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# VETERINARY SERVICES

MEMBER  
INFORMATION

**PREPARED FOR MEMBERS**

## WHAT'S INSIDE:

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- Jobs
- The Outlook

# Summary

Australia's love of animals has driven solid demand for Veterinary Services over the past five years, with the industry growing steadily. Advancing technology and the availability of more expensive treatments has buoyed spending in the industry, promoting growth. Rising real household disposable income has improved the capacity for families to pay more expensive vet bills, while pet insurance has also made advanced treatments more palatable. This has encouraged pet owners to engage veterinarians for more costly treatments in an effort to extend the life of their pets. The range of services provided by veterinarians will likely continue to grow in line with advances in

human health care. This will provide further opportunities for the industry as animal health becomes an increasingly high priority for animal owners.

While there are strong opportunities for growth in the industry, veterinarians will be forced to negotiate a competitive job market. As a result, some graduates will seek to differentiate themselves through specialist qualifications, while others may seek work in rural areas to break into the industry, where there are some shortages of qualified veterinarians.

# Current Performance

Demand for veterinary services across Australia is rising, despite relatively stable pet numbers. As a result, the industry's revenue base is also growing, albeit at a modest rate. According to industry analysis firm IBISWorld, revenue in the Veterinary Services industry will rise by an annualised 1.3% over the five years through 2014-15. Industry value added, which measures the industry's contribution to the economy, is expected to grow at a faster rate, increasing by an annualised 2.6% over the same period, keeping pace with the

wider economy. The vast majority of this increase has come through rising wage costs, which have increased to account for growing employment in the industry. While profitability has fallen slightly over the past five years, the Veterinary Services industry remains highly profitable, with the profit margins accounting for 11.3% of industry revenue according to IBISWorld.

## VETERINARY SERVICES<sup>1</sup>

	2009-10	2013-14	2014-15	1 Year Growth	5 Year Annualised Growth
<b>Revenue ('000s)</b>	2408.5	2520.7	2567.1	1.8%	1.3%
<b>Value Added ('000s)</b>	1490.2	1656.9	1697.8	2.5%	2.6%
<b>Employment</b>	21500	23080	23340	1.1%	1.7%

<sup>1</sup>IBISWorld Industry Report M6970, Veterinary Services in Australia, April 2015

# Jobs

The job market for veterinarians is competitive, with more qualified practitioners entering the market. High pet numbers and rising spend have stimulated interest in the industry, with the number of graduate veterinarians rising over the past decade. Demand has been supported by the establishment of several new veterinarian programs in Australian universities. In 1999, there were four university programs around Australia, producing some 230 graduate veterinarians per year. This has expanded to seven programs in 2015, with an expected 500-550 graduates. The larger pool of new veterinarians is expected to contribute to a candidate-rich market with healthy competition for the best candidates by employers.

According to the Australian Graduate Survey conducted annually by Graduate Careers Australia, the rising number of qualified veterinarians has made the industry increasingly competitive, particularly for graduates. However, the industry still offers very strong prospects for graduates, with the overall percentage of graduates still seeking work four months after graduating sitting at 19.3% in 2014, much lower than the average across all professions of 31.9%. These findings demonstrate the industry is continuing to provide opportunities for new entrants and existing veterinarians alike, as demand for veterinary services grows.

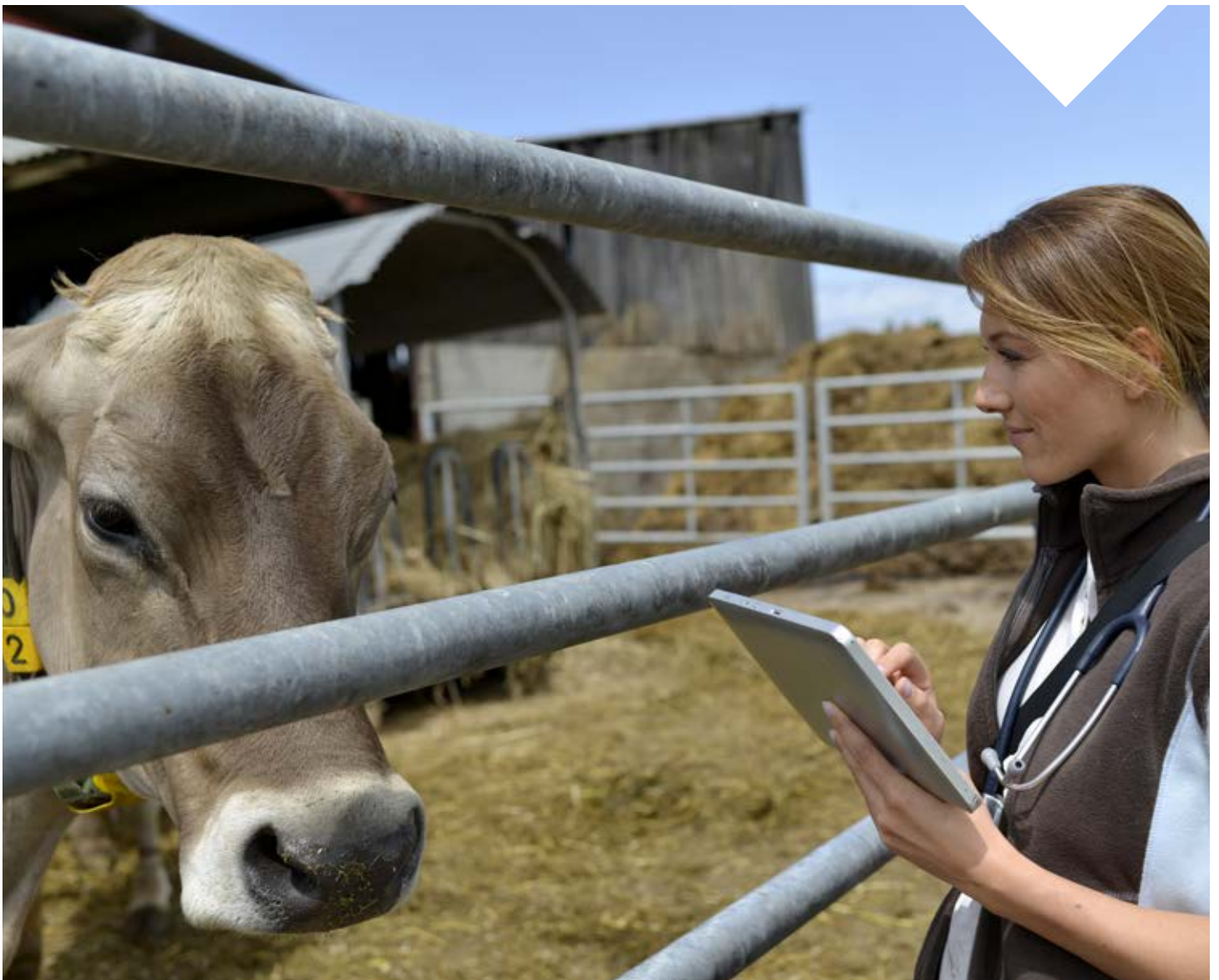
<sup>3</sup><http://www.buffalonews.com/life-arts/pets-qa/pets-qa-average-lifespan-of-cats-dogs-increasing-20130906>

<sup>2</sup><http://www.ava.com.au/13123>

# Pet numbers

According to the AVA (Australian Veterinary Association), Australians have among the highest rates of pet ownership in the world, with some 25 million pets across Australia. However, over the past five years, pet numbers have remained relatively flat. While companion animals are common, many of new animals replace existing pets as they pass, limiting growth in the overall rate of pet ownership. The rising popularity of urban apartment living has placed downward pressure on pet numbers, as many of these locations prohibit pets. Concerns with housing affordability can also affect pet ownership, driving more households towards renting, where pet ownership is not widely permitted. As a result, growth in the number of animals requiring veterinary services has been limited. However population growth and rising disposable income is expected to lead to renewed growth over the decade to come. Additionally, rising demand for more advanced, technical procedures has provided a boost for the industry, pushing spend per animal upwards and encouraging growth. As a result, the overall volume of treatments – particularly more advanced and costly procedures – is rising, despite steady pet numbers.

The rising life expectancy of pets is also aiding the industry. Veterinarians routinely provide treatment for broken bones, and serious illnesses, where once animal euthanasia may have been more common. As a result, the industry now encompasses a number of veterinarians that specialise in advanced treatments, such as animal oncology and cardiology, in addition to many specialist animal surgeons. The increasing popularity of these treatments has also given rise to a range of complementary services, such as physiotherapy and rehabilitation for animals, particularly after surgery. These services collectively are contributing to an increase in the life expectancy of animals. In a similar manner to humans, older pets typically require more health care, and often more costly treatment for serious or chronic illnesses, causing demand for veterinary services to rise further.





## Outlook

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# Pet insurance

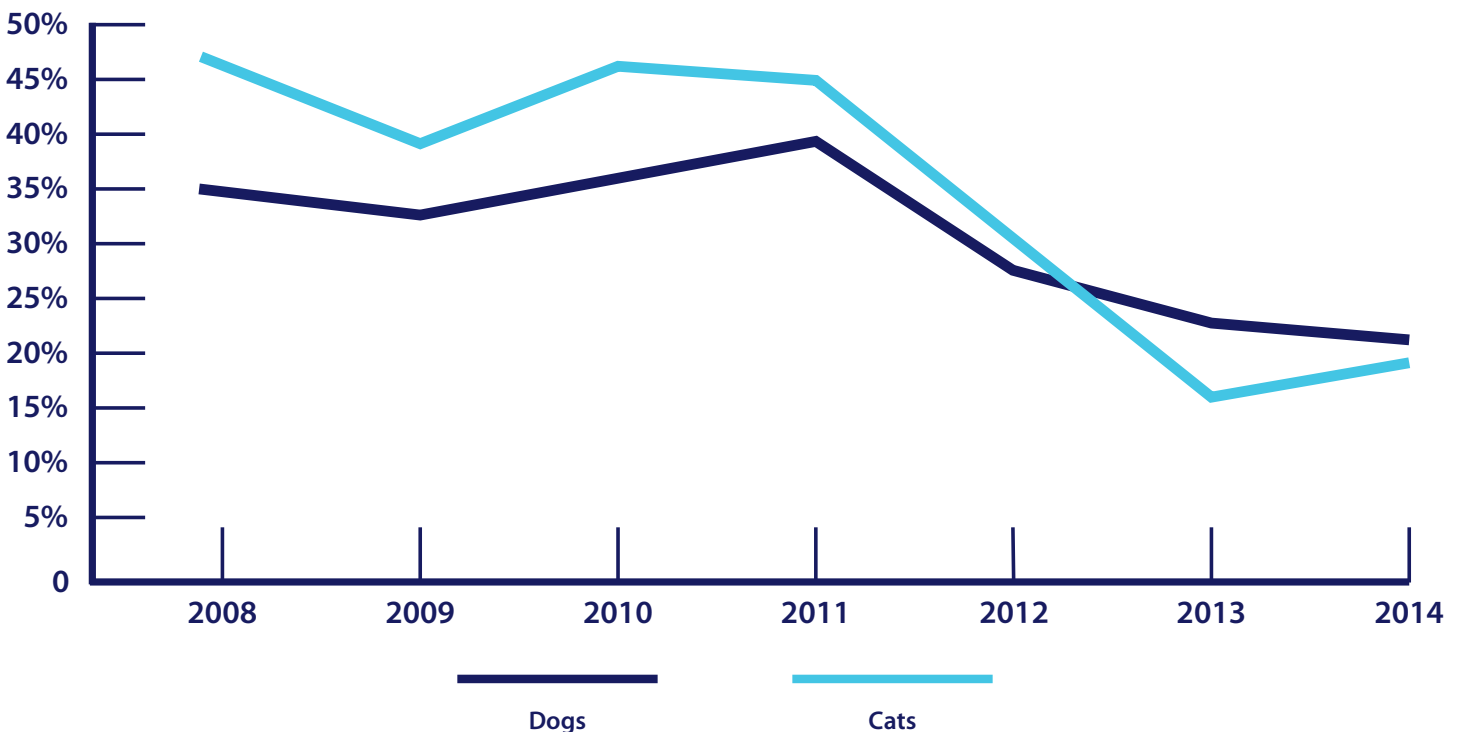
Pet insurance may well provide the single largest opportunity for growth in the industry over the coming years. The rise of pet insurance – almost unheard of a decade ago – is providing a means for families to readily meet higher vet bills, often extending the life of their pets.

A 2013 report by the Animal Health Alliance (AHA) notes that 12% of cat owners and 18% of dog owners in Australia have purchased pet insurance to cover vet bills. While these figures are already remarkable considering the product was born only in the past decade, future growth is likely to be even more significant. The report indicates that Gen Y pet owners have a much higher rate of pet insurance, with 20% of cat owners and 27% of dog owners being insured. This compares favourably with baby boomers, of which only 9% of cat owners and 12% of dog owners have pet insurance. These findings suggest that younger pet owners see greater value in pet insurance, and are largely unwilling to put down sick pets, preferring insurance to ensure that vet bills are payable. As a result, the percentage of animals euthanized due to medical reasons has tumbled significantly over the past 5 years according to RSPCA data. This trend is expected to continue as more owners take up pet insurance.

The rising popularity of pure breed animals is also expected to drive the uptake of pet insurance, as these animals are often more costly to purchase, and also more prone to breed specific illnesses. The AHA figures for pet insurance claim that 23% of pure breed pets are insured, compared with only 9% of mixed breed pets.

The rising popularity of pet insurance has encouraged insurance companies to expand their offering, increasing competition for customers and pushing prices lower. A recent investigation by consumer advocacy group CHOICE, found 57 different policies available for those seeking pet insurance. Consumers can also often gain access to discounts for holding multiple policies with the same insurer, making pet insurance even more affordable. Growth in pet insurance will provide a major avenue of growth in demand for veterinary services over the coming years. The popularity of pure breed dogs, more younger owners and a wider selection of policies, will push demand for pet insurance upwards and increase the capacity of pet owners to pay for costly treatments.

## RSPCA Euthenasia on Medical Grounds



<sup>4</sup>[https://petsinaustralia.com.au/wp-content/themes/\\_TBST-BusinessAccelerator-v3/library/Downloads/Pet-Ownership-in-Australia-2013.pdf](https://petsinaustralia.com.au/wp-content/themes/_TBST-BusinessAccelerator-v3/library/Downloads/Pet-Ownership-in-Australia-2013.pdf)

<sup>5</sup><http://www.rspca.org.au/facts/annual-statistics/published-statistics>

<sup>6</sup><https://www.choice.com.au/money/insurance/pet/reviews-and-comparisons/pet-insurance>

# Rural vs urban

Over the past few years there has been ongoing discussion regarding shortages of skilled veterinarians in rural areas. Veterinarians in rural areas provide services that are integral to the success, productivity and profitability of Australia's agricultural sector. Growth in international trade, driven by rising demand for Australian animal products abroad, is fuelling the need for veterinary services in these areas.

According to the Australian Veterinary Association (AVA) the ongoing scarcity of vets in rural areas is due in some part to difficulty in retaining skilled veterinarians in rural areas. While there is some imbalance between vet numbers in rural and urban locations, the issue presents an excellent opportunity for new graduates to break into the market by taking up important veterinarian roles in rural areas.

The AVA, in their 2013 Workforce Review points to several issues in retaining skilled vets in rural areas, such as long working hours, living away from family, and a lack local amenities in some rural locations. These issues are not unique to veterinary services, and are unlikely to discourage new veterinarians from seeking employment in rural locations. Ultimately, many of these vets aspire to eventually return to urban practice. A report commissioned by the Department of Education, Science and Training and the Department of Agriculture, Fisheries and Forestry found that while almost two thirds of graduates find their first employment in rural areas, the a large portion move back within ten years . At this point, many of these veterinarians have gained excellent skills in dealing with a diverse range of animals,

and are in an strong position to gain employment in the more competitive urban market.

Another major issue affecting veterinarians in rural areas is the attitudes of farmers towards veterinary services. The AVA's Australian Veterinary Workforce Review Report 2013 notes that

*“there was some reluctance among farmers to use vets and a lack of awareness among farmers of the potential contribution vets could make to herd health and productivity”.*

While this issue is also difficult to resolve, it appears to be improving. The report suggests that intensive farming industries such as dairy farming have increased their employment of veterinarians in an effort to boost productivity. Further education of farmers as to the benefits of preventative services may aid the problem, making rural veterinary services more lucrative and therefore more attractive to veterinarians. As a result, veterinarians in rural areas need to actively sell their services, educating farmers in efficient herd management, which has the potential to improve the health and productivity of production animals, limiting devastating diseases and potentially improving the profitability of farms.

<sup>7</sup>[https://www.ava.com.au/sites/default/files/AVA\\_website/pdfs/AVA%20workforce%20review%20report%202013.pdf](https://www.ava.com.au/sites/default/files/AVA_website/pdfs/AVA%20workforce%20review%20report%202013.pdf)

<sup>8</sup><https://www.ava.com.au/sites/default/files/documents/Other/Frawley%20report.pdf>

## Location of Veterinary Practices 2013-14



# Graduate numbers

*The number of graduate veterinarians is expected to stabilise at between 500-550 per annum over the next five years.*

These figures are estimated by universities offering Veterinary Services programs based on current intakes. While growth in the number of graduates is expected to come to a halt, the market remains highly competitive for new graduates. However, with demand for veterinary services rising, the industry is in a good position to absorb new entrants, with employers spoilt for choice in a candidate-rich market. This healthy level of competition is expected to encourage graduates to differentiate themselves to stand out.

According to Graduate Careers Australia, the average wage for veterinary science graduates across Australia rose by an annualised 0.6% over the five years from 2009 to 2014, from \$45,000 in 2009 to \$46,300 in 2014. While this increase is relatively modest compared

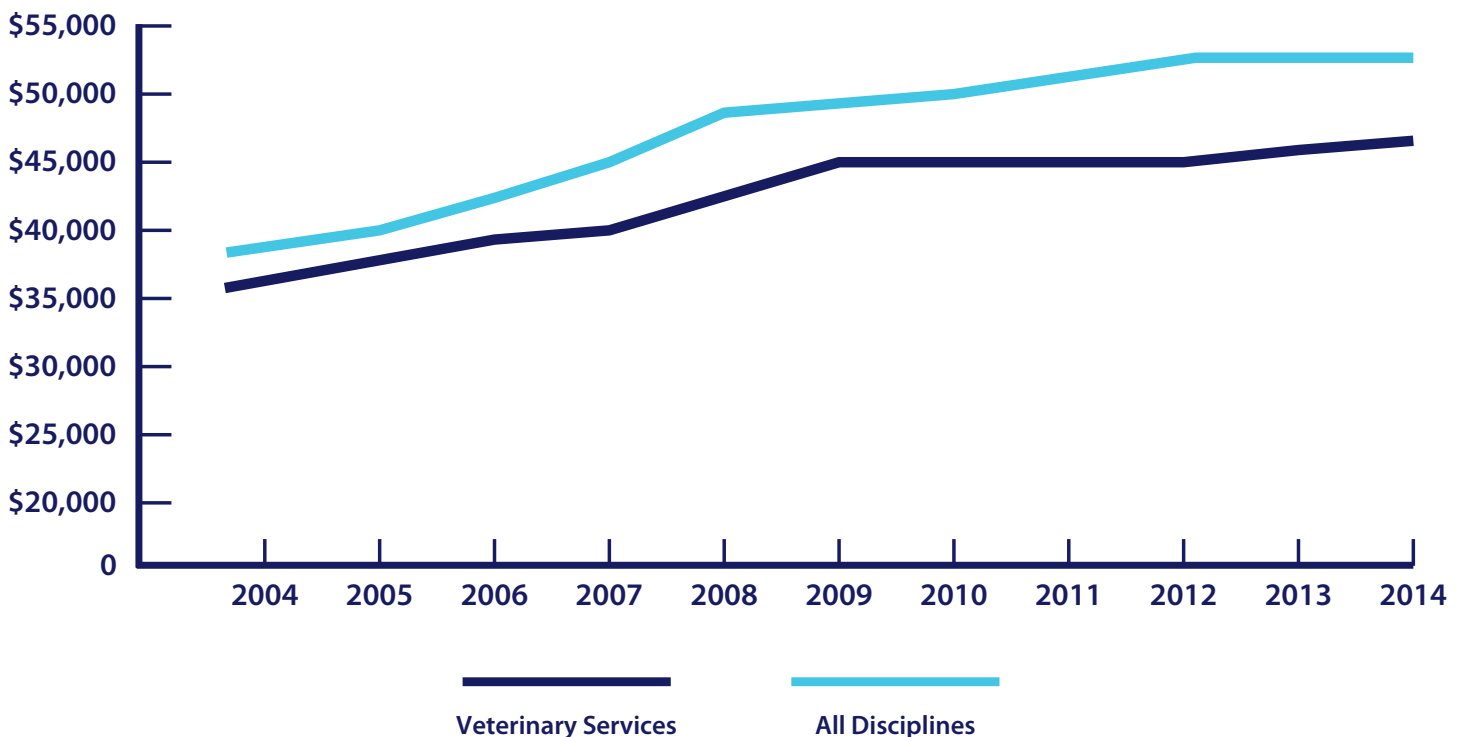
with annualised growth of 1.8% across all disciplines, it reflects changes in the labour market over the past five years and the rising number of new veterinarians. As the number of veterinary graduates stabilises over the next five years, graduate wages are expected to resume their longer-term pattern of growth. Ultimately, gaining appropriate experience and learning new skills will be the first priority for new graduates over the next five years, as they seek to establish themselves in the industry and differentiate themselves from the competition.

<sup>9</sup>ABS Cat. 8165.0

<sup>10</sup>[https://www.ava.com.au/sites/default/files/AVA\\_website/pdfs/AVA%20workforce%20review%20report%202013.pdf](https://www.ava.com.au/sites/default/files/AVA_website/pdfs/AVA%20workforce%20review%20report%202013.pdf)

<sup>11</sup><http://www.graduatecareers.com.au/research/researchreports/gradstats/>

# Graduate Salary



<sup>11</sup><http://www.graduatecareers.com.au/research/researchreports/gradstats/>



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