

Cost Estimate of Election Campaign Proposal

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Short title: Implement “cyber safe” labelling

Description: Administration, regulation, and oversight of a new label to inform consumers about the security of their Internet of Things products.

Operating line(s): Operating expenses

Data sources: Survey of costs to support standards and labels

Estimation and projection method: Internet of Things is a broad category which will be limited here to *smart devices* used by consumers.¹

Standards for improving the security of internet-connected (smart) devices have already been proposed elsewhere. Two prominent ones are by: the National Institute of Standards and Technology (NIST) in the United States, and the European Telecommunications Standards Institute (ETSI) in Europe.

Standards adopted by Canada would underpin a cyber safe label, but to make it effective, consumers should have easy access to data concerning any certified device, and that device’s ongoing adherence. There should be a means to use the label to access relevant information (e.g. bar codes, etc.).

For this proposal, the setting of the standard for “cyber safe” is assumed to be done within government (in collaboration with industry and consumer groups). But, as with labels such as EnerGuide or Energy Star, service organisations would be licensed to carry out the evaluation of products under those standards. So, the cost of implementation would fall to the private sector and not government. Government would advertise and promote the label, but not itself certify compliance. However, government would carry out enforcement as is standard practise for other labels.

Given the ubiquity of smart devices and the current scale of attempts to infiltrate them, having such a label would lead to feedback from consumers. In that context, there would have to be staff to receive feedback, review it, and, when appropriate, pass it along for enforcement (whether federal, provincial, or otherwise). Staff reviewing the feedback would have to have some level of expertise in information technology.

The initial phase of introducing the label could cost \$20 million for the consultations and work needed to set the standard (including gathering detailed information on existing devices sold in Canada). We assume a \$5 million advertising campaign would follow the launch, and a permanent staff of at least 10 people to deal with feedback and ongoing issues, as well as future developments that would affect the label.

Since the cost of meeting the standards for the label would be borne by industry, an advertising campaign might have to continue over the medium term to encourage compliance by as many vendors as possible.

Uncertainty
assessment:

The estimate has moderate uncertainty within the assumptions made here – mainly involving the initial cost to set the standard.

More uncertain is the ongoing cost because the scope of the work could readily expand, for examples in cases of cyber attacks affecting a large number of households.

The reaction (i.e., initial buy-in) from industry will also play a role in the cost of developing and maintaining the label.

Expenditures from proposed measure

\$ millions	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029
Total expenditures	-	10	15	2	2	2	2	2	2	2

Notes:

¹ That is, internet-connected devices that, based on sensors and actuators, report information and send/receive commands

Estimates are presented on an accruals basis as would appear in the budget and public accounts.

Positive numbers subtract from the budgetary balance, negative numbers contribute to the budget balance.

"-" = PBO does not expect a financial cost