



Mr Jason Lange
Executive Director
Office of Impact Analysis
Department of the Prime Minister and Cabinet
1 National Circuit
BARTON ACT 2600

Email: Helpdesk-OIA@pmc.gov.au

Dear Mr Lange,

Impact Analysis – Mandatory security standards and industry-led voluntary cyber security labelling scheme for consumer-grade smart devices – Second Pass Final Assessment

I am writing in relation to the attached Impact Analysis prepared by the Cyber Security Strategy Division within the Department of Home Affairs (the Department), outlining policy options to strengthen Australia's cyber security regulation and incentives (OIA23-05027; legacy reference: 23882).

I am satisfied that the Impact Analysis addresses the concerns raised in your letter of 9 October 2023. Specifically:

- SMART goals have been added to provide additional context surrounding the Australian Government's objectives.
- Additional context has been provided to detail how each option achieves the policy objective.
- Additional context has been provided to detail the limitations of each option.
- The status quo detailed and used as a benchmark for the multi-criteria analysis has been represented in the analysis with zero ratings in each category to assist in comparison with policy options.
- Assumptions related to the retailer regulatory costs for mandatory standards have been moved out of the footnotes and placed in-line to assist in justification.
- The industry regulatory costs for mandatory standards have been represented as an estimated annual cost, rather than a total estimated cost over 10 years.

Most of the options recommended by the Department are non-regulatory or enhance the administration of existing legislation, and therefore do not require regulatory offsets. The regulatory cost to establish mandatory standards for consumer smart devices is estimated to be \$49.5 million to manufacturers and retailers over 10 years (2021 base), a very small percentage of the total value of the smart device market, estimated to be \$24.8 billion over 10 years (2021 base).

Accordingly, I am satisfied that the Impact Analysis is now consistent with the six principles for Australian Government policy makers as specified in the *Australian Government Guide to Policy Impact Analysis*.

I submit the Impact Analysis to the Office of Impact Analysis for formal final assessment at your earliest possible convenience, noting this item is expected to be considered by the Expenditure Review Committee of Cabinet on 16 October 2023.

Yours sincerely



Hamish Hansford

Deputy Secretary – Cyber and Infrastructure Security

10 October 2023