



# RSPCA NSW New Policy Proposal - Request for Funding

December 2023



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## Glossary

Abbreviation	Meaning
BAU	Business as usual, that is, no funding
BCR	Benefit Cost Ratio
BCU	Breeder Compliance Unit
CBA	Cost Benefit Analysis
FTE	Full time equivalent (employee)
GP	General Policy
ILM	Investment Logic Map
ICCAHP	Indigenous Community Companion Animal Health Program
nominal	Includes consumer price inflation
NPV	Net Present Value
POCTAA	Prevention of Cruelty to Animals Act (1979)
PV	Present Value. Sum of values discounted over time
real	Excludes consumer price inflation
RSPCA NSW	The Royal Society for the Prevention of Cruelty to Animals, NSW
WHS	Workplace health and safety

# 1 Executive Summary

The cost of ensuring compliance in NSW to prevent cruelty to animals is rising due to:

- increasing animal ownership;
- increasing community standards; and
- increasing safety requirements for workers.

However, RSPCA NSW's capacity to enforce compliance reactively, let alone proactively improve compliance, is reducing because fundraising is becoming harder. In recognition of this, the NSW Government provided \$20.5 million for FY 2023-24 to enable work to continue safely.

This funding followed a 2023 election commitment by NSW Labor to:

*“Review the funding arrangements for Approved Charitable Organisations legislated to conduct compliance and enforcement activities under the Prevention of Cruelty to Animals Act with a view to **developing and implementing a sustainable long-term funding model.**”*

The funding, delivered by the Minister for Local Government the Hon. Ron Hoenig MP, provides a 12-month interim period while the NSW Government undertakes their election commitment to review RSPCA NSW's Inspectorate's funding with a view to developing and implementing a sustainable long-term funding model.

At the request of the NSW Government, RSPCA NSW is providing four-year sustainable funding options that enable compliance, more proactive animal welfare management, and the social benefits that brings.

RSPCA NSW has developed three core funding options to meet community expectations:

- **Option 1** – Funding of \$100m (nominal) over four years would enable RSPCA NSW to maintain the existing activities of the Inspectorate whilst ensuring the implementation of safe work practices. Funding will cover wages for 62.7 FTE Inspectorate enforcement staff, 4.5 FTE legal enforcement staff, 20 FTE to support 24 hours, 7 days a week, 365 days a year contact centre operations, plus associated Shelter and Clinic services, administration and operating expenses, CAPEX for motor vehicles and equipment, and some indirect costs. Funding will also cover investment in the Domestic Violence outreach program, including 2.5 FTE and associated expenses totalling almost \$600k per annum (real terms 1-July-2023). This would yield over \$124m in economic benefits (PV real terms 1-July-2023 at 5% discount rate) relative to \$77m in PV costs.
- **Option 2** – Funding of \$118.2m (nominal) over four years would enable RSPCA NSW to cover all components proposed under Option 1 plus allocate an additional \$2.1m in FY2024-25 and \$1.5m thereafter, to expand proactive activities of the Inspectorate through hiring an additional 10 FTEs. RSPCA NSW would also allocate \$2.3m per annum (real terms 1-July-2023) towards their Community Homelessness, Community Aged Care, and Domestic Violence Outreach programs (this is in addition to Option 1). This would yield \$165m in economic benefits (PV real terms 1-July-2023 at 5% discount rate) relative to \$91m in PV costs.
- **Option 3** – Funding of \$130.6m (nominal) over four years would allow RSPCA NSW to adopt all of the activities proposed under Options 1 and 2, and further invest approximately \$3.0m p.a in initiatives which span emergency health care, indigenous and regional community care, the CAWS program, animal transport services, telehealth services and continue Keeping Cats Safe at Home. The total economic benefits are estimated at \$183m (PV real terms 1-July-2023 at 5% discount rate) relative to \$101m in PV costs.

The NSW Government may also consider funding the following options to expand RSPCA NSW's state-wide capacity and regional footprint. This includes an assessment of the following centres:

- **Nowra Shelter Expansion** – Funding of \$4m (nominal) over four years would allow RSPCA NSW, through their Dog Rehabilitation Program, to care for up to 40 dogs at a time at the South Coast Correctional Centre. The total economic benefits are estimated at \$5m (PV real terms 1-July-2023 at 5% discount rate) relative to \$3.6m in PV costs.
- **Orange Shelter Redevelopment** – Funding of \$8m (nominal) over four years would allow RSPCA NSW to care for up to 50 dogs and 50 cats at capacity, which is a 35% uplift to the shelter's existing capacity. The total economic benefits were estimated at \$9.9m (PV real terms 1-July-2023 at 5% discount rate) relative to \$7m in PV costs.
- **Queanbeyan Shelter Expansion** – Funding of \$12m (nominal) over four years would allow RSPCA NSW to care for up to 60 dogs and 60 cats at full capacity. The total economic benefits are estimated at \$23m (PV real terms 1-July-2023 at 5% discount rate) relative to \$10.6m in PV costs.

Table 1-1 Breakdown of funding request FY24/25 to FY27/28 (Nominal \$AUD Million)

Option	2023/24 (Current)	2024/25	2025/26	2026/2027	2027/2028	Total Cost FY25-28
Option 1	20.5	23.4	24.5	25.6	26.6	100.0
Option 2	20.5	28.1	28.7	30.0	31.3	118.2
Option 3	20.5	31.1	31.8	33.2	34.6	130.6
Nowra Shelter	-	4.0	-	-	-	4.0
Orange Shelter	-	8.0	-	-	-	8.0
Queanbeyan Shelter	-	12.0	-	-	-	12.0
All Shelters	-	22.0	-	-	-	22.0

Option 3 is the preferred option as it delivers the highest BCR at 1.82, relative to Option 1 and Option 2 at 1.61 and 1.81 respectively. Based on the 4-year evaluation period, Option 3 is expected to yield an additional 47% in benefits relative to Option 1.

Option 3 includes all of the benefits of Option 1, which are linked to maintaining required worker safety practices and providing a more certain and reliable source of funding for Inspectorate activities such as cruelty investigations.

This, in turn, ensures RSPCA NSW can investigate cases that require a seizure or surrender, provide education to members of the public, issue correction notices, avoid harm to animals in sub-optimal

environments, rehabilitate animals and rehome them where possible. These activities are critical to RSPCA NSW's obligations under POCTAA.

In addition to the investment and benefits delivered under Option 1, Option 3 proposes to invest in a proactive Inspectorate workforce and RSPCA NSW's Domestic Violence, Homelessness and Aged Care social programs (the incremental items within Option 2). The proactive inspectorate could act as a deterrent for breaches of animal standards, preventing breaches of POCTAA.

Option 3 also allows RSPCA NSW to fund critical community programs for indigenous communities and regional areas, provides animal transport services and emergency care, telehealth services, and programs to keep cats safe at home. These initiatives will reduce future Inspectorate workloads through preventative action and maintain our duty of care to the most vulnerable members of our community.

In addition to the preferred Option 3, should the Government seek to fund RSPCA NSW's capacity expansion with additional centres in regional NSW, the results of the CBA conducted show that investment into the Queanbeyan Shelter would yield the greatest combined BCR at 1.85, relative to Nowra and Orange at 1.80 and 1.79 respectively.

The Government can be confident that RSPCA NSW will manage the funding well because:

- RSPCA NSW is already acquitting the \$20.5 million received for 2023-24;
- RSPCA NSW has been the successful recipient of over \$20 million in grant funding over the last few years and of that, over \$17m in capital grant funding, which it has managed and is acquitting in line with forecast budget and within anticipated timeframes;
- RSPCA NSW has been a registered charity for more than 150 years, during which time it has enhanced the confidence of its donors;
- RSPCA NSW has audited procedures in place to demonstrate compliance;
- There is a strong board of independent directors;
- The Inspectorate has been operating on behalf of the NSW Government for over 90 years;
- RSPCA NSW provides the NSW Government with an end-to-end solution in animal welfare in NSW, from prevention through compliance, shelters, adoption and rehoming; and
- RSPCA NSW leverages a large number of volunteers.



## 2 The Case for Change

### 2.1 Background

RSPCA NSW is a registered charity that annually cares for, treats, rehabilitates, and protects almost 50,000 animals across the state. As a charity with the goal of improving animal welfare and keeping people and animals together, RSPCA NSW acknowledges the crucial role that people play in keeping animals safe. Along with cats and dogs, RSPCA NSW cares for and protects a wide range of other animals including horses, rabbits, guinea pigs, birds, goats, cattle, and sheep.

RSPCA NSW operates six shelters and three veterinary hospitals. The facilities provide comfort, accommodation and the best possible care to surrendered, neglected, unwanted, sick or injured animals. RSPCA NSW also operates 21 volunteer branches and support teams, one registered training organisation, and supports over 40 Petbarn adoption centres, together with the latest scientific behavioural team that supports and rehabilitates increasingly challenging dogs that are seized through the Inspectorate. Table 2-1 below outlines the location of the 9 shelters and veterinary hospitals.

*Table 2-1 RSPCA NSW Facilities*

#	Facility Name	Location	Service
1	Sydney Adoption Centre	Yagoona	Animal Care, Rehabilitation, and Rehoming
2	Sydney Veterinary Hospital	Yagoona	Veterinary Services
3	Hunter Adoption Centre	Rutherford	Animal Care, Rehabilitation, and Rehoming
4	Hunter Veterinary Hospital	Rutherford	Veterinary Services
5	Illawarra Adoption Centre	Unanderra	Animal Care, Rehabilitation, and Rehoming
6	Coffs Harbour Adoption Centre	Coffs Harbour	Animal Care, Rehabilitation, and Rehoming
7	Central West Adoption Centre	Orange	Animal Care, Rehabilitation, and Rehoming
8	Broken Hill Veterinary Hospital	Broken Hill	Veterinary Services
9	Behavior and Rehabilitation Centre (BARC)	Somersby	Intensive Long-Stay Rehabilitation and Rehoming

Figure 2-1 below pinpoints key RSPCA NSW facilities and importantly, captures the distribution of RSPCA NSW's physical presence across NSW. While RSPCA NSW has a strong presence on the East Coast, particularly within 200km of Sydney, it has limited presence in Western NSW and on the South Coast, reducing its ability to provide reliable service to these regional areas. This leads to lower adoption rates, increased barriers to on-site Inspectorate visits, and hindered ability to deliver quick animal evacuation response during extreme weather events such as floods and fires.

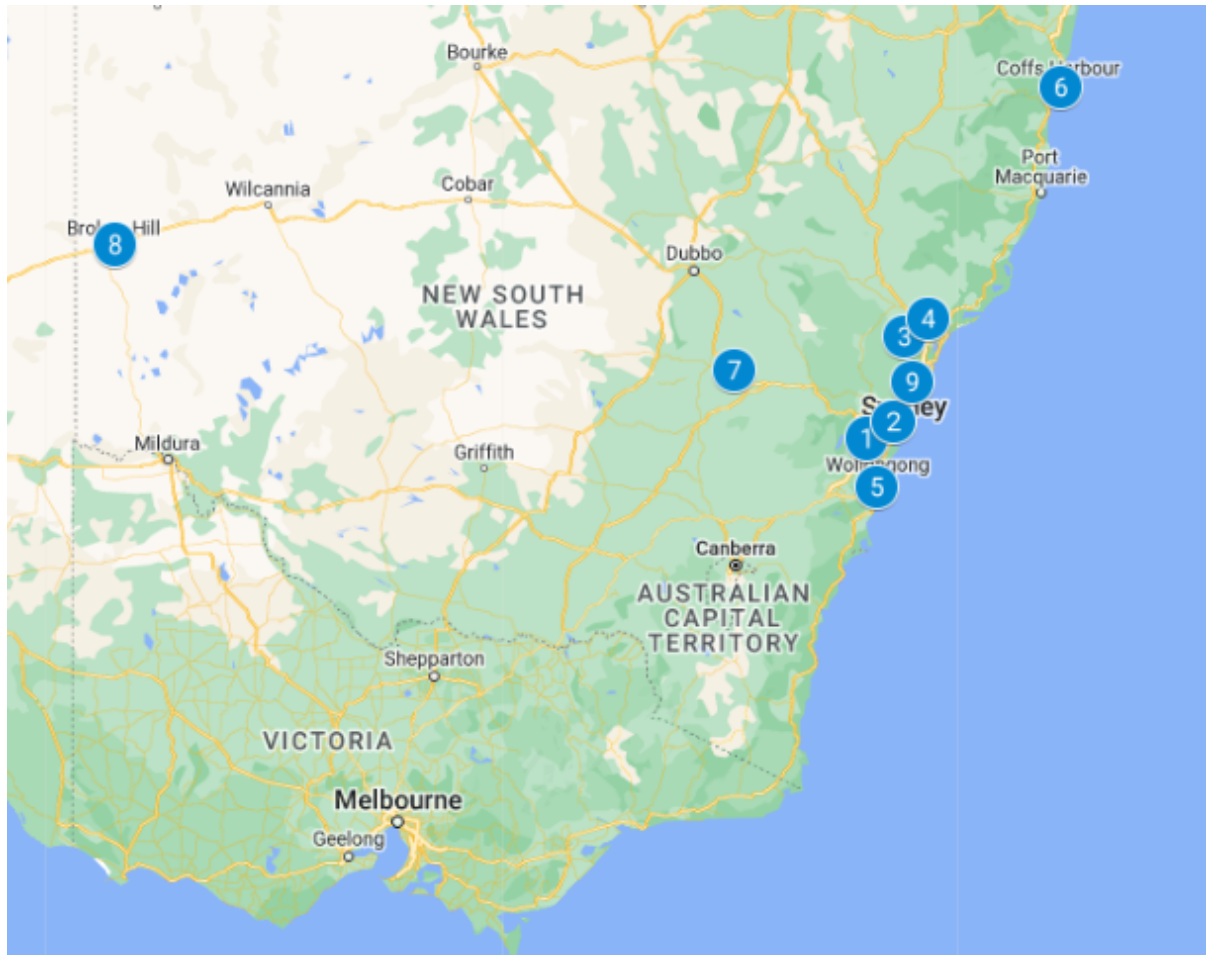


Figure 2-1 RSPCA NSW facility locations across NSW

### 2.1.1 Prevention of Cruelty to Animals Act 1979

Under the statutory duty provided by the *Prevention of Cruelty to Animals Act 1979* (POCTAA), RSPCA NSW delivers the largest animal enforcement unit in Australia, with a team of inspectors dedicated to investigating instances of alleged animal cruelty across the state, and a call centre equipped to handle over 15,000 cruelty complaints per year. The objectives of POCTAA are to prevent animal cruelty and promote animal welfare. It requires a person in charge of an animal to provide care for the animal and treat it humanely.

RSPCA NSW, the NSW Police Force and the Animal Welfare League NSW are the only three organisations given powers under POCTAA. However, more than 99% of people who interact with the legislation do so through RSPCA NSW. This is due to high levels of community and government trust in RSPCA NSW's ability to deploy highly trained inspectors for the enforcement of animal welfare laws and investigations of animal cruelty reports and an acceptance that RSPCA NSW is the best-equipped organisation to do so. To further demonstrate RSPCA NSW's integral role in animal welfare maintenance, only 0.9% of animal cruelty complaints are made to the NSW Police Force in the first

instance. This is a function of the NSW Police's lack of specialisation in animal welfare and their need to prioritise other matters. RSPCA NSW inspectors work tirelessly to maintain the agency's status as the preferred and trusted enforcer of POCTAA. This involves ongoing investment into the identification, advocacy and prosecution of animal abuse, neglect, and other forms of cruelty. RSPCA NSW maintains a 99.9% success rate at a prima facie level across all prosecutions.

### 2.1.2 RSPCA's enforcement of POCTAA

RSPCA NSW's enforcement of POCTAA principally occurs via the following activities:

- **Inspectorate:** Investigation, follow-up, and enforcement activities by inspectors in response to cruelty complaints and the outcomes.
- **Legal Office:** Prosecutions of cruelty offences.
- **Contact Centre:** The 24/7 Contact Centre receives cruelty complaints from members of the public via a number of channels, assesses information and allocates jobs to the Inspectorate.
- **Clinic Services:** RSPCA NSW performs cruelty and animal welfare-related veterinary hospital treatment at three clinics across NSW at Yagoona, Rutherford and Broken Hill.
- **Shelter Services:** RSPCA NSW operates animal shelters at six NSW locations; Yagoona, Hunter, Illawarra, Coffs Harbour, Orange and Katoomba. As well as providing boarding facilities to animals, shelters also provide animal transportation, community foster care, and rehoming services.
- **Behaviour and Rehabilitation Centre (BARC):** RSPCA NSW operates a specialist Behaviour and Rehabilitation Centre located on the Central Coast as well as having specialists at a number of our sites across the state.
- **Community & Engagement:** The Community & Engagement team at RSPCA NSW orchestrates a range of impactful programs, empowering and supporting vulnerable pet owners to nurture their animals and fostering positive outcomes for the pets, their caregivers, and the community at large. These initiatives encompass Aged Care Support, Homelessness Aid, Domestic Violence Assistance, Indigenous Community Support, Outreach Animal Assistance, and Access to Veterinary Care Programs. Complementing these efforts, the team also leads Community Education and Prevention programs, furthering RSPCA NSW's commitment to creating a compassionate and informed community. Section 6.2 details the programs to be funded under each of the proposed Options.
- **Overhead Support Costs:** The central services of RSPCA NSW consist of Finance, Human Resources and Payroll, Information Technology and Property Services. These functions provide services to the operational functions of RSPCA NSW and consist of approximately 12% of the costs of RSPCA NSW. An overhead recovery to support the functions above (1 to 7) is part of the funding to ensure central services are able to sustainably support the regulatory functions and operations.

### 2.1.3 The Inquiry into Puppy Farming in NSW

In November 2021, the Hon. Mick Veitch MLC, then NSW Labor Member of the New South Wales Legislative Council and Shadow Minister for Agriculture, inaugurated an inquiry into puppy farming practices within the state, serving as its chairperson. The Select Committee published Report No. 1 - "Puppy Farming in New South Wales" in August 2022. This report illuminated the stark inadequacies in funding and resources allocated to agencies mandated with enforcing animal welfare laws. It stated, "the funding and resourcing of those agencies responsible for enforcement of the current laws is far from adequate." The report acknowledges the substantial costs of investigating illegal breeding practices and providing the requisite care for seized animals. It underscored the crucial point that these imperative activities are severely compromised without sufficient funding, adversely affecting both animal welfare and the efficacy of law enforcement.

Furthermore, the report underscored the necessity of additional funding for RSPCA NSW to cultivate and implement proactive and efficacious enforcement strategies. This was deemed paramount for ensuring the effectiveness of the legislative framework directed against puppy farming and other animal welfare concerns.

In Recommendation 6, the report urged the NSW government to substantially enhance funding for RSPCA NSW's enforcement agency and complimentary prevention programs. It advocated for financial support that comprehensively covers the expenses associated with compliance and enforcement operations of these organisations that mitigate reliance on charitable donations.

This recommendation is rooted in the committee's findings, notably in both:

- Section 4.73, which delineates the current shortfall in resources and funding for enforcement agencies. This section also highlights the extensive costs involved in responding to and investigating complaints about illegal breeding practices, emphasising the need for adequate resources to operate any legislative framework effectively; and
- Section 4.74, which further elaborates on the imperative for additional funding being essential to enable RSPCA NSW to adopt more proactive and effective enforcement strategies. The chronic underfunding not only impedes the effectiveness of RSPCA NSW's enforcement capabilities but also strains the organisation's capacity to provide essential care and rehabilitation for animals rescued from illegal breeding operations. Without adequate government support, these crucial responsibilities are precariously dependent on the variability and unpredictability of charitable donations.

Under the leadership of the Hon. Chris Minns MP, the NSW Labor Party pledged in their March 2023 election campaign to enact a ban on puppy farms in NSW. This commitment articulated that "NSW Labor will introduce legislation to ban puppy farms in NSW, drawing upon the recommendations from the Puppy Farming in New South Wales Report 2022." Furthermore, reviewing and developing a sustainable long-term funding model for Approved Charitable Organisations conducting compliance and enforcement activities under POCTAA was pledged.

This well-publicised commitment, built on the party's consistent policy to ban puppy farms in the 2015 and 2019 elections, underscores the community's expectation for implementation to include adequate funding to RSPCA NSW's Inspectorate.

#### **2.1.4 The Inquiry into the Approved Charitable Organisations under POCTAA**

In February 2022, the New South Wales Parliament Legislative Council Portfolio Committee No. 4 - Customer Service and Natural Resources held the 2021 Inquiry into the approved charitable organisations under the *Prevention of Cruelty to Animals Act 1979* ('the 2021 inquiry'). It is the inaugural edition of what is intended to be an annual inquiry into the performance and operations of the enforcement agencies, including their compliance and enforcement operations.

In June 2022, the committee published report no. 52. Finding no.2 identified that "the current level of NSW Government funding for the approved charitable organisations is unacceptably low, limiting the ability of the approved charitable organisations from effectively enforcing the Prevention of Cruelty to Animals Act 1979 and has the potential to create an occupational health and safety risk for inspectors."

Recommendation 1 expanded on this finding, calling upon the NSW Government to urgently review funding for the approved charitable organisations, as had been recently committed to by the Hon. Dugald Saunders MP, then Minister for Agriculture and Western New South Wales, to consider:

- covering the costs of the compliance and enforcement operations of these organisations without reliance on charitable donations, including conducting regular proactive inspections, sending inspectors to call-outs in pairs, and operating a staffed animal cruelty response team 24/7.
- establishing a dedicated stream specifically tied to the compliance and enforcement activities of the approved charitable organisations – the Inspectorates – and the associated services that support those activities.

### **2.1.5 NSW Government and RSPCA NSW's response to the inquiries**

In June 2023, the NSW Government provided RSPCA NSW with a one-year investment of \$20.5M. The \$20.5M funding was awarded on the basis that RSPCA NSW would leverage this capital to implement the recommendations of the inquiry into the approved charitable organisations under POCTAA. Accordingly, since receiving this funding, RSPCA NSW has delivered significant uplift to the organisation which addresses safety concerns, including:

- Increasing the number of 'two out' officer jobs located throughout NSW, both regionally and the Sydney metropolitan areas through recruitment of 21 new FTEs;
- Increasing the staffing rate for the BCU from 2 to 4 inspectors to assist with Breeding Dogs and Cats Code of Practice inspections and revisits and seizures as required;
- Continuing with the Digital Intelligence function. This function gathers and analyses intelligence and data to identify trends in companion animal trading and further identifies breeders who attempt to fly under the radar in relation to noncompliance with the code and POCTAA;
- Additional administrative support to deliver more comprehensive data collection and high-quality reporting requirements to relevant agencies and stakeholders, including grant and statutory reporting obligations and GIPA applications;
- Expanding current Contact Centre operating hours from 8.30am – 7.00pm to 24/7/365 and fund the expansion of staffing from 11 full time and 1 casual employee with 8 additional full-time employees;
- Operating a new animal management system and increase on-line and mobile functionality;
- Expanding the Inspectorate legal team with an additional 1.5 solicitors; and
- Investing \$500,000 in the Domestic Violence Community Outreach Program.

Importantly, RSPCA NSW has addressed the inquiry-identified barrier to recurrent funding which is the need to “implement a standardised public reporting framework to ensure sufficient transparency and oversight” of “taxpayer and donor funding”. This has been addressed through the expansion of the administrative function, alongside investment into data capture capabilities to improve statutory reporting obligations. With these improvements, RSPCA NSW has uplifted its annual and financial reporting standards to prove, with a high degree of certainty, how taxpayer and donor funds are utilised.

*Inquiry into puppy farming in NSW publishes recommendation 6: That the NSW Government substantially increase funding allocated to organisations such as RSPCA NSW... and ensure this funding covers the costs of the compliance and enforcement operations of these organisations, without reliance on charitable donations.*

*NSW Labor Party announces election commitment to "review the funding arrangements for Approved Charitable Organisations legislated to conduct compliance and enforcement activities under POCTAA with a view to developing and implementing a sustainable long-term funding model."*

*NSW Government provides \$20.5M to RSPCA NSW to implement the recommendations of the inquiry into the approved charitable organisations under POCTAA.*



## 2.2 What problems is RSPCA NSW trying to solve?

An Investment Logic Map (ILM), a component of NSW Treasury's Investment Management Standard, was developed with iterative input from key internal RSPCA stakeholders. The ILM underpins the logic of the Funding for Proposal presented herein, aligning business case outcomes with identified problems, by defining the problem(s) that need to be addressed:

- understanding the causes of the problem;
- validating the problem is real; and
- specifying the initial benefits that will result from addressing the problem.

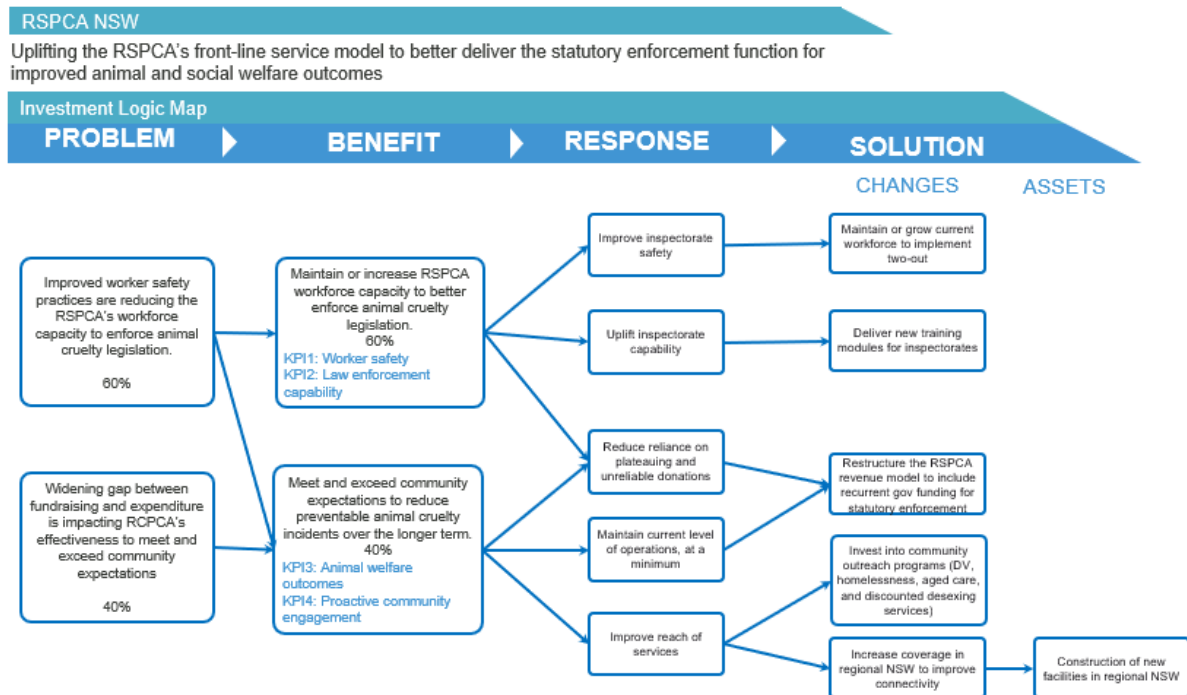


Figure 2-2 Investment Logic Map

The next section explores the root cause of the defined problem statements as part of the broader investment narrative to underscore rationale for government investment.

***Improved worker safety practices are reducing RSPCA NSW's workforce capacity to enforce animal cruelty legislation.***

As a response to Recommendation 1 of the 2021 inquiry, RSPCA NSW implemented a meaningful change to its operating procedure for call-outs. This change would require the attendance of two Inspectorates to investigate animal cruelty complaints, despite the level of perceived risk. The consensus among inquiry committee members and RSPCA NSW was that working in pairs significantly improved worker safety and complied with the safety protocols of similar investigative Government agencies, such as the NSW Police Force, NSW Department of Primary Industries, NSW Fisheries and the like. The need to re-think the previous, one-out procedure as the status quo is underscored by the year-on-year growth in WHS claims to RSPCA NSW, which currently stands at approximately \$1.4M.

To appropriately introduce the new policy of sending two inspectors to call-outs, RSPCA NSW increased its workforce by 21 FTEs from 36 FTEs to 57 FTEs. The 21 FTE increase promptly addressed worker safety risks in two key areas:

- **Risk of aggressive human behaviour:** Research indicates that where there are animal welfare issues, there is a very high risk of violence to people as well (2021 Inquiry Report, June 2022). Pairing inspectors provides an additional layer of protection against potential harm from individuals involved in cruelty cases.
- **Risk of animal aggression:** The presence of two inspectors reduces the likelihood of confrontations with aggressive animals during call-outs. In the event of an unforeseen incident, having a second inspector on-site ensures immediate assistance and support.

Between 2022 – 2023 and prior to the implementation of the two-out procedure, RSPCA NSW received 14,420 complaints and investigated 13,883, an average of 53.3 complaints per day. Under the new operating model, 57 FTEs now yield an equivalent response rate to that of 28 FTEs in the old operating model. This means that the daily response rate to complaints, considering the frequency and quantum has remained unchanged, has decreased by c.20% from an average of 53.3 jobs per day to c. 42.8 jobs per day. The reduction in jobs per day from 53.3 to 42.8 has eroded RSPCA NSW's workforce capacity to deliver the 'acceptable level of service', which at a minimum, is defined as, the enforcement of POCTAA. This includes compliance with all statutory and reporting obligations.

The workforce capacity constraint to enforce POCTAA is of growing concern to RSPCA NSW as animal ownership per household is expected to grow in NSW. Dubbed the 'pandemic pet boom', pet ownership in Australia grew from 61%, before the pandemic, to 70%, post-pandemic. As the growth trend for pet ownership is expected to rise into the future so will the demand for breeders which, undesirably, will increase the cases of unethical 'commercial/intensive' breeding practices, as well as increased instances of animal abuse. An August 2023 report produced by RSPCA NSW confirmed a 20% increase in animal cruelty reports. This increase has been linked to Australians' battle with the cost-of-living crisis, with some pets being deprived of basic needs. With instances of flood and bushfires on the rise, pets in NSW and Australia, more broadly, are more vulnerable to poor treatment than ever before.

The pivotal role RSPCA NSW plays in 'giving a voice to the voiceless' is through the enforcement of POCTAA. It is imperative that RSPCA NSW's workforce capacity is expanded to ensure *all* reports of animal abuse are thoroughly investigated through adequate staffing levels of inspectors. Moreover, there is a need to increase legal support to ensure appropriate legal action is taken against perpetrators.

### ***Uncertainty and widening gap between fundraising and expenditure is reducing RSPCA's ability to meet and exceed community expectations.***

As a registered charity, RSPCA NSW relies significantly on fundraising capital to deliver its services, which importantly includes the enforcement of the animal cruelty legislation, POCTAA, in NSW. To date, RSPCA NSW has delivered an acceptable level of service primarily through donations (cash receipts, fundraising, bequests etc), and some financial support from the NSW Government of \$424,000 p.a. since 2008. It is worth noting that, before 2023-24, the NSW Government support did not meet the comparable benchmark measures of other states, with RSPCA NSW receiving the lowest funding of any state-based RSPCA in Australia.

In recent years, RSPCA NSW has observed a plateau and uncertainty in donations (specifically bequests that make up 30% of the fundraising pool), despite an ongoing effort in the community to raise funding and awareness. This decline in donations is in part due to the emergence of competing, smaller animal welfare organisations. However, and more importantly, the decline is a symptom of a broader macroeconomic issue. From 2020 to 2022, inflation in Australia rose from 0.86% to 6.61%. High inflation has impacted RSPCA NSW's bottom-line in three ways:

- **Reduction in fundraising revenue:** The surge in inflation has led to Australian households cutting back on discretionary spending, which includes notable reductions in fundraising and donations. RSPCA NSW anticipates the situation to worsen as there is often a delay to behavioural changes in the face of inflation and corresponding fiscal and monetary implications.
- **Increase in operating expenditure:** Operational expenditure for RSPCA NSW has increased from c.\$58M in 2020 to c.\$65M in 2022. This increase is driven by wage growth (exasperated by the two-out procedure), overheads and support staff expenses (legal team for prosecutions), as well as maintenance of cars and other equipment.
- **Reduction in purchasing power:** As the cost of goods and services continue to rise, RSPCA NSW has needed to allocate more capital towards maintaining the same quality and reach of services.

Despite the widening gap in fundraising and expenditure for the reasons outlined above, RSPCA NSW has not wavered on its commitment to meeting and more importantly, exceeding community expectations. Community expectations on the treatment of animals have continually developed alongside the growing scientific understanding of animal welfare. The statutory and legislative landscape has evolved with this understanding. The NSW Government enacted changes to POCTAA in 2012. The Victorian Government followed suit in 2019 with similar changes. YouGov survey, and other fundraising results demonstrate that in 2023, the community expects RSPCA NSW to respond to and investigate every report. Collectively, the shift in public sentiment towards improved animal welfare is clear and evidence-based.

As outlined above, more than 99% of people who interact with POCTAA do so through RSPCA NSW. As such, RSPCA NSW recognises its welfare stewardship to the community, and therefore must be capable of scaling up resources, training, education and awareness campaigns, as well as fundraising efforts in line with evolving public standards. This must be achieved despite the resource and capital constrained environment in which the agency operates.

### **2.3 Consequences of failed continued funding certainty and levels**

A scenario where funding is not guaranteed in quantum nor is recurrent, termed a 'do-nothing' base case scenario, has been defined, against which the various scenarios outlined in Chapter 8 can be assessed. The do-nothing scenario assumes RSPCA NSW remains highly dependent on plateauing charitable donations, with no additional funding/revenue stream secured. The two-out procedure



continues to reduce RSPCA NSW's workforce capacity. The capital and workforce constraints would result in a year-on-year decline of service quality (see KPIs outlined in Section 5) over the next 5 years from FY24 to FY29.

The consequences of the BAU scenario are set out below:

- **Inability to respond to 14,000 + animal cruelty complaints** – This could lead to 1,500+ fewer annual seizures or surrenders of animals from situations of cruelty or poor welfare per annum.
- **Inability for Inspectors to engage in proactive site visits** – Insufficient capacity for inspectors to perform proactive site visits, a fundamental preventative measure to reduce rates of animal cruelty incidents. Specifically, leading to:
  - 600+ fewer annual formal directions to improve animal care or conditions; and
  - 7,200+ fewer annual visits resulting in reduced animal welfare education.
- **Inability to support the other functions of RSPCA NSW** - The 'wrap-around' services that RSPCA NSW provides to the community as part of their holistic service offering will continue to be neglected due to capital and workforce constraints.
- **Inability to deliver critical workforce training** - Inability to administer the required staff training due to time and capital shortages to uplift workforce capability in line with evolving community standards. Necessary training includes, but is not limited to, Animal First Aid Training, Firearms Training, Legal Training, Animal Emergency Incident Management and Defence Tactics.
- **Inability to deliver corrective animal behaviour training for reintegration** – Insufficient workforce capacity to deliver reintegration training which spans, on average, 370 days. This will result in higher instances of recurrent dog attacks.
- **Inability to invest in community outreach programs** - Insufficient resources and workforce capacity to expand the number of clients participating in community outreach and other RSPCA programs that provide services and education to improve animal welfare, and provide education to animal owners, reducing the likelihood of issues arising that are in breach of POCTAA.
- **Inability to expand coverage in NSW** – The glaring gap in RSPCA NSW's presence in regional NSW, notwithstanding Broken Hill, will continue to impact the reach of RSPCA's front-line service model in regional NSW. This will lead to lower adoption rates, increased barriers to on-site Inspectorate visits, and an inability to deliver quick animal evacuation response during extreme weather events such as floods.
- **Inability to build on government investment to date** – RSPCA NSW will be unable to maintain the uplift in service quality achieved as a result of the 2021 inquiry and the subsequent, one off \$20.5M government grant. In the absence of recurrent funding, RSPCA will consider:
  - Redundancy of the new 36 FTEs recruits across all departments;
  - Reduced contact centre hours from 24/7 to 8.30am – 7.00pm; and
  - Cessation of further work on its digital intelligence function and data capture for high-quality reporting.

## 2.4 Need for sustainable funding

To date, RSPCA NSW has relied on exceptionally large donor funds to run the 1-out Inspectorate program. In compliance with the recommendations of the government-led 2021 inquiry and the NSW Government's Funding Agreement, RSPCA NSW promptly implemented the two-out Inspectorate procedure, as well as other safety measures (see section 3.1.3 for detail). The two-out procedure is the standard industry practice adopted by similar government agencies such as the NSW Police Force.

Whilst the capital injection of \$20.5M from the NSW Government was instrumental in accelerating the critical step-change required to improve worker safety, sustaining the new and improved operations will require RSPCA NSW to incur costs of \$22.0m per year (in real terms 1 July 2023) in the absence of Government support. Yet, RSPCA NSW contends with its insufficient capital reserves, due to high dependence on plateauing bequests and unfavorable inflationary conditions. This erodes the organisation's ability to be resilient and self-sustaining into the future. It is also for these reasons that RSPCA NSW has been unable to deliver proactive work in the community as resources are only sufficient to fund baseline Inspectorate work. As a result, the NSW public does not receive the economic value associated with delivering preventative and proactive work.

The NSW Government acknowledges that the funding model on which RSPCA NSW has relied on for decades is simply insufficient to protect workforce safety while also enforcing POCTAA. This is supported by the below extract from the 2021 inquiry report.

*“There is **need for increased government support for the compliance and enforcement operations** of these agencies to cover the costs of the compliance and enforcement operations **without reliance on charitable donations**, including conducting regular proactive inspections, sending inspectors to call-outs in pairs and operating a staffed animal cruelty complaints response team 24/7”.*

There is no doubt that RSPCA NSW is in a highly unusual position where it has been forced to rely predominantly on charitable donations to uphold criminal animal cruelty laws. This is unlike other enforcement agencies which are fully funded by the NSW Government (for example, the NSW Police). Despite parallels in responsibility and contribution to community welfare with the NSW Police, recurrent NSW Government funding to RSPCA NSW represents approximately 3 per cent of annual expenditure.

If RSPCA NSW is successful in securing recurrent funding from the government, the agency will reduce its reliance on the plateauing and unreliable donations, thereby achieving two key objectives:

- 1) Maintaining current staffing levels to enforce POCTAA; and
- 2) Prioritisation of high-value activities through investment into preventive and proactive community work.

In the absence of recurrent funding of a similar magnitude to the 2023-24 award, RSPCA NSW will need to significantly reduce its workforce and operational response. This would result in the redundancy of the new 36 FTE recruits across all departments, reduced contact centre hours and cessation of further work on its digital intelligence function and data capture for high-quality reporting. There may also be need to relinquish jurisdictional coverage for some parts of regional NSW back to the NSW Police Force.

This funding submission is an opportunity for the NSW Government to fix years of critical underfunding to RSPCA NSW and prioritise frontline workers. It is time to take immediate action to overhaul and restructure RSPCA NSW funding model. Significant, sustainable funding support from the NSW Government is crucial to the proposed restructure and will also forge a new and inimitable partnership with RSPCA NSW that builds on the decades of mutual investment into animal welfare. This investment notably includes the NSW Labor Party's 2023 election commitment. A quote of the election commitment has been provided below.

*“**Review the funding arrangements** for Approved Charitable Organisations (ACOs) legislated to conduct compliance and enforcement activities under the Prevention of Cruelty to Animals Act (POCTAA) with a view of **developing and implementing a sustainable long-term funding model.**”*

### 3 Business Case Objectives

The primary aim of this business case is to pursue sustainable funding from the NSW Government to maintain and build on the organisational and safety improvements achieved from the 2023-24 Government funding support of \$20.5M (see section 3.1.3 for details).

To achieve this, RSCPA NSW will need to maintain or increase workforce capacity and capital for delivery of the objectives as listed below:

- Maintain the recruited 36 FTEs required for ongoing implementation of the 'two out' officer jobs located throughout NSW, both regionally and the Sydney metropolitan areas;
- Maintain or improve RSPCA's Inspectorate, legal and administrative function to deliver the acceptable level of service defined as a response rate of +95% to complaints received for the effective enforcement of POCTAA;
- Maintain worker safety through effective implementation of good safe work practices, two-out procedure, directly leading to reduced instances of WHS claims and uplift in worker morale;
- Comfortably respond to 14,000+ animal cruelty complaints and maintaining animal welfare outcomes through seizures and surrenders;
- Engage in proactive activities (beyond the BAU, reactive response to +14,000 complaints p.a). This will include performing routine Inspectorate visits, improve the quality and scale of community outreach program for the vulnerable and invest in intensive education campaigns;
- Invest in providing discounted veterinary and health services for vulnerable pet owners to reduce animal welfare issues in community and issues that lead to a breach of POCTAA;
- Deliver critical workforce training to uplift Inspectorate capabilities to meet the evolving community standards and increased demand for animal welfare services in NSW (driven by increased pet ownership and cost-of-living crisis);
- Deliver corrective animal behaviour training for reintegration which is the foremost effective mechanism in reducing instances of recurrent canine attacks; and
- Address the animal welfare service gap in regional NSW and improve connectivity through construction of new service facilities. This will enable faster Inspectorate response times, increased adoption rates, higher rates of routine and proactive Inspectorate visits.

## 4 Policy and Strategic Alignment

### 4.1 NSW Government Policies

#### 4.1.1 *Prevention of Cruelty to Animals Act 1979 No 200*

The objectives of the Prevention of Cruelty to Animal Act 1979 (POCTAA) are designed to prevent cruelty to animals, promote the welfare of animals by requiring a person in charge of an animal to provide care for the animal, and to treat the animal in a humane manner, and to ensure the welfare of the animal.

This Request for Funding aligns with the following relevant objectives of POCTAA:

- Advocating compliance with the support of communities;
- Educating communities on animal welfare;
- Formulating and disseminating animal welfare policy consistent with contemporary evidence-based science;
- Allocating resources to animal welfare initiatives to reduce total shelter intake;
- Adapting the organisation's service model to support "animals in homes" rather than "animals in care"; and
- Performing any functions entrusted to it under legislation.

RSPCA NSW takes great pride as the entrusted enforcer of POCTAA, with the knowledge that 99% of people who interact with legislation do so through RSPCA NSW. As part of upholding its responsibility to the community, the enforcement of POCTAA will be achieved and improved through the following activities:

- **Inspectorate:** Investigation, follow-up, and enforcement activities by inspectors in response to cruelty complaints and the outcomes.
- **Legal Office:** Prosecutions of cruelty offences.
- **Contact Centre:** The Contact Centre receives cruelty complaints from members of the public via a number of channels, assesses information and allocates jobs to the Inspectorate.
- **Clinic Services:** RSPCA NSW performs cruelty and animal welfare-related veterinary hospital treatment at three clinics across NSW at Yagoona, Rutherford and Broken Hill.
- **Shelter Services:** RSPCA NSW operates animal shelters at six locations across NSW at Yagoona, Hunter, Illawarra, Coffs Harbour, Orange and Katoomba. As well as providing boarding facilities to animals, our shelters also provide animal transportation, community foster care, and rehoming services.
- **Behaviour and Rehabilitation Centre (BARC):** RSPCA NSW operates a specialist Behaviour and Rehabilitation Centre located on the Central Coast as well as having specialists at a number of our sites across the state.
- **Community & Engagement:** The Community & Engagement team at RSPCA NSW provide a number of programs that meet needs in the Community for Aged Care Support, Homelessness and Domestic Violence support. Additionally, they provide Community Education and Prevention Programs.
- **Overhead Support Costs:** The central services of RSPCA NSW consist of Finance, Human Resources and Payroll, Information Technology and Property Services. These functions provide services to the operational functions of RSPCA NSW and consist of approximately 12% of the costs

of RSPCA NSW. An overhead recovery to support the functions above (1 to 7) is part of the funding to ensure the central services are able to sustainably support the regulatory functions and operations.

## **4.2 RSPCA Policies**

### **4.2.1 General Policy 1 - Good Animal Welfare**

General Policy ('GP') 1 is focused on ensuring that good animal welfare goes beyond preventing pain, suffering or distress and minimising negative experiences. Good animal welfare ensures animals can express their natural behaviour in an enriching environment, feel safe, have healthy positive experiences and a good quality of life.

In alignment with GP1, recurrent funding from the NSW Government will provide RSPCA NSW with the means to enforce good animal welfare practices to maximise the efficacy of the organisation. Funding will be allocated to the statutory enforcement of POCTAA and, in turn, will address the necessary elements for improved physical and mental health for animals and pets.

### **4.2.2 General Policy 2 - Animal welfare legislation**

Through GP 2, RSPCA NSW advocates for strong and effective animal welfare legislation that reflects contemporary scientific knowledge and community expectations. As outlined in Section 2.2, the rationale for funding is built off the need to expand RSPCA NSW's quality of services with the knowledge that "community expectations on the treatment of animals have continually developed alongside the growing scientific understanding of animal welfare".

In accordance with GP 2, RSPCA NSW submits this Request for Funding to advocate for critical funding and resources required to ensure the timely and effective review, implementation, and enforcement of animal welfare legislation in NSW under POCTAA.

### **4.2.3 General Policy 3 - Standards and guidelines, and codes of practice**

GP 3 is centred around the need to develop and invest in compulsory nationally uniform minimum standards for the welfare of all animal species used, managed or controlled by humans. These should be supplemented where appropriate with best welfare practice guidelines.

The development process must be overseen by an independent government body and based on relevant contemporary scientific evidence, community expectations, and clear and consistent ethical principle. Stakeholder input from industry, government, animal welfare organisations, independent veterinarians, and the general public must be given fair and balanced consideration. Draft documents must be made available for public consultation with sufficient time for feedback prior to being finalised and final decision-making processes must be transparent and evidence-based.

This Request for Funding to secure additional, recurrent NSW Government funding forms a key strategic pillar of GP 3 which requires the advocacy of all minimum animal welfare standards developed, regulated and enforced under POCTAA.

### **4.2.4 General Policy 5 - Human and animal welfare**

Under GP 5, RSPCA NSW recognises the inextricable link between human welfare and animal welfare and the challenges posed by mental illness, interpersonal violence, homelessness, and other social issues.

RSPCA NSW supports and encourages integrated, cross-agency collaboration to develop strategies for responding effectively to such issues and ensuring the necessary services are available to adequately cater for the welfare needs of both vulnerable people and animals.

As part of this Request for Funding, RSPCA NSW aims to expand the scope, reach and efficacy of its community outreach programs. Ongoing investment into these programs is critical based on the empirical link between animal cruelty, child abuse, and domestic and interpersonal violence including its physical, psychological, and economic dimensions, and that cruelty to animals is a strong marker for other forms of violence.

Through access to additional, recurrent funding to improve organisational and workforce capacity, RSPCA NSW aims to:

- Support and encourage cross-agency collaboration to raise awareness of this link, to identify and investigate cases involving both animal cruelty and interpersonal violence, and to promote early intervention strategies.
- Support the development of systems for cross-reporting between RSPCA NSW, the veterinary profession, the police and relevant community service agencies.
- Invest in the training of veterinarians, community service workers and other frontline staff to identify and report suspected cases of animal cruelty.
- Protect the welfare of animals at risk through domestic and interpersonal violence by providing appropriate emergency care and support and by working with key agencies to empower them to create more opportunities for companion animals to be accommodated at refuge centres and other emergency housing facilities.
- Support education programs that promote empathy and the humane treatment of animals for children who have been exposed to animal cruelty, domestic, or other interpersonal violence.

## 5 Benefits

### 5.1 Benefit 1

Benefit 1 relates to maintaining RSPCA NSW's workforce capacity to enforce animal cruelty legislation. In the table below, we summarise the relevance of the benefit to the Government and other stakeholders, the nature of the benefit, alignment with the business case objectives, benefit dependencies, risks and KPIs.

Table 5-1 Benefit 1 Profile

**Benefit name:** Maintain or increase RSPCA NSW's workforce capacity to enforce POCTAA

**Benefit description:** At present, RSPCA's current workforce capacity is not sufficient to resource the two-out procedure without reducing its response rate by 80% to the c. 14,000 complaints received p.a. Recurrent funding from the government will provide the necessary capital to maintain the existing 57 FTE workforce. In turn, the maintenance and under the best-case scenario, the increase to its Inspectorate, legal and administrative function, will enable RSPCA NSW to deploy the two-out procedure without depleting the resource reserves of an already strained organisation. The consistent and ensured deployment of Inspectors in pairs, will directly improve worker safety conditions through reduced exposure to risks of animal aggression and aggressive human behaviour. Appropriate staffing levels will enable the enforcement of POCTAA. As mentioned above, RSPCA NSW is best placed to enforce POCTAA as a result of its specialisation and access to the required capital, knowledge, resources and visibility/brand awareness. Increasing the Inspectorate size to include FTE roles dedicated towards providing proactive inspections, such as in sales yards and breeding farms, reduces the likelihood of animal welfare issues arising or perpetuating that are in breach of POCTAA through education and increased oversight.

The effective enforcement of POCTAA, enabled through adequate resourcing levels, will improve the law enforcement function of RSPCA NSW, measured by the percentage of successful prosecutions and number of complaints investigated.

**Benefit Relevance to Government and other stakeholders:** This benefit will directly improve the organisational capacity for RSPCA NSW to improve its law enforcement, legal and prosecutive functions through ensured and adequate staffing levels. The NSW Police force is a direct beneficiary of this outcome as the successful operation of RSPCA NSW to investigate animal abuse cases and prosecute effectively without reliance on the NSW Police Force, frees up capacity for the Force to focus on higher value matters such as the maintenance of law and order within the community.

**Benefit type:** Operational

**Benefit classification:** Improved worker safety and law enforcement

**Alignment with business case objectives:**

- Maintain the newly recruited 36 FTEs required for ongoing implementation of the 'two out' officer jobs located throughout NSW, both regionally and the Sydney metropolitan areas;
- Maintain or improve RSPCA's Inspectorate, legal and administrative function to deliver the acceptable level of service defined as a response rate of +95% to complaints received for the effective enforcement of POCTAA;
- Engage in proactive activities beyond BAU; and
- Improve worker safety through effective implementation of the improved safe work practices, two-out procedure, directly leading to fewer WHS claims and an uplift in worker morale.

**Benefit dependencies:**

- Recurrent government funding;
- Talent pool quality at the time of recruitment;
- Delivery of required training modules to upskill Inspectors to effectively respond to high risk cases;
- Proportional increase of the administrative and legal teams, in line with growth to Inspectorates; and
- Continued 24/7/365 operations of the contact centre to capture, at the first instance, every complaint in the community.

**Risks/issues:**

- Inability to secure government funding to restructure the funding model for enforcement of POCTAA;
- Operational challenges associated with increase workforce, alongside delivering the necessary training to upskill all employees in relevant areas of animal welfare;
- Unforeseen legislative changes to POCTAA which may appoint more responsibilities to, or relinquish responsibilities from RSPCA; and
- Inadequate data capture function to measure response rate to complaints, and follow the case through its entire lifecycle, from case creation to prosecution.

A summary of KPI 1 that links into Benefit 1 has been provided in Table 5-2 below.

Table 5-2 KPI 1 Profile

<b>KPI name:</b> Worker Safety	<b>KPI ID:</b> 1
<b>KPI description:</b> Worker safety is a high order priority for RSPCA NSW, alongside the enforcement of POCTAA. However, the capital constrained environment in which RSPCA operates, has led to these two priorities, undesirably, becoming somewhat mutually exclusive. In line with the 2021 inquiry, there is need to mitigate occupational and safety risk for inspectors. The measures to evaluate the successful delivery of this benefit will be measured through the % of jobs delivered under two-out procedure and # of WHS incidents.	
<b>Measure 1-1:</b> % of jobs delivered under two-out procedure (increase)	<b>Measure 1-2:</b> # of WHS incidents (decrease)
<b>Data source:</b> Complaint reports submitted by inspectors after each site visit.	<b>Data source:</b> Dollar value paid in WHS claims and premiums extracted from financial reports

A summary of KPI 2 that links into Benefit 1 has been provided in Table 5-3 below.

Table 5-3 KPI 2 Profile

<b>KPI name:</b> Law enforcement capability	<b>KPI ID:</b> 2
<b>KPI description:</b> Proficiency of RSPCA's Inspectorate and legal function is critical to the enforcement of POCTAA. This KPI is critical for RSPCA to resume its integral role within the community to investigate every complaint that is received and ensure the full force of the law is applied to perpetrators of violence against animals. This KPI will be measured through % of successful prosecutions and % of complaints investigated.	
<b>Measure 2-1:</b> % successful prosecution (increase)	<b>Measure 2-2:</b> % of complaints investigated (increase)
<b>Data source:</b> Legal reporting functions	<b>Data source:</b> Complaint reports, supported by functions of the admin team



## 5.2 Benefit 2

Benefit 2 relates to RSPCA NSW meeting and exceeding community expectations with respect to preventing animal cruelty incidents. The table below summarises relevance of the benefit to Government and other stakeholders, the nature of the benefit, alignment with the business case objectives, benefit dependencies, risks and KPIs.

Table 5-4 Benefit 2 Profile

**Benefit name:** Meet and exceed community expectations to reduce preventable animal cruelty incidents over the longer term.

**Benefit description:** Through access to recurrent government funding, RSPCA will successfully fill the widening gap in funding and expenditure to meet the evolving community expectations. Sufficient funding will enable RSPCA to proactively prevent animal cruelty. This is in stark contrast to the current standard which is limited to reactive responses to cruelty complaints. RSPCA intends to invest in several proactive activities, including the launch of intensive education campaigns to promote responsible pet ownership (combatting ignorance in pet owners), as well as engaging in repeat site visits to high-risk cases to ensure animal welfare is maintained over the long term. Increasing the Inspectorate size to include FTE roles dedicated towards providing proactive inspections, such as in sales yards and breeding farms, reduces the likelihood of animal welfare issues arising or perpetuating that are in breach of POCTAA through education and increased oversight.

Further, RSPCA intends to invest significantly in its community outreach programs to bolster awareness and reach of services to all vulnerable members of the community, not just animals. This will improve community welfare outcomes for the ageing and homeless population, Domestic Violence (DV) victims, indigenous communities, and other vulnerable members of the community.

**Benefit relevance to the NSW Government and other stakeholders:** Improving animal welfare is a priority of the current government under the Hon Chris Minns MP's Premiership. As part of his election campaign, Minns pledged to implement a long-term funding model to RSPCA NSW through POCTAA. This benefit will directly contribute to NSW Government's fulfilment of this election pledge. Recurrent government funding will also position the NSW Government as the leading Australian state in animal welfare advocacy.

This benefit will also directly improve outcomes for animals which are more vulnerable than ever before. The leading contributor to this vulnerability is the cost-of-living crisis which has led to a 20% increase in animal neglect cases, as evidenced by a recent 2023 report from RSPCA NSW. It is crucial, now more than ever, for RSPCA NSW to maintain heightened vigilance and proactivity within the community, actively identifying and responding to instances of animal abuse before they are reported or, worse yet, before it's too late.

More broadly, this benefit will uplift the quality-of-life standards for the vulnerable members of the community, through unprecedented levels of investment into RSPCA's outreach programs.

**Benefit type:** Social

**Benefit classification:** Animal and community welfare improvements

**Alignment with business case objectives:**

- Engage in proactive activities (beyond the BAU, reactive response to +14,000 complaints p.a). This will include performing proactive Inspectorate visits, improve the quality and scale of community outreach program for the vulnerable and invest in intensive education campaigns;

**Benefit name:** Meet and exceed community expectations to reduce preventable animal cruelty incidents over the longer term.

- Deliver critical workforce training to uplift Inspectorate capabilities to meet the evolving community standards and increased demand for animal welfare services in NSW; and
- Deliver corrective animal behaviour training for reintegration which is the foremost effective mechanism in reducing instances of recurrent canine attacks.
- Address the animal welfare service gap in regional NSW and improve connectivity through construction of new service facilities.

**Benefit dependencies:**

- Recurrent government funding
- Pet owner abidance and compliance with education initiatives
- Site access to private property as part of proactive, repeat visits

**Risks/issues:**

- Inability to secure the necessary recurrent funding required to deliver the proactive community engagement efforts;
- Pet and animal owner resistance to routine visits;
- Legal complications with routine visits, including gaining access to the premises;
- High volumes of complaints leading to persistent staffing issues thereby impact deliverability of proactive visits, education campaigns and outreach programs; and
- Community integration challenges and unforeseen competition associated with expanding the breadth of the outreach programs.

A summary of KPI 3 that links into Benefit 2 has been provided in Table 5-5 below.

*Table 5-5 KPI 3 Profile*

<b>KPI name:</b> Animal welfare outcomes	<b>KPI ID:</b> 3
<b>KPI description:</b> Improving animal welfare outcomes will be achieved through filling the critical capital shortage through recurrent government funding. This funding will enable an absolute uplift in organisational and workforce capacity to better enforce POCTAA, deliver specialised Inspectorate training, implement the two-out procedure and invest in digital intelligence and data capture capabilities. These activities will work together to improve the efficacy of RSPCA’s response to animal cruelty reports thereby improving animal welfare outcomes. This KPI will be measured through # of animals surrendered and seized, as well as # of animals rehabilitated and rehomed.	
<b>Measure 3-1:</b> # of animals surrendered and seized (increase)	<b>Measure 3-2:</b> # of animals rehabilitated and rehomed (increase)
<b>Data source:</b> Operational data supported by functions of the admin team	<b>Data source:</b> Operational data supported by functions of the admin team

A summary of KPI 4 that links into Benefit 2 has been provided in Table 5-6 below.

*Table 5-6 KPI 4 Profile*

<b>KPI name:</b> Workforce engagement in proactive activities	<b>KPI ID:</b> 4
<b>KPI description:</b> Proactive action through deployment of inspectors to conduct routine, reactive visits are key to decreasing preventable animal deaths. Moreover, and often times, animal neglect is a function of ignorance and barriers to accessing the necessary information required for pet owners to take care of their pets. As part of engaging proactive visits, RSPCA NSW also intends to broaden its scope of services to care for vulnerable communities. Whilst the outreach programs are already	

operational, including RSPCA's Domestic Violence (DV) outreach, Homelessness and Emergency Boarding and Aged Care assistance, this KPI will ensure more funding is channelled into the programs to boost participation rates.

**Measure 4-1:** Allocation of resources to proactive activities (increase)

**Measure 4-2:** # of outreach program participants (increase)

**Data source:** Financial and operational reports measured in dollars and headcount allocated, respectively.

**Data source:** Operational data supported by functions of the admin team.

**Measure 4-3:** # of proactive visits participants (increase)

**Data source:** Operational data supported by functions of the admin team.

## 6 Cost Benefit Analysis

This section provides an overview of the options considered to address the problem statement, benefits and costs considered, and results of the assessment via a cost-benefit analysis which led to the preferred option.

### 6.1 The Base Case

The Base Case assumes degraded operations due to no additional funding being provided. RSPCA NSW would not be able to provide the same level of service as in 2023-24.

Under this option, the NSW Government would break an election commitment to deliver sustainable long-term funding, and RSPCA NSW would be unable to fully fund the Inspectorate, resulting in redundancies and degraded services.

RSPCA NSW forecasts \$22.0 million (real terms 1 July 2023) to maintain mandatory two-up for inspectors, continue to operate 24-hour, 7-days a week, 365 days a year contact centre, legal costs and other associated expenses.

RSPCA NSW anticipate that they will not be able to fully maintain the 2022-23 allocation of \$11 million in self-funded funds to the Inspectorate, which includes funds sourced from fundraising activities and bequests. Due to declining revenue streams and increased operational costs, RSPCA NSW estimate that they will only be able to fund direct costs for their inspectors, equivalent to approximately \$4.0 million, with limited or no funding available for the rehabilitation of animals seized by or surrendered to the Inspectorate. This results in the base case having an 80% gap in the funding required to ensure the Inspectorate is able to continue to deliver the required level of service.

It is anticipated that cash inflows could be even lower than modelled due to persisting cost-of-living pressures resulting in smaller discretionary budgets and less money donated, and secondly, due to the unreliable nature of bequest funds.

This funding challenge erodes RSPCA NSW's workforce capacity to deliver the 'acceptable level of service as required by POCTAA. Overall, there is a risk that RSPCA NSW will be unable to continue responding to all complaints received.

## 6.2 Summary of Intervention Options

Table 6-1 below provides a summary of the intervention options considered and the Base Case assumptions.

Table 6-1 Summary of Intervention Options

Option	Name	Description of Solution	Justification for Consideration
<b>Core Options 1 to 3</b>			
Option 1	Continue current (2023-24) level of service	<p>In Option 1 RSPCA NSW will receive funding and deliver services in line with 2023-24 funding and services.</p> <p>Under this option, RSPCA would retain the 21 FTEs hired in FY23 for 'two out' inspector jobs and will maintain uplifted operations delivered by RSPCA following the receipt of the one-off investment of \$20.5M from the NSW Government in Q1 of 2023.</p> <p>Funding will cover the following items:</p> <ul style="list-style-type: none"> <li>• Inspectorate salaries and wages for 56 Inspectors, 1 community Education Inspector, 1.7 Brief checkers, 2 Digital Intelligence Officers and 2 Compliance and Admin Support workers.</li> <li>• Legal salaries and wages for 3.5 Solicitors and 1 Paralegal workers to support enforcement and prosecution.</li> <li>• Contact Centre staff salaries and wages for 20 support workers.</li> <li>• Domestic Violence Outreach salaries and wages for 2.5 support workers.</li> <li>• Other staff related costs, including training, staff related amenities, recruitment fees, travel, and WCI costs.</li> </ul>	<p>Full funding for the Inspectorate is sought on the following basis:</p> <ul style="list-style-type: none"> <li>• RSPCA NSW needs to maintain two-up inspector model to mitigate safety risks while maintaining RSPCA NSW's ability to respond to all animal cruelty complaints. The two-up model aligns with accepted safe work practices for most frontline law enforcement workers.</li> <li>• Significant cost pressures such as increased wages, cost of equipment, and operational strain from surrender/seizures mean that RSPCA NSW will not be able to reliably deliver current service levels, particularly once two-up model has commenced. If unfunded, many complaints are at risk of not being investigated.</li> <li>• Funding from bequests are not reliable or predictable, and charitable donations are not growing at the same rate as costs. Moreover, donations and bequests may need to be redistributed to other areas of the business (such as shelters and veterinary care services) as needs evolve in any given year.</li> <li>• Full funding allows RSPCA NSW to continue to leverage facilities, knowledge and expertise in animal welfare, collective experience and value of volunteers' labour, which cannot be replicated by other agency or governing bodies.</li> </ul>

Option	Name	Description of Solution	Justification for Consideration
		<ul style="list-style-type: none"> <li>OPEX including fundraising, asset operating, administrative, and service related expenses for Inspectorate, Legal, and Contact Centre enforcement and Domestic Violence Outreach.</li> <li>CAPEX including equipment and vehicle expenses</li> <li>Internal expenses for RSPCA shelter and clinic services to rehabilitate and rehome Inspectorate animals.</li> <li>Other indirect costs including proportional IT, finance, HR, and property costs.</li> </ul>	<ul style="list-style-type: none"> <li>A fully funded Inspectorate provides certainty to RSPCA NSW and ensures community expectations that all complaints will continue to be handled appropriately and in a timely manner, whilst also ensuring the safety of its Inspectorate staff.</li> </ul>
Option 2	Proactive Inspectorate and community programs	<p>Option 2 provides funding for RSPCA NSW to cover all elements of Option 1, in addition to a larger and more proactive Inspectorate, and supporting community programs that aim to prevent, rather than react to, animal welfare issues.</p> <p>Funding for Option 2 will cover the following items:</p> <ul style="list-style-type: none"> <li>All components of Option 1.</li> <li>10 additional FTE inspectors dedicated to proactive inspections. This includes regular planned and unannounced inspector presence and inspections at breeding facilities, farms, feedlots, saleyards, rodeos, and other locations where animal welfare may be compromised.</li> <li>Additional investment in the Domestic violence program to provide greater regional coverage and to be able to cater to a large volume of clients.</li> <li>Investment into the Homelessness and emergency boarding program, providing animal care, boarding, and treatment to the animals belonging to individuals who are homeless, or in temporary accommodation that does not permit pets.</li> </ul>	<p>Funding for community outreach programs is sought on the following basis:</p> <ul style="list-style-type: none"> <li>Inspectorate operations aligns with safe work practices and is able to ensure community expectations that all complaints will continue to be handled appropriately, per Option 1.</li> <li>Investment in proactive Inspectorate activities aims to prevent, rather than react to, animal cruelty and animal welfare incidents. The presence, and potential presence, of inspectors at locations with a large volume of animals and animal activity will deter animal abuse and breaches of POCTAA. Additionally, instances of animal abuse or breaches of POCTAA that would not have been reported otherwise will be identified and resolved by inspectors.</li> <li>Community outreach programs aim to reduce the burden on the Inspectorate and shelters by reducing the likelihood of animals being abandoned, surrendered, or mistreated when their owners experience challenging circumstances.</li> <li>Investment in community programs will provide vulnerable members of the community with the support they need to</li> </ul>

Option	Name	Description of Solution	Justification for Consideration
		<ul style="list-style-type: none"> <li>Investment into the Aged care program, providing emergency boarding, foster care, veterinary treatment, and in-home support to older people and their companion animals</li> </ul>	<p>guarantee the welfare of their animal, preventing animals becoming the victims of cruelty and building capability and capacity in the community in caring for animals.</p> <ul style="list-style-type: none"> <li>Importantly, spending on social programs prevents minor issues escalating into serious animal welfare concerns that would otherwise require Inspectorate intervention</li> <li>Companion animals have a significant positive impact on their owners' quality of life, particularly when the owner is vulnerable and/or alone.</li> </ul> <p>Our experience indicates that a majority of animal welfare cases responded to by our inspectors occur as a result of a lack of knowledge or ability to provide adequate care to animals and are not the result of malicious intent or deliberate abuse. Proactive activities through our inspectors and community outreach are the most effective way to reduce rates of animal abuse in the long term.</p>
Option 3	Expanded community services	<p>Option 3 aims to provide additional community services by providing an additional six community programs not captured in previous options, in addition to supporting Inspectorate activities and community outreach as described in Options 1 and 2.</p> <p>Funding for Option 3 will cover the following items:</p> <ul style="list-style-type: none"> <li>All components of Options 1 and 2</li> <li>The Indigenous Community Companion Animal Health Program (ICCAHP), which offers veterinary services to remote indigenous communities who might not be able to otherwise access them due to remoteness or lack of financial means.</li> </ul>	<p>Funding for expanded community services in Option 3 is sought on the following basis:</p> <ul style="list-style-type: none"> <li>Community services aim to reduce the burden on the Inspectorate and shelters by reducing the volume of stray and unwanted animals and by decreasing the likelihood of animal abuse arising as a result of a lack of education, financial means, or remoteness.</li> <li>Vaccination, de-sexing, and microchipping are the three most significant interventions which can prevent poor animal welfare outcomes. Vaccination significantly reduces the risk of preventable diseases, de-sexing eliminates the risk of unwanted animal births, strays, and reduces the risks of some other health conditions, and microchipping enables the identification of lost animals so they can</li> </ul>

Option	Name	Description of Solution	Justification for Consideration
		<ul style="list-style-type: none"> <li>• The Community Animal Welfare Scheme (CAWS) which provides low cost desexing, vaccinations, and microchipping to people living in remote areas and low socioeconomic status groups.</li> <li>• The Keeping Cats Safe at Home (KCSAH) program which is a community education initiative which aims to reduce rates of cat roaming related accidents by collaborating with cat owners and local councils.</li> <li>• Telehealth services, which provide pet care advice over the phone.</li> <li>• Emergency veterinary care, which provides no to low-cost emergency treatment for animals with conditions that must be treated urgently</li> <li>• Animal Transport Services, which transports companion animals to the vet when their owners do not have access to pet-friendly transport options (ie. Without a private vehicle)</li> </ul>	<p>be returned home. CAWS and the ICCAHP both deliver these services at low cost.</p> <ul style="list-style-type: none"> <li>• The ICCAHP aims to reduce the risk of poor animal welfare that results from a lack of ability or means to access veterinary care. This program also limits the number of stray animals in remote indigenous communities and supports the wellbeing of Aboriginal children and families due to the association between companion animal health and owner mental and physical wellbeing.</li> <li>• Animal transport services are essential in ensuring that all companion animal owners are able to access veterinary services due to significant restrictions on animals on public transport in NSW. Accessible and regular vet treatment is essential in reducing animal welfare risks.</li> <li>• 2 in 3 cat owners have lost a cat to a roaming-related accident; 1 in 3 to a car accident. KCSAH aims to reduce these risks to animal health, while also reducing likelihood of unwanted animal births or strays.</li> <li>• Telehealth services mean that pet owners can make more informed decision about the treatment of their pet. Telehealth can advise when treatment is and isn't necessary, reducing rates of unnecessary vet visits, and ensuring that animals that require treatment receive it.</li> <li>• Emergency veterinary care plays an important role in preventing treatable health conditions from escalating into breaches of POCTAA that occur as a result of failure to seek out medical care.</li> </ul> <p>Our experience indicates that a majority of animal welfare cases responded to by our inspectors occur as a result of a lack of knowledge or ability to provide adequate care to animals and are not the result of</p>



Option	Name	Description of Solution	Justification for Consideration
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malicious intent or deliberate abuse. Proactive activities through our inspectors and community outreach are the most effective way to reduce rates of animal abuse in the long term.

**Capital Expenditure Options for which funding is sought as an incremental add-on to Options 1, 2, or 3**

A	Nowra Shelter	This is assessed as an incremental add-on to Options 1, 2, or 3. This option seeks a real increase in funding from 2023-24 to develop a shelter in Nowra within Nowra Gaol. The proposed shelter is proposed to be delivered under RSPCA's Dog Rehabilitation Program	<ul style="list-style-type: none"> <li>The Dog Rehabilitation Program offers approved inmates the opportunity to acquire pet industry-related vocational skills. This initiative improves the prospects of inmates securing employment post release and improves inmate physical and mental wellbeing. Additionally, the rehabilitation efforts supported by inmates significantly improves the chance that a dog is successfully rehomed.</li> <li>Furthermore, the site increases RSPCA's footprint in Southern NSW, a region that currently lacks adequate shelter space. The site will accommodate up to 40 dogs.</li> </ul>
B	Orange Shelter	This is assessed as an incremental add-on to Options 1, 2 or 3. This option seeks real increase in funding from 2023-24 to develop a shelter in Orange	<ul style="list-style-type: none"> <li>A shelter at Orange will replace the current facility which is in need of significant redevelopment.</li> <li>The facility is not large enough, limiting the number of animals it is able to accommodate and resulting in many animals being turned away or transferred.</li> <li>The facility falls short of contemporary standards and expectations for animal shelters and limits the quality of care that can be delivered. A new facility will enable RSPCA NSW to provide far greater levels of care to the animals who reside in this shelter.</li> <li>The site is expected to support up to 50 cats and 50 dogs.</li> </ul>

Option	Name	Description of Solution	Justification for Consideration
C	Queanbeyan Shelter	This is assessed as an incremental add-on to Options 1, 2, or 3. This option seeks real increase in funding from 2023-24 to develop a shelter in Queanbeyan	<ul style="list-style-type: none"> <li>• A site at Queanbeyan will provide RSPCA NSW's a shelter facility and Inspectorate hub that services southern NSW (Eurobodalla , Riverina, Murray, far south Coast, Wagga Wagga), substantially increasing the shelter capacity of the organisation.</li> <li>• The strategic location will improve RSPCA NSW's response times to natural disasters in southern New South Wales.</li> <li>• The site is expected to support up to 60 cats and 60 dogs.</li> </ul>
D	All Shelters	This is assessed as an incremental add-on to Options 1, 2, or 3. This option seeks real increase in funding from 2023-24 support to develop all three Shelters proposed	<p>Investment in all shelter options will deliver all benefits outlined above. Summarised below these include:</p> <ul style="list-style-type: none"> <li>• Increasing RSPCA's shelter footprint in Southern NSW where it is much needed, providing services for animal care, rehabilitation and rehoming; and</li> <li>• Redeveloping a facility which is inadequate in terms of size and quality, increasing the volume of animals that the Orange shelter can accommodate and improving the quality of care that can be delivered.</li> <li>• Supporting RSPCA's Dog Rehabilitation program increasing the rehoming chances for the dogs, and providing approved inmates the opportunity to learn pet industry-related vocational skills.</li> </ul>

### 6.3 Cost-Benefit Analysis – General Assumptions

General assumptions to the CBA include:

- Social discount rate of 5% based on NSW Government Guide to Cost-Benefit Analysis, February 2023<sup>1</sup>;
- Evaluation period of four-years, starting 1 July 2024, ending 30 June 2028;
- Results in real dollar terms as of 1 July 2023 unless otherwise stated; and
- Benefits, including benefit cost ratio (BCR) and net present value (NPV) are all expressed relative (difference) to the Base Case.

### 6.4 Economic Benefits of Options

A desktop review was undertaken to identify the scope of potential costs and benefits which could be considered for the cost benefit analysis. The review considered the following:

- **Measurability** – For inclusion into the CBA, benefits and costs need to be measurable. This means an understanding of their current state needs to be known, and their end state post intervention needs to be able to be assessed. This could either be via an informed assumption or modelling.
- **Value** – For each measure, an economic value or cost needs to be available for inclusion into the CBA.

Through consideration of measurability and value, the economic benefits considered for each of the core options can be summarised as follows:

- **Option 1** – values benefits associated with the rehabilitation and rehoming of a seized or surrendered animal to the Inspectorate, avoided harm to seized/surrendered animals, revenue generated from corrective notices and fine issues, the value of education provided through investigations and the social value of RSPCA NSW's Domestic violence programs.
- **Option 2** – in addition to the benefits captured in Option 1, considers the social benefits value of investment in RSPCA NSW's Domestic Violence, Homelessness and Aged Care programs using monetised values published by RSPCA NSW. It also includes an expansion of proactive activities of the Inspectorate beyond those currently undertaken.
- **Option 3** – in addition to benefits captured in Option 1 and 2, values benefits of various community programs such as emergency health care, Indigenous companionship and animal care programs, animal transport services, telehealth, and keeping cats safe at home programs.

#### Shelter Incremental Options to Core Options

- **Nowra Shelter Expansion** – Allows for the rehabilitation of up to 40 dogs when at capacity at the South Coast Correctional Centre, assuming some litters and bonded pairs being sheltered in the facility. This leads to rehabilitation, rehoming, and avoided harm of animals.
- **Orange Shelter Redevelopment** – Allows for the rehabilitation of up to 50 dogs and 50 cats when at full capacity, based on one animal per kennel. This leads to rehabilitation, rehoming, and avoided harm of animals.

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<sup>1</sup> NSW Government Guide to Cost-Benefit Analysis, February 2023,  
<https://www.treasury.nsw.gov.au/finance-resource/guidelines-cost-benefit-analysis>

- Queanbeyan Shelter Expansion – Allows for the treatment of up to 60 dogs and 60 cats when at capacity, based on one animal per kennel. This leads to rehabilitation, rehoming, and avoided harm of animals.
- All Shelters – Considers all shelters above.

Table 6-2 below summarises and cites the economic benefits measures and values used for evaluation in the CBA.

Table 6-2 Economic Benefits – Measures and Values

Benefit	Benefit Number	Measure	Benefit Value	Applicable Options
Rehabilitation of animal seizure or surrendered to Inspectorate	1	<ul style="list-style-type: none"> <li>Number of animals rehabilitated</li> <li>Base of 11,134 inspections conducted in addition to the Base Case<sup>2,3</sup></li> <li>14% of inspections lead to seizure or surrender.</li> <li>Seized and surrendered animals require rehabilitation<sup>4</sup></li> <li>1% year-on-year growth in number of complaints / inspections</li> </ul>	<ul style="list-style-type: none"> <li>\$18,500 per animal based on:                             <ul style="list-style-type: none"> <li>\$50 cost of day care; and</li> <li>Average stay of 370 days<sup>5</sup></li> </ul> </li> </ul>	All
Rehoming of animal	2	<ul style="list-style-type: none"> <li>Number of animal rehomed</li> <li>51% of seized / surrendered animals rehomed</li> </ul>	<ul style="list-style-type: none"> <li>\$15,150 per animal based on:                             <ul style="list-style-type: none"> <li>Rehoming value of \$625<sup>6</sup>;</li> <li>Average annual cost of pet ownership of \$2,421<sup>7</sup>; and</li> <li>Average life of pet of 6 years<sup>8</sup></li> </ul> </li> </ul>	All

<sup>2</sup> 3-year average of RSPCA NSW annual reports and data

<sup>3</sup> Equivalent to 80% of historical 3-year average of base total of 13,822 total inspections, which is the approx. proportion of Inspectorate estimated to go unfunded under the Base Case as a measure for CBA

<sup>4</sup> RSPCA NSW 2022 Animal outcomes - [https://www.rspcansw.org.au/wp-content/uploads/2022/11/A5\\_RSPCA\\_Annual\\_Report\\_WEB.pdf](https://www.rspcansw.org.au/wp-content/uploads/2022/11/A5_RSPCA_Annual_Report_WEB.pdf)

<sup>5</sup> Cost of Insurance based on: [How much does pet insurance cost? | Compare the Market](#)

<sup>6</sup> Value of rehoming per animal based on: [How much is a rescue pet? - PetRescue](#)

<sup>7</sup> Average of Dog, Cat, Bird, and small mammals based on: [AMAU008-Pet-Ownership22-Report\\_v1.6\\_WEB.pdf \(animalmedicinesaustralia.org.au\)](#)

<sup>8</sup> Average life is based on estimate of residual life of a pet from rehoming (assume half of life of 12)

Benefit	Benefit Number	Measure	Benefit Value	Applicable Options
Avoided harm of animal	3	<ul style="list-style-type: none"> <li>Number of animals avoided from harm</li> <li>Derived from the quantity of animals seized or surrendered (51%).<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>\$2,905 per animal based on: <ul style="list-style-type: none"> <li>Avoided cost of animal harm due to seizure or surrender of \$2,905<sup>9</sup></li> </ul> </li> </ul>	All
Corrective notice issued by Inspectorate	4	<ul style="list-style-type: none"> <li>Number of foregone notices for care</li> <li>5% of 11,134 inspections leading to corrective notice issue (24N &amp; PIN Notice)<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>\$1,048 per notice for care</li> <li>Based health improvement value from notice to improve care of \$1048<sup>10</sup></li> </ul>	All
Educational visits from Inspectorate	5	<ul style="list-style-type: none"> <li>Number of educational visits.</li> <li>65% of 11,134 inspections leading to education</li> </ul>	<ul style="list-style-type: none"> <li>\$150 per educational visit</li> <li>Based on a value of forgone educational visits of \$150<sup>11</sup></li> </ul>	All

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<sup>9</sup> Value derived from RSPCA program data

<sup>10</sup> Average annual cost of a cat and large dog based on: [How Much Does Pet Insurance Cost? | Canstar](#)

<sup>11</sup> Based on the cost of Puppy Pre-School Education from: [Petbarn Puppy School | Puppy & Dog Training | Petbarn](#)

Benefit	Benefit Number	Measure	Benefit Value	Applicable Options
Domestic Violence Program Benefits	6	<ul style="list-style-type: none"> <li>Number of clients, animals, dependent children of Inspectorate</li> <li>Participants and benefited parties based on RSPCA program data</li> <li>Scaled to total \$1.5M in expenditure for Options 2 and 3</li> </ul>	<ul style="list-style-type: none"> <li>Based on 2023 RSPCA report on social value of investment<sup>12</sup>: <ul style="list-style-type: none"> <li>\$6,434 per client</li> <li>\$2,824 per animal</li> <li>\$4,001 per dependent children</li> <li>\$63,880 per Inspectorate</li> <li>\$149 per animal avoiding stay in pound</li> </ul> </li> </ul>	All
Homelessness Program Benefits	7	<ul style="list-style-type: none"> <li>Number of clients, animals, dependent children of Inspectorate</li> <li>As above</li> </ul>	<ul style="list-style-type: none"> <li>Based on 2023 RSPCA report on social value of investment<sup>13</sup>: <ul style="list-style-type: none"> <li>\$7,392 per client</li> <li>\$2,479 per animal</li> <li>\$103,900 per Inspectorate</li> <li>\$217 per animal avoiding stay in pound</li> </ul> </li> </ul>	Options 2 and 3

<sup>12</sup> RSPCA NSW Domestic Violence Program – Social Return on Investment Report, 2023 Refer to Appendix 2

<sup>13</sup> RSPCA NSW Homelessness Program – Social Return on Investment Report, 2023 Refer to Appendix 2

Benefit	Benefit Number	Measure	Benefit Value	Applicable Options
Aged Care Program Benefits	8	<ul style="list-style-type: none"> <li>Number of clients, animals, dependent children of Inspectorate</li> <li>As above</li> </ul>	<ul style="list-style-type: none"> <li>Based on 2023 RSPCA report on social value of investment<sup>14</sup>: <ul style="list-style-type: none"> <li>\$3,600 per client</li> <li>\$1,082 per animal</li> <li>\$75,464 per Inspectorate</li> <li>\$156 per animal avoiding stay in pound</li> </ul> </li> </ul>	Options 2 and 3
Proactive Inspectorate Benefits	9	<ul style="list-style-type: none"> <li>Outcomes assumed are consistent with benefit numbers 4 &amp; 5 for educational and corrective notices</li> <li>Assumes 5 teams with a capacity to undertake 1000 visits in total (200 visits per annum per team)</li> </ul>	<ul style="list-style-type: none"> <li>As outlined in benefits numbers 4 &amp; 5</li> </ul>	Options 2 & 3
Pet Emergency Treatment Fund Program Benefits	10	<ul style="list-style-type: none"> <li>Number of clients / animals provided financial assistance to provide reactive veterinary services</li> <li>One treatment per animal per year</li> </ul>	<ul style="list-style-type: none"> <li>\$1,186 – average cost of treatment for most common health conditions for dogs<sup>15</sup></li> <li>\$850 – average cost of treatment for most health conditions for cats</li> </ul>	Option 3

<sup>14</sup> RSPCA NSW Aged Care Program – Social Return on Investment Report, 2023 Refer to Appendix 2

<sup>15</sup> Average prices for the top five most common conditions in dogs and cats, <https://www.choosi.com.au/pet-insurance/articles/cost-of-vet-visit-in-2023>



Benefit	Benefit Number	Measure	Benefit Value	Applicable Options
Indigenous Community Companion Animal Health Program – Veterinary services (Desexing, and vaccinations)	11	<ul style="list-style-type: none"> <li>Number of clients / animals receiving free / discounted veterinary services</li> <li>One consult per animal per year</li> </ul>	Benchmarked veterinary service costs <sup>16</sup> <ul style="list-style-type: none"> <li>\$298 undiscounted price of desexing per cat</li> <li>\$525 undiscounted price of desexing per dog</li> <li>Rates are blended – 50% male and female</li> <li>\$178 undiscounted vaccination cost per dog visit</li> <li>\$112 undiscounted vaccination cost cat</li> <li>\$94 Veterinary consult fee</li> </ul>	Option 3
Indigenous Community Companion Animal Health Program – Avoided cost of unwanted litters	12	<ul style="list-style-type: none"> <li>Assumed one unwanted dog / cat per desexing based on paper published by Animal Welfare League of Queensland<sup>17</sup></li> </ul>	<ul style="list-style-type: none"> <li>\$2,730 Lifetime average cost of ownership dogs</li> <li>2,640 Lifetime average cost of ownership cats</li> <li>Above lifetime costs are half that of average minimum cost of household per dog / cat to account for low socioeconomic status of clients</li> <li>Average life of pet of 6 years</li> </ul>	Option 3
Community Animal Welfare Scheme Program –	13	<ul style="list-style-type: none"> <li>Number of clients / animals provided discounted desexing services</li> </ul>	<ul style="list-style-type: none"> <li>Undiscounted desexing cost as per benefit 11 above</li> </ul>	Option 3

<sup>16</sup> Benchmarked from Veterinarian Data

<sup>17</sup> The Benefits of Councils Funding NDN Co-operative Desexing Programs, National Desexing Network, A Program of Animal Welfare League of QLD

Benefit	Benefit Number	Measure	Benefit Value	Applicable Options
Discounted Veterinary services			<ul style="list-style-type: none"> <li>• CAWS Companion Animal Subsidised Desexing Program contribution fees: <sup>18</sup></li> <li>• \$75 Discounted CAWS program desexing price dogs</li> <li>• \$58 discounted CAWS program desexing price cats</li> </ul>	
AVC Animal transport service – avoided cost of travel	14	<ul style="list-style-type: none"> <li>• Number of annual animal trips provided               <ul style="list-style-type: none"> <li>○ Two transport service vehicles</li> <li>○ 6 trips per day per-vehicle</li> <li>○ 302 Operating days per-year (Weekdays and Saturday)</li> <li>○ One animal Animals per trip</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• \$152 avoided cost of travel per trip, benchmarked using Uber pet service NSW               <ul style="list-style-type: none"> <li>○ 100km average total trip length</li> <li>○ \$1.45 / km uber chart</li> <li>○ \$7 Uber pet surcharge</li> </ul> </li> </ul>	Option 3
Telehealth service program – avoided cost of veterinary consult	15	<ul style="list-style-type: none"> <li>• Number of clients / animals provided telehealth services – veterinary consult</li> </ul>	<ul style="list-style-type: none"> <li>• Average veterinary consult cost as per Benefit 11 above</li> </ul>	Option 3

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<sup>18</sup> CAWS Companion Animal Subsidised Desexing Program, <https://www.campbelltown.nsw.gov.au/Whats-On/Caws-Companion-Animal-Subsidised-Desexing-Program>

Benefit	Benefit Number	Measure	Benefit Value	Applicable Options
Telehealth service program – avoided cost of education	16	<ul style="list-style-type: none"> <li>Number of clients / animals provided telehealth services – animal welfare education</li> </ul>	<ul style="list-style-type: none"> <li>\$42 Benchmarked against online animal training for 1-hour<sup>19</sup></li> </ul>	Option 3
Keeping cats safe at home program – Avoided harm	17	<ul style="list-style-type: none"> <li>400 clients receiving animal enclosure</li> <li>5% of clients would have otherwise received corrective notice issue (24N &amp; PIN Notice) – benchmarked based on Benefit 4 above</li> </ul>	<ul style="list-style-type: none"> <li>\$1,048 per notice for care as per benefit 4</li> </ul>	Option 3
Keeping cats safe at home program – Education	18	<ul style="list-style-type: none"> <li>Number of clients with cats receiving education benefit</li> </ul>	<ul style="list-style-type: none"> <li>\$95 education value based on kitten school benchmark<sup>20</sup></li> </ul>	Option 3
Value of Care During stay at Regional Shelter	19	<ul style="list-style-type: none"> <li>Animals cared in new shelter and rehomed - 304 per-year at Orange (incremental), 1,043 per-year at Queanbeyan, 146 per-year Nowra <ul style="list-style-type: none"> <li>Capacity for 50 dogs at 50 cats at Orange shelter, 35% incremental uplift from existing facility</li> <li>Capacity for 60 dogs and 60 cats at new Queanbeyan facility</li> <li>42 day stay cycle – average length of stay<sup>21</sup> - Queanbeyan and Orange</li> <li>Capacity for 40 dogs at Nowra Jail facility</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>\$2,100 per animal value of care – Orange and Queanbeyan <ul style="list-style-type: none"> <li>\$50 cost of day care over 42 days</li> </ul> </li> <li>\$5,000 per animal value of care – Nowra <ul style="list-style-type: none"> <li>\$50 cost of day care over 100 days</li> </ul> </li> <li>Value of rehoming (\$15,150) and avoided harm – corrective notices (\$1,048) as per Benefits 2 and 3</li> </ul>	CAPEX sub-options

<sup>19</sup> Online dog training – virtual classes benchmark, <https://www.fromadogsview.com.au/virtual-classes/>

<sup>20</sup> Kitten school benchmark, <https://www.petbarn.com.au/services/kitten-school>

<sup>21</sup> <https://www.dailytelegraph.com.au/news/nsw/pet-shelters-finding-more-animals-staying-longer-postpandemic/news-story/a38898087fbce11d9da82d2cc7d202a5#:~:text=RSPCA%20NSW%20animals%20usually%20spend,by%2060%20days%20for%20cats.>

Benefit	Benefit Number	Measure	Benefit Value	Applicable Options
		<ul style="list-style-type: none"> <li>○ Extended 100 day stay cycle for rehabilitation of dogs with behavioural issues with inmate support at Nowra</li> <li>○ 51% of seized / surrendered animals rehomed</li> </ul>		
Residual Regional Facility Value	•	• Age of facility	<ul style="list-style-type: none"> <li>• Based on Total cost of facility; and</li> <li>• An asset life of 20 years; and</li> </ul>	CAPEX sub-options

The 4-year total value of benefits are summarised in the table below for all options.

*Table 6-3 Benefits (Real \$AUD million 1 July 2023, Undiscounted)*

Option	2024/25	2025/26	2026/2027	2027/2028	Total Benefit FY24-29
Option 1	34.5	34.8	35.1	35.5	139.9
Option 2	46.0	46.3	46.7	47.0	186.0
Option 3	51.1	51.4	51.7	52.1	206.4
Nowra Shelter	0.0	0.7	0.9	4.4	6.0
Orange Shelter	0.0	1.3	1.5	9.0	11.9
Queanbeyan Shelter	0.0	4.4	5.3	17.1	26.7
All Shelters	0.0	6.4	7.7	30.5	44.6

## 6.5 Cost of Options

The table below provides an overview of what is proposed under each option.

*Table 6-4 Options (Real \$AUD Millions 1 July 2023, undiscounted)*

Option Number	Description
Option 1	Includes a recurring cost of \$22.0M per-annum to FY2028/29 (in real terms 1 July 2023) to fully fund the Inspectorate.
Option 2	Option 1 plus \$4.4M in FY2024-25 then a recurring \$3.8M per-annum (real terms 1 July 2023) for investment towards investment in a more proactive Inspectorate and community programs, including, domestic violence, aged care, homelessness.
Option 3	Option 2 plus \$2.8M in FY2024-25 then a recurring 2.7M per-annum (real terms 1 July 2023) to invest in various programs such as Pet Emergency Treatment, Community Outreach, Animal Transport, Telehealth, and Keeping Cats Safe.
Nowra Shelter	\$3.7m in capital costs (Real terms 1 July 2023) to build a new shelter capable of supporting 40 dogs at the Nowra gaoll.

Option Number	Description
Orange Shelter	\$7.4m in capital costs (Real terms 1 July 2023) to redevelop the existing shelter to supporting 50 dogs and 50 cats – a 35% uplift on the existing shelters capacity.
Queanbeyan Shelter	\$11.1m in capital costs (Real terms 1 July 2023) to build a new shelter capable of supporting 60 dogs and 60 cats.
All Shelters	\$22.3m to deliver the Nowra, Orange, and Queanbeyan Shelters.

Table 6-5 below summarises the proposed expenditure for the options and shelters in real terms as of 1 July 2023.

*Table 6-5 Proposed expenditure (Real \$AUD million 1 July 2023, Undiscounted)*

Option	2023/24 (Current)	2024/25	2025/26	2026/2027	2027/2028	Total Cost FY25-28
Base	20.5	0.0	0.0	0.0	0.0	0.0
Option 1	20.5	21.7	21.7	21.7	21.7	86.8
Option 2	20.5	26.1	25.5	25.5	25.5	102.6
Option 3	20.5	28.9	28.2	28.2	28.2	113.4
Nowra Shelter	0.0	3.7	0.0	0.0	0.0	3.7
Orange Shelter	0.0	7.4	0.0	0.0	0.0	7.4
Queanbeyan Shelter	0.0	11.1	0.0	0.0	0.0	11.1
All Shelters	0.0	22.3	0.0	0.0	0.0	22.3

Table 6-6 Proposed expenditure (Nominal \$AUD million, Undiscounted)

Option	2023/24 (Current)	2024/25	2025/26	2026/2027	2027/2028	Total Cost FY24-28
Base	20.5	0.0	0.0	0.0	0.0	0.0
Option 1	20.5	23.4	24.5	25.6	26.6	100.0
Option 2	20.5	28.1	28.7	30.0	31.3	118.2
Option 3	20.5	31.1	31.8	33.2	34.6	130.6
Nowra Shelter	0.0	4.00	0.0	0.0	0.0	4.0
Orange Shelter	0.0	8.00	0.0	0.0	0.0	8.0
Queanbeyan Shelter	0.0	12.00	0.0	0.0	0.0	12.0
All Shelters	0.0	0.0	0.0	0.0	0.0	24.0

## 6.6 Cost Benefit Results

The result of the present value of benefits and costs is summarised below for each of the Options and the potential shelter expansions in isolation.

Table 6-7 Summary Results (Real \$AUD million 1 July 2023, Present Value, 5% discount rate)

Option	PV Benefits	PV Costs	NPV
Option 1	124.0	76.9	47.0
Option 2	164.8	91.0	73.9
Option 3	182.9	100.6	82.3

Option	PV Benefits	PV Costs	NPV
Nowra Shelter	5.0	3.5	1.5
Orange Shelter	9.9	7.1	2.9
Queanbeyan Shelter	22.6	10.6	12.0
All Shelters	37.5	21.2	16.3

Table 6-8 below summarises the BCRs of the various options considered to identify the preferred intervention option. We present the option which yields the highest BCR in absence of any capital investment in shelters highlighted in green. The option which yields the highest return when considering investment in shelters is also highlighted for the Government’s consideration.

Table 6-8 BCR Summary Matrix

BCR	Core Option only	Including Nowra Shelter	Including Orange Shelter	Including Queanbeyan Shelter	Core Option and All Shelters
Option 1	1.61	1.60	1.59	1.67	1.65
Option 2	1.81	1.80	1.78	1.84	1.80
Option 3	1.82	1.80	1.79	1.85	1.81

Overall Option 3 provides the best value for money of the core options, achieving the highest BCR of 1.82. Results are present value over 4-years and displayed in real terms as of 1 July 2023. If the Government wishes to also fund shelters, Option 3 combined with the Queanbeyan Shelter yields the greatest BCR at 1.85.

Figure 6-1 below shows the composition of benefits across each of the three core options. The rehoming of animals and rehabilitation are typically the largest drivers of benefits across options.



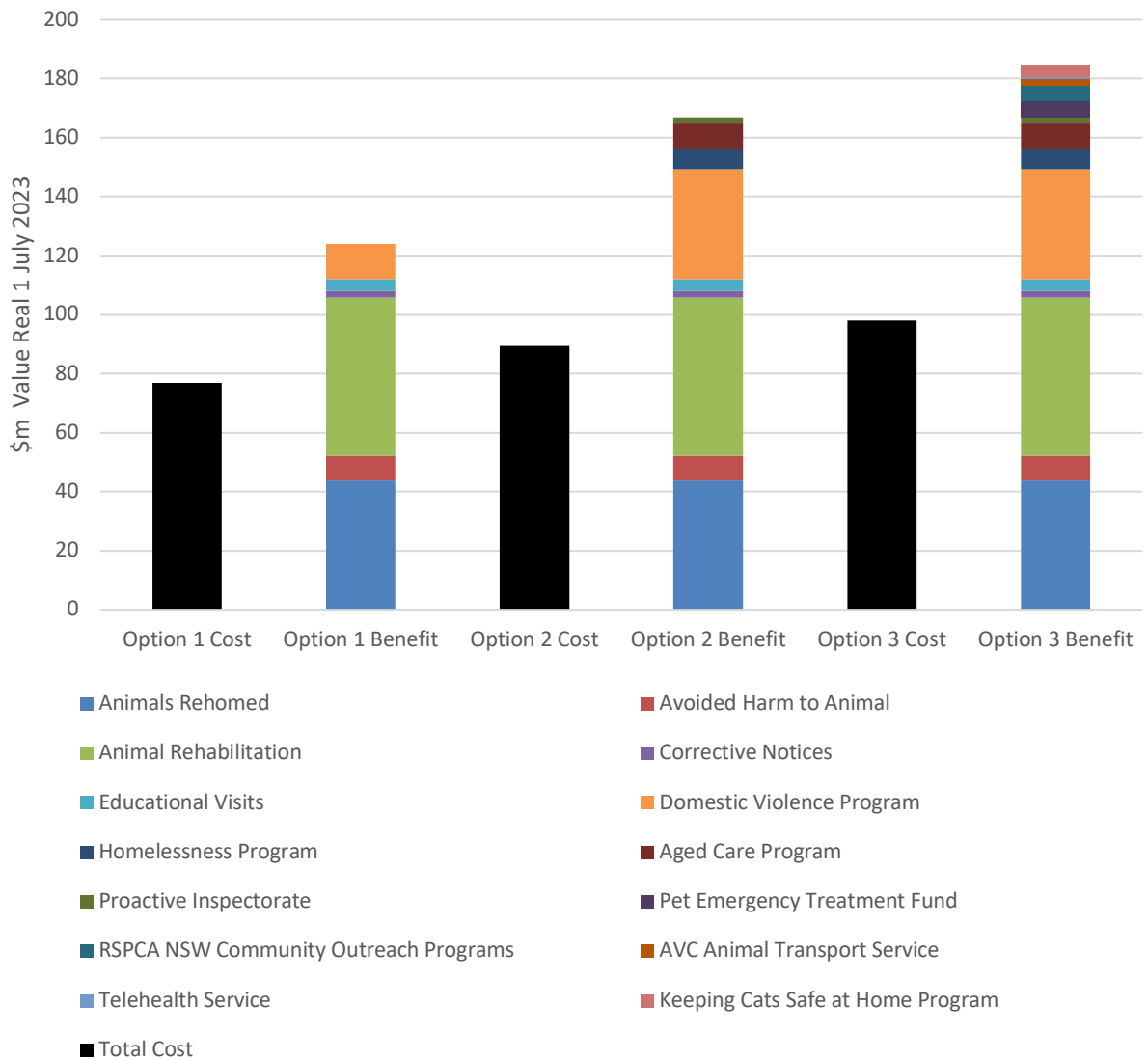


Figure 6-1 Benefits versus Costs of Options (Real \$AUD million 1 July 2023)

In Figure 6-2 below we illustrate the benefits of the proposed capital expenditure options, which are proposed to be incremental to the Core Options 1 to 3.

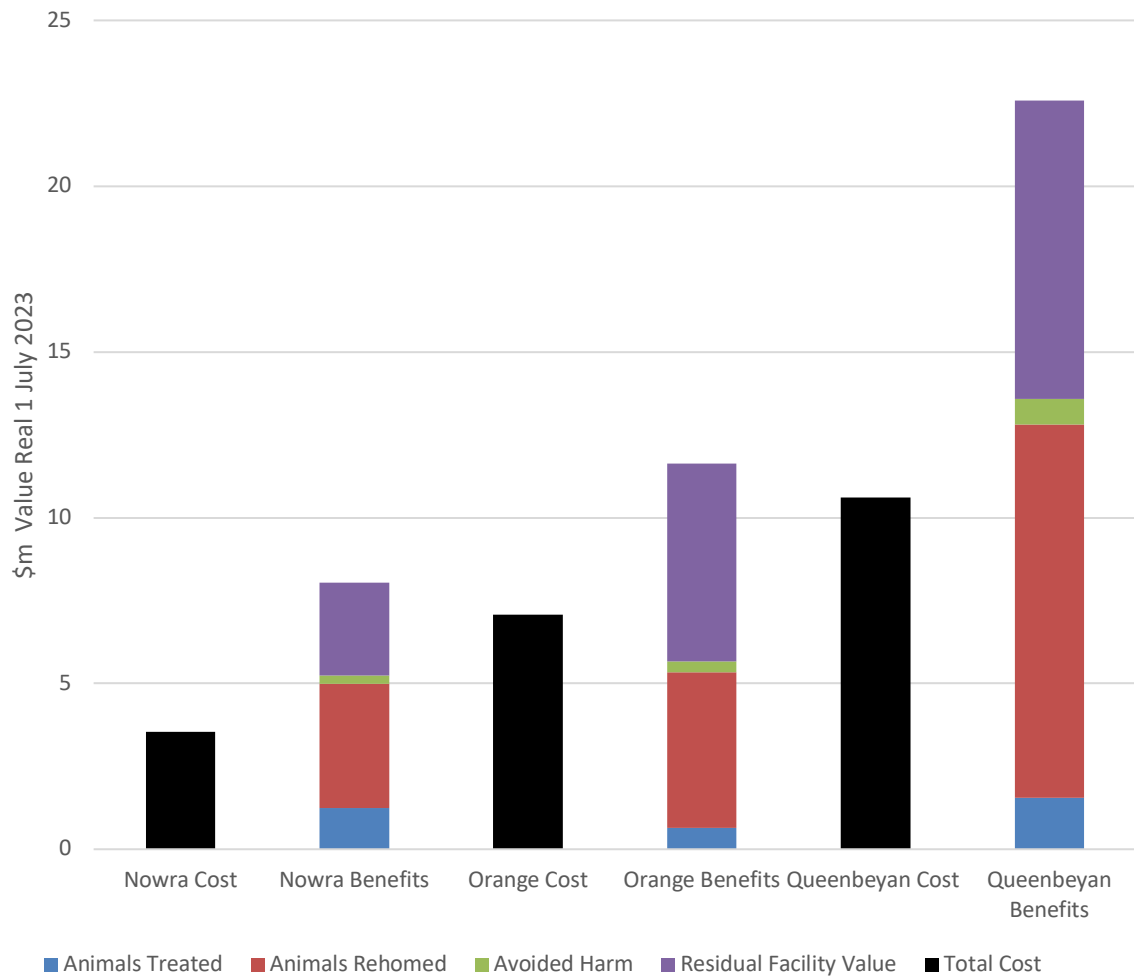


Figure 6-2 Benefits Versus Costs of Capital Options (Real \$AUD million 1 July 2023)

Animal rehoming and residual facility value is a key driver of economic benefits. Benefits for Orange are lower relative to other facilities as we only consider incremental capacity the facility would provide relative to the current shelter.

## 6.7 Qualitative Economic Benefits

There are several qualitative benefits of addressing the Inspectorate workforce capacity pressure, safety and financial strain which were not assessed quantitatively. These are shown below.

Table 6-9 Qualitative benefits

Qualitative Benefit	Description	Applicable Options
Community perception and welfare	Community expectations on the treatment of animals have continually developed and RSPCA NSW is the most top-of-mind animal welfare organisation with positive public sentiment. Funding to ensure continued response to animal abuse complaints and expansion of community outreach programs allows RSPCA NSW and the NSW Government to maintain community welfare and their positive perception amongst the community with regards to animal welfare.	All. Option 2 and 3 provide a higher level of benefit through a proactive Inspectorate, community outreach programs and subsidised services.
Encouraging continued volunteering	RSPCA NSW has historically relied upon a steady supply of volunteers to care for animals being rehabilitated. Recurrent and sufficient funding, allows the Inspectorate to appropriately respond to complaints, retaining and potentially growing inflow of animals requiring rehabilitation capturing and potentially enhancing the value of animal care through RSPCA NSW volunteers and encourages continued volunteer support.	All. Capital Options (Nowra, Orange, Queanbeyan)
Avoided animal behavioural issues	Community outreach programs promote animal behaviour education and reform. Similarly, low-cost desexing reduces issues related to animal behaviour—wandering, nuisance, and potentially greater behavioural challenges including aggression.  The proposed shelter at the South Coast Correctional Facility is proposed to be delivered under RSPCA’s Dog Rehabilitation Program to reform dogs with behavioural issues.	Option 2 and 3 Capital Option – Nowra
Avoidance of unwanted animal births	The provision of low-cost desexing incentivises individuals who may not be able to afford desexing to desex their animals. Animals that aren’t desexed, particularly cats who are allowed to roam outside, are at risk of becoming pregnant and of giving birth to animals that aren’t wanted by their owners. This has potential animal welfare implications as unwanted pets are more likely to be surrendered, abandoned, or mistreated. As well as impact on the environment (especially animal welfare impacts on vulnerable birds, small mammals and reptiles) and public nuisance. Low-cost desexing has the potential to decrease the burden on RSPCA NSW Inspectorate and shelters to investigate, seize, admit, treat, and euthanise unwanted animals.	Option 2 and 3 Higher in Option 3 due to investment in additional programs

Qualitative Benefit	Description	Applicable Options
Deterrent for Breaches of Animal Standards	The use of a Proactive Inspectorate under Options 2 & 3 could act as a deterrent to agricultural operations, breeders and other animal intensive activities breaching animal welfare standards.	Options 2 & 3
Avoided illness	The provision of low-cost vaccinations incentivises individuals who may not be able to afford vaccinations for their animals. Vaccines are vital in protecting against diseases that adversely impact animal health, and against diseases that can be transmitted to other animals. Low-cost vaccinations have the potential to decrease the burden on RSPCA NSW Inspectorate and shelters to investigate, seize, admit, treat, and euthanise unvaccinated and sick animals.	Option 2 and 3 Higher in Option 3 due to investment in additional programs
Higher return of lost animals, and lower rates of stray animals	Low-cost microchipping enables individuals who cannot afford to microchip their animal to do so. Microchipping enables lost animals to more easily be returned to their owners. Additionally, a higher rate of microchipped animals will result in fewer stray animals in shelters as they will be able to be rehomed rapidly.	Option 2 and 3 Higher in Option 3 due to investment in additional programs
Pet related vocational skills	The proposed shelter at the Nowra Jail Facility is proposed to be delivered under RSPCA's Dog Rehabilitation Program. Apart from increasing the rehoming chances for the dogs, the Dog Rehabilitation Program gives approved inmates the opportunity to learn pet industry-related vocational skills. This can help them find employment after their release from custody.	Option 3

## 6.8 Preferred Option

Option 3 is the preferred option as it delivers the highest BCR at 1.82, relative to Option 1 and Option 2 at 1.61 and 1.1 respectively. Based on the 4-year evaluation period, Option 3 is expected to yield an additional 47% in benefits relative to Option 1.

Option 3 includes all of the benefits of Option 1, which are linked to maintaining required worker safety practice and providing a more certain and reliable source of funding for Inspectorate activities such as cruelty investigations. This in turn ensures RSPCA NSW can investigate cases which require a seizure or surrender, provide education to members of the public, issue correction notices, avoid harm to animals in sub optimal environments, rehabilitate animals and rehome them where possible. These activities are critical to RSPCA NSW's obligations under POCTAA.

In addition to the investment and benefits delivered under Option 1, Option 3 proposes to invest in RSPCA NSW's Domestic Violence, Homelessness and Aged Care social programs, and allows for a proactive Inspectorate workforce (the incremental items within Option 2).

Option 3 also allows RSPCA NSW to fund critical community programs for indigenous communities and regional areas, provides animal transport services and emergency care, telehealth services, and programs to keep cats safe at home.

In addition to the preferred Option 3, should the Government seek to fund RSPCA NSW's expansion of shelters into regions which are currently underserved, the results of CBA conducted show that investment into the Queanbeyan Shelter would yield the greatest combined BCR at 1.85, relative to Nowra and Orange at 1.80 and 1.79 respectively.

RSPCA NSW's community programs under Option 3 will help RSPCA NSW deliver its mission of preventing cruelty to animals which in turn will reduce the strain on the Inspectorate and maximise their impact over the medium to long term by providing resources and impart knowledge to prevent animal abuse more proactively.

## 7 Financial Analysis

### 7.1 Financial Summary

Table 7-1 below provides a financial summary breakdown for Option 1. Values are shown in nominal terms based using a 5% inflation rate from FY25 onwards and NSW Treasury rates prior to this. A breakdown of the acquittal of funds by activity (contact centre, legal, Inspectorate, and domestic violence) can be provided if required.

Table 7-1 Financial Summary Option 1 (Nominal \$AUD Millions)

Financial Year	2024-25		2025-26		2026-27		2027-28	
FY Period	2H24	1H25	2H25	1H26	2H26	1H27	2H27	1H28
<b>Cash Inflows</b>	11.69	11.69	12.28	12.28	12.89	12.89	13.53	13.53
Grant Payment	11.69	11.69	12.28	12.28	12.89	12.89	13.53	13.53
<b>Cash Outflows</b>	11.69	11.69	12.28	12.28	12.89	12.89	13.53	13.53
Inspectorate Opex	6.26	6.26	6.57	6.57	6.90	6.90	7.25	7.25
Legal Opex	0.60	0.60	0.63	0.63	0.66	0.66	0.69	0.69
Contact Centre Opex	0.95	0.95	1.00	1.00	1.05	1.05	1.10	1.10
DV Outreach Opex	0.26	0.26	0.28	0.28	0.29	0.29	0.30	0.30
Shelters & Clinics Opex	2.40	2.40	2.52	2.52	2.65	2.65	2.78	2.78
Indirect Costs	1.22	1.22	1.28	1.28	1.34	1.34	1.41	1.41

Table 7-2 provides the incremental cash inflows and outflows associated with Option 2 (i.e inflows or outflows are incremental to what is required in Option 1). A breakdown of specific activities to be funded under each of the three programs included can be provided if required.

*Table 7-2 Financial Summary Option 2 (Nominal \$AUD Millions)*

Financial Year	2024-25		2025-26		2026-27		2027-28	
FY Period	2H24	1H25	2H25	1H26	2H26	1H27	2H27	1H28
<b>Total Cash inflow (includes Option 1)</b>	<b>14.07</b>	<b>14.07</b>	<b>14.57</b>	<b>14.57</b>	<b>15.29</b>	<b>15.29</b>	<b>16.04</b>	<b>16.04</b>
<b>Incremental Cash Inflows</b>	<b>2.38</b>	<b>2.38</b>	<b>2.30</b>	<b>2.30</b>	<b>2.40</b>	<b>2.40</b>	<b>2.50</b>	<b>2.50</b>
Incremental Grant Payment	2.38	2.38	2.30	2.30	2.40	2.40	2.50	2.50
<b>Total Cash outflow (includes Option 1)</b>	<b>14.07</b>	<b>14.07</b>	<b>14.57</b>	<b>14.57</b>	<b>15.29</b>	<b>15.29</b>	<b>16.04</b>	<b>16.04</b>
<b>Cash Outflows incremental</b>	<b>2.38</b>	<b>2.38</b>	<b>2.30</b>	<b>2.30</b>	<b>2.40</b>	<b>2.40</b>	<b>2.50</b>	<b>2.50</b>
Domestic Violence Program	1.07	1.07	0.82	0.82	0.86	0.86	0.89	0.89
Homelessness Program	0.58	0.58	0.65	0.65	0.68	0.68	0.71	0.71
Aged Care Program	0.17	0.17	0.20	0.20	0.20	0.20	0.21	0.21
Corporate Overheads	0.40	0.40	0.46	0.46	0.48	0.48	0.50	0.50

Table 7-3 below provides the incremental cash inflows and outflows associated with Option 3 (i.e inflows or outflows are incremental to what is required in Option 2). A breakdown of specific activities to be funded under each of the additional included can be provided if required.

Table 7-3 Financial Summary Option 3 (Nominal \$AUD Millions)

Financial Year	2024-25		2025-26		2026-27		2027-28	
FY Period	2H24	1H25	2H25	1H26	2H26	1H27	2H27	1H28
<b>Total Cash inflow (includes Option 2)</b>	<b>15.57</b>	<b>15.57</b>	<b>16.21</b>	<b>16.21</b>	<b>16.99</b>	<b>16.99</b>	<b>17.81</b>	<b>17.81</b>
<b>Cash Inflows incremental</b>	<b>1.50</b>	<b>1.50</b>	<b>1.63</b>	<b>1.63</b>	<b>1.70</b>	<b>1.70</b>	<b>1.78</b>	<b>1.78</b>
Incremental Grant Payment	1.50	1.50	1.63	1.63	1.70	1.70	1.78	1.78
<b>Total cash outflow (includes Option 2)</b>	<b>15.57</b>	<b>15.57</b>	<b>16.21</b>	<b>16.21</b>	<b>16.99</b>	<b>16.99</b>	<b>17.81</b>	<b>17.81</b>
<b>Cash Outflows incremental</b>	<b>1.50</b>	<b>1.50</b>	<b>1.63</b>	<b>1.63</b>	<b>1.70</b>	<b>1.70</b>	<b>1.78</b>	<b>1.78</b>
FY Period	2H24	1H25	2H25	1H26	2H26	1H27	2H27	1H28
Pet Emergency Treatment Fund	0.25	0.25	0.28	0.28	0.29	0.29	0.31	0.31
RSPCA NSW Community Outreach Programs <sup>22</sup>	0.34	0.34	0.38	0.38	0.40	0.40	0.42	0.42
AVC Animal Transport Service	0.14	0.14	0.10	0.10	0.10	0.10	0.11	0.11
Telehealth Service	0.13	0.13	0.14	0.14	0.15	0.15	0.15	0.15
Keeping Cats Safe at Home Program	0.49	0.49	0.55	0.55	0.58	0.58	0.60	0.60
Overheads	0.16	0.16	0.17	0.17	0.18	0.18	0.19	0.19

<sup>22</sup> Includes Indigenous Community Companion Animal Health Program, Community Animal Welfare Scheme and



Table 7-4 below provides the incremental cash inflows and outflows associated with capital expenditure into Shelters (i.e inflows or outflows are incremental to what is required for the recurrent options). A breakdown of specific activities to be funded under each of the CAPEX options can be provided if required.

*Table 7-4 Financial Summary Shelter Options (Nominal \$AUD Millions)*

Financial Year	2024-25		2025-26		2026-27		2027-28	
FY Period	2H24	1H25	2H25	1H26	2H26	1H27	2H27	1H28
<b>Cash Inflows Incremental</b>	12.0	12.0	0.0	0.0	0.0	0.0	0.0	0.0
Incremental Grant Payment	12.0	12.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash Outflows incremental</b>	12.0	12.0	0.0	0.0	0.0	0.0	0.0	0.0
Nowra Jail Facility Shelter CAPEX	2.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0
Orange Shelter CAPEX	4.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0
Queanbeyan Shelter CAPEX	6.0	6.0	0.0	0.0	0.0	0.0	0.0	0.0

## 8 Commercial Analysis

RSPCA NSW for the period FY23/24 is expected to fully acquit its budget, which includes \$20.5 million in funding received under the Companion Animal Welfare Grants it received from Government.

RSPCA NSW has progressed well against its commitments as reported under its Q1 monitoring conditions of the Grant. Milestones completed include but are not limited to:

- Recruitment of additional staff across the Inspectorate, Contact Centre, Administration and Legal;
- Procurement of capital assets;
- Creation of Inspector territories and deployment of resources;
- Expansion of Breeder Compliance Units; and
- Reporting and acquittal of Q1 activities.

The funding received to progress these activities is essential to meet commitments to the community for the FY23/24 year. To this effect, RSPCA NSW will need to ensure certainty in its funding to continue to operate at the level of service expected by the community going forward.

If the funding received from Government is not ongoing RSPCA NSW will face challenges to:

- Ensure its Inspectorate operates according to good safety practices under the two-out operating procedure; and
- Meet community expectations with respect to service delivery in the face of uncertain funding commitments from donations, bequests, and current economic challenges which may persist.

Figure 8 below outlines RSPCA NSW's historical fundraising and donations which have remained flat for a prolonged period as cost-of-living, inflationary pressures, the economic environment and the impact of the pandemic have weighed on the Society's ability to further grow this revenue source. Additionally, in Figure 8-2 below, bequests have also been flat for a number of years. The continuation of bequests at the current level is uncertain. Bequests are also a challenge because the timing of this cashflow is uncertain which can create operational challenges for RSPCA NSW. Debt financing can help manage this uncertainty but would lead to incurring higher costs due to interest.

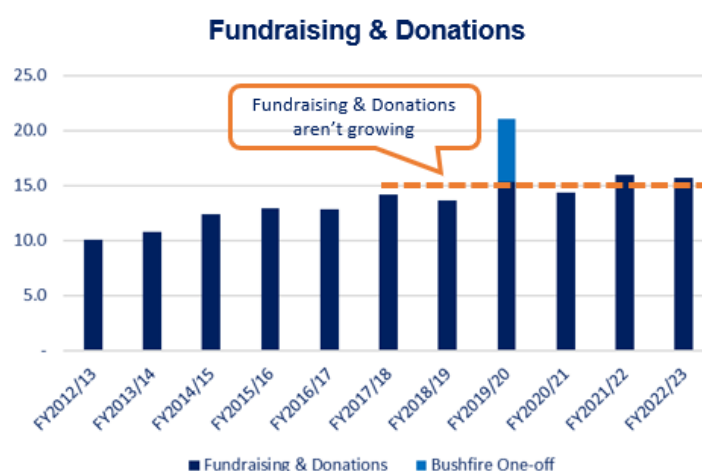


Figure 8-1 RSPCA Fundraising and Donations \$m nominal



Figure 8-2 RSPCA Bequests \$m nominal

Inflation has also contributed to a general cost increase of \$4m in the period leading up to FY22/23 which exacerbates the uncertainty of bequests.

## 9 Management

### 9.1 Governance

The governance structure of RSPCA NSW is designed to ensure effective oversight, transparency, and accountability in the organisation's operations. The overarching governance of the organisation is managed by an independent Board of ten, with five supporting key sub-committees, each with specific objectives, responsibilities and memberships. These sub-committees are integral components of the broader governance framework, contributing to the implementation of the organisation's strategy and operations led by the Executive team, with the CEO at the helm supported by three General Managers (Community and Engagement; Regulation and Business Services, and Animal Operations and Fundraising).

RSPCA's well-defined governance arrangement diagrammatically represented in Figure 9-1.

Table 9-1 and Figure 9-1 below capture the distinct responsibilities of each Governance body and includes information on the cadence and membership.

Table 9-1 Governance roles

Governance Body	Role	Membership	Frequency
<b>Minister for Agriculture &amp; Western NSW</b>	Sponsoring Minister		Per milestone and as appropriate
<b>RSPCA Board (Independent)</b>	Overarching organizational governance and management	<ul style="list-style-type: none"> <li>Chair/President</li> <li>Two Vice Presidents</li> <li>Secretary</li> <li>Treasurer</li> <li>6 other Directors</li> </ul>	At least 6 times annually
<b>Governance Sub-Committee</b>	<ul style="list-style-type: none"> <li>Provide oversight and advice on the operation of the Constitution, Board Governance Policy, and other governance arrangements for RSPCA NSW.</li> <li>Monitor and advise on governance arrangements with RSPCA Australia and third parties.</li> <li>Review emerging issues in governance and make recommendations to the Board.</li> </ul>	<ul style="list-style-type: none"> <li>Board Director (Chair)</li> <li>Two other Board directors</li> <li>General Manager, Regulation and Business Services</li> <li>CEO of RSPCA NSW</li> </ul>	Bi-monthly meetings, or as determined by the Chair.
<b>Finance Sub-Committee</b>	<ul style="list-style-type: none"> <li>Provide oversight and</li> </ul>	<ul style="list-style-type: none"> <li>Board Treasurer</li> </ul>	Bi-monthly, or as

Governance Body	Role	Membership	Frequency
	<p>advice that drives financial sustainability of the organisation</p> <ul style="list-style-type: none"> <li>• Monitor and review monthly financial statements, end of year financial statements and overall financial performance including ensuring compliance to applicable finance and audit legislation</li> <li>• Monitor the auditing of the financial statements and the appointment of the auditor;</li> <li>• assist the CEO in the development of the budget for the forthcoming financial year and make recommendations to the Board</li> <li>• Monitor and review the capital works budget and expenditure and the Investment portfolio performance</li> <li>• Review any other matter financial or audit matter as determined by the Board and make recommendations to the Board of RSPCA NSW</li> </ul>	<p>(Chair)</p> <ul style="list-style-type: none"> <li>• President</li> <li>• Any other director of the Board of RSPCA NSW</li> <li>• Chief Financial Officer</li> <li>• CEO of RSPCA NSW</li> </ul>	determined by the Chair.
<b>Risk, Audit &amp; WHS Sub-Committee</b>	<ul style="list-style-type: none"> <li>• Provide oversight and advice on the operation of the Risk management framework in the organisation</li> <li>• Monitor and review the processes of identifying, analysing and mitigating new and emerging risks</li> <li>• Provide oversight and advice on the operation of the HR</li> </ul>	<ul style="list-style-type: none"> <li>• Board Director (Chair)</li> <li>• Two other Board directors</li> <li>• HR manager</li> <li>• One other senior executive</li> </ul>	Bi-monthly meetings, or as determined by the Chair.

Governance Body	Role	Membership	Frequency
	<p>framework in the organisation</p> <ul style="list-style-type: none"> <li>• Monitor and review assist the CEO in the development of systems to ensure compliance to risk management standards and with applicable legislation</li> <li>• Monitor and review workers compensation claims, incidents and safety performance and make recommendations to the Board</li> <li>• Review any other risk, audit or HR matter as determined by the Board and make recommendations to the Board of RSPCA NSW</li> </ul>		

**Animal Welfare Committee**

- |  |   |  |
|--|---|--|
| <ul style="list-style-type: none"> <li>• Provide oversight and advice on Policy documents and Position papers referred from the National Animal Welfare Sub-Committee</li> <li>• Monitor and review the effectiveness and adequacy of state Welfare policy and procedures</li> <li>• Monitor and review the effectiveness and adequacy of RSPCA NSW Welfare policy and procedures</li> <li>• Consider strategic or contentious animal welfare policy areas</li> <li>• Establish RSPCA animal welfare priorities and advocacy goals</li> <li>• Review any other animal welfare matter as determined by the</li> </ul> | <ul style="list-style-type: none"> <li>• Board Director (Chair)</li> <li>• Two other Board directors</li> <li>• General Manager Animal Operations</li> <li>• Chief Veterinarian</li> <li>• Chief Executive Officer</li> </ul> | <p>Bi-monthly meetings, or as determined by the Chair.</p> |
|--|---|--|

Governance Body	Role	Membership	Frequency
	Board and make recommendations to the Board of RSPCA NSW		
<b>Investment Committee</b>	<ul style="list-style-type: none"> <li>Review of, and recommendation of updates to the Investment Policy Statement.</li> <li>Deciding investment strategy, and an appropriate strategic asset allocation.</li> <li>Determining the list of approved investments.</li> <li>Deciding the distributions from the Long Term Pool.</li> <li>Approving comments on investment pools' in the annual report.</li> <li>Ensuring that all of the above complies with the Constitution, and all applicable legislative requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Board Treasurer (Chair).</li> <li>At least one Senior executive of RSPCA NSW.</li> <li>Up to 3 independent persons with relevant industry expertise to attend meeting in an advisory capacity.</li> <li>In the event the Board Treasurer is unavailable to attend a meeting, any other RSPCA NSW Director.</li> </ul>	Quarterly
<b>Executive Committee<sup>23</sup></b>	<ul style="list-style-type: none"> <li>Executive Steering and sponsorship</li> <li>Monitoring and review of operations and achievement of organizational strategies including any risks and performance milestones, whilst ensuring adequate resources are deployed</li> </ul>	<ul style="list-style-type: none"> <li>CEO</li> <li>General Manager Community &amp; engagement</li> <li>General Manager Regulation and Business Services</li> <li>General Manager Animal Operations and Fundraising</li> </ul>	Fortnightly

<sup>23</sup> Sometimes termed PCG in other organizational artefacts

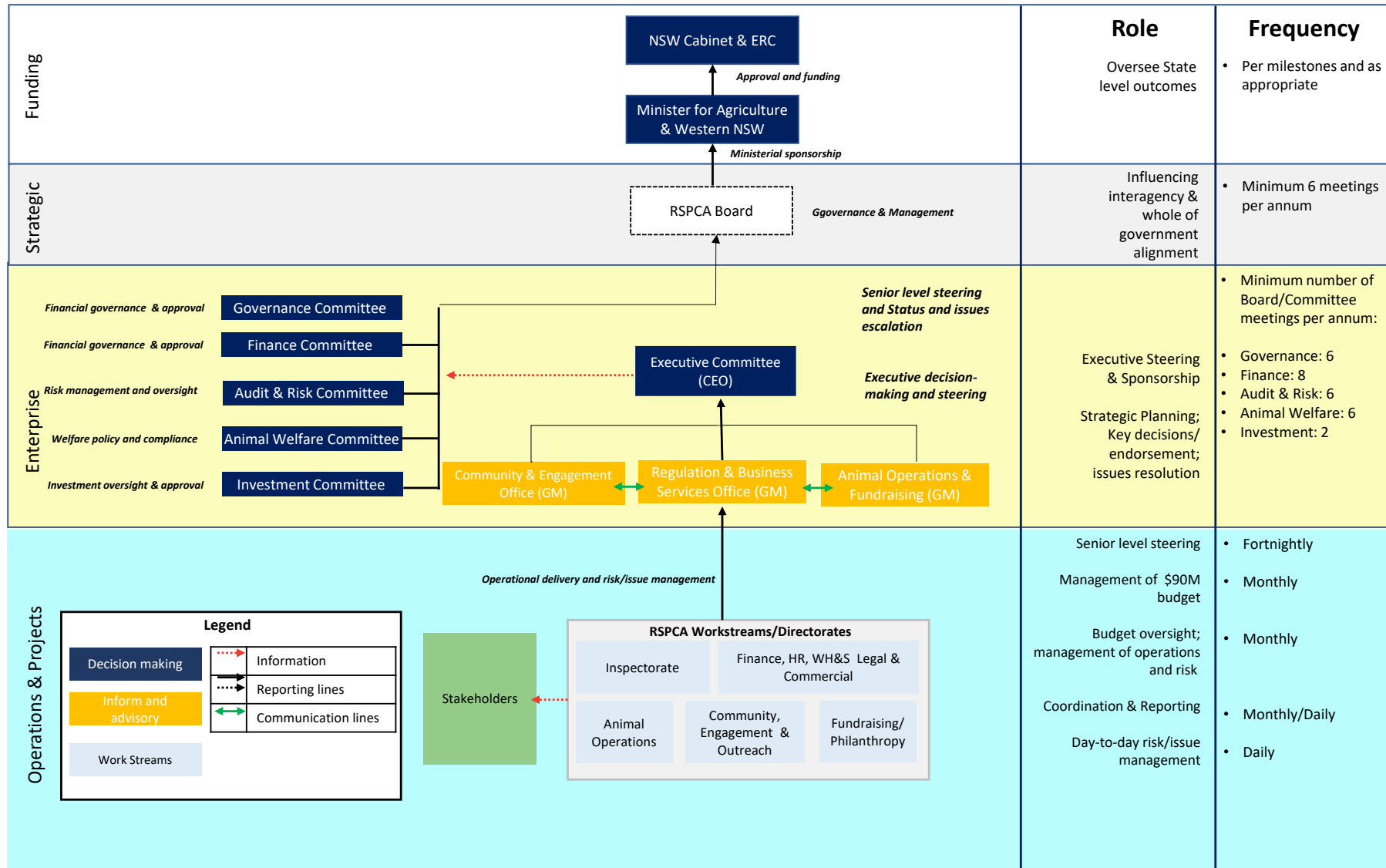


Figure 9-1 Governance relationships



## 9.2 Key Operational Roles and Responsibilities

The governance of RSPCA NSW is supported by key operational roles with accountability and responsibility over various activities which collectively ensure the organisational strategies and benefits from funding received are achieved.

Table 9-2 Operational roles

Role	Key Activities
<b>General Manager Regulation and Business Services</b>	<ul style="list-style-type: none"> <li>• Overall sponsorship within the organisation</li> <li>• Accountable for overall acquittal of funding, on time and budget, and quality of outcomes/benefits realisation.</li> <li>• Accountable for decision-making and approvals. Provides reporting for governance into relevant sub-committees.</li> <li>• Lead risk reviews throughout development and delivery of strategy and operations</li> <li>• Accountable for all stakeholder interactions in relation to the funding.</li> <li>• Manage development of Business Cases required.</li> <li>• Collaborates with relevant Managers across RSPCA to secure resources and specialist support for the implementation of the funding against programs and operations as required.</li> </ul>
<b>General Manager Community and Engagement</b>	<ul style="list-style-type: none"> <li>• Accountability for developing and maintaining Communication and Stakeholder Management Plan.</li> <li>• Ensures stakeholder issues are fed back into the Governance, and Audit &amp; Risk sub-committees.</li> <li>• Manage key stakeholder briefings; minute and maintain records.</li> <li>• Support team to engage with stakeholders and community as needed.</li> <li>• Maintain key messaging for programs.</li> <li>• Community consultation support</li> </ul>
<b>Chief Inspector</b>	<ul style="list-style-type: none"> <li>• Overall management of activities from funding.</li> <li>• Oversight of team with regards to risk, scope, time and cost.</li> </ul>
<b>Deputy Chief Inspector</b>	<ul style="list-style-type: none"> <li>• Day to day operational performance of resources and assets</li> </ul>
<b>Head of Finance and IT</b>	<ul style="list-style-type: none"> <li>• Manage financial reporting and controls relating to operational costs, revenue, grant and other income streams and commercial arrangements.</li> <li>• Prepare Financial Appraisal and Financial Impact Statements</li> </ul>
<b>General Counsel</b>	<ul style="list-style-type: none"> <li>• Advice on legal risks and ensure issues are fed into relevant governance sub-committees</li> <li>• Review and management of legal claims and disputes, including enforcement and prosecution matters</li> </ul>

## 9.2.1 Options Resourcing

The following table shows options resourcing across each of the options considered.

Table 9-3 Option resourcing

Option	Resourcing
<b>Option 1</b>	<ul style="list-style-type: none"><li>• No anticipated changes to program structure or resourcing</li><li>• Replicates the current program that was supported by the previous one-off funding provided by the state government.</li><li>• This includes:<ul style="list-style-type: none"><li>○ 56 inspectors</li><li>○ 1 community education inspector</li><li>○ 1.7 brief checkers</li><li>○ 2 digital amenities officers</li><li>○ 3.5 solicitors</li><li>○ 1 paralegal</li><li>○ 20 FTEs to support full time contact 24/7/365 contact centre</li><li>○ 2.5 FTEs to support domestic violence outreach program</li><li>○ Overheads proportional to the increase in workforce size including IT, finance, and HR.</li></ul></li></ul>
<b>Option 2</b>	<p>Option 2 resourcing includes the resourcing captured above option 1 in addition to:</p> <ul style="list-style-type: none"><li>• Substantially increased staffing for social programs including domestic violence outreach, homelessness, aged care, and proactive activities:<ul style="list-style-type: none"><li>○ 10 Inspectorate FTEs to support proactive activities.</li></ul></li></ul>
<b>Option 3</b>	<p>Option 3 resourcing includes resourcing captured above in options 1 and 2 in addition to the following programs:<sup>24</sup></p> <ul style="list-style-type: none"><li>• Pet Emergency Treatment Fund<ul style="list-style-type: none"><li>○ Capacity to support 1,500 clients across NSW</li></ul></li><li>• RSPCA NSW Community Outreach Programs. Additional resources to support 1,440 animals in regional, remote and disadvantaged communities includes:<ul style="list-style-type: none"><li>○ 2 FTE in the Outreach team</li><li>○ 1 Outreach officer</li><li>○ Outreach veterinarian</li></ul></li><li>• AVC Animal Transport Service<ul style="list-style-type: none"><li>○ 2 animal transport officers</li></ul></li><li>• Telehealth Service<ul style="list-style-type: none"><li>○ Capacity to support 4,000 client every year (4 hours per day 6 days per week)</li></ul></li></ul>

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<sup>24</sup> Per discussions with RSPCA

Option	Resourcing
	<ul style="list-style-type: none"> <li>Keeping Cats Safe at Home Program</li> </ul>
<b>Nowra Shelter</b>	<ul style="list-style-type: none"> <li>Resourcing support construction of new facility</li> </ul>
<b>Orange Shelter</b>	<ul style="list-style-type: none"> <li>Resourcing support construction of new facility</li> </ul>
<b>Queanbeyan Shelter</b>	<ul style="list-style-type: none"> <li>Resourcing support construction of new facility</li> </ul>

### 9.2.2 Timeline

The funding period for Option 3 (preferred option) will commence in FY24/25. The funding will be allocated over a period of four years, due for completion at end of FY28/29. The figure below summarises the funding request across this period. There is limited initiation, planning, recruitment, or procurement anticipated for maintaining the existing Inspectorate. However, there is an expansion of community programs which require planning and recruitment. Time is also required for business case submission and approvals.

Figure 9-2 High Level Timeline

Milestone	FY 23/24		FY 24/25		FY 25/26		FY 26/27	
	H1	H2	H1	H2	H1	H2	H1	H2
Business Case Submission & Approval								
Appoint teams and establish KPIs								
Community Engagement for program implementation								
Receipt of funding and acquittal of Expenditure								
Recruitment of Proactive Inspectorate workforce								
Recruitment of RSPCA Community Outreach and Services staff								
Implementation of New and Expanded Community Programs								
Monitoring and Control								

## 9.3 Change Management

Below we summarise the changes that will need to be managed by RSPCA NSW when considering the existing Inspectorate and additional community programs and services that have been proposed under Option 3 (preferred option).

### Existing Inspectorate

The change impacts which would arise from Option 3 are limited when considering the maintenance of the existing Inspectorate. This is because the bulk of the changes have previously been implemented since June 2023, when RSPCA NSW was provided the one-year investment of \$20.5M from the NSW Government. The organisation has already:

- Recruited 21 new FTEs to cover 'two out' officer jobs located throughout NSW;
- Increased the staffing rate for the BCU from 2 to 4 inspectors to assist with Breeding Dogs and Cats Code of Practice inspections and revisits and seizures as required;
- Additional administrative support to deliver more comprehensive data collection and high-quality reporting requirements to relevant agencies and stakeholders (including GIPA applications);
- Expanded current Contact Centre operating hours from 8.30am – 7.00pm to 24/7/365 and expanded staffing from 11 full time and 1 casual employee with 8 additional full-time employees;
- Operating any new animal management system and increase on-line and mobile functionality;
- Expanded the Inspectorate legal team with an additional 1.5 solicitors.

### Expansion to meet community needs

The key changes that RSPCA NSW will have to manage under Option 3 which do not relate to the existing Inspectorate include:

- Scaling up of the existing domestic violence, aged care, and homelessness programs;
- Recruitment of up to 10 FTEs for a proactive Inspectorate workforce;
- Engagement with Indigenous Groups to understand communities which are most in need of having care provided for their companion animals;
- Identifying and providing transport services to disadvantaged members of the public who cannot transport their companion animals for veterinary care;
- Implementation and promotion of the proposed telehealth service;
- Implementation and targeted service provision of emergency care; and
- Continuation of the NSW Government's Keeping Cats Safe at Home Program.

## 9.4 Benefits Realisation Plan

### 9.4.1 Introduction

Benefits realisation is the process of identifying, tracking and measuring benefits to ensure that potential and anticipated benefits are actually delivered. An effective benefits realisation process is critical to achieving the outcomes sought from investments/funding such as that being sought in this Business Case. A benefit is the measurable improvement resulting from an outcome, which is perceived as positive (or as an advantage) by one or more stakeholders and will normally have a tangible value expressed in monetary or resource terms.

A Benefits Realisation Plan has been developed in accordance with the NSW Government Benefits Realisation Framework (NSW Government, 2018) which provides a structured approach to identifying, tracking and delivering benefits across government programs and projects as set out in Figure 9-3 below.

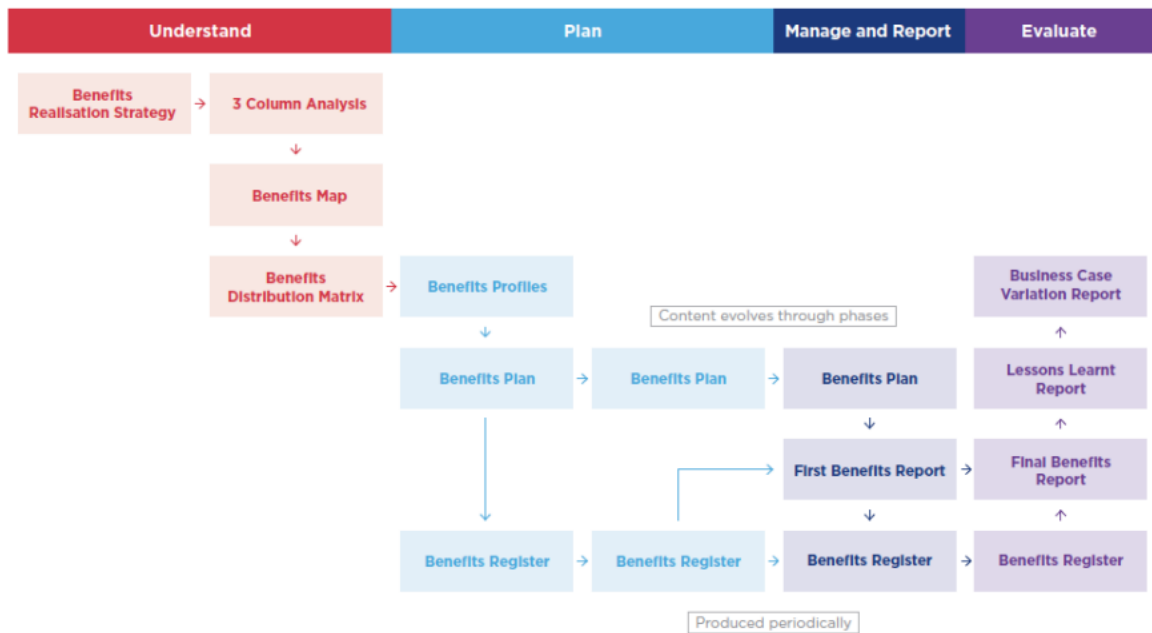


Figure 9-3 Benefits Management Realisation Framework (NSW Government, 2018)

This Benefits Realisation Plan was developed with input from technical, commercial, operational and regulatory specialists to determine the approach to realising the benefits from the funding.

#### 9.4.2 Problem Statements

This Business Case developed a series of problem statements, and corresponding benefits (which result from the problems being addressed) as described in Section 2. Those problem statements are:

- Improved worker safety practices are reducing RSPCA NSW’s workforce capacity to enforce animal cruelty legislation; and
- Uncertainty and widening gap between fundraising and expenditure is impacting RSPCA NSW’s ability to meet and exceed community expectations.

### 9.4.3 Benefit Recipients

Table 9-4 below shows the key stakeholder groups to which RSPCA will deliver benefits.

Table 9-4 Benefit Recipients

Government
<ul style="list-style-type: none"><li>• NSW Police</li></ul>
<ul style="list-style-type: none"><li>• Animal Welfare League NSW</li></ul>
<ul style="list-style-type: none"><li>• Department of Primary Industries</li></ul>
<ul style="list-style-type: none"><li>• Office of Local Government</li></ul>
<ul style="list-style-type: none"><li>• NSW Local Governments/Councils</li></ul>
Community
<ul style="list-style-type: none"><li>• Pet owners and animal lovers who care about animal welfare</li></ul>
<ul style="list-style-type: none"><li>• RSPCA NSW staff and volunteers</li></ul>
<ul style="list-style-type: none"><li>• Members of the public who may come into contact with RSPCA NSW Inspectorate during investigations or rescues</li></ul>
<ul style="list-style-type: none"><li>• Regional Communities</li></ul>
<ul style="list-style-type: none"><li>• Indigenous Communities</li></ul>
<ul style="list-style-type: none"><li>• Disadvantaged members of the public (elderly, disabled, those suffering from abuse)</li></ul>
Other Beneficiaries
<ul style="list-style-type: none"><li>• Animals in need of rescue and rehabilitation</li></ul>
<ul style="list-style-type: none"><li>• Schools</li></ul>
<ul style="list-style-type: none"><li>• Subscribers to RSPCA newsletters from outreach programs</li></ul>
<ul style="list-style-type: none"><li>• Prison Inmates</li></ul>

### 9.4.4 Benefits Identification and Mapping

A benefit is the value the investment will provide to the organisation, its clients, customers or other stakeholders. Ideally, benefits should align with the organisation's goals, be measurable through meaningful KPIs, and provide cost-effective insights. Figure 9-4 illustrates these benefits identified through workshops with RSPCA and various subject matter experts, showing how they relate to the identified problems and the measures supporting them.

Uplifting the RSPCA's front-line service model to better deliver the statutory enforcement function for improved animal and social welfare outcomes

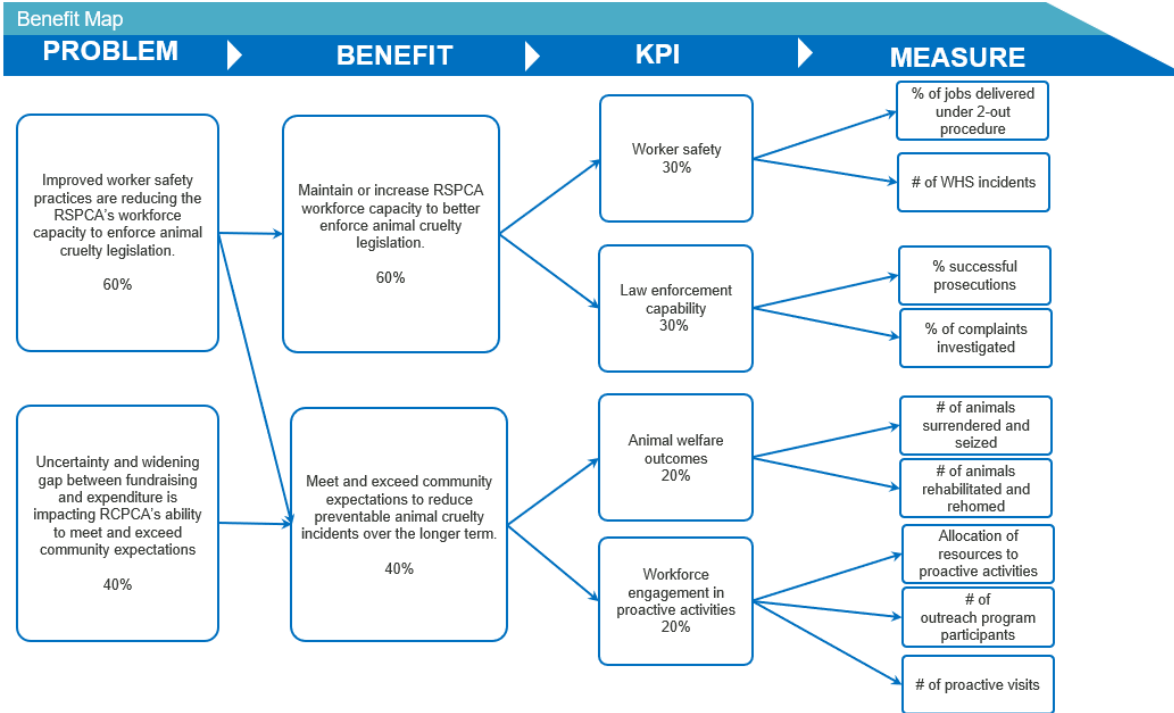


Figure 9-4 RSPCA Benefits Map

### 9.4.5 Benefits Measures and Targets

To ensure accountability towards achieving each KPI, discrete and quantifiable measures and corresponding targets have been set. Additionally, a baseline has been determined to evaluate the progress made towards achieving the set target. Table 9-5 outlines the relevant value for each benefit.

Table 9-5 Benefits measures

Benefit ID	KPI	Measure	Baseline	Target	Target date
1	Maintain or increase RSPCA workforce capacity to better enforce animal cruelty legislation.				
1-1	Worker safety	% of jobs delivered under two-out procedure	TBC	TBC	TBC
1-2		# of WHS incidents	TBC	TBC	TBC
1-3	Law enforcement capability	% successful prosecutions	TBC	TBC	TBC
1-4		% of complaints investigated	TBC	TBC	TBC
2	Meet and exceed community expectations to reduce preventable animal cruelty incidents over the longer term.				

Benefit ID	KPI	Measure	Baseline	Target	Target date
2-1	Animal welfare outcomes	# of animals surrendered and seized	TBC	TBC	TBC
2-2		# of animals rehabilitated and rehomed	TBC	TBC	TBC
2-3	Workforce engagement in proactive activities	Allocation of resources to proactive activities	TBC	TBC	TBC
2-4		# of outreach program participants	TBC	TBC	TBC
2-5		# of outreach proactive visits	TBC	TBC	TBC

#### 9.4.6 Benefits Governance

Good governance for benefits management is important. Key governance considerations include leadership and accountability, performance management, communication and organisational culture.

RSPCA is experienced in acquitting funding against specific budget outcomes, has a good track record of the same<sup>25</sup>, and its Benefits Realisation governance structure, is aligned to the organisational governance structure, and which:

- Clearly identifies the lines of responsibility and accountability within RSPCA.
- Provides key stakeholders from across RSPCA with the ability to manage their interest in the funding allocation and monitor changes of interest.
- Supports the tracking of the realisation of benefits.
- Providing a forum for issue resolution.
- Providing for reporting to stakeholders

The key roles and their respective responsibilities for ensuring the delivery of the benefits are aligned to the governance roles and oversight described earlier in this chapter.

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<sup>25</sup> RSPCA has been the successful recipient of over \$20 million in grant funding over the last year and of that over \$17m in capital grant funding which it has managed, and is acquitting in line with forecast budget and within anticipated timeframes



## 9.5 Stakeholder Management

Stakeholder Management is essential to achieving the business case objectives outlined in Section 3, as well as the measures which belong to the benefits outlined in Section 5. Effective and intelligent stakeholder management practices are especially crucial for organisations which hold significant social capital and must maintain this capital by way of protecting brand awareness and reputation. This is especially relevant for RSPCA NSW. This section has been developed to demonstrate RSPCA's robust and transparent Stakeholder Management practices and includes:

- Stakeholder engagement strategies comprised of a 5-step approach to effective engagement.
- Stakeholder Matrix, including detailed engagement activities, fine-tuned based on RSPCA's understanding of the stakeholder, as well as their influence and interest on the project.

### 9.5.1 Stakeholder Engagement and Management

RSPCA has a proven and developed 5-step stakeholder engagement and management approach that is applicable to all internal and external stakeholders, despite their level of influence and interest in the project. Figure 9-5 below provides a snapshot of this engagement approach.

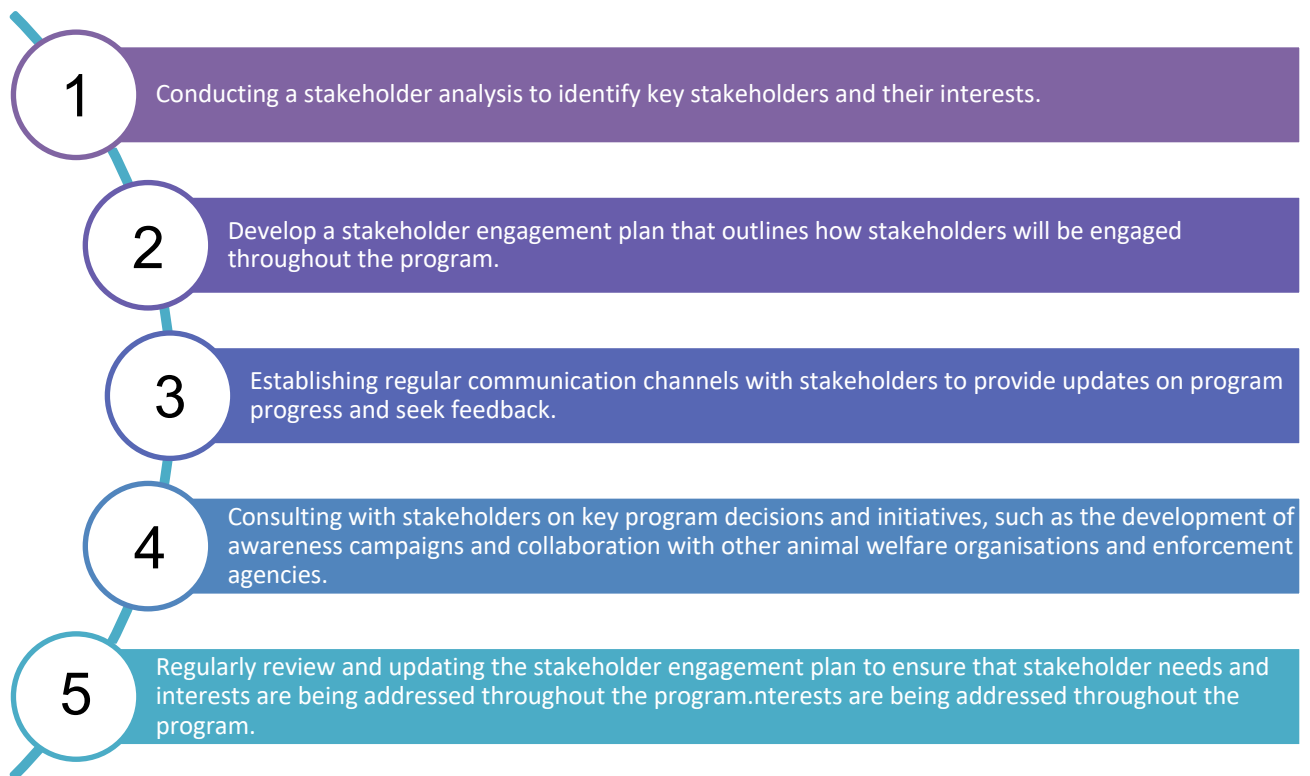


Figure 9-5 RSPCA's Stakeholder Engagement and Management Approach

### 9.5.2 Stakeholder Matrix

Table 9-6 below captures the list of identified stakeholders with consideration of areas of interest and how RSPCA are planning to engage. RSPCA also recognise that interests will change over time, particularly as the project progresses, which is why they are committed to monitoring, updating, and evolving this list and the associated engagement activities throughout the funding period.

Table 9-6 Stakeholder Engagement Activities

Stakeholder Group	Stakeholder	Interest (Low – High)	Influence (Low – High)	Engagement Activities
Public sector	NSW Local Governments/ Councils	High	High	<ul style="list-style-type: none"> <li>Assistance with enforcing animal welfare laws and regulations in local communities across the state.</li> <li>Ensuring that animal shelters and rescue organisations are complying with animal welfare standards and providing safe and appropriate care for animals in their custody</li> <li>Working together to promote responsible pet ownership, provide education on animal welfare, and investigate cases of animal cruelty or neglect.</li> </ul>
	Department of Primary Industries	Medium	Medium	<ul style="list-style-type: none"> <li>Working together to regulate the welfare of animals used in agriculture, such as livestock and horses, including enforcing POCTAA related to animal transport, management, and slaughter.</li> <li>Partnering to promote the welfare of animals across the state, including guidance and education to farmers on best practices for animal welfare.</li> </ul>
	NSW Police Force	High	Low	<ul style="list-style-type: none"> <li>Partnership and resource sharing to enforce POCTAA including investigating reports of animal cruelty, gathering evidence, and prosecuting offenders. This collaboration includes sharing information, resources, and expertise.</li> <li>Training administered by the NSW Police force to RSPCA NSW staff and volunteers on animal cruelty laws and enforcement procedures.</li> <li>RSPCA NSW Legal Staff providing quarterly POCTAA training for police prosecutors.</li> <li>Partnering during community engagement to promote awareness of animal cruelty issues. This includes working with schools, community groups, and other organisations to educate the public on the importance of animal welfare and responsible pet ownership.</li> </ul>
RSPCA NSW	Staff and Volunteers	High	High	<ul style="list-style-type: none"> <li>Day-to-day care of animals in the organisation's care, including feeding, grooming, and providing medical care.</li> <li>Reporting of animal cruelty or neglect, and work to rescue animals in need. Assistance also includes assistance with animal rehabilitation and rehoming</li> <li>Animal welfare advocacy, through education and outreach efforts and by working to influence policy and legislation that affects animals.</li> <li>Raising funds to support the organisation's mission, through donor relations, fundraising events, and other initiatives.</li> <li>Supporting day-to-date operations from finance and accounting to facilities management and IT support.</li> </ul>

Stakeholder Group	Stakeholder	Interest (Low – High)	Influence (Low – High)	Engagement Activities
Other stakeholders	Animal Welfare League (AWL) NSW	High	Low	<p>AWL NSW is an animal welfare agency focused on improving the welfare of animals in need, promoting responsible pet ownership, and advocating for policies and laws that support animal welfare. Engagement activities may include:</p> <ul style="list-style-type: none"> <li>Partnering to advocate for better laws and policies related to animal welfare, and lobbies government officials and other stakeholders to take action to improve the lives of animals.</li> <li>Partnering to raise public awareness of animal welfare issues and promote responsible pet ownership through educational programs and public campaigns.</li> </ul>
	Animal lovers	High	Medium	<ul style="list-style-type: none"> <li><b>Providing a safe and loving home for pets:</b> Providing veterinary services including regular check-ups, providing necessary vaccinations, and addressing any health issues that arise.</li> <li><b>Adopting pets from shelters:</b> Providing adoption services to the community including rehoming of rehabilitated animals .</li> <li><b>Volunteering at animal shelters or rescue organisations:</b> Helping with caring for animals, including walking dogs, cleaning cages, and providing socialisation and enrichment.</li> <li><b>Donating to animal welfare organisations:</b> Making donations to fund medical care, food, shelter, and other necessary expenses.</li> <li><b>Advocating for animal welfare:</b> Speaking out against animal cruelty, supporting animal-friendly legislation, and educating others about the importance of responsible pet ownership and animal welfare.</li> </ul>
	Members of the public	Medium	Medium	<ul style="list-style-type: none"> <li><b>Animal owners:</b> Contacting the owners of the animals involved in a rescue or investigation to gather information or to provide updates on the animal's condition.</li> <li><b>Witnesses:</b> Members of the public who witness animal cruelty or neglect may report the incident to RSPCA NSW Inspectorate and may be called upon to provide information or testify in court.</li> <li><b>Concerned citizens:</b> Members of the public concerned about animal welfare in their community may contact RSPCA NSW Inspectorate to report suspected animal cruelty or neglect.</li> <li><b>Adopters:</b> Members of the public who adopt animals from RSPCA NSW may come into contact with the Inspectorate during the adoption process, such as when adoption is subject to a home inspection.</li> <li><b>Supporters:</b> Members of the public who support the work of RSPCA NSW may attend events or make donations to the organisation. They may also share information about RSPCA NSW Inspectorate's activities with their friends and family.</li> <li><b>Indigenous Communities :</b> Engage with first nations people to understand communities which are most in need</li> <li><b>Support groups:</b> Speak to key NGOs or institutes which provide support for domestic violence and other social issues to identify best approach for targeting support.</li> </ul>

## 9.6 Risk Management

### 9.6.1 Introduction

This section provides a high level overview of the key risks identified during the preparation of the Business Case, as well as management strategies to be implemented.

### 9.6.2 Risk Management Framework

A systematic risk management process, based on Australian and international standards, has been followed to ensure that risks are identified and assessed in an appropriate manner. The risk management process followed, which aligns with ISO 31000:2018 Risk Management Guidelines is presented in Figure 9-6 below.

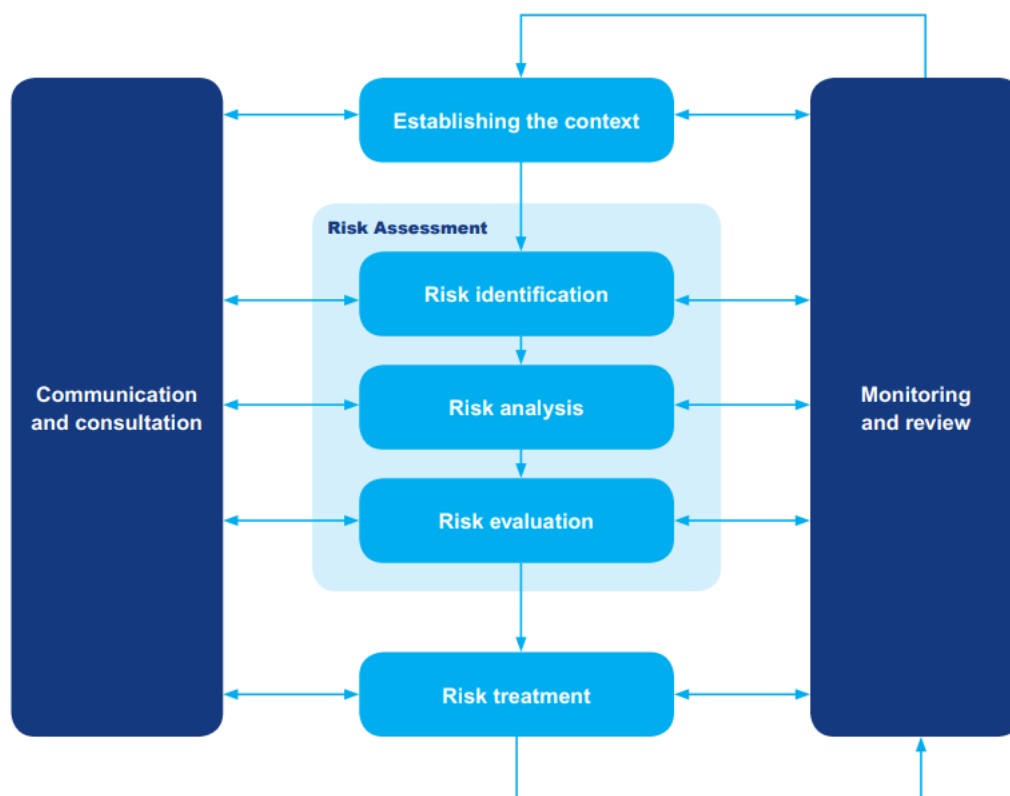


Figure 9-6 Risk management framework

RSPCA's Risk Management Policy is underpinned by Board Risk Appetite Statements, helping to consistently identify and manage risks, to act within established risk boundaries, and achieve organisational goals. Subcommittees oversee risks related to their respective core functions, while the Audit and Risk Committee monitors the effectiveness of the Enterprise Risk Management Framework. The group is responsible for managing and monitoring day-to-day operational risks and the achievement of corporate objectives.

### 9.6.3 Risk Assessment Methodology and Register

RSPCA NSW has developed a risk register based on a review of the major organisational and operational risks and opportunities. The register is critically reviewed by relevant senior and subject matter personnel, management, and following an analysis of the likelihood and consequences of each risk, risks are given a rating in accordance with Table 9-8. Risk treatment and mitigation strategies are then developed for key risks and opportunities.

Table 9-7 Risk ratings

Likelihood	Consequence				
	Minimal	Minor	Moderate	Major	Severe
<b>Rare</b>	Low	Low	Low	Medium	Medium
<b>Unlikely</b>	Low	Low	Medium	Medium	Medium
<b>Possible</b>	Low	Medium	Medium	High	High
<b>Likely</b>	Low	Medium	High	High	Extreme
<b>Almost certain</b>	Medium	Medium	High	Extreme	Extreme

Operational management processes include periodic risk workshops to review the risk register and a standing item dedicated to risk review at team meetings, PCG, the Audit & Risk Committee and Board meeting.

Table 9-8 summarises the high-level risks identified during the preparation of the business case.

Table 9-8 RSCPA Business Case risks

Title	Causes	Consequences	Proposed Mitigations	Risk Rating
<b>Funding</b>	Inability to secure the necessary recurrent funding required to deliver the proactive community engagement efforts	Impacts deliverability of proactive visits, education campaigns and outreach programs	Detailed and robust business case for funding Engagement with key Ministers and NSW Treasury	<b>Extreme</b>
	Inability to secure government funding to restructure the funding model for enforcement of POCTAA	Impacts deliverability of compliance and enforcement function of RSPCA	Detailed and robust business case for funding Engagement with key Ministers and NSW Treasury	<b>Extreme</b>
<b>Operational volume</b>	Operational challenges associated with increase workforce, alongside delivering the necessary training to upskill all employees in relevant areas of animal welfare		Develop and implement recruitment retention strategies that align with organisational goals and values	<b>Medium</b>
<b>Legal</b>	Unforeseen legislative changes to POCTAA which may appoint more responsibilities to, or relinquish responsibilities from RSPCA		Stakeholder strategy and plan to keep current with any planned changes to legislation to enable planning for future changes	<b>Medium</b>
<b>Data</b>	Inadequate data capture function to measure response rate to complaints, and follow the case through its entire lifecycle, from case creation to prosecution			<b>High</b>
<b>Stakeholder resistance</b>	Pet owner resistance to routine visits		Develop and implement policies and procedures that comply with relevant laws and	<b>High</b>

Title	Causes	Consequences	Proposed Mitigations	Risk Rating
<b>Access</b>	Legal complications with routine visits, including gaining access to the premise		regulations and ensure regular training and education for staff and volunteers  Develop and implement policies and procedures that comply with relevant laws and regulations and ensure regular training and education for staff and volunteers	<b>High</b>
<b>Workforce capacity</b>	High volumes of complaints leading to persistent staffing issues	Impacts deliverability of proactive visits, education campaigns and outreach programs	Develop and implement recruitment and retention strategies that align with organisational goals and values	<b>High</b>
<b>Market competition</b>	Community integration challenges and unforeseen competition associated with expanding the breadth of the outreach programs			<b>High</b>





## Appendix 1 Social Benefit Assumptions Under Option 2

The social benefits associated with the Aged Care, Homelessness, and Domestic Violence Programs are determined through Social Return on Investment (SROI) assessments crafted by RSPCA. These assessments calculate the programs' impact and social returns and have been published online by RSPCA.<sup>26</sup>

### Aged Care Program

In 2020 -2021 the aged care program had a program cost of \$354,909 with 215 clients served, 292 client animals served, and 35 inspectors supporting it. The table below summarises the benefits received by the program based on RSPCA calculations.

Client Outcomes	Value	Incidence	Deadweight	Attribution	Displacement	Benefit period (years)	Total Benefit	Average annual benefit per client/animal/inspector	Methodology
<b>Client Outcomes</b>									
Improved mental health and wellbeing	\$1,260	40%	7%	75%	0%	1	\$75,581	\$351.54	Valuation based on cost of psychologist session
Extended or enhanced human-animal bond	\$3,453	84%	7%	100%	25%	3	\$1,304,908	\$2,023.11	Contingent valuation for value based on dog life year.
Decreased financial stress	\$1,780	40%	7%	100%	0%	1	\$ 142,364	\$662.16	Costs for private animal care/boarding.
Increased social inclusion/decreased isolation	\$1,412	49%	7%	50%	0%	1	\$ 69,171	\$321.72	Valuation method poor - observed spending on recreation.
Improved access to care for themselves	\$1,378	33%	7%	50%	0%	1	\$45,463	\$211.45	Observed spending on related goods - cost of aged care support worker
Improved physical health	\$ 648	20%	7%	25%	0%	1	\$6,478	\$30.13	Spending on gym membership
<b>Animal Outcomes</b>									

<sup>26</sup> <https://www.rspcansw.org.au/what-we-do/social-investment-2/>

Client Outcomes	Value	Incidence	Deadweight	Attribution	Displacement	Benefit period (years)	Total Benefit	Average annual benefit per client/animal/inspector	Methodology
Preservation/improvement of human animal bond	\$957	39%	7%	100%	25%	3	\$228,047	\$260.33	Observed spending on related goods.
Improved physical health	\$300	67%	7%	100%	0%	1	\$54,584	\$186.93	Observed spending on related goods - average cost of vet treatment for animals receiving vet treatment while under care
Improved safety	\$1,750	39%	7%	100%	0%	1	\$185,340	\$634.73	Observed spending on related goods - cost of private pet boarding..
<b>Inspectorate Outcomes</b>									
Time available to pursue animal cruelty	\$1,638	80%	7%	100%	0%	1	\$42,654	\$1,218.67	Time Value Based
Improved mental health	\$1,260	80%	7%	100%	0%	1	\$ 32,810	\$937.44	Observed spending on related goods (psychologist sessions) due to relief of distress when referring clients to DV program.
<b>Pounds &amp; shelters Outcomes</b>									
Fewer animals abandoned	\$885	11%	7%	100%	0%	1	\$26,436	\$90.54	Observed spending on related goods - costs of processing abandoned animal
Fewer animals surrendered	\$686	17%	25%	75%	0%	1	\$ 19,155	\$65.60	Observed spending on related goods - costs of processing surrendered animal

## Domestic Violence Program

In 2020 -2021 the domestic violence had a program cost of \$317,647 with 134 clients served, 220 client animals served, 147 dependent children served, and 35 inspectors supporting it. The table below summarises the benefits received by the program based on RSPCA calculations.<sup>26</sup>

Client Outcomes	Value	Incidence	Deadweight	Attribution	Displacement	Benefit period (years)	Total Benefit	Average annual benefit per client/animal/inspector	Methodology
<b>Client Outcomes</b>									
Improved mental health and wellbeing	\$1,260	92%	3%	50%	0%	1	\$75,336	\$562.21	Valuation based on cost of psychologist session - not directly comparable.
Extended or enhanced human-animal bond	\$ 3,453	57%	3%	100%	25%	3	\$575,613	\$1,431.87	Contingent valuation for value based on dog life year.
Decreased financial stress	\$2,217	68%	3%	100%	0%	1	\$ 195,953	\$1,462.33	Costs for private animal care/boarding.
Increased social inclusion/decreased isolation	\$2,778	86%	3%	50%	0%	1	\$155,266	\$1,158.70	Valuation method poor - observed spending on recreation.
Improved access to care for themselves	\$3,692	92%	3%	50%	0%	1	\$220,748	\$1,647.37	Valuation based on cost of accomodation. This probably underestimates the safety improvements that arise from escaping domestic & family violence.
Improved physical health	\$1,140	62%	3%	25%	0%	1	\$ 22,967	\$171.40	Spending on gym membership not directly comparable.
<b>Animal Outcomes</b>									
Preservation/improvement of human animal bond	\$1,380	44%	25%	100%	25%	3	\$225,423	\$341.55	Observed spending on related goods - cost of pet insurance. This seems to actually reflect the value to the owner, not society/the animal, so double counted from above.

Client Outcomes	Value	Incidence	Deadweight	Attribution	Displacement	Benefit period (years)	Total Benefit	Average annual benefit per client/animal/inspector	Methodology
Improved physical health	\$298	78%	3%	100%	0%	1	\$ 49,603	\$225.47	Observed spending on related goods - average cost of vet treatment for animals receiving vet treatment while under care
Improved safety	\$2,350	99%	3%	100%	0%	1	\$496,475	\$2,256.71	Observed spending on related goods - cost of private pet boarding. This seems to actually reflect the value to the owner, not society/the animal, so double counted from above.
<b>Inspectorate Outcomes</b>									
Time available to pursue animal cruelty	\$3,518	90%	3%	50%	0%	1	\$225,734	\$1,535.61	Incidence reflects change in safety. FaHCSIA estimate.
Improved mental health	\$4,290	79%	3%	100%	25%	3	\$1,087,316	\$2,465.57	Spending on animal-assisted therapy session.
<b>Pounds &amp; shelters Outcomes</b>									
Fewer animals abandoned	\$1,092	80%	3%	100%	0%	1	\$ 29,659	\$847.39	Incidence data is survey based - no link to actual time savings
Fewer animals surrendered	\$1,260	80%	3%	100%	0%	1	\$34,222	\$977.76	Observed spending on related goods(psychologist sessions) due to relief of distress when referring clients to DV program.

### Homelessness & Emergency Boarding Program

In 2020 -2021 the homelessness and emergency boarding program had a program cost of \$624,489 with 259 clients served, 627 client animals served, and 35 inspectors supporting it. The table below summarises the benefits received by the program based on RSPCA calculations.<sup>26</sup>

Client Outcomes	Value	Incidence	Deadweight	Attribution	Displacement	Benefit period (years)	Total Benefit	Average annual benefit per client/animal/inspector	Methodology
<b>Client Outcomes</b>									
Improved mental health and wellbeing	\$5,320	90%	7%	50%	0%	1	\$ 576,643	\$2,226.42	Contingent valuation - value of statistical life year adjusted for loss attributable to mild/moderate anxiety disorder
Extended or enhanced human-animal bond	\$3,453	93%	7%	100%	25%	3	\$1,740,383	\$2,239.87	Contingent valuation - value of dog life year for companion dog
Decreased financial stress	\$2,058	76%	7%	100%	0%	1	\$376,740	\$1,454.59	Costs for private animal care/boarding
Increased social inclusion/decreased isolation	\$2,778	72%	7%	50%	0%	1	\$240,889	\$930.07	Time use method - average time spent on recreation & proportion of weekly income spent on recreation
Improved access to care for themselves	\$413	59%	7%	50%	0%	1	\$29,346	\$113.31	Observed spending on related goods
Improved access to care for themselves	\$413	59%	7%	50%	0%	1	\$29,346	\$113.31	Observed spending on related goods - cost of allied health assistant for 1 hour per week
Improved physical health	\$3,427	41%	7%	25%	0%	1	\$84,610	\$326.68	Cost of secure accomodation based on median rent of \$466.25. Should be difference between rental cost that allows pets versus pets not allowed
<b>Animal Outcomes</b>									
Preservation/improvement of human animal bond	\$1,380	91%	25%	100%	25%	3	\$1,328,715	\$706.39	Observed spending on related goods - cost of pet insurance. This seems to actually reflect the value to the owner, not society/the animal, so double counted from above.

Client Outcomes	Value	Incidence	Deadweight	Attribution	Displacement	Benefit period (years)	Total Benefit	Average annual benefit per client/animal/inspector	Methodology
Improved physical health	\$1,925	90%	7%	100%	0%	1	1,010,238	\$1,611.23	Observed spending on related goods - cost of private pet boarding. This seems to actually reflect the value to the owner, not society/the animal, so double counted from above.
Access to safe accommodation	\$241	72%	7%	100%	0%	1	\$101,181	\$161.37	Observed spending on related goods – Average cost of receiving vet treatment
<b>Inspectorate Outcomes</b>									
Time available to pursue animal cruelty	\$2,730	80%	7%	100%	0%	1	\$71,089	\$2,031.12	Incidence data is survey based - no link to actual time savings
Improved mental health	\$1,260	80%	7%	100%	0%	1	\$32,810	\$937.44	Observed spending on related goods – Psychologist sessions
<b>Pounds &amp; shelters Outcomes</b>									
Fewer animals abandoned	\$885	9%	7%	100%	0%	1	\$46,445	\$74.07	Observed spending on related goods - costs of processing abandoned animal
Fewer animals surrendered	\$686	37%	25%	75%	0%	1	\$89,519	\$142.77	Observed spending on related goods – costs of processing surrendered animal