



Regulation of dog breeders

Draft Regulatory Assessment Statement (RAS)

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Have your say

You are invited to have your say about proposed legislation being developed to regulate the breeding of dogs. The proposed legislation would help bring to an end the practice of ‘puppy farming’ in Queensland. Puppy farming is large-scale commercial breeding of dogs under conditions that do not meet the dogs’ needs.

The proposed legislation requires registration of large-scale dog breeders to allow greater regulatory scrutiny against the standards. Registration will assist consumers to make a pro-welfare choice when purchasing a puppy. It also requires information about breeding to be recorded against the microchip of each puppy to better facilitate enforcement.

This draft Regulatory Assessment Statement (RAS) explains why new legislation is needed, describes options for regulation and details the impacts of each option. It also fulfils requirements under the Competition Principles Agreement (see Appendix 1) and requirements for subordinate legislation under Part 5 of the *Statutory Instruments Act 1992*.

The RAS is being released in draft form so that public comments can be considered before the policy is finalised. The proposed changes would affect breeders the most. But they would also affect microchip implanters and licensed microchip data registries, pet shops and other on-sellers, local governments and animal welfare groups—particularly RSPCA Queensland Inc. (RSPCA Qld), which plays a role in enforcing animal welfare legislation in Queensland.

Community members with an interest in ensuring the legislation minimises cruelty to dogs are welcome to comment. Feedback from the industry and the community will help to ensure the legislation makes it more difficult for puppy farmers to operate in Queensland without significantly increasing costs to legitimate breeders and in turn to consumers.

If you want to make a written submission in response to this draft RAS, it must be received by Biosecurity Queensland by **Monday 5 March 2012**. You can send your response by post or email.

Mail: Regulation of dog breeders—draft Regulatory Assessment Statement
Biosecurity Queensland
Department of Employment, Economic Development and Innovation
GPO Box 46
Brisbane Qld 4001

Email: endpuppyfarming@deedi.qld.gov.au

Summary

Puppy farming is the large-scale commercial breeding of dogs under conditions that do not meet the dogs' needs. Operators of puppy farms tend to put profit ahead of animal welfare. They risk prosecution for serious animal welfare offences under the *Animal Care and Protection Act 2001*. Puppy farms are hard to identify, but authorities are aware that a small number may operate in Queensland.

It is proposed to introduce a package of new measures aimed at ensuring all dogs are bred according to minimum standards of animal welfare.

At the centre of the package of new measures is the requirement for large-scale breeders to be registered. Only those with the threshold number of dogs would have to register. Options for the threshold considered in this draft RAS are: 10 dogs; 10 entire (i.e. not de-sexed) dogs; and 10 entire bitches or 20 entire dogs. However, breeders with fewer than the threshold number of dogs could choose to register at a reduced fee. Registration fees would fund the monitoring of breeders.

The measures would give consumers a pro-welfare choice when buying a puppy. Consumers would be encouraged to buy from registered breeders unless they could check for themselves the conditions under which a puppy had been bred. This would make it more difficult to sell dogs bred under unsuitable conditions in puppy farms.

Additionally, it is proposed that breeding information is recorded against dog microchips. This data could be analysed to help identify puppy farms.

In conjunction with the release of this draft RAS, the Government has announced that animal welfare standards for breeding dogs have been finalised and will be adopted as mandatory standards under the *Animal Care and Protection Act 2001*. These standards will complement the dog breeder registration requirements. In general terms, the standards will make explicit what dog breeders must do in order to discharge their existing duty of care under the *Animal Care and Protection Act 2001*. Nevertheless, some of the standards, such as the recordkeeping provisions, only apply to those large-scale breeders that are required to register.

Under the amended legislation, the additional cost of a puppy from a registered breeder is broadly estimated to be between around \$5.93 and \$12.01, depending on the threshold for registration. Puppies generally sell for several hundred dollars each.

Background

Queensland's existing legislative framework for dogs consists primarily of two Acts. The *Animal Management (Cats and Dogs) Act 2008* mandates the registration of dogs and the microchipping of puppies (among other things). The *Animal Care and Protection Act 2001* places a duty of care on persons in charge of dogs to properly look after them and imposes significant fines if a dog is not cared for.

It is broadly estimated that there is demand for approximately 78 000 dogs in Queensland each year.¹ Some of this demand is met by the purchase of dogs from pounds and animal welfare shelters. Dog breeders who meet the remaining demand include Queensland families allowing their pet to have puppies, farmers breeding working dogs, dog enthusiasts in clubs and large commercial enterprises. There is no single peak body that represents the diverse range of breeders in Queensland. Dogs Queensland has approximately 8,000 members who are estimated to supply approximately 20 per cent of puppies.²

Breeders make a direct contribution to the Queensland economy. Consumer expenditure on purchase of dogs in Queensland was about \$29 million in 2009.³ Dogs purchased as puppies are most commonly used as companions, but other uses include assistance dogs and working dogs in primary production and government agencies.

A small proportion of breeders operate without proper concern for the welfare of their dogs. These breeders may be small or large, but there has been particular community concern about large-scale intensive dog breeding operations commonly termed 'puppy farms', which prioritise profit over animal welfare. The main problems with these breeding kennels include over-breeding, inbreeding, minimal or no veterinary care, poor hygiene, poor socialisation, poor nutrition, inadequate and crowded housing conditions and high mortality rates. Conditions in puppy farms fail to meet the dogs' behavioural, social and/or physiological needs.

Puppies born in puppy farms may have long-term health and/or behavioural problems resulting from the conditions in which they were bred. As a result of inbreeding, they may have higher rates of genetic defects, which can result in premature death or expensive veterinary treatment being required.

Puppy farms are not easy to identify. Puppy purchase may occur at a location far from the puppy farm. Very few people may be aware that large numbers of puppies are being bred at a particular property.

¹ This is based on the assumption that there around 780 000 dogs in Queensland. In 2009, it was estimated that there were 794 000 dogs in Queensland (Australian Companion Animal Council 2009, *The Power of Pets*, p. 2, viewed on 15 December 2011, <http://www.acac.org.au/pdf/PowerOfPets_2009_19.pdf>). If dog ownership in Queensland is declining in line with national trends, the current number of dogs in Queensland would be approximately 780 000. The average life expectancy for a dog is 10 years, so 10% of dogs would need to be replaced each year.

² Based on nationwide statistics sourced from the Australian National Kennel Council Limited (of which Dogs Queensland is a member) member body gazettes, viewed on 15 December 2011, <<http://www.ankc.org.au/National-Breeder--Litter-Statistics-to-2009.aspx>>.

³ Based on nationwide expenditure figures reported in Australian Companion Animal Council Inc. 2010, *Contribution of the pet care industry to the Australian economy*, 7th edition, p. 23, viewed on 15 December 2011, <www.acac.org.au/pdf/ACAC%20Report%200810_sm.pdf>.

In 2008–09, 12 large-scale puppy farms were investigated by animal welfare inspectors in Queensland and more than 750 dogs were rescued. In some cases, puppy farms were identified by accident. These puppy farms had been operating for some time without attracting attention, which suggests that there may be other puppy farms operating in Queensland undetected. Consequently, the number of puppy farms in Queensland is unknown.

The RSPCA Qld and Biosecurity Queensland have incurred millions of dollars⁴ in expenses caring for animals seized from puppy farms while legal proceedings were brought against the respective owners.

There is currently no uniform statewide legislation that requires dog breeders to register or obtain a licence. Local governments are responsible for dog management and can regulate the number of dogs kept on a property under local laws. Four local governments across Queensland (Gold Coast City Council, Moreton Bay Regional Council, Logan City Council and Townsville City Council) have implemented breeder permit schemes. The schemes require all dog breeders (regardless of the number of breeding dogs they keep) to obtain a breeder's permit and comply with standards. Generally however, most local governments choose not to require dog breeders to register.

Self-regulation by the industry involves Dogs Queensland membership rules directed at welfare and their recently established breeder accreditation scheme⁵. However, efforts at self-regulation are incapable of addressing puppy farms because operators of puppy farms are unlikely to seek membership of Dogs Queensland (or similar).

Welfare standards for dog breeders have been adopted under legislation in New South Wales. Victorian legislation requires domestic animal businesses (such as commercial dog-breeding operations) to register with local governments and comply with a code of practice for dog breeders.

In January 2010, the RSPCA released a public discussion paper on puppy farms. During 2010, the RSPCA commenced a national puppy farms campaign. More than 82 000 people signed the associated petition. The Assistant Chief Inspector of the RSPCA Qld initiated a Queensland Parliament e-petition calling for the regulation of the breeding, supply and sale of companion animals, minimum mandatory standards and for mass-production of puppies to be stamped out. More than 15 500 people signed the e-petition. After receiving over 100 stakeholder and individual responses to the discussion paper, in November 2010 the RSPCA released a document *End Puppy Farming – The Way Forward*. The document presented problems, desired outcomes and recommendations.

During 2010, the Queensland government consulted with key stakeholders on possible policy responses to the problem of puppy farms. On 23 December 2010, the Minister for Agriculture, Food and Regional Economies, the Honourable Tim Mulherin, MP, and the then Minister for Local Government and Aboriginal and Torres Strait Islander Partnerships, the Honourable Desley Boyle, MP, made a joint announcement about a package of measures to remove unscrupulous puppy farmers from the market, including a dog breeder identification system.

Since the December 2010 announcement, there has been considerable further consultation within Government and with key stakeholders (including Dogs Queensland, RSPCA Qld and Animal Welfare League of Queensland) to refine the proposal to regulate dog breeders. The draft

⁴ For example, in one case involving 104 dogs seized from a puppy farmer, the RSPCA Qld incurred costs of almost \$1.8 million in boarding and veterinary expenses with pro bono legal support valued at over \$500 000.

⁵ Currently, about one third of members of Dogs Queensland who breed dogs are involved in the breeder accreditation scheme. There is no cost.

Queensland standards and guidelines for the welfare of animals: breeding dogs (the Breeding Dogs Standards) was released for public comment in October 2011 and more than 60 submissions were received in response. At a meeting on 12 December 2011, key stakeholders supported a revised draft of the Breeding Dogs Standards. They generally also supported an amended proposal for dog breeder registration targeted at large-scale breeders (leaving more comprehensive breeder regulation to local governments who are responsible for dog management). However, there were a range of views about what the threshold for registration should be. This is reflected in the consideration of several options in the draft RAS.

In conjunction with the release of this draft RAS, the Government has announced that the standards have been finalised and will be adopted as mandatory standards and enforced using existing powers under the *Animal Care and Protection Act 2001*. The standards make explicit the standard of care that all dog breeders are required to provide. Three of the proposed standards relating to recordkeeping provisions and one standard requiring a dog to receive an annual health check by a veterinary surgeon apply only to breeders required to register (in anticipation that breeder registration will be introduced for large-scale breeders).

Purpose

The purpose of the proposed dog breeder legislative amendments is to help bring to an end the breeding of dogs in puppy farms under unsuitable conditions by:

- identifying large-scale dog breeders
- empowering consumers to make pro-welfare choices when choosing puppies.

Options

This section describes three options for regulating dog breeders:

- Option 1 – Retain existing provisions
- Option 2 – Registration of breeders with 10 or more entire bitches or 20 or more entire dogs
- Option 3 – Registration of breeders with 10 or more entire dogs.
- Option 4 – Registration of persons with 10 or more dogs

Option 1 – Retain existing provisions (status quo)

This option preserves the status quo.

Under the *Animal Care and Protection Act 2001*, a person (including a dog breeder) in control of an animal would continue to have a duty of care to properly look after the animal. This includes providing food and water, appropriate living conditions and treatment for injury or disease.

Operators of a puppy farm could be liable to prosecution for a serious animal welfare offence under the *Animal Care and Protection Act 2001*—a breach of the duty of care (which carries a maximum penalty of 300 penalty units (currently \$30 000) or 1 year imprisonment) or animal cruelty (which carries a maximum penalty of 1000 penalty units (currently \$100 000) or 2 years imprisonment). If a person is convicted of a serious animal welfare offence, a court may make an order for disposal or forfeiture of animals or an order prohibiting the person from purchasing or obtaining an animal for a particular purpose (e.g. breeding) or for any purpose.

Once the Breeding Dogs Standards are adopted as mandatory standards under the *Animal Care and Protection Act 2001*, they would apply to all dog breeders regardless of size. Non-compliance with a compulsory standard under the *Animal Care and Protection Act 2001* carries a maximum penalty of 300 penalty units (currently \$30 000). Further, the standards could be used as evidence in prosecution for a serious animal welfare offence under the *Animal Care and Protection Act 2001* where appropriate.

An inspector appointed under the *Animal Care and Protection Act 2001* (including an employee of the RSPCA Qld who was appointed as an inspector), would generally need to obtain consent before entering a premise to check compliance with the Act. However, they could enter without consent if they obtained a warrant or if they reasonably suspected there was an imminent risk of an animal welfare offence causing death or injury to an animal or on certain other limited grounds.

Under the *Animal Management (Cats and Dogs) Act 2008*, breeders would continue to be required to ensure puppies (with the exception of working dogs and some dogs used by government) were microchipped before sale (or 12 weeks of age). Each microchip holds a unique number. The authorised implanter collects information to be recorded against the microchip number by a licensed microchip registry. The information includes the name and contact details of the owner of the dog, its colour, sex, date of birth (or approximate age when implanted if date of birth is not known), whether the dog is desexed, the registered address for the dog and the name of the relevant local council. Registries hold Australia-wide information. They must hold the information securely and share it with all other licensed registries. Dog owners must advise the registry service provider within 7 days if some of the information recorded against the microchip changes.

Under the *Animal Management (Cats and Dogs) Act 2008*, dogs 12 weeks of age and older would also continue to be required to be registered by local governments. Local governments set the registration duration and fees for their local government area to meet local needs.

Option 2 – Registration of breeders with 10 or more entire bitches or 20 or more entire dogs

A system of breeder registration would be introduced by amendment of the *Animal Management (Cats and Dogs) Act 2008*.

Each large-scale breeder (a breeder keeping either 10 or more entire bitches (i.e. female dogs aged 6 months or older that have not been de-sexed)⁶ or 20 or more entire dogs on a property or several reasonably proximate properties) would be required to register with Biosecurity Queensland. Registration fees for large breeders would be \$300 per year. It would be an offence (with a suitable penalty) if a large-scale breeder failed to register without a reasonable excuse.

Registration would not be compulsory for small-scale breeders, but they could opt to register. Small-scale breeders opting to register would pay a fee of \$30 per year.

Large-scale and small-scale breeders could choose to submit their applications through an accredited private organisation that checks the compliance of breeders against standards at least equal to the proposed dog breeder standards. This would encourage industry self-regulation. Accredited organisations⁷ would be free to set their own fees for this service and would pay a registration fee of \$30 per year to the state government for each breeder registered through their service (which they would likely pass on to applicants).

Those already registered as breeders with prescribed local governments (local governments that have schemes in place to check compliance of breeding kennels with standards at least equal to the proposed Breeding Dogs Standards) would not need to make a separate application for registration. Legislation would require local governments to provide information about breeders registered in their local government area to the state government and these breeders would be issued with a breeder ID at no cost.

Fees for registration under option 2 are summarised in Table 1.

Table 1: Summary of proposed annual registration fees—Option 2

Category	Proposed fees Note: actual fees may vary by up to 10%
Large-scale breeders (10 or more entire bitches or 20 or more entire dogs)—direct compulsory registration	\$300
Small-scale breeders—direct voluntary registration	\$30
Breeders who will be automatically granted state registration because they have a breeder permit/registration in a prescribed local government area	No fee, but local governments may charge fees for a breeder permit/registration in their local area
Breeders who submit their applications through an accredited organisation	No direct fee, but an organisation may set their own fees that pass on the fee of \$30 charged by state government

⁶ Dogs being kept under contract in a boarding kennel and dogs being held in a pound or refuge, veterinary surgeries, working dogs and government agency dogs (e.g. Queensland Police Service and Australian Quarantine and Inspection Service (AQIS)) would not be counted.

⁷ Dogs Queensland has indicated that it would likely seek accreditation.

A prescribed organisation, such as RSPCA Qld,⁸ would be responsible for dealing with registration requests and keeping the register of breeders.

Registered breeders would be assigned a breeder identification number (breeder ID). Breeders would be required to display their breeder ID (if applicable) at points of sale or in advertising for sale or supply. On-sellers, such as pet shops, could choose to display the breeder ID (if applicable). It would be an offence to knowingly display an incorrect breeder ID for a dog.

Some of the information about registered breeders (e.g. breeder ID, name of registered breeder, and town/suburb of address where dogs are bred) would be made publicly available. Interest groups would likely encourage Queenslanders to buy only from registered breeders unless they could check for themselves the conditions under which a puppy had been bred.

It is anticipated that consumers would increasingly be looking for a breeder ID. This would make it more difficult to sell dogs bred under unsuitable conditions in puppy farms (who chose not to register to avoid detection). Responsible dog breeders would be able to showcase that they had a breeder ID. A breeder with a breeder ID would be subject to occasional inspection.

Breeders would continue to be subject to the microchipping requirements under the *Animal Management (Cats and Dogs) Act 2008*. However, these requirements would be enhanced to provide for recording and retrieval of breeding information that would assist Biosecurity Queensland and the RSPCA Qld to target their enforcement activities.

The breeder ID (if held) or the breeder's name (if the breeder was not registered) and the registration number/microchip number of the breeding bitch would be required to be recorded against the microchip of each puppy before sale (or at 12 weeks). The licensed registries storing data against the microchip number would be required to provide this information when requested by an inspector appointed under the *Animal Care and Protection Act 2001*. Animal welfare inspectors could use this information to target their investigations (e.g. by tracing puppies back to their breeders to identify unregistered large-scale dog breeders and/or over-breeding). Unwillingness to record data or patterns of untrue data might also help identify puppy farms.

It is proposed that employees of the RSPCA Qld could be appointed as inspectors under the *Animal Management (Cats and Dogs) Act 2008*. Their powers would be limited to monitoring and enforcing compliance with the breeder registration requirements and to accessing microchip data.

Registration fees would be used to fund inspection of registered breeders against the proposed mandatory Breeding Dogs Standards by inspectors appointed under the *Animal Care and Protection Act 2001*. It is anticipated that large-scale registered breeders would generally be inspected every three years.

The system of dog breeder registration would also trigger additional requirements for some breeders under the Breeding Dogs Standards. Large-scale dog breeders (for whom registration would be mandatory) would be required under the Breeding Dogs Standards to keep particular records about each breeding dog and each litter for at least three years. Each breeding dog they keep would also need to receive an annual veterinary health check. These requirements would not apply to small-scale breeders (even if they chose to register).

⁸ The RSPCA Qld has expressed willingness to develop, host and maintain the register. Negotiations between the Queensland Government and the RSPCA Qld are ongoing with a view to the RSPCA Qld providing this service. If no organisation was prescribed, the chief executive of DEEDI would be obliged to keep the register.

Option 3 – Registration of breeders with 10 or more entire dogs

Registration would be introduced as proposed under option 2. However, compulsory registration would apply to a person with 10 or more entire dogs⁹ (i.e. dogs of any gender, aged 6 months or more that have not been de-sexed) on a single property or several reasonably proximate properties.

More breeders would be captured by the compulsory registration requirement than under option 2. This would likely encourage a larger number of voluntary registrants. This is because the greater number of registered breeders may increase consumer awareness and demand for dogs bred from registered breeders. Consequently, there may be a practical impetus for commercially-oriented small-scale breeders to register in order to avoid losing market share to registered breeders.

Efficiencies of scale would enable slightly reduced registration fees to be payable (compared to option 2). Registration fees for large-scale breeders (10 or more entire dogs) would be \$250 per year. Smaller-scale breeders opting to register would pay \$20 per year.

Fees for voluntary and compulsory registration under option 3 are summarised in Table 2.

Table 2: Summary of proposed annual registration fees—Option 3

Category	Proposed fees Note: actual fees may vary by up to 10%
Large-scale breeders (10 or more entire dogs)—direct compulsory registration	\$250
Small-scale breeders—direct voluntary registration	\$20
Breeders who will be automatically granted state registration because they have a breeder permit/registration in a prescribed local government area	No fee, but local governments may charge fees for a breeder permit/registration in their local area
Breeders who submit their applications through an accredited organisation	No direct fee, but an organisation may set their own fees that pass on the fee of \$20 charged by state government

Option 4 – Registration of persons with 10 or more dogs

Registration would be introduced as proposed under options 2 and 3. However, compulsory registration would apply to a person with 10 or more dogs¹⁰ (i.e. dogs of any gender, aged 6 months or more, whether or not de-sexed) on a single property or several reasonably proximate properties.

More breeders would be captured by the compulsory registration requirement than under options 2 or 3 and this would likely encourage a larger number of voluntary registrants.

⁹ Dogs being kept under contract in a boarding kennel and dogs being held in a pound or refuge, veterinary surgeries, working dogs, assistance dogs approved by prescribed entities and government agency dogs (e.g. Queensland Police and AQIS) would not be counted.

¹⁰ Dogs being kept under contract in a boarding kennel and dogs being held in a pound or refuge, veterinary surgeries, working dogs, assistance dogs approved by prescribed entities, and government agency dogs (e.g. Queensland Police and AQIS) would not be counted.

Efficiencies of scale would enable reduced registration fees to be payable (compared to options 2 and 3). Registration fees for a person in control of 10 or more dogs would be \$120 per year. Smaller-scale breeders opting to register would pay \$20 per year.

Fees for voluntary and compulsory registration under option 3 are summarised in Table 2.

Table 3: Summary of proposed annual registration fees—Option 4

Category	Proposed fees Note: actual fees may vary by up to 10%
Persons in control of 10 or more entire dogs—direct compulsory registration	\$120
Small-scale breeders—direct voluntary registration	\$20
Persons who will be automatically granted state registration because they have a breeder permit/registration in a prescribed local government area	No fee, but local governments may charge fees for a breeder permit/registration in their local area
Persons who submit their applications through an accredited organisation	No direct fee, but an organisation may set their own fees that pass on the fee of \$20 charged by state government

Impacts

Impacts of option 1 (status quo)

The impacts of option 1 would be minimal. There would be no change for business, community or government. There would continue to be no means of proactively identifying dog breeders.

Impacts of option 2 (Registration of breeders with 10 or more entire bitches or 20 or more entire dogs)

Impacts of option 2 on business

Microchip implanters and licensed microchip registry service providers

Requiring implanters to provide additional data to be recorded in the registry against the microchip would be unlikely to impose costs on implanters (who would generally ask the dog breeder to record the information in the form to be sent to the registry).

Registry service providers would incur costs in setting up additional data fields (one-off costs that would be negligible per dog when written off over several years) and a marginal cost of approximately \$0.60¹¹ per dog associated with entering data against additional data fields. It is likely that these costs would be passed on to dog breeders.

Dog breeders

Breeders with 10 or more entire bitches (except those who were registered as breeders with local government) would incur the following costs:

- If registering direct:
 - an annual registration fee of \$300
 - annualised procedural costs of \$17¹²
 - annualised inspection-related costs of \$22.¹³
- If registering through an organisation (e.g. Dogs Queensland, if accredited), the organisation would be charged \$30 per year, which would likely be passed on to the breeder.

Option 2 would (through consumer demand) encourage a small percentage of small-scale breeders to register in order to avoid large-scale breeders obtaining a competitive advantage due to improved public perception associated with registration. Voluntary registration would impose the following costs on small-scale breeders:

¹¹ This calculation assumes that entering the additional data takes around one minute per puppy at the average hourly salary cost of \$33.10 (based on Australian Bureau of Statistics 2010 average full-time weekly earnings assuming a 40-hour working week).

¹² This calculation assumes that annual procedural costs and other administrative tasks associated with registration take around 0.5 hours per year the average hourly salary cost of \$33.10 (based on Australian Bureau of Statistics 2010 average full-time weekly earnings assuming a 40-hour working week).

¹³ This calculation assumes that an inspection would occur every 3 years, for which 1.5 hours of working time would be required in order for the breeder to facilitate each inspection, at the average hourly salary cost of \$33.10 (based on Australian Bureau of Statistics 2010 average full-time weekly earnings assuming a 40-hour working week).

- if registering direct:
 - an annual registration fee of \$30
 - annualised procedural costs of \$17¹⁴
 - annualised inspection-related costs of \$3.68¹⁵
- if registering through an organisation, the organisation would be charged \$30 per year, which would likely be passed on to the breeder.

Alternatively, choosing not to register may result in a loss of market share in Queensland for small-scale dog breeders, with some consumers preferring to purchase a dog from a registered breeder.

Large-scale breeders (required to be registered) would also incur costs associated with recordkeeping requirements and annual health check requirements imposed by the Breeding Dogs Standards on those required to be registered. It is likely that those registering through an accredited organisation would already comply with the recordkeeping requirements. For others, annualised recordkeeping costs are broadly estimated to be \$248¹⁶ per large-scale breeder. Many large-scale breeders¹⁷ would already obtain an annual health check for their dogs (often in conjunction with vaccination). For others, annual veterinary check costs are broadly estimated to be \$620¹⁸ per large-scale breeder.

Under option 2, it is broadly estimated that:¹⁹

- 104 large-scale breeders would be required to register direct, while 400 would register through an accredited organisation
- a further 195 small-scale breeders would choose to register direct and 400 would register through an accredited organisation

¹⁴ This calculation assumes that annual procedural costs and other administrative tasks associated with registration take around 0.5 hours per year, at the average hourly salary cost of \$33.10 (based on Australian Bureau of Statistics 2010 average full-time weekly earnings and a 40-hour working week).

¹⁵ This calculation assumes that an inspection would occur every 3 years and in order for the breeder to facilitate each inspection, 20 minutes working time would be required, at the average hourly salary cost of \$33.10 (based on Australian Bureau of Statistics 2010 average full-time weekly earnings assuming a 40-hour working week).

¹⁶ This calculation assumes that compliance with recordkeeping requirements imposed on registered breeders by the Breeding Dogs Standards would take around 0.5 hours per entire bitch per year, at the average hourly salary cost of \$33.10 (based on Australian Bureau of Statistics 2010 average full-time weekly earnings assuming a 40-hour working week). It also assumes that each registered breeder has on average 15 breeding bitches, each producing on average 1.2 litters of 5 puppies per year.

¹⁷ For the purpose of calculating the total impost on the industry, it is assumed that 77% of breeders would not incur costs because they already obtain an annual health check for all their dogs (this reflects general rates of annual check-ups for dogs reported in the 2006 National People and Pets Survey, *Socially Responsible Pet Ownership in Australia: A Decade of Progress*, viewed on 3 January 2012 at

<http://www.petnet.com.au/sites/default/files/National_People_and_Pets_2006.pdf>).

¹⁸ Assuming on average 20 dogs per large-scale breeder required a health check and each check cost approximately \$62 while a veterinarian provided a 50% discount for multiple consultations.

¹⁹ For the purpose of calculating the number of registrants and total fee impost, it is assumed that:

- Dogs Queensland is an accredited organisation for registrations and 5% of their members are large-scale breeders, while a further 5% might seek voluntary registration
- 12% of puppies are bred by other large-scale breeders (producing on average 18 litters per year)
- 5% of puppies would be bred by other small-scale breeders (producing on average 4 litters per year) who would choose voluntary registration
- 63% of puppies would be sourced from animal welfare shelters or pounds or bred by small-scale breeders.

- the total registration and monitoring-related impost on the industry would be \$69 139 per year
- the total impost on industry associated with requirements under the Breeding Dogs Standards, that apply only to those required to be registered, would be \$97 662 per year.

The direct cost to breeders of additional microchip data requirements would be negligible. However, if costs incurred by registries were passed on to breeders this would add approximately \$0.60 to the cost of microchipping a dog.

Impacts of option 2 on the community

Consumers

Breeders would likely pass on any increased costs to consumers:

- The cost of a puppy from an unregistered breeder is broadly estimated to increase by about \$0.60 (costs passed on by microchip registries). Approximately 71% of puppies would likely be sourced from unregistered breeders.
- The cost of a puppy from a registered breeder is broadly estimated to increase by about \$5.93.²⁰ Approximately 29% of puppies would likely be sourced from registered breeders.

Where breeders conduct their business in a responsible manner, consumers are likely to benefit by purchasing healthy and well-socialised dogs.

Animal welfare interests of the community

Option 2 would have a positive impact on the welfare of dogs in large-scale breeding facilities, and in those small-scale facilities that chose to register, by ensuring that such facilities were known to the regulator and subject to its scrutiny; driving higher standards of care. In turn, this would assist in ensuring that large-scale breeders met acceptable standards.

Impacts of option 2 on government

Animal welfare enforcement agencies and organisations²¹

Establishing a dog-breeder registration scheme would assist animal welfare agencies and organisations to target their animal welfare compliance and enforcement efforts at potential puppy farms. It would provide a consistent, statewide means of proactively identifying the location of large-scale dog breeding facilities. The additional microchip data could be analysed to identify patterns of dog breeding and dog breeders that should be investigated for compliance with the registration requirements.

Under option 2, animal welfare agencies and organisations would collectively incur the following additional costs associated with:

²⁰ Consistent with the assumptions used to calculate the total impost on breeders (see footnote 19), the number of puppies supplied by registered breeders would be 31 260. Total registration and monitoring-related costs would equate to \$2.21 per puppy. Costs related to compliance with standards would equate to about \$3.12 per puppy. Microchip-related costs would add an extra \$0.60 per puppy.

²¹ For the purpose of this analysis the RSPCA Qld is considered with Government as it is involved in enforcement of animal welfare legislation.

- the registration scheme (e.g. processing payments, developing²² and maintaining a register, publishing the register and data entry)—these costs are broadly estimated at \$43 000 per year
- inspecting registered breeders (whose identities and locations were previously unknown)—these costs are broadly estimated at \$18 200 per year.²³

Proposed registration fees have been calculated to recover these costs. However, many untested assumptions have been used to calculate the cost to government and likely registration revenue. The actual cost and revenue may vary dramatically from the estimates. As a result, the true extent of cost recovery can only be determined over time.

Animal welfare agencies and organisations would also collectively incur the costs of analysing microchip data that are broadly estimated at \$10 000 per annum. In addition, they would incur costs associated with investigation of any suspicions formed from this data analysis. There may also be a spike in enforcement costs when option 2 was introduced if an increased number of puppy farms are identified, requiring care of seized dogs and prosecutions. It is impossible to quantify these costs but past experience shows they could reach millions of dollars. Some of the costs could be recovered from convicted puppy farm operators under existing provisions in the *Animal Care and Protection Act 2001*.²⁴ However, some of these costs would be borne by the government.

Local government

Option 2 would have negligible impact on local governments. Councils operating a separate breeder permitting scheme would incur negligible costs associated with providing information about permit holders in their local government area for inclusion in the statewide register.

Impacts of option 3 (registration of breeders with 10 or more entire dogs)

Impacts of option 3 on business

The impacts of option 3 (registration for 10 entire dogs) on various sectors of business would generally be as described for option 2 (registration for 10 entire bitches or 20 entire dogs). However, the registration requirements would impose slightly lower costs than option 2 on a *larger number of dog breeders*.

Breeders with 10 or more entire dogs (except those who held breeder permits with local government) would face the following costs:

- if registering direct:
 - an annual registration fee of \$250

²² Development costs would be written off over several years.

²³ This calculation is based on the assumption that all direct registrants would be inspected once every 3 years and, on average, the total cost to government of a 1.5 hour inspection of a large-scale breeder (including travel and other incidentals) was \$300, while the total cost to government of a 20-minute inspection of a registered small-scale breeder (including travel and other incidentals) was \$120.

²⁴ Existing legislation makes provision for the seizure agency to recover compensation from the owners for the costs of caring for seized animals. However, in practice, compensation orders often do not reflect the actual costs incurred by the seizure agency and in any event, owners usually lack the resources to pay compensation. Until the court case is resolved, the seizure agency has no ability to sell or re-home seized animals and once the court case is resolved it may be difficult to re-home the dogs, which are no longer puppies and may not be well socialised.

- annualised procedural costs of \$17²⁵
- annualised inspection-related costs of \$22²⁶
- if registering through an organisation, the organisation would be charged \$20 per year, which would likely be passed on to the breeder.

There would be more puppies sold by breeders required to be registered under option 3 (estimated to account for approximately 40% of puppies), compared to option 2 (approximately 22% of puppies). As a result, there would be more consumer awareness of the breeder registration scheme. This could generate stronger consumer demand for puppies from registered breeders. In turn, this might encourage a higher proportion of small-scale breeders to register. Further, slightly lower voluntary registration fees may also increase the number of registrations. Voluntary registration would impose the following costs on breeders with less than 10 entire dogs:

- if registering direct:
 - an annual registration fee of \$20
 - annualised procedural costs of \$17²⁷
 - annualised inspection-related costs of \$3.68²⁸
- if registering through an organisation, the organisation would be charged \$20, which would likely be passed on to the breeder.

As under option 2, large-scale breeders (required to be registered) would also incur costs associated with recordkeeping requirements and annual health check requirements imposed by the Breeding Dogs Standards on those required to be registered. Annualised costs associated with compliance would, however, likely be lower than under option 2, reflecting that records and veterinary checks would be required to be completed for fewer dogs per breeder. Recordkeeping costs are broadly estimated to be \$198.60²⁹ per large-scale breeder. Annual veterinary check costs are broadly estimated to be \$413³⁰ per large-scale breeder.

Under option 3, it is broadly estimated that: ³¹

²⁵ This calculation assumes that annual procedural costs and other administrative tasks associated with registration take around 0.5 hours per year, and is based on the average hourly salary cost of \$33.10 (based on Australian Bureau of Statistics 2010 average full-time weekly earnings assuming a 40-hour working week).

²⁶ This calculation assumes that an inspection would occur every 3 years and in order for the breeder to facilitate each inspection, 1.5 hours of working time would be required, and is based on the average hourly salary cost of \$33.10 (based on Australian Bureau of Statistics 2010 average full-time weekly earnings assuming a 40-hour working week).

²⁷ This calculation assumes that annual procedural costs and other administrative tasks associated with registration take around 0.5 hours per year, at the average hourly salary cost of \$33.10 (based on Australian Bureau of Statistics 2010 average full-time weekly earnings and a 40-hour working week).

²⁸ This calculation assumes that an inspection would occur every 3 years and in order for the breeder to facilitate each inspection, 20 minutes working time would be required, at the average hourly salary cost of \$33.10 (based on Australian Bureau of Statistics 2010 average full-time weekly earnings assuming a 40-hour working week).

²⁹ This calculation assumes that compliance with recordkeeping requirements imposed on registered breeders by the Breeding Dogs Standards would take around 0.5 hours per entire bitch per year, at the average hourly salary cost of \$33.10 (based on Australian Bureau of Statistics 2010 average full-time weekly earnings assuming a 40-hour working week). It also assumes that each direct registered breeder has, on average, 10 breeding bitches each producing 1.2 litters of 5 puppies per year.

³⁰ Assuming on average 13.3 dogs per large-scale breeder required a health check and each check cost approximately \$62 while a veterinarian provided a 50% discount for multiple consultations.

³¹ For the purpose of calculating the total fee impost, it is assumed that:

- Dogs Queensland is an accredited organisation for registrations and one third of their members are breeders
- 20% of puppies are bred by other large-scale breeders (producing on average 12 litters per year)

- 260 large-scale breeders would be required to register direct, while 2667 would register through an accredited organisation
- a further 780 small-scale breeders would choose to register direct
- the total registration and monitoring-related impost on breeders would be \$160 210 per year
- the total impost on breeders associated with requirements under the Breeding Dogs Standards, that apply only to those required to be registered, would be \$329 671 per year.³²

Impacts of option 3 on the community

Dog owners who are not breeders

The lower threshold for registration would capture many dog owners who are not breeders and who would be unable to pass on the costs. For example, Dogs Queensland estimates that approximately half of their members would have 10 or more entire dogs (because dogs generally must be entire for showing), but only one third of their members would breed dogs.

Persons with 10 or more entire dogs who did not breed dogs would face the following costs:

- if registering direct:
 - an annual registration fee of \$250
 - annualised procedural costs of \$17 (as for breeders)
 - annualised inspection-related costs of \$3.68³³
- if registering through an organisation, the organisation would be charged \$20 per year, which would likely be passed on to the registrant.

These registrants would not be required to comply with the recordkeeping requirements and annual health check requirements of the Breeding Dogs Standards.

It is broadly estimated that:

- 300 persons who do not breed dogs would register direct because they had 10 or more entire dogs
- 1333 persons who do not breed dogs would register through an accredited organisation
- the total impost on dog owners who are not breeders would be \$107 864 per year.

Consumers

Breeders would likely pass on any increased costs to consumers:

-
- 15% of puppies are bred by other small-scale breeders (producing on average 3 litters per year) who would choose to register voluntarily
 - 45% of puppies are sourced from animal welfare shelters or pounds or bred by other small-scale breeders who would not choose to register.

³²This assumes that those registering through an accredited organisation would already comply with the recordkeeping requirements and that 77% of large-scale breeders would not incur additional veterinary costs as they already obtain an annual health check for their dogs.

³³ This calculation assumes that an inspection would occur every 3 years and in order for the breeder to facilitate each inspection, 20 minutes working time would be required, and is based on the average hourly salary cost of \$33.10 (based on Australian Bureau of Statistics 2010 average full-time weekly earnings assuming a 40-hour working week).

- The cost of a puppy from an unregistered breeder is broadly estimated to increase by about \$0.60 (costs passed on by microchip registries). Approximately 45% of puppies would likely be sourced from unregistered breeders.
- The cost of a puppy from a registered breeder is broadly estimated to increase by about \$12.01.³⁴ (Although the average costs imposed under option 3 would be slightly lower per breeder than under option 2, the average number of puppies produced by each breeder under option 3 would be significantly lower, meaning that the average costs imposed per puppy (that would be passed on to consumers) would be higher.) Approximately 55% of puppies would likely be sourced from registered breeders.

Breeder registration would have a much higher profile under option 3 than option 2 simply because more breeders would be required to obtain and display a breeder ID. This heightened consumer awareness would likely create consumer demand for supply of puppies from a registered breeder, which in turn would increase the rate of voluntary registration.

Animal welfare interest of the community

The impacts on the animal welfare interest of the community under option 3 would be generally the same as for option 2. It is unlikely that animal welfare agencies would identify significantly more puppy farms under option 3, compared to under option 2. Puppy farms would typically operate on a large-scale that would already be captured by the mandatory registration requirement under option 2. However, under option 3 the mandatory registration system would apply to more breeders and there would probably be more voluntary registrations.

Impacts of option 3 on government

The cost to the animal welfare agencies and organisations under option 3 would consist of costs associated with:

- the registration scheme (e.g. processing payments, developing³⁵ and maintaining a register and data entry)—broadly estimated at \$165 000 per year for the first 3 years
- inspecting registered breeders (whose identities and locations were previously unknown)—these costs are broadly estimated at \$69 200 per year.³⁶

The proposed registration fees have been calculated to recover these costs. However, many untested assumptions have been used to calculate the cost to government and likely registration revenue. The actual cost and revenue may vary dramatically from the estimates. As a result, the true extent of cost recovery can only be determined over time.

As with option 2, animal welfare agencies and organisations would also collectively incur the costs of analysing microchip data and costs associated with investigation and enforcement.

As with option 2, option 3 would impose negligible costs on local government.

³⁴ Consistent with the assumptions used to calculate the total impost on breeders (see footnote 31), the number of puppies supplied by registered breeders would be 42 900. Total registration and monitoring-related costs would equate to \$3.73 per puppy. Costs related to compliance with standards would equate to about \$7.68 per puppy. Microchip-related costs would add an extra \$0.60 per puppy.

³⁵ Development costs would be written off over several years.

³⁶ This calculation is based on the assumption that all direct registrants would be inspected once every 3 years and, on average, the total cost to government of a 1.5 hour inspection of a large-scale breeder (including travel and other incidentals) was \$300, while the total cost to government of a 20-minute inspection of a registered small-scale breeder or non-breeder (including travel and other incidentals) was \$120.

Impacts of option 4 (registration of persons with 10 or more dogs)

Impacts of option 4 on business

Dog breeders

The impacts of option 4 (registration for 10 or more dogs) on large-scale breeders would generally be as described for option 2 (registration for 10 entire bitches or 20 entire dogs) and 3 (registration for 10 entire dogs). However, the registration requirements would impose much lower costs than option 2 and option 3 on a much larger number of dog breeders.

Breeders with 10 or more dogs (except those who held breeder permits with local government) would face the following costs:

- if registering direct:
 - an annual registration fee of \$120
 - annualised procedural costs of \$17³⁷
 - annualised inspection-related costs of \$22³⁸
- if registering through an organisation, the organisation would be charged \$20 per year, which would likely be passed on to the breeder.

There would be more puppies sold by breeders required to be registered under option 4 (estimated to account for approximately 58% of puppies), compared to option 2 (approximately 22% of puppies) or option 3 (approximately 40% of puppies). As a result, there would be more consumer awareness of the breeder registration scheme. This might generate stronger consumer demand for puppies from registered breeders. This, in turn, may encourage a higher proportion of small-scale breeders to register. Further, slightly lower voluntary registration fees may also increase the number of voluntary registrations. Voluntary registration would impose the following costs on breeders with less than 10 dogs:

- if registering direct:
 - an annual registration fee of \$20
 - annualised procedural costs of \$17³⁹
 - annualised inspection-related costs of \$3.68⁴⁰
- if registering through an organisation, the organisation would be charged \$20, which would likely be passed on to the breeder.

³⁷ This calculation assumes that annual procedural costs and other administrative tasks associated with registration take around 0.5 hours per year, and is based on the average hourly salary cost of \$33.10 (based on Australian Bureau of Statistics 2010 average full-time weekly earnings assuming a 40-hour working week).

³⁸ This calculation assumes that an inspection would occur every 3 years and in order for the breeder to facilitate each inspection, 1.5 hours of working time would be required, and is based on the average hourly salary cost of \$33.10 (based on Australian Bureau of Statistics 2010 average full-time weekly earnings assuming a 40-hour working week).

³⁹ This calculation assumes that annual procedural costs and other administrative tasks associated with registration take around 0.5 hours per year, at the average hourly salary cost of \$33.10 (based on Australian Bureau of Statistics 2010 average full-time weekly earnings and a 40-hour working week).

⁴⁰ This calculation assumes that an inspection would occur every 3 years and in order for the breeder to facilitate each inspection, 20 minutes working time would be required, and is based on the average hourly salary cost of \$33.10 (based on Australian Bureau of Statistics 2010 average full-time weekly earnings assuming a 40-hour working week).

As under options 2 and 3, large-scale breeders (required to be registered) would also incur costs associated with recordkeeping requirements and annual health check requirements imposed by the Breeding Dogs Standards on those required to be registered. Annualised costs associated with compliance would, however, likely be lower than under options 2 or 3, reflecting that records and veterinary checks would be required to be completed for fewer dogs per breeder. Recordkeeping costs are broadly estimated to be \$148.95⁴¹ per large-scale breeder. Annual veterinary check costs (for those not already obtaining an annual veterinary check) are broadly estimated to be \$372⁴² per large-scale breeder.

Under option 4, it is broadly estimated that:⁴³

- 659 large-scale breeders would be required to register direct, while 2667 would register through an accredited organisation
- a further 724 small-scale breeders would choose to register direct
- the total registration and monitoring-related impost on dog breeders would be \$187 573 per year
- the total impost on industry associated with requirements under the Breeding Dogs Standards, that apply only to those required to be registered, would be \$382 730 per year.⁴⁴

Impacts of option 4 on the community

Dog owners who are not breeders

The lower threshold for registration would capture many dog owners who are not breeders who would be unable to pass on the costs. For example, Dogs Queensland estimates that approximately 95% of their members would have 10 or more dogs but only one third of their members would breed dogs.

Persons with 10 or more dogs who do not breed dogs would face the following costs:

- if registering direct:
 - an annual registration fee of \$120
 - annualised procedural costs of \$17 (as for breeders)
 - annualised inspection-related costs of \$3.68⁴⁵

⁴¹ This calculation assumes that compliance with recordkeeping requirements imposed on registered breeders by the Breeding Dogs Standard would take around 0.5 hours per entire bitch per year, at the average hourly salary cost of \$33.10 (based on Australian Bureau of Statistics 2010 average full-time weekly earnings assuming a 40-hour working week). It also assumes that each direct registered breeder has, on average, 9 breeding bitches each producing 1 litter of 5 puppies per year.

⁴² Assuming on average 12 dogs per large-scale breeder required a health check and each check cost approximately \$62 while a veterinarian provided a 50% discount for multiple consultations.

⁴³ For the purpose of calculating the total impost, it is assumed that:

- Dogs Queensland is an accredited organisation for registrations and one third of their members are breeders with 10 or more dogs
- 38% of puppies are bred by other breeders who have 10 or more dogs (producing on average 9 litters per year)
- 13% of puppies are bred by breeders who have less than 10 dogs (producing on average 2.8 litters per year) who would choose to register voluntarily
- 29% of puppies are sourced from animal welfare shelters or pounds or bred by breeders who have less than 10 dogs and who would not choose to register.

⁴⁴ This assumes that those registering through an accredited organisation would already comply with the recordkeeping requirements and that 77% of large-scale breeders would not incur additional veterinary costs as they already obtain an annual health check for their dogs.

- if registering through an organisation, the organisation would be charged \$20 per year, which would likely be passed on to the registrant.

These registrants would not be required to comply with the recordkeeping requirements and annual health check requirements of the Breeding Dogs Standards.

It is broadly estimated that:

- 1100 persons who do not breed dogs would register direct because they have 10 or more dogs, while 4933 would register through an accredited organisation
- the total impost on dog owners who are not breeders would be \$253 408 per year.

Consumers

Breeders would likely pass on any increased costs to consumers:

- The cost of a puppy from an unregistered breeder is broadly estimated to increase by about \$0.60 (costs passed on by microchip registries). Approximately 29% of puppies would likely be sourced from unregistered breeders.
- The cost of a puppy from a registered breeder is broadly estimated to increase by about \$10.90.⁴⁶ (Although the average costs imposed under option 4 would be lower per breeder than under options 2 or 3, the average number of puppies produced by each breeder under option 4 would be significantly lower, meaning that the average costs imposed per puppy (that would be passed on to consumers) would be higher.) Approximately 71% of puppies would likely be sourced from registered breeders.

Breeder registration would have a much higher profile under option 4 than options 2 and 3, simply because more breeders would be required to obtain and display a breeder ID. This heightened consumer awareness would likely create consumer demand for supply of puppies from a registered breeder, which in turn would increase the rate of voluntary registration.

Animal welfare interest of the community

The impacts on the animal welfare interest of the community under option 4 would generally be the same as for options 2 and 3. It is unlikely that animal welfare agencies would identify significantly more puppy farms under option 4, compared to under options 2 and 3. Puppy farms would typically operate on a large-scale that would already be captured by the mandatory registration requirement under options 2 and 3. However, under option 4 the mandatory registration system would apply to more breeders than under options 2 or 3 and there would probably be more voluntary registrations.

Impacts of option 4 on government

The cost to the animal welfare agencies and organisations under option 4 would consist of costs associated with:

⁴⁵ This calculation assumes that an inspection would occur every 3 years and in order for the breeder to facilitate each inspection, 20 minutes working time would be required, and is based on the average hourly salary cost of \$33.10 (based on Australian Bureau of Statistics 2010 average full-time weekly earnings assuming a 40-hour working week).

⁴⁶ Consistent with the assumptions used to calculate the total impost on breeders (see footnote 43) the number of puppies supplied by registered breeders would be 55 380. Total registration and monitoring-related costs would equate to \$3.39 per puppy. Costs related to compliance with standards would equate to about \$6.91 per puppy. Microchip-related costs would add an extra \$0.60 per puppy.

- the registration scheme (e.g. processing payments, developing⁴⁷ and maintaining a register and data entry)—broadly estimated at \$240 000 per year for the first 3 years
- inspecting registered premises (whose locations were previously unknown)—these costs are broadly estimated at \$138 860 per year.⁴⁸

The proposed registration fees have been calculated to recover these costs. However, many untested assumptions have been used to calculate the cost to government and likely registration revenue. The actual cost and revenue may vary dramatically from the estimates. As a result, the true extent of cost recovery can only be determined over time.

As with options 2 and 3, animal welfare agencies and organisations would also collectively incur costs analysing microchip data and costs associated with investigation and enforcement.

⁴⁷ Development costs would be written off over several years.

⁴⁸ This calculation is based on the assumption that all direct registrants would be inspected once every 3 years and, on average, the total cost to government of a one and a half hour inspection of a large-scale breeder (including travel and other incidentals) was \$300, while the total cost to government of a 20-minute inspection of a registered small-scale breeder or non-breeder (including travel and other incidentals) was \$120.

Consistency with other legislation

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. The proposed registration fees under options 2, 3 and 4 reflect the cost to the government of registration and monitoring of registered breeders against the standards. However, they would not include the costs to government of data analysis, investigations or caring for dogs seized from puppy farms pending the outcome of legal proceedings.

Appendix 1 examines the consistency of the proposed legislation with the following laws, which it must comply with:

- Clause 5(1) of the Competition Principles Agreement requires that legislation not restrict competition unless it can be demonstrated that:
 - the objectives of the regulation can only be achieved by restricting competition
 - the benefits of the restriction to the community as-a-whole outweigh the costs.
- Section 4 of the *Legislative Standards Act 1992* provides that legislation must comply with fundamental principles that underlie a parliamentary democracy based on the rule of law. These principles include requiring that regulation has sufficient regard to the rights and liberties of individuals and the institutions of Parliament.

Implementation and evaluation

On commencement of the legislation, Biosecurity Queensland and the RSPCA Qld would initially take an educative approach to informing breeders about their obligations to register.

The government would develop a communication plan for informing large-scale breeders of the requirement for registration.

The proposed legislation would be reviewed within 10 years of its commencement. Performance indicators would be developed to evaluate its effectiveness and include the extent of voluntary registration, the use made of additional information recorded against each dog's microchip, the number of compliance deficiencies identified and the recovery of regulatory costs.

Appendix: Consistency with other policies and regulations

Competition Principles Agreement

Expanding the existing microchip requirements would not reduce competition between dog breeders. The requirements would apply to all breeders regardless of the scale of their operations. The expanded microchip requirements would impose, at most, a negligible increase in costs to dog breeders, estimated at an additional \$0.60 per dog.

Introducing a registration system for dog breeders would impact competition in the dog breeding industry. However, this impact is justifiable—the community has an interest in addressing the welfare of dogs that outweighs the impact on competition caused by the proposed system of registration.

The proposed registration fees are based on the actual costs to government of maintaining a register of breeders and some of the costs of investigating and enforcing compliance by registered breeders with the dog breeder standards. Different regulatory costs incurred for different segments of the industry would be reflected in structured fees. There would be two different fee levels—large-scale breeders (i.e. persons with the threshold number of dogs) and small-scale breeders (i.e. persons with less than the threshold number of dogs).

The registration system would predominantly affect large-scale dog breeders required to register directly. The registration system would impose direct costs (i.e. registration fees and associated procedural costs) on large-scale breeders that would not apply to small-scale dog breeders. It is broadly estimated that the direct annual cost impact on large-scale dog breeders would range from \$150 to \$339 for each large-scale breeder, depending on the threshold for mandatory registration.

Large-scale breeders already incurring membership costs for organisations that monitor compliance against standards would face annual costs of between \$20 and \$30 (depending on the threshold for mandatory registration) if these organisations are accredited under the proposed legislation. Also large-scale breeders in prescribed local government areas where there is an existing breeder permit scheme would face no costs of complying with the proposed system of registration.

Some large-scale breeders would also incur costs associated with complying with requirements of the Breeding Dogs Standards that were triggered by the requirement to be registered. Some may incur recordkeeping costs broadly estimated at between \$149 and \$248 per year (depending on the threshold for mandatory registration) if they did not already keep the required records for other purposes (such as a condition of membership of a dog breeder club). Others would incur costs broadly estimated at between \$372 and \$620 per year (depending on the threshold for mandatory registration) if they did not already obtain an annual veterinary health check for their dogs.

The proposed registration system may also impose indirect costs on some small-scale breeders. Registration would be voluntary but there may be a practical impetus to register or risk losing market share to registered breeders. The total cost impact for each of these breeders is broadly estimated at between \$40 and \$50 per year (depending on the threshold for mandatory registration). Assuming that those who chose to register were predominantly commercially-oriented, this would likely account to a very small proportion of their total costs.

It is likely that costs to dog breeders would generally be passed on to retailers or consumers. However, costs may be absorbed by dog breeders in market sectors where there is significant

price-driven competition from dog breeders in other states, which did not impose registration or licensing requirements.

Fundamental legislative principles

It is anticipated that the new legislation required to implement Option 2 would give rise to some unavoidable breaches of fundamental legislative principles, chiefly concerning the proposed involvement of the RSPCA Qld in administering, monitoring and enforcing the proposed legislative provisions.

It is proposed to provide that employees of the RSPCA Qld could be appointed as inspectors under the *Animal Management (Cats and Dogs) Act 2008* (as they currently are under the *Animal Care and Protection Act 2001*). However, their powers as inspectors would be limited to monitoring and enforcement of the breeder registration requirements and to accessing microchip data.

Consistent with the delegation of the microchip registry scheme to licensed bodies under the *Animal Management (Cats and Dogs) Act 2008*, it is proposed that the maintenance of the breeder register may be delegated to the RSPCA Qld. This delegation is appropriate given the RSPCA Qld's involvement in enforcing dog breeder standards (RSPCA Qld employees may be appointed as inspectors under the *Animal Care and Protection Act 2001*) and its intention to promote the registration system. It also aligns with the proposed powers of the RSPCA Qld to enforce compliance with the breeder registration requirements under the *Animal Management (Cats and Dogs) Act 2008*.

