear stains, dental care, herbal/homoeopathic products and parasite treatments.

Some of the most common healthcare products and their current market prices are outlined in Table 60.

Table 60: Common pet healthcare products - indicative costs				
Item	Online	Major Retailer A	Major Retailer B	Pet Store
Tablets to treat fleas/lice/ worms	\$30.00 - \$35.00 (3 mths) \$55.00 - \$62.00 (6 mths)	\$12.00 - \$25.00	\$8.00 - \$25.00	\$30.00 - \$50.00
Flea powder	\$7.50	\$9.00	\$6.50	\$9.00
Flea/tick spray	\$14.00 - \$44.00 (250ml)	N/A	N/A	\$20.00 - \$50.00
Cat wormer/Dog wormer	from \$12.00	\$9.00 - \$20.00	\$9.00 - \$20.00	\$18.00 - \$30.00
Flea spray – Liquid spot on	\$9.95	Don't sell	Don't sell	\$46.00

Note: The prices shown in this table are for example purposes only and were sourced from single outlets and a small number of online stores. These prices are subject to change and variation.
Source: Major retailers, various pet stores and online sources, 2009.

7.4 ESTIMATED EMPLOYMENT

It is estimated that there are over 16,147 people working across the pet care product industry.

In 2009, there were 4,804 shops/retailers dedicated to selling pet care products, including pet stores and aquarium stores. In total terms, 1,409 new pet stores or pet product retailers have opened across Australia since 2005. (Yellow Pages, 2009)

Table 61: Pet product suppliers / retailers, 2009 (number of establishments)									
Item	NSW	VIC	QLD	SA	WA	TAS	ACT	NT	Total
Pet shops	530	421	428	132	139	34	33	18	1,735
Pet foods and/or supplies	325	316	195	115	96	19	12	2	1,680
Aquariums and supplies	308	206	244	93	114	14	21	6	1,006
Pet shop supplies	110	94	90	34	40	3	11	1	383
Total	**1,273**	**1,037**	**957**	**374**	**389**	**70**	**77**	**27**	**4,804**

Source: Yellow Pages, 2009.

Industry sources indicate that pet stores have on average 4 employees. It is therefore estimated that pet shops employ around 6,940 people.

Pet food and product suppliers are estimated to employ an average of 3 people, with total employment estimated at 5,040.

Aquariums and fish supply stores employ an average of 3 people, with total employment numbers estimated to be around 3,018.

Pet shop supplier wholesalers employ 3 people on average, totalling 1,149 employees.

It is estimated that total direct and indirect employment by the pet care product industry is 16,147.

8 PET PURCHASES

8.1 SUMMARY

In 2009, the total market value for pet purchases was estimated to be $616 million. The largest values are attributed to sales of horses, dogs and fish, which accounted for 75% of the value of all pet sales in Australia in 2009.

Table 62: Value of pet sales, 2009

Type of pet	Number of animals sold in 2009	Total market value ($ '000)
Dogs	450,000	135,334
Cats	164,500	32,900
Birds - aviary	1,822,500	43,744
Birds - companion	202,500	70,940
Fish	25,000,000	125,100
Reptiles	N/A	5,000
Small mammals	164,000	2,740
Pleasure horses	200,000	200,000
Total	**27,803,500**	**615,758**

N/A: data not available
Source: Compiled by Rockwell Communications. Information from: ABS (0301), 2009, Euromonitor International, 2009; Industry estimates; pet stores; RSPCA; dog and cat breeders. Note: figures rounded up.

8.2 DOGS

The cost of buying a dog or a puppy will vary from private sales through to registered breeders. The Animal Welfare League Australia (AWLA) re-homes around 30,000 animals a year and has state organisations in Victoria, New South Wales, South Australia and Queensland. The RSPCA has animal shelters in each state and runs a website, adoptapet.com.au, which allows the user to view animals awaiting adoption in shelters across Australia.

The AWLA's state based organisations, Lort Smith Animal Hospital (VIC), Animal Welfare League NSW, Animal Welfare League of South Australia and Animal Welfare League Queensland all offer animal adoption services. All adopted animals are micro-chipped, desexed and have had their first set of vaccinations. Some adoption centres and shelters also include additional health and sociability checks and treatments. The cost of adopting a dog will vary, with average costs ranging from $260 to $350 for a puppy or $210 to $325 for a dog.

All RSPCA animals put up for adoption are micro-chipped, de-sexed, vaccinated and come with one month's medical insurance. The cost of adopting a dog from the RSPCA varies between states and territories, but on average it costs $300 to adopt a dog, puppies cost $350 and dogs older than 6 years are $180. In 2007/08 the RSPCA re-homed 19,276 dogs.

Purchasing a dog may cost anywhere from $400 to upwards of $3,000. The cost will vary on whether it is purchased from a pet shop or a breeder or if the dog is a cross-breed or a purebred.

Based on previous estimates and industry advice, there were approximately 500,000 puppies born in 2008. This is down slightly, in line with the general decline in dog numbers. Industry advice is that 90% of puppies are sold at an average price of $300. This gives a total market value of $135 million.

8.3 CATS

The cost of purchasing a cat varies substantially, depending on where it is bought from and whether it is pedigreed. Most cats and kittens are acquired through the RSPCA, AWLA, other animal shelters, pet stores, and pedigree breeders.

The cost of adopting a kitten or cat through one of the AWLA's state leagues will vary, with average costs ranging from between $95 and $100 for a cat and $95 and $150 for a kitten.

RSPCA cat adoption fees vary between states and territories and range from $110 - $225 for a kitten and $60 to $160 for a cat. In NSW, purebred cats and kittens cost $300 and $400 respectively. During 2007/08 the RSPCA re-homed 19,653 cats.

Kittens purchased from a pet store will range from $195 for a domestic shorthair, through to between $695 and $1,200 for a purebred.

Breeders sell kittens for between $500 and $1,500 depending on the breed and gender of the animal.

It is assumed that 235,000 kittens were born in 2009. It is estimated that 70% of kittens are sold through the various outlets at an estimated average price of $200 per kitten. This represents a total market value of $32.9 million.

8.4 OTHER PETS

8.4.1 Birds

Birds are a popular pet in Australia. A contributing factor to their popularity is the changing residency trends in Australia, with more people living in apartments and rental properties.

There are 8.1 million aviary and companion birds in Australia. Industry advice is that 90% of birds sold cost between $6 and $40 ($6 – budgerigar, $25 – multi-coloured bird, $40 – canary), the other 10% can cost several hundred dollars for breeds such as an African Grey. It is estimated that 25% of birds are being replaced annually.

Based on these figures, it is estimated that the total market value for the sales of aviary and companion birds is $114.7 million based on the average price of $56 per bird sold.

8.4.2 Fish

Fish numbers in Australia have been growing steadily over the last 5 years.

In 2008/09 over 18 million live ornamental fish were imported into Australia (ABS (0301), 2009). Due to price competitiveness of these imports, it is conservatively estimated that 20 million fish are sold in Australia in 2009. Based on industry advice and pet store prices, it the average price of a fish is assumed to be $6.25. This number is skewed downwards by the large number of goldfish sold. Goldfish sell between $3 and $5 on average, with more exotic fish selling for upwards of $30.

Based on this data, it is estimated that the total annual market value for ornamental fish is $125 million.

8.4.3 Reptiles

Reptiles have become increasingly popular as pets. The Department of Environment and Climate Change received 3,000 domestic license applications between 2005 and 2007. Carpet pythons, blue-tongued lizards and eastern water dragons are some of the more popular species. (Euromonitor International, 2009)

Conservative industry estimates place the annual market value of reptile sales through pet stores at $5 million.

8.4.4 Small mammals

The most common small mammals kept as pets are guinea pigs, rabbits, rats, mice and ferrets. The total small mammal pet population in Australia was 820,000 in 2009. Population numbers have remained relatively stable over the last several years.

It is estimated that total sales of small mammals are 20% of the total population, which represents 164,000 purchases at an average price of $16.70, with a total market value of over $2.7 million.

8.4.5 Pleasure horses

Industry sources indicate that there are approximately 1 million pleasure horses nationally. Assuming 200,000 foals were born in 2009 and sold at an average price of $1,000, the total market value is $200 million.

9 VETERINARY SERVICES

9.1 CONSUMER EXPENDITURE

Pet owners' needs in caring for their pets are changing. Increasingly, pet owners are requiring additional services to be offered by the veterinary profession. A key driver in this trend is the increased awareness of animal health issues as part of socially responsible pet ownership. As pets have become an important part of the family and cherished companions, pet owners have increasingly been prepared to spend significant amounts of money to care for their health and well-being.

This has led to growth in preventative care and elective treatments, with surgery, in-patient care and dentistry increasing substantially.

Trends in consumer needs have been met by the veterinary industry with the introduction of new medical, diagnostic and surgical procedures to address these consumer needs and expectations. An additional component is the Government support for the desexing of animals which necessitates a veterinary procedure.

In 2008/09 the veterinary industry's (companion animals) estimated contribution to the Australian economy was $2.219 billion. This is an increase of $96.5 million, or 4.5%, from the previous financial year.

Table 63: Value of the veterinary industry for companion animals, 2007/08 - 2008/09 ($ million)

	2007/08	2008/09
Veterinary services	2,122.81	2,219.34

Source: IBISWorld, 2009.

The breakdown of consumer expenditure on veterinary services for companion animals is shown in the table below alongside total veterinary industry revenue.

Table 64: Consumer expenditure on veterinary services for companion animals, 2008/09 ($ million and % percentage)

Service item	Total veterinary industry revenue		Veterinary industry revenue from companion animals	
	% Percentage	$ million	% Percentage	$ million
Consultation and medication (companion animals)	50.0	1,336.9	50.0%	1,336.9
Surgery	12.7	339.6	8.4*	224.1
Vaccination	11.2	299.5	7.4*	197.7
De-sexing	6.2	165.8	4.1*	109.4
Pathology and laboratory tests	5.4	144.4	3.6*	95.3
Hospital in-patient care	4.3	115.0	2.8*	75.9
X-ray and imaging services	3.3	88.2	2.2*	58.2
Dentistry	1.2	32.1	0.8*	21.2
Other	5.7	152.4	3.8*	100.6
Total	**100.0**	**2,673.9**	**83.0**	**2,219.3**

** 83% of total veterinary industry revenue is attributed to companion animals. Of this, 50% is made up of consultation and medication charges, with the remainder calculated according to the percentages of total veterinary industry revenue.*
Source: IBISWorld, 2009; Rockwell Communications analysis.

It is estimated that dogs and cats account for 95% (71% and 24% respectively) of consumer expenditure on veterinary services for companion animals. Table 65 outlines the estimated expenditure on veterinary services for dogs, cats and other animals. Ratios have been applied consistent with the 6th edition of this report.

Table 65: Consumer expenditure on veterinary services, 2009		
Expenditure for	$ million	% total
Dogs	1,575.7	71
Cats	532.6	24
Other pets	111.0	5
Total	**2,219.3**	**100**

Note: Percentage ratios consistent with the 6th edition of this report.
Source: ACAC, 2006; IBISWorld, 2009.

9.2 OVERVIEW OF THE VETERINARY INDUSTRY

The Australian veterinary services industry (including companion animals) employs around 20,600 people across Australia.

In excess of 50% of all veterinary practice locations are estimated to be in capital cities, a figure that is believed to have increased somewhat in the past decade due in part to a declining number of young veterinarians choosing to work in rural locations (IBISWorld, 2009).

The industry has remained relatively stable over the last three years with the number of establishments (practices) remaining constant with enterprises owning multiple establishments also remaining constant. This indicates that whilst there is some consolidation of ownership, the industry is relatively stable.

Table 66: Veterinary Services – Establishments, Enterprises and Employment			
	2006/07	2007/08	2008/09
Number of Establishments	2,530	2,555	2,581
Number of Enterprises	1,883	1,892	1,902
Employment	19,046	19,903	20,600

Source: IBISWorld, 2009.

In 2009, NSW, Victoria and Queensland account for 77.1 percent of all businesses employing people in the veterinary industry.

Table 67: Geographic spread of establishments by state, 2009	
State	% Percentage
NSW	30.3
VIC	24.4
QLD	22.4
WA	10.8
SA	7.1
TAS	2.7
ACT	1.3
NT	1
Total	**100**

Source: IBISWorld, 2009

According to the ABS, as of June 2006 there were 2,037 establishments, of which 1,833 (or 90%) had between 1 and 19 employees. The remainder are single veterinarian establishments. There is some evidence that industry consolidation is active.

Veterinary Surgeons/Practitioners

In 2009, there were 10,724 registered veterinary surgeons/practitioners. The Veterinary Surgeons Board, Veterinary Practitioners Board, or equivalent in each state/territory is responsible for registering veterinarians and investigating complaints about the practise of veterinary science. In some states they also licence veterinary hospitals.

Table 68: Veterinary surgeons / practitioners, 2009

Category	Surgeons / Practitioners
New South Wales	3,067
Victoria	2,482
Queensland	2,667
South Australia	694
Western Australia	1,200
Australian Capital Territory	244
Tasmania	190
Northern Territory	180
Total	**10,724**

Source: State veterinary surgeons/practitioners' boards.
Note: Some veterinarians are registered in multiple States and Territories.

According to the 2008 Annual Report of the Veterinary Practitioners Board of NSW, 44% of registered veterinary practitioners in NSW were female. However, the Annual report indicates there are an increasing proportion of female veterinary practitioners in NSW, with 64% of registered veterinary practitioners under 40 years of age being female, and 69% of registered veterinary practitioners under 30 years of age being female. This marked gender shift of registered veterinary practitioners is also reflected in other areas of the veterinary industry.

Veterinary Nurses

The veterinary nursing industry is an important sector of the veterinary industry. Veterinary nurses provide support to veterinarians in undertaking a range of procedures. The most common include monitoring anaesthesia, nursing hospitalised patients, administering treatments, selling medication and pet care products, sterilising equipment, making appointments, developing radiographs, giving nutritional advice and assisting in consultations. (National Information Training Service Website 2009).

Approximately half of the practices are located in urban areas and on average employ 2-3 veterinarians and 1.8 veterinary nurses (National Information Training Service Website 2009).

9.3 MANUFACTURING OF VETERINARY PRODUCTS

According to the Australian Pesticides and Veterinary Medicines Authority (APVMA) Gazette, the total market for veterinary chemical products in the financial year 2008/09 was $754 million.

Table 69: Australian sales of veterinary chemical products, 2004–2007/08 ($ million)

Product type	2004	2005/06	2006/07	2007/08	2008/09
Parasiticides	300.9	334.2	327.6	357.8	314.4
Immunotherapy	85.9	93.7	109.4	114.5	121.3
Nutritional and metabolism	71.2	98.8	119.9	107.0	127.8
Antibiotics and related	42.7	52.1	52.5	53.0	55.6
Other	107.0	95.7	98.0	107.7	134.9
Total	**607.7**	**674.5**	**707.4**	**740.0**	**754.0**

Source: ACAC 2006; Australian Pesticides and Veterinary Medicines Authority, 2010.

The sale of veterinary chemical products continues to increase alongside the growing awareness of animal health and responsible pet ownership.

Table 70: Number of veterinary chemical products registered, 2004/05 - 2007/08					
Product type	2004	2005/06	20006/07	2007/08	2008/09
Parasiticides	1061	1,074	1,068	1,045	968
Immunotherapy	209	220	222	225	278
Nutritional and metabolism	349	629	635	636	777
Antibiotics and related	385	401	409	410	415
Other	1,214	935	931	967	839
Total	**3,218**	**3,259**	**3,265**	**3,283**	**3,277**

Source: ACAC, 2006; Australian Pesticides and Veterinary Medicines Authority, 2010.

The continued trend of new veterinary chemical registration is important for the industry so that new treatments are available to address new and emerging medical requirements – this trend is in line with the increased responsibilities of pet ownership.

The 6th edition of this report estimated Australian sales of veterinary chemical products for companion animals in 2004 to be $212 million. This was 34.8% of total veterinary chemical product sales. Applying this percentage to current data, it is estimated that in 2008/09, expenditure on veterinary chemical products for companion animals was $262 million.

9.4 VETERINARY EDUCATION

There are currently seven universities offering Veterinary Science degrees in Australia, with a total of 2,655 students enrolled in 2009.

Table 71: Veterinary students, 2009	
Location	Number
University of Sydney	585
University of Queensland	559
University of Melbourne	409
Murdoch University	418
Charles Sturt University	261
James Cook University	315
University of Adelaide	108
Total Australia	**32,655**

Source: Individual Universities, 2009 and 2010

The Veterinary Nurses Council of Australia states that the Certificate IV in Veterinary Nursing is considered by the veterinary industry to be the basic qualification required for a person who is to provide competent support to a Veterinary Practice. Certificates II in Animal Studies is a progression towards this objective, but does not have an identifiable employment occupation.

9.5 PROFESSIONAL INDUSTRY BODIES

Australian Veterinary Association Ltd (AVA)

The Australian Veterinary Association is the professional organisation representing veterinarians across Australia. For more information on the AVA, go to Section 12.1.

http://www.ava.com.au/

Table 72: AVA Veterinarian members		
Category	2006	2009
New South Wales	1,610	1,377
Victoria	1,131	1,082
Queensland	1,063	930
Western Australia	406	385
South Australia	281	323
Australian Capital Territory	108	106
Tasmania	112	108
Northern Territory	46	54
Overseas	103	105
Students	609	975
Total	**5,469**	**5,445**

Source: Australian Veterinary Association, 2006 and 2009

Veterinary Nurses Council of Australia

As of October 2009 there were 1,248 members of the Veterinary Nurses Council of Australia, of which 731 are full members and 517 are associate members.

Full membership of the VNCA is available to those who have obtained the National Certificate IV in Veterinary Nursing (or another equivalent qualification or overseas qualification recognised by the VNCA).

Associate membership is available to those who are not eligible to be full members, but whom either work in veterinary practice, animal welfare organisations, research and teaching institutions, appropriate government bodies or related employment; or are enrolled as students in veterinary nursing courses recognised by the VNCA.

Table 73: Veterinary nurses / support staff in Australia, 2009			
State	Full member	Associate member	Total
New South Wales	231	121	352
Victoria	134	157	291
Western Australia	159	42	201
South Australia	89	62	151
Queensland	82	89	171
Australian Capital Territory	22	23	45
Northern Territory	4	8	12
Tasmania	8	5	13
Overseas	2	10	12
Total	**731**	**517**	**1,248**

Source: The Veterinary Nurses Council of Australia, 2009
Note: This table does not include all veterinary nurses and support staff, only members of The Veterinary Nurses Council of Australia.

10 PET SERVICES

10.1 SUMMARY

There are a large and diverse number of companies and businesses that provide a range of services that support the pet industry. These range from pet transport companies, to groomers, pet insurance providers, day care facilities, boarding and minding, dog walking, funeral, cremation and burial services, dog training and pet clubs and associations.

The pet services sector contributes significantly to the consumer expenditure on pets across Australia.

In 2009, expenditure on pet services is estimated to have been approximately $1.04 billion across dogs, cats and other pets.

Services relating to dogs account for 75% of total consumer expenditure on pet services. Services for cats make up 15% of the market, with other pets, primarily pleasure horses, accounting for the remaining 10%.

Due to the complexity and variety of this sector, consumer expenditure may be higher than the estimated figure, however measurement and tracking of smaller service providers and associations, such as local pet clubs, cannot be undertaken with sufficient accuracy. The table below outlines consumer expenditure across the major pet service areas:

Table 74: Consumer expenditure on pet services, 2009 ($ million)

Service area	Value ($ million)
Dogs	
Clipping and grooming	204.30
Boarding and minding	374.55
Dog walking	70.82
Dog training	25.00
Dog show competition fees	2.19
Local council registration	17.50
Transport	72.40
Burial	5.15
Insurance	7.00
Sub-total	778.91
Cats	
Grooming	3.29
Boarding and minding	98.70
Cat show competition fees	1.96
Local council registration	4.75
Transport	44.40
Insurance	3.00
Sub-total	156.10
Pleasure horses	
Stabling, feed and other services	96.33
Pony club membership	6.64
Sub-total	102.97
Native animals	
Native animal keeper licences	3.00
Sub-total	3.00
Total	**1,041**

Source: Rockwell Communications has compiled this table from industry association and industry data sources.

AUSTRALIAN COMPANION ANIMAL COUNCIL

10.2 SERVICE PROVIDERS

In 2009, the Yellow Pages listed 9,734 businesses dedicated to providing services in relation to pets. Of these, the dog service sector accounted for 5,497 (56%) of businesses, whereas cats accounted for 1,297 (13%) of businesses. The remainder of service providers support a broad range of pets.

The table below outlines the number of number and type of pet service businesses in each state.

Table 75: Pet service providers, 2009 (number of establishments)

Item	NSW	VIC	QLD	SA	WA	TAS	ACT	NT	Total
Animal clinics / hospitals	375	154	144	22	68	14	9	3	789
Animal welfare organisations	106	87	87	26	47	16	3	7	379
Bird breeders / dealers	22	17	11	14	6	–	–	–	70
Cat boarding / breeding	406	329	245	105	125	45	32	10	1,297
Dog and cat clipping / grooming	848	677	642	222	274	55	57	17	2,792
Dog boarding kennels	363	276	238	95	187	49	20	13	1,241
Dog breeders	163	120	107	48	56	14	14	3	525
Dog supplies	41	45	47	16	18	6	-	3	176
Dog training	229	221	160	55	60	19	15	4	763
Pet care services	448	307	354	77	124	30	43	22	1,405
Pet cemeteries, crematoriums and supplies	43	33	36	7	8	6	2	3	138
Pet transport services	52	34	33	10	20	6	1	3	159
Total	3,096	2,300	2,104	697	993	260	196	88	9,734

Source: Yellow Pages, 2009
Please note that this figure includes animal clinics and hospitals, but does not show the smaller, often single person, enterprises that do not advertise in the yellow pages, and rely on customer referrals to develop business.

10.3 ESTIMATED EMPLOYMENT

There are a growing number of pet care service providers operating across Australia. This includes walking, grooming, clipping, day care and funeral services.

Employment is estimated to be 6,337 across a selected group of service providers.

There are 159 pet transport services, which on average employ 3 people, totalling 477 people.

There are 2,792 pet grooming and clipping enterprises, which on average employ 2 people, totalling 5,584 people.

There are 138 pet crematoriums and funeral services, with an average of 2 employees, totalling 276 people.

It is important to note that many of these businesses will provide a range of services to the pet owners and range from sole operators through to a small business with several employees.

10.4 DOGS

10.4.1 Clipping and grooming

Increasingly dog owners are utilising clipping and grooming services for their dogs, rather than washing their dogs at home. These services are provided by a grooming salon, mobile hydro-bathing service, or veterinary hospital.

Industry sources advise that on average dog owners take their pets to be groomed in salons 5 times per year at an average cost of $60 per dog. Mobile hydrobathing services tend to be used more frequently - every two to four weeks, with the cost is significantly less at around $20-$30 per dog. These costs will vary depending on the number of services used, such as flea rinses, and the size of the dog.

The Pet Industry Association of Australia has 131 members, which provide in house and mobile services. There has been significant growth in mobile grooming services available.

Based on industry sources estimating 30% of dogs are clipped/groomed five times a year at either a salon or by a mobile grooming service, the total annual value is therefore estimated to be $204.3 million.

10.4.2 Boarding and minding

Boarding fees are dependant on companion boarding or single boarding options, the size of the dog and whether boarding is needed during a peak or off-peak period. Peak periods are during school holidays, long weekends, over Easter and Christmas. These periods account for approximately 16 weeks a year.

The table below provides an indication of boarding costs:

Table 76: Dog boarding fees

Dog size	Off-Peak		Peak	
	Companion Boarding	Single* Boarding	Companion Boarding	Single* Boarding
Small	$29.00	$35.00	$33.00	$52.00
Med-Large	$31.00	$35.00	$35.00	$52.00

Source: Online sources, 2009

Own home pet minding, which is primarily to feed and water the dog is $20 per visit or $27 for two daily visits. (Online sources)

The Yellow pages has 1,194 dog boarding kennels listed across Australia, and 203 dog and cat in-home minding services. Based on industry advice an estimated 40% of dogs are taken to kennels or use pet minding for ten days per year, at an average price of $27.50 per day. This represents a total market value of $375 million.

10.4.3 Dog walking

Dog walking is undertaken by many companies, individuals and students. An industry listing from the Yellow Pages shows there were 116 dog walking services across Australia 2009.

Dog walking prices vary depending on walking time and whether the service is for one dog or a group. Individual dog walking costs $60 per 1 hour walk, with group sessions charged at $20 per dog per hour (various online dog walking and minding sites).

Assuming that 1% of dogs are walked via dog walking companies/individuals once per week, at an average rate of $40 per hour, the annual market is valued at $70.8 million.

10.4.4 Dog training

Dog training varies by company and individual trainer. Training courses range from starter lessons through to extended and advanced training programs and include courses such as Puppy Pre-School®. Dog owners may also utilise local obedience clubs, at a much lower cost than other training programs.

It is estimated by the by the Association of Pet Dog Trainers (APDT) that proactive pet owners would spend up to $200 annually on training their dogs, APDT estimates that an average training costs is $100 per dog.

Assuming that 50% of puppies/dogs are trained and/or attend obedience club activities, and that the average amount spend it $100 per dog, it is estimated that that the value of this sector is $25 million.

As there are a wide range of options available, an example of prices is shown in the table below:

Table 77: Examples of puppy/dog training options and costs

Training type	Cost
Dog Training School	$25
Group Dog Training 6 week Course	$99.00 per course
One-on-One Dog Training Lessons	$45.00
Puppy Pre-School®	$60 to $80
Puppy classes/training	$100
Basic training class	$200 for short course
Basic training dog club (volunteer groups)	$65 annually
Home training	$100 - $350 per visit. (1-2 visit per year) This is a growing area as people are seeking the convenience of home training.

Source: A range of kennels and dog training service providers, 2009.

10.4.5 Dog show competition fees

According to the Australian National Kennel Council, in 2008 there were 63,387 registered purebred dogs throughout Australia.

During 2009 there were 871 dog shows or trials in NSW alone. Entry fees range from $8 to $15 per dog.

Assuming that 25% of registered pedigree dogs attend an average of one competition per month, at an average cost of $11.50 per show, the total value would be $2.2 million per annum.

Example:
NSW is provided as an example of the dog show industry in Australia.

In 2008/09 there were 21,597 purebred dogs registered in NSW (Dogs NSW). This number has fluctuated over the last three years.

Table 78: Purebred dog registration numbers, Dogs NSW

Year	2006/07	2007/08	2008/09
Purebred dogs registered	21,393	22,099	21,597

Source: Dogs NSW, 2009.

There has been no significant change in the number of shows for registered dogs in New South Wales. There is still a demand for dog shows with the number of dog registrations decreasing by 2% from 2008.

Table 79: Number of shows and trials in NSW, 2004 vs. 2009 comparison

Show and trials	2004	2009
Championship shows	553	630
Obedience Trials	180	159
Agility Trials	86	82

Source: Dogs NSW, 2009.

A sample of the most common membership types and registration fees are shown in the table below:

Table 80: Membership rates and registration fees, 2009		
Type	New	Renewal
Single membership	$91.50	$66.20
Pensioner membership	$68.30	$51.05
Junior membership (12 to 18 years)	$18.20	$24.30
Membership renewal levy		$5 - $10
Breeders prefix	$133.50	
Registration (up to 6 months of age)	$26.00	
Registration (between 6 and 12 months of age)	$42.95	
Registration (between 12 and 18 months of age)	$59.95	

Source: Dogs NSW, 2009.

10.4.6 Microchipping and registration

In Australia, microchipping and registration has become an important tool that enables lost or stray pets to be quickly reunited with their owners.

In some states, pet owners are legally required to microchip and register their pets on a database. The RSPCA, many animal shelters and breeders will microchip and register pets at the time of adoption.

Microchips offer a permanent method of identification. Roughly the size of a grain of rice, a microchip is implanted just under the skin between the shoulder blades at the back of an animal's neck. Each chip has a unique number that is stored on a database and linked to the owners contact details. If a pet is lost or strays away, a veterinarian, local council or animal shelter can scan the microchip and contact the owner.

It costs between $30 and $50 for a pet to be microchipped, plus the associated veterinary consultation fees.

There are five registries in Australia; they are listed in the table below, along with the number of animals on their databases.

Table 81: Companion animal microchip registries	
Registry	Animals
Australasian Animal Registry	1,392,800
Central Animal Registry	1,401,436
NSW Govt Companion Animal Registry	808,194
Pet Safe*	500,000
National Pet Registry*	500,000
Total	**4,602,430**

** Industry source estimates*
Source: Australasian Animal Register, 2009.

10.4.7 Local council registration

Local councils require that pets of residents within the council are registered with the council. The table below provides a sample of local council registration costs from around the country.

Table 82: Registration fees – local councils

Council	Registration fees	Additional information
Kingston City, VIC	Entire $119 pa Desexed and/or micro-chipped $40pa	Discount rates of over 50% apply to dogs over 10 years of age, dog registered with Dogs Victoria or dogs with a certain level of obedience training.
Monash, VIC	Entire $93 pa Desexed and or microchipped $61 pa Pensioner concession $15	Discounts apply to dogs that are desexed, are over 10 years old, are permanently identified with a microchip or are kept for breeding purposes at a registered premise or are registered with the Victorian Canine Association. All dogs must now be microchipped before registration will be accepted
Rockdale, NSW	Standard $150 (lifetime) Desexed $40 Pensioner concession $15	All cats and dogs in NSW must be micro-chipped and registered for life. (Companion Animals Act 1998)
Marrickville, NSW	Entire $100 (lifetime) Desexed $35 Pensioner concession $15	All cats and dogs in NSW must be micro-chipped and registered for life. (Companion Animals Act 1998)
Brisbane City, QLD	Standard $85.50 Desexed $30.70 pa Standard - Pensioner concession $41.10 Desexed - Pensioner concession $11.45 pa	Discount rate for pensioners and dogs registered with the Canine Control Council Microchipping dogs is being introduced from 1 July 2009 in South East Queensland, Gladstone and Central Highlands council districts, and all other councils before 10 December 2010.
Gold Coast, QLD	Standard $96 pa Desexed $48 pa	A 50 percent discount applies to pensioners and dogs owned by members of Canine Control Council.
Hobart TAS	Standard $60 pa Desexed $25 pa	A 50% percent discount applies to pensioners and a five percent discount for obedience trained dogs.
City of Charles Sturt SA	Standard $45 Desexed $27	An additional 50 percent discount applies to pensioners, dogs that have been microchipped and trained.
City of Gosnells, WA	Entire $30 pa Desexed $10 pa	Micro-chips are not required. 50% discount rate for pensioners.
Darwin City, NT	Standard $80 pa Desexed $20 pa	Effective the 1st July 2008 the Darwin City Council's 'Animal Management Plan' regulates dogs and cats in Darwin. All dogs living in Darwin must have an approved, permanent microchip (or electronic subcutaneous device) as a condition of registration. Discount rates apply to pensioners.

Source: Various council websites, 2009.

Assuming that 70% of puppies are registered and the average registration paid to the local council is $50, pet owners spent approximately $17.5 million on local council registration fees in 2009.

10.4.8 Transport

Pet owners primarily utilise pet transportation services when moving cities, states or countries, and when travelling on holidays. Pets are most commonly transported by air, but depending on the length of the journey, land transport may be used.

There are 159 pet transport companies in Australia (Yellow Pages, 2009). These companies offer pet transport, including door to door, for all types of pets and cover all metropolitan and regional areas of Australia.

The major aircraft carriers all undertake pet transport and this is supported by a small pet transport industry located around the major airports.

Air Services

Different airlines offer different services for both international and domestic travel.

The variety of services offered includes:

- Service dogs can travel in the passenger cabin of their aircraft.
- Small to medium sized dogs are able to travel free under a free baggage allowance.
- Accompanied pets – allows the pet owner and the pet to travel on the same flight
- Unaccompanied Pets – is used when the pet owner is unable to travel with the pet.
- Snakes under 60cm must be bagged, goose necked and in a hard plastic box. A snake over 60cm and any lizards must be bagged, goose necked and in a wooden box.

Based on advice from industry sources it is estimated that there are 5,000 pets transported within Australia each week. A large number of these utilise the services of a pet transport company. Assuming an average cost of $400 per pet, this would equate to an annual market worth of approximately $104 million, of which 60%, or $62.4 million, is made up of dog transport.

The Australian Quarantine Inspection Service's international import, export and transiting data indicates that 10,031 dogs were transported internationally during 2008. The average cost of $1,000 per pet, totalling $10 million per year.

10.4.9 Burial

There are 138 listed cemeteries and crematoriums for pets in Australia (Yellow Pages, 2009), this is an increase of 27 in two years. The growth in this market can be largely attributed to pets being considered as a member of the family. As pets are seen more and more as members of the family unit, pet owners are selecting to bury or cremate their deceased companions.

These companies provide a range of services from pickup of deceased pets, to burial, cremations, cemetery services such as headstones and other burial requirements.

An example of the charges is provided below:

Table 83: Sample of Pet Burial Services		
Company	Service	Amount
Company A	Door to door, individual cremation service, ashes returned in an urn or timber box.	$242
	Door to door, individual cremation service, ashes returned in a hand potted white urn or an imported timber box, engraved plaque, paw print, lock of hair plus, personalised certificate of cremation.	$289

Table 83 continued next page.

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AUSTRALIAN COMPANION ANIMAL COUNCIL

Table 83: Sample of Pet Burial Services ...*continued*		
Company	Service	Amount
Company B	Private cremation and door-to-door delivery of ashes in a brass inlaid polished hardwood casket, scatter box or urn.	$200
	Services offered for all pets from rats to ferrets, cats, dogs, rabbits, guinea pigs, birds, and exotic pets. Coffin prices vary depending on type and size.	$385 - $620
Company C	Pick up and cremation only, for pets up to 90kg	$77 - $253
	Ash return packages, for pets up to 90kg	$198 - $374

Source: Online sources and commercial companies, 2009.

Based on the assumption that an average pet burial/cremation costs $200 and that 5% of the estimated 515,000 dogs that passed away in 2009 were buried/cremated, the total value of this market segment is $5.2 million.

10.4.10 Insurance

There is one dominant company that provides pet insurance to Australian pet owners.

Examples of plans offered by a selection of providers is provided below:

Table 84: Insurance Plan for Dogs (Plan Annual Limit: $8,000)	
Per-Condition Excess cover option	Monthly Premium
$250.00	$12.85
$100.00	$17.20

Source: Online sources, 2009.

Table 85: Accident and Wellness Cover Options - Dogs					
Type of cover	Excess	Fortnight	Month	Year	Details
Accident Cover	$100.00	$7.62	$16.50	$198.00	Covers unexpected costs of up to $6,500 per annum if your pet is injured.
	$200.00	$6.23	$13.50	$162.00	
	$300.00	$4.34	$9.40	$112.80	
Accident and Illness Cover with Wellness Care	$100.00	$19.85	$43.00	$516.00	Provides cover for veterinary treatment costs arising from accidental injury and illness. Pays benefits up to a maximum of $10,500 per annum.
	$200.00	$17.03	$36.90	$442.80	
	$300.00	$14.68	$31.80	$381.60	
Wellness Care Option	This is an optional benefit that you can add to your base cover that assists you with a range of routine and wellness care expenses.				The total benefit payable each year is $135.00.

Source: Online sources, 2009.

Based on the 6th edition of this report, and allowing for the increases as a result of pets increasingly being considered as a member of the family, the number of policies is estimated at 20,000, with an average premium of $350 per annum. Total consumer expenditure in 2009 is therefore estimated to be $7 million.

10.5 CATS

10.5.1 Grooming

There are a small number of cat grooming salons and services available, however this market is much smaller for cats than for dogs.

The cost depends on the grooming required. An average cost for a bath and brushing out is $60, to include a tummy shave, the cost is $80. A whole body shave costs $75, with a bath and whole clip costing $90. Some cats require the removal of matts, which incur an additional fee of $100 for sedation and an overnight stay. (Online Sources)

Based on industry estimates, it is assumed that 1% of cats are taken to be groomed 2 times a year at an average cost of $70, with a third of cats requiring sedation. The total market for cat grooming is therefore estimated to be $3.3 million.

10.5.2 Boarding and minding

Cat boarding fees range from $19 to $35 per cat per night, with variations between peak and off-peak periods of $5 to $13.

Home visits or own home minding provide alternatives to boarding for cat owners. Experienced pet handlers will feed, water, play with and brush cats for $20 to $25 a visit. Additional animals will add an extra $5 - $8 per visit.

Based on the assumption that 30% of cats are taken to a kennel/cattery or use pet minding for one week per year, at an average price of $20 per day, this market is worth approximately $98.7 million.

10.5.3 Cat show competition

Cat shows are held across Australia. The NSW Cat Fanciers' Association is used as an example to demonstrate the value and size of this sector.

During 2009 there were 33 cat shows conducted by the NSW Cat Fanciers' Association and affiliated clubs. There are 45 cat shows scheduled for 2010. The cost per show varies depending on the type of show being held. Entry fees range from approximately $15 to $30. The number of cats at each show also depends on the type of show being held.

Sample membership costs for the NSW Cat Fanciers' Association are:

- Membership fee – $65
- Membership renewal fee – $50
- Registration fee – $14 (kitten under 12 months)
- Registration fee – $33 (cat over 12 months)

Based on the estimates used in the 6th edition of this report, the estimated total value of cat shows throughout Australia in 2009 is $1.96 million.

10.5.4 Local council registration

Cats have to be registered in New South Wales, Victoria, Queensland and the Northern Territory. The table below provides a sample of costs associated with registering cats with a local council.

Table 86: Cat registration fees – local councils

Council	Registration fees	Comments
Rockdale, NSW	Standard $150 (lifetime) Desexed $40 Pensioner concession $15	All cats and dogs in NSW must be micro-chipped and registered for life. (Companion Animals Act 1998)
Marrickville, NSW	Standard $150 Desexed $40 Pensioner concession $15	All cats and dogs in NSW must be micro-chipped and registered for life. (Companion Animals Act 1998)
Kingston City, Vic	Standard $119pa (lifetime) Desexed and or microchipped $100 pa	Discount rates apply to cats that have been desexed, and to cats over 10 years of age, breeders and microchipped cats.
Monash, Vic	Entire $93 pa Desexed and or microchipped $61 pa Pensioner concession $15	Discounts apply to cats that are desexed, are over 10 years old, are permanently identified with a microchip or are kept for breeding purposes at a registered premises or are registered with the Governing Council of the Cat Fancy, Democratic Cat Council or Feline Control Council. All cats must now be microchipped before registration will be accepted
South Australia	–	Cats are not required to be registered.
Queensland	–	From 1 July 2009, Queensland Government legislation requires that cats be registered. There is no fee for registering desexed cats between 1 July 2009 and 30 June 2010. This also applies to owners who intend to have their cat desexed within this period. Cats must be microchipped when sold, given away and before reaching the age of 12 weeks.
Tasmania	–	Cats are not required to be registered.
Western Australia	–	Cats are not required to be registered.
Darwin City Council	Standard cats $80 pa Desexed Cat $5	Effective the 1st July 2008 the Darwin City Council's 'Animal Management Plan' regulates dogs and cats in Darwin. All cats living in Darwin must have an approved, permanent microchip (or electronic subcutaneous device) as a condition of registration. Discount rates apply to pensioners.

Source: Various council websites, 2009

It is estimated that 190,000 kittens were born in 2009. This estimate is based on the total reduction in cat numbers of 50,000, and the assumption that 10% population became deceased during 2009. Assuming that 50% of kittens are registered and the average registration paid to the local council is $50 per kitten, pet owners spent approximately $4.8 million on local council registration fees in 2009.

10.5.5 Transport

There are 159 pet transport companies in Australia (Yellow Pages, 2009). These companies offer pet transport, including door to door, for all types of pets and cover all metropolitan and regional areas of Australia.

Based on advice from industry sources it is estimated that there are 5,000 pets transported within Australia each week. A large number of these utilise the services of a pet transport company. Assuming an average cost of $400 per pet, this would equate to an annual market worth of approximately $104 million, of which nearly 40%, or $41.2 million, is made up of cat transport.

The Australian Quarantine Inspection Service's international import, export and transiting data indicates that there were 3,139 cats transported internationally at an average cost of $1,000 per cat, totalling $3.2 million per year.

10.5.6 Insurance

There is one dominant company that provides pet insurance to Australian pet owners. Examples of plans offered by a selection of companies is provided below:

Table 87: Insurance Plan for Cats (Plan Annual Limit: $8,000)	
Per-Condition Excess cover option	Monthly Premiums
$250.00	$11.75
$100.00	$16.15

Source: Online Sources, 2009.

Table 88: Accident and Wellness Cover Options - Cats					
Type of cover	Excess	Fortnight	Month	Year	Details
Accident Cover	$100.00	$6.23	$13.50	$162.00	Covers unexpected costs of up to $6,500 per annum if your pet is injured.
	$200.00	$4.85	$10.50	$126.00	
	$300.00	$3.88	$8.40	$100.80	
Accident and Illness Cover with Wellness Care	$100.00	$14.77	$32.00	$384.00	Provides cover for veterinary treatment costs arising from accidental injury and illness. Pays benefits up to a maximum of $10,500 per annum.
	$200.00	$12.78	$27.70	$332.40	
	$300.00	$10.80	$23.40	$280.80	
Wellness Care Option	This is an optional benefit that you can add to your base cover that assists you with a range of routine and wellness care expenses.				The total benefit payable each year is $135.00.

Source: Online sources, 2009.

Based on industry estimates and those of the 6th edition of this report, total expenditure on health insurance for cats is estimated to be $3 million per year, based on a an average policy payment of $25 per month.

10.6 PLEASURE HORSES

10.6.1 Stabling, feed and other services

The cost of metropolitan and country stabling and feed ranges between $70 and $600 per week depending on location, facilities, quality of stabling, with/without walk in – walk out yards/day paddocks, working arenas (indoor and outdoor), washing facilities, float parking, swimming pool, services offered, self feed or feeding service, rugging service, hold horses for farriers/vets, self clean or stable cleaning service and training.

The average minimum cost of feeding one horse (stabled/yarded) is $50 - $150 per week. This is dependant on the type of work the horse is doing and therefore the food it needs. Feed can be purchased pre-mixed, which is more expensive than buying in bulk and then mixing it.

The cost of feed and accommodation for a horse staying in a paddock ranges from $15 - $70 per week. This is also dependant on the facilities and services, and whether it is a single paddock or group paddock situation. The cost of feed for a horse staying in a paddock is subject to the quality of pasture in the paddock, and the type of activities that the horse is doing. Some paddocks have no or limited pasture and need as much feed as a horse that is stabled. Paddock feeding is also seasonal.

Farrier services – It costs between $80 and $150 for a farrier to replace a set of horse shoes, which is required every five to six weeks. Trimming costs between $30 and $50.

Dental services – Expenditure on horse dental treatments can range from $60 to $250.

Other remedies – Natural remedies have become much more popular amongst horse owners. The most common services include massage and chiropractic services, which are utilised several times a year at an average cost of $100 to $150 per visit.

There are approximately 570,000 (figure provided by industry sources) pleasure horses in Australia. The stabling, feed and other services required will vary depending on whether the location is regional or metropolitan.

Based on the 6th edition of this report, it is assumed that 95% of horses are stabled on acreage, it is estimated that 5% of the total population (28,500 pleasure horses) will have a minimum stabling and feed cost of $65 per week or $3,380 annually. Consumer expenditure for 2009 is therefore estimated at $96.3 million.

10.6.2 Pony club membership

Pony club membership has increased 14% over the last three years from 46,500 to 53,151 in 2009. Membership can be either riding or non-riding. Non-riding members are usually there to support a rider, or riders, and the club.

Table 89: Pony clubs in Australia, 2009

State	Member numbers	Annual membership costs ($)	
		Riding	Non-riding
New South Wales	18,000	$37.00	$22.00
Victoria	16,051	$68.00	$0.00
Queensland	12,000	$40.00	$10.00
South Australia	1,500	$75.80	N/A
Western Australia	4,500	$64.00	$22.00
Tasmania	1,100	$50.00	$40.00
Total	**53,151**		

N/A: data not available
Note: NT and ACT Pony club membership not included.
Source: Pony Clubs Australia, 2009.

Most horse owners/riders belong to at least 2 clubs, such as a pony club, riding club, trail riding club or performance club. The average cost of membership is $75 per year, but can be up to $300.

Pony club membership fees include insurance, affiliation fees and additional annual fees. These costs range from $50 to $150.

The Pony Club Australia has 53,151 members, whose fees total approximately $6.6 million annually, for membership, insurance and other fees.

10.6.3 Competitions and events

The pony club industry is well supported by a range of events for beginners through to advanced riders. These events are held locally on weekends, with bigger events held regionally and in the capital cities. Entry fees range from $30 through to $200 or more depending on the type of event.

10.7 NATIVE ANIMALS

In order to keep Australian native animals and some birds and reptiles, pet owners need a special licence. Illegal killing and trapping has lead to the decline of many native Australian species.

Each state has its own laws and regulations governing the licences for the sale and keeping of native animals. The table below outlines the costs of native animal keepers licences in each state.

Table 90: Licence (class 1) costs, by state, 2009

State	Costs ($)
New South Wales**	$60.00
Victoria	$51.40
Queensland***	$60.05
South Australia*	$58.00
Western Australia	Birds – $10-$20, Reptiles – from $20.00
Australian Capital Territory***	$32.90
Tasmania	No charge
Northern Territory	No charge

** Cost of licence, which is valid for 1 years*
*** Cost of licence, which is valid for 2 years*
**** Cost of licence, which is valid for 5 years*
Source: State government environmental departments' websites.

Based on estimates of the 6th edition of this report total expenditure on licences for native animals is estimated to be $3 million. This represents a 10% per annum increase in the number of licences issued, which is largely attributed to the trend of reptile ownership.

Example: New South Wales

New South Wales is provided as an example of the laws and regulations that protect native animals and regulate the keeping of other rare and dangerous animals. Information in this section has been sourced from the NSW Department of Environment, Climate Change and Water.

The National Parks and Wildlife Service (NPWS) manages licensing systems to regulate the keeping, buying and selling of birds, reptiles and mammals by keepers and pet shops. These licensing systems allow the NPWS to monitor what species are being kept, bred and traded amongst enthusiasts.

In NSW there are two classes of licences for birds, reptiles and amphibians. Class 1 licences are generally needed for more common species that are easy to look after and can be cared for by a person who has a basic knowledge of the species. Class 2 licences are for species that require significant time and/or expertise to care for and maintain. These species may also be rare or dangerous/venomous.

10.7.1 Birds

A licence isn't needed to keep non-native exotic bird species. In addition, there are 41 native species that can be bought, sold and kept without a licence.

For birds that are not covered by the exemptions, a licence must be obtained from the NPWS before buying any bird.

Class 1 licence

A Class 1 licence authorises the holder to keep most of the common species. Some of the birds that can be kept under this licence class include the crimson rosella, turquoise parrot, double-barred red-browed finch and Major Mitchell's cockatoo.

Class 2 licence

Birds that require significant time and experience to be properly maintained, and are only sold through specialist breeders, require a Class 2 licence.

The species that can be kept under Class 2 licences include wrens, silvereyes, honeyeaters, and ducks. The holder of a Class 2 licence can also keep Class 1 species. A Class 2 licence is available only to people over the age of 18 years with at least 2 years proven experience of keeping birds in aviaries. The table below lists the licence fees for keeping native birds:

Table 91: NSW native bird licence fees, 2009

Type of licence	Standard fee
Class 1 (two years)	$60
Class 1 (five years)	$120
Class 2 (one year)	$60
Class 2 (two years)	$120
Class 2 (five years)	$240
Companion bird licence (five years)	$40

Source: NSW Government Department of Environment, Climate Change and Water, 2009.

10.7.2 Reptiles

All lizards, snakes and turtles are protected under the National Parks and Wildlife Act.

People who hold a licence can obtain reptiles from other people who legally hold them, but they are not allowed to be sold through pet shops and must not be taken from the wild. There are two classes of reptile keeper licences:

Class 1 licence

Most common reptile species are covered under a Class 1 licence. A person with a basic understanding of the needs of reptiles should not have a problem caring for these species.

Some of the animals which can be kept under a Class 1 licence include the eastern snake-necked turtle, eastern water dragon, eastern bearded dragon, common bluetongue, children's python and carpet python.

The fee is $60 for a licence lasting up to two years, or $120 for up to five years.

Class 2 licence

Rare, dangerous and venomous snakes and those that are difficult to look after require a Class 2 licence. A person with a Class 2 licence can also keep Class 1 species.

The Class 2 licence is only available to people who are over the age of 18 years who have had at least two years experience in caring for Class 1 reptiles. Some of the species that can be kept under a class 2 licence include the lace monitor and frilled lizard.

Additional criteria need to be met before venomous species can be kept. The venomous snakes in this licence class are grouped into three sub-categories and the most dangerous species can be kept only by the more experienced keepers. The licence fee is $60 per year, $120 for two years or $240 for five years.

10.7.3 Amphibians

All frogs and tadpoles are protected in NSW. Only frogs that have either been bred in captivity or for other reasons cannot be released back into the wild can be kept as pets, for which a licence is required. Only licensed breeders and keepers can sell frogs.

For educational purposes, schools in NSW have been licensed to enable children and their teachers to collect and keep a maximum of 20 tadpoles to watch them grow and transform into froglets. Tadpoles must never be collected from national parks or other reserves. Once tadpoles have transformed into froglets, they must be released back in the location where they were collected.

There are two classes of amphibian keeper licences:

Class 1 licence

A Class 1 licence allows the holder to look after 45 species of frog, including common species that are easy to look after. Some of the frogs which can be kept under a Class 1 licence include the green tree frog, red-eyed tree frog, dainty tree frog, white-lipped tree frog, peron's tree frog, striped marsh frog and common froglet.

The fee is $60 for a licence lasting up to two years, or $120 for up to five years.

Class 2 licence

A Class 2 licence covers 29 frog species that are rare and/or more difficult look after. These licences are available to people who are over the age of 18 years and have had at least two years experience in caring for Class 1 frogs.

The licence fee is $60 per year, $120 for two years, or $240 for five years. A person who has a Class 2 licence can also keep Class 1 animals for no extra fee.

10.7.4 Mammals

The dingo is the only native mammal that is not protected in NSW, and for which no licence is required. All other native mammals, including marsupials, are protected in NSW.

The only two native mammals that can be kept as pets are the spinifex hopping-mouse and the plains rat. Both species are easy to care for and breed and are available from well-established captive colonies in NSW and interstate. A licence is needed for both. A two-year licence to keep a colony of spinifex hopping-mice and/or plains rats costs $60 or $120 for five years.

These animals are not allowed to be traded by pet shops in NSW.

10.8 WORKING DOGS

Working dogs provide an invaluable service to the humans that they work alongside. In 2009, Australia had approximately 100,000 working dogs carrying out various duties in a wide range of areas, including the agricultural and security sectors and providing support to people with a disability. Of these working dogs, approximately, 98% were sheep dogs.

Dogs used by police, quarantine inspection service and at prisons undergo extensive training including detection of illegal substances

The table below outlines the number of working dogs in each state and the industry that they work in.

Table 92: Estimated number of dogs in the service of humans – 2009

	NSW	VIC	QLD	SA	WA	TAS	ACT	NT	Total
Guide dogs	264	172	84	38	40	23	*	5	626
Delta society	230	170	130	20	–	90	5	–	645
Lions hearing dogs	34	37	30	33	9	2	4	1	150
Police dogs	e 59	42	119	16	19	–	–	10	265
Federal Police dogs	–	–	–	–	–	–	6	–	6
Prison dogs	e 37	36	e 69	9	13	–	–	8	172
Customs detector dogs	17	13	13	2	6	1	n/a	2	54
AQIS dogs									
Passive response	18	10	13	2	6	–	–	1	50
Active response	23	7	9	–	4	–	–	–	43
Herding dogs	34,718	24,150	3,442	14,372	14,276	3,634	*	#	94,592
Total	**35,400**	**24,637**	**3,909**	**14,492**	**14,373**	**3,750**	**15**	**27**	**96,603**

** NSW figure inclusive of ACT*
 # SA figure inclusive of NT
e = estimate
Note: The above table is an example of some organisations which exist. Other organisations not listed above, also provide animals for assistance purposes..
Source: Industry sources.

The therapeutic benefits of dogs and other companion animals are detailed in Section 11.

10.9 LOCAL GOVERNMENT

In Australia there are 700 local governments. Local governments provide a range of services to support the keeping of pets and the companion animal industry.

10.9.1 State and Territory legislation administered by local governments

Local governments administer the relevant animal control acts of their states. There is a wide range of legislation that details requirements for the identification and registration of cats, dogs, birds, native animals and other pets.

There is specific legislation that deals with the keeping of native animals, which is administered by state governments. Legislation in relation to dogs and cats is administered by local governments within each state.

New South Wales - Companion Animals Act 1998

The new Companion Animals Act, which first came into effect in September 1998, is designed to benefit pets, their owners and the wider community.

The permanent identification and lifetime registration system which came into effect on 1 July 1999 greatly assists authorities in returning lost and injured animals to their owners. It provides NSW councils with a more effective means of keeping track of dogs and cats for the benefit of the wider community.

Queensland - Animal Management (Cats and Dogs) Act 2008

The purpose of this Act is to provide for the identification and registration of cats and dogs; provide for the effective management of regulated dogs; and to promote the responsible ownership of cat and dogs.

Victoria - Domestic Animals Act 1994

The purpose of the act is to promote animal welfare, responsible pet ownership and to protect the environment. The legislation provides for cat and dog identification and enables Municipal Councils to deal effectively with feral, straying and nuisance populations.

Western Australia - The Dog Act 1976

This Act is administered and enforced by local governments within their respective districts. The Act addresses the control and registration of dogs; the ownership and keeping of dogs; and the obligations and rights of dog owners and others.

South Australia - The Dog and Cat Management Act 1995

The Act provides powers and functions for councils to be responsible for managing dogs and cats in the local government area.

Tasmania - Dog Control Act 2000

Local governments generally provide animal control services through their health and environment divisions. The local governments provide the following services:

Australian Capital Territory – Domestic Animals Act 2000 and Animal Welfare Act 1992

These two Acts are the pieces of legislation in the ACT that are relevant to domestic animals. Both Acts encourage responsible pet ownership, establish the rights of pets and pet owners as well as outline the obligations of pet owners to their animals and to the community.

Northern Territory - Animal Welfare Act 2007

This is the primary legislation relating to the care of animals. Animal management is undertaken by local government through by-laws and animal management plans.

10.9.2 Services offered by councils

The councils administer these Acts through a broad range of services to the community. These services include:

- Registration of cats and dogs
- Lost pets and pound services
- Park management for companion animals
- Nuisance animals
- Education campaigns for the community

Councils undertake these functions through Animal Control Units which include rangers, supervisors, administrators and secondary support from customer service offices.

10.9.3 Financial Management of animal control by Councils

The services offered by the 700 local governments across Australia range from limited services in remote and regional local government areas through to dedicated animal management and control units in the metropolitan local government areas.

The larger the population, the greater the pet population density, and the greater the need for dedicated financial resources to provide control and education services for pet owners and the broader community.

The 6th Edition of the Contribution of the Pet Care Industry to the Australian Economy estimated that in relation to animal management services in 2003/04, total local government revenue was $48 million, whereas expenditure was $83 million, resulting in a deficit of $35 million.

A limited review of publicly available data on local governments indicates that in 2009, local governments continue to operate at a deficit, with expenditure on companion animal management not covered by registration payments and fines. One major metropolitan local government operates at a 30 % deficit.

Local governments will continue to support the community through the provision of effective animal management control services.

10.9.4 Education campaigns to manage companion animals

Local governments recognise and support the microchipping and registration services offered by private businesses.

All Local governments are actively support the registration and management of companion animals. This is evident through the following activities:

- Development of animal management plans promoting responsible pet ownership
- Establishing community advisory groups for companion animals
- Registration days for companion animals
- Managing pets in public open spaces
- Publications on managing companion animals
- Websites dedicated to information on responsible pet ownership

These activities seek to increase the registration of companion animals.

Local governments are working with communities to improve responsible pet ownership and ongoing management, which in turn will reduce the ongoing service requirements.

11 THE POWER OF PETS

11.1 SUMMARY

With more pets living in Australia than people, pets continue to be a significant part of our lives. Australia has one of the highest levels of pet ownership per capita in the world.

Not only are pets wonderful companions they also provide psychological and physiological benefits to owners. In addition, pets engender caring and responsibility in our children, improve feelings of safety and help create social bridges in our communities.

The importance of the pet industry to Australia's economy mirrors the personal importance of pets to people.

Although the traditional dog and cat pet population is declining, the amount of money spent on our pets continues to rise. This suggests that we are moving towards owning fewer pets, but spending more on them as a reflection of not only our changing lifestyles but also advances in veterinary medicine and increased choices in products and services.

Regrettably, at the same time increased high-density living, changing lifestyles and government legislation are creating an environment in which pet ownership is under threat.

Because of the considerable benefits pets bring to individuals, the community and the economy, serious attention must be given to the issues that may be contributing to limiting pet ownership. The needs of pets, pet owners and non-pet owners are all legitimate. These needs must be considered, appreciated and integrated into the society and the environment, in which we live so that people and pets can continue to live together in harmony in our communities.

Socially responsible pet ownership in Australia was and is an important part of the Australian culture.

11.2 THE HUMAN/COMPANION ANIMAL BOND

Humans have been living with animals for thousands of years. In actual fact, the entire history of civilisation has been accompanied by, and in many ways dependent on, the animals that live in our communities. Therefore, the modern popularity of keeping a pet, despite no longer having regular contact with some other animals, is not surprising.

The roles animals play in our lives appear to shift in emphasis as we move through different life stages. Since the late 1960s, these roles and their impact on us have been studied by scientists and researchers. Such work has contributed to the growing literature on what we now call the study of Human/Animal Interactions (HAI), or anthrozoology (www.anthrozoology.org). A very important fact about human/animal interaction is that it can actually improve the quality of our lives.

11.3 PETS AS COMPANIONS

Almost all pet owners say they often talk to their pet with 81% of owners say they never feel alone when they are with their pet[1]. The reliable and unconditional companionship provided by pets results in 91% of owners feeling 'very close' to their pets. In fact, 56% of women and 41% of men say their pet is more affectionate than their partner[1]. Studies have shown that with pet ownership there is a marked increase in social contact. This has shown to be significantly important with disabled people who have an animal with them. It seems that pets are not only wonderful companions but they also act to break down communication barriers[2].

11.4 PETS AS HELPERS

Animals help us in so many ways - not only as companions but also as "workers". They have proven to be invaluable to us in a number of roles, including as guide dogs for the blind, 'hearing' and assistance dogs for the disabled, 'sniffer' dogs used by police and customs, sheep and cattle dogs for stock work as well as horses for riding for the disabled.

11.5 PETS AS SOCIAL ENABLERS

The increased research into the relationship between pets and human health is continuing to explore the idea that pets help people not only build social bridges in communities but that they also act as social lubricants with neighbours or strangers, as motivators for walking and the use of parks. This allows pet owners to feel more involved through greater contact with others around them, reducing the isolation they might feel. A study by the University of Western Australia's School of Population Health found that over 50% of dog owners and 40% of pet owners in general meet people in their neighbourhood as a result of their pet and over 80% of dog owners talk to other people when out walking their dogs[3, 4]. These social bridges might be referred to as 'the glue that holds society together' also known as social capital. The building of social capital is known to have positive effects on the health and economic viability of a society.

Research has shown that pets provide owners with both psychological and physiological benefits and the majority of these people are healthier than those people without pets.

11.6 CARDIOVASCULAR HEALTH

Cardiovascular disease is the leading cause of death in Australia, accounting for 34% of all deaths in 2006[5]. The positive impact of pets on cardiovascular health was first recognised in the early 1980s when a study found that pet owners were much less likely to die in the 12 months following a heart attack than non pet owners[6]. The results were then replicated in the mid 90s. It is this specific area of research that made the medical community take notice of the 'pets are good for you' premise.

In 1992 a study of 5,741 participants attending a free screening clinic revealed that pet owners had lower levels of risk factors for heart disease, including lower blood pressure and lower cholesterol, than non pet owners[7]. The results amounted to a possible 4% reduction in risk of heart disease and were equivalent to starting a low-salt diet or cutting down on alcohol consumption.

In 2008 a study examined changes in socio-demographic, environmental and intrapersonal factors associated with dog acquisition and found evidence to suggest that dog acquisition leads to increased walking levels and motivation of owners to exercise[8].

11.7 LESS VISITS TO THE DOCTOR

Studies have also shown positive relationships between pet ownership and human health. An English scientist showed that minor illnesses and complaints were substantially reduced in people who owned pets. In the case of dog-owners, the positive impact remained for the duration of the 10 month study[9].

Several studies have shown that pet ownership may influence the need for medical services. Dog and cat owners make fewer annual visits to the doctor and spend less time in hospital[10]. It follows that pet owners may use the health system less than non pet owners, resulting in potential savings in national health expenditure. In 1995 a study estimated that ownership of dogs and cats saved up to $2.227 billion of current health expenditure[11].

11.8 PETS AND THE ELDERLY

Pets have been shown to greatly increase quality of life for the elderly including reduced tension, fatigue and confusion and increased feelings of enthusiasm, interest and inspiration[12, 13]. The role of pets is particularly significant for those who live in a nursing home or in some situations of assisted care. Numerous studies show pets provide one of the few interventions capable of permanently lifting the atmosphere of hospices and nursing homes.

Research undertaken in nursing homes and private residences show pets delays the aging process. This is achieved through increased physical exercise, increased social interaction and increased mental functioning attained through talking to pets and having the responsibility of caring for them. Pets also boost the activity levels of the elderly, and dogs especially help people keep an active routine as well as providing a reason to get up in the morning.

11.9 CHILDREN, SOCIAL DEVELOPMENT AND FAMILY LIFE

Today, pets are being treated more like 'one of the family' than ever before and a family pet is a great addition to a child's life. More than being a simple playmate and confidante, pets may also aid childhood development especially nurturing and social skills.

It has been shown that growing up with a dog (and other pets to a lesser extent) during infancy helps to strengthen the immune system and reduces the risk of allergies linked to asthma[14].

In addition, young children, aged five to six in a family who own a dog are 50% less likely to be overweight or obese compared with those who do not own a dog. Even the incidental play that children undertake with their dog in the backyard or house contributes to increased levels of physical activity[15].

Self-esteem has been shown to be higher in children or adolescents who have a pet[16]. School children who own pets have also been shown to be more popular with their classmates as well as more empathetic[17]. Children with family pets take more family walks than those without a pet[18] and teenage girls report feeling safer when walking alone with their dog, an important finding when as a society we are increasingly concerned about community safety. These factors may help explain why teenagers with dogs also believe life is more fun and have a more positive outlook[19].

In the twenty-first century as family size is decreasing, pets are also becoming more important as an outlet for the human nurturing instinct. For children who no longer care for large groups of siblings and women who are delaying or choosing not to have children, pets are an integral part of the family that provide an essential outlet for this powerful instinct.

12 NATIONAL INDUSTRY BODIES

12.1 AUSTRALIAN COMPANION ANIMAL COUNCIL MEMBERS

Animal Health Alliance (Australia) Ltd - National association for manufacturers of animal health products.

Animal Health Alliance (Australia) Ltd is the voice of the animal health industry in Australia. It represents registrants, manufacturers and formulators of animal health products. The association's member companies represent in excess of 85 per cent of all animal health product sales in Australia (ex factory gate).

The Alliance manages both national and state issues with the objective of ensuring its members can operate within a viable regulatory environment. The Alliance also contributes to sustainable industry risk reduction practices that provide business opportunities to members and add value to the broader Australian community.

Strategic goals of the Alliance focus on ensuring sound regulatory systems, caring for our products through stewardship, contributing to the agricultural value chain and fulfilling our role as the voice of industry.

The Alliance has working relationships with like industry Associations around the world including the International Federation of Animal Health, International Federation of Animal Health Europe, Animal Health Institute, Canadian Animal Health Institute and Agcarm.

http://www.animalhealthalliance.org.au

Animal Welfare League Australia (AWLA) is Australia's second largest animal welfare charity.

With over 200 combined years of experience in caring for animals in need, Animal Welfare League Australia has provided veterinary care to millions of animals whose owners love them but cannot afford their medical treatment and found loving homes for millions of lost, abandoned, surrendered and mistreated animals.

The national organisation is made up of a collaboration of State based Animal Welfare Leagues in New South Wales, Victoria, South Australia and Queensland.

AWLA's mission statement is to uphold and promote the welfare of companion animals and to facilitate animal/human relationships.

Their role is to:

- Continue to work closely with organisations and departments that are concerned with companion animal welfare and to develop those relationships
- Encourage the exchange and advancement of knowledge and information on companion animal welfare and to develop and promote consistent standards and guidelines for the care and treatment of companion animals
- Liaise with Government, regulatory bodies, private and public sectors and the general public to promote awareness of companion animal welfare issues and to help improve practices
- Raise community awareness on companion animal welfare through the media, schools, corporate organisations and any other appropriate means

http://www.awla.com.au

The Association of Pet Dog Trainers (APDT) Australia

The Association of Pet Dog Trainers (APDT) Australia provides continuing education for dog trainers, veterinary nurses, groomers and others who may be called upon to give advice to pet owners on the behaviour and training of dogs.

Members are kept abreast of the latest scientific research through APDT's newsletter, library, website, chat list and annual conference. APDT also provides a valuable interface between dog professionals and the general pet owning public. APDT's vision is that all dogs be effectively trained through dog-friendly techniques and become lifelong companions in a relationship based on mutual trust and respect.

http://www.apdt.com.au

Australian National Kennel Council (ANKC) - National Coordinating Body for the following State and Territory Member Bodies who represent registered purebred dog breeders: Dogs NSW, Dogs Victoria, Dogs Queensland, Dogs SA, Dogs West, Dogs NT, Dogs ACT, Tasmanian Canine Association.

The ANKC has the following mission:

- To promote excellence in breeding, showing, trialling, obedience and other canine related activities and the ownership of temperamentally and physically sound pure bred dogs by responsible individuals across Australia.
- To promote responsible dog ownership and encourage State Member Bodies to put in place programs to that effect.
- To act as spokesperson on all canine related activities on a National basis on behalf of State Member Bodies and to pledge assistance and support to the respective State Member Bodies.

http://www.ankc.org.au

Australian Small Animal Veterinary Association (ASAVA) - National special interest group for veterinarians interested in small (generally companion) animals

The ASAVA is an Australia-wide organisation that represents Veterinarians who are dedicated to excelling in small animal practice.

It is the largest special interest group of the AVA and is proud of its history and track record in achieving significant advancements in the small animal veterinary profession.

With over 1,600 members, the ASAVA is dedicated to the advancement of veterinary science, continuing education for its members, and the promotion of high-quality companion animal practice.

http://www.asava.com.au

Australian Veterinary Association Ltd (AVA) - National association for veterinarians

The Australian Veterinary Association is the professional organisation representing veterinarians across Australia. Its vision is a global community that respects and values the benefits of enhanced animal health, welfare and production.

The mission is to serve the community as Australia's premier reference group for animal health and welfare, to represent the veterinary profession and to promote the interests of members.

To achieve its mission, the AVA has strategic programs covering seven key areas of activity:

- advancing the profession
- advancing veterinary science
- providing services to members
- education and information sharing
- speaking for the profession
- governance and management
- finance

The AVA includes 21 special interest groups that cater for members with particular expertise or interest in aspects of veterinary practice. The special interest groups run continuing education programs, publish specialist newsletters and journals, and promote their area of expertise to the profession and the community. The groups also provide advice to the association for policy and lobbying activities in their area of expertise.

http://www.ava.com.au

Pet Food Industry Association of Australia (PFIAA) - National association of pet food manufacturers

The Pet Food Industry Association of Australia is proud to promote standards of excellence in the pet food industry through consideration of the needs of pets and the community; promoting the benefits of responsible pet ownership and self regulation through industry standards.

The mission of the Association is to promote standards of excellence in the development of the pet food industry through:

- consideration of the needs of pets and the community;
- active promotion of the benefits of responsible pet ownership; and
- promotion of prepared pet food as the preferred method of pet nutrition and reinforced through establishment and self regulation of industry standards.

The Association was established in September 1972 to promote standards of excellence in the pet food industry in Australia.

http://www.pfiaa.com.au

Pet Industry Association of Australia (PIAA) - The Peak Industry Body representing pet industry sectors including pet shops, boarding establishments, professional groomers and other pet services providers.

The Pet Industry Association of Australia is the peak body for the pet industry in Australia – the only industry Association in Australia to represent the entire range of businesses involved in the pet industry.

Formed in 1979 (as PIJAC) the Pet Industry Association is owned and run by its members, who believe in professionalism and high standards. The Mission of the Pet Industry Association is; through education, excellence, enterprise and integrity; to represent members and lead the pet industry.

The Pet Industry Association works in cooperation with governments, animal welfare agencies and other pet and animal groups nationally and also internationally. The Pet Industry Association makes formal submissions on pet ownership and pet industry issues at the request of government agencies and industry regulators. The Pet Industry Association is represented on many government steering, consultation and advisory groups around Australia.

Creating an environment for members to learn new systems and technologies while embracing best practice, the Pet Industry Association is committed to providing ongoing training opportunities and accreditation of members.

The Pet Industry Association is self funded, promotes self regulation and is committed to raising the standard for all Australian pet industry businesses. The Pet Industry Association offers members a voice in controlling their own destiny.

http://www.piaa.net.au/

Petcare Information and Advisory Service Australia Pty Ltd (PIAS) - a non-commercial organisation committed to the promotion of socially responsible pet ownership

The Petcare Information and Advisory Service Australia Pty Ltd (PIAS) was established in 1966 as an autonomous, non-commercial organisation committed to promoting socially responsible pet ownership.

Funding is provided by Mars Petcare as a community service and PIAS has as its charter:

- To educate owners on the responsibilities of pet ownership.
- To undertake original research on the relationship between man and companion animals.
- To ensure accurate and reliable information is available to all interested parties on pet related issues.
- To encourage pet ownership in balance with society's needs, and help owners enjoy their pets.
- To provide information on and encourage the correct care of pets.

http://www.petnet.com.au

Veterinary Manufacturers & Distributors Association (VMDA) - National association of veterinary pharmaceutical manufacturers

VMDA represents a significant percentage of the Australian Animal Health market. Its membership encompasses the total product cycle from product development and manufacture, through distribution, to retail within Australia. Most of its member companies are Australian owned and are spread throughout in NSW, Victoria, Queensland and South Australia. Many are APVMA licensed manufacturers which manufacture to Good Manufacturing Practice (GMP) standards and have built an appreciable export business for Australian manufactured veterinary products.

VMDA is a member-driven association, and members are encouraged to contribute to the successful future of the Animal Health industry by sharing their concerns and expertise with colleagues. The structure of the VMDA is such that a diversity of issues is being addressed and presented to the regulatory authorities, the Productivity Commission, the ANAO and other Government bodies. VMDA is able to provide a majority or balanced industry position to organisations with which it interfaces.

http://www.vmda.com.au

12.2 INDUSTRY ORGANISATIONS

Australian Institute of Animal Management Inc.

The Australian Institute of Animal Management Inc. is a properly constituted Incorporated Association operating under a constitution approved by Consumer Affairs. The Institute's focus is on service delivery and the development of solutions in animal management.

The Institute's primary operational objective is to convene each year the best annual national urban animal management conference it can.

http://www.aiam.com.au, 2010

Australian Pesticides and Veterinary Medicines Authority

The Australian Pesticides and Veterinary Medicines Authority (APVMA) is an Australian government authority responsible for the assessment and registration of pesticides and veterinary medicines and for their regulation up to and including the point of retail sale.

The APVMA administers the National Registration Scheme for Agricultural and Veterinary Chemicals (NRS) in partnership with the States and Territories and with the active involvement of other Australian government agencies.

The mission of the APVMA is to protect the health and safety of people, animals and crops, the environment, and trade, and support Australian primary industries through evidence-based, effective and efficient regulation of pesticides and veterinary medicines.

http://www.apvma.gov.au, 2009

Australian Veterinary Business Association

The Australian Veterinary Business Association (AVBA) is a not for profit organisation. It is managed by a group of veterinarians, practice managers and other business people from various sectors of the veterinary industry. The Association members provide support by donating their time and expertise to assist their colleagues in the veterinary industry to boost the profitability of their enterprises whilst lifting the profile of the veterinary industry in the community. The AVBA is dedicated to fostering the development of outstandingly successful veterinary businesses.

www.avba.com.au, 2009

RSPCA

The RSPCA is a community based charity that works to prevent cruelty to animals by actively promoting their care and protection.

RSPCA Australia is a Federation of eight independent State and Territory RSPCA bodies called member Societies. RSPCA member Societies do much of the hands on work traditionally associated with the RSPCA such as the operation of shelters and the Inspectorate plus community education and fundraising.

RSPCA Australia is home to a strong science and campaigns team, with a particular focus on farm animal issues. RSPCA Australia is responsible for facilitating national campaigns and events and representing the interests of animal welfare with Government and industry across all areas.

http://www.rspca.com.au

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