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# Pet food safety in Australia: economic assessment of policy options

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# Foreword

Pet ownership enhances the economic wellbeing of a large number of households in Australia. In 2009, 1.8 million households kept cats and 2.9 million households kept dogs. In 2008 and 2009, a number of incidents raised concerns about pet food safety in Australia. In response, the Primary Industries Ministerial Council established the Pet Food Controls Working Group to examine mechanisms to manage the safety of imported and domestically produced pet food in Australia.

Pet food safety in Australia is currently self-regulated, with voluntary industry standards applied through the Pet Food Industry Association of Australia (PFIAA). Companies that are members of the PFIAA produce close to 98 per cent of manufactured pet food marketed in Australia. PFIAA's Code of Practice for the Manufacturing and Marketing of Pet Food has recently been replaced by the more stringent Australian Standard for the Manufacturing and Marketing of Pet Food (AS 5812-2011).

This report undertakes an economic assessment of key policy options to manage the safety of prepared pet food for domesticated cats and dogs in Australia. Policy options considered include self-regulation, co-regulation and government regulation. The economic assessment is in three parts—an analytical framework to underpin the economic assessment, an overview of recent broad regulation reform processes in Australia to provide an overarching policy context for the pet food industry, and a discussion of policy options with specific reference to pet food safety in Australia.

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July 2012

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# Summary

Manufactured pet food and other purchased pet food accounts for around half of the food consumed by domesticated cats and dogs in Australia. In 2008 and 2009, a number of incidents raised concerns about pet food safety in Australia. Pet food safety is self-regulated with voluntary industry standards applied through the Pet Food Industry Association of Australia (PFIAA). In March 2011, PFIAA replaced the industry code of practice with a more stringent Australian Standard for the Manufacturing and Marketing of Pet Food (AS 5812–2011).

This report undertakes an economic assessment of policy options to manage pet food safety in Australia. Industry-specific consumer protection addresses information market failures and is particularly relevant to pet food safety issues where the consequences of adverse outcomes can be very high (for example, resulting in deaths of domesticated cats and dogs). Industry-specific regulation options that may be used to supplement generic consumer laws include:

- **Self-regulation**—a market-based approach whereby an industry develops, administers and enforces a workable regulatory framework to achieve accepted performance standards, with minimal prescription by government.
- **Co-regulation**—an approach whereby industry typically develops and administers its own arrangements, but government provides legislative backing to enable the arrangements to be enforced by the industry concerned.
- **Government regulation**—a non-market based approach whereby governments typically adopt highly prescriptive regulations.

In recent years, there has been a broad regulation reform process in Australia that emphasises the important role of self-regulation in avoiding unnecessary regulatory burdens on business and the community more broadly.

The key finding in this study is that self-regulation is likely to be the most cost-effective policy option to manage pet food safety in Australia for a number of reasons:

- **Branding and reputation are important for suppliers in the industry**—repeat purchases are a key feature of the pet food industry, providing strong economic incentives for suppliers to comply with voluntary industry standards.
- **The upgraded voluntary industry standard has drawn on expertise from industry, key consumer groups and government**—the Australian Standard (AS 5812) is the outcome of a technical committee including PFIAA, key consumer groups (the Australian Veterinary Association and RSPCA Australia) and federal, state and territory government representatives.
- **AS 5812 includes independent third-party verification**—this provides consumers with a higher degree of quality assurance regarding the safety of pet food products sold in Australia. Compliance with the Australian Standard can be indicated to consumers through product labelling.
- **AS 5812 includes a product recall mechanism**—the standard includes a quality assurance program with several important features including, for example, recordkeeping of changes and customer feedback, and product tracing and recall procedures.

The critical issue for the future success of the self-regulation approach is the level of uptake and compliance achieved with the Australian Standard. Accreditation to the voluntary industry standard is an investment, increasing the cost structure of the participating firm. To encourage uptake and compliance, the key consumer groups may have an important educational role in providing consumers with clear and concise information on pet food standards and product labelling. This would enable consumers to make more informed choices when purchasing pet food products based on product labelling—in particular, allowing consumers to recognise the price premium associated with achieving a higher quality standard in pet food products.

If significant pet food safety issues arise in the future through, for example, inadequate compliance with the Australian Standard, there may be a need to consider cost-effective options to increase compliance. The preferred approach, at least initially, would be to encourage voluntary compliance with the Australian Standard. However, if this proves unsuccessful, there is always the option to reconsider a co-regulation approach where the Australian Standard is enforced by government.

Overall, substantial progress has been achieved by PFIAA, key consumer groups and government representatives in moving the pet food industry toward a cost-effective and sustainable self-regulation model that provides consumers with a higher degree of quality assurance of pet food products sold in Australia. The future success of self-regulation in the pet food industry will depend mostly on the extent of compliance with the new Australian Standard (AS 5812).

# 1 Introduction

In 2009, there were 5.8 million domesticated cats and dogs in Australia (ACAC 2010). Pet ownership is a feature of a large number of households in Australia—in 2009, 1.8 million households (or 23 per cent of total households) owned cats and 2.9 million households (or 36 per cent of total households) owned dogs. Around half of the food consumed by cats and dogs is manufactured pet food and other purchased pet food; other food is prepared in the home and includes leftovers, table scraps and homemade food (ACAC 2010).

The Pet Food Industry Association of Australia distinguishes between prepared pet food and fresh pet meat (PFIAA 2011):

- **Pet food**—a product that has been heat processed to reduce the microbiological load resulting in extended shelf life. Pet food products include packeted dry food, retorted wet products, snacks and treats, and pasteurised products. Quality requirements for pet food are contained in Australian Standard 5812.
- **Pet meat**—a non-heat processed product with limited shelf life, which may be extended primarily through the use of preservatives. Quality requirements for pet meat are contained in the *Standard for the Hygienic Production of Pet Meat: PISC technical report 88—amended 2009 (PISC 2009)*, previously Australian Standard 4841:2006.

In 2008 and 2009, a number of incidents raised concerns about pet food safety in Australia (see, for example, AVA 2011). In response, the Primary Industries Ministerial Council established the Pet Food Controls Working Group to examine mechanisms to manage the safety of imported and domestically produced pet food in Australia, including mandating of tests or recalls. The Primary Industries Ministerial Council (2009) provided the terms of reference for the working group (pet food safety issues are considered in resolution no. 15.3 on pp. 17–19).

The objective in this report is to undertake an economic assessment of key policy options to manage pet food safety in Australia. This report examines the policy framework for the safety of prepared pet food for domesticated cats and dogs only. Policy options considered in this report include self-regulation, co-regulation and government regulation.

Pet food safety in Australia is currently self-regulated with voluntary industry standards applied through PFIAA. The PFIAA membership produces close to 98 per cent of manufactured pet food marketed in Australia. The PFIAA Code of Practice for the Manufacturing and Marketing of Pet Food has recently been replaced by the more stringent Australian Standard for the Manufacturing and Marketing of Pet Food (AS 5812–2011).

The structure of this report is as follows. Chapter 2 presents background information on pet food consumption in Australia and recent pet food safety incidents. Chapter 3 outlines recent developments in the policy framework for pet food safety. An economic assessment of policy options to manage pet food safety in Australia is then presented in chapter 4 (analytical framework) and chapter 5 (economic implications of policy options).

## 2 Recent economic developments

This chapter contains background information on pet food consumption and recent pet food safety incidents in Australia related to domesticated cats and dogs.

### Pet food consumption in Australia

#### Pet population

In 2009, there were 2.4 million domesticated cats and 3.4 million domesticated dogs in Australia (table 1). The total number of domesticated cats and dogs fell from 6.7 million in 2004 to 5.8 million in 2009, a fall of 3 per cent a year on average. Despite this, pet ownership in Australia is high by international standards, with 23 per cent of households owning a cat and 36 per cent of households owning a dog (ACAC 2010). The United Kingdom and United States are often used for benchmarking recent trends in Australia. Between 2004 and 2009, the pet population increased in both the United Kingdom (by 3 per cent a year on average) and the United States (by 8 per cent a year on average). In 2009, cats accounted for 41 per cent of Australia's pet population, compared with 50 per cent of the UK pet population and 55 per cent of the US pet population.

**Table 1 Pet ownership in Australia, United Kingdom and United States, 2004 and 2009**

	unit	cats		dogs		cats and dogs	
		2004	2009	2004	2009	2004	2009
<b>Australia</b>							
Pet population	million	2.9	2.4	3.8	3.4	6.7	5.8
share of total cats and dogs	%	44	41	56	59	100	100
Households with pet	million	1.8	1.8	2.8	2.9	-	-
share of total households	%	25	23	38	36	-	-
<b>United Kingdom</b>							
Pet population	million	7.2	8.0	6.7	8.0	13.9	16.0
share of total cats and dogs	%	52	50	48	50	100	100
Households with pet	million	4.7	5.2	5.3	6.0	-	-
share of total households	%	22	20	25	23	-	-
<b>United States</b>							
Pet population	million	63.8	93.6	55.0	77.5	118.8	171.1
share of total cats and dogs	%	54	55	46	45	100	100
Households with pet, as a share of total households	%	32	33	38	40	-	-

Source: ACAC 2010.

### Consumer expenditure on pet food

In 2009, consumers spent \$5 billion on products and services for cats and dogs (table 2). Veterinary services was the highest expenditure category (\$2.1 billion or 42 per cent of total expenditure) and pet food was the second highest expenditure category (\$1.7 billion or 34 per cent of total expenditure). Consumers spent \$582 million on pet food for cats (representing 41 per cent of total expenditure on cats) and \$1.1 billion on pet food for dogs (representing 31 per cent of total expenditure on dogs).

**Table 2 Consumer expenditure on pets in Australia, by category, 2009**

	cats		dogs		cats and dogs	
	share of		share of		share of	
	value	total	value	total	value	total
	\$m	%	\$m	%	\$m	%
Pet food	582	41	1107	31	1689	34
Veterinary services	533	38	1576	44	2109	42
Pet purchases	33	2	135	4	168	3
Other products and services	267	19	779	22	1046	21
<b>Total</b>	<b>1415</b>	<b>100</b>	<b>3597</b>	<b>100</b>	<b>5012</b>	<b>100</b>

Source: ACAC 2010.

Between 2004 and 2009, consumer demand for prepared pet food increased overall despite the fall in the pet population. Real pet food sales increased slightly, by around 1.4 per cent a year on average over this period (table 3). Premium pet food sales increased strongly (5.1 per cent a year) between 2004 and 2009, while other pet food sales declined slightly in real terms (-1.0 per cent a year). The share of premium pet food in total sales increased from 36 per cent in 2004 to 43 per cent in 2009. Over this period, there was a strong shift toward premium pet food by both cat owners and dog owners—the share of premium pet food in total sales increased from 33 to 42 per cent for cat pet food and 38 to 44 per cent for dog pet food.

**Table 3 Pet food sales in Australia, by type, 2004 and 2009 (in 2009 prices) <sup>a</sup>**

	cats			dogs			cats and dogs		
	growth			growth			growth		
	2004	2009	rate <sup>b</sup>	2004	2009	rate <sup>b</sup>	2004	2009	rate <sup>b</sup>
	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%
<b>Premium pet food sales</b>									
Wet food	98	143	7.9	192	224	3.2	290	367	4.8
Dry food	85	101	3.5	194	262	6.2	279	364	5.4
Total	183	244	5.9	385	486	4.7	569	730	5.1
<b>Other pet food sales</b>									
Wet food	255	220	-2.8	282	250	-2.4	537	471	-2.6
Dry food	108	110	0.5	207	186	-2.2	315	296	-1.2
Treats and mixers	8	7	-3.7	147	185	4.7	155	192	4.3
Total	370	337	-1.8	637	621	-0.5	1007	958	-1.0
<b>Total pet food sales</b>									
Wet food	352	363	0.6	474	474	0.0	826	838	0.3
Dry food	193	212	1.9	401	448	2.2	594	659	2.1
Treats and mixers	8	7	-3.7	147	185	4.7	155	192	4.3
Total	553	582	1.0	1022	1107	1.6	1575	1689	1.4

<sup>a</sup> Real pet food sales are nominal pet food sales adjusted for inflation, as measured by changes in the consumer price index. <sup>b</sup> Average annual percentage change between 2004 and 2009.

Sources: ACAC 2010, www.rba.gov.au.

## Recent pet food safety incidents

Information on recent pet food safety incidents, presented below, draws on material prepared by the Pet Food Controls Working Group. In 2008 and 2009, there were three major incidents relating to pet food safety in Australia, including paralysis syndrome in cats, tubular nephropathy in dogs and thiamine deficiency caused by sulphite poisoning (AVA 2011):

- **Paralysis syndrome in cats, linked to irradiation treatment of a premium imported pet food**—in late 2008 an unexplained chronic illness and death among Sydney cats was reported in the media to be linked to a gourmet imported pet food, Orijen, manufactured by Champion Petfoods of Alberta, Canada. The company stated that the problem appeared to be restricted to Australia and suggested that an irradiation treatment applied for quarantine purposes may have been a factor. The company has since recalled its products from the Australian market. The Australian Quarantine and Inspection Service (AQIS) and Biosecurity Australia have since withdrawn gamma irradiation as a quarantine treatment option for imported cat food and now require imported dog food subject to gamma irradiation to be labelled 'must not be fed to cats'.
- **Tubular nephropathy in dogs, linked to dog treats and dental chews**—this condition was reported to have occurred in over 100 Australian dogs; the observed morbidity rate was very high and mortality occurred. Pet health issues that appear to be related to the ingestion of 'dry chews' are ongoing and are being investigated further.
- **Thiamine deficiency from sulphites**—this has been reported in Australian cats and dogs for more than twenty years; it is usually caused by the addition of sulphites to various pet meat and pet food products. A number of pet fatalities have been reported, most recently in 2009. It is currently legal to add sulphites to pet meat and pet food products, but the new industry standard (AS 5812) requires sufficient thiamine to be present throughout the shelf life of a pet food product (if necessary, through thiamine supplementation). This issue is discussed further in chapter 3.

In another recent incident, a number of dogs in Western Australia were suspected to have been poisoned after being fed a feral camel meat diet. The camel meat was found to contain varying levels of indospicine, a natural plant toxin which can cause liver toxicity. Dogs have also been poisoned following ingestion of horse meat contaminated with indospicine. An important part of the information dissemination process (for example, from professional organisations such as the Australian Veterinary Association) has been to inform pet food manufacturers and other relevant industries about potential toxicity issues due to natural toxins.

There have also been incidents involving contaminants, such as melamine, in pet food leading to animal sickness and death. In 2007, there were more than 8000 cat and dog mortalities in the United States linked to melamine contamination in pet food imported from China.

## Product recalls and withdrawals

The safety of several pet food products resulted in product recalls and withdrawals in 2008 and 2009 (see [www.ava.com.au](http://www.ava.com.au)). While causal links have not been definitively proven for any of the suspected pet food products, the manufacturers issued voluntary product withdrawals or recalls which remain in force. The voluntary product withdrawals include:

- **Orijen cat food**—voluntary product withdrawal due to suspected neurological problems in cats
- **Kramar Supa Naturals Chicken Breast Strips**—voluntary product withdrawal due to suspected Fanconi-like syndrome in small dogs
- **VeggieDent Chews for Dogs**—voluntary product recall after dogs showed signs of kidney problems.

## 3 Policy framework for pet food safety

This chapter contains a brief overview of the policy framework for pet food safety in Australia, including generic consumer policy and industry-specific arrangements. Two non-government organisations, the Australian Veterinary Association and RSPCA Australia, have been important participants in recent working groups established to address pet food safety issues in Australia. Their key areas of concern and recommendations relating to pet food safety are outlined in the appendix.

### Consumer policy framework

Australia's consumer policy framework provides important overarching protection for consumers. The broad objective of consumer policy is 'to improve consumer wellbeing by fostering effective competition and enabling the confident participation of consumers in markets in which both consumers and suppliers can trade fairly and in good faith' (Productivity Commission 2008a, p. 2).

In Australia, the federal, state and territory governments share responsibility for consumer policy. The generic consumer provisions in the *Competition and Consumer Act 2010* and state and territory fair trading legislation form the basic framework for consumer policy in Australia (Productivity Commission 2008b). These provisions fall into three main categories:

- **prohibitions on certain types of conduct**—includes misleading or deceptive conduct and unconscionable conduct
- **imposition of non-excludable conditions and warranties into consumer contracts**—includes, for example, that goods will comply with their description, and goods will be of merchantable quality (that is, meet a basic level of quality and performance) and be reasonably fit for purpose
- **provisions relating to product safety and product information**—includes provisions that enable governments to ban or recall unsafe goods, require goods to be produced in a certain way or have information marked on or included with goods (safety and information standards), and issue notices about potentially unsafe goods (warning notices).

Safeguarding against unsafe or defective products is an important part of Australia's consumer policy framework. Unsafe or otherwise defective products impose various costs on consumers and the broader community, ranging from simple dissatisfaction with a purchase through to physical injury (Productivity Commission 2008a). Although reputable firms do not intend to produce and market unsafe or defective goods, there are various legal mechanisms to encourage suppliers to market products that meet reasonable standards of safety, quality and performance, including those in the Competition and Consumer Act and other fair trading legislation.

### Voluntary industry standards

The mission of the Pet Food Industry Association of Australia (PFIAA) is to promote standards of excellence in the development of the pet food industry through:

- consideration of the needs of pets and the community
- active promotion of the benefits of responsible pet ownership

- promotion of prepared pet food as the preferred method of pet nutrition, reinforced through establishment and self-regulation of industry standards.

Originally the Pet Food Manufacturers Association of Australia, PFIAA was formed in the late 1960s to develop a single voice for the industry, with a common goal of standardising protocols and procedures and to ensure members met the respective government regulations covering pet food. At that stage, there were numerous regulations that varied between jurisdictions within Australia, and products had to be registered in each state with differing labelling laws. In the late 1980s, importers and associate members were also included to cover the industry more fully, and the association subsequently modified its name to reflect the change of the industry body.

Further background information on PFIAA is available on the organisation's website, [www.pfiaa.com.au](http://www.pfiaa.com.au).

Voluntary industry standards have progressed through three stages:

- **Position statements**—the initial approach by the association was to develop numerous position statements (an example is the commitment to ban whale meat as a pet food ingredient).
- **Code of practice for the manufacturing and marketing of pet food**—a code of practice evolved through discussion with the membership in the 1970s and was first published in the early 1980s. The code included standards relating to methods of manufacture, labelling, marketing, nutritional design and claims. The code was intended to protect consumers and the public by providing for control over potential hazards to animal health that might be associated with pet food, as well as potential hazards to human health that might arise from cross-contamination from pet food to human food. In March 2011, the code was replaced by a more stringent Australian Standard.
- **Australian Standard for the Manufacturing and Marketing of Pet Food (AS 5812-2011)**—launched in March 2011, the Australian Standard includes standards for manufacturing, labelling, marketing and nutrition as well as guidelines on purchasing pet food ingredients (Standards Australia 2011). The code of practice was used as the basis for development of the new Australian Standard.

The Australian Standard was prepared by a Standards Australia committee (Committee FT-033, Pet Food) which included representatives from:

- Australian Quarantine and Inspection Service
- Australian Veterinary Association
- Australian Government Department of Agriculture, Fisheries and Forestry
- Department of Primary Industries, Victoria
- Pet Food Industry Association of Australia
- RSPCA Australia.

Standards Australia is an independent, not-for-profit organisation, recognised by the Australian Government as the peak non-government standards body in Australia—further information is available at [www.standards.org.au](http://www.standards.org.au).

The objective of AS 5812 is to provide requirements for the manufacture and marketing of pet food intended for consumption by domesticated cats and dogs (Standards Australia 2011). The focus of the standard is on the safety of multi-ingredient, manufactured food for feeding to pets, and on ensuring products are accurately labelled and do not mislead purchasers. The standard has been developed in response to recent pet food safety concerns. Before its approval, the standard was issued in draft form for public comment.

The standard is intended to:

- protect consumers and the public by providing for control over potential hazards to animal and human health
- provide for the production of products of consistent quality through procedures for the management of complaints, reporting of issues and initiation of product recall as necessary
- protect the interests of consumers and the public and to enhance goodwill toward the industry
- ensure that the Australian pet food industry maintains its position of international leadership, particularly by providing more meaningful information to Australian pet owners and by addressing specific regulatory requirements for pet food safety.

PFIAA has published information on the audit and accreditation program for members and a reference list of contaminants and residues in pet food and ingredients with safety risks, for use in determining safe use of ingredients (see [www.pfiaa.com.au](http://www.pfiaa.com.au)). PFIAA will provide voluntary accreditation of member pet food manufacturing establishments that comply with the Australian Standard. The Australian Standard audit and accreditation program is based on independent audits and includes the following:

- **Certification**—PFIAA will issue accreditation certificates (to AS 5812) for its members on receipt of the PFIAA audit report form duly signed by an approved third-party auditor. Accreditation status will be conferred if an auditor reports that the establishment complies with the standard within the limits specified in the standard and if, in the opinion of the auditor, the establishment operates a satisfactory quality assurance program. Accreditation listing will be made available to government to demonstrate commitment to the new standard.
- **Listing of accredited members**—PFIAA will list accredited members on its website. In order to allow for at least one audit cycle to be completed (that is, 12 months), listing of accredited members will occur after March 2012.
- **Members' use of AS 5812 compliance on marketing materials and products**—members who are accredited to AS 5812 (as above) may use the following descriptor on products and marketing materials where products have been manufactured on a site which complies with accreditation criteria: 'Accredited to AS 5812'.

PFIAA argues the continuation of industry self-regulation, with reference to the Australian Standard verified by regular auditing, should be the preferred option for the regulation of the pet food industry.

## Other arrangements

### ***Standard for the Hygienic Production of Pet Meat: PISC technical report 88—amended 2009***

This standard was previously published as Australian Standard for the Hygienic Production of Pet Meat AS 4841:2006, but Standards Australia is no longer involved in the endorsement and publication process for this standard (PISC 2009).

Based on information provided by the Pet Food Controls Working Group, the standard applies to the processing of all animals used in the production of pet meat, including:

- the production of frozen and fresh pet meat derived from animals slaughtered and processed at a processing establishment, as well as wild animals killed in their natural environment
- the production of raw material that must be subject to thermal processing before sale (that is, red-banded).

The standard contains the minimum requirements for hygiene in harvesting, transportation, processing, identification, packaging and storage. Provision is also made in the standard for the use of fallen stock.

### **Imported pet food and international standards and obligations**

The Australian Quarantine and Inspection Service (AQIS) is responsible, from a quarantine perspective only, for the regulation of imported pet food. Under World Trade Organization (WTO) obligations, Australia is required to apply import measures that are consistent with the relevant international standard unless otherwise justified by scientific risk assessment, and to apply import measures that are no more stringent than those applied domestically. Based on information provided by the Pet Food Controls Working Group, there is currently no international standard for pet food safety and no existing mandated domestic controls. AQIS does not have the legal authority to regulate the safety of imported pet food other than for quarantine safety.

### **Exported pet food**

AQIS is responsible for the regulation of exported pet food. AQIS provides export inspection and certification to provide assurances on Australia's highly favourable animal, plant and human health status, that enables wide access of food products to overseas export markets.

## 4 Analytical framework and recent regulation reform in Australia

This chapter contains an analytical framework to underpin the economic assessment of policy options for pet food safety, and an overview of recent broad regulation reform processes in Australia.

### Defining pet food safety

In a 2009 review of business regulation in food safety, the Productivity Commission (2009, p. 4) noted that food-related regulation ‘has a number of objectives, including: the protection of public health and safety; ensuring export market access and protecting the international reputation of food products; providing consumers with information to enable informed choices; and preventing misleading and deceptive conduct’. The Productivity Commission focused on regulations directed at food safety, defined as those regulations concerned with reducing the direct risk of an adverse effect from eating food. This includes food safety regulations aimed at:

- preventing food-borne illnesses
- preventing foreign objects and contaminants entering food
- minimising the risk of physical harm from chemicals in food.

Regulations directed at health outcomes—that is, food regulations concerned with reducing and minimising indirect risks of harm or adverse impacts from eating food—were outside the scope of the review. The Productivity Commission acknowledged, however, that many food regulations have multiple objectives and the boundaries between food safety objectives and other objectives are not always clear.

In this study, pet food safety is mainly concerned with reducing the direct risk of an adverse effect on animal and human health—the risk to animal health occurs from eating pet food and the risk to human health occurs through cross-contamination in the food chain. Pet nutrition is also an important consideration, however, and is explicitly included in PFIAA’s mission statement (chapter 3).

### Sources of market failure

The failure of private markets to produce a socially optimal level of goods and services provides the economic rationale for considering government intervention. Market failures may arise, for example, when markets are not highly competitive (imperfect competition), where there are unpriced by-products from production (such as negative spillover effects to third parties, referred to as negative externalities) or where consumers have inadequate information about the quality of products (information market failures).

The primary potential market failure in pet food safety relates to the provision of information to consumers. Information market failures, which can result in suboptimal market outcomes, comprise:

- **Information gaps**—consumers are provided with an inadequate level of information about the quality of a product.
- **Limits on the capacity to use information**—even with access to sufficient information, consumers may not be able to effectively use that information; that is, the capacity to make optimal decisions may be diminished because of limited knowledge and processing abilities (referred to as 'bounded rationality' in the economic literature).

The most important information market failure relates to the credence attributes of products. As noted by Karl and Orwat (1999) and others, products and product attributes can be grouped into three categories:

- **Search**—product attributes may be checked by searching the product before purchase (for example, by looking at or feeling the product).
- **Experience**—product attributes may be checked after the product is consumed or experienced (allowing consumers to learn through experience and adjust their spending patterns accordingly).
- **Credence**—claims about product attributes may not be reasonably checked by consumers at all, even after consumption (this is related to the adverse selection problem, which in this case occurs when an individual is uncertain about the quality of a product both before and after purchase; producers of 'good' products are not sufficiently rewarded for quality because consumers cannot discern between 'good' and 'bad' products).

The quality attributes of a product that relate to pet food safety are typically in the credence category. For example, without reliable product labelling, consumers would not have information about the nutritional content of a pet food product.

## Policy options

### Information policies—product labelling

A range of information and education policies, such as product labelling and certification programs, may be considered to address information market failures (see references provided in, for example, Hogan and Thorpe 2009). Information instruments may improve pet food safety by promoting more informed choices.

There are three types of product labels, which vary according to the approach used to signal information on credence attributes to consumers:

- **Type I labels are criteria based, third-party certification programs**—these labels signal to consumers that criteria, which define a minimum quality level, have been met with verification by a reputable independent organisation.
- **Type II labels are information self-declaration programs.**
- **Type III labels are quantified product information label programs, using preset indices**—these labels are report cards that provide more information to consumers on the quality attributes of the product.

The label—'Accredited to AS 5812'—which PFIAA members may use to indicate compliance with the industry standard, including independent third-party verification, is a Type I label. Nutritional claims in compliance with section 3.3 of AS 5812, such as 'nutritionally complete' or 'not nutritionally complete,' would fall within this category.

Other examples of Type I labels include organic certification, the FAIRTRADE mark and the dolphin-safe tuna label (these are all eco labels—that is, labels which provide information on the environmental attributes of a product) and the Heart Foundation tick (a non-eco label). An example of a Type II label is the free-range eggs label (where not certified by a third party). Examples of Type III labels include the energy star ratings label, the water star ratings label (eco labels) and nutrition labels (non-eco labels).

## Regulation options

Industry-specific consumer regulation may be used to supplement generic consumer laws. This is the case, for example, in food safety, which is administered by Food Standards Australia and New Zealand (FSANZ) (Productivity Commission 2008b).

Industry-specific regulation options include:

- **Self-regulation**—a market-based approach whereby an industry develops, administers and enforces a workable regulatory framework to achieve accepted performance standards, with minimal prescription by government (Banks 2003). Self-regulation may include service charters, accreditation, certification, standards, codes of conduct and dispute resolution schemes (for example, the Banking Code of Practice and professional accreditation of accountants).
- **Co-regulation**—an approach whereby industry typically develops and administers its own arrangements, but government provides legislative backing to enable the arrangements to be enforced by the industry concerned.
- **Government regulation**—a non-market based approach whereby governments typically adopt highly prescriptive regulations.

Non-regulatory options include, for example, education campaigns through which governments provide information to educate and assist consumers, including publications on key consumer issues and alerting the public to product safety concerns and scams. Consumer representative bodies also play an important role in this area by providing general advocacy (some of these groups also offer advice and assistance to consumers on an individual basis).

Information market failures provide the economic justification for considering policy intervention in pet food safety. A common approach adopted in regulation reviews is to assess the cost-effectiveness of regulation options—see Productivity Commission (2011) for background information on methods for identifying and evaluating regulation reforms.

## Regulation reform in Australia

An overview of recent broad regulation reform processes in Australia provides an overarching policy context for the pet food industry, including consideration of regulation options to manage pet food safety. Broad regulation reform processes in Australia since the 1980s indicate the importance of an analytical framework to underpin reviews of regulation options. In recent decades there have been three main economic reform processes in Australia (Productivity Commission 2011):

- **Deregulation of trade, financial and foreign exchange markets in the 1980s**—opened the Australian economy to international markets.
- **Competition policy reform**—included major reforms to public monopolies in key infrastructure service areas and other government businesses, culminating in the National Competition Policy which was implemented over the period 1995 to 2005 (see, for example, Productivity Commission 2005).
- **Reducing regulatory burden on the Australian economy**—in recent years the Council of Australian Governments (COAG) has sought to reduce the costs to business, and the community more broadly, that arise from differences in regulation across jurisdictions in Australia. The Seamless National Economy initiative seeks to improve the national coherence of regulation and reduce its costs while maintaining or enhancing its effectiveness.

Australia's National Reform Agenda is the successor program to the National Competition Policy—the regulatory stream of the National Reform Agenda of COAG focuses on reducing the regulatory burden imposed by the three levels of government:

COAG agreed that effective regulation is essential to ensure markets operate efficiently and fairly, to protect consumers and the environment and to enforce corporate governance standards. However, the benefits from regulation must not be outweighed by the costs imposed and there should be no unnecessary compliance costs (Productivity Commission 2009, p. xiii).

Australia's food regulations are an example of the shift in focus of regulatory requirements:

Over the past 10 to 20 years, the focus in written food regulations has shifted from prescriptive regulation towards outcome and training requirements that increase the awareness and understanding of those in food enterprises who can improve outcomes. Such culture changing approaches should achieve greater self-regulation by businesses (Productivity Commission 2009, p. xvi).

## 5 Economic implications of policy options

This chapter examines the economic implications of self-regulation, co-regulation and government regulation options with specific reference to pet food safety in Australia. A general discussion of the economic role of industry-specific consumer protection is presented first.

### Economic role of industry-specific consumer protection

As outlined in chapter 4, industry-specific consumer protection ranges from self-regulatory arrangements which suppliers comply with on a voluntary basis (self-regulation), to more prescriptive controls on supplier behaviour or product characteristics (co-regulation and government regulation). The latter options include, for example, mandatory information disclosure requirements, licensing requirements for service providers and direct controls on price and product quality (Productivity Commission 2008b).

Industry-specific consumer protection is justified if it provides a net benefit to society. The objective in industry-specific arrangements is to provide more effective and certain consumer protection than would apply under the generic provisions alone. The Productivity Commission argues that:

taking action after the event under generic law may not provide adequate consumer protection where:

- the risk of consumer detriment is relatively high and/or the detriment suffered if things go wrong is potentially significant or irremediable (the primary reason why specific regulation is employed in the medical and consumer credit areas); and/or
- the suitability and quality of services is hard to gauge before or even after purchase—the ostensible rationale for many other professional licensing regimes and ‘objective’ standards for technically complex products (Productivity Commission 2008b, p. 83).

The Productivity Commission (2008b) further argues that well-designed industry-specific regulation can enhance consumer wellbeing and provide greater certainty to suppliers of goods and services about their obligations. Industry-specific consumer protection, if implemented, should conform to some fundamental design principles, including:

- the activities covered are clearly identified
- its requirements complement, rather than duplicate, generic provisions
- its requirements are sufficiently flexible to accommodate changes in the market concerned.

Both the benefits and costs of industry-specific consumer protection need to be assessed. Industry-specific consumer protection typically results in higher compliance burdens and may also have indirect costs, including restricting the entry of new suppliers or products to a market, or impeding process innovation. In recognition of these costs, the Productivity Commission (2008b, p. 84) argues it is important to establish the need for specific consumer regulation and evaluate viable alternatives, including the scope to employ self-regulation or co-regulation which may ‘provide a less costly way of augmenting generic consumer protection measures than “blackletter” specific regulation’.

## Self-regulation

Broadly defined, self-regulation is the acceptance of mutual obligations by firms in an industry or by members of a profession (Industry Commission 1993). These obligations are usually adopted and administered as an industry initiative and are embodied in an industry ‘code of practice’ or a professional ‘code of conduct’ to complement federal, state and territory laws and regulations. As outlined by the Industry Commission, self-regulation may deal with a range of matters, including:

- *membership* eligibility criteria, for example, for professional qualifications or type of business activities;
- *geographic coverage*—national, state or local;
- *standards* prescribed for business premises, equipment, training and qualifications, terms and conditions of trading, industrial and consumer safety;
- *complaint-handling procedures* which specify how complaints are to be dealt with and what avenues of appeal are available;
- *product recall procedures* which specify the circumstances in which products should be recalled and the procedures to be followed;
- *representation of industry views* on all matters of concern to the industry or profession; and
- *pricing and costing assistance* (Industry Commission 1993, pp. 269–70).

The Industry Commission notes that, while many industries and professions have established self-regulatory codes on their own initiative, in some instances they establish them to reduce the political pressure on government to regulate:

governments have recently encouraged certain industry groups to develop self-regulatory codes to overcome particular problems in the market-place rather than have the government itself regulate to attempt to solve the problem. For example, the television industry has been encouraged to develop a self-regulatory code relating to advertising time limits, although the *Broadcasting Services Act 1992* provides the Australian Broadcasting Authority (ABA) with the power to overturn the industry code if ‘there is convincing evidence that a code of practice ... is not operating to provide appropriate community safeguards’ (Industry Commission 1993, p. 270).

The market problems that best suit self-regulation relate to inadequate information—information ‘may be inadequate where it is misleading, where consumers are unable to evaluate it, where the cost of misinformation is high, or where it is very costly for firms (or professional members) to provide’ (Industry Commission 1993, p. 270).

There are various market responses to information market failures. Importantly, in a market where there are repeat purchases, such as the pet food industry, sellers have the opportunity to build and maintain reputations for high-quality supply (Productivity Commission 2008b). Suppliers of good quality products have an economic incentive to distinguish their products from those selling poorer quality items through branding and reputation—the economic incentive exists to the extent that consumers are willing to pay a price premium for a higher quality product.

Self-regulation is a market response to information market failures. Suppliers will comply with self-regulation when it is in their interests to do so, and this is more likely to be the case when industry members receive significant reputation benefits as a result of compliance (Productivity

Commission 2008b). Self-regulation is likely to be most effective if compliance with adequate performance standards can be independently verified and if the penalties are significant relative to the costs of poor performance (for example, through loss of reputation as a reliable supplier of products that meet industry standards). Where these criteria are met, self-regulation can be a cost-effective alternative to government intervention (Banks 2003). Self-regulation is also likely to be effective in mature, concentrated markets where it is easier for other firms to highlight breaches of industry standards (Industry Commission 1993).

Since industry codes or standards are often developed by suppliers in consultation with consumers or consumer groups, problems can often be quickly identified and rectified and changes made to the codes or standards, if required (Productivity Commission 2008b). Voluntary codes can sometimes provide for more immediate redress than formal regulatory provisions—for example, the Scanning Code of Conduct provides a transparent and quick way for consumers to resolve issues relating to overcharging at supermarket checkouts.

Banks argues that self-regulation:

has the virtue of allowing much greater freedom by an industry about the ‘whats and hows’ of regulation, including dispute resolution. It economises on administration costs to government and utilises specialist industry information more efficiently than command and control type rules. Self-regulation is used widely (advertising, real estate, financial services, telecommunications, many professions, and funeral directors) (Banks 2003, pp. 18–19).

Self-regulation has the potential to be a less costly alternative to government regulation for addressing problems in the marketplace. The Industry Commission notes that:

While regulation has legislative authority, regulatory agencies often have insufficient information to devise appropriate regulation, and government regulation can be costly to enforce and slow to change. Self-regulation lacks legal backing, but can be developed and monitored through existing industry channels and is relatively easily tailored to suit specific geographical or other needs. (Industry Commission 1993, p. 270).

## Co-regulation and government regulation

Self-regulatory codes will not always be appropriate, particularly where enforcement mechanisms are inadequate or where self-regulatory codes have the potential to be used as an anticompetitive tool by, for example, restricting supply and the range of products to increase prices (Industry Commission 1993). In such cases, regulation with government involvement through co-regulation or comprehensive regulation will tend to be preferable to self-regulation by industry (provided industry-specific consumer protection results in a net benefit).

### Co-regulation

Enforcement problems under self-regulation can sometimes be effectively addressed through co-regulation where industry standards are enforced through legislation or as a condition of operating in the industry. Enforced codes, which will usually include a binding dispute resolution mechanism, include those in the telecommunications and banking sectors, and the therapeutic goods advertising code (Productivity Commission 2008b).

Since co-regulation continues to utilise industry expertise, it may retain some of the advantages of a self-regulatory regime, including minimising unintended consequences and costs. However, the Productivity Commission notes that:

the benefits of co-regulation will largely depend on the circumstances of the industry. Ultimately, there may be only a limited distinction between co-regulation and ‘black-letter’ regulation

introduced by the government after extensive consultation with consumers and the sector concerned (Productivity Commission 2008b, p. 85).

## Government regulation

Government regulation is a non-market approach to address a market failure—these are typically ‘command and control’ approaches that are often highly prescriptive (Banks 2003). Government regulation is not a cost-effective option where markets offer the potential for achieving regulatory objectives more efficiently (at lower cost) than prescriptive regulations.

As noted by the Productivity Commission (2008b), the cost of government intervention can be significant and take various forms; for example:

- Businesses incur compliance costs in altering their activities to meet regulatory and other requirements—variations in these requirements across jurisdictions will magnify these burdens.
- Policies that involve a lessening of market competition (for example, licensing requirements) are likely to diminish incentives for efficiency and innovation.
- Policies that involve regulating quality can reduce the range of products available in the marketplace.
- If the institutional and procedural arrangements giving effect to the policy framework are poorly configured, the framework itself can be a source of considerable cost—two examples are lack of responsiveness to changing market and other circumstances, and wasted effort in policy formulation and related activities.

Over time, most of these costs will be borne by consumers in the form of higher prices and less choice.

Regulatory burdens relate to the costs imposed by government regulation that, in their absence, would otherwise not arise for businesses (Productivity Commission 2009). For regulation to achieve its objectives, it is usually necessary that some burden is placed on business. However, where regulations are poorly designed, or their enforcement and administration is not implemented well, they may impose greater burdens than necessary on business to achieve their objectives. As noted by the Productivity Commission, unnecessary regulatory burdens might arise from:

- excessive coverage of the regulations, including ‘regulatory creep’—that is, regulations that encompass more activity than was intended or required to achieve their objective
- subject-specific regulations that cover much the same ground as other generic regulation
- unduly prescriptive regulation that limits the ways in which businesses may meet the underlying objectives of regulation
- unwieldy licence application and approval processes
- excessive time delays in obtaining responses and decisions from regulators
- rules or enforcement approaches that inadvertently provide incentives to operate in less efficient ways
- unnecessarily invasive regulator behaviour, such as overly frequent inspections or information requests
- an overlap or conflict in the activities of different regulators (Productivity Commission 2009, p. 9)

As noted by the Productivity Commission:

There are a number of market features which may reduce the likelihood of a market-based solution emerging, in particular where:

- repeat transactions are rare, reducing the benefits to firms of having satisfied customers;
- entry and exit costs to the industry are low, leading to the possibility of ‘fly-by-night’ operators with little to lose from a poor reputation; and
- there are limits to the ability of consumers to obtain common law remedies, including where the costs to consumers of an unwise decision are delayed or potentially catastrophic, making a court judgment an unsatisfactory resolution; and the cost of obtaining a resolution through the courts is likely to be high, reducing the incentive for consumers to pursue the issue (Productivity Commission 2008b, p. 32).

When industry members do not receive significant reputation benefits as a result of compliance or if breaches are difficult to detect, incentives to comply with voluntary industry standards are reduced. Even where there is a commitment from an industry body to enforce standards, supported by the bulk of its membership, application to ‘rogue traders’ may not be possible (Productivity Commission 2008b). Under self-regulation, effective enforcement can also be an issue if the self-regulatory arrangement lacks a binding, independent dispute resolution mechanism.

## Implications for Australia’s pet food industry

Industry-specific consumer protection in the pet food industry is justified because it is likely to provide more effective and certain consumer protection than would apply under Australia’s generic consumer policy framework alone. Industry-specific consumer protection addresses information market failures (chapter 4) and is particularly relevant to pet food safety issues where the consequences of adverse outcomes can be very high (for example, resulting in deaths of domesticated cats and dogs).

Australia’s pet food industry has adopted industry-specific consumer protection mechanisms through self-regulation since its inception in the late 1960s. As noted in chapter 3, voluntary industry standards applied by PFIAA (and its predecessor organisation) have evolved from various position statements to the publication of a code of practice in the early 1980s and, in March 2011, the adoption of an Australian Standard (AS 5812).

Consistent with the recent regulation reform process in Australia (chapter 4), where possible, self-regulation is the preferred approach to industry-specific consumer protection to avoid unnecessary regulatory burden on business and the community more broadly.

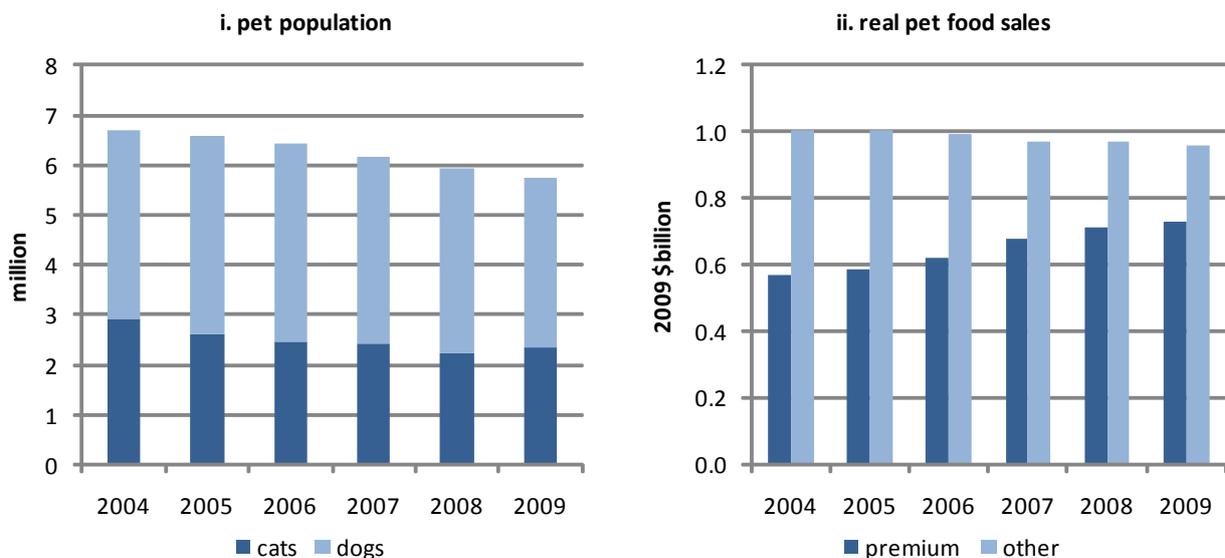
Self-regulation is a market response to information market failures and is likely to be the most cost-effective policy option to manage pet food safety in Australia for a number of reasons, including, most importantly:

- **Branding and reputation are important for suppliers in the industry**—repeat purchases are a key feature of the pet food industry, providing strong economic incentives for suppliers to comply with voluntary industry standards. In recent years, despite the fall in the population of domesticated cats and dogs in Australia (figure 1i), there has been relatively strong growth in sales of premium brands of pet food products (figure 1ii). The voluntary withdrawal of products associated with recent pet food safety incidents also indicates the importance of maintaining reputation for suppliers of pet food (chapter 2).

- **The upgraded voluntary industry standard has drawn on expertise from industry, key consumer groups and government**—the Australian Standard (AS 5812) is the outcome of a technical committee including PFIAA, key consumer groups (the Australian Veterinary Association and RSPCA Australia) and federal, state and territory government representatives.
- **AS 5812 includes independent third-party verification**—this provides consumers with a higher degree of quality assurance regarding the safety of pet food products sold in Australia. Compliance with the Australian Standard can be indicated to consumers through product labelling.
- **AS 5812 includes a product recall mechanism**—the standard includes a quality assurance program with several important features including, for example, recordkeeping of changes and customer feedback, and product tracing and recall procedures.

Member companies of PFIAA account for close to 98 per cent of pet food sales in Australia. Although members are not required to adopt the Australian Standard, members who choose to become accredited to the standard may use the product label, 'Accredited to AS 5812', to inform consumers about the quality attributes of the pet food product (chapter 3). This product label, based on independent third-party verification (Type I label), provides consumers with a higher quality assurance than a product label based on industry self-declaration (Type II label) (chapter 4).

Figure 1 Pet population and pet food sales for cats and dogs in Australia, 2004 to 2009



Source: ACAC 2010.

The critical issue for the future success of the self-regulation approach is the level of uptake and compliance that will be achieved with the Australian Standard. Accreditation to the voluntary industry standard is an investment, increasing the cost structure of the firm. To encourage compliance, the key consumer groups may have an important educational role by providing consumers with clear and concise information on pet food standards and product labelling. This would enable consumers to make more informed choices when purchasing pet food products based on product labelling—in particular, allowing consumers to recognise the price premium associated with achieving a higher quality standard in pet food products.

If significant pet food safety issues arise in the future through, for example, inadequate compliance with the Australian Standard, there may be a need to consider cost-effective options to increase compliance. The preferred approach, at least initially, would be to encourage voluntary compliance with the Australian Standard. However, if this proves unsuccessful, there is always the option to reconsider a co-regulation approach where the Australian Standard is enforced by government.

One of the most prominent safety issues that has been raised by the key consumer groups is the use of sulphite preservatives in fresh pet meat for cats and dogs. The use of sulphite preservatives in fresh pet meat is a widespread practice by Australian pet meat producers. Where sulphite-treated pet meat is the sole or predominant source of food, pets risk nutritional deficiencies, particularly the potentially fatal thiamine deficiency. Three options are available to prevent this problem:

- thiamine can be added to the pet meat
- the preservative can be not used
- product labelling can be used which clearly identifies the product is nutritionally incomplete and, if used as the predominant or sole source of a pet's diet, risks the potentially fatal thiamine deficiency.

Currently, no market or industry incentives exist to address the issue of sulphite preservatives in pet meat. The Australian Standard for pet food does not cover pet meat nor is there a representative pet meat industry body as there is for pet food. The current standard for pet meat does not provide for ensuring that fresh pet meat has adequate thiamine through the shelf life of the meat. Nor do all states and territories enforce this standard or reference it in their regulations. One option that could address this issue is to update the standard for pet meat in *PISC technical report 88* to ensure that pet meat has adequate thiamine through its shelf life, and ensuring state and territory governments agree to implement the updated standard for pet meat.

Overall, substantial progress has been achieved by PFIAA, key consumer groups (Australian Veterinary Association and the RSPCA) and government representatives in moving the pet food industry toward a cost-effective and sustainable self-regulation model that provides consumers with a higher degree of quality assurance about pet food products sold in Australia. The future success of self-regulation in the pet food industry will depend most importantly on the extent of uptake and compliance with the new Australian Standard (AS 5812).

# Appendix: Recommendations from key non-government organisations

The Australian Veterinary Association (AVA) and RSPCA Australia are participants in both the Pet Food Controls Working Group established by the Primary Industries Ministerial Council and the Australian Standard Working Group, an industry–stakeholder working group established by Standards Australia. Both groups address safety issues regarding domestic and imported pet food and fresh ‘pet meat’ products. This appendix provides an overview of recommendations on the policy framework for pet food safety in Australia, drawing directly on information from the website for each non-government organisation (see AVA 2011, RSPCA 2011 and other information available at [www.ava.com.au](http://www.ava.com.au) and [www.rspca.org.au](http://www.rspca.org.au)).

## Australian Veterinary Association

The AVA provides advice on all aspects of animal health and welfare policy in Australia. The AVA recommends that all pet foods be comprehensively labelled to include ingredients and levels of preservatives, all additives and metabolisable energy density. Additionally, the AVA recommends that:

- The addition of sulphites should be banned from all pet foods.
- The term ‘pet food’ should be used consistently to refer to all pet food, including pet meat.
- Stringent and mandatory standards for pet foods should be established—this should encompass labelling requirements and include a process for product recall in response to adverse events. Compliance with the standard should be auditable, be consistent across all Australian states and territories, and apply to all products sold for consumption by pets.
- There should be an effective mechanism for reporting adverse effects, including mechanisms for compulsory and rapid recall of pet food that causes the adverse effects, and establishment of a process for investigating disease outbreaks associated with pet food, with the aim of limiting their scale and impact.
- The pet food industry should work with the AVA and the veterinary community to establish tools for veterinarians to use in identifying the potential for disease from contaminated pet food, to aid in more rapid diagnosis and appropriate analysis to rapidly identify incidents.

The AVA indicated that, following the rapport developed through participation in the working groups, pet food industry representatives suggested there should be an ongoing collaboration between representatives of the veterinary profession and the pet food industry. The first of these was held in August 2010, with a commitment to meet face to face on a six-monthly basis. The improved communication between veterinarians and the pet food industry has the potential to proactively identify areas of concern relating to both imported and locally manufactured foods.

The AVA states that an Australian Standard is a published document that sets out specifications and procedures designed to ensure products, services and systems are safe, reliable and consistently perform the way they were intended to. Although an Australian Standard is not law, it will set the standard for safety and quality of pet food sold in Australia.

## RSPCA Australia

RSPCA Australia considers companion animal nutrition to be one of the most important aspects of pet care. Therefore, RSPCA Australia advocates the comprehensive regulation of the pet food and pet meat industries along the entire supply chain. This should include an independent adverse reporting system, systems to ensure product safety, and reliable and accurate labelling of pet food products to inform pet owners about any ingredients and/or treatments that pet food products may have been subjected to.

Specific areas to be addressed in regulation across all types of pet food, including pet meat, are:

- ingredients of pet food, including whether preservatives are added and the volume permitted
- treatments applied to pet food such as gamma irradiation
- legal requirement for all complementary pet foods (that is, those that are not complete and balanced) to contain adequate thiamine levels, at the same level required for complete and balanced pet foods and according to Association of American Feed Control Officials (AAFCO) adequate thiamine recommendations
- safety assessments for both imported and domestic pet food products
- labelling information relating to ingredients, additives, complete versus incomplete pet food and treatments applied such as gamma irradiation
- formal adverse reporting system.

Two recent issues highlighted the need for more stringent regulations with regard to product safety standards—the irradiation of imported Orijen pet food, which has been linked to severe feline neurological disease with a number of cats dying or being euthanased, and imported chicken jerky treats, which have been associated with serious kidney disease in dogs, particularly small breed dogs.

### Irradiation

RSPCA Australia's position is that pet food should not be irradiated. Since late 2009, there has been a ban on the irradiation of imported cat food and RSPCA Australia commended the then Agriculture Minister, Tony Bourke, for implementing this ban. The ban followed scientific evidence and the 'Orijen cats' cases, which showed an association between ingestion of irradiated imported cat food and severe neurological impairment, which in some cases was fatal. There is also a requirement that irradiated imported dog food be labelled 'must not be fed to cats'.

RSPCA Australia would like to see a ban on the irradiation of all pet food for a number of reasons. Despite label warnings, irradiated dog food may still present a risk to cats that ingest irradiated dog food in a multispecies household. Some of the 'Orijen cats' only had access to irradiated dog food, not cat food. In addition, there may be as-yet-unidentified health effects on dogs following ingestion of irradiated dog food.

**Sulphite preservatives**

Pet meat products containing sulphites pose a serious safety risk to pets, including the threat of death. RSPCA Australia's position is that the Australian Standard for pet meat must now be urgently revised to include all thiamine/sulphite, sulphur dioxide and potassium sulphite/incomplete food clauses in the Australian Standard (AS 5812). This includes amending *PISC technical report 88* to include a mandatory requirement that any pet meat product containing sulphur dioxide, sulphite or potassium sulphites must contain sufficient thiamine according to AAFCO guidelines, for the entire shelf life of the product.

Following these critical amendments to *PISC technical report 88*, states and territories must ensure that *PISC technical report 88* is translated legislatively in all states and territories to help prevent pet fatalities from thiamine deficiency. The Australian Standard for the Hygienic Production of Pet Meat as outlined in *PISC technical report 88* is currently not translated legislatively in all the states.

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