



People

February 2024

The trigger for preparing Impact Analysis includes impacts on people, reflecting the significant burden experienced by individuals or groups of people and the Government's objective to reduce that burden.

The purpose of this guidance note is to assist you to interpret the [*Australian Government Guide to Policy Impact Analysis*](#) by providing guidance on when Impact Analysis may be required for proposals that affect individuals and on how to quantify the costs on individuals.

Definitions

For the purposes of Impact Analysis, impacts are measured for people who are subject to Australian law, whose activities have an impact in Australia and who either:

- interact with the Australian Government, or
- are impacted by an Australian Government regulation.

All activities of individuals or groups of people are included in the scope of Impact Analysis, including those that are income-generating, such as meeting licensing requirements for employment, and those that do not relate to income, such as obtaining visas and passports.

A person's interaction with government services, such as Centrelink or Medicare services, is also included.

The focus of Impact Analysis requirements

When determining whether Impact Analysis is required for proposals that affect individuals, OIA considers whether the proposed regulation mandates an individual's interaction with government. The Impact Analysis requirements cover all of the individual's interactions with government, including in programmes in which participation is not mandated¹, but OIA focuses on proposals that involve mandatory interaction.

¹ Further information on whether Impact Analysis is required for non-mandatory participation in government programmes is in the [*Commonwealth programmes*](#) guidance note.

For example, this includes changes to require people to obtain a licence before undertaking certain activities, changes to the tax system or changes that place restrictions on individuals to behave in a particular way.

A minor change is a change that does not substantially alter the existing regulatory arrangements for individuals. Minor and machinery changes are discussed further in the [*User Guide to the Australian Government Guide to Policy Impact Analysis*](#). An impact on individuals is considered more than minor where the proposed change results in a significant change to either behaviour or compliance costs. In analysing whether a proposal is significant, the size of the impact and the size of the affected population need to be considered, including whether a significant number of people are involved.

The Office of Impact Analysis (OIA) does not define 'a significant number of individuals'. Depending on the programme or policy area, the number can vary widely. OIA will rely on you to demonstrate whether the number of people affected by a proposed change is significant for the particular programme or area.

Regulation that affects individuals residing outside Australia would be in scope of the Impact Analysis requirements if there is also an impact in Australia. For example, changes in visa applications requirements would be likely to lead to a social or economic impact in Australia and therefore would require Impact Analysis.

When filling out the Preliminary Assessment form to request advice on whether Impact Analysis is required, you should identify whether the proposal is considered minor and/or machinery, where applicable. At the earliest opportunity, you should seek agreement from OIA on whether Impact Analysis is required.

Even if Impact Analysis is not required for a proposal, you will still be required to quantify the costs imposed on business, community organisations and/or individuals, using the Commonwealth's Regulatory Burden Measurement framework (see the [*Regulatory Burden Measurement framework*](#) guidance note for further information).

How to quantify regulatory costs on people

Costs need to be estimated using the Regulatory Burden Measurement (RBM) framework.

When calculating the burden on people, you should exclude the costs already incurred in the absence of the proposed change.

In some cases, a proposal will aim to influence the behaviour of individuals, often by imposing obligations on them. Where this obligation represents a substantive compliance or administrative cost it needs to be quantified using the RBM framework.

In some cases people fail to comply with government requirements and as a result, enforcement action may be warranted. If policies or administrative processes are put in place by government to influence or direct certain behaviour (that is, to ensure compliance with the government's requirements), then these enforcement actions are most likely outside the scope of the RBM framework. For more information on costing enforcement actions, see Appendix 3 in the RBM framework guidance note.

When quantifying costs to individuals, the default value of an individual's time while not in paid employment (such as during leisure time) should be used. See Appendix 2 in the RBM framework guidance note for this value.

There is scope for you to use a different value if it is more appropriate. If you are considering doing so, you should justify it and state the assumptions in your Impact Analysis.

Further information on costing programmes, such as quantifying application costs, is included in the *Commonwealth programmes* guidance note.

Hypothetical examples

This section works through some hypothetical examples to help you understand the Impact Analysis requirements for proposals that affect individuals, as well as how the costs would be quantified. Note that in each example Impact Analysis would be required if the proposal was proceeding to the Cabinet, even if the impact of the proposal was minor or machinery in nature.

Example 1

The Australian Taxation Office proposes a new requirement for every taxpayer to report additional information in relation to medical expenses. However, at the same time, it proposes to pre-fill the additional information in MyGov. This change would increase the information obligation on individuals and result in an administrative cost for them; however, the cost would be expected to be minimal for some affected stakeholders due to the proposal to pre-fill the information. The proposed regulation could require Impact Analysis because it affects every individual in the tax system. Whether Impact Analysis is required depends on how significant the change is.

To calculate the increased burden as a result of the requirement for reporting additional information, you need to estimate the time cost, taking into account the reduced burden for those people whose information is pre-filled in e-Tax (or MyTax). This estimate of time cost should then be multiplied by the number of affected taxpayers and the cost of an individual's time. There are no substantive compliance or delay costs associated with this proposal.

Example 2

Assume that individuals are not currently required to obtain a police check before working with children, but that a proposed change will require them to do so. To obtain the police check, individuals must complete a form, meet a proof-of-identity requirement and lodge the form. They must also pay a \$71 fee to government. This change would be likely to require Impact Analysis because the change has a significant compliance cost impact for individuals.

The administrative costs to individuals are the costs of completing the form and the costs associated with taking the form to a shopfront, including travel time and queuing time, to lodge and present proof of identity. The \$71 fee is not included in the cost calculation because charges payable to government are excluded from the Regulatory Burden Measurement framework. However, these fees must still be described in the broader Impact Analysis.

There might also be a delay cost if individuals have to wait for the police check to be completed before commencing employment. This delay cost is the income lost as a result of having to wait for the approval. Calculate it using the average wage rate for the affected industries multiplied by the number of hours of missed work multiplied by the number of individuals affected.

Further information on delay costs is included in the [*Regulatory Burden Measurement framework*](#) guidance note.

Assistance

If you have any questions about this guidance note, email OIA at helpdesk-OIA@pmc.gov.au or call (02) 6271 6270.

Further information on the Impact Analysis process is in the [*Australian Government Guide to Policy Impact Analysis*](#).