



# TESTING TIMES TO BE A VETERINARIAN

**Industry, employment and remuneration  
issues impacting professional veterinarians.**

An issues paper by Professional  
Veterinarians Australia

## 2017





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# ABOUT PROFESSIONAL VETERINARIANS AUSTRALIA

*Professional Veterinarians Australia (PVA) is the employee vets division of Professionals Australia*

*PVA exists to improve the working conditions of employee vets across the country.*

*It is a new voice dedicated to rebuilding and protecting the integrity of and professionalism of the vets.*

*You will be seeing more of Professional Veterinarians Australia in the future.*





# KEY FINDINGS



1. Veterinarians receive low wages relative to similarly skilled professionals, particularly given the high cost of qualifications.

According to the Australian Bureau of Statistics, the average annual wage for a veterinarian is \$72,940. This figure places veterinarians among the lowest paid of all degree qualified professionals. Remuneration is the most basic form of recognition for the level of skill, work and effort provided by a profession. At present, the level of remuneration for veterinarians does not provide a fair reflection of the work that they do, and contributes significantly to poor moral throughout the profession.



2. Veterinarian remuneration is declining as a share of practice revenue. This suggests that the primary providers of veterinary services are receiving a smaller share of the revenue.

With the veterinary services industry performing strongly, it is reasonable to expect that the industry's core service providers would see some of the benefit, through improved remuneration and conditions. However, contrary to expectations, the share of the industry that is passed on to employees through wages has decreased markedly over the past five years, and analysts have forecast this trend to continue over the coming five years.



3. Service targets are becoming increasingly profit driven, with vets encouraged to up-sell and push retail products. The growth of major corporate players has exacerbated this trend.

The veterinary services industry is undergoing its first real phase of commercialisation, with a number of major players emerging in recent years. While the shift to a corporate structure may support revenue, it does raise some concerns for vets. The growing emphasis on profitability places additional burdens on veterinary staff, encouraging up-selling, and blurring the line between the professional role of vets, and the retail function also provided in store.



4. Graduate numbers are increasing rapidly, significantly outpacing job growth. This has led to a rise in graduate unemployment levels.

Record growth in graduate numbers sees new supply coming on board faster than demand growth. The number of completions from veterinary science courses outpaces job advertisements by approximately two to one. As a result, despite more job vacancies, in practice it is becoming more difficult for qualified vets to find suitable employment.



5. Veterinarians under collective agreements earn significantly more than those on individual contracts.

Wages for vets are low relative to their skill level, capability, and cost of education. However, collective action may provide a real avenue to improvement for the veterinary profession. According to ABS data, veterinarians with remuneration established under collective agreements receive 38.9% higher salaries than those remunerated under individual arrangements.



6. Studies have suggested veterinarians are up to four times more likely to fall victim to suicide. This suggests that veterinarians are subject to significant sources of stress in their work.

While other health care professionals such as doctors, pharmacists, dentists and nurses are found to be twice as likely to commit suicide than the general population, the rate for veterinarians is much higher. Poor conditions, high workloads and modest remuneration likely play a significant role in pushing this rate higher.



# EXECUTIVE SUMMARY

*Veterinarians are among the highest trained, most skilled professionals across Australia. Their work demands a high level of training, and a commitment to improving the health of animals. While the public is well aware of the vital work carried out by veterinarians every day, the profession currently faces an uphill battle to improve conditions and reward structures.*

The veterinary services industry is in the mature phase, growing steadily through price rises and an increasing population. However, major changes are also occurring in the services provided and the ownership structure of clinics.

With the increasing role of large corporate entities and investors, the workplace in Australia's \$3 billion veterinarian industry looks much different than it did only 10 years ago. Big players and private equity investors, are changing the face of the sector; and where owner-operator small businesses once dominated, they are being replaced by chains with big market capitalisation. This has led to a focus on lower costs, higher value services and cross-selling of services and products which threatens the professions of veterinarians, blurring the line between vets and retail staff.

While revenue across the industry is rising, the veterinarians themselves are being left behind. Veterinary wages are stagnant and are declining as a share of industry revenue. Low average wages in the profession are a major problem, with veterinarians receiving one of the lowest average salaries among skilled, university qualified professionals.

The supply of veterinarians is compounding these issues, with universities churning out more vets every year, well in excess of job growth. Massive tuition fees derived from veterinary science courses have led to the establishment of a number of new courses in recent years. On top of that, veterinarians remain on the Federal Government's Skilled Occupations List further contributing to the over-supply of labour in the sector. All this means the prospects for graduates are growing weaker every year, with many having to accept low wages or relocating to find work.

Corporatisation presents new challenges for vets and the industry associations who represent a workforce increasingly made up of people working in a corporate environment, within much larger businesses than in the past. Just as employers are demanding more and different things from their staff, workers are demanding different support and services from their professional bodies.

Vets are increasingly uncertain about their career prospects and unsettled by the role of big corporates in an oversupplied labour market. The imbalance in power between the humble vet and big corporate practices is a problem that needs attention by worker's representative bodies.

There is also the issue of mental health with vets having one of the highest rates of suicide in Australia. While this is a difficult issue to talk about, mature industries are taking the link between suicide and work more seriously these days – so much so that the Federal Government has funded a range of industry tools for dealing with mental health issues in the workplace.

In a landscape of serious change one thing is for certain – all of us have an interest in setting a sustainable path for the future of the industry – one which takes us on the high road which rewards the people who do the work and provides them career pathways and support to reach their goals. Addressing these challenges will be vital if the health of the veterinary profession is to be protected. Without swift action, we risk driving our best and brightest out of an industry that needs them.



# INTRODUCTION

*Australia's love of animals has driven growth in demand for Veterinary Services over the past five years, with the industry rising steadily. Advancing technology and the availability of more expensive treatments have buoyed spending in the industry, promoting growth in the cost of veterinary services.*

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 treatment options and advancing corporatisation of the industry.

However, not everyone in the industry is feeling the benefits of industry growth. Veterinarians – the core providers of the industry's services – have been left behind, despite growing need for their services. Veterinarians invest heavily in their own education, with veterinary science courses among the most expensive across the nation. The level of academic nous required to enter the industry limits participation to the nation's best and brightest, however the structure of the profession fails to provide adequate recognition.

Vets are also being asked to do things outside their learnt skill set. Universities did not envisage 15 years ago the kind of change and educational needs of today's dentist – from the digital demands of a consumer driven healthcare model, to the soft-business, sales and marketing skills.

Wages across the industry are poor, with the median veterinary wage failing to reach the average across the wider economy. Graduate vets also perform poorly when it comes to remuneration, receiving almost 10% less than the average for all professions.

While modest growth in demand for new vets provides some hope for the profession, rapidly rising graduate numbers have seen supply race ahead of demand. And amid the challenges facing veterinarians, the current wave of corporatisation threatens to de-professionalise the industry, with vets encouraged to cross-sell and spruik products, instead of focussing on their core role as an animal health professional.







## THE INDUSTRY

*Demand for veterinary services across Australia is rising, despite relatively stable pet numbers. As a result, the industry's revenue base is also growing.*

According to industry analysis firm IBISWorld, revenue in the Veterinary Services industry will rise by an annualised 3.1% over the five years through 2016-17. Industry value added, which measures the industry's contribution to the economy, is expected to grow at a similar rate, increasing by an annualised 3.0% over the same period, outpacing the wider economy. The vast majority of this increase has come from rising demand for services, and the wider uptake of more expensive treatments. Additionally, increased corporatisation in the industry has seen many vets assume a wider role in pet care, providing a range of complimentary services including product sales, grooming and training. While this is likely to aid the growth of industry revenue, it has blurred the line between the medical aspects of veterinary services and the sales side of the industry.

VETERINARY SERVICES					
	2011 - 12	2015 - 16	2016-17	1 Year Growth	5 Year Annualised Growth
REVENUE ('000S)	\$2,409.1	\$2,717.8	\$2,799.8	3.0%	3.0%
VALUE ADDED ('000S)	\$1,515.3	\$1,672.0	\$1,711.8	2.4%	2.5%
EMPLOYMENT	17,990	19,360	19,720	1.9%	1.9%



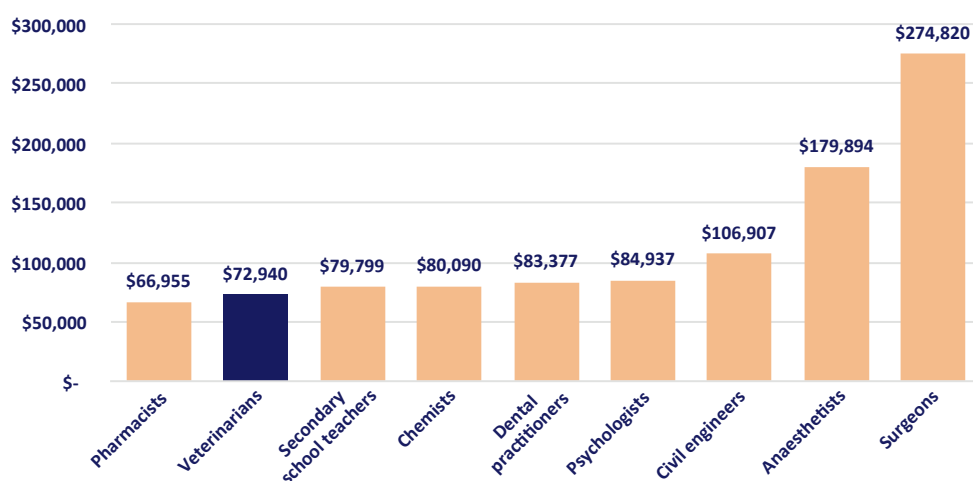
## REMUNERATION

*With the veterinary services industry performing strongly, it is reasonable to expect that the industry's core service providers would see some of the benefit, through improved remuneration and conditions.*

However, contrary to expectations, the share of the industry that is passed on to employees through wages has decreased markedly over the past five years, and analysts have forecast this trend to continue over the coming five years.

According to the Australian Bureau of Statistics, the average annual wage for a veterinarian is \$72,940. This figure places veterinarians among the lowest paid of all degree qualified professionals. Remuneration is the most basic form of recognition for the level of skill, work and effort provided by a profession. At present, the level of remuneration for veterinarians does not provide a fair reflection of the work that they do, and contributes significantly to poor moral throughout the profession. A range of studies have shown that the suicide rate among veterinarians is up to four times higher than the general population. Poor conditions and remuneration likely play a significant role in pushing this rate higher.

*Figure 1: Average annual salary by profession*

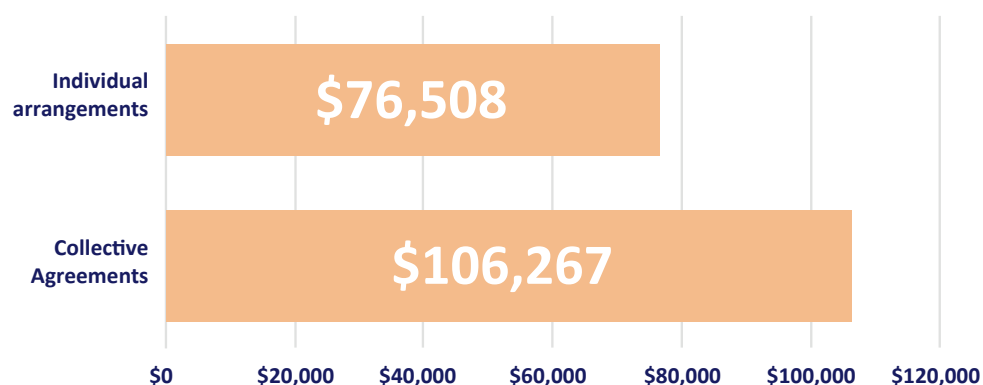


Source: ABS Catalogue  
6306.0 - Employee Earnings  
and Hours

Wages for vets are very low compared to their skill level, capability, and cost of education. However, collective action may provide a real avenue to improvement for the veterinary profession. According to the ABS data cited above, veterinarians with remuneration established under collective agreements receive 38.9% higher salaries than those remunerated under individual arrangements. However, most veterinarians work in smaller workplaces, and outside of the growing major veterinary networks, the industry remains highly fragmented.

<sup>1</sup> IBISWorld Industry Report M6970, Veterinary Services in Australia, September 2016

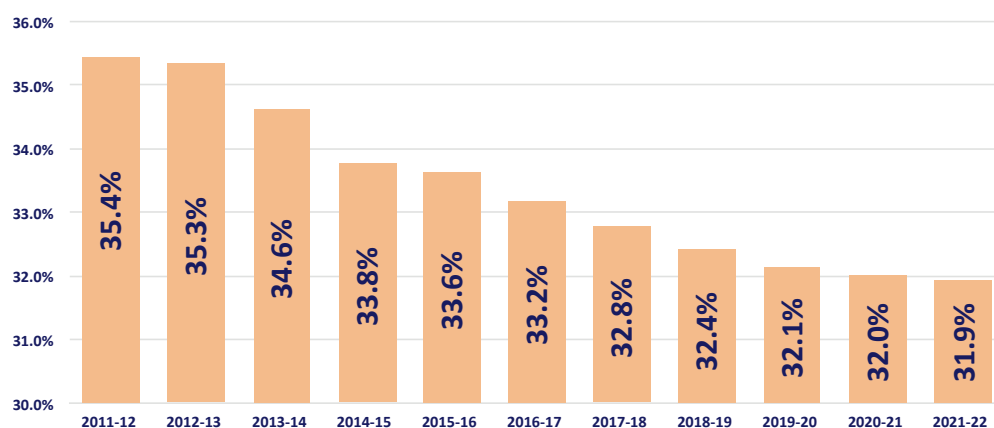
Figure 2: Veterinary wages – collective agreements vs individual arrangements



Source: ABS Catalogue  
6306.0 - Employee Earnings  
and Hours

In 2011-12, wages in the veterinary services industry accounted for 35.4% of revenue. This figure fell to only 33.2% in 2016-17. Worryingly, a further decline is forecast over the next five years, with wages expected to account for only 31.9% of industry revenue by 2021-22.

Figure 3: Wages as a share of veterinary services industry revenue



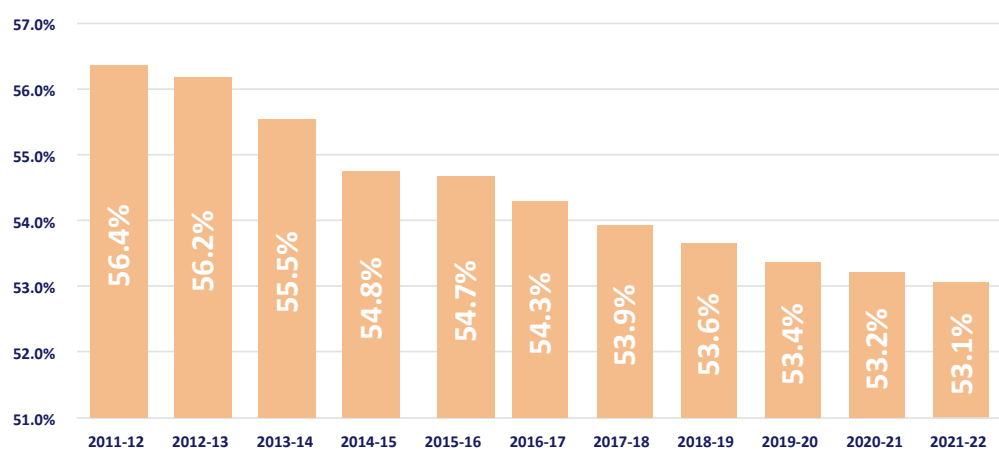
Source: IBISWorld Industry  
Report M6970

On further examination, industry value added (which measures the industry's contribution to the economy) has remained steady as a share of revenue, indicating that outside costs paid to other industries are not the cause of declining wage contribution to the industry cost structure.

When examining wages as a share of industry value added, the cause of the decline becomes clearer. Industry value added is comprised of wages (the value received by employees), capital investment (the value received by businesses) and profit (the value received by employers). The employee share of this value has fallen from 56.4% in 2011-12, to 54.3% in 2016-17, with a further fall expected to 53.1% by 2021-22. This indicates that employers are failing to provide fair remuneration growth to veterinarians, and are ensuring greater profit growth by capturing a larger share of the pie.



Figure 4: Wages as a share of veterinary services industry value added



Source: IBISWorld Industry Report M6970





## EMPLOYMENT

*The job market for vets has strengthened over the past five years, with the number of advertised positions rising quite strongly. In 2016, The Department of Employment's Internet Job Vacancies Index recorded 303 advertised positions for veterinarians, representing a 37.7% increase on the previous years, and more than double the number recorded in 2010.*

There are a number of factors driving growth in vet positions, including greater uptake of services and pet insurance, which has enabled additional care.

However, while job creation in the profession is strengthening, the rapidly rising number of graduates suggests that new supply might be coming on board faster than demand growth. The number of completions from veterinary science courses outpaces job advertisements by approximately two to one. As a result, despite more job vacancies, in practice it may actually be becoming more difficult for qualified vets to find suitable employment.

*Figure 5: Internet Job Vacancies - veterinarians 2*



Source: Department of Employment

<sup>2</sup> Department of Employment, Internet Job Vacancies Index – Vacancy Report, December 2016



Figure 6: Job vacancies, business locations and employment by state



Source: ABS & Department of Employment

*The number of veterinarians is expected to grow further over the next five years, aided by university completions. Commencements provide a key leading indicator of new graduate numbers, and significantly, commencements have increased by 62.5% over the past five years of available data to 2014.*

As a result, the market will likely become even more competitive for new graduates and experienced vets alike, and full-time employment may become harder to obtain. With demand for veterinary services continuing to rise, the industry is in a good position to absorb some new entrants, however universities and governments will need to monitor the market, and may need to introduce some limitations. Veterinary science courses require five years of study and cost upwards of \$50,000, and pushing students through courses without considering career prospects is highly irresponsible.

Interestingly, veterinarians remain on the Skilled Occupations List (SOL), essentially boosting supply in the profession further. However, the Department of Employment has identified no shortages across the profession. The Australian Veterinary Association has argued for veterinarians to be removed from the SOL for several years, however at present they remain on the list, lifting supply in an already crowded market.

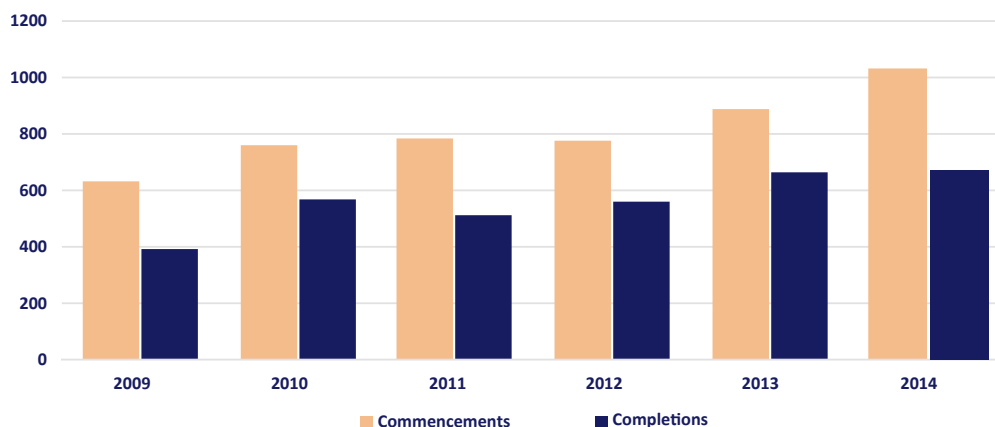


## GRADUATES

*The job market for veterinarians is competitive, with the number of qualified practitioners entering the market rising strongly. High pet numbers and rising spend have stimulated interest in the industry, with the number of graduate veterinarians growing rapidly over the past decade.*

Supply has been supported by the establishment of several new veterinary science 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 2017, with the number of graduates approaching 600-700. The larger pool of new veterinarians will place major pressure on the industry as it seeks to balance supply against demand.

*Figure 7: Veterinary science commencements and completions, domestic students <sup>3</sup>*



*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.*

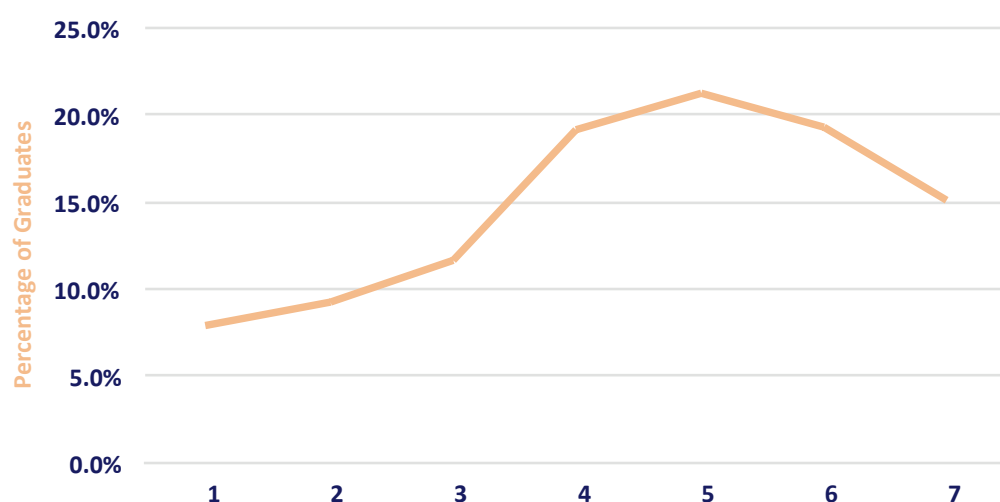
Overall, the industry still offers very strong prospects for graduates, with the overall percentage of graduates still seeking work four months after graduating sitting at 15.1% in 2015, much lower than the average across all professions of 31.2%. These findings demonstrate the industry is continuing to provide opportunities for new entrants and existing veterinarians alike, as demand for veterinary services grows.

However, graduate prospects compare relatively poorly to similarly qualified professions such as pharmacists and doctors, where the proportion of students still seeking full-time work are 4.4% and 3.7% respectively. Additionally, while employment outcomes have improved over the past year, the number of veterinary science graduates unable to find full-time work has increased strongly over the longer term, doubling since 2009.





Figure 8: Percentage of veterinary science graduates still looking for full-time work after 4 months<sup>4</sup>



Source: Graduate Careers Australia

According to Graduate Careers Australia<sup>5</sup>, the average wage for veterinary science graduates across Australia rose by an annualised 2.1% over the past five years, from \$45,000 in 2010 to \$50,000 in 2015.

While this increase remains relatively in line with growth across all disciplines, average wages remain well below the average for all professions. These findings are relatively surprising given high academic requirements and high fees required to become a veterinarian.

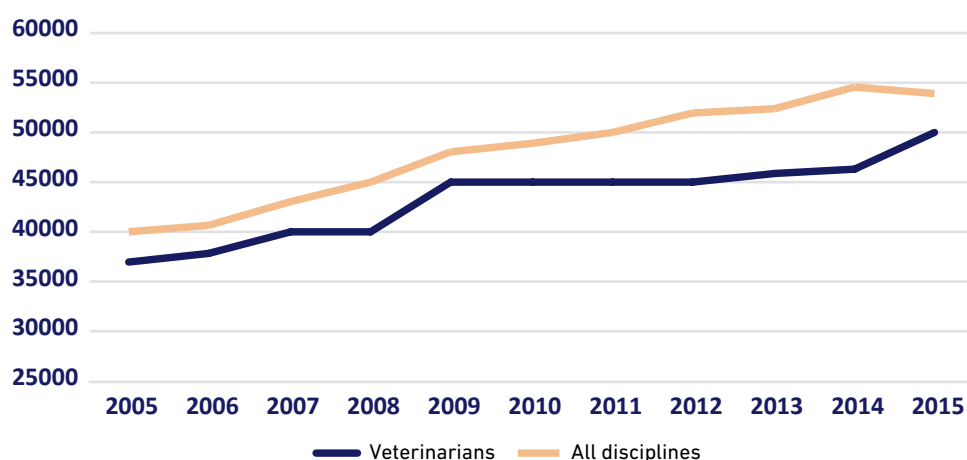
Veterinary science courses across Australia require domestic students to pay around \$10,000 per year, seeing debt rise to over \$50,000 by graduation. By comparison, an engineering student would expect to pay around \$36,000 for a four year course, after which they receive an average of \$60,000 as a graduate. As a result, graduate veterinarians receive among the lowest returns on their university fees of all professions, significantly increasing both the interest accrued and the period required to eventually pay off student debt.

<sup>5</sup> <http://www.graduatecareers.com.au/research/researchreports/gradstats/>

<sup>6</sup> IBISWorld Industry Report M6970, Veterinary Services in Australia, September 2016



Figure 9: Veterinarian graduate salaries vs all professions



Source: Graduate  
Careers Australia

## CORPORATISATION

*The veterinary services industry is undergoing its first real phase of commercialisation, with a number of major players emerging in recent years. Greencross Limited is the largest of the majors accounting for 7.8% of industry revenue from their network of 155 clinics.*

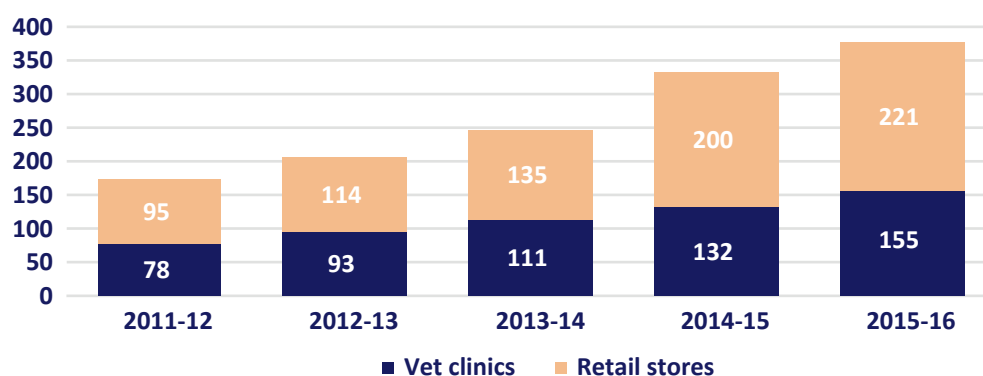
The company also has plans to expand their network further over the coming years, with market share likely to grow well in excess of 10%.

While the shift to a corporate structure may support revenue, it does raise some concerns for vets. Greencross is actively pursuing an integrated pet care model, with vet clinics marketing other pet care services, while its network of Petbarn stores are rapidly introducing instore clinics. Integration risks blurring the line between the professional role of vets, and the retail function also provided in store. Additionally, the public structure and the overall emphasis on profitability places additional burdens on veterinary staff, encouraging up-selling and potentially requiring veterinarians to recommend additional, costly, or otherwise unnecessary procedures such as blood tests, scans or x-rays.

Veterinary networks under a single banner are becoming more prevalent across the nation, with concentration rising significantly over the past five years as independent vets sell their practices to the major players. National Veterinary Care has expanded its network to 50 clinics over the past five years, with plans to expand further. The company appears to be following the model of Greencross, becoming publicly listed in 2015.

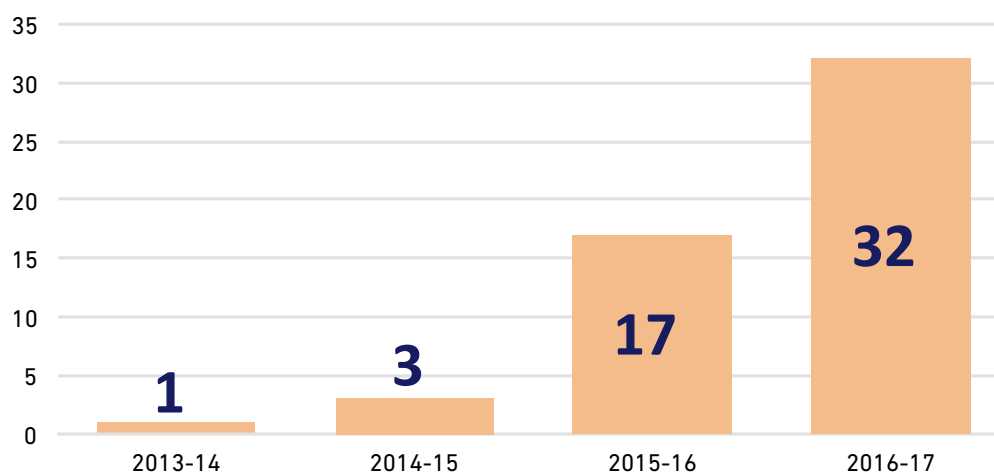
National Veterinary Care's Management Services and Procurement Group has also driven a greater sense of commercialisation in the industry. Through this program, National Veterinary Care provide support to over 300 smaller clinics throughout Australia, effectively providing most of the commercial and business services they provide to their own stores, for a monthly fee. In doing so, the company is introducing a corporate structure across a much larger number of stores.

Figure 10: Greencross store network



Source: Greencross Annual Report 2015-16

Figure 11: Greencross in store clinics



Source: Greencross Annual Report 2015-16

## CONCLUSION

The profession faces a wide array of challenges that threaten the professions of veterinarians. Low wages, poor wage growth, weak prospects and massive supply growth place the career opportunities of new and existing veterinarians at risk. Addressing these challenges will be vital for the future of the veterinary profession, requiring major action from all stakeholders.

Governments and industry in particular need to assume a greater role in responsibly managing the profession, to ensure the long-term sustainability of the industry. Veterinarians are the core providers of the industry's services, and deserve appropriate respect, reward and recognition for their role. However, this can only occur if the industry addresses the structural problems present across the industry.



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**2017**

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