Better Regulation Victoria

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Beth Jones
Chief Executive Officer
Agriculture Victoria
475 Mickleham Road
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24 July 2025

Dear Ms Jones,

REGULATORY IMPACT STATEMENT FOR THE DOMESTIC ANIMALS REGULATIONS 2025

I would like to thank your staff at Agriculture Victoria for working with the team at Better Regulation Victoria on the preparation of the Regulatory Impact Statement (RIS) for the Domestic Animals Regulations (the proposed Regulations).

The Commissioner for Better Regulation is required to provide independent advice on the adequacy of RISs in accordance with the Subordinate Legislation Act 1994 Guidelines (the Guidelines). However, as the office of the Commissioner for Better Regulation is currently vacant, the Secretary to the Department of Treasury and Finance (or their delegate) is responsible for providing independent advice on the adequacy of RISs, in accordance with the Guidelines. The Secretary has delegated this responsibility to me in my capacity as Deputy Secretary, Economic.

A RIS is deemed to be adequate when it contains analysis that is logical, draws on relevant evidence, is transparent about any assumptions made, and is proportionate to the proposal's expected effects. The RIS also needs to be clearly written so that it can be a suitable basis for public consultation.

I am pleased to advise that the final version of the RIS received on 22 July 2025 meets the adequacy requirements set out in the *Subordinate Legislation Act 1994*.

Background and problems

The *Domestic Animals Act 1994* (the Act) aims to promote animal welfare and the responsible ownership of dogs and cats, as well as protect the environment. The Act requires the registration and identification of dogs and cats, regulates domestic animal businesses, and establishes rules to ensure responsible pet ownership and community safety. The *Domestic Animal Regulations 2015* (the Regulations) are made under the Act and support its operation by prescribing various matters including requirements for dangerous dogs, animal identification, animal registry licencing, dog obedience training, infringement penalties and offences. The Regulations will sunset on 24 November 2025.

In the RIS, the Department explains that the regulations ensure that certain provisions in the Act can function as intended by providing guidance and clarity to regulated parties. The Department explains that without regulations, some industry participants may be unsure how to meet their obligations under the Act or incur additional search costs to clarify them, for example in relation to:

- the height and material requirements for dangerous dog enclosures; and,
- the application form requirements for applicable organisation applications and renewals not being specified.

The Department explains that reduced clarity around obligations for stakeholders will increase risks related to domestic animal welfare, consumer protections, community health and safety, and the environment. For example, the Act requires dangerous dogs to be contained within prescribed perimeter fencing, with the current Regulations prescribing the detailed physical characteristics required of such fencing. Without this detail, owners may interpret the Act requirements as requiring less secure fencing, potentially increasing the risk of a dangerous dog harming someone outside the premise. Additionally, the Department explains that it would be unable to recover its costs in administering the regulatory framework without fees being set under regulations. This would mean the costs of regulation would be covered by consolidated funds, effectively shifting costs away from industry participants (including pet owners) who generate the need for regulatory oversight.

In the RIS, the Department explains that it has received consistent feedback from key stakeholders that the current regulations are functioning well. The Department notes that feedback suggesting more substantive changes to the regulatory framework related to requirements set by the Act, which are out of scope for the RIS process. The RIS therefore **considers and analyses** minor updates to existing requirements.

Options and impact analysis

The Department compares two different options in the RIS to the base case of the regulations expiring and not being remade:

- Option 1 – Regulations are re-made in their current form with some minor amendments
- Option 2 - Option 1 plus increases to prescribed fees

The Department assesses the options in the RIS in two stages using:

- A Cost Benefit Analysis (CBA) to compare the impact of remaking the regulations
- The pricing principles from the Department of Treasury and Finance's published *Pricing for Value Guide to* assess proposed fee changes

In considering re-making the Regulations in their current form with some minor amendments, the Department identifies several changes to the wording of existing provisions across multiple regulatory areas. These include:

- updated details regarding dangerous dog enclosure requirements
- updates to reporting and operational requirements for Dog Obedience Training Organisations, Applicable Organisations, and organisations involved in microchipping
- removal of some transitional provisions that are no longer required or relevant
- reductions in some infringement penalty rates
- introduction of new infringements
- changes to some fee unit numbers, and
- a small number of other minor updates to wording to reflect changed circumstances.

In the Cost Benefit Analysis, the Department identifies the following costs and benefits for Option 1 over the next ten years:

Quantified Benefits ($392.16 million, over 10 years in 2024-25 present value) mainly comprising:

- Avoided costs to pounds and shelters from microchipping requirements facilitating the recovery of lost pets

Quantified Costs ($124.35 million over 10 years in 2024-25 present value) to:

- Applicable organisations – time taken to prepare annual reports
- Commercial dog breeders – minimal costs comprising public liability insurance, and time taken to prepare business plans, annual reports, participate in e-learning

- Micro breeders and recreational breeders – time costs of around $10 million taken to perform required ID verification checks
- Pet shops – costs of around $1 million for establishing and keeping records on animals offered for sale
- Animal owners – costs of $85 million for microchip implantation
- Vets – costs involved in voluntarily reunifying pets of around $17 million
- Dog training organisations – time taken to prepare reports for renewals and annual reports
- Owners of dangerous dogs and restricted dog breeds – costs of around $2 million for perimeter fencing, enclosures, warning signs and collars
- Government – costs of around $8 million to administer the Regulations

The Department also identifies other non-quantifiable benefits from the Regulations:

- Animal welfare from avoided animal euthanasia and dog breeding requirements
- Community health and safety from dangerous dog requirements
- Greater clarity around the requirements for animal registry services.

The Department also considers potential changes in the fee structure and level of twelve different fee types in the RIS based on the estimating costs of regulating the associated activities. The Department considers four relevant pricing principles:

- How much does the regulatory activity cost and who benefits? – notes that agencies should aim to recover the full costs of service provision, and that the cost of service provision should be borne by those who benefit
- Ability to pay – the price of services should not limit access to those with a lower ability to pay
- How will the price of the service impact behaviour? – fees should encourage positive compliance behaviour from regulated parties
- Simple and easy to understand – pricing structures should be easy to understand and simple to administer

The Department explains that cost recovery varies significantly between fee types, with eleven of the twelve identified activities having cost recovery rates of 52% or below.

The Department identifies Option 2 as the preferred option. The Department explains that Option 2 would better align fees with the Pricing for Value principles and would involve:

- Increases to nine fees
- A decrease to one fee
- No change to two fees

Implementation and evaluation

The Department explains that the proposed Regulations are largely the same as the current arrangements, and that there is a high level of understanding amongst industry participants. The Department explains that it will communicate the proposed changes to industry participants.

The Department explains that it will monitor and evaluate the Regulations and engage with key industry stakeholders over time. The Department also commits to a mid-term evaluation five years after the establishment of the Regulations, as well as a structured evaluation before the Regulations sunset in 2035. The Department explains that these structured evaluations will be supported by an evaluation plan, comprising key evaluation questions, such as whether there is evidence of a continued need for the Regulations, and whether the Regulations achieve the objectives in the most efficient way. The Department further explains that the evaluation plan will aim to establish baseline data to support future evaluation of the performance of the Regulations.

Should your team wish to discuss any issues raised in this letter, please do not hesitate to contact Better Regulation Victoria on (03) 7005 9772.

Yours sincerely,

Paul Donegan
Deputy Secretary, Economic
Department of Treasury and Finance