Pet Ownership in Queensland Strata Schemes: Economic, financial, and public health benefits
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Executive Summary

Pets are an integral part of many households with Australia having one of the highest levels of pet ownership in the world. The peak body in Australia representing pet ownership and the pet industry, the Australian Companion Animal Council, estimates as at 2009 there were approximately 33 million pets in Australia: fish (55%); birds (24%); dogs (10%); cats (7%); other (4%). Thirty-six per cent of Australian households own a dog (3.41 million) and 23 per cent of households own a cat (2.35 million).

More recent Roy Morgan Research in 2015 confirms that nearly four in every ten Australians (38%) live in a household with a dog, 23 per cent of households have a cat, while 12 per cent of households have both a dog and a cat with Queensland’s dog and cat ownership being slightly higher than the national average (39% dogs; 24% cats; 12% dog and cat).

The total expenditure by consumers on pets, pet care products and services in Australia in 2009 was $6.02 billion. Of this total pet care expenditure, by far the largest proportion of consumer pet care dollars is spent on dogs ($3.6B/59.7%) and cats ($1.42B/23.5%).

There has been a marked shift in recent years away from traditional detached dwellings to apartment living in cities and larger regional towns. There has also been an increase in the proportion of people living in single-person households and couples choosing not to have children or having fewer children. Pets like dogs and cats are now very much considered integral to many family units, for some being a ‘substitute’ for children while for others a valued companion providing psychological and emotional support and friendship.

However, unlike detached dwellings (houses), strata schemes often do not allow pets or put unreasonable restrictions on the type of pets that may be kept. This means that not only are potential first-time dog and cat owners barred from pet ownership, existing pet owners often are required to give up their beloved pet by having them rehomed or having them euthanised when moving to a strata apartment or townhouse. Thousands of dogs and cats are euthanised each year by local councils and some animal welfare organisations when owners can no longer care for, or own, their pet. Undoubtedly there will be a small proportion of these attributed to moving into strata schemes.

While there is an emotional cost to pet owners when surrendering their beloved pets, such prohibitions and restrictions also have other costs. With some reasonable assumptions, we broadly estimate the economic, financial and public health benefits that would likely be realised with legislative change to allow keeping a dog or cat in Queensland strata schemes by right:

1. Approximately $90 - $180 million of increased expenditure and over 600 new jobs in the lucrative pet industry in the medium term (3 to 5 years).
2. The current approximate $25,000 increase in value and $1,300/year increase in rental income for lot owners of an average $500,000 apartment/townhouse would decrease in some strata schemes making strata purchases and renting more affordable.
3. Budget savings for Queensland Health resulting from better public health outcomes.
Introduction

Queensland has over 42,000 strata schemes with around 393,000 individual lots. At the pace of strata construction in the state in the past 24 months the number of individual lots can be expected to exceed 450,000 in 2017.

In 2014, the Queensland Government commissioned a review of strata laws to modernise the Body Corporate and Community Management Act (1997). Undertaken by the Queensland University of Technology (QUT) Commercial and Property Law Research Centre, the review includes an examination of strata by-laws, including the keeping of pets on strata allotments (apartments, townhouses, etc.). The review is expected to be finalised by the end of the year.

This report focuses on the economic, financial and public health benefits of allowing individual strata dwelling occupiers to keep a dog or a cat on their lot. While there will be other pets that strata residents may like to keep, we focus on these two animal types as they are the most popular pets kept by households.

Queensland strata law for pets

In Queensland, strata schemes (bodies corporate, also known as Owners Corporations in some states) are regulated by way of the Body Corporate and Community Management Act (1997) and its associated regulations (hereafter referred to as the ‘Act’). The Act contains a set of model by-laws which in simple terms provides the body corporate with a standard suite of by-laws which may be applied to the strata scheme. These are often adopted by the ‘original owner’ or developer unchanged or they sometimes will adopt these with minor amendments.

The model by-law for the *Keeping of animals* (with exception to guide, hearing or assistance dogs) is:

(1) **The occupier of a lot must not, without the body corporate’s written approval—**
   - (a) bring or keep an animal on the lot or the common property; or
   - (b) permit an invitee to bring or keep an animal on the lot or the common property.

(2) **The occupier must obtain the body corporate’s written approval before bringing, or permitting an invitee to bring, an animal onto the lot or the common property.**

The current model by-law places the power to allow pets in strata schemes in the body corporate, typically the committee which is elected at the annual general meeting or less often at an extraordinary general meeting. The historical explanation for the power to allow or disallow pets in strata schemes likely is a reflection of a time when animals were not considered ‘part of the family’ but a chattel which at law they still are to this day. However these days, due to more people living in single-person households and more couples choosing not to have children or to have fewer children, pets like dogs and cats are very much part of the family unit.

Strata schemes sometimes allow pets but apply strict criteria such as arbitrary weight limits e.g. 10kg, or prohibitions on the type of pet that may be kept e.g. cat but not dog, as opposed to an outright pet ban.

However, while a strata scheme’s by-law may restrict or prohibit the keeping of pets, the Act requires the body corporate to act *reasonably* in its decisions, both at general meetings in the passing of by-laws and at the committee level where up to seven owners can make certain decisions on behalf of the body corporate, albeit in a limited capacity.

This overarching requirement to act reasonably is often not well understood by bodies corporate and committee members and in this regard there has been a wave of dispute applications over the past few years in regard to the keeping of pets lodged at the Office of the Commissioner for Body Corporate and Community Management which operates a quasi-judicial dispute resolution service. Appeals to decisions by adjudicators, in certain circumstances, can be made to the Queensland Consumer and Administrative Tribunal (QCAT). This has resulted in a number of decisions finding many body corporate pet by-laws invalid resulting in orders to amend them.

Two important decisions are *Body Corporate for River City Apartments [2012]* where the Tribunal (QCAT) determined that a by-law that banned any pets was invalid as it did not regulate use but was an absolute prohibition and *212 on Margaret [2012]* where a by-law that sought to impose a weight restriction on permitted pets may be oppressive or unreasonable.

As part of the QUT strata law review, two options have been put forward by the reviewers to address the issue of pets in strata buildings.

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3 Queensland Government Body Corporate and Community Management Act 1997 [current as at 22 March 2016]  

Option 1 – No change
The first option to address the issue of keeping pets is to maintain the status quo. This means that bylaws about pets will be determined on a case by case basis. By-laws prohibiting pets would continue to be prima facie invalid but this will be subject to a determination by an adjudicator based on the facts at the scheme.
Schemes would be encouraged to adopt the standard pet by-law from schedule 4 of the BCCM Act or to adopt reasonable conditions on keeping pets, based on the circumstances at the scheme. These conditions will have to be reasonable and not arbitrary limitations.

Option 2 – ‘No pets’ by-law
A second option for dealing with pets is to give bodies corporate the ability to pass and enforce a ‘no pets’ by-law which completely prohibits keeping pets in a lot or on common property.
In the River City decision the by-law was held to be invalid because the body corporate has the ability to regulate behaviour, not to prohibit it. The BCCM Act could be amended to expressly give the body corporate the ability to prohibit the keeping of pets in a lot.
It is proposed that a ‘no pets’ by-law should require a resolution without dissent to be adopted, amended or removed. As such, a ‘no pets’ by-law would be unlikely to pass in a scheme where lot owners or occupiers already have pets. The legislation should provide that a ‘no pets’ by-law may not cancel or remove any existing permission given by the body corporate to lot owners or occupiers to keep a pet.

Both of these options rely on the same underlying principle of the power vesting in the body corporate rather than the individual owner or the resident occupying their lot as discussed in the preceding section. A third option should be considered, based on an owners’ rights policy principle, where the owner of a strata dwelling has similar property rights to an owner in a non-strata dwelling e.g. suburban house, except to the extent that common property is involved.

This principle is important for any substantial economic, financial and public health benefit to be realised as it focuses on the positives of pet ownership as opposed to the negatives that can arise from time to time of allowing pets in strata schemes e.g. unreasonable noise from barking and common property soiling or damage, both of which can be mitigated by imposing reasonable conditions on the resident.

This owners’ rights policy principle is acknowledged in respect to the keeping of pets in strata schemes by the peak body Urban Development Institute of Australia Queensland (UDIA Qld) that states:

The Institute is of the view that a resident’s right to own a pet ought to be protected. ‘No-pet’ by-laws should not be allowed and be explicitly identified as invalid in legislation. The only exception to this would be where development approvals prohibit pets (due to proximity to fauna) or other State legislation forbids pets in certain non-residential uses.

By-laws relating to pets should only exist in so far as they relate to nuisance caused by pets and owners. Any such requirements under by-laws should afford owners a reasonable period of time to rectify certain pet behaviours (e.g. barking).

5 Urban Development Institute of Australia (Qld) http://www.udiaqld.com.au/About-Us
Economic, financial and public health benefits of strata pet policy reform

The economic value of strata pet ownership to the economy

The peak body in Australia representing pet ownership and the pet industry, the Australian Companion Animal Council (ACAC)\textsuperscript{7}, estimates as at 2009 there were just over 33 million pets in Australia. The majority of these pets are fish (55%) and birds (24%), with dogs (10%) and cats (7%) comprising 5.76 million of the total number. Thirty-six per cent of Australian households own a dog (3.41 million) and 23 per cent of households own a cat (2.35 million)\textsuperscript{8}.

More recent Roy Morgan Research in 2015 confirms that nearly four in every ten Australians (38%) live in a household with a dog, 23 per cent of households have a cat, while 12 per cent of households have both a dog and a cat with Queensland’s dog and cat ownership being slightly higher than the national average (39% dogs; 24% cats; 12% dog and cat)\textsuperscript{9}.

The total expenditure by consumers on pets, pet care products and services in Australia in 2009 was $6.02 billion. The breakdown of the total expenditure for all pets is shown in Table 1. Of this total pet care expenditure, by far the largest proportion of consumer pet care dollars is spent on dogs ($3.6B/59.7%) and cats ($1.42B/23.5%)\textsuperscript{10}. In other words, approximately $5 billion/year is spent on dogs and cats nationwide.

Table 1: Consumer expenditure on pets, 2009 (Australia)\textsuperscript{11}

<table>
<thead>
<tr>
<th>Item</th>
<th>$million</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pet food</td>
<td>1,826</td>
<td>30.3</td>
</tr>
<tr>
<td>Pet care products</td>
<td>319</td>
<td>5.3</td>
</tr>
<tr>
<td>Pet purchases</td>
<td>616</td>
<td>10.2</td>
</tr>
<tr>
<td>Veterinary services</td>
<td>2,219</td>
<td>36.9</td>
</tr>
<tr>
<td>Pet care services</td>
<td>1,041</td>
<td>17.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,021</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Table 2 shows the breakdown of consumer expenditure by state on dogs and cats which are likely the most common pets in strata schemes where currently allowed. These companion animals are the focus of this report analysis. Consumer expenditure in Queensland on dogs and cats in 2009 was just over one billion dollars ($1.017B).

This represents approximately 20.3 per cent of total expenditure Australia-wide.


\textsuperscript{7} The ACAC includes as member organisations the Australian Veterinary Association (AVA) and the Australian Small Animal Veterinary Association (ASAVA)


\textsuperscript{11} Ibid.
Table 2: Consumer expenditure on dogs and cats by state, 2009 ($M)\textsuperscript{12}

<table>
<thead>
<tr>
<th></th>
<th>NSW/ACT</th>
<th>VIC</th>
<th>QLD</th>
<th>WA</th>
<th>SA/NT</th>
<th>TAS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dogs</td>
<td>1,177.9</td>
<td>882.7</td>
<td>773.6</td>
<td>312.7</td>
<td>347.8</td>
<td>102.3</td>
<td>3,597</td>
</tr>
<tr>
<td>Cats</td>
<td>460.5</td>
<td>366.5</td>
<td>243.5</td>
<td>137.0</td>
<td>158.3</td>
<td>49.2</td>
<td>1,415</td>
</tr>
<tr>
<td>Total</td>
<td>1,638.4</td>
<td>1,249.2</td>
<td>1,017.1</td>
<td>449.7</td>
<td>506.1</td>
<td>151.5</td>
<td>5,012</td>
</tr>
</tbody>
</table>

Table 3 shows estimated employment in the pet care industry in four areas, being pet food manufacturing, pet care products, veterinary services and pet care services. While the table does not breakdown the data into state figures, taking the 20.3 per cent expenditure for Queensland figure previously given, a broad estimate for employment in the pet care industry in Queensland for 2009 is 9,668 employed persons. The actual number of employed persons in Queensland could be higher or lower and would require further investigation however it is our view that the number is unlikely to be significantly lower.

Table 3: Estimated employment in the pet care industry, 2009

<table>
<thead>
<tr>
<th>Industry area</th>
<th>Estimated employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pet food manufacturing</td>
<td>4,543</td>
</tr>
<tr>
<td>Pet care products</td>
<td>16,147</td>
</tr>
<tr>
<td>Veterinary services</td>
<td>20,600</td>
</tr>
<tr>
<td>Pet care services</td>
<td>6,337</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>47,627</strong></td>
</tr>
</tbody>
</table>

From this data and with some reasonable assumptions applied, the increased economic activity can be estimated in terms of expenditure on pets, pet care products and services and employment in the pet industry in Queensland if dogs and cats were not prohibited in any strata dwellings.

The following assumptions are made:

- ten per cent (10%) of strata lots currently have a dog/cat, given historic prohibitions of pets in many strata schemes
- 450,000 lots in 2017
- one dog/cat per lot (max. 450,000)
- expenditure on each dog/cat - $1,000 to $2,000/year\textsuperscript{14}
- one person employed per 136 dogs/cats in Queensland\textsuperscript{15}

\textsuperscript{12} Ibid.
\textsuperscript{13} Ibid.
\textsuperscript{14} ASIC (2015) Getting a Pet. Online https://www.moneysmart.gov.au/life-events-and-you/life-events/getting-a-pet Accessed 28 January 2015. Note: ASIC states the cost of owning a dog over its lifetime ranges from $13,000 to $25,000. Given most dogs do not live past 13 years of age, the expenditure per year is almost certain to be at least $1,000/year and up to around $2,000/year. From ACAC data presented, $1.017B/year on 1,136,700 dogs_cats Qld = $894.00 per dog_cat (year 2009) = $1036.00 per dog_cat (year 2015 assuming 2.5% annual inflation rate)
\textsuperscript{15} Employment in pet care industry
= 47,627 total employed in Australia x 20.3% = 9,668 persons (Qld 2009)
= 10,000 (Qld 2017, estimated)
= 8,320 persons employed Qld for dogs_cats (year 2015) based on 83.2% of pet care dollars = 1 employee per 136 dogs_cats (1,136,700 dogs_cats/8,320 employed)
Table 4 shows the increase in expenditure and employment in increments to a maximum of 50 per cent pet ownership in lots.

Table 4: Increased expenditure & employment with no strata pet prohibition

<table>
<thead>
<tr>
<th>Proportion/no. of pets in lots</th>
<th>Current</th>
<th>No Prohibition</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10%</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>45,000</td>
<td>90,000</td>
</tr>
<tr>
<td>Expenditure</td>
<td>$45M –</td>
<td>$90M –</td>
</tr>
<tr>
<td></td>
<td>$90M</td>
<td>$180M</td>
</tr>
<tr>
<td>Employment (persons)</td>
<td>331</td>
<td>662</td>
</tr>
</tbody>
</table>

*orange shading = most likely scenario in medium term (3 to 5 years)

Allowing pets to be kept by right by strata occupiers (subject to lease agreements) is likely to result in a significant boost to the economy in the medium term (3 to 5 years) from an estimated current high of $90 million/year to a high of $270 million/year with an associated increase in jobs in the pet care industry of over 600 jobs, from 331 to 993 jobs. In the longer term, as pet ownership becomes more normalised, expenditure on strata dogs and cats in Queensland could be expected to be worth nearly $0.5 billion with well over 1000 new jobs created (1,323).

Financial benefit to lot owners of pets in strata schemes

There is significant anecdotal evidence that suggests strata lots that allow pets do better financially compared to those that do not allow pets both in terms of weekly returns on investment (rents) and capital increases (the increase in value of a dwelling).

The peak strata body in Queensland, Strata Communities Australia, lists 13 feedback quotes from real estate agents and industry experts that confirm the financial benefit to strata lot owners in strata schemes with no prohibition on pets.

Successful real estate agent John McGrath in 2014 stated that excluding pets from strata properties is likely to cost owners 5 per cent of the apartment value.

Using this 5 per cent value estimate, Table 5 shows the financial benefit to strata lot owners at four price-points for apartment/townhouses of pet-friendly strata schemes.

Table 5: Financial benefit to strata owners of pet-friendly strata lots

<table>
<thead>
<tr>
<th>Apartment value</th>
<th>$300K</th>
<th>$500K</th>
<th>$800K</th>
<th>$1M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent benefit p.a $</td>
<td>780</td>
<td>1,300</td>
<td>2,080</td>
<td>2,600</td>
</tr>
<tr>
<td>Capital benefit $</td>
<td>15K</td>
<td>25K</td>
<td>40K</td>
<td>50K</td>
</tr>
</tbody>
</table>

*rent based on $300/wk; $500/wk; $800/wk; $1000/wk (not pet-friendly). 5% increase assumed.

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16 Author
19 Author
The above table shows that for an average, and average aged, 2-bedroom apartment in the middle-ring suburbs of the larger capital cities (orange shaded column), there is likely to be an approximate increase in weekly rent of $25 resulting in a yearly increase of $1300 with an apartment value increase of around $25,000 under the current legislation. However, as the proportion of strata schemes that allowed pets increased by way of raised awareness of this financial gain to existing lot owners there would be an associated decrease in this ‘5% factor’.

By amending the legislation in favour of allowing pets in all strata schemes by way of right this would result in a decrease in prices in these particular schemes in favour of consumers making strata purchases and renting more affordable. Only the individual conditions set on pets and facilities available from one strata scheme to another would then determine variations in financial gains to lot owners due to the level of pet ‘friendliness’ of the scheme e.g. off-leash area onsite, dog grooming area and equipment.

**Public health benefits of pet ownership in strata schemes**

The public health benefits of pet ownership in strata schemes are well publicised yet extremely difficult to quantify without detailed modelling. However, there are clear savings to be made for the state government, especially in terms of the Queensland Health budget, if pets were allowed on strata lots as a right of occupancy. The benefits of pets to human health are well documented in the literature. These include\(^\text{20}\):

**Physical Health**
- Cardiovascular health – reduced stress and blood pressure from patting pets, watching fish swim; improved recovery rates from heart surgery
- Physical fitness – exercise walking dogs
- Immune system development - exposure to pets

**Psychological Health**
- Mental health - Owners are less likely to experience loneliness and depression, as pets provide social support (with similar effects to human-human relationships), and provide a sense of purpose; Older people with pets are less stressed by major adverse life events than non-pet owners;
- Child development - Pets may play a role in the social/emotional development of children, including self esteem, autonomy and empathy for others; Children who own pets show increased trust, community feeling, safety, self confidence. responsibility and self enhancement

**Social Health**
- Pets as social enablers – pets are enablers for meeting people, neighbours, etc.; other social opportunities (social clubs, etc.); pet attachment is positively correlated with family cohesion; improves social interaction for the elderly.

One of the more cited studies in the area of the cost savings to government associated with pet ownership is a longitudinal study of the health benefits of retaining and/or acquiring a pet. The study showed that the healthiest population, defined as the group that made the least number of doctor visits in Germany and Australia, were medium to long term pet owners.

The study authors, including Associate Professor Bruce Headey of the Melbourne Institute of Applied Economic and Social Research, suggest that the mechanisms through which pets bring health benefits differ for different population groups e.g. in older people the benefits relate more to companionship; stressed people more to reduced blood pressure; sedentary people to increased exercise; and younger people to better immune systems.

The study showed that for the year 2000 savings were estimated to be Euros 5.59 billion for Germany and $3.86 billion for Australia\(^\text{21}\).

### Policy setting implications for government

Pets are not only good for individual health outcomes, they are good for the economy. Having unnecessary prohibitions or restrictions on allowing pets in strata schemes means less expenditure on pet care and services, many of which create local employment in veterinary practices, grooming services, dog walking, accommodation services (kennels) and the like.

While the calculations in this report are estimates only and an in-depth study would be required to provide more accurate calculations, the takeaway message is that pets are good for the economy, the financial position of strata lot owners, and government bottom lines in terms of decreased public health expenditures.

One option that has not been considered by the current QUT strata review is that the current model by-law in the BCCM Act could be replaced with a section in the Act similar to that adopted by the Australian Capital Territory. The new section would allow for the keeping of one (1) animal without the consent of the body corporate with consent required for any additional animals (other than fish in a fish tank).

The body corporate should be allowed to set reasonable conditions for the keeping of the pets and would ultimately have the authority to require a pet to be removed from the scheme where reasonable notices of warning over a reasonable period of time were provided to the pet owner and where the owner was either unwilling or unable to rectify non-compliances with the conditions.

An example of what might be considered is provided below. It is important to incorporate obligations on pet owners in regard to animal welfare considerations which allow for more successful integration of pets (especially dogs) into strata schemes. This is an area that is missed in other strata legislation in Australia.

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Subject to contrary laws, the owner/occupier may:

(a) Keep one animal (other than fish in a fish tank where you may keep more than one fish), of any breed as long as you notify the body corporate and the animal or breed of animal is not a prohibited or declared a dangerous animal by the proper authority. If you cannot notify the body corporate prior to the keeping of an animal you must notify the body corporate as soon as is practicable e.g. if you are minding the animal for a friend at short notice.

(b) Keep more than one animal if approved by the body corporate. To be clear, permission must be sought and granted prior to the keeping of additional animals.

If you have an animal then you must:

(a) Not allow it onto common property except when entering and exiting the scheme unless authorised by the body corporate.

(b) Keep the animal under control at all times by using a leash, harness or similar device unless otherwise authorised by the body corporate.

(c) Clean and remove any mess left on the common property.

(d) Ensure the animal does not pose a health hazard to other residents by keeping the animal clean, well groomed and regularly provided with appropriate medications to control fleas, worms and the like.

(e) Have regard to the welfare of the animal by ensuring the animal is adequately exercised, stimulated, socialised, watered and fed and provided with adequate shelter from the elements.

(f) Comply with any other reasonable conditions set by the body corporate e.g. requiring an animal to be microchipped; requiring a dog to be muzzled while on common property.

The body corporate may order the removal of an animal from the Scheme land after reasonable notices of warning if the animal is unreasonably disturbing others.
References


Urban Development Institute of Australia (UDIA) Qld http://www.udiaqld.com.au/About-Us
