

**Submission
No 171**

INQUIRY INTO VETERINARY WORKFORCE SHORTAGE IN NEW SOUTH WALES

Organisation: VetPartners

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VetPartners

NSW Government Workplace Shortage

Submission July 2023

VetPartners background

VetPartners, first established in January 2016 by the sale of 34 practices to NVA, a USA-based company owned by JAB Holdings, has quickly emerged as a market consolidator in the veterinary industry, bringing together 267 individual general practices and 12 specialty and emergency hospitals across Australia, New Zealand, and Singapore.

Garnering a 10% market share of the veterinary services companion animal market, today VetPartners is the largest owner of companion animal practices in Australia and New Zealand, and in the state of New South Wales alone operates 50 general practice clinics and 5 specialty hospitals.

Guided by their vision of "For the love of animals and the people who care for them," VetPartners sets itself apart through its philosophy of unity and growth: "Join Us. Grow Together."; and additionally through a commitment to nurturing new talent, employing over 50 new graduates each year through its industry-leading new graduate program.

In NSW alone, our teams consists of over 222 veterinarians (including casuals) and 791 nurses and support staff in New South Wales (excluding Canberra), providing veterinary care for over 250,000 clients in NSW and over 1 million clients in Australia and New Zealand .

With over 15 vets in senior management roles, a veterinary advisory team made up of six independent veterinarian volunteers, and 1500 veterinarians across Australia, New Zealand and Singapore, we have a vested interest in the long-term sustainability of the profession, and are passionate about supporting any further conversations about rectifying challenges in the short, medium and long term.

VetPartners Business Model

While much of its growth has been driven by acquisitions, VetPartners now aims to pursue an organic growth strategy. Notable competitors in the veterinary industry include Greencross, APIAM Animal Health, and SASH.

VetPartners owns each practice preserving the local community relationships and branding of each practice . The practices are supported by 50+ strong Operations team (including General Managers, Regional Managers and Vet Managers) whose role is to support the front-line hospital teams.

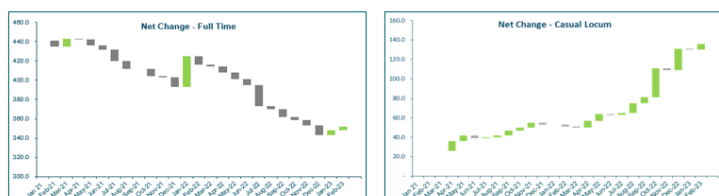
Clinics are also supported by a central Support Office team, who are provided with essential corporate and overhead support needed to enable them to focus on delivering animal health care.

The shortage of veterinary hours

The shortage of veterinary hours is significant problem that has been developing for several decades . Strong increase in demand for veterinary services is being driven by increased knowledge , availability of technology , humanizing of pets , increased understanding of how the human -animal bond strengthens the wellbeing of society , increasing societal attitudes to animal welfare and how society enforces this , increasing veterinary needs for public health and biosecurity and growing requirements in areas such aquaculture and zoonotic health risks . Conversely the veterinary workforce despite increasing graduate numbers we are seeing trends to part time hours , casualization , less commitment to longer term careers , increasing mental health and earlier retirement of owners and senior veterinarians leading to recruitment and retention challenges .

Vetpartners has seen a growing trend of owners choosing to sell their practices to corporate consolidators due to a of lack associates who are interested in taking up ownership opportunities. When selling to VetPartners, one of the main areas of support sought by owners is recruitment. The scarcity of veterinarians and support staff hours is consistently listed as a top reason for impeding business growth and causing stress for owners and their teams. Approximately 20% of the private veterinary market is now owned by corporate entities, reflecting this ongoing trend. Multiple factors contribute to this trend including the lack of long-term commitment to the profession due to resource pressures.

The COVID-19 pandemic further exacerbated the workforce shortages within the veterinary industry. The increased ownership of pets and the surge in demand for veterinary services during the pandemic highlighted the existing workforce shortages experienced by veterinary teams. The profession also had to adapt to COVID-19 protocols, which reduced workplace efficiency and increased time pressures. Consequently, the industry witnessed a higher attrition rate, with more professionals leaving the profession, increased requests to reduce working hours, and a rise in casualisation. These challenges have proven difficult to reverse in the post-pandemic period.



b Casualisation of workforce into casual and locum work resulting in working less hours

The veterinary industry, particularly nursing teams, were not immune to the "great resignation" phenomenon, as they resigned to pursue higher-paying jobs in retail, hospitality, and other allied health industries. This further strained the supply of services for veterinary

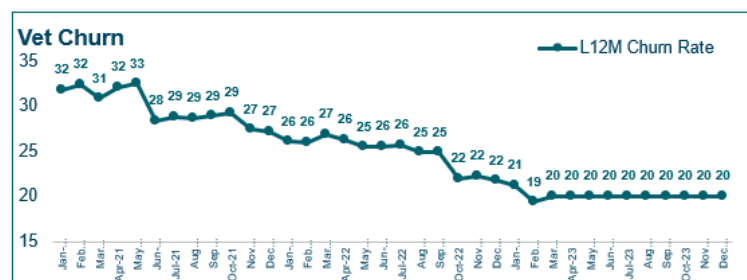
practices, intensifying the impact of the shortage of veterinary hours on the industry as a whole.

The challenges of retention and recruitment

The recruitment and retention of veterinary staff members present ongoing challenges within the industry. Qualitatively, the average time to fill open positions has been increasing substantially over the past three years, now taking 3 x longer to fill veterinary positions than it did in the same period 2020. Indicatively, hard to fill positions/locations may take 180 days or more to fill with even greater difficulties experienced in regional areas of Australia. Now we require an average of 30-60 open days to fill our open positions for our business's growth requirements.

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Churn rate of Vets has been historically high



Overseas recruitment has become a crucial avenue to recruit experienced veterinary talent and leadership, especially considering the 2-3 years of lost talent recruitment opportunities during the COVID-19 pandemic, when patient numbers grew by 20%.

During Covid we saw increasing numbers of veterinarians leaving the profession completely . Some veterinarians leave to pursue different careers in the profession such as public health, pharmaceutical companies , management or other professions such as teaching or medicine, while others leave to start a family, and some choose early retirement.

Our engagement surveys and exit interviews reveal that veterinarians highly value aspects such as team culture, learning opportunities, high standards of care, flexible working hours, working in larger teams with strong clinical leadership, an appreciative client base, reduced after-hours or weekend requirements, competitive remuneration, recognition, and engaged nursing teams. Vetpartners is working hard to provide environments that are strong in these areas but it is becoming increasingly more challenging to plan and deliver when there is a chronic shortage of veterinarians.

Developing leadership and providing structured on-the-job learning opportunities which are cornerstones of our development strategy are more challenging to implement in hospitals experiencing chronic staffing shortages which further exacerbates retention issues in these hospitals .

The health challenges for the profession

The veterinary profession, including VetPartners and our business, faces significant mental health challenges.

Working long hours, coping with unrealistic client expectations, dealing with distressed clients, performing euthanasia, facing emotional pressures, affordability challenges, regulatory requirements, complaint mitigation, and financial pressures can have severe impacts on the emotional and physical well-being of veterinarians.

Chronic shortages in the workforce further intensify the pressure on individuals, as they often feel obligated to care for every patient and meet their own expectations of duty of care as well as meeting the ever increasing expectations of the public and regulatory boards. Studies have shown that our workforce is 25% more likely to experience severe depression, twice as likely to experience extreme depression, and 5-6 times more likely to attempt suicide than the general public.

Grouped data from our Employee Assistance Program (EAP) indicates that the major reasons for accessing support are for mental health and anxiety. Psychological and physical safety are top priorities for VetPartners, and we heavily invest in, and resource this area of support for our hospitals .

While significant improvements have been made for our teams, the persistent workforce shortages continue to hinder our progress in addressing these challenges as it further exacerbates the mental health problem by increasing caseload pressure on our teams.

Workforce shortages reduce the availability of support and mentoring from more senior veterinarians, hampers the ability to take necessary breaks and downtime regularly, limits leaders' time to work on the business rather than in the business, impedes the ability to take required leave for refreshment and re-energisation in such a demanding profession, and creates difficulty in allocating time for ongoing learning. Continuing professional development is necessary for registration, and with the knowledge in the field doubling every five years, the pressure to stay current in a rapidly evolving and client-demanding profession is high. With work place shortages we have seen a reluctance or decreased priority in the taking of study leave allowance and leave which are standard with all of our Veterinary contracts.

Veterinary nurses the opportunity and the challenge

Veterinary nurses play a crucial role in delivering patient care, and are more than just animal assistants, receptionists, or patient handlers. In VetPartners clinics, nurses support patient care and customer service at a ratio of approximately 2 to 2.5 nurses per veterinarian. Their responsibilities include ensuring clients and patients are well-prepared for consultations by collecting accurate details and patient history, ensuring patient and client safety, handling client communications throughout the veterinary care process, providing technical assistance to veterinarians (such as placing catheters, collecting and running blood tests, vital monitoring, basic dental hygiene, surgical assistance, pharmacy preparation and administration, radiology assistance), driving accountability for client and patient care standards, and performing administrative and commercial tasks.



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The opportunity for greater utilisation and technical training of veterinary nurses within the veterinary profession represents a great opportunity. This would enable veterinarians to have more time for diagnostics, performing surgeries, effectively communicating medical plans and updates with clients.

Several challenges exist in fully realising this opportunity.

Gaining the trust of veterinarians to allow nurses to perform higher acuity technical assistance requires considerable time and input from senior nurses and veterinarians for on-the-job training and with current workforce shortages, teams prioritise immediate patient care needs in front of the mentoring and training required to build this level of competency.

Retention also remains an issue as wage comparisons with other allied health, retail, and hospitality industries have been increasing, potentially luring nurses away. Additionally, mental health challenges are prevalent among both veterinarians and nurses.

Variable regulations from state to state regarding the tasks nurses can perform add complexity to their roles. Commercially, the award tends to favor pay rates for early qualifiers at the expense of rewarding senior experience and consolidated technical skills that are acquired over time in the role.

Overseas sourced veterinarians

Sourcing overseas veterinarians is crucial for the sustainability of our business and the veterinary industry as a whole. Each year, we recruit around 30 new veterinarians from overseas, accounting for approximately 3% of our national veterinarian workforce and 6% of new requirements, including New South Wales. To ensure proper coverage in our 270+ clinics, we aim to increase this number to 50 in 2023.

The majority of overseas veterinarians are trained in veterinary schools in the UK, South Africa, the US, or Canada, with a significant portion coming from the UK and South Africa. They play a vital role in balancing the number of Australian graduates who choose to practice overseas. VetPartners dedicates substantial resources and time to recruit from these potential markets.

Overseas veterinarians, along with senior nurses, help address staffing gaps in regional locations, cover leave through locum placements, and provide leadership within our clinics. We recognise the untapped potential in this market as part of the solution to our workforce shortages and actively participate in and exhibit at various overseas conferences, where we gather valuable feedback regarding barriers faced by prospective candidates, such as difficulties in registration, high costs, and age restrictions for visa applications.

It is essential to explore and develop suitable solutions that can address the barriers and enable us to secure a sustainable workforce for the Australian and New Zealand veterinary industry.

Out of hours service provision



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The provision of after-hours service in a veterinary clinic presents numerous challenges that need to be addressed.

One major obstacle is the higher costs associated with providing 24-hour critical care services creates affordability conflicts for veterinary teams, clients, and clinic owners. Additionally, the safety of both the staff and the clients is a concern as they are often dealing with emotional and highly distressed clients and the high costs of providing emergency critical care for their pets.

Employing veterinarians and nurses with the necessary skill sets to handle high-acuity cases during after-hours periods and undertake the demanding task of urgent care when there is already a significant workload of non-urgent cases is becoming increasingly more difficult .

Workplace shortages have forced many general practices to reduce their opening hours, leading to increased referrals to specialist emergency practices. This has resulted in increased caseload pressure on already under resourced specialist practices who have been facing chronic workplace shortages and limited space which has added pressure to an already strained system.

The nature of emergency and critical care veterinary medicine makes it higher risk for complaints, given the emotional position of clients, cost concerns, lack of established client relationships, and the challenging caseload. These risks may result in fewer cases being seen, increased costs, and potentially poorer outcomes for clients and patients.

There is a lack of tolerance and understanding from various boards regarding challenges faced in providing after-hours services, and the risk of reprimand from boards that lack understanding further discourages veterinarians from entering this field.

Overcoming these challenges requires a comprehensive and collaborative effort from the veterinary community, regulatory bodies, and stakeholders to ensure the provision of sustainable quality care during after-hours periods.

Provision of out of hours service in rural areas

In rural areas where referral may not be practical, veterinarians often bear the burden of on-call duty requirements for after-hours service provision and finding effective solutions to these challenges is essential. Possible approaches may involve increased tolerance for affordable options to provide after-hours care, implementing telemedicine for triage and basic advice during afterhours, and support for insurance coverage to make expensive specialist emergency services more affordable for clients.

To address the shortage of after-hours skills, exploring expertise and recruitment from overseas should be considered. Regulatory bodies need to ensure laws are developed that protect professionals providing after-hours services are protected from verbal and physical treats from clients. Costs of penalty rates for veterinary health workers also pose commercial obstacles to providing after-hours services, and increase the costs of providing this service substantially , finding a balance is necessary.

Impact of the current legislative and regulatory framework



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The current veterinary legislative and regulatory framework is disjointed. A unified regulatory board would greatly benefit the industry by providing consistency and clarity in various aspects.

Firstly, it would ensure a consistent registration processes for both local and international veterinarians, streamlining the system and avoiding unnecessary variations across jurisdictions. Additionally, a unified framework would clarify what tasks trained veterinary nurses can do with or without supervision. Another benefit would be clear rules and acceptance of telemedicine, which means vets can provide care remotely using technology, ensuring veterinary care is more accessible and efficient for everyone.

Moreover, the current framework could benefit from developing provisional licenses for highly qualified international veterinarians whose degrees may not meet existing registration requirements. This would enable skilled professionals to contribute to the industry while still working towards full registration.

Complaint handling is another area that would benefit from regulatory reform. Implementing a mediation process for less serious complaints, rather than relying solely on disciplinary boards for all cases, would streamline the resolution process and allow for more efficient allocation of resources.

Lastly, we should consider a greater age tolerance for veterinarians with the right qualifications to apply for visas. This would make it easier to bring in experienced professionals from other countries and help solve current work place shortages .

Overall, having a clearer more consistent set of rules that all states follow would bring significant benefits to the veterinary industry, including consistency, clarity, and enhanced access to skilled professionals.

The impact of the veterinary shortage on rural or regional

The shortage of veterinarians is having a significant impact on rural communities in Australia. These communities rely heavily on veterinary services to support various many aspects of day to day lives and source of income . Production animals, working dogs and horses, recreational activities, and companion animals are all vital components of rural and indigenous communities and access to veterinary care is essential to maintaining the health of our rural communities.

In New South Wales, VetPartners operates multiple rural and regional practices which often experience a greater time to find suitable veterinarians compared to our metropolitan practices resulting in reduced access to veterinary services for the community. Our rural and regional veterinarians face increased professional isolation and are at a higher risk of experiencing well-being challenges.

Due to the difficulty in finding veterinarians to support these practices, VetPartners has had to divest several rural practices over the past three years.



Veterinarians' role in providing care for stray and lost

Veterinarians play a crucial role in caring for stray and injured animals, often providing their services free of charge.

Private practice owners bear the full cost of this work, and it comes at the opportunity cost of treating our full fee paying client's pets . Every day, rescue workers, members of the public, and animal rescue groups bring stray and injured domestic animals and wildlife to our veterinary clinics and this pro-bono work can be highly stressful for veterinarians due to various reasons:

- The unpredictable nature of this work can disrupt the team's daily schedule and add to their workload.
- In some cases, humane euthanasia may be the only viable option for treating severely injured animals.
- Rescue groups, driven by their passion for animal welfare, can place high demands on veterinary teams.
- There is often a lack of clarity regarding societal responsibility and cost allocation, resulting in the private practice owners bearing all the costs reducing profits to redistribute to wages and facilities
- Handling and treating these animals can pose safety risks as they may be difficult to restrain. Additionally, veterinarians may face challenges in dealing with wildlife due to their limited species-specific knowledge, although emergency treatment is still necessary.
- There can be serious zoonotic health risks associated with dealing with wildlife
- Timely support and coordination from local councils may be lacking, further adding to the burden on veterinary clinics.

When welfare issues arise, it can be distressing for carers and take a toll on the emotional energy of veterinary teams. In emergency situations such as floods or bushfires, the veterinary community, including VetPartners, actively and willingly contribute time, expertise, supplies, and funds to provide relief work when needed. In the event of compulsory acquisition of veterinary hours during serious disease outbreaks like Foot and Mouth would create significant workforce stress on our work force .

The social, welfare and economic impacts of the shortage

The veterinarian shortage has significant social and welfare impacts . Addressing this shortage is crucial to both the social well-being of communities and the economic growth and stability of the veterinary industry.

Due to the inability to recruit veterinarians, we have divested several clinics across Australia, particularly in rural and regional areas, leaving these communities without accessible veterinary services and forcing them to travel long distances for care.



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To cope with the workforce shortages, we have reduced opening hours and after-hours services in a significant number of our practices and in some cases, we have chosen not to renew council contracts for shelter animal care due to resource limitations.

A significant amount of urgent after-hours care is being referred to specialist emergency hospitals, as we lack the resources to provide it ourselves. Workforce shortages have also resulted in practices having to decline regular support for wildlife rescue groups, and to ensure the well-being of our teams and manage workloads safely, we have had to close new client lists in certain clinics.

From an economic perspective, we see ample growth opportunities in the veterinary profession and believe that our scale, innovation, and technology can enhance patient care, service offerings, and client experience. Strong commercial success and growth would allow for more reinvestment, fostering a safer and sustainable expansion in the sector.

It difficult to quantify but the workforce shortages are potentially impeding our profit forecasts by 5-10 % year on year or 60-120 growth jobs in NSW alone .

Affordability and access to veterinary services

The workforce shortages have led to strong competition and wage growth in the sector, and along with external influences like inflation, there has been a significant increase in the cost of supplying veterinary services.

Decreased accessibility and increased costs are more acute for rural and disadvantaged sectors of the community.

Emergency and critical care services for patients due to reduced supply of service from general practice and movement to more specialist provision of this service .

Solutions and support

To support the veterinary industry and address the workforce shortage, several solutions can be considered:

Short-term solutions:

- Prioritise veterinarian and veterinary nursing skills on immigration skills shortage lists.
- Increase the number of qualified universities that qualify for registration in Australia without the need for an entrance exam.
- Provide language exemptions for veterinarians with degrees from non-English speaking countries who have been practicing in English-speaking countries and whose degrees are recognized in Australia (e.g., UK/US/Canada).



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- Reduce restrictions on the use and acceptance of telemedicine to support after-hours and rural communities.
- Decrease HECS debt for graduates working in regional or rural areas for contracted periods of time
- Establish a restricted registration pathway for overseas veterinarians, similar to the medical profession, with a pathway to full registration after five years of rural or regional service.
- Include veterinary nurses on the skills shortage list.
- Allow universities and undergraduates to provide veterinary services to stray animals.
- Redirect local pet registration fees to private practices to subsidize social and welfare work.
- Make desexing mandatory, subsidizing the cost using pet ownership fees, to reduce welfare costs and alleviate workforce strain on the profession.
- Redirect a portion of taxes from recreational animal industries, such as horseracing, into animal welfare provision and access to veterinary services for disadvantaged individuals.

Medium-term solutions:

- Increase the number of veterinary students with rural backgrounds.
- Veterinary scholarships for regional rural students.
- Increase the number of accepted international veterinary schools that don't need to sit an entrance exam to practice in Australia.
- Stronger government support financing for animal welfare groups.
- Stronger financial input from government for social and welfare responsibilities of pet ownership (e.g. supporting mandatory desexing).
- Increase veterinary services that nurses under supervision can perform when appropriately trained.
- Universities to have a more broad based selection criteria rather than just academic results. Focusing more on longer term retention and resilience qualities in the entrance criteria .

Additional solutions for consideration:

- Provide compensation or payment to veterinarians volunteering as first responders during natural disasters to offset the financial impact.
- Introduce a veterinary care rebate for qualified benefits recipients (e.g., pensioners, NDIS, socially disadvantaged) to make care more affordable, reducing the need for pro bono services and financially motivated euthanasia.
- Allow veterinarians access to salary packaging to align with human health practitioners and ensure equitable career path decisions for students.
- Subsidise childcare for veterinarians to facilitate greater flexibility and support their return to work.

The role of corporates



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Corporates play a positive role in ensuring the sustainability of the veterinary profession by bringing investment, innovation, expertise, and a scaled solution-based approach that can benefit the entire industry. It is important that regulations and anti-corporate sentiments do not hinder this innovation, but rather encourage and support it.

As the largest provider of veterinary services across Australia and New Zealand, VetPartners contributions include:

- The use of technology to enhance access to veterinary services and provide information and advice to clients.
- Engaging in corporate social responsibility programs that invest in welfare and community initiatives.
- Providing structured career pathways, aiding in long-term retention of veterinarians.
- Prioritising physical and psychological safety and diversity and inclusion
- Utilising technology for workflow efficiencies to improve access to care and promote sustainable caseload management.
- Providing employee benefits, such as parental leave support, to enhance retention rates.
- Investing in and promoting the development of veterinary nurses, involving them more in patient care.
- Supporting rural and regional practices, through technologies like telemedicine and AI remote diagnostics,
- Capital investments into building infrastructure that prioritises safety and meets modern needs for workflow efficiency and team well-being.
- Strong supporters of the Australian Veterinary Association working closely with them to share our workforce data and feedback to align for a stronger profession

Overall, corporates assist with driving innovation supporting the workforce, and advancing the industry's capabilities. While VetPartners has already tackled some issues, additional support is needed to ensure the ongoing sustainability and well being of the profession .