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Review of regulatory fees for veterinary surgeons

Decision Regulatory Impact Statement

Queensland Government

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Executive Summary

Background

Animal health services provided by veterinarians are vital to the wellbeing of our companion animals, production livestock, working animals, research animals and native fauna. Veterinarians also play a critical biosecurity role in controlling and responding to animal disease outbreaks (such as Hendra or equine influenza), invasive animal control and in protecting Australia's market access for animal products.

Veterinarians are skilled in animal medicine and surgery. Private veterinary practices can generally be described as rural practices (for livestock, working and companion animals), urban practices (for mainly companion animals) and specialty practices.

The most commonly known veterinary services include animal check-ups, immunisations, spaying, dental services, pregnancy testing, dehorning, emergencies, over the counter treatments and merchandise. Some services will be provided at veterinary premises or off premises, such as on farms or at export facilities.

In addition to these more visible activities there are services such as pathology, diagnostic imaging, animal hospitals, quarantine facilities, animal welfare organisations and specialist providers like oncologists, ophthalmologists and neurologists. There are also ancillary services such as physiotherapists and chiropractors.

What did the Consultation RIS focus on?

The Veterinary Surgeons Board of Queensland (the Board) is constituted to exercise and discharge the powers, authorities and functions conferred or imposed upon it by the *Veterinary Surgeons Act 1936* (the Act) and the Veterinary Surgeons Regulation 2016 (the Regulation).

The Board is responsible for the registration of veterinarians and veterinary specialists and administers the disciplinary provisions of the Act in respect of professional misconduct by registrants and the performance of prohibited practices by non-registered persons.

The Board is funded from the registration fees of veterinarians in Queensland. The Department of Agriculture and Fisheries provides some in kind support to the Board to help reduce some of the Board's costs. While in kind support mainly consists of financial and accounting services and advice, historically accommodation was also provided to the Board.

Since 2013 -14, the Board's revenue has not kept pace with expenditure. In 2014-15, the Board had expenses of $513 176, and generated revenue of $463 110. This left a funding shortfall of $50 066, which had to be met from the Board's reserve fund. When the RIS was prepared, expenditure in 2015-16 was projected to be $762 088, with revenue projected at $465 906 and therefore expected to result in a deficit of $296 182. At year end, expenditure was $800 042[1] with total revenue of $526 466[2] leaving an end of year deficit of $273 576. This deficit was $22 606 less than expected. The reserve fund is now in deficit to $14 796 which has to be met from the department's consolidated revenue allocation and at the expense of other departmental initiatives.

The Board incurs expenses in service of the veterinary profession. A range of factors are driving costs up, including increased legal fees (a product of disciplinary action to uphold the standing of the profession) and new costs, such as accommodation. Monthly reports of financial performance are

[1] Variances in expenditure are discussed in paragraph 2.2.1.
[2] The variance in revenue is also discussed in paragraph 2.2.1 and 2.2.2

prepared by the Department of Agriculture and Fisheries and provided to the Board for consideration at meetings. The chair of the Board is required by legislation to be a representative of the department and this includes representing the department's financial interests.

The Board remains in a challenging fiscal situation. It has a legal duty to administer the Act and provide guidance to, and oversight of, the veterinary profession in Queensland. Misalignment of expenditure and revenue will result in a deterioration of service delivery by the Board. Moreover it precludes the Board from initiating discretionary compliance activities and exacerbates challenges around application processing and service delivery at peak periods in the registration process.

Options for regulatory fees under the Veterinary Surgeons Regulation 2016

Fees have not been formally reviewed since 2002. With the exception of the Northern Territory, Queensland fees are much lower than those charged in other jurisdictions. Although the Board draws revenue from a wide range of fees, approximately 88 per cent of revenue is derived from registration renewals.

This Consultation Regulatory Impact Statement considered the adequacy of fee levels, with a view to recovering the full cost of the services provided to veterinary registrants by the Board.

The Consultation RIS considered three options:

- Option 1: Continue to annually index current fees
- Option 2: 35% (uniform) fee increase to meet current expenditure, with no changes to fee structures
- Option 3: 55% (average) fee increase to enable better service delivery by the Board, and with changes to fee structures for specialist veterinarians, retired veterinarians and new graduates.

The Government's preferred option before consultation

The Consultation RIS identified the Government's preferred option as Option 3: an average fee increase of 55%.

Option 3 would see most veterinarians pay increased renewal fees - $256.00 per annum in 2016-17, up from $165.15 in 2015/16. On average, fees would rise by 55%. However, veterinary specialists, who currently pay double the ordinary registration fee, would see their renewal fees increase at a proportionally lower rate, to more accurately reflect the cost of providing services to them – their renewal fees would increase to $356.00 in 2016-17, up from $330.30 in 2015/16.

Option 3 also proposes to provide graduate veterinarians with a concessional fee when compared to renewing registrants. This is to reduce the barrier to entry posed by the proposal to increase the fee for veterinary registration, which is a mandatory condition of employment as a veterinarian. From 2016/17 onwards, graduates would receive a subsidy of 25% on their registration fee for the first year of registration i.e. $192.00 as opposed to $256.00. Graduates would pay the initial application fee ($120 in 2016-17) in addition to the registration fee. This represents a net increase in the initial fee burden for graduates registering in Queensland from $240.15 in 2015/16 to $312.00 in 2016/17.

In the first instance, revenue generated by increased registration fees in Queensland would again keep pace with the Board's growing expenditure. It would allow the Board to enhance its service delivery by: upgrading information technology systems to facilitate more cost-effective registrations and digital service delivery; and to employ additional staff from November to February during the peak registration period.

Most importantly, improvements in service delivery would release existing staff from time consuming administrative tasks and allow time to be invested in preventative compliance activities such as education and awareness. These strategies, also used by the Australian Taxation Office, for supporting voluntary compliance present an opportunity for the Board. Use of these relatively low cost tools can mitigate upward pressure on legal expenses associated with compliance and, most importantly, support the intention of the veterinary professional to protect the wellbeing of animals.

Mitigation of complaints not only offers a means to reduce overall compliance and enforcement costs and prevent animal welfare incidents, but also serves to preserve the reputation of the profession and augment consumer confidence in the standard of care being offered to animal patients.

Consultation

Through the Consultation RIS, the department sought the views of affected stakeholders and the wider public in relation to the proposed improvements to the services provided by the Board and the associated changes in fees. The department undertook to carefully consider the responses, and the impact of the matters raised, in relation to the appropriateness of each of the options proposed. The RIS was open for consultation from 4 August 2016 until 1 September 2016.

A total of 357 responses were received. Stakeholder preferences expressed during the consultation process favour the adoption of Option 1 (56.9%) while the balance of stakeholders (43.1%) are supportive of a significant increase to fees in the form of either Option 2 or 3.

The most prominent themes in feedback revolve around: the public benefit that the Board provides to consumers of veterinary services and the community; the scale of the increases proposed under Options 2 and 3 and the affordability to the profession; and increased compliance activities across the spectrum, ranging from increased education and awareness through to premise inspections.

As a result of feedback, and increased registration activity for the 2015/16 financial year resulting in an additional $60,560 in revenue, an option that compromises between Options 2 and 3 has been developed. The compromise figure was struck by:

- modelling future demand and revenue in line with the increase experienced in 2015/16;
- increasing the most commonly occurring fees, including the annual renewal fees for veterinary surgeons, by a modal average of 45%;
- limiting the subsidisation of annual renewal fees for retired veterinarians to 50%, to recognise the discretionary nature of retaining registration upon retirement. The new fee for retired veterinarians is proposed as $119.75 compared to $128.00 under Option 3 and recognises overwhelming consultation feedback that subsidisation of retired practitioners is appropriate;
- providing a 25% discount for the first year of registration for new entrants, to reduce barriers to entry for new graduates. The total upfront cost for new registrants is proposed as $299.65 compared to $312.00 under Option 3 and recognises overwhelming consultation feedback that subsidisation of new entrants is appropriate;
- reducing the initial registration premium paid by specialists, from double that of veterinary surgeons to $150 for the initial upgrade in registration i.e. the total initial upgrade costs for specialist proposed remains the same as Option 3. The renewal premium paid for specialists is also reduced from double that of veterinary surgeons to $100. The annual renewal fee proposed is $339.50 compared to $356.00 under Option 3. Both changes recognise the relative amount of administrative effort provided by the Board in processing these

registrations and acknowledge specialist consultation feedback in relation to the fairness of the distribution of the fee burden;

- removing the subsidisation of fees for government veterinary surgeons completely to acknowledge consultation feedback by private practitioners. Government veterinarians will now be required the full $239.50 renewal fee proposed;
- preserving the increasing expenditure proposed in Option 3 (compared to previous years) to allow for necessary investment in operational efficiencies envisaged by those making submissions. Feedback from the Consultation RIS indicated a common perception that the Board was not operating optimally and that operational improvements and increased compliance activity was appropriate. Investment in improved operational capability will release human resources to the broader spectrum of compliance activities considered desirable by those making submissions, including education, awareness and enforcement activities; and
- providing for $120 000 a year to be earmarked for legal expenses, to be retained and accessed on an as needed basis, to continue to underpin the end point of the compliance spectrum and preserve consumers' social licence to the profession.

This proposal has now been adopted as the preferred option.

A comparison of key registration fees under the Consultation RIS and the recommended option is provided in the following:

	2015/16 Fee	Option 1 (3.5% increase)	Option 2 (35% uniform increase)	Option 3 (55% average increase)	Rec'd Option (45% average increase)
Renewals					
Veterinary Surgeon	$165.15	$170.95	$223.00	$256.00	$239.50
New Graduate (first year)	$165.15	$170.95	$223.00	$192.00	$179.65
Retired Veterinarian	$53.85	$55.75	$72.70	$128.00	$119.75
Veterinary Specialist	$330.30	$341.90	$445.95	$356.00	$339.50
Retired Specialist	$219.00	$226.70	$295.65	$228.00	$219.75
Government Veterinarians	$0.00	$0.00	$0.00	$0.00	$239.50
Application fee					
New Veterinary Surgeon	$75.00	$77.65	$101.25	$120.00	$120.00
New Veterinary Specialist	$150.20	$155.50	$202.80	$150.00	$150.00

1 Background

1.1 Veterinary Services in context

Animal health services in Queensland are provided by both veterinarians and non-veterinarians. Non-veterinarians often provide general husbandry for animals. Some other services may be provided by non-veterinarians such as farriers, who trim, balance and place shoes on horse hooves, and equine dentists, who file or rasp horse teeth.

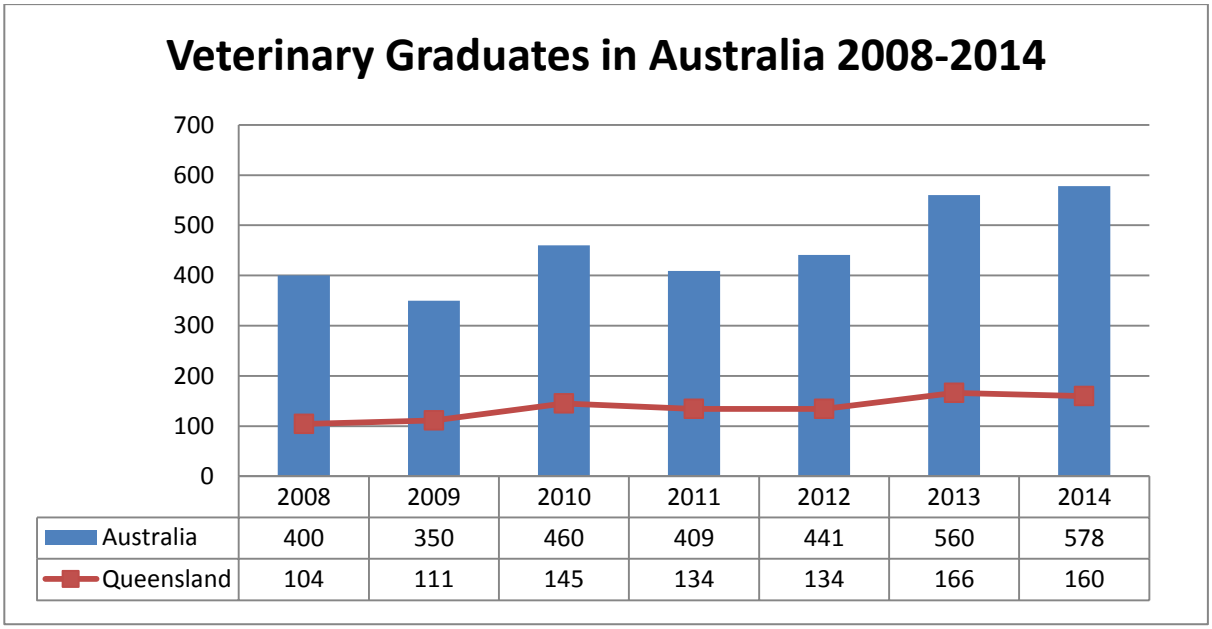
Veterinary professional services (consisting of veterinary practitioners and animal hospitals) contribute significantly to the Australian economy. For 2015-16, revenue was expected to reach $2.6 billion with a wages bill of in excess of $900 million across 19 360 employees.[3]

Urban households account for approximately 62% of revenue, with rural households contributing 19%, agricultural businesses 10%, the racing industry 5% and the remaining 4% coming from other markets such as zoos, security businesses and police[4].

Of the 3 500 Australian veterinary establishments registered in 2015-16, 22.1% have locations in Queensland. This is the third highest presence in Australia, behind only New South Wales at 31.6% and Victoria at 25%[5].

The number of graduates entering the profession across Australia has trended upward, however from 2013 to 2014, Queensland graduations have reduced slightly.

Figure 1: Veterinary Graduates in Australia 2008-2014



	2008	2009	2010	2011	2012	2013	2014
Australia	400	350	460	409	441	560	578
Queensland	104	111	145	134	134	166	160

Source: http://highereducationstatistics.education.gov.au/

However, IBISWorld observes that this upward trend in graduates has placed downward pressure on average veterinary industry wages. The extent to which this influences potential future entrants' decisions to enter the profession is yet to materialise. While demand for specialist services is

[3] Allday, A 2016, *Industry Report M6970: Veterinary Services in Australia*, p. 4.
[4] *Ibid*, p.16
[5] *Ibid,* p 17

expected to increase, the number of new graduates is expected to decrease over time to reflect the demands of the market.[6]

Queensland, along with other Australian jurisdictions and New Zealand, is a member of the Australasian Veterinary Boards Council (AVBC). Part of the AVBC's role is to administer a nationally recognised model for veterinary registration across Australia which enables inter-jurisdictional recognition of registrants. It also administers qualifying exams for international applicants and registration criteria for specialist practitioners.

Veterinarians are also subject to jurisdictional regulation associated with food and drug acts, stock medicines, stock foods and poisons.

IBISWorld identifies the most important success factors for veterinary practices as appropriate facilities and access, reputation, appropriately targeting the local market, effective cost controls and pricing policies[7]. Of these factors, the current review is relevant to appropriateness of premises, reputation and costs of registration.

1.2 The *Veterinary Surgeons Act 1936*

The Act provides the regulatory framework for veterinary practice in Queensland.

The Act regulates services that are primarily directed at improving the health and welfare of animals, from animal husbandry through to medical or surgical treatment of sick animals. It also extends to services provided for other reasons, such as pregnancy testing or artificial insemination, where significant risks to animal health and welfare must be carefully managed.

In January 2013 a representative stakeholder reference group, including veterinarians, producers, and others impacted by the legislation was replaced with a review committee consisting of five veterinarians to lead the review. This committee released an information paper for public comment in September 2013, and presented its final report, to then Minister Dr John McVeigh, in May 2014.

The review highlighted the competing interests in regulation of the profession. In particular, two main features of the Act which restrict entry into the animal services market were contentious:

- a restriction on who can practise veterinary science (the 'practice restriction')
- the requirement for approval of a premises where veterinary science is practised.

While some exceptions to the practice restriction are contained in the Regulation, the practice restriction prohibits non-veterinarians from performing most activities for fee or reward, limiting competition, for example in the provision of animal physiotherapy or pregnancy testing services. The Steering Committee concluded that strengthening restrictions was necessary to protect consumers and the welfare of animals.

Given the difficulty in reconciling the competing positions of stakeholders in relation to the 2014 review report, the Consultation RIS only addressed the funding of the Board, a key challenge identified in the review. Other policy issues arising from the review will continue to be progressed following the completion of this Consultation RIS process.

1.3 The Veterinary Surgeons Regulation 2016

Under the *Statutory Instruments Act 1992*, subordinate legislation such as regulations automatically expire 10 years after their making. This is designed to reduce the regulatory burden on the people of

[6] *Ibid*, p 8
[7] *Ibid*, p 19

Queensland, and to ensure that regulation is relevant to the economic, social and general wellbeing of the people of Queensland. In accordance with the *Statutory Instruments Act 1992*, the Veterinary Surgeons Regulation 2002 (the Regulation) was due for automatic expiry after 31 August 2016. As a result, the regulation was remade, to ensure the ongoing regulation of veterinary services in Queensland.

The Regulation sits under the Act and the powers of the Board are prescribed by the Act itself. The Act provides for the Regulation to address issues that are considered too technical or detailed to be suitable for inclusion in primary legislation.

The Regulation itself addresses four areas:

- Section 3 identifies acts that are not considered to be acts of veterinary science and therefore can be performed by persons other than vets. This includes certain husbandry and dentistry acts such as castrating and dehorning juvenile livestock;
- Part 3 details procedures for election of Veterinary Surgeons Board members; and
- Schedules 1, 2 and 2A prescribe registration, qualifications, examinations and administrative requirements; and
- Schedule 3 prescribes fees.

The department has undertaken a sunset review of the existing Regulation. All current provisions were transitioned into a new Regulation and updated to reflect modern drafting standards.

1.4 The Veterinary Surgeons Board

The Veterinary Surgeons Board of Queensland is constituted to exercise and discharge the powers, authorities, duties and functions conferred or imposed upon it by the Act and the current Regulation.

The Board consists of a Chairperson and five other members appointed by the Governor-in Council. The Chairperson of the Board is a senior veterinary officer from the Department of Agriculture and Fisheries. Two veterinary members are elected by registered veterinarians, and the Minister for Agriculture and Fisheries appoints three other members, one of whom acts as a representative for consumers of veterinary services. The Board is supported by three staff, including the registrar of the Board.

The Board is responsible for the registration of veterinarians and veterinary specialists and administers the disciplinary provisions of the Act in respect of professional misconduct by registrants and the performance of prohibited practices by non-registered persons.

As the regulatory authority in relation to veterinary surgeons, compliance activity undertaken by the Board should address the full suite of regulatory tools ranging from discretionary activities such as education, inspections and audits through to non-discretionary premises approval, registration, complaints handling and sanctions.

Where resourcing is tight, discretionary activity tends to be set aside to meet non-discretionary demand. For the Board, the most resource intensive non-discretionary activity after registration relates to complaints and subsequent disciplinary processes which incur significant legal costs.

2 Issues Statement

2.1 Scope of Review

With the Regulation due for expiry on 31 August 2016, the department undertook a sunset review to evaluate the continuing relevance, effectiveness and efficiency of the regulation. The sunset review indicated that transitioning all provisions of the existing regulation was the most desirable outcome. The new Regulation was updated to reflect modern drafting standards.

The sunset review identified regulatory fees as an issue. However, it concluded that a separate review of the fees was appropriate given the new Regulation had to be in place by 1 September 2016. The Consultation RIS was the starting point for reviewing regulatory fees with a view to recovering the full cost of the services provided by the Board in line with Queensland Government policy.

2.2 Issues for consideration

This Consultation Regulatory Impact Statement considered three main issues relating to the adequacy of fee levels, which informed the options to be presented:

1. The Veterinary Surgeons Board's expenditure is currently exceeding revenue;
2. Whether the Board is currently able to provide adequate service delivery;
3. Whether the current fee burden is distributed appropriately across the registrant base.

2.2.1 Expenditure is exceeding revenue

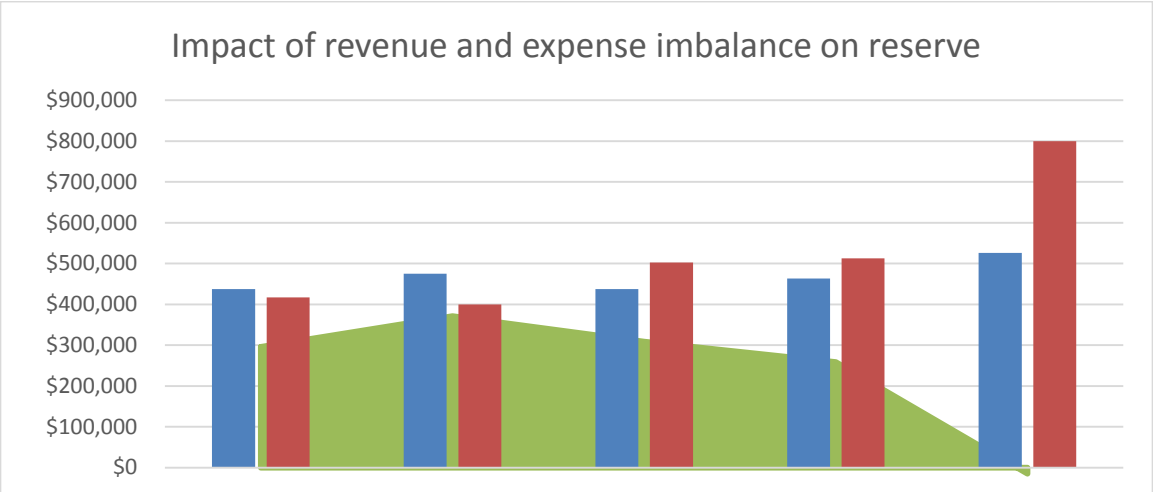
The Board's fee revenue is currently insufficient to fund all of its activities. The Department of Agriculture and Fisheries provides some in kind support to the Board to help reduce some of the Board's costs. While in kind support mainly consists of financial and accounting services and advice, historically accommodation was also provided to the Board.

Monthly reports of financial performance prepared by the Department of Agriculture and Fisheries are provided to the Board for consideration at meetings. The chairman of the Board is required by legislation to be a representative of the department and this includes representing the department's financial interests.

In 2014-15, the Board had expenses of $513 176, and generated revenue of $463 110. Despite regular monitoring and control measures undertaken by the Board, a number of unusual expense items, discussed later, have left a funding shortfall. This has to be met from the Board's reserve fund. Expenditure in 2015-16 was $800 042, with revenue of $526 466 leaving a deficit of $273 576.

Historically, excess expenditure has been covered by deferred funds. However relying on funds accumulated from previous years to meet year-on-year deficits is not a sustainable approach to financing the Board's expenses. This financial year, the Board's expenses have exceeded fee revenue leaving the balance of the cash reserve in deficit ($14 796). If nothing is done to address the revenue imbalance this position will only worsen. Figure 2 provides a representation of the growing gap between revenue and expenditure and the impact on reserves.

Figure 2: Impact of revenue and expense imbalance on Veterinary Surgeons Board reserve[8]



	2011/12	2012/13	2013/14	2014/15	2015/16
Reserve	$296,000	$371,352	$308,870	$258,780	($14,796)
Revenue	$437,787	$475,477	$437,503	$463,110	$526,466
Expense	$417,378	$400,125	$502,633	$513,176	$800,042

Note: Opening and closing reserve balances vary as a result of end-of-year budget reconciliations.

The Board incurs expenses in providing registration services to the veterinary profession. A range of factors are driving costs up, including increased legal fees (a product of disciplinary and complaints activity) and new costs, such as accommodation. At the same time, the Board's revenue has not kept pace with expenditure, and fees have not been formally reviewed since the commencement of the 2002 Regulation.

The Board is in a challenging fiscal situation. It has a legal duty to administer the Act and provide guidance to, and oversight of, the veterinary profession in Queensland. In the absence of further subsidisation by taxpayers, misalignment of expenditure and revenue will result in a deterioration of service delivery by the Board. Moreover it precludes the Board from initiating discretionary compliance activities and exacerbates challenges around application processing and service delivery at peak periods in the registration process.

The *Financial Accountability Act 2009* requires the board to set fees that reflect the costs of administering the Act. Section 18 of the Financial and Performance Management Standard 2009 (made under the *Financial Accountability Act 2009*) provides that when setting charges for services, the full cost of providing the services must be considered. Current fee levels are not aligned with the *Queensland Government principles for fees and charges*.

The Act itself provides an additional impetus for setting registration fees to achieve cost recovery. Under the Act, expenses incidental to the administration of the Act (for example, the expenses associated with processing applications for registration) are to be paid by the board out of its funds. For the most part, these are generated by fees received by the Board or the registrar. Moreover, constrained funding for the Board inhibits its ability to adequately oversee the professional conduct of veterinarians, potentially compromising the integrity and standing of the profession.

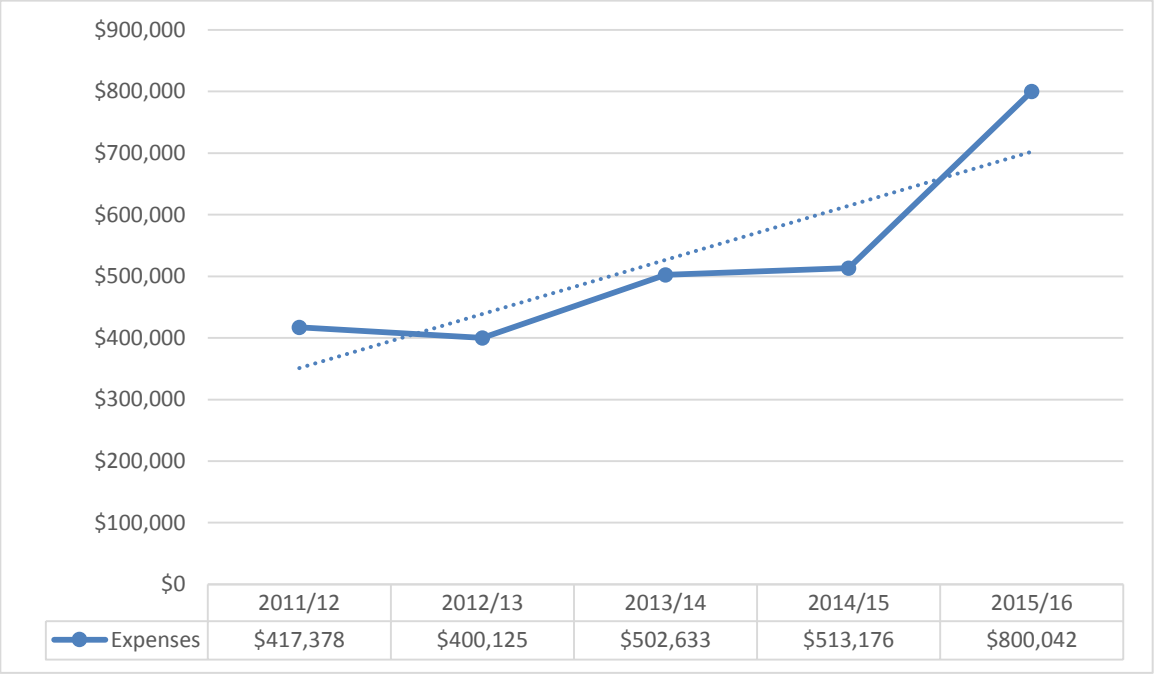
[8] Updated from the Consultation RIS to reflect 2015/16 actuals.

Expenditure

The Board delivers a range of services for veterinarians and Queensland consumers of veterinary services. Primarily these relate to the registration of veterinary surgeons, the registration of veterinary premises, oversighting the professional conduct of veterinarians (including complaints, misconduct and disciplinary proceedings), and providing consumer information.

In the conduct of these services, the Board incurs a range of expenses including: employee expenditure for the three staff that support the functions of the board, remuneration for board members, contributions to the Australasian Veterinary Boards Council (AVBC), and legal fees. The following graph illustrates the trend in expenditure.

Figure 3: Veterinary Surgeons Board Expenses over time



Source: Department of Agriculture and Fisheries

This expenditure pattern is further confirmed by an analysis of individual expenditure line items between years. The following table compares expense items between 2014/15 and 2015/16 and illustrates the drivers for the increased expenditure of the Board.

Table 1: Individual expenditure item comparison between 2014-15 and 2015-16

	2014/15	2015-16 projected at time of RIS publication	2015/16 actuals	Difference to projection
Total Employee Expenses	**$297 925**	**$312 568**	**$312 568**	**$-**
Supplies & Services				
Board Member Fees & Travel	$23 281	$30 000	$30 000	$-
Travel	$3 272	$6 000	$5 952	($48)

	2014/15	2015-16 projected at time of RIS publication	2015/16 actuals	Difference to projection
AVBC Contribution	$66 184	$65 754	$65 754	$-
Office Accommodation	$-	$37 446	$37 446	$-
ITP Discretionary Services	$200	$25 000	$23 825	($1 175)
Legal Solicitors Fees	$102 889	$250 000	$284 114	$34 114[9]
Other expenses[10]	$19 425	$34 000	$39 069	$5 069[11]
Total Supplies & Services	**$215 251**	**$448 200**	**$486 160**	**$37 960**
Total Depreciation	**$-**	**$1 320**	**$1 314**	**($6)**
Total Expenses	**$513 176**	**$762 088**	**$800 042**	**$37 954**

Emergent cost drivers include legal expenses, rental expenses and information systems investments.

Legal Expenses

Decisions of the Board in relation to registration and veterinary premises approval may be appealed to the Queensland Civil and Administrative Tribunal (QCAT). Costs to the board associated with its disciplinary functions and in particular legal costs incurred in pursuing disciplinary matters through QCAT have increased considerably. A portion of these have been recovered through penalties paid into the Board's funds and more occasionally, awards of costs made by QCAT in favour of the Board – however, in practice this rarely occurs and cannot be relied upon as an income stream. Legal expense in 2015-16 was exceptionally high due to a three day QCAT hearing in November 2015 and a further three continuation in March 2016; however an increasing trend is still emerging (see Table 2).

Table 2: Legal expenses trend 2011-2016

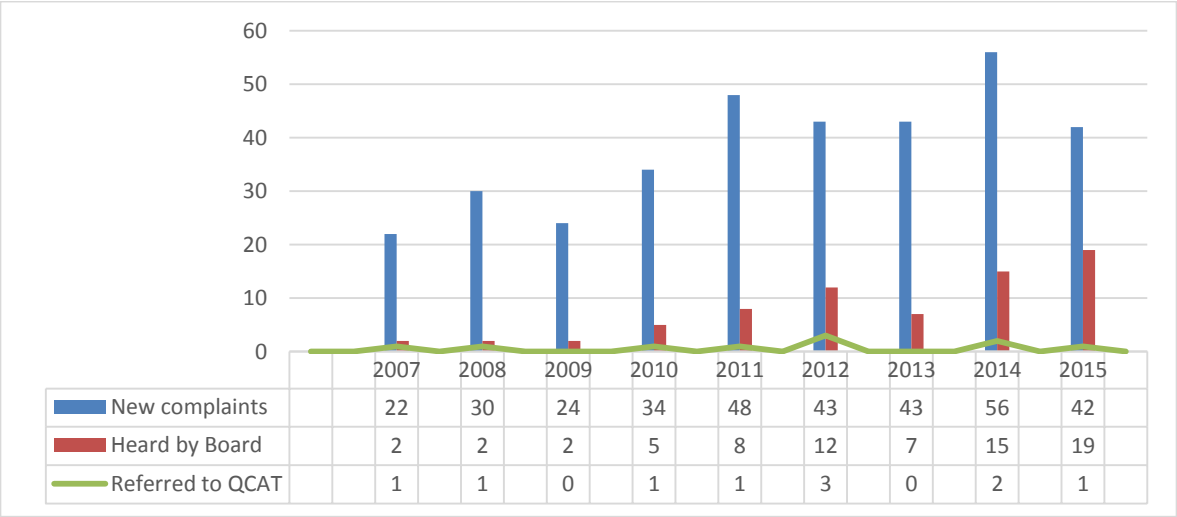
	2011/12	2012/13	2013/14	2014/15	2015/16
Legal Expense	$59 723	$25 207	$30 079	$102 889	$284 114

As discussed in detail below, the most significant contributor to legal costs are matters that continue through to QCAT. While subject matter experts are engaged to assist the Board in making some determinations, the cost of engaging legal representatives is also incurred once a matter is brought into QCAT's jurisdiction.

As Figure 4 shows, the number of initial complaints received by the Board has tended to increase between the 2007 and 2015 calendar years. Data are drawn from records provided by the Board.

[9] This variance is discussed under the next heading
[10] Other expenses is made up of administrative overhead such as computer costs, postage, bank fees, telephone and stationery.
[11] The variance to projected "Other Expenses" is attributed to approximately $4,000 in unbudgeted expense for building services and maintenance costs, plus a number of small sundry items.

Figure 4: Complaints handled by the Veterinary Surgeons Board 2007-2015



	2007	2008	2009	2010	2011	2012	2013	2014	2015
New complaints	22	30	24	34	48	43	43	56	42
Heard by Board	2	2	2	5	8	12	7	15	19
Referred to QCAT	1	1	0	1	1	3	0	2	1

Source: Veterinary Surgeons Board of Queensland

While some variability arises due to complaints carried over from previous years, the percentage of complaints where a *prima facie* case has been established against the practitioner has increased from less than 10% in 2007-2009 to more than 26% in 2014 and 35% in 2015. The number of matters proceeding to QCAT over that period has ranged from nil, through to 3 in 2012.

The impact of the increased *prima facie* cases and QCAT referrals is now playing out in increased legal expenses. However, legal expenses during the 2015/16 financial were particularly high due to an 11 month hearing delay in QCAT from November 2014 to October 2015, while the QCAT sought to appoint a replacement veterinary member. This delay resulted in three matters stagnating before QCAT, two of which are considered significant:

- One of these significant matters has incurred costs of more than $120 000 after a total of six hearing days;
- The other significant matter is still in its early stages, but is also complex and expected to follow a similar path to the matter at the point above. QCAT set the matter down for a two day hearing in October 2016 although the Board has requested an extension.

While the Consultation RIS anticipated that 2015/16 expenditure was going to be particularly high, a number of additional matters late in the financial year added additional pressure. These included additional hearing days, obligations arising from criminal charges being laid against one registrant and responding to a stay of an order of the Board. It is anticipated that legal expenses will continue on a higher trend than previous years. This calendar year, a further 2 matters have been referred to QCAT and the Board is considering the referral of another 3 matters in coming months.

The Board advises that of the 42 complaints received in 2015, 9 involved multiple veterinarians and the Board anticipates that the nature of complaints will continue to become more complicated. The Board estimates that this is in a large part due to the fact that consumers are becoming better informed about their rights, with more information via the internet creating particular expectations about the veterinary management of their pet. These expectations are expected to play out in more initial complaints and more referrals to QCAT.

In parallel to an increasing frequency of complaints, legal fees have generally been rising. Australian Bureau of Statistics data suggests that legal fees rose by 15.7 points on the *Producer Price Index*

between December 2011 and December 2015.[12] Over the same period inflation has only risen by an average of 8.5%.[13]

The Board considers that the recent demands on legal expense are not representative of future demand. Therefore, it anticipates to average around $120 000 in legal fees per year over the next four years. $120 000 is similar to the average of the Board's legal expenditure over the past three years.

Typically, any unspent funds at the end of a financial year are held in a reserve, which is then accessed for the purposes of meeting variable demands in future years.

Rental expenses

Due to the sale of the Primary Industries Building, the department is making progressive arrangements for the re-homing of departmental service areas.

Relocation of the Board provided an opportunity for the Board to be co-located with other complaints resolution services (such as the Queensland Ombudsman and Board of Professional Engineers). This location also serves to reinforce the independence of the Board.

In July 2015, the administrative staff associated with the Board were relocated from cost free accommodation in the Primary Industries Building in Brisbane CBD to 53 Albert Street in Brisbane CBD. Rent payable was approximately $37 500 for the 2015/16 financial year (12 months), and is expected to increase with inflation.

The final outcome for the 2016/15 financial year has also seen a number of additional occupancy expenses that were not anticipated in the Consultation RIS including changes to the security system within the new building and repairs amounting to approximately $4 000.

Information Systems

For 2015/16, the Board invested approximately $23 825 to address its most pressing management information system improvements and is $1 175 less than the amount anticipated in the Consultation RIS. This expense arose through the age of the current systems underpinning the register and registration process, and the need to modernise service delivery. This is more fully discussed under section 4.4.2.

Other

While some expense items are increasing rapidly, others are stable, yet substantial costs. These include:

- **Remuneration:** Board members and officers are remunerated for their services. Board members receive fees and allowances (for the cost of travel and other expenses) set by the Governor in Council.

  The registrar is a public service officer paid from Board funds, a salary that reflects the classification of the position. Two other public service officers are employed by the Board on a permanent basis. Employment service contractors may be engaged from time to time to perform routine tasks in peak periods. They are paid according to an applicable award.

[12] http://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/6F15F0CA1F2C2EFECA25765800181C2B?opendocument

[13] http://www.rba.gov.au/calculator/annualDecimal.html

- **Levies paid to the AVBC:** These levies are a significant expense for the Board ($65 754 in 2015–16). Levies per (primary) registrant are set by annual resolution of the members of the AVBC. The members of the AVBC include the veterinary boards in all Australian jurisdictions. The return for the Board is AVBC accreditation of Australian veterinary schools and, for example, assessment of the qualifications and competency of overseas graduates through the National Veterinary Examination.

Revenue

Board revenue is primarily derived from fees under the Regulation. The Regulation currently prescribes a number of fees under the Act. These include:

- Fees for registration as a veterinary surgeons or veterinary specialists
- Annual registration fees for veterinary surgeons, specialists and retired veterinarians
- Fees for the restoration of the name of a veterinary surgeon or specialist to the register if they have previously been removed
- A fee for approval practice veterinary science under the supervision of a veterinarian (only available to overseas trained individuals eligible to sit the national veterinary qualifying exams)
- Fees for special registrants (which can allow an overseas-trained person who has not passed the national veterinary qualifying examination to engage in teaching or research); and
- Fees for approval and inspection of veterinary premises.

Current fee levels and frequency of use is illustrated in Table 3. Although the Board draws revenue from a wide range of fees, in practice the majority of revenue generated is derived from registration renewals (81.8%) of all fee revenue). This means that the financial position of the Board is primarily linked to the total number of registrants.

While lower average wages are expected to place downward pressure on new entrants, while specialist numbers increase, (refer Veterinary Services in context 1.1), no firm projections in changes in frequency of fees is available. For the purposes of the Consultation RIS, it was assumed that these revenue movements would offset each other for the foreseeable future. As a result, the frequency figures for 2014/15, the most recent year of complete data, formed the basis for all revenue projections in the Consultation RIS.

Table 3: Veterinary Surgeons Board fee revenue for 2015-16

	2015/16 Fee	Estimated Number[14]	Projected Revenue [15]	Actual Number	Actual Revenue[16]	% of Revenue
Initial Applications						
New veterinary surgeons	$240.15 [17]	196	$47 069	234	$56 038	*10.6%*
New veterinary specialists	$315.35 [18]	8	$2 523	13	$3 858	*0.7%*
Renewal fees						

[14] Based on frequency in 2014/15.
[15] Note the actual revenue for 2015/16 differed from this figure.
[16] Revenue will not be a simple multiple of rate and number, due to receipts in different calendar years.
[17] This combines a fee of $165.15 for initial registration with a $75 application fee.
[18] This assumes the prospective specialist registrant is already a registered veterinarian. To become a specialist, they must pay an additional registration fee of $165.15 in addition to the application fee of $150.20.

	2015/16 Fee	Estimated Number[14]	Projected Revenue [15]	Actual Number	Actual Revenue[16]	% of Revenue
Veterinary surgeons	$165.15	2 272	$375 221	2 368	$391 661	*74.4%*
Veterinary specialists	$330.30	74	$24 442	71	$23 504	*4.5%*
Retired	$53.85	208	$11 201	238	$12 782	*2.4%*
Retired Specialists	$219.00	2	$438	11	$2 409	*0.5%*
Government veterinarians	$0	70[19]	$0	56	$0	-
Other registration fees						
Restoration of name	$135.05	11	$1 486	13	$1 759	*0.3%*
Limited period	$29.80	0	0	2	$60	*0.0%*
Duplicate certificate for registration	$44.80	0	$0	5	$223	*0.0%*
Veterinary premise approval fees						
Veterinary premise approval	$150.20	17[20]	$2 553	49	$7 285	*1.4%*
Veterinary premise inspection	$300.55	2	$601	2	$603	*0.1%*
Total fee revenue			**$465 534**		**$500 182**	
Other revenue						
Penalties	-	-	-	-	$25 065	*4.8%*
AVBC reimbursement	-	-	-	-	$1 219	*0.2%*
TOTAL REVENUE			**$465 534**		**$526 466**	

Source: Veterinary Surgeons Board of Queensland

There are a number of items where significant movement has occurred:

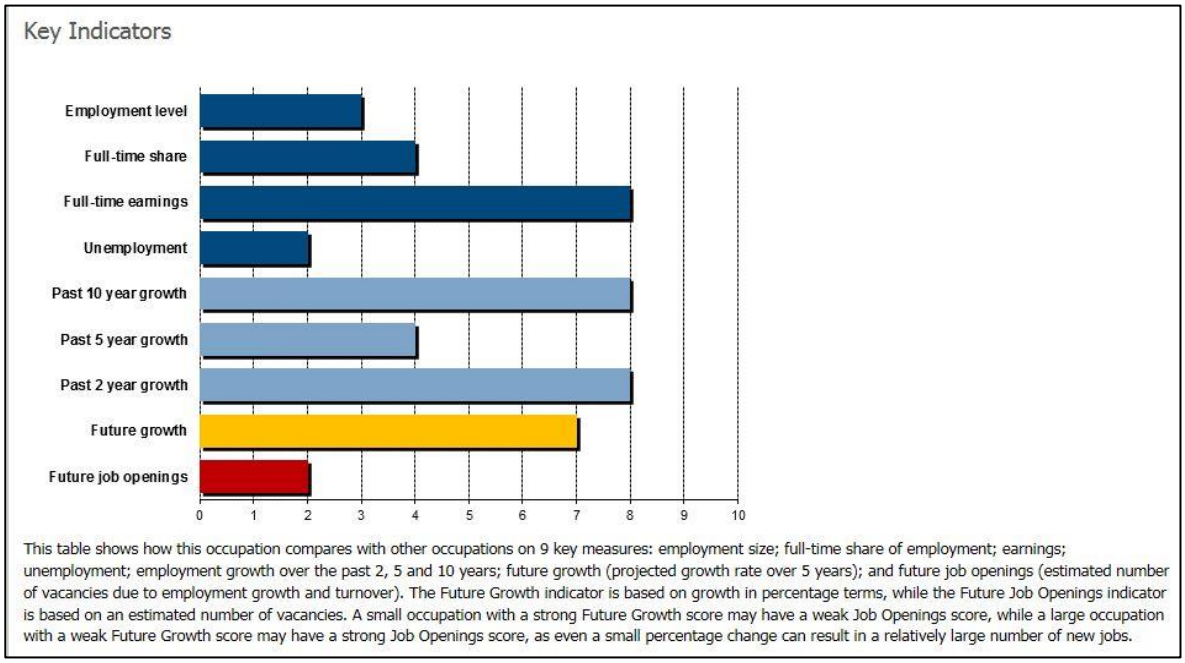
	Estimated Number[21]	Actual Number	Difference	% Difference
Initial Applications				
New veterinary surgeons	196	234	38	*19.4%*
Veterinary renewals	2 272	2 368	96	*4.2%*
Retired	210	249	39	*14.4%*
Government veterinarians	70[22]	56	(14)	*(20.0%)*

[19] By 30 June 2016, government veterinarians had reduced to 56.
[20] Re-examination of the Consultation RIS indicates this number should have been 34.
[21] Based on frequency in 2014/15.
[22] By 30 June 2016, government veterinarians had reduced to 56.

	Estimated Number[21]	Actual Number	Difference	% Difference
Veterinary premise approval	34[23]	49	15	*44.1%*

Increase in new veterinary surgeon applications

The substantial increase in new veterinary surgeons cannot be accurately attributed to any potential driver. While national recognition of veterinary registration has made Queensland an attractive registration base, removal of the cap on university places may also have seen an increasing trend in enrolment in veterinary science. However, most significantly, the increase of 19.4% is not inconsistent with statistics provided by the Australian Government's Job Outlook Website[24].

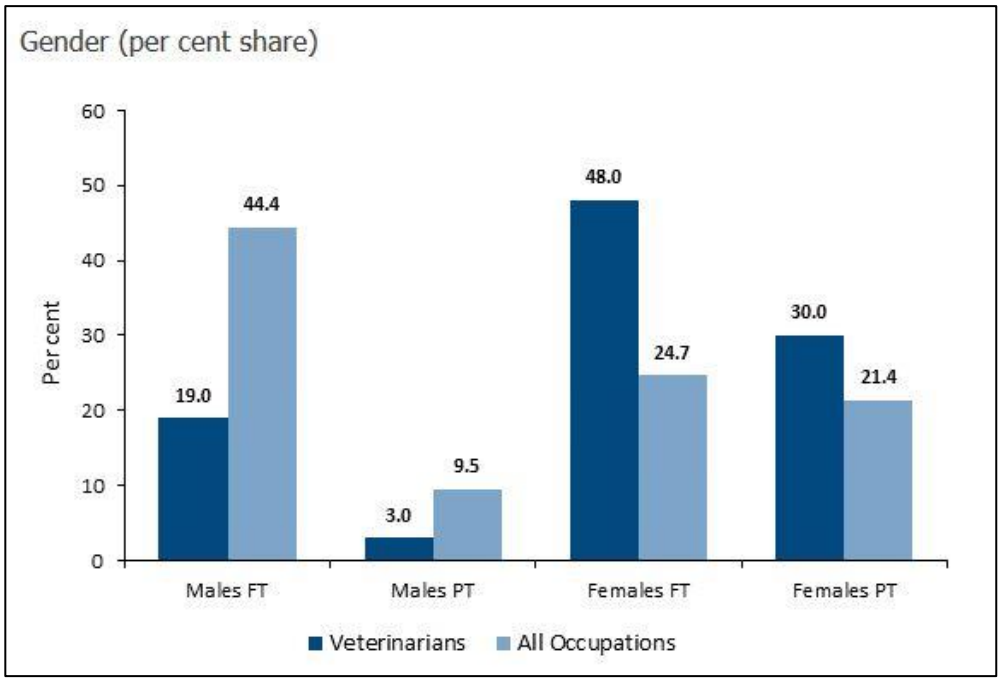


Statistics provided on that site demonstrate that employment growth in the sector over the past two years been around 12.5%. Over the 10 year period, employment growth has been at 37.9% and the website suggests it is likely that this growth translates into increased registrations.

The Australian veterinary workforce review Report prepared by the Australian Veterinary Association (AVA) in 2013[25] observes that hard data in this area is lacking. However, its review concluded that there are changes occurring in the gender composition of the veterinary workforce and that "As the proportion of women in the profession increases, the full-time equivalent number of practitioners will decrease, despite the increase in the numbers graduating". It can be concluded that as a result, the absolute number of registrants needed to meet market demand will necessarily increase.

Figures from the Job Outlook pages place full time employment in the industry at only 67% and the following graph from that page tends to support the gender observations made by the AVA in 2013, with part time employment in the veterinary profession for women running at 30% of the workforce.

[23] Re-examination of the Consultation RIS indicates this number should have been 34.
[24] www.joboutlook.gov.au retrieved 26 August 2016
[25] https://www.ava.com.au/sites/default/files/AVA_website/pdfs/AVA%20workforce%20review%20report%202013.pdf



The increase in veterinary renewals is consistent with the 196 new registrations in 2015, the continuing practice of the majority of registrants and a move to retirement of a portion of registrants. No particular intelligence is available in relation to the decrease in government veterinarians, though the advent of a number of retrenchments within Australian Government agencies such as CSIRO may be at play.

Premise approvals, which are associated with veterinary premises that are not owned by veterinarians, increased by 15 for the year. Greencross Limited alone increased its Queensland presence by nine clinics[26].

2.2.2 Service delivery of the Veterinary Surgeons Board

The review of the appropriateness of fees in the Regulation also offers an opportunity to consider whether the Board is currently able to fully deliver on the range of services required to oversight the veterinary profession. The following section provides an overview of three services provided by the Board:

- administrative processes for registration and renewal applications;
- misconduct and compliance activities; and
- customer information and communication.

Current resourcing levels may compromise the Board's ability to deliver on these services in the most effective and efficient manner.

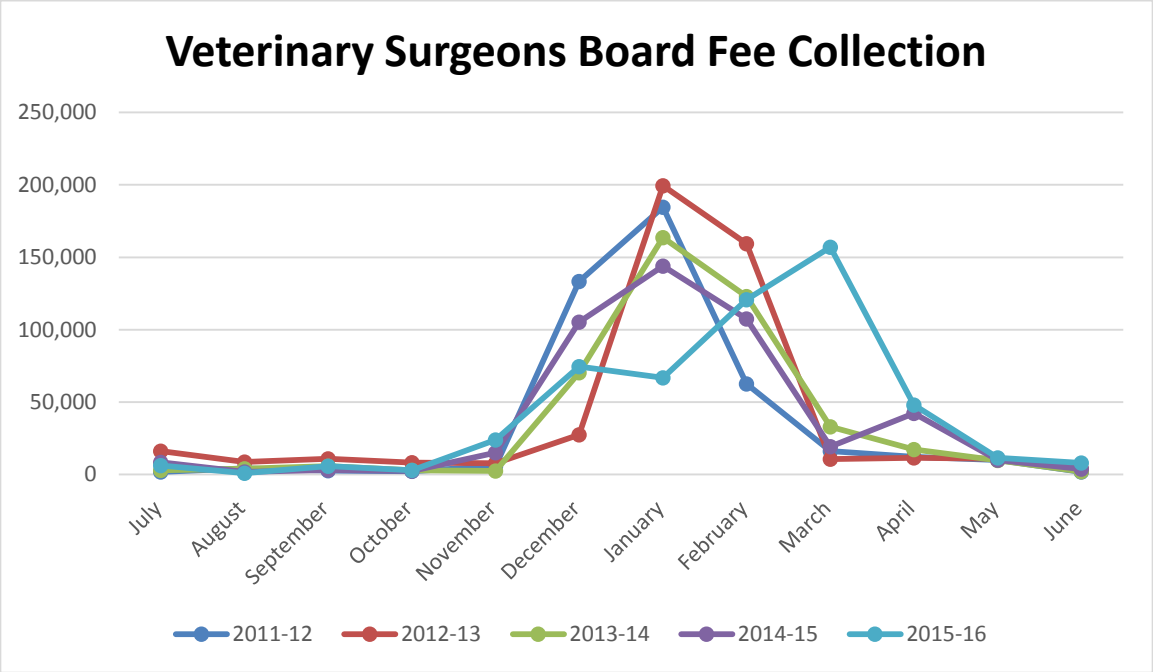
Registration and Renewal

Registration of veterinary surgeons and veterinary specialists is at the core of the Board's work. Registration is a prerequisite to the practice of veterinary science in Queensland. Registration is for the calendar year, and the Board has a responsibility to remove registrants who do not renew their registration by 31 January each year.

[26] http://clients.weblink.com.au/news/pdf2/01769816.pdf

As Figure 5 shows, the vast majority of registration and renewal applications are concentrated between December and February each year.

Figure 5: Veterinary Surgeons Board cash flow 2011-12 to 2015-16



Note: A delay in processing 2015-16 receipts has pushed out normal month of receipt data and contributed to revised income outcome for the financial year.

Significant pressure is placed on the registrar and administrative staff to focus on renewals over this period, as well as meeting 28 day deadlines in processing new applications or restorations (as required by section 25C of the Act).

The current process for registration and renewal is labour intensive. Out of necessity (to meet the timeframes in the Act), the front end registration process is separated from the back end register. As a result, registration correspondence, reminder notices, receipts, invoicing and certificates are dealt with manually in a first stage. This generates subsequent work in creating records for each registered veterinary surgeon to update the register. In turn, this work is delayed until after applications themselves are processed – registration details available to the Board and the public are outdated for several months as a result.

Nonetheless other obligations such as Board meetings, disciplinary proceedings and consumer information requests must also be supported. As a result the Board is unable to adequately provide for less time critical activities at this time, and it struggles with the volume of applications received. A significant amount of record keeping associated with the registration process is delayed until after peak demand has ceased.

Current service delivery standards are also minimal. Applications are generally paper based, although the Board has recently prepared an online form, which allows existing registrants to renew their registration online.

Misconduct and compliance

Due to the passage of some matters through the complaints process, the Board is aware that there are a number of practices that do not meet the current practice standards. Currently the legislation does not make continuing veterinary education mandatory and in some instances reviews undertaken by the Board suggest that some veterinarians are continuing to use methods and techniques that are now no longer appropriate due to medical advancements. The handling of some Hendra virus detections has also raised concerns in relation to a lack of biosecurity and hygiene standards which poses safety concerns for the staff and animals at these veterinarian practices.

Possible explanations for failing to meet standards fall within three main categories[27]

- lack of awareness and comprehension of the rules;
- an unwillingness to comply because of economic incentives, attitude or insufficient pressure from enforcement activities; and
- an inability to comply.

Which of these apply in a particular regulatory context determines which measures are likely to be effective. The traditional regulatory approach of establishing standards and legal enforcement mechanisms is not the sole means for government to influence compliance and may not be the most effective[28]. For example, education can be effective if there is a lack of awareness and comprehension of the rules. This is the case with the Australian Tax Office which provides education and advice as part of its compliance strategy based on the understanding that most taxpayers are "willing to do the right thing" or "try to, but don't always succeed".

However if there is an awareness but an unwillingness to comply because of, for example, insufficient pressure from enforcement activities, measures such as increasing the number of inspections are likely to be more effective. A combination of measures will be needed if there are several underlying causes.

On occasion, the Board has dealt with incidents where new graduates have been the subject of misconduct proceedings. In some instances, these incidents could have been avoided if either the graduate, or their supervising vet, had been better informed about current and emerging standards of practice. In these cases, education would be a cost effective measure to increase compliance and assist with mitigating upward pressure on legal expenses associated with complaints.

The Board has broad powers and responsibilities under the Act with regards to misconduct and compliance – it can investigate and take disciplinary action in relation to the professional conduct of veterinarians. Oversight maintains public confidence in the veterinary profession by ensuring that registered veterinarians can be entrusted to exercise the privileges conferred upon them for a proper purpose and provide an appropriate standard of care to animals.

Under the current financial and resource constraints of the Board, compliance activity is initiated only in response to complaints.

Similarly, resource constraints ensure the Board must prioritise compliance activities with respect of veterinary premises. Currently premises are only inspected when:

- a non-veterinarian applies for premises approval; or

[27] OECD 2000, Reducing the risk of policy failure: challenges for regulatory compliance
[28] Ibid.

- if the practice is going to be a hospital or emergency centre; or
- the Board receives a complaint about the standard of the practice.

For veterinarians, premises are approved purely “on the papers” and there is no initial follow-up or renewal inspection.

2.2.3 Distribution of fee burden

Veterinary registration fees are applied across a number of different registrant classes. Five key groups are differentially impacted by different renewal fee burdens, as explored in Table 4 below.

Table 4: Renewal Fee Burden by Registrant Type

	2015/16 Fee
Veterinary Surgeon	$165.15
New Graduate*	$165.15
Retired Veterinarian	$53.85
Veterinary Specialist	$330.30
Government Veterinarian	$0.00

* New Graduates also pay a $75 application fee.

The review of the appropriateness of fees in the Regulation offers an opportunity to consider whether the current approach to fees for specific categories of veterinary registrants remains appropriate.

Specialist veterinarians

Because these veterinarians cover a variety of specialisations, additional services are provided by the Board in terms of initial assessment and a separate register of specialist veterinarians. In addition, disciplinary proceedings involving specialists are more likely to require expert testimony.

Nonetheless, the recurrent cost of providing registration to specialists is not considered double that of veterinary surgeons. Yet the current fee structure provides for a basic $165.15 annual renewal fee plus an additional $165.15 renewal fee for specialists: a total of $330.30 a year (2015/16).

Retired Veterinarians

Retired veterinary surgeons (who must not be engaged in the practice of veterinary science and must be 55 or older) currently receive discounted renewal fees - $53.85 as opposed to $165.15 for a veterinary surgeon (2015/16 rates). This reflects an approximate 66% subsidy compared to the full fee. There were 202 retired veterinarians registered with the Board in 2015/16 (208 in 2014/15).

It is arguable that discounted fees for retired veterinarian fees contributes to the negative financial position of Board –resulting in foregone revenue of approximately $22 500 in 2015/16. However, retired veterinarians do not receive a direct commercial benefit as they are not engaged in the practice of veterinary science. Moreover, there are public benefits to having a record of who and where they are, particular in terms of surge needs during an emergency pest or disease response such as equine influenza. It is debatable whether the access to drugs or poisons afforded by registration constitutes a private benefit.

Graduate veterinarians

Currently graduate veterinarians like all prospective registrable veterinary surgeons must pay an application fee and a registration fee for their initial registration. Currently the application fee is $75.00 and the registration fee is $165.15, meaning that new graduates face fee of $240.15 for their initial registration post study (2015/16 rates). This burden is above that of renewing veterinary surgeons, who are not required to pay the application fee (which takes into account the initial assessment to verify registration).

It is arguable that asking new graduates to shoulder the same burden as established veterinarians is inequitable and acts as a barrier to entry to the veterinary profession (in addition to a five year specialist tertiary course). Some other states, such as Western Australia offer a subsidy for new graduates who have not previously registered, to support the establishment of a steady flow of professionals. This recognises that there is a public benefit in a steady flow of new graduates, and the reduced capacity to pay of recent graduates, compared to established veterinarians.

Government Veterinarians

Currently there is a fee exemption policy for government workers. This is predicated on the assumption that they do not engage in private practice for fee or reward. 70 veterinary surgeons claimed this exemption in 2014/15 and 69 claimed the exemption in 2015/16.

It is arguable that subsidisation of government veterinarian fees contributes to the negative financial position of Board. For the 69 veterinarians claiming this exemption, it resulted in foregone revenue of approximately $11 400 in 2015/16. The counter arguments to this are:

- government veterinarians contribute purely for the public good and do not compete with the private sector; and
- it is common practice for employers to pay for mandatory registrations for employees and that imposition of the fee in the first instance simply creates an unnecessary administrative layer.

3 Policy Objectives

The Consultation RIS focused on the appropriate levels of veterinary registration fees.

The overarching policy objective of government intervention is to reasonably enable the provision of animal health services and ongoing oversight of the veterinary profession while minimising risks to animal welfare and consumers of services.

Since 2002, Australian Governments have progressively introduced requirements for agencies to set charges which recover all the costs of providing products or services. The *Queensland Government Principles for Fees and Charges* includes the 'beneficiary pays' principle that those who benefit directly from the provision of a service should pay for it and that services provided to one client or group of clients should not be subsidised by fees and charges paid by others, unless there has been a deliberate decision by government.

The review aimed to ensure that fees:

- are set with consideration for the full cost of providing services
- are equitable and reflect the resources required to register and oversight veterinary professionals and practices
- ensure the Veterinary Surgeons Board of Queensland is in a sustainable financial position and able to discharge its duties under the Act.

Prior to the review, fee increases tended to be limited to increases to the Consumer Price Index (CPI) despite the fact that input drivers such as staffing, complexity, litigation, accommodation and utilities have exceeded the CPI.

The shortfall may sometimes be subsidised by other fee categories or consolidated revenue. Recurring operating deficits can operate to impose inequities on those parties who, by default, are subsidising the interests of a particular beneficiary group.

To support financial sustainability of the Board, the Consultation RIS sought to engage with stakeholders and the community about the cost of service compared to the quality and effectiveness of the Board's role and services. The aim was to strike a pricing position that recognises the cost that veterinarians are able to bear on an equitable basis.

The preferred option should be the option that best achieves the policy objectives and provides the greatest net benefits for the community.

4 Options to achieve the objectives considered in the Consultation RIS

This section of the Consultation RIS discussed options to address the challenges before the Board, while continuing to minimise the risks to animal welfare, and consumers of animal health services and providing ongoing oversight of the veterinary profession.

As noted in section 2, these issues are:

1. The Veterinary Surgeons Board's expenditure is currently exceeding revenue;
2. Whether the Board is currently able to provide adequate service delivery;
3. Whether the current fee burden is distributed appropriately across the registrant base.

4.1 Options for regulatory fees

Current regulatory fees are insufficient to provide the Veterinary Surgeons Board of Queensland a sustainable funding base with which to register veterinarians, oversee the professional conduct of veterinarians and investigate offences against the Act. Section 2 demonstrated that the Board's revenue growth has become disconnected from increasing and additional expenses.

Drawing on information provided by the Board, the department developed options for the appropriate level of fees under the Act. The Consultation RIS considered three options:

- Option 1: Continue to annually index current fees
- Option 2: 35% (uniform) fee increase to meet current expenditure, with no changes to fee structures
- Option 3: 55% (average) fee increase to enable better service delivery by the Board, and with changes to fee structures for specialist veterinarians, retired veterinarians and new graduates.

Table 5 provides a comparison of the different fee options considered.

Table 5: Comparison of options for regulatory fees

	2015/16 Fee	Projected 2016/17 fees		
		Option 1 (3.5% increase)	Option 2 (35% uniform increase)	Option 3 (55% average increase)
Renewals				
Veterinary Surgeon	$165.15	$170.95	$223.00	$256.00
New Graduate	$165.15	$170.95	$223.00	$192.00
Retired Veterinarian	$53.85	$55.75	$72.70	$128.00
Veterinary Specialist	$330.30	$341.90	$445.95	$356.00
Retired Specialist	$219.00	$226.70	$295.65	$228.00
s18A Special Approval	$165.15	$170.95	$223.00	$256.00
s19E (3) Special Registration Veterinary Surgeon	$165.15	$170.95	$223.00	$256.00
s19E (3) Special Registration Veterinary Specialist	$330.30	$341.90	$445.95	$356.00
Government Veterinarians	$-	$-	$-	$256.00
Application fee				
New Veterinary Surgeon	$75.00	$77.65	$101.25	$120.00
New Veterinary Specialist	$150.20	$155.50	$202.80	$150.00

	2015/16 Fee	Projected 2016/17 fees		
		Option 1 (3.5% increase)	Option 2 (35% uniform increase)	Option 3 (55% average increase)
Limited Registration	$29.80	$30.85	$40.25	$69.45
s19E (3) Special Registration Veterinary Surgeon	$75.00	$77.65	$101.25	$120.00
s19E (3) Special Registration Veterinary Specialist	$150.20	$155.50	$202.80	$150.00
Restoration and Duplicate Certificates				
Restoration of name for Veterinary Surgeon or Veterinary Specialist	$135.05	$139.80	$182.35	$150.00
Duplicate certificate for registration	$44.80	$46.40	$60.50	$69.45
Premise Approvals and Inspections				
Approval of premise	$150.20	$155.50	$202.80	$232.85
Inspection of premise	$300.55	$311.10	$405.75	$465.90

4.2 Option 1: Status Quo

This option preserves the status quo for veterinarians in Queensland. Fees would continue to increase in line with the government's approved indexation rate, currently 3.5% per year. The annual renewal fee for ordinary veterinary surgeons has already increased to $170.95 in 2016/17 in line with existing indexation requirements. New registrants such as graduates pay $248.60 (application fee + registration fee) in 2016/17.

4.2.1 Projected Board Expenditure

Detailed projections of the Board's expenditure over the next four years were developed to assist with development of options. These costs are based on an analysis of the Board's historical expenditure and include provision for new expense items, such as office accommodation. The expenses also include the $120 000 in annual legal expenses estimated by the Board.

It is assumed that Board's expenditure increases by 2.5% per year, which is in the middle of the target inflation range for the Reserve Bank of Australia. However, as Board fee revenue would be maintained at current levels, there would be a funding shortfall. The Consultation RIS identified that Option 1 would only generate $483 257 in fee revenue in 2016/17. In the absence of further subsidisation by taxpayers misalignment of expenditure and revenue will result in a deterioration of service delivery by the Board.

Table 6: Projected expenses for 2016-2020 under Option 1 in the Consultation RIS

Description	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Total Employee Expenses	**312 182**	**319 987**	**327 986**	**336 186**
Supplies & Services				
Board Member Fees & Travel	30 750	31 519	32 307	33 114
Travel	6 663	6 829	7 000	7 175
AVBC Contribution	67 398	69 083	70 810	72 580
Office Accommodation	38 382	39 342	40 325	41 333
ITP Discretionary Services	0	0	0	0

Description	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Legal Solicitors Fees	120 000	120 000	120 000	120 000
Other expenses	35 875	36 772	37 691	38 633
Total Supplies & Services	**299 068**	**303 544**	**308 133**	**312 836**
Depreciation and Amortisation				
Office Equipment	1 320	1 320	1 320	1 320
Total Depreciation	**1 320**	**1 320**	**1 320**	**1 320**
TOTAL EXPENSES	**612 570**	**624 851**	**637 439**	**650 342**

Despite the variances in 2015/16 in relation to a peak in legal expenses associated with QCAT delays, and unforeseen accommodation expenses, the budget figures provided in the Consultation RIS remain appropriate.

4.2.2 Service Delivery Levels

This option provides no scope for the Board to continue current activities, and as a result does not provide for increased service delivery by the Board.

4.2.3 Distribution of fee burden

The current distribution of fee burden would be maintained. This means that:

- new graduates would be subject to the same fees as other veterinary surgeons.
- retired veterinarians would continue pay a 66% subsidised fee
- specialist veterinarians would continue to pay double the application and registration fees paid by veterinary surgeons
- government veterinarians would continue to be exempt from registration and renewal fees.

Table 7 sets out the proposed fees for Option 1.

Table 7: Proposed/indexed fees for Option 1 for 2016-17 with comparison to 2015-16

	2015/16 Fee	Option 1 (3.5% increase) Indexed 2016/17 fees	Change from 2015/16
Renewals			
Veterinary Surgeon	$165.15	$170.95	*$5.80*
New Graduate	$165.15	$170.95	*$5.80*
Retired Veterinarian	$53.85	$55.75	*$1.90*
Veterinary Specialist	$330.30	$341.90	*$11.60*
Retired Specialist	$219.00	$226.70	*$7.70*
s18A Special Approval	$165.15	$170.95	*$5.80*
s19E (3) Special Registration Veterinary Surgeon	$165.15	$170.95	*$5.80*
s19E (3) Special Registration Veterinary Specialist	$330.30	$341.90	*$11.60*

	2015/16 Fee	Option 1 (3.5% increase) Indexed 2016/17 fees	Change from 2015/16
Government Veterinarians	$0	$0	*$0*
Application fee			
New Veterinary Surgeon	$75.00	$77.65	*$2.65*
New Veterinary Specialist	$150.20	$155.50	*$5.30*
Limited Registration	$29.80	$30.85	*$1.05*
s19E (3) Special Registration Veterinary Surgeon	$75.00	$77.65	*$2.65*
s19E (3) Special Registration Veterinary Specialist	$150.20	$155.50	*$5.30*
Restoration and Duplicate Certificates			
Restoration of name for Veterinary Surgeon or Veterinary Specialist	$135.05	$139.80	*$4.75*
Duplicate certificate for registration	$44.80	$46.40	*$1.60*
Premise Approvals and Inspections			
Approval of premise	$150.20	$155.50	*$5.30*
Inspection of premise	$300.55	$311.10	*$10.55*

4.3 Option 2: 35% (uniform) fee increase to meet current expenditure, with no changes in fee structure

Option 2 assumes that the current upward expenditure trend for the Board will continue. It is based on introducing a uniform fee increase to place the Board on a sound financial footing. In this scenario, an across-the-board fee increase of 35%, in addition to ongoing fee indexation, would be implemented to achieve full cost recovery of the operations of the Board. The annual renewal fee for ordinary veterinary surgeons would increase to $223.00 in 2016/17. New registrants such as graduates would pay $324.25 (application fee + registration fee) in 2016/17.

Revenue generated under this option:

- is intended to meet emerging patterns in legal expenditure and rental expense
- would not provide capacity to improve service delivery via information technology enhancement
- would not free resources to undertake discretionary education and awareness preventative compliance activities.

4.3.1 Projected Board Expenditure

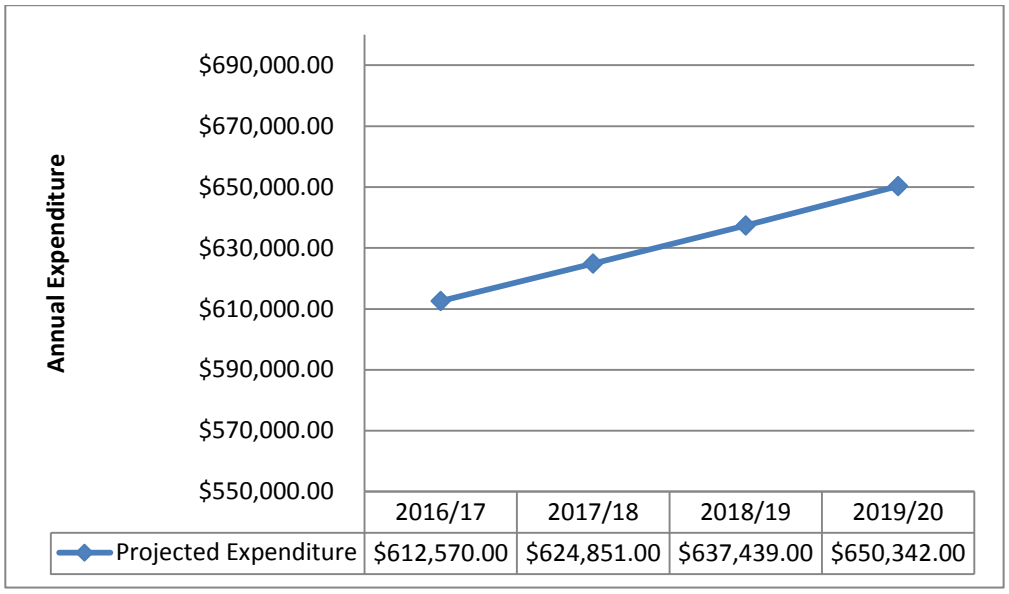
Under Option 2, Board expenditure is expected to increase in line with projections developed for Option 1 (see section 4.2.1). This estimates that Board expenditure would be $612 570 in 2016/17.

Figure 6 charts the growth in expenditure over 4 years. It is assumed that Board's expenditure increases by 2.5% per year, which is in the middle of the target inflation range for the Reserve Bank of Australia.

Averaged over four years, the Board would need to collect approximately $631 300 on an annual basis to cover the costs of these services. This figure reflects the average expenditure anticipated

over the four forecast years. A revenue increase of 35% would be required to recover this amount, which would provide the Board with a small reserve from the first year.

Figure 6: Projected Expenditure under Option 2



4.3.2 Service Delivery Levels

The Board provides three key services: registration and renewal applications (which include applications and renewals for registration as a veterinary practitioner, as well as approving premises); misconduct and compliance activities; and customer information and communication.

There is limited scope for the Board to increase service delivery outcomes under Option 2. Registration and renewal applications will still be a predominately manual process. The current trial of online renewal may not be able to proceed. Misconduct and compliance activities would continue on a reactive basis. However, increased funding for annual legal expenses may ensure other compliance activities are not curtailed to reduce costs where legal expenses exceed expectations. Customer information and communication would continue to be provided on an as needs basis.

4.3.3 Distribution of fee burden

Similar to Option 1, current fee structures would be maintained. This means that:

- new graduates would be subject to the same fees as other veterinary surgeons.
- retired veterinarians would continue to pay a discounted fee (66%)
- specialist veterinarians would continue to pay double the application and registration fees paid by veterinary surgeons
- government veterinarians would continue to be exempt from registration and renewal fees.

Table 8: Proposed fees for Option 2 for 2016-17 with comparison to 2015-16

	2015/16 Fee	Option 2 (35% increase) Projected 2016/17 fees	Change from 2015/16
Renewals			
Veterinary Surgeon	$165.15	$223.00	*$57.85*
New Graduate	$165.15	$223.00	*$57.85*
Retired Veterinarian	$53.85	$72.70	*$18.85*
Veterinary Specialist	$330.30	$445.95	*$115.65*
Retired Specialist	$219.00	$295.65	*$76.65*
s18A Special Approval	$165.15	$223.00	*$57.85*
s19E (3) Special Registration Veterinary Surgeon	$165.15	$223.00	*$57.85*
s19E (3) Special Registration Veterinary Specialist	$330.30	$445.95	*$115.65*
Government Veterinarians	$-	$-	*$-*
Application fee			
New Veterinary Surgeon	$75.00	$101.25	*$26.25*
New Veterinary Specialist	$150.20	$202.80	*$52.60*
Limited Registration	$29.80	$40.25	*$10.45*
s19E (3) Special Registration Veterinary Surgeon	$75.00	$101.25	*$26.25*
s19E (3) Special Registration Veterinary Specialist	$150.20	$202.80	*$52.60*
Restoration and Duplicate Certificates			
Restoration of name for Veterinary Surgeon or Veterinary Specialist	$135.05	$182.35	*$47.30*
Duplicate certificate for registration	$44.80	$60.50	*$15.70*
Premise Approvals and Inspections			
Approval of premise	$150.20	$202.80	*$52.60*
Inspection of premise	$300.55	$405.75	*$105.20*

4.4 Option 3: 55% (average) fee increase to enable better service delivery by the Board, and changes to fee structures for specialist veterinarians, retired veterinarians and new graduates

Option 3 is to increase fees on average by 55% to achieve full cost recovery of the operations of the Board, and to allow the Board to provide an improved level of service. This takes into consideration that with trends in its current expenditure, the Board is currently unable to provide a full suite of services to veterinarians and consumers of veterinary services. With this in mind, the Board has identified additional expenditure required to: provide surge capacity to enable faster processing of applications, and implement information system improvements to support digital service delivery. Option 3 also alters the distribution of the fee burden, moving towards a more equitable sharing of the costs of the Board.

The annual renewal fee for ordinary veterinary surgeons would increase to $256.00 in 2016/17. New registrants such as graduates would pay $312.00 (application fee + registration fee) in 2016/17.

Revenue generated under this option:

- is intended to meet emerging patterns in legal expenditure and rental expense
- would provide capacity to improve service delivery via information technology enhancement
- would free resources to undertake discretionary education and awareness preventative compliance activities.

4.4.1 Projected Board Expenditure

To arrive at an estimate of fee levels for Option 3, detailed projections of the Board's expenditure over the next four years were developed. These costs were based on the Board's current expenses, with the addition of improvements in services. The expenses also included the $120 000 in annual legal costs, which reflects the three year average in legal expenditure. New expenditure items include:

- $36 000 per annum for temporary staff to enable faster processing of applications
- $44 000 per annum for an improved information management system

Similar to Option 2, it is assumed that Board expenditure increases by 2.5% per year, which is in the middle of the target inflation range for the Reserve Bank of Australia. A revenue increase of approximately 55% would be required to recover this amount.

Under this scenario, the Board's average expenditure over the next four years would be $711 346. This figure reflects the average expenditure anticipated over the four forecast years. An average revenue increase of 55% would be required to recover this amount, and would provide the Board with a small reserve from the first year.

Table 9: Projected expenses for 2016-2020 under Option 3

Description	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Current Employee Expenses	312 182	319 987	327 986	336 186
Additional Resourcing	*34 722*	*35 590*	*36 479*	*37 391*
Total Employee Expenses	**346 904**	**355 576**	**364 466**	**373 578**
Supplies & Services				
Board Member Fees & Travel	30 750	31 519	32 307	33 114
Travel	6 663	6 829	7 000	7 175
AVBC Contribution	67 398	69 083	70 810	72 580
Office Accommodation	38 382	39 342	40 325	41 333
ITP Discretionary Services	*44 000*	*44 000*	*44 000*	*44 000*
Legal Solicitors Fees	120 000	120 000	120 000	120 000
Other expenses	35 875	36 772	37 691	38 633
Total Supplies & Services	**343 068**	**347 544**	**352 133**	**356 836**
Depreciation and Amortisation				
Office Equipment	1 320	1 320	1 320	1 320
Total Depreciation	**1 320**	**1 320**	**1 320**	**1 320**

Description	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
TOTAL EXPENSES	**691 291**	**704 441**	**717 919**	**731 734**

Despite the variances in 2015/16 in relation to a peak in legal expenses associated with QCAT delays, and unforeseen accommodation expenses, the budget figures provided in the Consultation RIS remain appropriate.

4.4.2 Service Delivery Levels

Existing services are provided by the Board to register veterinary surgeons and specialists, provide oversight of the veterinary profession (particularly for misconduct), and to provide customers with relevant information about the Board's activities. However, as demand for services increase, the Board is facing pressure to prioritise finite resources to deliver its obligations under the Act (for example to process an application within 28 days) over discretionary activities necessary to support the integrity of the professional standing of the veterinary community, such as timely responses to complaints.

Option 3 proposes to enhance service delivery from the Board by:

- Appointing temporary staff to enable faster processing of applications; and
- Reforming the information management system which underpins applications and the registers.

4.4.2.1 Registration and Renewal

The Board currently has a number of challenges meeting its commitments to renew and process applications for new veterinary registrants. The vast majority of applications are processed between December and February (peak demand). However, as a result of poor information systems and limited resources, the predominately manual process has been split into front and back end functions. As a result, a full update of registration details is often not made until months after registrations and renewals are satisfied at the customer interface.

Under Option 3, two key changes are proposed which would enable the Board to more efficiently manage registration and renewal, freeing up skilled resources to focus on proactive compliance and other activities.

Temporary staff to speed up application processing

It was proposed that with adequate funding, the Board could appoint a temporary administrative officer on a surge basis (over the period of peak demand) to assist in processing applications. This would add an average of $36 000 per annum to Board expenditure.[29] It would free up more staff time to address less time critical, but high value activities, both during and after the peak demand period.

Information management systems

The Board needs to improve its information systems to more efficiently meet its own needs and the needs of consumers. The Board is in need of significant management information improvements in the following aspects:

- **Creating records**: at the present time, staff are largely reliant on Excel spreadsheets. Entry of registration details into the veterinary surgeons register is undertaken as a separate process

[29] Assumes an AO4 appointed for 4 months.

from the generation of registration correspondence, reminder notices, receipts, invoicing and certificates. The absence of data integrity checks within this approach, and delays in updating of registers until after peak periods, means that registration details are outdated and have a higher risk of data errors. Most importantly, the inability of the system to accommodate a single data event for all purposes leads to significant inefficiencies in the use of skilled staff resources.

- **Maintaining records**: In addition to the efficiencies that accrue in the initial registration process, development of the system to facilitate the log in of registered veterinary surgeons to update their own registration details will offer further efficiencies.
- **Managing service requests**: This module would include tools such as enabling veterinarians to renew their registration on line, including addressing invoicing, receipting and payment and enquire as to the status of any processes or queries currently on foot. Consumer enquiries can be managed within such a system, providing filters ranging from frequently asked questions, through to escalation of existing complaints.
- **Case Management System**: Such a system will again allow for a single data capture event, generation of relevant paper work, provide a bring-up system for required timeframes and steps and provide a database capable of use for informing management decisions.
- **Publishing Registers**: Automatic publication of the registers on a real time basis will assist the Board in meeting its statutory obligations on a timely basis, with reduced human intervention. Further, with the benefit contemporaneous publication of the updated register to the web, a consumer interface can also be created to enable the general public to make enquiry in relation to the currency of practitioner registration, without personal attendance by Board staff.
- **Provide reports**: Consistent, centralised data will enable the Board to be briefed on a timely comprehensive basis and enhance the timeliness and quality of the Board's decision making process, again with minimal need for human intervention. The distribution of this information can also be brought in line with more modern, electronic approaches such as publication on Microsoft SharePoint.
- **Exchange information**: Where commonalities arise, it is increasingly efficient for governing bodies to share data base information (subject of course to privacy considerations). An everyday example includes the authority to implant identification microchips administered by the Department of Agriculture and Fisheries. A more unusual but, important circumstance, relates to animal disease outbreaks where it is critical to human health and disease containment to make rapid contact with veterinarians.

Enhancing the information management system requires progressive implementation and investment over a number of years and could be passed onto registrants through a fee increase. The Board has already committed $25 000 towards improving some systems, which has included development of an online form for renewal applications.

An additional investment of $44 000 per annum would assist the Board in improving the other aspects of digital service delivery outlined above, and to maintain improved systems. The efficiency savings these changes will generate are expected to progressively free up a portion of existing staff to engage in a more proactive compliance and stakeholder engagement.

4.4.2.2 Misconduct and Compliance

As explored in section 2.2.2, the Board currently only initiates compliance activity in response to complaints. In many cases, this sees the Board incur the costs of individually assessing complaints and can only occur after the manifestation of adverse impacts.

On occasion, the Board has dealt with incidents where new graduates have been the subject of misconduct proceedings. In some instances, these incidents could have been avoided if either the graduate, or their supervising vet, had been better informed about current and emerging standards of practice. In these cases, education would be a cost effective measure to increase compliance and assist with mitigating upward pressure on legal expenses associated with complaints.

It is proposed to provide more education and phase in a proactive premises inspection regime. The initial education and awareness activities would include web based publications and newsletters and would be followed by information sessions at universities and industry forums as more human resource time became available.

Mitigation of complaints offers a means to reduce overall compliance and enforcement costs, prevent animal welfare incidents and also serves to preserve the reputation of the profession and augment consumer confidence in the standard of care being offered to animal patients.

By improving information systems, and reducing resourcing pressures during peak periods, the efficiencies gained would free up resources for proactive compliance activities. Educational activities would be delivered by newsletters and lectures to the profession, new graduates and industry.

4.4.2.3 Customer Information and Communication

As noted above, freeing up existing Board resources would enable it to provide education on compliance and misconduct, to ensure a proactive approach to high standards within the veterinary profession. In addition to the educational value of newsletters and lectures, they offer the opportunity to alert the profession in relation to:

- Information about practice standards;
- Legislative responsibilities, such as the requirements in relation to veterinary medicines;
- Biosecurity information;
- Invitations to submit to Parliamentary Inquiries such as the recent Hendra Vaccine;
- Continuing professional education;
- Board policies; and
- Outcomes from complaints (de-identified case studies).

4.4.3 Distribution of fee burden

The review of the appropriateness of fees in the Regulation offers an opportunity to consider whether the current approach to fees for specific categories of veterinary registrants remains appropriate. Section 2.2.3 outlines the current approach to distribution of fee burden. Option 3 proposes changes to the existing fee structures to reflect a more equitable distribution of the costs and benefits of registration.

Graduate veterinarians

Option 3 takes a different approach to the initial registration of new graduate veterinarians. It proposes that graduates would receive a subsidy of 25% on their registration fee for the first year of registration - $192.00 (for 2016-17), as opposed to $256.00 for veterinary surgeons. Graduates would continue to pay the initial application fee of $120 (2016-17).

Retired Veterinarians

Option 3 reassesses the distribution of public and private benefits associated with the registration of retired veterinarians. Rather than the current 66% fee subsidy (which implies the public benefit is twice as great as the private benefit), Option 3 suggests a 50% subsidy – in essence the public and private benefits of registration are balanced. This would see retired veterinarians paying a renewal fee of $128.00 (in 2016-17), as opposed to $256.00 for veterinary surgeons.

Specialist veterinarians

Option 3 takes a different approach to fees for specialist veterinarians. It builds additional costs of initially processing a specialist applicant, by allowing for a larger application fee compared to a veterinary surgeon - $150.00 for an initial application for a specialist, over $120.00 for a veterinary surgeon (2016-17). This is a slight reduction from the *status quo* where specialists pay an equivalent application fee of $150.20 in 2015/16.

It also proposes an additional annual renewal fee of $100 for specialists (in 2016/17) to make allowance for the additional expertise that is required for specialist proceedings that arise in QCAT.

Government Veterinarians

Option 3 proposes to continue the current fee exemption for government veterinarians, provided they do not engage in private practice. Private practice (including casual, part-time or locum work) would disqualify veterinary surgeons from this exemption.

Table 10: Proposed fees for Option 3 for 2016-17 with comparison to 2015-16

	2015/16 Fee	Option 3 (55% increase) Projected 2016/17 fees	Change from 2015/16
Renewals			
Veterinary Surgeon	$165.15	$256.00	*$90.85*
New Graduate	$165.15	$192.00	*$26.85*
Retired Veterinarian	$53.85	$128.00	*$74.15*
Veterinary Specialist	$330.30	$356.00	*$25.70*
Retired Specialist	$219.00	$228.00	*$9.00*
s18A Special Approval	$165.15	$256.00	*$90.85*
s19E (3) Special Registration Veterinary Surgeon	$165.15	$256.00	*$90.85*
s19E (3) Special Registration Veterinary Specialist	$330.30	$356.00	*$25.70*
Government Veterinarians	$-	$-	*$-*
Application fee + initial registration			
New Veterinary Surgeon	$75.00	$120.00	*$45.00*

	2015/16 Fee	Option 3 (55% increase) Projected 2016/17 fees	Change from 2015/16
New Veterinary Specialist	$150.20	$150.00	*-$0.20*
Limited Registration	$29.80	$69.45	*$39.65*
s19E (3) Special Registration Veterinary Surgeon	$75.00	$120.00	*$45.00*
s19E (3) Special Registration Veterinary Specialist	$150.20	$150.00	*-$0.20*
Restoration and Duplicate Certificates			
Restoration of name for Veterinary Surgeon or Veterinary Specialist	$135.05	$150.00	*$14.95*
Duplicate certificate for registration	$44.80	$69.45	*$24.65*
Premise Approvals and Inspections			
Approval of premise	$150.20	$232.85	*$82.65*
Inspection of premise	$300.55	$465.90	*$165.35*

5 Stakeholder impact

This section of the Consultation RIS addressed the impact of the options in meeting policy objectives about ease of doing business, competition and animal welfare. Impact was assessed as the benefits and costs to government, the community, and the veterinary profession.

Assumptions about numbers of veterinarians and the frequency of fees

The impact assessment provided below was predicated on assumptions about the number of veterinarians in Queensland and the frequency with which each fee type is used. For the purposes of the impact assessment, it was assumed that new entrants to the profession are offset by those who choose not to renew their registration. This impacts the use of registration and renewal fees, which generate the majority of Board revenue. It was also assumed that the Board would continue to receive the same volume of new premise approvals and to inspect the same number of premises.[30] As a result, the frequency figures for 2014/15 formed the basis for all revenue projections in the document (see Table 3 for these figures). It is accepted that depending on actual registration figures, revenue will vary. This applied to all revenue projections in the Consultation RIS.

5.1 Overview of key differences between options

To understand the impact of the options on various stakeholders, it is first necessary to understand specifically how the options differ. The following table compares Option 1 (3.5% increase), Option 2 (35% uniform fee increase) and Option 3 (55% average fee increase) in how they would address the policy issues identified in the issues for consideration section.

Table 11: Overview of key differences between options

Policy Problem	Option 1 – 3.5% (uniform) fee increase in line with the government's approved indexation rate	Option 2 – 35% (uniform) fee increase to meet current expenditure, with no changes in fee structures	Option 3 – 55% (average) fee increase to enable better service delivery by the Board, and changes to fee structures for some registrant classes
Sustainable funding of the Board	Ongoing funding for the Board's current activities would be achieved by contributions from veterinary registrants and the taxpayer	Sustainable funding for the Board's current activities would be achieved	Sustainable funding for the Board's current activities and improvements would be achieved.
Level of Board Expenditure and service	There is limited scope provided for the Board to continue to provide current service levels. It is likely that compliance and enforcement activities would be reduced.	Current service standards in processing applications, compliance and customer information would be maintained. A $120,000 budget for legal fees would facilitate ongoing cases before QCAT.	The Board will invest in improving service delivery by modernising information systems and allowing for temporary staffing to speed up application processing. A $120,000 budget for legal fees would facilitate ongoing cases before QCAT. Proactive compliance activities and education would be undertaken by the Board
Appropriate fee levels of for specialist veterinarians	Specialist veterinarians would continue to pay two renewal fees, in essence twice the fees paid by veterinary surgeons.	Specialist veterinarians would continue to pay two renewal fees, in essence twice the fees paid by veterinary surgeons.	Specialist veterinarians would continue to pay a larger initial application fee (compared to veterinary surgeons), but would only pay $100 more than

[30] Although some increase in premise inspections may occur over time, these are not considered significant enough to warrant changes – together premise approvals and inspections make up 0.6% of the Board's annual revenue.

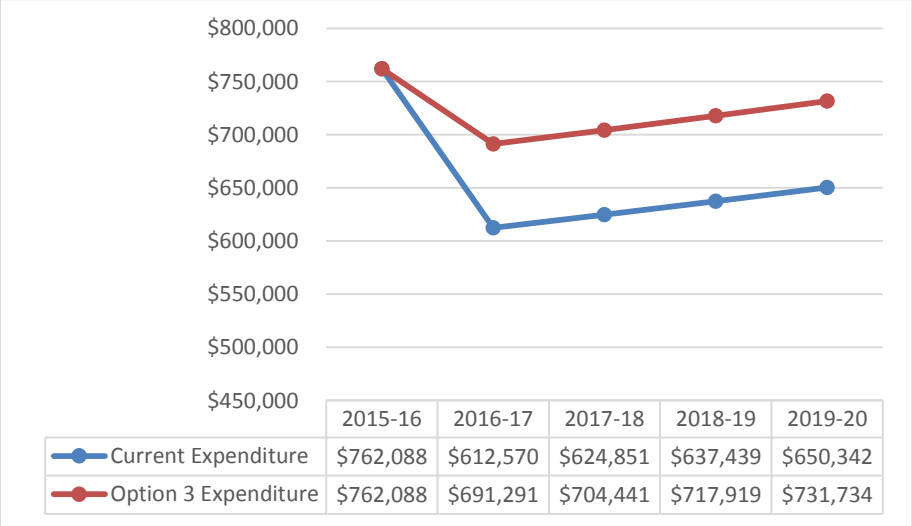
Policy Problem	Option 1 – 3.5% (uniform) fee increase in line with the government's approved indexation rate	Option 2 – 35% (uniform) fee increase to meet current expenditure, with no changes in fee structures	Option 3 – 55% (average) fee increase to enable better service delivery by the Board, and changes to fee structures for some registrant classes
			veterinary surgeons for renewal.
Appropriate levels of subsidy for government veterinarians	Recognising the public benefits provided by government veterinarians, they would continue to receive fully subsidised fees.	Recognising the public benefits provided by government veterinarians, they would continue to receive fully subsidised fees.	Recognising the public benefits provided by government veterinarians, they would continue to receive fully subsidised fees.
Appropriate levels of subsidy for retired veterinarians	Retired veterinarians would continue to receive a 66% fee subsidy.	Retired veterinarians would continue to receive a 66% fee subsidy.	Reconsidering the private benefits conferred by registration as a veterinary surgeon, retired veterinarians would see their fee subsidy reduced to 50%.
Appropriate levels of subsidy for graduate veterinarians	Graduate veterinarians would receive no special treatment, and continue to pay the initial application fee and full year renewal fee in their first year.	Graduate veterinarians would receive no special treatment, and continue to pay the initial application fee and full year renewal fee in their first year.	Graduate veterinarians would receive a 25% subsidy on their initial registration fee (not their application fee).

5.1.1 Projection of Board Expenses

A key issue outlined in the issues statement was whether additional expenditure is required over and above that currently available to the Board, to increase service delivery outcomes for Queensland veterinarians and consumers. As explored in section 4, Options 1 and 2 were formulated on the basis of the Board's current expenditure pattern. By comparison, Option 3 built in the additional costs of improvements to information systems and temporary staffing to speed up registrations and renewals. These costs were then indexed at 2.5% per year – consistent with the Reserve Bank's target rate for inflation.

The following figure compares the expected expenditure growth of the Board under Options 1 and 2 (current expenditure) and Option 3 (increased expenditure).

Figure 7: Projected Veterinary Surgeons Board expenses across options 2015-2020



	2015-16	2016-17	2017-18	2018-19	2019-20
Current Expenditure	$762,088	$612,570	$624,851	$637,439	$650,342
Option 3 Expenditure	$762,088	$691,291	$704,441	$717,919	$731,734

5.1.2 Projection of Board Fee Revenue

Central to the Board's financial sustainability (and therefore its ability to deliver services under the Act) is its capacity to raise revenue. In the case of Option 1, revenue is a product of an indexation of current fees by 3.5%. By comparison, revenue for Option 2 and Option 3 were derived from the projected expenditure under each respective option. For Option 2, a uniform 35% fee increase was required to match the four year average of the projected expenditure. Option 3 took an average fee increase of 55% to match the increase revenue required to deliver improved services. However, under Option 3, some fees have risen by more (138% for retired veterinarians, who see their subsidy reduced to 50%) or less (8% for specialist veterinarians, who would no longer pay double the ordinary registration fee) than 55%. Table 12 provides an overview of the estimated revenue generated under each option in 2016-17.

Table 12: Projected Veterinary Surgeons Board fee revenue across options 2016-17 in the Consultation RIS

	Option 1	Option 2	Option 3
Applications	$52 705	$68 743	$65 200
Renewals	$425 748	$555 369	$635 056
Other fees	$1 538	$2 006	$1 650
Premise Approvals[31]	$3 266	$4 259	$4 890
Total	**$483 257**	**$630 377**	**$706 796**

Table 13: Projected Veterinary Surgeons Board fee revenue across options 2016-17 based on 2015/16 actuals

	Option 1	Option 2	Option 3
Applications	$62 416	$81 410	$76 258
Renewals	$444 847	$580 281	$664 456
Other fees	$ 2 111	$2 754	$2 436
Premise Approvals	$8 242	$10 749	$12 341
Total	**$517 616**	**$675 193**	**$755 492**

5.2 Assessment of costs and benefits

Each option will manifest a different set of benefits and costs for the government, veterinarians and the community. The following section explored the specific impacts of each option on these groups. Note that generally costs and benefits experienced by veterinarians are discussed collectively. Where some classes of veterinarians (e.g. retired veterinarians) receive differing benefits or costs, this is

[31] Premise approval accounts in the Consultation RIS were incorrectly identified as 17 rather than 34.

identified. Table 14 summarises these impacts based on the 2014/15 activity count and fee options contained in the Consultation RIS.

The assessment takes Option 1 as the baseline of analysis (status quo option). In 2016/17, fees under the Regulation would increase by 3.5% in line with government policy. Government fees are generally indexed annually. Costs and benefits are derived by comparing the options against the baseline (Option 1).

Table 13 also presents the increase in fees contained in the Consultation RIS under options 1, 2 and 3 (in 2016/17) relative to the fees in 2015/16 so that stakeholders can clearly see by how much their fees would increase under the different options. Where costs and benefits are quantified in the assessment, they are for the 2016/17 financial year. This includes noting the costs and benefits of the 3.5% fee indexation under Option 1. A direct comparison is also provided with Option 1 in parentheses to aid in interpretation.

It must be noted that under Options 2 and 3, Board expenses would be covered by increased fee revenue. Based on the 2014/15 activity count, under Option 1, the Board would have a revenue shortfall of approximately $129 313 in 2016/17. This identified the risk that this deficit would be covered by the Queensland taxpayer and that increased pressure would be brought to bear on the Board to reduce services to limit costs.

A new impact assessment that compares the actual activity for 2015/16 and the new fee levels to be recommended to the Cabinet Budget Review Committee is provided in the decision section.

Table 14: Impact Assessment of Options 2 and 3 compared to status quo based on 2014/15 activity count

Impact Group	Option 1 — 3.5% increase (Baseline of analysis – impacts are current issues unless specified)	Option 2 — 35% increase, same fee structure (compared to baseline Option 1)	Option 3 — 55% increase, improved service, amended fee structure for some registrants (compared to baseline Option 1)
Benefits			
Government	Board revenue increases by $16 401 (2016/17, relative to 2015/16 fees).	Full cost recovery of service provided. Avoids risk of taxpayer having to subsidise the Board which is likely under Option 1. Board revenue increases by $147 120 in 2016/17 relative to Option 1. (Total revenue of $630 377). Board is able to adequately discharge services to the community. Avoids deterioration in service levels, which is a risk under of Option 1.	Full cost recovery of service provided. Avoids risk of taxpayer having to subsidise the Board which is likely under Option 1. Board revenue increases by $236 083 in 2016/17 relative to Option 1. (Total revenue of $719 340). Board is able to adequately discharge services to the community. Avoids deterioration in service levels, which is a risk under of Option 1. Improvement in service levels: • New information systems mean better data collection and collation. • More up to date information about registrants in database reduces costs in emergencies. • Surge resourcing frees up capacity for value added services such as compliance education.
Veterinarians		Registration applications continue to be processed adequately. Avoids a potential deterioration in service levels provided to Veterinarians (which is a risk under Option 1). For example, avoids longer application processing times and the risk of not processing applications within 28 day timeframe and inaccurate maintenance of register and delayed registrations. Board compliance activities maintain the integrity of the profession (avoids the risks under Option 1 where there is likely to be deterioration in service levels due to funding shortfalls).	Registration applications are processed quickly and efficiently. Avoids a potential deterioration in service levels provided to Veterinarians (which is a risk under Option 1). For example, avoids longer application processing times and the risk of not processing applications within 28 day timeframe and inaccurate maintenance of register and delayed registrations. New information systems make registration easier and more user friendly. Board compliance activities maintain the integrity of the profession (avoids the risks under Option 1 where there is likely to be deterioration in service levels due to funding shortfalls). Compliance education helps practitioners understand practice risks and obligations, thereby assisting them to

Impact Group	Option 1 — 3.5% increase (Baseline of analysis – impacts are current issues unless specified)	Option 2 — 35% increase, same fee structure (compared to baseline Option 1)	Option 3 — 55% increase, improved service, amended fee structure for some registrants (compared to baseline Option 1)
			avoid inadvertent failure to meet the requirements of the Act easier.
Specialist Vets	Currently: Specialist vets pay twice the annual renewal fee (see Section 2.2.3)	No additional benefit compared to Option 1 as Specialist vets continue to pay twice the annual renewal fee.	No additional benefit compared to Option 1, as Specialist vets still pay higher fees under Option 3. (However, note changes to fees for specialist vets under Option 3 sees them pay $100 in addition to the renewal fee for a veterinary surgeon, rather than twice the regular renewal fee, resulting in a lesser increase in fees compared to Option 2)
Government Vets	Currently: Government vets utilise fully subsidised fees (see Section 2.2.3).	No additional benefit compared to Option 1 as Government vets continue to utilise fully subsidised fees.	No additional benefit compared to the Option 1 as Government vets continue to utilise fully subsidised fees.
Retired Vets	Currently: Retired veterinarians receive 66% fee subsidy (see Section 2.2.3),	No additional benefit compared to Option 1 as Retired veterinarians still pay higher fees under Option 2. (Note under Option 2, Retired veterinarians maintain 66% fee subsidy)	No additional benefit compared to Option 1 as Retired veterinarians still pay higher fees under Option 3. (Note under Option 3, Retired veterinarians receive a lesser 50% fee subsidy. See cost impacts.)
New Graduates	Currently: New graduates pay the full veterinary surgeons fee (see Section 2.2.3).	No additional benefit compared to Option 1 as New graduates continue to pay the full veterinary surgeons fee.	No additional benefit compared to Option 1 as New graduates still pay higher fees under Option 3. (However, note under Option 3 New graduates receive a 25% subsidy for their initial registration fee resulting in a lesser increase of fees compared to Option 2.)
Community		Maintains the community's confidence in the Board's capacity to oversight veterinary profession. Avoids a potential risk to consumers' confidence in the quality of care and in animal welfare outcomes under Option 1. The community is no longer at risk of consolidated revenue funds being diverted from policy priorities to fund Board shortfall (which is a risk under Option 1).	Maintains the community's confidence in the Board's capacity to oversight veterinary profession. Avoids a potential risk to consumers' confidence in the quality of care and in animal welfare outcomes under Option 1. The community is no longer at risk of consolidated revenue funds being diverted from policy priorities to fund Board shortfall (which is a risk under Option 1).

Impact Group	Option 1 — 3.5% increase (Baseline of analysis – impacts are current issues unless specified)	Option 2 — 35% increase, same fee structure (compared to baseline Option 1)	Option 3 — 55% increase, improved service, amended fee structure for some registrants (compared to baseline Option 1)
			Potential for an increase in compliance levels and an associated benefit to animal welfare.
Costs			
Government	Current issues as set out in the issues statement: Expenditure is exceeding revenue (see Section 2.2.1): Assuming $612 570 in expenditure in 2016/17 (consistent with current levels of service under Option 2), the taxpayer would need to subsidise the Board by $129,313. Risk of decline in service levels due to lack of funding (see Section 2.2.2): Board comes under increasing resourcing pressure to process applications within 28 day timeframe. Inaccurate maintenance of register and delayed registrations result. Board comes under pressure to reduce compliance activities, and incidents of misconduct increase.		Existing forms need to be changed to accommodate new fee structures for veterinary specialists, retired veterinarians and graduates.
Veterinarians	Currently: Veterinarians pay 3.5% more for registration in 2016-17 than in 2015-16, representing the status quo CPI fee increase. This amounts to a collective additional imposition of $16 401 across the industry. Risk of decline in service levels due to lack of funding (see Section 2.2.2): The potential inability of the Board to process applications in time means some veterinarians may be unregistered. Board comes under pressure to reduce compliance activities, and there is the potential that incidents of	Veterinarians pay 35% more for registration in 2016/17 than they paid in 2015/16 (31.5% more than they would pay in 2016/17 under Option 1).This amounts to a collective additional imposition of $163 522 across the industry ($147 120 compared to Option 1). All types of fees go up by 35%.	Veterinarians pay on average 55% more for registration in 2016-17 than they paid in 2015-16. This amounts to a collective additional imposition of $239 941 across the industry ($223 540 compared to Option 1).

Impact Group	Option 1 — 3.5% increase (Baseline of analysis – impacts are current issues unless specified)	Option 2 — 35% increase, same fee structure (compared to baseline Option 1)	Option 3 — 55% increase, improved service, amended fee structure for some registrants (compared to baseline Option 1)
	misconduct increase, impacting on the standing of the profession.		
Vet Surgeons	Currently: Each registrant pays an additional $5.80 for renewal in 2016-17 compared to 2015-16, representing the status quo CPI fee increase. This amounts to a collective additional imposition of $13 177 across the pool of registered veterinary surgeons. Full fee paying registrants subsidise retired veterinarians and government veterinarians (see Section 2.2.3).	Each registrant would pay an additional $57.85 for renewal in 2016/17 than they paid in 2015/16 ($52.05 more than they would pay in 2016/17 under Option 1). This represents a 35% increase. This amounts to a collective additional imposition of $131 435 across the pool of registered veterinary surgeons ($118 258 compared to Option 1). Note: Full fee paying registrants continue to subsidise retired veterinarians and government veterinarians as in Option 1.	Each registrant would pay an additional $90.85 for renewal in 2016-17 than they paid in 2015-16 ($85.05 more than they would pay in 2016-17 under Option 1). This represents an average 55% increase. This amounts to a collective additional imposition of $206 411 across the pool of registered veterinary surgeons ($193 234 compared to Option1). Note: Full fee paying registrants continue to subsidise retired veterinarians and government veterinarians. Ordinary registrants also absorb the cost of reduced fees for veterinary specialists as in Option 1.
Specialist Vets	Currently: Specialist veterinarians pay twice the annual renewal fee (see Section 2.2.3). Each registrant would pay an additional $11.60 for renewal in 2016-17 compared to 2015-16, representing the status quo CPI fee increase. This amounts to a collective additional imposition of $858. Specialists may be cross subsidising other registrants, over and above retired veterinarians and government veterinarians.	Specialist veterinarians continue to pay twice the annual renewal fee. Each registrant would pay an additional $115.65 for renewal in 2016/17 compared to 2015-16 ($104.05 more than they would pay in 2016-17 under Option 1). This amounts to a collective additional imposition of $8 558 ($7 700 compared to Option 1). Note: Specialists may be cross subsidising other registrants, over and above retired veterinarians and government veterinarians.	Each registrant would pay an additional $25.70 for renewal in 2016/17 compared to 2015-16 ($14.10 more than they would pay in 2016-17 under Option 1). This amounts to a collective additional imposition of $1 902 ($1 043 under Option 1). Note: Specialist Vets are benefiting from a much smaller increase in fees (7.9% as opposed to the average 55% increase so that their renewal fee is now $100 more whereas currently it is double the vet surgeon fee).
Government Vets	Currently: Government veterinarians pay no registration fees (see Section 2.2.3).	No extra costs compared to Option 1 or 2015-16, because government veterinarians pay no registration fees.	No extra costs compared to Option 1 or 2015-16, because government veterinarians pay no registration fees.
Retired Vets	Currently: Each registrant pays an additional $1.90 for renewal in 2016-17 compared to 2015-16 representing the status quo CPI fee increase. This amounts to a collective additional imposition of $395.	Each registrant would pay an additional $18.85 for renewal in 2016-17 compared to 2015-16 ($16.95 more than they would pay in 2016-17 under Option 1). This amounts to a collective additional imposition of $3 921 ($3 526 under Option 1).	Each registrant would pay an additional $74.15 for renewal in 2016-17 compared to 2015-16 ($72.25 more than they would pay in 2016-17 under Option 1). This amounts to a collective additional imposition of $15 423 ($15 028 under Option 1).

Impact Group	Option 1 — 3.5% increase (Baseline of analysis – impacts are current issues unless specified)	Option 2 — 35% increase, same fee structure (compared to baseline Option 1)	Option 3 — 55% increase, improved service, amended fee structure for some registrants (compared to baseline Option 1)
			Note: Retired Vets are facing a 138% increase in fees. However, they are still being heavily subsidised (by $128) with a new renewal fee of $128 compared to the vet surgeon renewal fee of $256.
New Graduates	Currently: New graduates pay the initial application fee and a renewal fee up front (see Section 2.2.3). Each new registrant pays an additional $8.45 for their first registration in 2016-17 compared to 2015-16 representing the status quo CPI fee increase. This amounts to a collective additional imposition of $1 656. Full fee paying registrants subsidise retired veterinarians and government veterinarians.	New graduates pay the initial application fee and a renewal fee up front. Each new registrant would pay an additional $84.10 for their first registration in 2016-17 compared to 2015-16 ($75.65 more than they would pay in 2016-17 under Option 1). This amounts to a collective additional imposition of $16 484 ($14 827 under Option 1). Note: Full fee paying registrants continue to subsidise retired veterinarians and government veterinarians, as under Option 1.	New graduates pay the initial application fee and a renewal fee up front. Each new registrant would pay an additional $71.85 for their first registration in 2016-17 compared to 2015-16 ($63.40 more than they would pay in 2016-17 under Option 1). This amounts to a collective additional imposition of $14 083 ($12 426 under Option 1). Note: New graduates are facing a 30% increase which is lower than the average increase of 55%. They are being subsidised in Option 3, compared to Option 1 where there is no subsidisation for Graduate vets.
Community	Current issues: Expenditure is exceeding revenue (see section 2.2.1): The taxpayer bears a greater share of the risk of the Board's expenditure exceeding revenue – the differential is met from consolidated revenue. Risk of decline in service levels due to lack of funding (see section 2.2.2): Reduced compliance activities by the Board means that consumers are more vulnerable to incidents of professional misconduct. Potential increase in incidents of misconduct or lack of compliance could adversely affect animal welfare.	There is some potential for veterinarians to pass the cost of a fee increase onto consumers of veterinary services.	There is some potential for veterinarians to pass the cost of a fee increase onto consumers of veterinary services.

5.3 Benchmarking

While not completely structurally comparable, Table 14 demonstrates that fees in Queensland are generally below those charged in comparable jurisdictions.

The most significant fees are in relation to entry to the market and recurrent annual costs:

Table 15: Comparison of significant veterinary fees by Australian Jurisdiction – As at 30 June 2015

	New Application (assessment only)		Renewal (yearly)	
Jurisdiction	**Vet**	**Specialist**	**Vet**	**Specialist**
Queensland current	**$75.00**	**$150.20**	**$165.15**	**$330.30**
Queensland Option 1	**$77.65**	**$155.50**	**$170.95**	**$341.90**
Queensland Option 2	**$101.25**	**$202.80**	**$223.00**	**$445.95**
Queensland Option 3	**$120.00**	**$150.00**	**$256.00**	**$356.00**
New South Wales	$125	$220	$275	$275
Victoria	$130	$60	$340	$540
Western Australia	$125	$185	$410	$490
South Australia	$200	$400	$490	$780
Australian Capital Territory	$66	$148	$333	$540
Tasmania	$120	$320	$384	$384
Northern Territory	$57	$58	$115	$287

Under the current fee structure veterinarians and specialists are required to pay a new applicant fee, to cover assessment and initial registration, and the fee for their first year of registration. For veterinary surgeons, this leads to an upfront cost of $240.15 (2015-16) and for specialists $480.50 (2015-16).

Under the proposed options, the comparable upfront cost to register for 12 months is set out in Table 15.

Table 16: First year cost of registration (including initial assessment and one year registration) across all jurisdictions

Initial registration outlay	Opt 1	Opt 2	Opt 3	NSW	Vic	WA	SA	ACT	Tas	NT
Surgeon	**$248.60**	**$324.25**	**$312.00** [32]	$400	$470	$535	$690	$399	$504	$172
Specialist	**$497.40**	**$648.75**	**$506.00**	$495	$600	$675	$1,180	$688	$704	$345

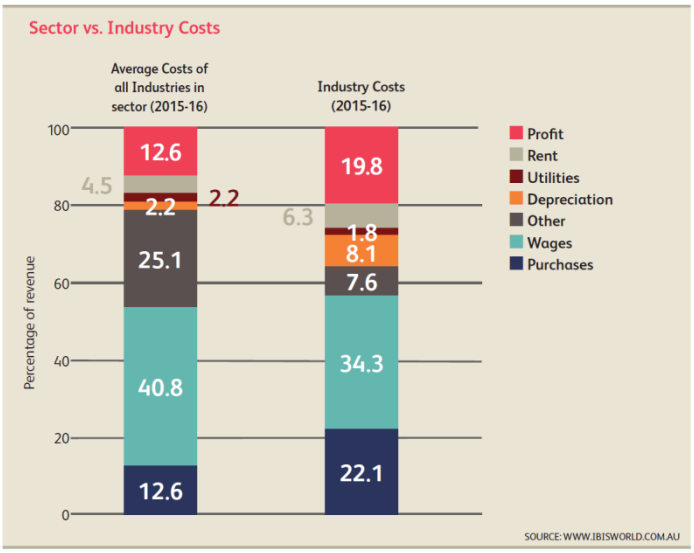
[32] Note that Option 3 proposes a subsidy of 25% for the initial registration fee ($192.00 as opposed to 256.00). This subsidy would apply for graduates, the most frequent users of the initial application fee. Where first time applicants were not recent graduates, the fee would be $376.00.

Across all jurisdictions, the first year cost to gain primary registration ranges from $172 in the Northern Territory through to $690 in South Australia. Apart from the Northern Territory, and a concessional initial registration fee of $250 in Western Australia for new graduates, all three of the Queensland options under consideration are the third lowest in Australia.

For specialists, the first year costs of registration range from $345 in the Northern Territory through to $1,180 in South Australia. Of the three fee proposals for specialists, Option 3 would be the third lowest in Australia and Option 2 would be the third highest.

Another important benchmark is to consider the cost of registration against costs within the veterinary industry. In 2015/16 the total revenue for the Australian veterinary sector was expected to reach $2.6 billion.[33] As Figure 8 illustrates, 19.8% of this is anticipated in profit.[34] With this in mind, the scale of fee increases described under Option 2 and Option 3 are unlikely to fundamentally alter industry expenditure. Moreover, veterinary practices have the capacity to spread additional annual costs over an annual customer base.

Figure 8: Sector vs Industry Costs



Source: IBISWorld – Industry Report M6970

[33] Allday, 2016, *Industry Report M6970: Veterinary Services in Australia*, p. 4.
[34] Ibid, p. 20.

6 Preferred Option in the Consultation RIS

The Board plays an important role in providing registration of veterinarians and veterinary specialists, administering the disciplinary provisions of the Act in respect of professional misconduct by registrants and the performance of prohibited practices by non-registered persons. The effective functioning of the Board is critical to achieving its role in improving the health and welfare of animals. To some extent, the Act contributes to the public interest by providing a regulatory environment to support domestic and international consumer protection.

The Consultation RIS provided three options to weigh the public and private benefits of the veterinary registration system. The first option was for continuation of the existing indexed fee regime with significant subsidisation by the Queensland taxpayer and risk of reduced service delivery. The second option was for a flat rate increase to fees of 35% to meet the current cost of providing the service. The third option was a 55% (average) fee increase to enable better service delivery by the Board, while fine tuning some fees applicable to classes of veterinary surgeon.

Under option 1, the status quo is maintained and an additional financial burden is not applied to veterinary practitioners. It does not meet the requirement that all relevant parties that benefit from the provision of registration system should contribute in proportion to benefits gained. Under option 2, veterinary practitioners cover the full cost of a system that they largely benefit from, with some anomalies in relation to the additional burden being carried by specialist practitioners. Option 2 does not make allowance for growing demands being placed on the complaints function of the Board or address an increasingly reactive investigative environment. It creates a risk for the community that government resources will again be required to shore up the Board's finances, and may result in reduced service delivery.

Under option 3, the costs of maintaining the long term effectiveness of the role of the Board is born by the practitioners who benefit from the recognition of their right to practice, the provision of a professional investigations system and availability of an impartial panel of veterinary professionals to address professional conduct concerns, reputation and integrity. Further, it alleviates a portion of the financial burden placed on specialists, to strike a balance between the more complex professional complaints services delivered and the relatively small difference in administrative effort required when compared to non-specialists. It also re-evaluates the benefits realised by retired and government veterinarians, while recognising the public benefits associated with the registration of these individually. Finally, Option 3 acknowledges the importance of reducing barriers to entry to the profession by providing graduate veterinarians a modest subsidy which recognises the limitations on their capacity to contribute to the regulation of the profession.

Option 3 was the preferred option as it offered a more sustainable funding base to support the ongoing operation of the registration and professional standards function, more fairly allocates the costs of the administrative aspects of the registration process, enables proactive education and awareness activities to assist practitioners to comply with requirements and supports improved service standards by the Board. As a result of feedback during the consultation process, the government's preferred option has changed.

7 Consultation

The Consultation RIS was made available from 4 August 2016 to 1 September on the State Government's "Get Involved" webpage.

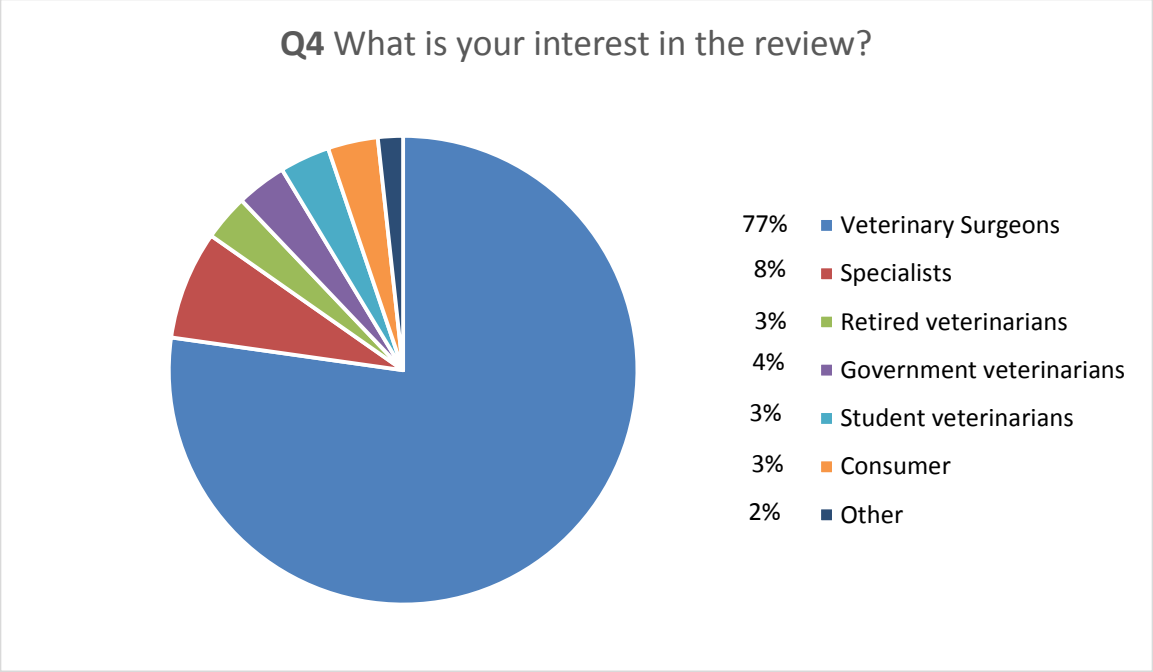
Targeted stakeholders were made aware of the consultation process via the following methods:

TARGET AUDIENCE	COMMUNICATION TOOL
Veterinary practitioners	• Email from the Chief Biosecurity Officer to all Queensland vets, distributed via the VSB • Placement on the "Get involved" page • Online survey – survey monkey • Social media – two posts (start and closing soon)
Veterinary students	• Email to University of Queensland and James Cook University vet schools
AgForce Australian Physiotherapy Association Equine dentists	• Email from Chief Biosecurity Officer • Placement on the "Get involved" page
DAF staff	• Intranet news story

A total of 357 responses were received, 347 of which were received through an online survey made available through Survey Monkey. The questions posed can be found at Appendix 1. It should be noted that the final four questions were posed in the context of the Biosecurity Capability Review and are not relevant to consideration of the Consultation RIS itself.

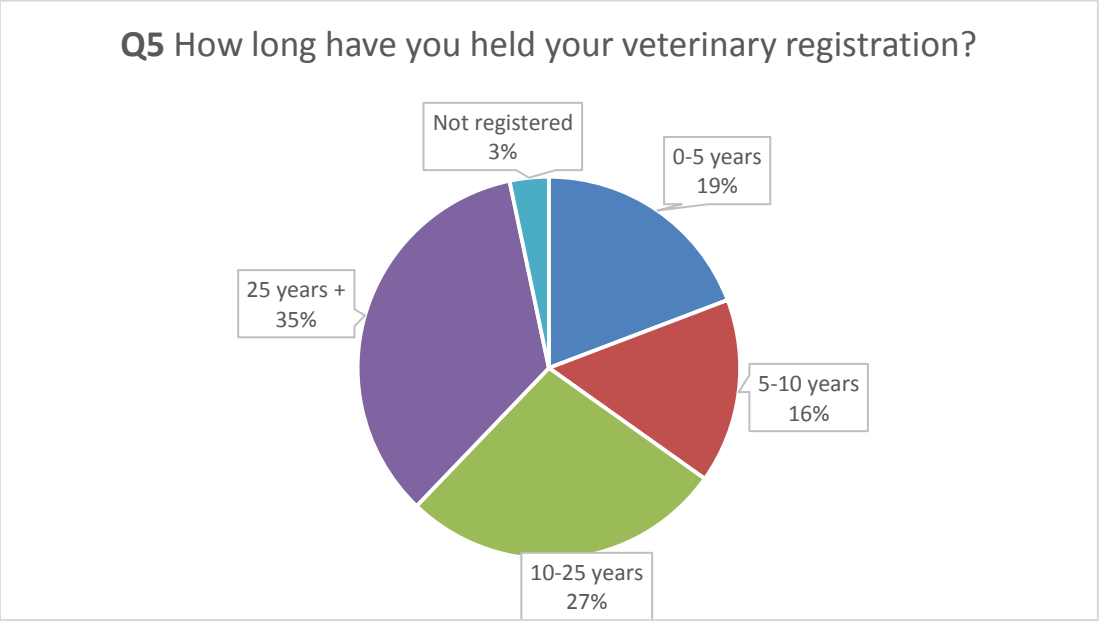
7.1 Survey Monkey based respondents

In relation to the 347 responses were received via the online survey, the mix of respondents is demonstrated in the graph below.

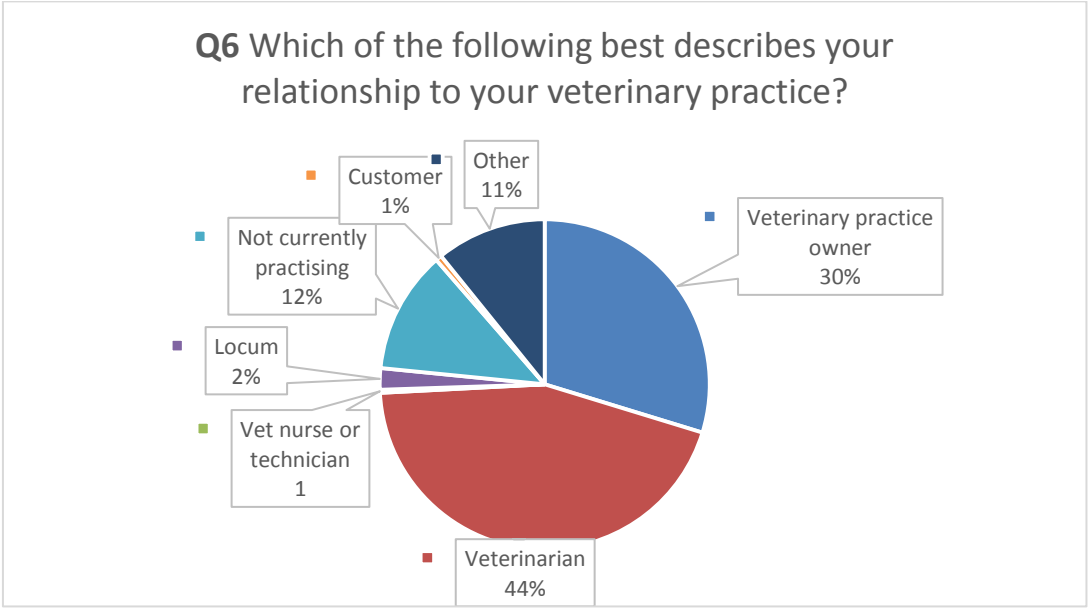


"Other" respondents include academic and non-practising veterinary interests.

Of the 268 veterinary surgeons that responded 71% classify themselves as urban or peri-urban practitioners, while the 29% serve rural or remote communities. The length of registration was advised as follows:



To inform whether the nature of the respondents' interests influenced their preferences, the nature of their relationship to their practice as also sought:



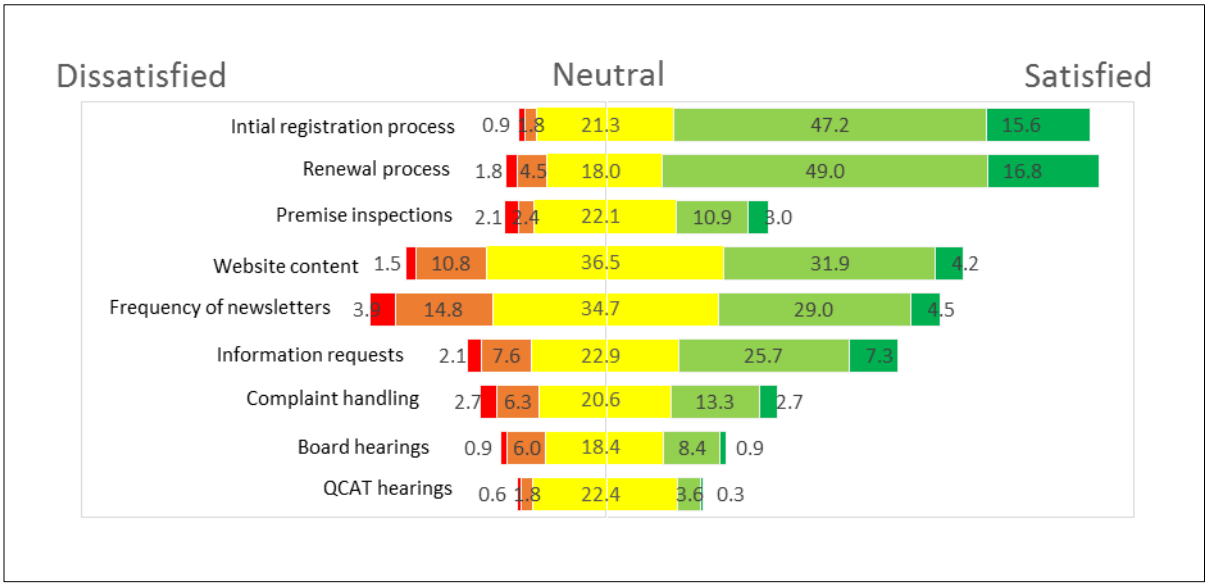
"Other" responses included government veterinarians, retired, specialists, academics and those with dual capacities such as retired locum, part ownerships or corporate roles.

Of those veterinarians currently operating in a commercial environment, only 8% operate within a franchise and others as privately branded businesses.

Of those responding, more than 51% service small animals, less than 4% concentrate on large animals and 21% operate in mixed practices. Of the remainder, 14% are not practising and a further 10% are engaged in government, academic, locum or specialised activity.

7.2 Survey Monkey Based Responses

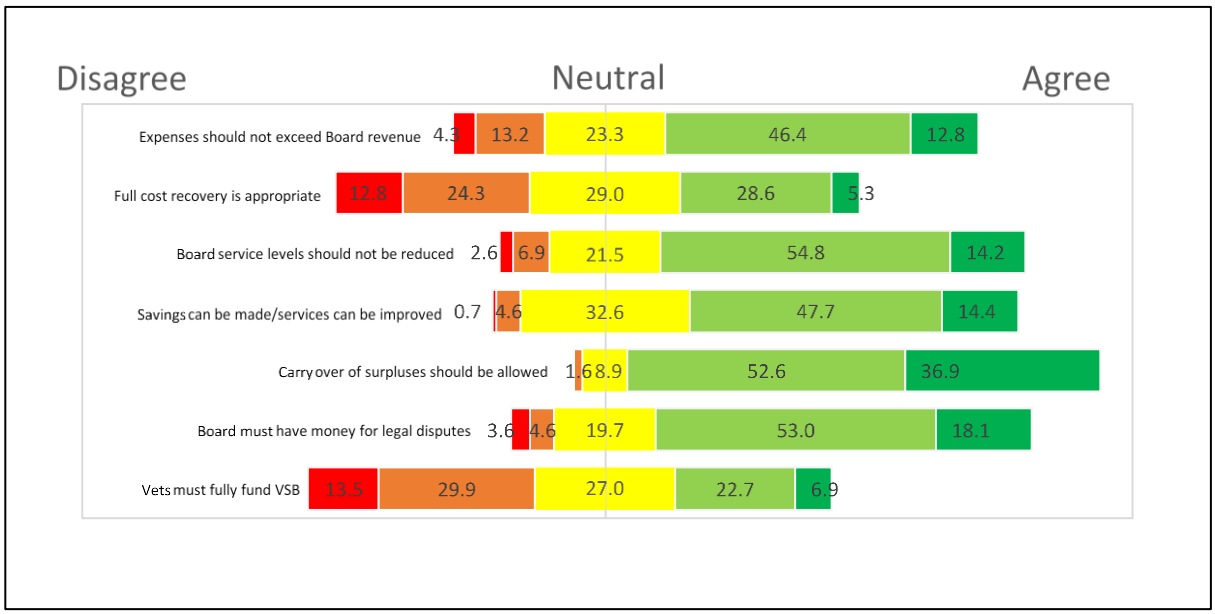
Respondents were first asked to express their views on aspects of service provision by the Board (Q9):



The number of dissatisfied respondents is in the minority in relation to all service questions posed, with the highest negative response rate occurring in relation to the frequency of the Board's newsletters at 18.7%. This aspect of the Board's operations and the value of proactive information, as part of a compliance strategy, was noted within the Consultation RIS. Releasing human resources to actively improve this function was part of the intent of the additional funding proposed under Option 3.

A number of free text comments also referred to the Board's service standards. One respondents noted that 'The VSB takes a long time to update details on the website of registered veterinarians.' Another highlighted the 'very slow email turnaround time (waited two months for reply in one instance).'

Respondents were then given a number of propositions in relation to the funding and operations of the Board (Q11). These questions were framed in both positive and negative terms to encourage active consideration of the propositions. In that regard, care should be taken to interpret the meaning of the response. The full wording of the propositions can be found in the Appendix 1:

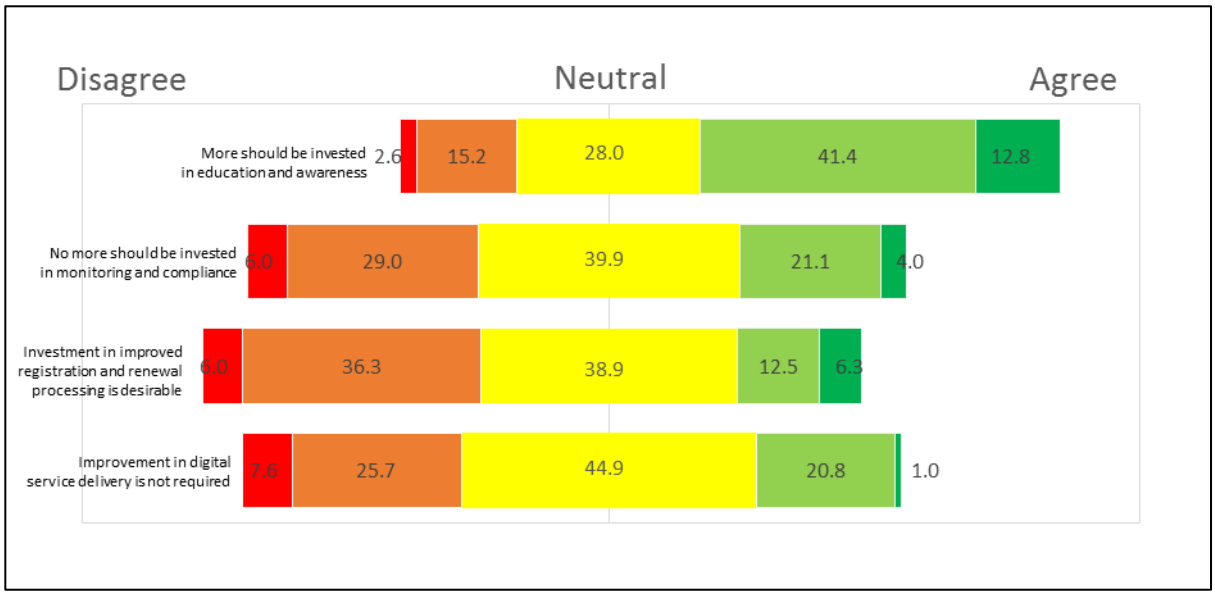


While around 17.5% of respondents do not accept that the Board's expenditure should be constrained to revenue levels, another 59.2 % believes the Board should be constrained. Only a minority of respondents (33.9%) support full cost recovery and only 29.6% of respondents believe it is essential for vets to fully fund the Board. Based on this question in isolation, it appears that taxpayer subsidisation to remain within a budget is the majority position.

The majority of respondents (89.5%) support the carryover of surpluses to meet unexpected expenses and there is majority support (71.1%) for the Board maintaining funds to engage in legal disputes.

Based on the answers, it seems to be that while a clear majority of respondents (69%) believe that service levels should not be reduced (and that newsletter frequency could be improved), the capacity to achieve this would come from savings can be made or services that be delivered in a way that offers greater value for money (62.1 %). Therefore, there is the possibility of some interplay between a perception that operational savings can be made and a belief that taxpayer subsidisation may be appropriate as above.

Feedback in relation to questions about specific aspects of service delivery were posed (Q12). Again, both negative and positive phrasing was employed:

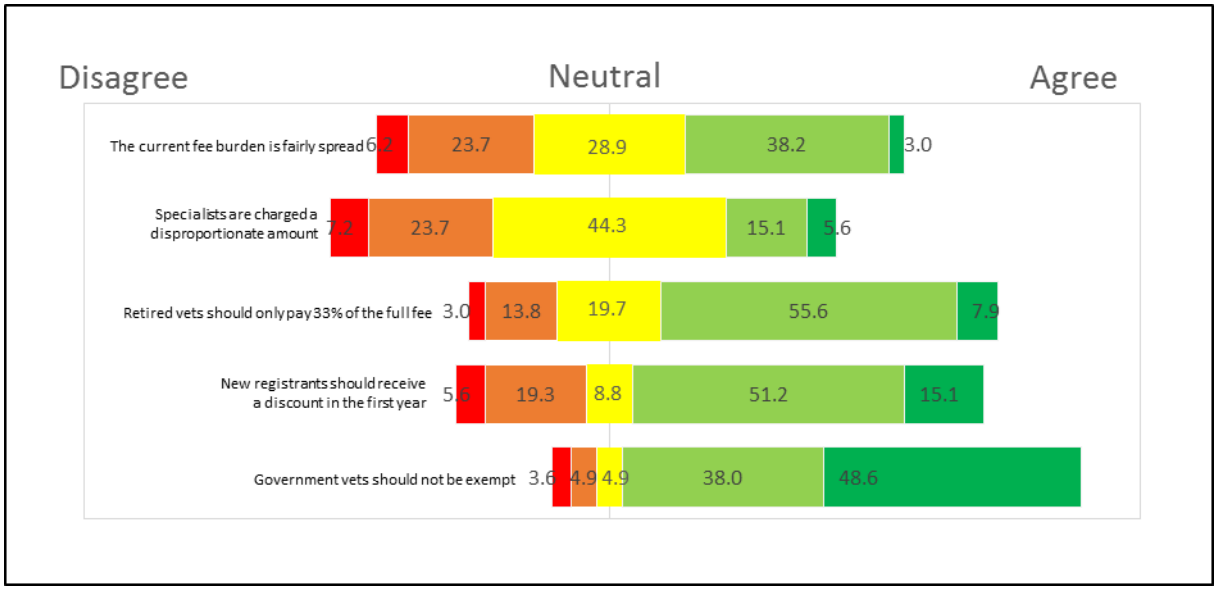


While 17.8% of respondents did not find value in improved education and awareness, more than 54.2% either agreed or strongly agreed this could be improved. This position is somewhat aligned to the desire to improve the frequency of newsletters, but possibly also suggests other forms of awareness, such as forums or lectures, are desirable.

In relation to monitoring and compliance, the highest preference (35%) was to disagree that no more should be invested in monitoring and compliance. As part of the compliance spectrum, investment in more education and awareness is consistent with this position. It suggests that veterinarians support the role of monitoring and compliance in protecting the integrity of the profession.

The strongest position in relation to improved processing of registration and renewals was in the negative (42.3%). However, 33.3% disagree that no improvement in digital service delivery is required.

The next set of propositions (Q13) addressed the distribution of fee burden across the veterinary registrant base:

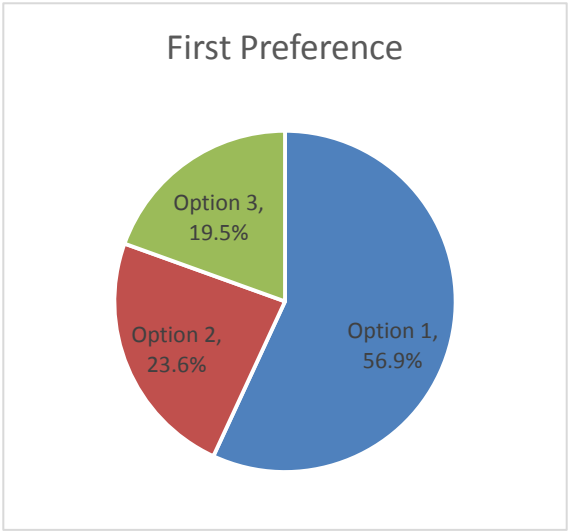


The highest grouping of respondents formed the view that current general spread of fees is fair at 41.2% while 29.9% feel the spread of fees is not fair.

20.7% of respondents felt that specialists are charged a disproportionate amount which means that the number of respondents agreeing with this proposition is higher than the percentage of specialist respondents (8%)

There is clear majority support for the propositions that retired vets should pay a discounted fee (63.5%) and that new entrants should receive a discounted fee for their first year (66.3%). There is also a very clear majority position that government vets should not be exempt from paying for registration (86.6%). Government veterinarians expressing a view, favoured continued subsidisation.

Finally, respondents were asked to rank their preferences in terms of the three options proposed (Q14):



Option 1: 3.5% fee increase
Option 2: 35% fee increase
Option 3: 55% fee increase and a change in the distribution of the fee burden

While there is a preference for Option 1 at 56.9% of responses, there is also a clear acknowledgement by the remaining 43.1% of respondents that change is warranted. Preceding survey responses that suggest savings can be made within the operations of the Board may partially support the preference for Option 1.

Respondents were given an opportunity to provide comments to justify their most preferred option and 72% of respondents elected to do so:

- 52 comments indicated that a perceived increase to their financial burden was the primary determinant in their preference distribution.
- 36 respondents suggested that there was a degree of public benefit provided by the actions of the Board. As such, a degree of public subsidisation of the Board would be appropriate.
- 31 comments supported their preferred option because they believed it provided the most equitable distribution of fees across the registrant base.
- 27 respondents were keen to see additional services provided by the Board, including education activities and more flexible application processing.
- 25 submitters believed that to justify significant revenue increases, the Board should also make expenditure adjustments and perform its work with greater efficiency.

7.3 Written submissions

Ten written submissions were received during the consultation period. They are summarised below.

A retired veterinarian sympathised with the need to increase revenue for the Board. However, they suggested that the increase in fees for retired vets under Option 3 was inappropriate considering the level of risk posed by retired veterinarians and their demand for Board services.

Mac Kneipp, a generalist veterinarian supported Option 2 to deliver a professional and well-resourced Board. Mr Kneipp suggested both revenue and expenditure side measures were relevant to consideration of the options discussed in the RIS. Equitable and sustainable fees were highlighted as vital. This would extend to government veterinarians currently exempt from fees. However, specialists should continue to pay double generalist practitioners. On the expenditure side, Mr Kneipp saw merit in some additional services from the Board, provided this did not duplicate existing services delivered by alternative providers.

Karen Leahy, a registered veterinarian did not indicate a preferred option. However, her submission raised issues of veterinarians' capacity to pay for increased registration fees. In particular, because the majority of veterinarians are not practice owners, they do not have the discretion to pass additional registration costs on to consumers. Ms Leahy saw some scope for the Board to provide some education services.

Greg Mahon, a veterinary surgeon did not directly indicate a preferred option. His key issues included that some of the information provided in the RIS was misleading because it characterised the operation of the Board as a service to veterinarians, and that the Board principally delivers a public benefit.

Robin Buren, a registered veterinarian supported Option 1. Two additional issues were raised – pro rata fee reductions should be available for part-time veterinarians, and government veterinarians should not be exempt from fees.

Richard Owen, a retired veterinarian did not indicate a preferred option. However, the submission noted that the Royal College of Veterinary Surgeons in the United Kingdom does not charge registration fees to non-practising veterinarians over 70 years of age.

Ian Wells, a retired veterinarian made a detailed submission supporting an amended Option 2. The submission suggested the administration of the Act provides significant public benefits justifying a degree of subsidisation. This could be achieved through rehousing the Board within subsidised government accommodation, continuing provision of accounting services to the Board, assisting the Board with information technology services, and removing the fee exemption for government veterinarians.

Rick Symons, a veterinarian made a detailed submission supporting an amended Option 2. The submission raised issues including: the government benefits from access to contact details held by, and paid for by the Board, a number of fee related issues stem from the construction of the *Veterinary Surgeons Act 1936*, and the distribution of the fee burden. He concluded that there were significant efficiencies to be gained by overhauling the Act and therefore the registration process. In the interim, an amended Option 2 was proposed; with a government contribution, government vets paying fees, and retired veterinarians only paying the cost of their renewal.

The veterinary school at James Cook University made a detailed submission, but did not indicate a preferred option. The submission made four central recommendations. Firstly, accommodation and information technology costs should be borne by the government, and government veterinarians should not be fee exempt. Secondly, the Board should develop investigation and compliance standards. Thirdly, the full cost recovered cost of premise inspections should be directly linked to veterinary premises only – not shared by the broader registrant base. Finally, payments to the Australasian Council of Veterinary Boards should be made an optional component of registration fees, enabling registrants to opt out.

The Australian Veterinary Association made an extensive submission, raising a number of concerns. It supported Option 1. The central thrust of the submission is that a broad range of groups benefit from the Board's operation, not just veterinarians. The AVA made an additional 5 recommendations in the context of the RIS:

1. The government should make an annual payment to the Board to maintain Government access to contact details for registered veterinarians.
2. Government should make an additional contribution from consolidated revenue to support the operation of the Board.
3. The Board should scrutinise its expenditure. For example, savings could be made by relocating offices.
4. Legal expenses should be covered through government consolidated revenue.
5. A uniform fee structure should be adopted, removing distinctions between generalists and specialists. Government veterinarians should pay, and retired veterinarians should receive a subsidy.

8 Amendments in response to feedback

8.1 Discussion

A number of issues raised through the consultation process warrant further consideration. Many of these have helped to refine a new option for government consideration, which builds in specific stakeholder feedback.

Public Interest

A number of comments received during the consultation process argue that the existence of the Board provides benefits to those outside the veterinary profession. Beneficiaries are identified as including veterinary consumers, the general public, animal industries and.

The AVA also specifically identifies the government as a beneficiary by gaining access to registrant contact details. This access is gained under S29C of the Act in the case of an emergency response to control, eradicate or prevent the spread of an exotic disease, a declared pest or a disease. There is no additional burden placed on the Board to maintain the register and the isolated incidents where access to these details is requested, requires minimal administrative effort to deliver an electronic record.

On the basis of this broader beneficiary argument, these submissions advocate for some degree of public subsidy in order to share costs equitably between beneficiaries. A typical respondent of this type commented that 'there is benefit to the public and government from regulation of veterinary practice, not just benefit to veterinarians'.

The veterinary community has worked hard to build trust and legitimacy within the Queensland community and in turn the consent of the community to safeguard the health and welfare of their animals. This trust manifests as commercial returns for veterinarians. This social licence to operate and earn these returns is contingent on due diligence and oversight of the conduct of veterinary professionals and this role is played by the veterinary surgeons board of Queensland. Without confidence in the oversight process, confidence in the veterinary profession would be eroded.

Registered veterinarians have a monopoly on the practice of veterinary science for fee or reward in Queensland and consequently a monopoly on commercial returns for those services. As such, veterinarians are direct financial beneficiaries of registration and oversight.

It is entirely appropriate, as 30% of veterinarians agreed, that the Board is able to fully recover costs from the veterinary profession. Similar professional registration boards, such as the Queensland Board of Architects fully recover costs from their registrant, and therefore primary beneficiary, base.

The proposition that subsidisation is provided on the basis of public benefit is not supported.

Self-sufficiency

In practice, submissions that argue against full cost recovery on the basis of public interest must also be weighed against the ability of veterinary practitioners to recoup the cost of registration increases from consumers. For an owner-operator, increased registration costs can be factored into consultation fees. For example, an urban vet providing just 5 consultations a day, for 200 days of the year, would need to increase consultation fees by less than 10 cents to recover the cost of Option 3.

Ms Leahy's observation in relation to the inability to directly recoup increased costs from increased fees is noted. The reimbursement of professional fees is a matter that is open to be negotiated as part of employment requirements and entitlements and, based on the calculations above, could realistically be provided for by practice owners. As it stands the annual increase in fees from 2015/16 to Option 3 is less than $1.80 a week. Moreover the nature of the registration expense – as well as a number of other 'costs of participation in the profession' such as AVA membership and the cost of CPD – is tax deductable.

Therefore in reality, while some submissions suggest that registration fees should not be increased in line with either Option 2 or Option 3 because veterinary practitioners cannot do likewise, the increase required to consultation fees is insignificant and the impact on the cost of living of both practitioners and consumers is minor.

There was also overwhelming support that the practice, of allowing the Board to retain unspent funds to meet variable demands in relation to legal expense incurred, be continued.

The proposition that carry over of unspent funds is continued is supported.

Subsidised registration

A recurring theme throughout the submissions relates to the cost to retired and non-practising veterinary practitioners, including the argument that these practitioners feel compelled to maintain their registration so they can legally provide veterinary services to friends and families. Given that the Act provides that it is not an offence to practice veterinary science if it is not done for fee or reward, it implies that these registrants find some other intrinsic value in maintaining their registration that is personal to them. Where the decision to maintain registration is a discretionary one, it is for the individuals involved to determine whether the cost of the title has sufficient personal value to them to warrant the outlay.

Administrative effort required for the registration of retired veterinarians is no different to that of continuing practitioners and includes issue of renewal notices, processing of payments, issuing of receipts and certificates and maintenance of registers. For new entrants, administrative costs are understandably even higher. Should a complaint be made, costs associated with handling the complaint will be incurred.

Nonetheless support for continued subsidisation of both retired practitioners and new entrants was largely supported. In light of that willingness, support for a level of subsidisation of both categories is recognised will be recommended, however with an appropriate cost recovery weight placed on the administrative cost and complaint burden associated with registration.

A number of submissions suggested that fees payable by part time practitioners should be discounted to reflect that status. Implementation of such a proposal is fraught with difficulties associated with the extent of employment, proof of part time status and the human effort required to administer tailored schemes. In the long term, administrative effort in making part time concessions available for such a small fee, particularly in comparison to the cost of Australian Veterinary Association membership, is likely to raise inefficiencies that of themselves drive up the overall cost of registration.

The proposition that fees should be subsidised on the basis of part time employment is not supported.

Government veterinarians

There was a very clear message that subsidisation of government fees was opposed – 87.2% of all respondents supported an end to fee exemptions for public sector veterinarians. Central to concerns expressed in consultation was the inherent inequity in asking private veterinarians to contribute an additional amount to the Board while maintaining free registration for public servants. One respondent remarked that ‘I see no reason why government vets should be given special treatment when their wages are often higher than employed vets in general practice.’

Similarly, there are limited controls preventing a government veterinarian from engaging in private practice on the weekends or out of hours and so there is potential for the fee exemption to operate unfairly against private practitioners. In light of this feedback the exemption will be removed.

The new model will propose that government veterinarians will pay for registration in line with other registrants. The reimbursement of professional fees will be determined as a part of employment requirements, and entitlements, in the same way as the private sector.

Specialists

In relation to specialist fee burden, there was significant support for the notion that, as higher earners, specialists should continue to bear a higher proportion of the cost of the activities of the Board. One typical respondent noted 'I also feel there should be higher charges for specialists as they charge vastly more.' However, the majority of those making submission were either neutral (42.7%) or opposed (21.5%) to this suggestion.

As discussed in the Consultation RIS, the additional effort involved in specialist registration or complaint handling is not equal to another 100%. Defining financial contributions to the Board on the basis of capacity to pay, without reference to costs incurred would be inequitable and unsustainable.

A compromise to recognise the moderate increased administrative effort is supported. Rather than effectively doubling the cost of registration for specialists (compared to veterinary surgeons) a $150 premium would apply for initial registration and $100 for annual renewal.

Board expenditure

While respondents generally indicated they were happy with the level of service from the Board, there was also a general belief that the Board is inefficient. In all 63% of respondents believe the Board could alter service delivery in ways that offer better value for money.

Some submissions proposed cost reduction measures. For example:

- the AVA suggested a relocation of the Board's offices outside the Brisbane CBD could generate small savings;
- James Cook University suggests that the cost of inspections should be borne by the operator of the premises (which is already the case); investigation and compliance standards should be developed (these are already in existence); and the payment of Australasian Veterinary Boards Council fees should be voluntary. AVBC is an incorporated body established in 1999 by agreement of the state and territory Veterinary Boards of Australia. The obligation to make payment to the AVBC cannot be unilaterally terminated by Queensland.

Nonetheless, the Board will consider all suggestions raised in submissions as it explores efficiency savings.

A number of submissions also raised concerns about the Board's rapidly escalating legal costs. Historically the Board has maintained a cash reserve to cover unexpected legal overruns. This practice is similar to other professional registration boards in Queensland, and part of the purpose of increased fees would be to re-establish an appropriate reserve.

An additional suggestion to ensure that only worthy matters are pursued to QCAT was to require complainants to the Board to pay a complaint lodgement fee to defray some costs. It is not proposed to introduce a fee for lodging complaints with the Board as it risks discouraging bona fide reporting of suspected malpractice and undermining confidence in the profession. The filtering of progression of matters through the Board and onto QCAT is of itself a function of the Board.

Service levels and compliance

A number of the free text comments raise concerns about the speed with which matters are processed, the infrequency of newsletters and the paucity of proactive compliance activity. In line with the Consultation RIS itself, other comments recognise that, if the administrative processes of the

Board could be made more efficient, more effort could be invested in compliance activities that range from education and awareness through to legal proceedings.

Mr Kneipp, who saw merit in some additional services from the Board, also observed that any additional services delivered should not duplicate existing services delivered by alternative providers. With this in mind, it is proposed that the services provided be limited to those the Board is required to deliver under legislation and, matters where the Board is in a unique position to deliver information, such as newsletter items about complaints outcomes.

As discussed in the Consultation RIS, for the Board to gain the efficiencies desirable, an investment in improved information technology is necessary. Increased automation of registration processes offers the best solution to faster processing, avoidance of engaging contract staff in peak demand periods and freeing existing human resources for education and awareness. It offers an investment in the capacity necessary to handle increasing levels of registration activity without engaging more human resources. It is not just an investment in the immediate needs of the Board but also into the future operational demand the Board will face in light of recent trends.

8.2 Recommendation to Government

A model that offers a compromise between Options 2 and 3 will be recommended to Government for adoption.

Increased registration activity in 2015/16 has resulted in an additional $60 560 in fee revenue. However, determining future trends in demand is problematic. As discussed in paragraph 1.1, *IBISWorld* observes that while demand for specialist services is expected to increase, the number of new graduates is expected to decrease.[35] Conversely, as discussed in paragraph 2.2.1 the increase of 19.4% in new registrants in 2015/16 is not inconsistent with statistics provided by the Australian Government's Job Outlook Website[36].

The impact of different demand projections is as follows:

Demand projection	Impacts	Risk if wrong
Maintain at 2014/15 levels	Modal fee increase would need to be maintained at 55% in order to raise sufficient funding for efficient operation of the Board	Imposition on practitioners of higher fees than necessary, increase in reserve fund to levels higher than necessary and reduction in incentive on Board to actively manage expenditure.
Same as 2015/16 levels	Modal fee increase can be reduced to 45% and still raise sufficient funding for efficient operation of the Board.	If demand lower than 2015/16, inadequate fees collected for Board operations, efficiency improvements and legal expense. Worst case scenario could be another RIS for a further fee increase.

[35] *Ibid*, p 8
[36] www.joboutlook.gov.au retrieved 26 August 2016

Demand projection	Impacts	Risk if wrong
		If demand higher than 2015/16, more fees than immediately required collected and taken to the reserve. Efficiency improvements still implemented but less incentive on Board to manage expenditure carefully. However, more incentive to manage carefully than if modal increase is 55%. Fee review may be required to reduce increase below 45% and bring reserve into a more reasonably equilibrium.
Higher than 2015/16	Modal fee increased could be even lower than 45% and still raise sufficient funding for efficient operation of the Board.	Efficiency improvements not made and further subsidisation by taxpayers necessary to keep the Board operating at even a basic level. Government and Practitioners forced into another RIS process and possible fee increase.

Balancing the more significant impacts of keeping maintaining projections at 2014/15 levels, or increasing projections to some factor higher than 2015/16, it was determined that the least downside risk was posed by basing the fee increase on 2015/16 demand levels.

As a result of feedback, and assuming the same registration activity as the 2015/16 financial year, an option that compromises between Options 2 and 3 has been developed. The compromise figure was struck by:

- modelling future demand and revenue in line with the increase experienced in 2015/16;
- increasing the most commonly occurring fees, including the annual renewal fees for veterinary surgeons, by a modal average of 45%;
- limiting the subsidisation of annual renewal fees for retired veterinarians to 50%, to recognise the discretionary nature of retaining registration upon retirement. The new fee for retired veterinarians is proposed as $119.75 compared to $128.00 under Option 3 and recognises overwhelming consultation feedback that subsidisation of retired practitioners is appropriate;
- providing a 25% discount for the first year of registration for new entrants, to reduce barriers to entry for new graduates. The total upfront cost for new registrants is proposed as $299.65 compared to $312.00 under Option 3 and recognises overwhelming consultation feedback that subsidisation of new entrants is appropriate;
- reducing the initial registration premium paid by specialists, from double that of veterinary surgeons to $150 for the initial upgrade in registration i.e. the total initial upgrade costs for specialist proposed remains the same as Option 3. The renewal premium paid for specialists is also reduced from double that of veterinary surgeons to $100. The annual renewal fee proposed is $339.50 compared to $356.00 under Option 3. Both changes recognise the relative amount of

administrative effort provided by the Board in processing these registrations and acknowledge specialist consultation feedback in relation to the fairness of the distribution of the fee burden;

- removing the subsidisation of fees for government veterinary surgeons completely to acknowledge consultation feedback by private practitioners. Government veterinarians will now be required the full $239.50 renewal fee proposed;
- preserving the increasing expenditure proposed in Option 3 (compared to previous years) to allow for necessary investment in operational efficiencies envisaged by those making submissions. Feedback from the Consultation RIS indicated a common perception that the Board was not operating optimally and that operational improvements and increased compliance activity was appropriate. Investment in improved operational capability will release human resources to the broader spectrum of compliance activities considered desirable by those making submissions, including education, awareness and enforcement activities; and
- providing for $120 000 a year to be earmarked for legal expenses, to be retained and accessed on an as needed basis, to continue to underpin the end point of the compliance spectrum and preserve consumers' social licence to the profession.

By striking fees at a level, that includes provision to replenish the legal expense reserve, the model proposed seeks to buffer registrants from other than CPI fee rises in the medium term. At the same time it is still sufficiently modest to encourage the Board to responsibly manage resources within the constraints of available funding. The proposed fees will be subject to Government annual indexation requirements.

This recommended fee regime is as follows:

Fee	2015/16 fee	New fee	$ change	% change	Basis of recommended fee
Renewals					
Veterinary Surgeon	$165.15	$239.50	$ 74.35	45.0%	Percentage increase
New Graduate	$165.15	$179.65	$ 14.50	8.8%	75% of vet renewal fee
Retired Veterinarian	$ 53.85	$119.75	$ 65.90	122.4 %	50% of vet renewal fee
Veterinary Specialist	$330.30	$339.50	$ 9.20	2.8%	Vet renewal fee plus $100
Retired Specialist	$219.00	$219.75	$ 0.75	0.3%	Retired vet plus $100
s18A Special Approval	$165.15	$239.50	$ 74.35	45.0%	Vet renewal
s19E (3) Special Registration Veterinary Surgeon	$165.15	$239.50	$ 74.35	45.0%	Vet renewal
s19E (3) Special Registration Veterinary Specialist	$330.30	$339.50	$ 9.20	2.8%	Vet renewal plus $100
Government Veterinarians	$-	$239.50	$ 239.50	N/A	100% vet renewal
Application fee + initial registration					
New Veterinary Surgeon	$75.00	$120.00	$ 45.00	60.0%	Estimate of effort
New Veterinary Specialist	$150.20	$150.00	($ 0.20)	-0.1%	Estimate of relative effort

Fee	2015/16 fee	New fee	$ change	% change	Basis of recommended fee
Limited Registration	$29.80	$65.00	$ 35.20	118.1 %	Equivalent to duplicate certificate
s19E (3) Special Registration Veterinary Surgeon	$75.00	$120.00	$ 45.00	60.0%	Estimate of effort
s19E (3) Special Registration Veterinary Specialist	$150.20	$150.00	($ 0.20)	-0.1%	Estimate of relative effort
Restoration and Duplicate Certificates					
Restoration of name for Veterinary Surgeon or Veterinary Specialist	$135.05	$150.00	$ 14.95	11.1%	Estimate of relative effort
Duplicate certificate for registration	$44.80	$65.00	$20.20	45.1%	Percentage increase
Premise Approvals and Inspections					
Approval of premise	$150.20	$217.85	$ 67.65	45.0%	Percentage increase
Inspection of premise	$300.55	$435.85	$ 135.30	45.0%	Percentage increase

Based on the 2015/16 activity count, fee revenue generated under the proposed model would be $722 890.

8.3 Impact assessment

Impact Group	Baseline of analysis based on 2015/16 actuals	Recommended option
Benefits		
Government	Board fee revenue was $500,182 (total revenue $526 466 – refer Table 3).	Full cost recovery of service provided. Avoids risk of taxpayer having to subsidise the Board which occurred under 2016 actuals. Board revenue increases by $222 708 in 2016/17 relative to 2016 actuals. (Total revenue of $722 890). Board is able to adequately discharge services to the community. Avoids deterioration in service levels, which is a risk under of current arrangements. Improvement in service levels: • New information systems mean better data collection and collation. • More up to date information about registrants in database reduces costs in emergencies. Surge resourcing frees up capacity for value added services such as compliance education.
Veterinarians		Registration applications are processed quickly and efficiently. Avoids a potential deterioration in service levels provided to Veterinarians (which is a risk under current arrangements). For example, avoids longer application processing times and the risk of not processing applications within 28 day timeframe and inaccurate maintenance of register and delayed registrations.

Impact Group	Baseline of analysis based on 2015/16 actuals	Recommended option
		New information systems make registration easier and more user friendly. Board compliance activities maintain the integrity of the profession (avoids the risks under current arrangements where there is likely to be deterioration in service levels due to funding shortfalls). Compliance education helps practitioners understand practice risks and obligations, thereby assisting them to avoid inadvertent failure to meet the requirements of the Act easier.
Specialist Vets	Specialist vets paid twice the annual renewal fee.	No additional benefit compared to current arrangements, as Specialist vets still pay higher fees under this model. However, note changes to fees for specialist vets under this model sees them pay $100 in addition to the renewal fee for a veterinary surgeon, rather than twice the regular renewal fee.
Government Vets	Government vets did not pay registration fees.	No benefit compared to the current arrangements as Government vets will lose all subsidisation.
Retired Vets	Retired veterinarians received a 66% fee subsidy.	No additional benefit compared to current arrangements as Retired veterinarians will pay higher fees under this model. Note under this model, Retired veterinarians receive a lesser 50% fee subsidy. See cost impacts.
New Graduates	New graduates paid the full veterinary surgeons fee	No additional benefit compared to current arrangements as New graduates still pay higher fees under this model. However, note under this model New graduates receive a 25% subsidy for their initial registration fee
Community		Maintains the community's confidence in the Board's capacity to oversight veterinary profession. Avoids a potential risk to consumers' confidence in the quality of care and in animal welfare outcomes under current arrangements. The community is no longer at risk of consolidated revenue funds being diverted from policy priorities to fund Board shortfall (which is a risk under current arrangements). Potential for an increase in compliance levels and an associated benefit to animal welfare.
Costs		
Government	Expenditure is exceeding revenue. Given $800 042 in expenditure in 2015/16 the taxpayer would need to subsidise the Board by $273 576 (before accessing now depleted carry over reserve). Risk of decline in service levels due to lack of funding. Board comes under increasing resourcing pressure to process applications within 28 day timeframe. Inaccurate maintenance of register and delayed registrations result.	Existing forms need to be changed to accommodate new fee structures for veterinary specialists, retired veterinarians and graduates.

Impact Group	Baseline of analysis based on 2015/16 actuals	Recommended option
	Board comes under pressure to reduce compliance activities, and incidents of misconduct increase.	
Veterinarians	Veterinarians paid $165.15 to renew registration. Risk of decline in service levels due to lack of funding. The potential inability of the Board to process applications in time means some veterinarians may be unregistered. Board comes under pressure to reduce compliance activities, and there is the potential that incidents of misconduct increase, impacting on the standing of the profession.	Veterinarians pay on average 45% more for registration in 2016-17 than they paid in 2015-16. This amounts to a collective additional imposition of $222 708 across the industry compared to 2015/16 actuals.
Vet Surgeons	Each registrant paid $165.15 for renewal in 2015-16 Full fee paying registrants subsidise retired veterinarians and government veterinarians.	Each registrant would pay an additional $74.35 for renewal in 2016-17 than they paid in 2015-16. This represents an average 45% increase. This amounts to a collective additional imposition of $175 475 across the pool of registered veterinary surgeons. Note: Full fee paying registrants continue to subsidise retired veterinarians and government veterinarians. Ordinary registrants also absorb the cost of reduced fees for veterinary specialists.
Specialist Vets	Specialist veterinarians paid twice the annual renewal fee. Specialists may be cross subsidising other registrants, over and above retired veterinarians and government veterinarians.	Each registrant would pay an additional $9.20 for renewal in 2016/17 compared to 2015-16. This amounts to a collective additional imposition of $601. Note: Specialist Vets benefit from a smaller increase in fees (4.5% as opposed to the average 45% increase so that their renewal fee is now $100 more whereas currently it is double the vet surgeon fee).
Government Vets	In 2015/16 Government veterinarians paid no registration fees	Government vets would now need to pay the full registration fee amounting to $13 412 across all government registrants.
Retired Vets	Each registrant paid $53.85 for renewal in 2015-16.	Each registrant would pay an additional $65.90 for renewal in 2016-17 compared to 2015-16. This amounts to a collective additional imposition of $15 719. Note: Retired Vets are facing a 122% increase in fees. However, they are still being heavily subsidised (by $119.75) with a new renewal fee of $119.75 compared to the vet surgeon renewal fee of $239.50.
New Graduates	New graduates paid the initial application fee and a renewal fee up front totalling $240.15. Full fee paying registrants subsidise retired veterinarians and government veterinarians.	New graduates pay the initial application fee and a renewal fee up front. Each new registrant would pay an additional $59.50 for their first registration in 2016-17 compared to 2015-16. This amounts to a collective additional imposition of $13 923. Note: New graduates are facing a 25% increase which is lower than the average increase of 45%. They are being subsidised in this model by 25% of the renewal fee.
Community	Expenditure is exceeding revenue by $296 182.	There is potential for veterinarians to pass the cost of a fee increase onto consumers of veterinary services. A conservative indicator of increase to cost of a

Impact Group	Baseline of analysis based on 2015/16 actuals	Recommended option
	The taxpayer bears a greater share of the risk of the Board's expenditure exceeding revenue – the differential is met from consolidated revenue. Risk of decline in service levels due to lack of funding. Reduced compliance activities by the Board means that consumers are more vulnerable to incidents of professional misconduct. Potential increase in incidents of misconduct or lack of compliance could adversely affect animal welfare.	consultation in an urban practice (say 5 consultations alone across 200 working days) would equate to an imposition of less than an additional 8 cents per consultation, without making an allowance for the tax deductibility of the outlay.

8.4 Benching marking recommended fee

	New Application (assessment only)		Renewal (yearly)	
Jurisdiction	**Vet**	**Specialist**	**Vet**	**Specialist**
Queensland current	**$75.00**	**$150.20**	**$165.15**	**$330.30**
Recommended fee	**$120.00**	**$150.00**	**$239.50**	**$339.50**
New South Wales	$125	$220	$275	$275
Victoria	$130	$60	$340	$540
Western Australia	$125	$185	$410	$490
South Australia	$200	$400	$490	$780
Australian Capital Territory	$66	$148	$333	$540
Tasmania	$120	$320	$384	$384
Northern Territory	$57	$58	$115	$287

Across all jurisdictions, the first year cost to gain primary registration ranges from $172 in the Northern Territory through to $690 in South Australia. Apart from the Northern Territory, and a concessional initial registration fee of $250 in Western Australia for new graduates, the recommended model is the second lowest in Australia.

For specialists, the first year costs of registration range from $345 in the Northern Territory through to $1,180 in South Australia. The recommended model would be the second lowest in Australia.

Consultation submissions received, in relation to the public benefits provided by veterinarians, also raise a case for benchmarking against other professions. Similar to veterinary practitioners, these professions are registered with a board that provides professional oversight that could be argued to benefit consumers:

Profession	Annual registration fee
Doctor (National registration)	$724.00
Teacher (with mutual recognition in other jurisdictions)	$249.90

Profession	Annual registration fee
Australian Veterinary Association (with mutual recognition in other jurisdictions)	$239.50

It is arguable that the degree of public benefit and complexity associated with medical and veterinary registration, and any associated complaint or disciplinary proceedings, would be similar. In that regard then, the fee proposed for annual renewal of veterinary registration could be considered modest.

An annual registration fee of $239.50 also compares favourably with the current AVA full member fee of $720.00 a year.

9 Consistency with other policies and regulation

9.1 Competition principles agreement

The proposed Regulation is generally consistent with Clause 5 of the Competition Principles agreement.

9.2 Fundamental legislative principles

The fundamental legislative principles (FLPs) under the *Legislative Standards Act 1992* have been considered in the policy development for the review, and are consistent with the proposed approach.

9.3 Financial accountability

Section 18 of the Financial and Performance Management Standard 2009 (under the *Financial Accountability Act 2009*) provides that when setting charges for services, the full cost of providing the services must be considered. The proposed fees under Options 2 and 3 reflect the cost to the government of licensing veterinarians and maintaining high standards of integrity for the veterinary profession.

10 Implementation, evaluation and compliance strategy

The changes will require an amendment to the Regulation. It is anticipated that an amendment regulation would be in place by December 2016. As a result, any fee changes would apply for registrations in the 2017 calendar year. The Veterinary Surgeons Board will advise all registered veterinarians of the outcomes of the RIS process. Similarly, all Queensland veterinary colleges will be notified to reach current students.

Proposed investment in management information systems is squarely aimed at increasing efficiencies within the administrative operations of the Board. Development of the new system is being delivered by in-house IT providers. As advised, the new efficiencies will be developed and delivered in a modular approach and improved customer service, increased education, awareness and inspection activities will be rolled out as the benefit of these efficiencies are realised.

The information technology improvements proposed will deliver benefits for practitioners, the community and the Board in meeting its regulatory role. Further automation of creating and maintaining records and making service requests will not only reduce the amount of time spent by Board staff but also provide a more efficient mechanism for practitioners to deal with the Board in

relation to registration. Members of the community will have the convenience of online access to real time register system. Case management of complaints will become more efficient for Board staff, and data assembly required for the Board in managing its operations will be more comprehensive and timely.

For Board staff in particular, these efficiencies will flow into capacity to take a more pre-emptive approach to compliance by way of increased education, awareness and inspection activities. The value of this cannot be quantified, as the impact is essentially a matter of harms avoided. These harms include reputational harms, animal welfare harms, costs to practitioners defending themselves against avoidable complaints and the personal angst associated with being the subject of an avoidable complaint. Finally, further increases in registration fees for the Board to pursue complaints can be mitigated by education and deterrence activity aimed at reducing the number of complaints lodged in the first instance.

A range of factors have driven costs up. In the most recent financial years, this has included an anomalous increase in legal fees associated with court delays, coupled with one complainant in particular lodging complaints against multiple vets. New costs associated with paid accommodation, and an investment in 2015/16 to scope information system solutions to address inefficiencies associated with the extent of manual processing, have seen an increase in expenditure in 2015/16.

In the previous five years, variability of legal expense has been buffered by maintenance of a reserve, allowing overspends and underspends to be accommodated. At the time of publishing the Decision RIS, the average end of year balance for the reserve for the last five years was estimated at approximately $244 041, even after a single year anomaly in legal fees of $284 114 was taken the reserve into a small negative balance. Average legal expenses over the last three years have averaged around $120 000 and the recommended model seeks to regulate the Board's legal expenditure to this cap. Except for the 2015/16 financial year, due to circumstances beyond its control, the Board has amply demonstrated its ability to contain expenditure to available resources through the use of a reserve.

Monthly reports of financial performance will continue to be prepared by the Department of Agriculture and Fisheries and provided to the Board for consideration at meetings. The chair of the Board is required by legislation to be a representative of the department and this will continue to include representing the department's financial interests.

Fees are reviewed on an annual basis in line with Government indexation requirements and the regulation would be reviewed within ten years of its commencement.

Appendix 1: Questions posed under Survey Monkey consultation

You are invited to have your say about changes to fees charged for veterinary registration, renewal and other purposes.

Key issues raised in the RIS include:

- **whether the Veterinary Surgeons Board should charge fees to make full cost recovery**
- **whether the fee proposals reflect the resources required to register and oversight veterinary professionals and practices.**
- **whether the distribution of fee burden of the existing fees between surgeons, specialists, retired and government vets and new entrants is appropriate**

We have prepared a short survey to help us understand your views. It should take no longer than 10 minutes to complete.

Privacy

The information you provide about yourself will be used to help analyse responses to this survey. Your responses may be used to record issues of importance that you identify with. Staff from Biosecurity Queensland may contact you to discuss the issues you have raised. The department will not use the personal information you provide for any other purpose. It will not be disclosed to any other parties unless authorised or required by law.

About you

* 1. Contact details

Name

City/Town

Email Address

* 2. Are you responding as an individual or organisation?

- ◯ Individual
- ◯ Organisation (please specify)

* 3. Are you in rural/remote area or urban/peri-urban area?

- ◯ Rural/remote
- ◯ Urban/peri-urban

* 4. What is your interest in the review? If you are a consumer of veterinary services, you will skip to questions about services currently provided by the Veterinary Surgeons Board. All other respondents will be asked further questions about their registration or veterinary practice.

- ◯ Veterinary Surgeon
- ◯ Specialist Veterinarian
- ◯ Retired Veterinarian
- ◯ Government Veterinarian
- ◯ Veterinary Student
- ◯ Veterinary Nurse/Technician
- ◯ Consumer
- ◯ Other (please specify)

Further information about you

* 5. How long have you held your veterinary registration?

- ◯ Not registered
- ◯ 0-5 years
- ◯ 5-10 years
- ◯ 10-25 years
- ◯ 25 years +

* 6. Which of the following best describes your relationship to your veterinary practice

- ◯ Veterinary practice owner
- ◯ Veterinarian
- ◯ Vet Nurse or Technician
- ◯ Non-veterinary practice owner
- ◯ Locum
- ◯ Not currently practicing
- ◯ Customer
- ◯ Other (please specify)

* 7. Is your veterinary practice a private business or franchise?

- ◯ Private business
- ◯ Franchise
- ◯ Not currently practicing
- ◯ Other (please specify)

* 8. Which of the following best describes your practice?

- ◯ Small animals
- ◯ Large animals
- ◯ Small and large animals
- ◯ Not currently practicing
- ◯ Other (please specify)

Perceptions of the Veterinary Surgeons Board

* 9. We are interested in your views on services currently provided by the Veterinary Surgeons Board. For each of the following questions, please indicate your level of satisfaction. If you have not had a specific interaction with the Board, please select N/A

	Very Dissatisfied	Dissatisfied	Neutral	Satisfied	Very Satisfied	N/A
The Initial Registration Process?	○	○	○	○	○	○
The Annual Registration Renewal Process?	○	○	○	○	○	○
The conduct of Premise Inspections?	○	○	○	○	○	○
The content and layout of the Board's website?	○	○	○	○	○	○
The content and frequency of the Board's newsletters?	○	○	○	○	○	○
Responses to requests for further information	○	○	○	○	○	○
Responses to complaints	○	○	○	○	○	○
Hearings before the Board	○	○	○	○	○	○
Hearings before the Queensland Civil and Administrative Tribunal (QCAT)	○	○	○	○	○	○

10. Are there any comments you would like to make about the Board's service delivery?

Principles for fees and charges

* 11. The following statements seek your views about the current financial challenges faced by the Veterinary Surgeons Board. Please indicate the extent to which you agree with the following:

	Strongly Disagree	Disagree	Neither agree or disagree	Agree	Strongly Agree
Board expenditure should not exceed its revenue base	○	○	○	○	○
Full cost recovery is appropriate for any professional regulatory body	○	○	○	○	○
Board service levels should not be reduced	○	○	○	○	○
Savings can be made or the Board can deliver services in a way that offers greater value for money	○	○	○	○	○
The Board should be able to defer unspent funds to future years for unexpected expenses	○	○	○	○	○
The Board must have the financial capacity to engage in legal disputes	○	○	○	○	○
It is essential that veterinarians are able to fully fund their professional regulation board	○	○	○	○	○

* 12. Option 3 in the RIS provides for some increased services by the Veterinary Surgeons Board. The following statements seek your views about the current level of service provided by the Veterinary Surgeons Board. Please indicate the extent to which you agree with the following:

	Strongly Disagree	Disagree	Neither agree or disagree	Agree	Strongly Agree
The Board should invest in more education and awareness activities for practitioners	○	○	○	○	○
The Board should not invest in expanding monitoring and compliance activity	○	○	○	○	○
An investment in faster processing of registration and renewal applications would be useful to me	○	○	○	○	○
The Board does not need to improve its digital service delivery and IT systems	○	○	○	○	○

* 13. The following statements seek your views about the current distribution of the fee burden across the veterinary registrant base. Please indicate the extent to which you agree with the following:

	Strongly Disagree	Disagree	Neither agree or disagree	Agree	Strongly Agree
The current fees spread the burden of funding the Board fairly between regular veterinarians, specialists, retired veterinarians, government veterinarians and new graduates	○	○	○	○	○
Specialists veterinarians are charged a disproportionate amount for registration compared to other veterinary registrants	○	○	○	○	○
Paying 33% of the current registration fee is appropriate for retired veterinarians	○	○	○	○	○
New graduates should be given a subsidy for their first year of registration	○	○	○	○	○
Government veterinarians should not be exempt from paying registration fees	○	○	○	○	○

Preferences for Fee Options

The RIS describes three options for fees. The key changes under each option are described below.

Option 1
Option 1 preserves the status quo for veterinarians in Queensland. Fees would continue to increase in line with the government's approved indexation rate, currently 3.5% per year.

- **The annual renewal fee for ordinary veterinary surgeons would increase to $170.95.**
- **Specialist veterinarians would pay $341.90.**
- **Retired veterinarians would pay $55.75**
- **New registrants such as graduates would pay $248.60 (application fee + registration fee).**

Option 2
Option 2 assumes that the current upward expenditure trend for the Board will continue. It is based on introducing a uniform fee increase to place the Board on a sound financial footing. In this scenario, an across-the-board fee increase of 35%, in addition to ongoing fee indexation, would be implemented to achieve full cost recovery of the operations of the Board.

- **The annual renewal fee for ordinary veterinary surgeons would increase to $223.00.**
- **Specialist veterinarians would pay $445.95.**
- **Retired veterinarians would pay $72.70**
- **New registrants such as graduates would pay $324.25 (application fee + registration fee).**

Option 3
Option 3 is to increase fees on average by 55% to achieve full cost recovery of the operations of the Board, and to allow the Board to provide an improved level of service. This takes into consideration that with trends in its current expenditure, the Board is currently unable to provide a full suite of services to veterinarians and consumers of veterinary services. With this in mind, the Board has identified additional expenditure required to: provide surge capacity to enable faster processing of applications, and implement information system improvements to support digital service delivery. Option 3 also alters the distribution of the fee burden, moving towards a more equitable sharing of the costs of the Board.

- **The annual renewal fee for ordinary veterinary surgeons would increase to $256.00.**
- **Specialist veterinarians would pay $356.00.**
- **Retired veterinarians would pay $128.00**
- **New registrants such as graduates would pay $312.00 (application fee + registration fee).**

* 14. Please rank your preferences for the three fee options on a scale from 1 (most preferred) to 3 (least preferred).

	Option 1 - 3.5% fee increase
	Option 2 - 35% fee increase
	Option 3 - 55% fee increase and change in distribution of fee burden

15. Please indicate why your most preferred option was selected

16. Are there any other aspects of the regulation you would like to comment on?

Future Directions in Biosecurity

Thank you very much for responding to the RIS on fees under the Veterinary Surgeons Regulation. Your comments and views will help the government make an informed decision.

What follows is an optional section on the future of biosecurity in Queensland. Veterinarians are a crucial element of Queensland's biosecurity system and we are keen to hear your views on the following issues:

17. What role could veterinarians play in boosting biosecurity in peri-urban areas?

18. How could government better coordinate with private veterinarians to achieve better surveillance outcomes for all Queenslanders?

19. How could government foster the development of epidemiology skills in Queensland?

20. If you could improve one thing about biosecurity in Queensland without increasing funding, what would it be?