

Regulatory Triage Assessment

Title of measure	A ban on commercial third party sales of puppies and kittens in England
Lead Department/Agency	Defra
Expected date of implementation	Tbc
Origin	Domestic
Date	June 2018
Lead Departmental Contact	
Departmental Triage Assessment	Low-cost regulation (fast track)

Rationale for intervention and intended effects

Under current rules, it is possible for someone to sell puppies and/or kittens in England without having bred them themselves. Such sales, known as commercial third party sales, may be associated with poorer welfare standards, including lack of socialisation and habituation, increased risk of disease, and increased exposure to stressful events at a young age leading to possible behavioural problems later on in life. There is a justification for government to intervene to drive up welfare standards.

Viable policy options (including alternatives to regulation)

The main options under consideration are:

1. Do nothing (baseline).
2. Ban commercial third party sales of puppies and kittens in England.
3. Ban commercial third party sales of puppies and kittens in England, as well as running an information campaign to raise awareness for the general public around best practices for buying a puppy or kitten.

At present, our preferred option is Option 3. We are consulting to seek further views and evidence on this proposal.

Initial assessment of impact on business

Options 2 and 3 both include a ban on third party sales in England. It is estimated that this would generate a direct cost of around £4.9 million per year to commercial third party sellers, as they would lose the future profits they would have continued to make from third party sales in the absence of a ban.

The ban would also have an impact on breeders that currently sell via third party sellers. We have assumed that a proportion of these breeders would no longer be able to operate as a result of a ban on third party sales; if so they would incur an annual direct cost of around £0.2 million from the loss of future profits.

Breeders that stay in the market would have to sell directly to consumers rather than selling via third party sellers. We anticipate that they would see an increase in profits as they would be able to sell their puppies and kittens for higher prices than now. We estimate an annual direct benefit to breeders of around £3.5 million.

In addition the market share of breeders who drop out of the market might be picked up by other domestic breeders, and domestic breeders might also pick up the market share previously associated with imported puppies and kittens which were sold by third party sellers. These impacts have been classed as indirect benefits and have not been monetised at this stage.

Overall, **the direct net cost to business would be approximately £1.7 million per year.**

There is currently significant uncertainty around these impacts and we hope to gather more evidence as part of the consultation process.

Rationale for Triage rating

This measure represents a low cost to business; the equivalised annual net direct cost to business (EANDCB) is less than the £5 million for a full impact assessment.

Departmental signoff (SCS): XXXX Date: 19th June 2018

Economist signoff (*senior analyst*): XXXX Date: 19th June 2018

Better Regulation Unit signoff: XXXX Date: 20th June 2018

Supporting evidence

The policy issue and rationale for government intervention

1. Under current rules, it is possible for someone to sell puppies and/or kittens in England without having bred them themselves. Such sales, known as commercial third party sales, may be associated with poor welfare standards, including lack of socialisation and habituation, increased risk of disease, and increased exposure to stressful events at a young age leading to behavioural problems later on in life. The puppies/kittens may also be transported across the country to be sold e.g. in a pet shop.
2. There is a justification for government to intervene in order to drive up welfare standards. Other less regulatory options have already been tried (e.g. encouraging buyers to buy responsibly; to always see the puppy with its mother) but have only had limited success.

Policy objectives and intended effects

3. The policy objective is to ensure that anyone selling puppies or kittens in England has also bred them. The intended effect is to drive up animal welfare standards.

Policy options considered, including alternatives to regulation

4. The options being considered are:
 - Option 1: Do nothing.
 - Option 2: Introduce a ban on commercial third party sales of puppies and kittens in England.
 - Option 3: Introduce a ban on commercial third party sales of puppies and kittens in England, as well as running an information campaign to raise awareness of best practice when it comes to purchasing a puppy or kitten.

Expected level of business impact

5. The table below shows the expected impacts to businesses associated with options 2 and 3, relative to the baseline (option 1 – do nothing). Note that the business impacts are expected to be the same under options 2 and 3.

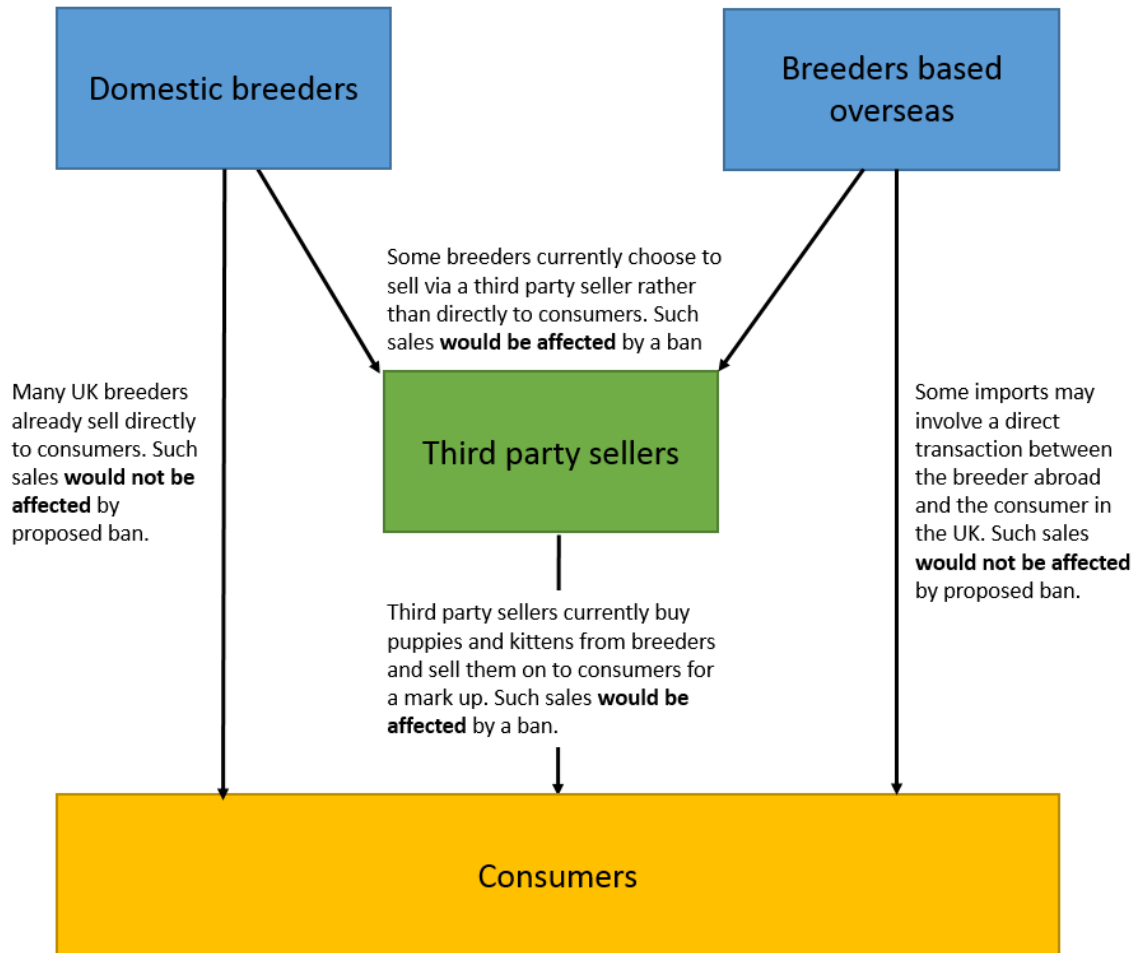
Expected impacts of Options 2 and 3 relative to baseline (Option 1 - Do Nothing)		
Cost to third party sellers	They would no longer be able to sell puppies and kittens without breeding them and so would lose the profits they currently get from third party sales.	Annual cost of around £4.9 million (direct impact)
Cost to the breeders	Some breeders may leave the market if they can no longer sell via a third	Annual cost of around £0.2 million

	party.	(direct impact)
Benefit to the breeders	By selling the animals directly to consumers, breeders are expected to get a higher revenue from doing so (as they will no longer split the profits with third parties).	Annual benefit of around £3.5 million (direct impact)
Benefit to the breeders	Some breeders may pick up the market share of other breeders who leave the market, and may pick up the market share previously held by imported animals which were sold by third party sellers.	Annual unquantified benefit (indirect impact)

6. This gives an **annual direct net cost to business of £1.7 million**.
7. At this stage there is significant uncertainty around the size of these impacts. The data available on third party sales of puppies and kittens is limited. In order to quantify these impacts, we have gathered as much evidence as possible – including evidence collected through a Call For Evidence (CFE) - to try and assess the scale of the existing trade, the size of the impacts and the number of businesses affected but there are lots of evidence gaps, particularly for kittens.
8. The following sections set out how these estimates have been calculated. We are keen to seek further evidence through the consultation process to help refine these estimates.

Overview of current market for puppies and kittens

9. The current market for puppy and kitten sales is complex. There are breeders who sell directly to consumers and those who sell puppies and kittens via third party sellers. Breeders may be UK-based, or may breed overseas and import animals into the UK for sale. We do not have any evidence about the number of breeders that sell directly to consumers and the number that sell via third parties. Third party sellers are parties that sell puppies and kittens that have been bred by somebody else.
10. The following diagram shows which types of sales would be affected by the proposed ban.



The volume of third party sales of puppies and kittens

11. The RSPCA response to the Call for Evidence suggested that the number of puppies sold through third party sales in GB is between 40,000 and 80,000 per year. This matches the estimate provided by Canine Action in their 2016 report 'Licenced Third Party Puppy Vending in Great Britain', which summarises evidence gathered through Freedom of Information requests to all local authorities in GB. To calculate the equivalent number of sales in England we have applied the proportion of the dog population in England relative to GB, based on the Pet Food Manufacturers' Association (PFMA) regional pet population estimates¹. This gives a range of between 34,000 and 68,000 third party puppy sales per year.
12. The RSPCA estimate that the total number of puppies purchased each year in the UK is between 700,000 and 1.9 million². Applying the proportion of the dog population in England relative to the UK, based on the PFMA regional pet population estimates³ suggests that the range for England is 578,000 and 1.6 million. This suggests that third party sales make up between 2% and 12% of

¹ <https://www.pfma.org.uk/dog-population-2018>

² <https://view.pagetiger.com/RSPCAPuppyTradeReport>

³ <https://www.pfma.org.uk/dog-population-2018>

puppy sales in England. As a central estimate, we use 5% which is based on the mid-point of the estimated puppy sales and the mid-point of the number of puppies sold via third party.

13. We are not aware of a published estimate of the number of third party sales for kittens. To get an estimate of the total number of kittens sold per year, we have divided the total cat population in England – which is 6.6 million⁴ - by the average life expectancy of a domestic cat which is around 14 years⁵. This gives an estimate of around 468,000 kittens being sold per year⁶.
14. There is no available estimate of the proportion of kittens sold that are sold via a third party. However, we believe that kittens are less likely to be sold via a third party than puppies. This is due because dogs tend to attract higher prices than cats and so are more attractive to dealers⁷. Our central estimate of the proportion of puppies sold via third parties is 5%; therefore we have assumed that 3% of kittens are sold via third party. This gives a central estimate of 14,000 kittens sold via third party per year. Given the uncertainty around this estimate, we are keen to collect more evidence through the consultation process.

Number of businesses affected

15. The ban on third party sales will predominantly affect those currently selling puppies and/or kittens without breeding them themselves (third party sellers).
16. In order to sell pets as a third party, businesses must hold a pet shop licence. In the CFE, the response from Canine Action UK, PupAid, C.A.R.I.A.D and the Karlton Index suggested that there are about 74 pet shop licence holders actively selling puppies, of which 63 are in England. This was based on Freedom of Information requests and follow ups with local authorities in late 2017. These businesses that would be directly affected by a ban, as they would no longer be permitted to carry out these sales.
17. Evidence from Cats Protection in response to the CFE suggests that 145 pet shops in GB are licensed to sell cats. This is consistent with the estimate provided in a report by the Ornamental Aquatic Trade Association Ltd, based on FOI requests⁸. The report also provides a regional breakdown; this shows 129 of these pet shops are in England. It is not clear whether all of these pet shops are actively selling cats; if not, then this may slightly over-estimate the number of businesses affected.
18. There will also be an impact on the breeders that provide puppies and kittens to third party sellers, as they will have to change their business approach e.g. by selling directly instead. We do not have any estimate of the number of breeders who sell via third parties. We hope to collect more information as part of the consultation.

⁴ <https://www.pfma.org.uk/cat-population-2018>

⁵ <http://journals.sagepub.com/doi/abs/10.1177/1098612X14536176>

⁶ This assumes that cats that die are replaced with new kitten, leaving the cat population stable overall. PFMA estimates of the historical cat population do suggest a fairly stable population – <https://www.pfma.org.uk/historical-pet-population>.

⁷ <https://publications.parliament.uk/pa/cm201617/cmselect/cmenvfru/117/11707.htm>

⁸ <https://www.ornamentalfish.org/wp-content/uploads/Pet-Shop-Licensing-Report-2016.pdf>

Direct cost to third party sellers

19. A ban on third party sales will impose a cost on those businesses that currently sell puppies and kittens which they have not bred, as they will lose out on future profits from sales.
20. To calculate the cost imposed on third party sellers as a result of the ban, we have used the estimate of the value all puppy sales provided in the EFRA committee report 'Animal welfare in England – domestic pets'⁹. This suggests that UK puppy sales are worth between £100 million to £300 million per year. To estimate the equivalent value for England alone, we have applied the proportion of the dog population in England compared to the UK, based on the PFMA's regional breakdown of the dog population¹⁰. This suggests that puppy sales in England are worth between £83 million and £248 million per year. To estimate the value of third party puppy sales specifically, we have assumed the value is proportional to the number of sales. As explained above we think that around 5% of puppy sales are sold via a third party. Taking the mid-point of the estimated puppy sale value in England (£165 million) gives an estimate of £7.9 million as the value of third party puppy sales.
21. We do not have any evidence about the value of third party sales for kittens, or even the total value of kitten sales. As explained above, our best estimate currently is that around 14,000 kittens are sold via third party. To estimate the value of third party kitten sales, we have taken the value of puppy sales as a starting point. Based on the estimated value of puppy sales and estimated number of puppies sold per year, our central estimate is £154 per puppy. We know that kittens have lower value than puppies¹¹, but have not been able to find more evidence to inform exactly how much lower. As a central estimate we assume that a kitten's average value is 30% of that of a puppy; this gives an average of £46 per kitten and a total estimate of £0.6 million for the value of third party kitten sales. There is some uncertainty around this and so we hope to collect more evidence as part of the consultation process to refine this estimate, particularly to understand whether our estimates of the sales value of kittens and puppies is accurate.
22. Overall, this gives an estimate of £8.5 million as the value of third party sales for puppies and kittens combined.
23. To estimate the loss to third party sellers specifically, we need to understand how this sales value is currently split between breeders and sellers. There is limited evidence to inform this. The Canine Action 2016 report¹² says that recent figures are unavailable, but Welsh breeders responding to the 2011 Welsh licensing Consultation indicated that around 60% of the sales value goes to third party sellers. A 2017 Scottish Government report¹³ mentions a case study in which where puppies were purchased from breeders in Ireland but sold in the UK; third party sellers were getting around 86% of the sales value. As part of the Environmental, Food and Rural Affairs (EFRA) Committee report "Animal welfare

⁹ <https://publications.parliament.uk/pa/cm201617/cmselect/cmenvfru/117/11702.htm>

¹⁰ <https://www.pfma.org.uk/dog-population-2018>

¹¹ <https://publications.parliament.uk/pa/cm201617/cmselect/cmenvfru/117/11707.htm>

¹² <https://cariadcampaign.files.wordpress.com/2016/05/licensed-third-party-puppy-vending-in-gb-20164.pdf>

¹³ <http://www.gov.scot/Publications/2017/11/1736/347297>

in England: domestic pets” (2016)¹⁴, EFRA were informed that dogs were being sold on for three or four times the price paid to breeders. This suggests 66-75% of the sales values is going to third party breeders. This evidence is somewhat anecdotal and so there is uncertainty around this assumption, but in the absence of any better evidence, we have assumed a lower bound of 60% and an upper bound of 86% - giving a central estimate of 73%. We do not have any evidence on the split in sales value between breeders and sellers for kittens; therefore we have assumed for now that this proportion is the same for kittens as puppies. We hope to collect more evidence as part of the consultation to inform these assumptions.

24. Based on our assumption that the total value of third party sales is £8.5 million and 73% of this will go to the sellers, this suggests that the amount of revenue that third party sellers will no longer get if a ban were introduced is £6.2 million per year. The actual loss that third party sellers will incur is likely to be lower than this, because this does not account for any additional costs that sellers incur other than the amount they pay to the breeder. In practice, we would expect that there would be additional costs such as providing the animals with food and accommodation before they are sold. We do not have any evidence on the costs of running a third party sales business. As a very rough estimate we have assumed that sellers currently incur costs of £20 per animal. There is uncertainty around this and we are keen to gather more evidence as part of the consultation.
25. This suggests an annual cost to third party sellers of around £4.9 million as a result of a ban.
26. This estimated cost is based on an assumption that all third party sellers will cease their third party sales activity and lose the profits they currently earn from these sales. In practice, it is feasible that some sellers will instead adapt their business model in response to the ban. For example, a number of third party sellers are also breeders (i.e. they sell animals they have bred alongside animals that others have bred). According to the Canine Action 2016 report¹⁵, an estimated 41% of those with pet shop licences are also licenced breeders. For this group it may be easier to respond to the ban, as they can continue breeding or even increase their breeding, in response to a ban on third party sales.

Direct cost to breeders

27. For breeders who currently sell via a third party, their business model involves selling puppies or kittens to a third party at a wholesale price, before the seller sells them onto consumers at a higher price. The ban on third party sales would not actually mean that these breeders are forced to go out of business. Breeders will still be able to breed and sell; they will have to sell directly to consumers instead of via a third party.
28. However, we recognise that, as explained in the EFRA report¹⁶, selling directly to consumers may be challenging for some breeders, e.g. due to difficulties of public access, a rural location or security issues. Therefore we assume that a proportion of breeders will drop out of the market as a result of a third party sales

¹⁴ https://publications.parliament.uk/pa/cm201617/cmselect/cmenvfru/117/11706.htm#_idTextAnchor032

¹⁵ <https://cariadcampaign.files.wordpress.com/2016/05/licensed-third-party-puppy-vending-in-gb-20164.pdf>

¹⁶ https://publications.parliament.uk/pa/cm201617/cmselect/cmenvfru/117/11706.htm#_idTextAnchor032

ban. According to the Canine Action 2016 report which considered whether rural location in Wales would act as a hindrance, 89% of breeders that sold puppies to third parties are based in postal areas where breeders were able to sell all their puppies directly – suggesting that only 11% of breeders may be in areas that do not permit them to sell directly. This figure is based on breeders in one rural area in Wales and so may not be directly applicable to other areas. It also will not account for breeders who cannot sell directly for other reasons (e.g. security). Therefore as a conservative estimate, we assume that, as a result of the ban, 20% of breeders will drop out of the market rather than selling directly to consumers. We hope to collect more evidence on this through the consultation process.

29. To estimate the size of the loss to breeders that leave the market as a result of the ban on third party sales, we have estimated the share of the sales value from third party sales that goes to breeders. As explained above, our central estimate is that 73% of the sales value goes to the seller; this means 27% of the sales value goes to the breeder. This suggests the revenue that breeders get for their role in the third party sales trade is around £2.3 million per year.
30. Some of these breeders will be based abroad rather than in the UK; non-UK business impacts are out of scope of this impact assessment. According to Canine Action's 2016 report¹⁷, around 12% of pet shops are importing puppies from outside the UK. We assume that 12% of the revenue from breeding puppies abroad for third party sale in the UK go to breeders based abroad. For kittens, we think that import volumes are lower; published statistics¹⁸ suggest that import volumes for cats compared to dogs are significantly lower. Therefore we assume that only around 2% of kittens are imported, compared to 12% of puppies. Based on these assumptions, we estimate that of the £2.3 million revenue currently going to breeders, £2.0 million is currently accrued by domestic breeders.
31. Assuming that, as a result of the ban, 20% will drop out of the market and lose out on the revenue that they are currently getting, we estimate a loss in sales revenue to domestic breeders of £0.4 million per year. This will over-estimate the loss to domestic breeders as it is based on the current revenue that breeders get from selling to third party sellers, rather than the profits (taking into their production costs). We do not know the production costs for puppies and kittens to calculate the net profits; in the absence of better information, we assume that breeders' profits are 50% of the wholesale price at which breeders sell to third party sellers. Note – there is significant uncertainty around this assumption. We hope to gather more evidence as part of the consultation process.
32. This would suggest that a ban on third party sales would mean a cost of £0.2 million per year in lost profits for those domestic breeders that are not able to sell directly to consumers after the ban¹⁹.

¹⁷ <https://cariadcampaign.files.wordpress.com/2016/05/licensed-third-party-puppy-vending-in-gb-20164.pdf>

¹⁸

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/681540/ATIC_1250.pdf

¹⁹ Breeders based overseas that are not able to adapt their business model to sell directly to consumers would also lose the profits that they currently get from selling to 3rd party sellers based in the UK but this is not counted for our Cost-Benefit analysis as overseas businesses are out of scope.

Direct benefit to breeders

33. Although we recognise that a small proportion of breeders that currently sell via third parties may be negatively affected by a ban, the majority of breeders will still be able to breed and sell; they will simply have to sell directly to consumers instead of via a third party. We anticipate that breeders could increase their profits as a result of the ban; according to the EFRA Committee 2016 report²⁰, selling directly to consumers would “bring a positive financial impact to breeders, allowing them to retain money that is currently lost in the supply chain”. The logic for this is that breeders will no longer be splitting the profits of the trade with third party sellers, and so will actually benefit from higher profits as a result of the ban.
34. While they might also incur costs that were previously being covered by third party sellers (e.g. feeding animals for longer, cost of arranging sale), they would be able to sell for a higher price selling directly to consumers rather than at a wholesale price to third parties.
35. As explained above, we estimate that the total profits currently going to third party sellers is around £4.9 million. Profits no longer accrued by third party sellers could now potentially go to breeders, for the breeders that are assumed to start selling directly to consumers after the ban. However, only impacts for breeders based in the UK are in scope of this impact assessment. We assume again that 12% of puppies and 2% of kittens are bred abroad. Of the domestic breeders, we assume that 80% stay in the market and start selling directly to consumers. This would suggest domestic breeders will benefit by around £3.5 million per year.
36. There is lots of uncertainty around this impact and we are keen to gather more evidence through the consultation. In particular, we do not currently have strong evidence on the reasons that breeders choose to sell via third parties and the potential for them to adapt to selling directly to the public. We also have limited evidence on the split of profits and costs incurred at different phases in the supply chain, which makes it difficult to estimate these impacts with more certainty.

Indirect benefit to breeders

37. Some breeders may pick up the market share of other breeders who leave the market, and may pick up the market share previously held by imported animals which were sold by third party sellers. These benefits are classed as indirect and have not been monetised.

Cost to government for campaign [option 3 only]

38. Option 3 includes an information campaign to raise awareness of best practice when it comes to purchasing a puppy or kitten (as well as introducing a ban on third party sales). We intend to work with stakeholders through the Canine and Feline Sector Group to put in place the suggested information campaign. This will allow us to better educate the public about the factors they should be aware of when purchasing a puppy or a kitten.

²⁰ https://publications.parliament.uk/pa/cm201617/cmselect/cmenvfru/117/11706.htm#_idTextAnchor032

39. This would represent a cost to government. Our very rough initial estimate is that this would cost approximately £100,000 over 2 years.

Other impacts

40. Other than the monetised costs to businesses and government set out above, there are a number of wider impacts expected as a result of a ban on third party sales. It would not be proportional to attempt to quantify these for this regulatory triage assessment, but this section provides a qualitative description of the expected impacts. As part of the consultation, we are keen to collect any further evidence to inform our understanding of the wider impacts that would occur following a ban on third party sales.

41. Other impacts include one-off transitional costs from the sector adjusting to new business patterns and arrangements.

Impact on animal welfare

42. There are concerns that commercial third party sales may lead to poor welfare conditions for the animals. In response to the CFE, the RSPCA, Cats Protection, International Fund for Animal Welfare, Canine Action UK, C.A.R.I.A.D, the BVA/BSAVA, Dogs Trust, Kennel Club, PDSA, and Battersea Dogs and Cats Home all suggested that animals have a higher risk of serious health and behaviour problems associated with the additional travel from the place of birth to sale, change in environment and surroundings, and often premature separation from the animal's mother than animals sold by the breeders. These animals also lack proper socialisation and habituation.

43. It is expected that a ban on third party sales would reduce these welfare issues, incentivising welfare improvements in high risk commercial dog breeding establishments through ensuring transparency, accountability and appropriate remuneration for breeders.

Impact on consumers

44. Consumers are expected to benefit as a result of a ban on third party sales. If purchasing a puppy or kitten through a third party sellers, consumers may have little information about the conditions in which the animals have been bred. There is evidence that consumers may be actively misled; a report by Canine Action (2016)²¹ found that the websites of hybrid sellers/vendors often partially or completely conceal the pet shop side of the business in almost all cases, leading consumers to believe they are buying directly from the breeder. Similarly, they found that 82% dealers sell from residential properties, which is highly misleading for purchasers as the premises are not perceived to be shops and owners often believe they are purchasing from a breeder as it appears the vendor is selling from a home environment.

45. Incomplete information may be detrimental to consumers as it affects their ability to make purchasing decisions that reflect their preferences. There is also evidence to suggest that this information asymmetry currently leads to a number

²¹ <https://cariadcampaign.files.wordpress.com/2016/05/licensed-third-party-puppy-vending-in-gb-20164.pdf>

of consumers incurring significant financial costs and emotional distress as a result of health and behavioural problems that later emerge. For example, a survey by the Kennel Club²² found that “20% of puppies (four times more than the average) bought from pet shops or directly from the internet suffer from parvovirus, an often fatal disease which can cost up to £4,000 to treat”.

46. In addition, there are concerns that commercial third party sales encourage impulse purchases. This has consequences not only for the animal but for owners, including unexpected vet bills, issues with socialisation, and increased numbers being given up or having to be rehomed.
47. We anticipate that a ban on third party sales will assist purchasers to make informed choices and reduce the risk that they purchase puppies or kittens that have been bred in low welfare conditions and that are at risk of health and behavioural problems.
48. Under option 3, this impact would be consolidated by an information campaign that would seek to educate consumers on the best purchasing practices, to further reduce the risk of problematic purchases.

Impact on supply of puppies and kittens

49. The impact of the ban on the supply of puppies and kittens is uncertain. As explained above, we expect that a proportion of breeders will drop out of the market as a result of the ban on third party sales. However, it is also feasible that existing breeders will increase their production levels, particularly if prices go up as a result of a number of breeders dropping out of the market.
50. Some respondents to the CFE have expressed concerns that the ban could lead to more sales being pushed underground with an increase in unlicensed breeding. This is why the preferred option is option 3 which includes a campaign to inform consumers about the dangers of buying pets from unlicensed breeders. We anticipate that this will reduce the risk of an increase in illegal sales activity. In addition, on 1 October, new regulations will mean that licensed dog breeders will have to meet new statutory minimum welfare standards directly aligned with the standards in the Animal Welfare Act 2006. The new regulations also encourage licensed breeders to adopt higher welfare standards by allowing local authorities to issue one two or three year licences depending on how high the welfare standards are and how likely a licensee might be of breaching the conditions of the licence. Potential buyers will be able to buy with more confidence from a licensed breeder with a three year licence. The regulations also give local authorities streamlined powers to enforce the controls and the ability to fund the reasonable cost of enforcement through the licence fee on a cost recovery basis.

Impact on imports

51. It has been suggested that people may be able to circumvent a ban on the commercial third party sale of puppies and kittens by importing pets from abroad. Pets can be imported to England and other parts of the UK via the Pet Travel

²² <https://www.thekennelclub.org.uk/our-resources/kennel-club-campaigns/puppy-farming/>

Scheme and the Balai. However a ban on the commercial third party sale of puppies and kittens in England would apply to imported animals. This is because only those people who had bred the animals would be allowed to conclude the sale in England. As a result, third party sellers will be prevented from selling imported animals.

52. With publicity for the ban on commercial third party sales and an encouragement to buyers to source their pet from a legitimate breeder, there should be a significant impact reducing the import of puppies and kittens for sale from the EU.
53. Currently third party sellers source some puppies and kittens via imports. In future this market share might be picked up by domestic breeders.

Impact on rehoming centres

54. By implementing a ban on commercial third party sales, it has been suggested that those participating in third party sales could circumvent the ban by restructuring themselves as a rescue or rehoming centre. Government proposes to consider further with the sector how rescue and rehoming centres could be regulated either through a licensing or registration system. In the meantime, it is not intended that the third party sales ban will apply to genuine rehoming centres which should be able to continue to rehome puppies and kittens. Third party sellers purporting to be rehoming centres would be subject to the ban. In addition, the ban is proposed to apply only to puppies and kittens under 6 months of age so the rehoming of adult dogs and cats is unaffected. We welcome views on this position from those organisations affected.

Small and micro business assessment

55. We do not have detailed evidence on the characteristics of the businesses that currently engage in third party sales. We would expect that the majority will be small and micro businesses. However, our current assessment is that it would not be possible to exempt such businesses from the scope of a ban on third party sales as this would not meet the policy objective of improving welfare standards and improving transparency. It would mean small and micro businesses could continue to sell puppies and cats through a business model that causes significant welfare issues. It would also make it very difficult for consumers to know whether a sale was legal without having information about the size of the business that is selling the pet. We hope to seek more information through the consultation processes about any disproportionate effects on small and micro businesses as a result of a ban on third party sales and any potential mitigations that may help these businesses to adapt to the proposed legislation.

Preferred option

56. Overall, the cost benefit analysis suggests that while a ban on third party sales would mean a cost for third party sellers and some breeders, the net costs to business are low and are justified by the range of wider benefits expected. Therefore options 2 or 3 are preferred to the baseline. Of options 2 and 3 the preferred option is option 3, which includes an information campaign to raise awareness for the general public around best practices for buying a puppy or

kitten. This will increase the likelihood of success of the policy for a relatively small additional cost.

57. We will now consult on these options to seek views and further evidence on this proposed policy option.