

Explanatory Memorandum to the Animal Welfare (Licensing of Activities Involving Animals) (Wales) Regulations 2021

This Explanatory Memorandum has been prepared by the department for Economy, Skills and Natural Resources of the Welsh Government and is laid before the Senedd Cymru in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

Minister/Deputy Minister's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of The Animal Welfare (Licensing of Activities Involving Animals) (Wales) Regulations 2021. I am satisfied that the benefits justify the likely costs.

Lesley Griffiths AM

Minister for Environment, Energy and Rural Affairs

27 January 2021

Introduction

This document covers both the Explanatory Memorandum (EM) (Part 1) and the Resource Impact Assessment (RIA) (Part 2).

PART 1 – EXPLANATORY MEMORANDUM

1. Description

- 1.1 These Regulations provide for the licensing of persons involved in Wales in selling animals as pets and make it an offence for commercial third parties to sell puppies and kittens under 6 months.
- 1.2 These Regulations will specify activities for the purposes of section 13(1) of the Animal Welfare Act 2006¹ (“the 2006 Act”) and provides for local authorities to be the licensing authorities. The consequence of this specification is that, subject to qualifying criteria, any person wishing to carry on any of these activities in Wales must obtain a licence from the local authority under these Regulations. These requirements replace the requirements, in Wales, to obtain a licence under the Pet Animals Act 1951².
- 1.3 A person who carries on any of these activities in Wales without a licence under these Regulations commits an offence under section 13(6) of the 2006 Act and is liable to imprisonment for a term of up to six months, a fine or both. Under section 30 of the 2006 Act, local authorities may prosecute for any offence under the Act.
- 1.4 The Regulations set out how a person may apply to the local authority for a licence and sets out matters in respect of which a local authority must be satisfied when considering the grant or renewal of a licence. It provides for a local authority to charge fees to cover the costs it incurs in performing this function, considering a licence holder’s compliance with these Regulations, enforcement and administration. It specifies that a local authority must attach certain licence conditions to each licence granted or renewed. It provides that a local authority must appoint an inspector when it considers it appropriate, for the purpose of ensuring that the licence conditions are being complied with. It requires a local authority to have regard to guidance issued by the Welsh Ministers in carrying out their functions under these Regulations. It provides powers for inspectors to take samples from animals.

¹ <https://www.legislation.gov.uk/ukpga/2006/45/contents>

² <https://www.legislation.gov.uk/ukpga/Geo6/14-15/35>

2. Matters of special interest to the Legislation, Justice and Constitution Committee

None.

3. Legislative background

- 3.1 Currently commercial third party sellers of pets in Wales are licensed under section 1(1) of the Pet Animals Act 1951. Section 13 of the AWA enables the repeal of the Pet Animals Act 1951 and provides the power to make regulations for the licensing or registration or activities involving animals.
- 3.2 Schedule 1, Part 1, para 11 (Fees) allow for regulations to include provision for fees or other charges in relation to the carrying out of functions of the licensing authority.
- 3.3 The Welsh Ministers, are the appropriate national authority in relation to Wales³, The Regulations are made in exercise of the powers conferred by sections 13(2), (7), (8) and (10) of, and Parts 1 and 3 of Schedule 1 to, the Animal Welfare Act 2006⁴.
- 3.4 In accordance with section 13(9) of that Act, the Welsh Ministers have consulted those persons appearing to them to represent interests with which these Regulations are concerned as they considered appropriate.
- 3.5 These Regulations follow the Senedd's draft affirmative procedure.
- 3.6 The Regulations will be similar in nature to The Animal Welfare (Licensing of Activities Involving Animals) (England) (Amendment) Regulations 2019⁵ which came into force on 6 April 2020 banning the third party sale of puppies and kittens.

4. Purpose and intended effect of the legislation

- 4.1 The Minister for Energy, Environment and Rural Affairs is proposing the introduction of legislation to ban commercial third party sales of puppies and kittens.
- 4.2 The proposals will change the licensing arrangements for the sale of animals as pets which includes a ban on the commercial third party sale of puppies and kittens. Optimising welfare standards across Wales is a priority and a consequence of the new Regulations is to promote

(3) The “appropriate national authority” is defined in section 62(1) of the Animal Welfare Act 2006 (c. 45). Functions conferred on the National Assembly for Wales are now vested in the Welsh Ministers by virtue of section 162 of, and paragraphs 30 and 32 of Schedule 11 to, the Government of Wales Act 2006 (c. 32)

(4) 2006 c. 45.

⁵ Animal Welfare (Licensing of Activities Involving Animals) (England) (Amendment) Regulations 2019

responsible breeding and ensure puppies and kittens are bred in suitable conditions. A ban on its own cannot tackle all the problems associated with puppy trading. The proposed ban will be one part of the work associated with improvements in welfare standards at dog breeding establishments which include tackling barriers to enforcement.

- 4.3 Legitimate commercial third party sales of puppies and kittens are undertaken by those who are licenced pet sellers: this could be a traditional pet shop type setting, a domestic dwelling, dealers acting as brokers between breeders or breeders who sell puppies from litters they have not bred themselves. Currently in Wales, they are required to hold a licence under the Pet Animals Act 1951.
- 4.4 This new legislation will revoke the relevant section of the Pet Animals Act 1951 and replace it with a new animals activities regulations in Wales titled The Animal Welfare (Licencing of Activities Involving Animals) (Wales) Regulations 2021 will provide for the licensing of persons involved in Wales in selling animals as pets and make it an offence for commercial third parties to sell puppies and kittens under 6 months.
- 4.5 There are concerns commercial third party sales of puppies and kittens may be associated with poorer welfare conditions for the animals compared with direct purchase from the breeder. The introduction to several new and unfamiliar environments, and the increased likelihood of multiple journeys the puppies or kittens have to undertake have the potential to contribute to an increased risk of disease and lack of socialisation and habituation for the puppies and kittens.
- 4.6 The Regulations are being drafted as a first step towards ensuring the welfare of puppies and kittens in Wales, who are currently being bred and sold onto third parties, is improved significantly by being sold only by breeders directly to the new owner. Legislation which relates to the selling of pets should reflect best practice. Allowing commercial third parties to sell puppies and kittens means, in most cases, purchasers will not see the puppy or kitten interacting with the bitch/queen or the siblings or the conditions they have been bred in.

The new Regulations will also:

- Align the licensing process with other Administrations. This is to ensure there are no inconsistencies between the Administrations where some breeders may cross the border to avoid being caught up in the legislation which applies to that region.
- Provide a future opportunity to include other licensed animal welfare establishments including, but not exclusively, horse stables and riding schools.

- Provide a legislative mechanism for future changes to the Animal Welfare (Breeding of Dogs) (Wales) Regulations 2014⁶.
- 4.7 The Regulations will be similar in nature to The Animal Welfare (Licensing of Activities Involving Animals) (England) (Amendment) Regulations 2019⁷ which prohibits the sale of puppies and kittens by third parties and came into force in England on 6 April 2020. The England Regulations do not restrict breeders in England selling puppies and kittens to third party sellers in Wales. The introduction of this new legislation will prevent existing third party sellers in Wales selling puppies and kittens, it will also prevent future third party sellers of puppies and kittens and will provide an opportunity to stop breeders and brokers in England continuing to sell in Wales. Scotland are also bringing forward legislation on this issue.
- 4.8 The 2016 EFRA report ‘Animal Welfare in England: Domestic Pets’⁸ states:
- “Responsible breeders would never sell through a pet shop licence holder. The process of selling through a third party seller has an unavoidable negative impact upon the welfare of puppies. It also distances the purchaser from the environment in which their puppy was bred. Banning third party sales so that the public bought directly from breeders would bring public scrutiny to bear on breeders, thereby improving the welfare conditions of puppies. It would also bring a positive financial impact to breeders, allowing them to retain money that is currently lost in the supply chain. We acknowledge that difficulties of public access, due to a rural location, security issues and diseases, may be challenging for some breeders. On balance, however, we consider it is more important that animal welfare standards are ensured across all breeders. (Paragraph 90)
- “We recommend that the Government ban third party sales of dogs. Dogs should only be available from licensed, regulated breeders or approved rehoming.” organisations.” (Paragraph 91)*
- 4.9 In England, a petition associated with the Lucy’s Law campaign gained over 100,000 signatures and was debated in Parliament on 21 May 2018. The Lucy’s Law campaign called for an immediate ban on the sale of puppies by pet shops and other third-party commercial dealers. The campaigners claimed regulating commercial third party sales is ineffective to prevent harm and a ban is therefore necessary.
- 4.10 Local Authorities across the UK were asked to sign up to the principles of Lucy’s Law. Local Authorities across the UK were asked to sign up to the principles of Lucy’s Law and there was widespread support from Local Authorities in Wales.

⁶ <https://www.legislation.gov.uk/wsi/2014/3266/contents/made>

⁷ <https://www.legislation.gov.uk/ukdsi/2019/9780111186954>

⁸ <https://publications.parliament.uk/pa/cm201617/cmselect/cmenvfru/117/117.pdf>

- 4.11 In February 2018 Defra launched a Call for Evidence for banning third party sales of puppies and kittens in England. They received just over 300 responses and around 70% supported a ban.
- 4.12 The Defra consultation exercise on banning commercial third party sales of puppies and kittens received 6,854 responses in the 4 weeks it ran (22 August – 19 September 2018). The overwhelming majority supported a ban.
- 4.13 Almost from the time Defra announced they intended to ban the third party sales of puppies and kittens Welsh Government has been lobbied, petitioned and repeatedly asked by Assembly Members/Members of the Senedd when Wales would be introducing a ban. Between May 2018 and December 2019 the MEERA received 74 pieces of correspondence and 63 in 2020. The Climate Change, Environment and Rural Affairs committee has also expressed complete support in the bringing forward the legislative changes required.
- 4.14 The Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018 were amended (The Animal Welfare (Licensing of Activities Involving Animals) (England) (Amendment) Regulations 2019) to include a ban on commercial third party sales of puppies and kittens. The ban came into force on 6th April 2020.
- 4.15 In her Oral Statement of 19th June 2018 the Minister for Environment, Energy and Rural Affairs, Lesley Griffiths committed to an investigation of third party sales in Wales. A consultation on the impact of a ban on third party sales of puppies and kittens was launched in early 2019 with a final consultation taking place in 2020.
- 4.16 Both DEFRA and Welsh Government consultations have shown widespread support for banning third party sales of puppies and kittens. However, in Wales, a ban is seen as only one of the steps necessary to improve the welfare of dogs and cats at breeding premises. The combination of new regulations on pet sales and a three year, Welsh Government funded, project tackling barriers to enforcement; enhanced training; better guidance; and improved use of resources within local authorities for improvements to the enforcement and delivery of the existing The Animal Welfare (Breeding of Dogs) (Wales) Regulations 2014⁹ will result in lasting improvements to the welfare standards of puppies bred in Wales.
- 4.17 This new legislation will revoke the relevant section of the Pet Animals Act 1951 and replace it with a new animals activities regulations in Wales. These Regulations will provide for the licensing of persons involved in Wales in selling animals as pets and make it an offence for commercial third parties to sell puppies and kittens under 6 months.

⁹ <https://www.legislation.gov.uk/wsi/2014/3266/contents/made>

- 4.18 New licensing under the Regulations would improve the welfare of puppies and kittens and dogs and cats used for breeding, aligning the licensing process with other Administrations. This is to ensure there are minimal inconsistencies between the Administrations where some breeders may cross the border to avoid being caught up in the legislation which applies in each country.
- 4.19 This new legislation will also provide a mechanism for future changes to the Animal Welfare (Breeding of Dogs) (Wales) Regulations 2014 and an opportunity to include other licensed animal welfare establishments including, but not exclusively, Horse Stables, Riding Schools, in the future.

5. Consultation

Details of the Welsh Government's consultation activities are available in Part 2 of this document under the RIA considerations.

PART 2 – REGULATORY IMPACT ASSESSMENT

Rationale for intervention and intended effects

- 5.1 In 2019, a public consultation took place which looked at the evidence on what stage the government should intervene in breeding premises to address the concerns about animal welfare. The consultation responses showed widespread support for banning third party sales of puppies and kittens.
- 5.2 A ban is seen as only the first necessary step to improve the welfare of dogs and cats and their offspring. The combination of new Regulations on pet sales and a three year, Welsh Government funded, project tackling barriers to enforcement; enhanced training; better guidance; and improved use of resources within local authorities for improvements to the enforcement and delivery of the existing Breeding Regulations will result in lasting improvements to the welfare standards of puppies bred in Wales.
- 5.3 Under current rules, it is possible for someone to sell puppies and/or kittens in Wales, in the course of business, without having bred them themselves. Such sales, known as commercial third party sales. The 2016 EFRA Report on Animal Welfare in England: Domestic pets highlights the issues associated with selling through a third party seller commenting on the unavoidable negative impact on the welfare of puppies and the distance of the purchaser from the environment in which the puppy was bred. Also stating banning third party sales so that the public bought directly from the breeder would bring scrutiny to bear on breeders thereby improving welfare conditions of puppies. There is a justification for Welsh Government to intervene to drive up welfare standards.
- 5.4 There are no specific provisions in the subordinate legislation which charge expenditure on the Welsh Consolidated Fund.

6. Options

Options

Policy options considered, including alternatives to regulation

The options considered were:

1. Do nothing (baseline) - Keep the status quo i.e. business as usual.
2. Introduce a licensing or registration scheme which would allow commercial third party sellers to continue to sell puppies and kittens, subject to certain conditions.

3. Introduce a ban on commercial third party sales of puppies and kittens in Wales.

7. Costs and benefits

Option 1: Business as usual – allow commercial third party sellers to continue to sell puppies and kittens

- 7.1 This is the baseline option and as such there are no additional costs or benefits associated with this option.
- 7.2 Business as usual would not meet the Welsh Government commitment to ensuring a high standard of welfare for all animals kept in Wales is maintained at all stages of their life.
- 7.3 Whilst the ‘do nothing’ approach would be cost-neutral for commercial third party sellers and effect no change on Local Authorities, it is clear that the status quo is an insufficient approach to improving and enforcing welfare standards of puppies and kittens being sold in Wales. It would also mean that Wales would most likely see an increase in the numbers of puppies and kittens sold via third party sellers in Wales and/or new pet shops established as the ban on commercial third party sales of puppies and kittens which came into force in England on 6 April 2020 specifies puppies and kittens can be sold to third party sellers in Wales.
- 7.4 Scotland are also planning to introduce legislation to ban third party sales of puppies and kittens which could leave Wales in a vulnerable position.
- 7.5 The existing licensing regime will continue. Licences are issued/renewed on an annual basis following inspection.
- 7.6 For Local Authorities, Regulation 12 of the Animal Welfare (Licensing of Activities Involving Animals) (Wales) Regulations 2021 allows them to charge such fees as considered necessary for the consideration of an application for the grant of a licence, or its renewal or variation, including any inspection relating to that consideration, and for the actual grant, renewal or variation of a licence. Fees can also be charged for the reasonable anticipated costs of consideration of a licence holder’s compliance with the Regulations and the licence conditions to which the licence holder is subject in circumstances other than those described in the Regulations, including any inspection relating to that consideration; the reasonable anticipated costs of providing information to the Welsh Ministers in line with regulation 30; and the reasonable anticipated costs of enforcement in relation to the licensable activity of an unlicensed pet shop owner. Whilst the fees charged must not

exceed the reasonable costs of the consideration of the points outlined in this paragraph, the Regulations should allow for any enforcement action to be cost-neutral.

Option 2: *Introduce a licensing or registration scheme which would allow commercial third party sellers to continue to sell puppies and kittens, subject to certain conditions.*

- 7.7 This option would have the same impact as Option 1 'Do nothing'. It would be cost neutral as existing legislation permits local authorities to add conditions to license holders. This option does not meet the commitment to ensuring a high standard of welfare for all animals kept in Wales is maintained at all stages of their life.
- 7.8 Campaigners for Lucy's Law believed regulating commercial third party sales is ineffective to prevent harm and a ban is therefore necessary.
- 7.9 This option is not being considered further.

Option 3: *Ban the commercial third party sale of puppies and kittens*

- 7.10 This option does meet the Welsh Government commitment to ensuring a high standard of welfare for all animals kept in Wales is maintained at all stages of their life.
- 7.11 There are 115 licensed pet shops in Wales, of which 10 currently hold licenses permitting them to sell puppies and kittens. There are many issues associated with commercial third party sales, including the poor welfare conditions, trauma of transportation, premature separation from the mother, lack of socialisation, poor health and hygiene standards and lack of medical screening for breeding bitches and stud dogs. All these result in puppies potentially having debilitating inherited diseases and conditions, vulnerability to life threatening diseases, behavioural problems and lack of socialisation. The responses to the consultation for the ban of commercial third part sale of puppies and kittens suggest overwhelming support for a ban.
- 7.12 A ban is seen as only the first step necessary to improve the welfare of dogs and cats and their offspring. The combination of new Regulations on pet sales and a three year, Welsh Government funded, project tackling barriers to enforcement; enhanced training; better guidance; and improved use of resources within local authorities for improvements to the enforcement and delivery of the existing Breeding Regulations will result in lasting improvements to the welfare standards of puppies bred in Wales.
- 7.13 The new Regulations would repeal and replace the Pet Shop Act 1951 would continue to allow local authorities to charge such fees as

considered necessary for the consideration of an application for the grant of a licence, or its renewal or variation of licences permitting the sale of animals as pets. Fees can also be charged for the reasonable anticipated costs of consideration of a licence holder's compliance with the Regulations and the licence conditions.

Assessment of impact on business

7.14 The puppy market is in many respects, complicated and poorly understood. There is a high demand for puppies - in the region of 750,000 puppies per annum across the UK and around 55,000 in Wales each year. From the information available sales from licensed third party sellers accounts for a small proportion of the overall puppy sales. With a very significant, if not a majority, of these puppies being bred by low volume breeders who operate totally independently of each other and who sell from domestic premises.

7.15 It is estimated a ban would generate a direct cost of between £2.0m and £3.6m per year to commercial third party sellers in Wales, as they would lose the future profits they would have continued to make from third party sales in the absence of a ban. It is likely the ban would also have an impact on breeders who currently sell via third party sellers.

7.16 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 could incur an annual direct cost of between £75,000 and £130,000 per annum 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 the market rate rather than a discounted rate. We estimate an annual direct benefit to breeders of between £1.4m and £2.6m.

7.17 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.

Expected level of business impact

7.18 The table below shows the expected impacts to businesses associated with option 3, relative to the baseline (option 1 – do nothing).

Expected impacts of Options 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 between £2.0m and £3.6m per annum. (direct impact)
Cost to breeders	Some breeders may leave the market if they can no longer sell via a third party.	Annual cost of between £75,000 and £130,000. (direct impact)
Benefit to 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 between £1.4m and £2.6m million (direct impact)
Benefit to 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)

7.19 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 used evidence from a number of sources including evidence collected by DEFRA 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.

7.20 Information provided by the RSPCA in response to Defra's Call for Evidence estimated there were between 40,000 and 80,000 puppies sold via a third party seller in Great Britain each year (prior to the ban in England).

7.21 To apportion these figures WG have used the latest regional data published by the UK Pet Food Manufacturers Association (UK PFMA)¹⁰ which shows approximately 7.4% of the GB dog population lives in Wales. On this basis, we estimate between 3,000 and 6,000 puppies are sold via a third party seller in Wales each year. The estimate of the number of puppies sold via a third party seller in Wales each year has a significant bearing on the scale of the impact of the Regulations on sellers and breeders. Given the uncertainty around the number of third party sales, we have undertaken sensitivity analysis looking at the impact of changing this variable. The sensitivity analysis is on page 17.

7.22 Data from the UK PFMA¹¹ shows there were approximately 596,000 cats living in Wales in 2018. Taking the average life of a cat to be

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

¹¹ <https://www.pfma.org.uk/cat-population-2018>

approximately 14 years and assuming that the cat population remains broadly stable, this suggests there will be 42,500 kittens sold in Wales each year. The proportion of kittens sold via a third party seller is believed to be lower than that for puppies. In the absence of firm evidence, we have assumed 3% of kittens are sold via a third party seller or approximately 1,300 kitten each year.

7.23 The following sections set out how the cost estimates have been calculated.

Cost to third party sellers in Wales (see also Sensitivity Analysis 7.40)

7.24 There will be a cost to third party sellers as the ban means they will lose the profit on the sale of any puppies and kittens which they have not bred.

7.25 The value of a puppy has increased significantly during 2020 as the lockdowns introduced across the UK to help combat coronavirus have generated a surge in demand. Data from the Pets4homes website suggests the average price of a puppy in 2020 was £1,875, this is more than double the price recorded in the corresponding period in 2019 (£810).

7.26 Whether the higher prices will be sustained is unclear. Covid-19 vaccinations are now being rolled out and it is hoped the type of national lockdown experienced in 2020 and the start of this year will not be required going forward. As a result, Welsh Government anticipate that the demand for puppies and the price of puppies will return to pre-lockdown levels (this is considered further in the sensitivity analysis). The following calculations are therefore based on the average cost of a puppy in 2019, which was £810. Applying this average value to the estimated number of puppies sold via a third party seller in Wales each year gives a range for the annual revenue of between £2.4m and £4.8m.

7.27 As above, we estimate around 1,300 kittens are sold via third party in Wales each year. Based on the Pets4homes website, we have assumed that the average price for a kitten is £480. The revenue generated from the third party sale of kittens in Wales each year is therefore estimated to be £0.6m.

7.28 Overall, the annual revenue generated from the third party sale of puppies and kittens in Wales is estimated to range between £3.0m and £5.4m.

7.29 To estimate the cost of the ban to third party sellers, we need to understand how the revenue from third party sales is split between the sellers and the breeders and also the costs which third party sellers incur prior to the sale. Evidence on the split of revenue between sellers and breeders is limited.

730 The Canine Action 2016 report¹² states that 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 included a case study which showed UK third party sellers of puppies imported from Ireland were getting around 86% of the sales revenue. Taking an average of these two reports gives a central estimate of the third party seller's share of the revenue of 73%. In the absence of any alternative evidence, the same revenue split is assumed for the third party sale of kittens.

7.31 Based on this, the seller's share of the revenue from the third party sale of puppies and kittens is estimated to be between £2.2m and £4.0m per annum.

7.32 Third party sellers would be expected to incur some costs in the period between receiving puppies and kittens from their breeder and the point of sale (for example, for food and accommodation). These costs are estimated to be £50 per puppy and £35 per kitten. Taking these costs into account gives an estimate of the profit third party sellers will lose as a result of a ban of between £2.0m and £3.6m per annum.

Cost to breeders

7.33 Breeders who currently sell via a third party will not necessarily be forced out of business by a ban on third party sales. A large proportion of these breeders are expected to choose to continue breeding and to sell the puppies and/or kittens to consumers directly. However, for a variety of reasons (such as location or security issues), this will not be an option for all breeders. The Canine Action 2016 report considered whether rural location in Wales would act as a hindrance to direct selling and found 89% of breeders that sold puppies to third parties are based in postal areas where direct sale should be feasible. This figure is based on breeders in one rural area in Wales and does not consider factors other than location (e.g. security). For the purposes of this RIA, we have assumed that 20% of breeders who currently sell via a third party will have to drop out of the market if a ban is introduced. This assumption is considered further in the sensitivity analysis.

7.34 We estimated above that 73% of the revenue from the third party sale of puppies and kittens goes to the seller and this leaves 27% of the revenue for the breeders. However, not all of the puppies and kittens sold in Wales via a third party seller will have been bred in Wales or even the UK. The impact of a ban on overseas breeders is outside of the scope of this RIA and so the revenue figures need to be adjusted

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>

to reflect this. Canine Action's 2016 report¹⁴, found around 12% of pet shops were importing puppies from outside the UK. There have been reports during the 2020 lockdowns of an increase in the number of puppies imported into the UK but in the absence of firm evidence of this, the 12% figure has been used. The number of kittens imported into the UK for sale is believed to be significantly lower and so a figure of 2% has been used. The revenue to UK breeders from the third party sale of puppies and kitten is therefore estimated to be between £0.7m and £1.3m.

7.35 Assuming that 20% of UK breeders will drop out of the market and experience a loss of revenue as a result of the ban, we estimate a loss in sales revenue to UK breeders of between £145,000 and £260,000 per year. To calculate the loss of profit, we need to take account of the costs the breeders incur. In the absence of alternative evidence, it is assumed that breeder's profits are 50% of the revenue they receive from third party sales. On this basis the cost (lost profit) to UK breeders from a ban on third party sales is estimated to be between £75,000 and £130,000. Given that a large number of UK puppy breeders are based in Wales, much of this cost will fall to businesses in Wales.

7.36 It is difficult to make assumptions on the likelihood of breeders in Wales reducing the volume of their breeding stock or ceasing trading altogether as a result of the ban on third party sales. There are no current figures on how many puppies are sold via a third party from breeders in Wales. The third party sale ban in England may have provided some information on the impact on breeders in Wales had it not been for the timing of the Covid-19 pandemic and subsequent lockdowns. During this time it was permitted for breeders to deliver puppies to purchasers and therefore eliminating the possibility of following the recommended advice of viewing the puppy with its mother. Due to the significant increase in demand for puppies during this time, and the inflated prices people were prepared to pay for them it would be unlikely that large scale breeders would opt out of the market due to the closure of their previous route to market.

Benefit to breeders

7.37 Although the evidence on why breeders choose to sell via third party sellers is limited, we expect the majority of breeders will to continue to operate and to sell their puppies and kittens directly to consumers and potentially for a higher price than if they had sold them to a third party seller. While the breeder would be expected to incur some additional costs by selling directly to consumers (when compared to selling to a third party) such as advertising the animals for sale and additional feed costs, the higher selling price would be expected to cover those costs. There would therefore be a potential benefit to breeders.

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

7.38 It is anticipated that the profits which currently go to third party sellers could instead be captured by breeders, should they choose to remain in the market. The annual profits currently made by third party sellers in Wales was estimated to be between £2.0m and £3.6m. Adjusting this to reflect that some puppies and kittens are currently imported and the assumption that 20% of breeders would drop out of the market suggests a potential benefit for the remaining UK breeders of between £1.4m and £2.6m. Again, much of this benefit is expected to accrue in Wales.

Indirect benefit to breeders

7.39 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.

Sensitivity analysis undertaken by Welsh Government Economist

7.40 There are a number of areas of uncertainty in the above analysis which have required us to make quite broad assumptions in order to estimate the impact of a ban on the third party sale of puppies and kittens on sellers and breeders. The following sensitivity analysis looks at the impact of changing some of the key assumptions on the headline results in the analysis. In each case, only one assumption is changed at a time. The sensitivity analysis focuses on the assumptions around the third party sale of puppies since these have a greater impact on the results than the assumptions around kitten sales.

Number of puppies sold via a third party in Wales

7.41 The calculations in the RIA are based on a report from the RSPCA which suggests between 40,000 and 80,000 puppies were sold via a third party seller in Great Britain each year before the ban on third party sales was introduced in England. The number of third party sales in Wales is estimated by apportioning this GB figure according to Wales' share of the dog population as given by data from the UK Pet Food Manufacturers Association (7.4%).

7.42 Commercial third party sellers are those who are licensed pet sellers. However, there are relatively few pet shops in Wales which are licensed to sell puppies and kittens and unlike in England (prior to the ban on the third party sales of puppies and kittens) there are no pet 'supermarkets' selling puppies and kittens in Wales. As such, it has been suggested that apportioning the estimated number of GB third

party sales according to the size of dog population may over-estimate the number of third party sales in Wales.

7.43 If we were to assume that between 2% and 5% of the estimated annual GB third party puppy sales take place in Wales then this would equate to between 800 and 4,000 puppies being sold via this route in Wales each year. Including these figures in the analysis would reduce the estimated loss of profit experienced by third party sellers following a ban to between £0.8m and £2.6million per annum. Similarly, the reduction in annual profit experienced by those breeders who opt to leave the market is estimated to fall to between £30,000 and £95,000 and the potential increase in annual profit for those breeders who remain and who sell direct to customers (rather than use a third party seller) is estimated to fall to between £0.6m and £1.8m.

Response of breeders following a ban on third party sales on a UK basis

7.44 Another area of uncertainty in the analysis is around how domestic breeders will respond to the ban on third party sales. It has been assumed in the analysis that (for reasons of location and security etc.) 20% of breeders will opt to give up breeding puppies and kittens rather than sell directly to customers. However, it has been suggested this is an over-estimate of the likely impact and there is emerging evidence which suggests no breeders in Wales have ceased operating following the ban on third party sales in England (although as noted above, markets may currently be distorted by the pandemic and lockdowns).

7.45 Given it is over a year since the English Regulations were brought forward, if the percentage of breeders who are assumed to exit the market was reduced to 10% then the estimate for the reduction in annual profit for those breeders who leave the market falls to between £35,000 and £65,000. Similarly, the potential increase in annual profit for UK breeders (if the remaining breeders are able to capture the profits previously made by third party sellers) increases to between £1.6m and £2.9m.

7.46 If no breeders were to leave the market then the potential increase in estimated annual profit for UK breeders rises to between £1.8m and £3.2m. It follows that since no breeders leave the market, the reduction in breeders profit in this scenario is zero.

Average price of a puppy

7.47 As noted above, the analysis is based on the average price for a puppy in 2019 (£810) rather than the 2020 average (£1,875). This is because the pandemic and lockdowns resulted in a significant increase in the demand for and price of puppies in 2020 and we do not believe the average price in 2020 is representative of the likely average going forward.

7.48 However, if we were to assume the current high prices were actually sustained and included an average price for a puppy of £1,875 in the calculations, then the estimated loss of profit experienced by third party sellers following a ban would be between £4.3m and £8.2m per annum. The loss of profit for those UK breeders who were to leave the market (assuming 20% leave) would be between £145,000 and £280,000 per annum. The increase in annual profits for those UK breeders who remain in the market is estimated to be between £3.1m and £5.8m.

Wider impacts

Impact on Welsh Government

7.49 Sections of the Welsh public and a number of third sector organisations have been lobbying for this practice to be banned and the Welsh Government has, for a number of years, received regular correspondence to that effect. Welsh Government officials have so far this year responded to 63 letters and provided a number of briefings for AQ and WQs. Lesley Griffiths AM, then Cabinet Secretary for Energy, Planning and Rural Affairs, consulted on a ban of commercial third party sales of puppies and kittens and announced her intention to explore opportunities to bring forward legislation to ban the third party sale of puppies and kittens in Wales in June 2018, going on to consult on the The Animal Welfare (Licensing of Activities Involving Animals) (Wales) Regulations 2021 later that year.

7.50 Responding to correspondence can be time consuming with each response, on average, taking half a day of an Executive Officer (EO) or Higher Executive Officer's (HEO) time, at a daily rate of £135 or £175 respectively. Assuming a 50/50 split between EO and HEO, responding to correspondence on this subject has cost the Welsh Government ranging between £9,200 and £12,000 for the last three years. Correspondence on this subject is expected to reduce significantly if the third party sale of puppies and kittens is banned. An increase in correspondence from those opposing a ban, or from those calling for a ban to be extended to other species, cannot be ruled out, however this is unlikely to be anywhere near the same scale. The costs associated with this are therefore unknown.

7.51 There will be a small implementation cost to the Welsh Government in developing guidance on the Animal Welfare (Licensing of Activities Involving Animals) (Wales) Regulations 2021. The development of guidance, based on an estimate of 5,000 words, including engaging stakeholders to ensure it is fit for purpose, is anticipated to take approximately four weeks over a period of three months of a Higher Executive Officer's time, equating to £3,500. The guidance will be available in English and Welsh. Translation and design would take up to two weeks to complete. Translation would take approximately a week

of a Higher Executive Officer's time, equating to £900. Design would require approximately a week of an Executive Officer's time, which would equate to £700. Guidance would be published on the Welsh Government website and shared electronically with Local Authorities. There would be no printing and distribution costs. All costs associated with producing guidance would be incurred in 2020-21. The total cost for preparing guidance would be approximately £5,100.

- 7.52 Costs to communicate a ban on commercial third party sales of puppies and kittens will also fall to Welsh Government. This will include publicising the change to the businesses affected, issuing Press Notices and the use of Welsh Government social media accounts. This is expected to take, at the most, the equivalent of a week of a Higher Executive Officer's time, equating to £900.

Impact on Justice System

- 7.53 The Animal Welfare (Licensing of Activities Involving Animals) (England) (Amendment) Regulations 2019 established the selling of puppies and kittens as an offence.
- 7.54 The Regulations introduce a new licensing scheme, and consequently provide a new means by which people will be held to account when selling animals as pets in Wales.
- 7.55 The Regulations do not provide for a change in the Court or Tribunals process, however there could be a minor increase in applications to the Court, should there be persons against whom action needs to be taken. As this is a new licensing scheme, it is not possible to determine the precise impact on the justice system although we anticipate this to be reasonably low as there are currently only 10 licensed third party sellers in Wales who are permitted to sell puppies or kittens.

Impact on Local Authorities

- 7.56 Local Authorities will be responsible for enforcement of the Regulations as they are for the Pet Animals Act 1951. Under section 30 of the 2006 Act, local authorities may prosecute for any offence under the Act.
- 7.57 Commercial third party sellers already need to apply for a licence and are subject to ongoing inspections. Therefore, it is anticipated there will be no additional costs. However, LAs will have the opportunity to allow for anticipated costs of registration, inspection and enforcement by charging a fee for the issue of a licence (regulation 14).
- 7.58 The fee charged for the consideration of an application for the grant, renewal or variation of a licence and for any inspection relating to that

consideration must not exceed the reasonable costs of that consideration and related inspection.

7.59 Licence fees across the 22 Local Authorities in Wales vary significantly due to the individual circumstances of each authority. If the 10 existing third party sellers were to stop trading the loss of income from license fees will be negligible.

Benefits

7.60 Existing legitimate commercial third party sales of puppies and kittens are presently undertaken by those who are licenced pet sellers: this could be a traditional pet shop type setting, dealers acting as middle men between breeders or breeders who sell puppies from litters they have not bred themselves. Currently in Wales, they are required to hold a licence under the Pet Animals Act 1951.

7.61 There are concerns commercial third party sales of puppies and kittens may be associated with poorer welfare conditions for the animals compared with direct purchase from the breeder. For example, the introduction to several new and unfamiliar environments, and the increased likelihood of multiple journeys the puppies or kittens have to undertake have the potential to contribute to an increased risk of disease and lack of socialisation and habituation for the puppies and kittens.

7.62 The Regulations are a first step towards ensuring the welfare of puppies and kittens in Wales, who are currently being bred and sold on to third parties, is improved significantly by being sold only by breeders directly to the new owner. Legislation which relates to the selling of pets should reflect best practice. Allowing commercial third parties to sell puppies and kittens means, in most cases, purchasers will not see the puppy or kitten interacting with the bitch/queen or the siblings. The ban would:

- Assist purchasers in making responsible buying decisions based on seeing a puppy or kitten with its dam/bitch and the conditions in which it has been bred.
- Improve the welfare of puppies and kittens and dogs and cats used for breeding and reducing the sale of puppies which have not been bred to the recognised standards of welfare in Wales.
- Incentivise welfare improvements in licenced dog breeding establishments by ensuring transparency, accountability and appropriate remuneration for breeders.
- Align the licensing process with other Administrations. This is to ensure there are no inconsistencies between the Administrations where some breeders may cross the border to avoid being caught up in the legislation which applies to that region.
- Provide a legislative mechanism for future changes to the Animal Welfare (Breeding of Dogs) (Wales) Regulations 2014 that will

align the licensing process more closely with the other Administrations.

- Provide a future opportunity to include other licensed animal welfare establishments including, but not exclusively, Horse Stables, Riding Schools and

7.63 The proposal on a ban on commercial third party sales of puppies and kittens, generally, has been well received and supported by the public, animal health and welfare organisations.

7.64 Lucy's Law campaign in England called for an immediate ban on the sale of puppies by pet shops and other commercial third party dealers. Lucy was a King Charles spaniel who was an ex-breeding bitch in very poor condition. Lucy was rescued and adopted in 2013 and became the mascot of anti-puppy farm campaign. She died in December 2016 and Lucy's Law was named in her honour.

7.65 The petition associated with the campaign gained over 100,000 signatures and was debated in Parliament on 21 May 2018. It called for an immediate ban on the sale of puppies by pet shops and other third party commercial sellers. The ban came into force on 6 April 2020.

7.66 Local Authorities across the UK were asked to sign up to the principles of Lucy's Law and there was widespread support from Local Authorities in Wales.

7.67 Both Welsh Government's consultations in 2019 and 2020 have shown widespread support for the ban. However this is seen as only the first necessary step to improve the welfare of dogs & puppies and cats & kittens. The combination of new regulations on pet sales and a three year, Welsh Government funded, project tackling barriers to enforcement; enhanced training; better guidance; and improved use of resources within local authorities for improvements to the enforcement and delivery of the existing Breeding Regulations will result in lasting improvements to the welfare standards of puppies bred in Wales.

7.68 Pet shops will continue to be welcome in Wales, provided they do not sell puppies and kittens through a third party. Following a period of transition, the 10 pet shops affected by the ban should be able to successfully continue to trade. The small and declining number of pet shops who hold licences to permit them to sell puppies and kittens suggests their presence is not a major factor in determining the popularity for the demand of puppies and kittens amongst breeders.

7.69 Clearly a ban on commercial third party sales of puppies and kittens will have an effect on breeders operating model, though this is would be a desirable disruption. For larger, more commercial establishments it might impact on the speed in which they can sell their puppies. Whereas a third party seller may collect whole litters of puppies for onward re-sale, the overwhelming majority of the wider puppy buying

public will only buy one puppy at a time. This is likely to result in the licence holder (staff) having to spend more time conducting puppy sales, which may reduce the available time to look after the other puppies and dogs at the establishment. Should a ban come into place, a transition period will be provided for licence holders to make adjustments to their operating procedures to address this, in conjunction with their licensing authority.

- 7.70 The way we treat animals is an important reflection of the values of our society. It is increasingly difficult to justify breeding puppies and kittens, removing them from their mother at such a young age and kept in poor conditions. Responses to the consultation on the ban of commercial third party sales suggest there is overwhelming support for a ban. A ban will contribute to encouraging respectful and responsible attitudes, particularly the developing attitudes of children and young people, towards all species. It will also contribute to an improved perception of pet shops and how puppies and kittens are bred.
- 7.71 Breeders who currently sell puppies via third parties may need to improve their 'shop floor', as third party sellers will have less concerns regarding the upkeep and standards of the breeder's establishment, than someone looking for their next pet.
- 7.72 However, given the question is limited to licensed breeders, we must assume that these breeders should have nothing to fear from the public buying their puppies direct from their establishments. We know that the puppy buying public will travel significant distances to buy puppies, so a breeder who gains a good reputation will have no problem selling their puppies direct from their breeding establishment. The reduction in volumes of puppies being sold will be offset by the increased sales prices, as the third party seller will be a sizable cut of the eventual puppy sales price to cover their costs and generate their own revenue.
- 7.73 A puppy who is properly reared in their early weeks will be far more likely to grow up confident, calm, more open to learning new things, less likely to respond to new experiences fearfully or aggressively – in short, more likely to become a good family dog.
- 7.74 The critical puppy socialization period up to 12 weeks of age is a time of rapid learning. A puppy not exposed to sufficient experiences, people, other animals and noises during this time is unfortunately destined for a lifetime of fear and sometimes aggression problems.
- 7.75 Social exposure for a kitten should begin at 3-4 weeks of age. Kittens do best when worked with by 9 weeks of age, but earlier is better. Non-threatening, ideally positive, experiences with multiple animals of the same and other species, people, stimuli and common life experiences for pet animals such as handling and transportation. Social interactions should continue to be reinforced throughout the animal's life as

necessary to support good temperament and promote the wellbeing of the animal.

7.76 Puppies sold via commercial third party sellers are exposed to a number of inherently stressful, challenging events which fall within key periods of development and hence are likely to detrimentally impact on behaviour, health and welfare. These events include:

- Potential for abrupt/early separation of puppies from their mothers and littermates before 7-8 weeks of age which interrupts the natural process of weaning and may inflict acute and/or chronic stress.
- Likelihood of multiple journeys especially for those puppies who are imported from Ireland and the Continent e.g. from breeder to place of sale to buyer or breeder to broker to place of sale to buyer. Studies which have measured the impact of transportation on dog welfare have shown that transportation is stressful and multiple factors are likely to contribute to this stress including handling, containment, ventilation, and temperature, driving style, access to food and water and opportunities for exercise.
- Introduction to new and unfamiliar people as well as environments including vehicles, in some cases broker accommodation, place of sale and the subsequent buyer's residence which will likely result in behaviours associated with fear.
- Introduction and mixing of young and unfamiliar animals which may pose a disease risk especially within the premises of those sellers who also breed their own dogs. As puppies may be separated from their mother and littermates before 7-8 weeks and are typically vaccinated at eight and ten weeks, puppies are highly likely to be unprotected against diseases including canine parvovirus and distemper virus.

7.77 There is plenty of evidence to suggest that pets make great companions for children of all ages, particularly helping in reducing mental health problems and anxiety. For example, Bishop of Llandaff High School¹⁵, Cardiff brought a black Labrador puppy permanently into the school setting in 2019. The 'wellbeing dog' reduces the pupils' anxiety and helps 'children with their mental health'. There is evidence to suggest that children with disabilities, including autistic children, find even more joy in petting animals. Pets can offer formal therapy, but also everyday assistance.

7.78 The main conclusions of the research conducted by National Autism Team¹⁶ suggests the whole family, not just the autistic child, benefits from introducing a dog into the family home. It can often reduce stress, encourage socialising and bring about healthy routines, such as going out for a walk twice a day. However, it is clear that this is an area lacking

15 <https://www.itv.com/news/wales/2019-07-15/meet-georgie-the-therapy-dog-whos-delighting-pupils-at-a-welsh-high-school>

16 <https://www.autism.org.uk/advice-and-guidance/topics/strategies-and-interventions/strategies-and-interventions>

in scientific research and many of the findings are based on anecdotal evidence.

7.79 In 2010, Dogs for the Disabled ‘received a research grant from the Big Lottery Fund to investigate exactly how pet dogs can benefit and improve the wellbeing and development’ of autistic children and their families.

The study found that pet dogs can:

- have a profound impact on the wellbeing on the entire family,
- improve parent-child relationships,
- reduce parental stress levels,
- improve child behaviour,
- enable the child to stick to routines independently,
- Provide the child with a greater sense of responsibility.

7.80 In their research paper ‘What Factors Are Associated with Positive Effects of Dog Ownership in Families with Children with ASD?’ (2016)¹⁷, Sophie Susannah Hall, Hannah F Wright, and Daniel Simon Mills look at the benefits of introducing autistic children to an environment where there is a dog present.

7.81 It is therefore essential for any puppy who is purchased for any of these reasons is socialised in the right environment. A puppy who is properly reared in their early weeks will be far more likely to grow up confident, calm, more open to learning new things, less likely to respond to new experiences fearfully or aggressively – in short, more likely to become a good family dog.

7.82 Responsible ownership of a dog includes making sure your dog is walked daily. However there are many benefits to owner such as improved cardiovascular fitness, lower blood pressure, stronger muscles and bones (built up by walking regularly), and decreased stress. Therefore it is essential that the puppy is properly socialised at a young. Socialising teaches your dog how to react to the world around it in a healthy way, without unnecessary fear or aggression.

7.83 On 30th September 2019 BBC Wales broadcast a programme called BBC Investigates: Inside the UK’s Puppy Farm Capital. The BBC programme primarily looked at the conduct of licenced dog breeders under the Animal Welfare (Breeding of Dogs (Wales) Regulations 2014. The BBC had five examples of licenced breeders keeping dogs in conditions which expert independent vets have told them are completely unacceptable.

7.84 A ban on commercial third party sales of puppies and kittens will also go some way to rebuilding Wales’s damaged reputation in regard to

¹⁷ <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0149736>

dog breeding. A view which is echoed in responses received through the consultation.

- 7.85 A ban on commercial third party sales of puppies and kittens may have an impact on rehoming shelters. With fewer animals available from others sources this could encourage people to purchase from an animal shelter instead. Rehoming shelters should also see a reduction in the number of animals who are abandoned due to health problems or an impulse buy. Unwanted puppies regularly take space in shelters across the UK. This peaks after Christmas and dogs/cats bred specifically for this purpose find themselves in shelters. The over production of puppies and kittens in the UK is constant throughout the year.

8. Consultation

- 8.1 The first public consultation on the Banning of Third Party Sales of Puppies and Kittens ran for twelve weeks 19 February 2019 -17 May 2019. The consultation was published on the Welsh Government website and publicised in newsletters and via various social media platforms. This consultation looked at evidence on what stage the government should intervene in large scale breeding premises and address concerns about animal welfare. There were 458 responses to the consultation.
- 8.2 Officials also attended the RSPCA Cymru's Big Walkies event on 18th May 2019 and the Royal Welsh Horticultural Show in July 2019 to engage with children and young people on the issue of responsible ownership and buying pets. These events provided officials the opportunity to conduct a data capture exercise with children and young persons through a questionnaire. The questions were not specific in regards to an opinion on the ban but the information gathered identified a gap in education concerning the conditions and welfare of the animals sold by commercial third party sellers.
- 8.3 A final eight week public consultation on the draft banning of commercial third party sales of puppies and kittens was published on 22 June 2020. Respondents were asked nine questions relating to the general policy, economic impacts, the provisions of the Regulations and impacts on the Welsh language. There were 226 responses to the consultation. Responses were received from the general public, third sector organisations, and the British Veterinary Association and enforcement bodies.
- 8.4 Alongside the full public consultation, Welsh Government worked with Children in Wales through its Young Wales initiative, to conduct a children and young person's consultation asking them to give their views on banning third parties sales of puppies and kittens.
- 8.5 There was a focus on four key questions with an aim to hear children and young people's voices and recommendations to further inform and

support the development of the new legislation; which is part of our children and young people's participation agenda.

- 8.6 During July and August Young Wales conducted an online consultation to seek the views of children and young people in relation to banning third party sales of puppies and kittens. Young Wales received 59 responses from children and young people across Wales with ages ranging from under 10 to 21 years old. 96% of respondents agreed with a ban, 2% disagreed and 2% were unsure.
- 8.7 All responses were analysed and a summary of the responses was published 5 October 2020 <https://gov.wales/ban-commercial-third-party-sales-puppies-and-kittens-young-peoples-consultation>
- 8.8 Following the responses to the consultation being fully reviewed and analysed, Welsh Government took into account all the evidence received from the public, animal welfare organisations and our stakeholders and could confirm a ban on commercial third party sales of puppies and kittens would be brought forward before the end of the Senedd.
- 8.9 Both Welsh Government's consultations responses (2019 and 2020) have shown widespread support for the ban. A small number of negative comments were recorded from our final consultation this year mainly from members of the public. They felt the existing Pet Animal Act 1951 is comprehensive enough for pet shop owners to keep animals in appropriate conditions. However it is worth highlighting the proposal to ban third party sales is considered to be only one of the steps necessary to improve the welfare of dogs and cats at breeding premises in Wales. Welsh Government are working closely with Local Authorities, with work underway in relation to tackling barriers to enforcement; enhanced training; better guidance; and improved use of resources within local authorities as part of a three year Welsh Government funded project.

9. Competition Assessment

- 9.1 A Competition Assessment has been undertaken to assess the potential impact of banning the commercial third party sales of puppies and kittens in Wales. This policy is not expected to have a significant detrimental effect on competition within the breeding industry. The policy does not discriminate between breeders, applying equally to all. The results of a filter test (consisting of nine yes/no questions) which support this conclusion are below, followed by evidence to support the answers.

9.2 Table: Filter test for banning the commercial third party sales of puppies and kittens in Wales.

The competition filter test	
Question	Answer yes or no
Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share?	NO
Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share?	NO
Q3: In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?	NO
Q4: Would the costs of the regulation affect some firms substantially more than others?	NO
Q5: Is the regulation likely to affect the market structure, changing the number or size of firms?	NO
Q6: Would the regulation lead to higher set-up costs for new or potential suppliers that existing suppliers do not have to meet?	NO
Q7: Would the regulation lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet?	NO
Q8: Is the sector characterised by rapid technological change?	NO
Q9: Would the regulation restrict the ability of suppliers to choose the price, quality, range or location of their products?	NO

9.3 There would be a transition period to allow pet shop owners to consider a different operating model to mitigate any potential impact. Whilst the proposed legislation does not allow third parties to sell puppies and kittens under 6 months of age this will not be the case if you have bred the animal. Pet shops will also be permitted to sell dogs and cats over the age of 6 months.

9.4 The costs of adhering to the ban will affect the 10 licenced commercial third party sellers which currently sell puppies and kittens, but not those which do not, or new entrants. There may be an increase in costs to pet shops who choose to adapt their business model to breed puppies and kittens, in the short term at least, but the degree to which they will be affected will depend on a number of factors and there may be cost savings from not purchasing via a third party seller.

9.5 The incentives of complying with the ban will outweigh the incentives for non-compliance. An offence would be committed by the person who commercially sells puppies or kittens if they are not the owner of the mother/dam. A person guilty of such an offence is liable on summary conviction to a fine.

- 9.6 The Blue Cross started their research in February 2016 and produced the report: [Unpicking the Knots](#). It says buying a pet in the UK is a postcode lottery and the welfare of thousands of pets being bred and sold is at risk. They mention that under resourced local authorities are struggling to cope with enforcing welfare standards for pet shops and dog breeders and an ever growing unlicensed online pet trade means that animals are slipping under the radar entirely, with breeders making thousands of pounds while putting pets at risk.
- 9.7 A ban on commercial third party sales of puppies and kittens may have an impact on rehoming shelters. With fewer animals available from others sources this could encourage people to purchase from an animal shelter instead. Rehoming shelters should also see a reduction in the number of animals who are abandoned due to health problems or an impulse buy. Unwanted puppies regularly take space in shelters across the UK. This peaks after Christmas and dogs/cats bred specifically for this purpose find themselves in shelters. The over production of puppies and kittens in the UK is constant throughout the year.
- 9.8 Justification for the ban to meet the policy objective was evident from overwhelming support from respondents to the consultation. Consumers would, with confidence, be able to source a puppy and kitten safe in the knowledge they have been properly reared in their early weeks and will be far more likely to grow up confident, calm, more open to learning new things, less likely to respond to new experiences fearfully or aggressively – in short, more likely to become a good family dog.

10. Post implementation review

- 10.1 It is important to note the proposal to ban third party sales is considered to be only one of the steps necessary to improve the welfare of puppies and kittens at breeding premises in Wales. Welsh Government are working closely with Local Authorities, with work underway in relation to tackling barriers to enforcement; enhanced training; better guidance; and improved use of resources within local authorities as part of a three year Welsh Government funded project.
- 10.2 It would be appropriate to consider reviewing the legislation following completion of the Local Authority Enforcement Project on dog breeding. At that time, it may be appropriate to consider incorporating other licensable activities involving animals in to these Regulations. This would give an opportunity to:
- Align the licensing process with other Administrations. This is to ensure there are no inconsistencies between the Administrations where some breeders may cross the border to avoid being caught up in the legislation which applies to that region.

- Provide a future opportunity to include other licensed animal welfare establishments including, but not exclusively, horse stables and riding schools.
- Provide a legislative mechanism for future changes to the Animal Welfare (Breeding of Dogs)(Wales) Regulations 2014