

**auDA
2021 ANNUAL GENERAL MEETING
CHAIR AND CEO REPORTS
16 NOVEMBER 2021**

[CHECK AGAINST DELIVERY]

auDA CHAIR ALAN CAMERON'S REPORT

A Year Dominated by COVID-19

It goes without saying that it has been a reporting period dominated by COVID-19.

It is the shortest of words, yet one that has wrought the largest possible impact on us; our economy; our social interactions; and our very way of living, and working.

Of course, it has also impacted auDA.

The virus arrived on our shores, just as auDA's then new CEO, Rosemary Sinclair, was taking the reins. I note this, as it illustrates the remarkable role she has played in the months since – in driving significant cultural, strategic and operational change at auDA.

I would like to express my gratitude to Rosemary, the Executive and auDA staff for their unwavering commitment to:

- re-positioning auDA over this challenging time;
- growing value for auDA stakeholders and users of the .au; and
- building Australians' trust and confidence in the .au domain.

Of course, while COVID-19 has left an indelible mark on so many – here and abroad – and will continue to do so in coming years – it has also driven significant positive change. In particular, in the online environment.

Globally and here in Australia, the virus has driven an increased reliance on the Internet.

This is particularly evident in jurisdictions such as Melbourne, where auDA is headquartered and which city leads the world with the longest number of days under lockdown.

Over the period, so many of us have been unable to work in our offices, shop in 'bricks and mortar' stores, attend educational institutions or doctors' clinics.

Instead, we have been forced to do these everyday activities – and many others besides – online.

It is fortunate then, that Australia has a reliable and secure Internet on which to undertake such activity.

And auDA is proud of the role it has played as a steward of this critical infrastructure during this time, ensuring Australians could continue with their day-to-day activities, regardless of restrictions placed on their physical movements.

Board Focus

In addition to monitoring and governing auDA's essential day-to-day administration of the .au, the Board has also had a productive year.

We were pleased this time last year to welcome Jackie Korhonen to the auDA Board.

Jackie has been a tremendous addition to the Board, complementing the skills and attributes of other Directors and contributing significantly to our work.

Over the year, we have completed a number of significant governance initiatives and commenced numerous others.

In July last year, following a majority vote by auDA's Governing Members, auDA's Constitution was amended to extend the Transition Date to the earlier of 30 days after the number of Associate Members exceeds 12,500; or 27 September 2022.

This amendment has allowed auDA time to continue to grow its membership and prepare for transition later next year.

Additionally, a report on the progress of the auDA Board was prepared, consistent with good governance practices, and we completed reviews of two of auDA's Board Advisory Committees.

The review of the Board fulfils a condition in auDA's Terms of Endorsement and requirements in auDA's Board Charter and Nomination Committee Charter. It found the Board had a broad and balanced skill set and was committed to working together to deliver on auDA's purpose.

The review of auDA's General and Technical Advisory Standing Committees led to the development in collaboration with those Committees of new Charters for both of them, setting out clear remits to guide their future activity and engagement with the Board.

auDA is working with the edu.au Advisory Committee on refreshing its Terms of Reference in the coming year.

I would like to thank all members of auDA's Advisory Committees for their work throughout the year. The Board appreciates your commitment to auDA and the .au domain and the support you provide to the Board.

Another significant piece of work over the last 12 months has been the Board's approval of the phased implementation of the new .au Licensing Rules.

As a result:

- Phase One of the new .au Licensing Rules commenced in April 2021;
- Rules relating to the .au direct and id.au namespaces will come into effect from March 2022; and
- Rules relating to international language domain names in .au will follow that.

These evolutions are important to ensure the .au keeps pace with the changing digital needs of Australian Internet users.

In 2020-21, the Board also supported auDA's engagement with the Department of Infrastructure, Transport, Regional Development and Communications on the Government's review of auDA's Terms of Endorsement.

Public consultation on the Terms was led by the Department in the first quarter of the 2021-22 financial year and we look forward to the outcome of that consultation and review soon.

Lastly over 2020-21, the Board also invested further in corporate governance by commencing:

- A review of the auDA risk framework; and
- The development of auDA's inaugural Corporate Governance Principles Statement.

These are significant pieces of work and they go to the heart of our commitment to auDA and to all Australians, on whose behalf we work.

Our role as a Board is to ensure auDA delivers on its purpose, to administer a trusted .au, that will unlock positive economic and social value for all.

In closing, I wish to express my gratitude to the members of the Board.

Their commitment to auDA is demonstrated not just by their active participation at our regular Board Meetings and Board Sub-Committee Meetings, but also by:

- The weight of their contributions; and
- Their regular participation at auDA workshops, international internet fora and industry events throughout the year.

I thank all of you for your commitment and I know that each of you, like me, looks forward to working with the auDA team, our Advisory Committees and our members and other stakeholders, as we support auDA to grow trust and confidence in the .au into the future.

auDA CEO ROSEMARY SINCLAIR'S REPORT

auDA staff

As Alan mentioned, the past year has been much dominated by the pandemic.

While we are fortunate now, some 18 months on, to have made great progress in our fight against this pernicious virus, it seems likely it is a battle that will not abate for some time yet.

auDA, like many other organisations, experienced operational challenges borne of COVID-19. Making staff health and well-being a priority has meant we have spent the vast majority of the reporting period working from home.

While this brings the benefit of relative safety, it means long hours of Zoom and Microsoft Teams meetings, virtual Board and Advisory Committee Meetings, remote ICANN and other international and local conferences.

Undertaking local and international multi-stakeholder engagement, rolling out new Licensing Rules and completing security exercises face-to-face is one thing – but successfully managing them remotely is quite another!

I have been buoyed by the way in which auDA staff adapted.

They have remained singularly focussed on their purpose to administer the .au for all Australians and to champion an open, free, secure and global internet.

And over the course of the financial year, we have made great progress against these tasks.

I am pleased now to report on these significant achievements auDA.

To begin, let me return to July 2020.

Digital transformation

COVID-19 was only a few months old, and we were unaware then of the remarkable way in which it would change our operational approach throughout 2020-21.

The impact was unprecedented in scale. It did not merely change the way we worked. It changed the way Australians and, of course, others across the globe did almost everything – including the way in which we use the Internet.

Restrictions on people’s ability to go to work and school, to shop, to seek services and meet friends and family face-to-face, forced the community at large to seek online alternatives.

Where once telehealth, online study and e-commerce were predominantly for those who lived remotely or were time poor, they have become the everyday way of doing things. And indeed, for many, *the only way*.

COVID-19, it turns out, was the digital transformation lever no one wanted, but that was foisted upon us.

And while we’d all rather the pandemic never eventuated, some of the benefits supported by the technological leaps are very welcome by-products.

In a relatively short period of time, COVID-19 has fundamentally changed the way we conduct business and social engagements. It has forever altered the ways in which we invest in technology, our supply chains, and the ways in which we reach our customers and audiences.

It should come as no surprise that this fundamental shift in behaviour over the period also led to a significant growth in .au domain names.

Growth in .au

While some quarters of the economy have been adversely impacted by COVID-19, auDA has bucked the trend and has experienced a year of strong growth.

Throughout 2020-21, we saw an average of 51,300 new .au domain names created *each month*. This is an increase of 15 percent when compared to the preceding year.

By the end of the financial year, we reached more than 3.3 million domains under management.

It places Australia just outside the Top 10 largest ccTLDs by number of reported domain names, and just behind others such as:

- Italy (.it) with 3.4 million names;
- The European Union (.eu) with 3.7 million names; and
- France (.fr) with 3.8 million names¹.

This a significant achievement in a country with a population of 25.7 million people and one that we hope to build upon in coming years as we focus our activity on innovation and building trust and confidence in the .au.

The .au domain also experienced a significant uplift in traffic over the reporting period, with the average number of queries to .au nameservers per second up 131 percent compared to 2019-20 to more than 3 billion per day.

I will say it again – *3 billion. .au nameserver queries. Per Day.*

This is a staggering sum by any measure.

Moreover, it is a measure of the strength of our nation's digital economy, the value of the Domain Name System and auDA's role in supporting it.

These figures demonstrate that more people in Australia and internationally than ever before over the period sought to connect to and rely on .au websites and email services.

We will continue to do all that we can to grow value in the .au for local and international Internet users and support Australia's digital economy and society.

Partners

We thank our registry operator Afilias for its role in supporting auDA to deliver these historic service levels.

Our relationship was further strengthened this year, as we extended the Registry Agreement for a further two years.

The updated Agreement also includes new terms to strengthen the security and reliability of the .au domain, such as:

¹ Verisign Q2 2021 Domain Name Industry Report, https://www.verisign.com/en_US/domain-names/dnib/index.xhtml?section=cc-tlds

- Regular cyber security exercises to be undertaken by auDA and Afilias
- Implementation of the ISO 31000 risk management framework
- Additional system integration to support validation of domain name registrants and domain name system (DNS) query logging.

In addition to our registry operator, we also thank our accredited registrars for their role in supporting this significant growth in trust and confidence in the .au.

Over the course of the year, auDA worked with Afilias and the registrars to update the new Registry-Registrar Agreement and ensure alignment and clarity of roles and responsibilities.

We are grateful for the support and close working relationship with our registry operator and registrars – to ensure we can meet our obligations and build on them.

These relationships ensure that we can deliver on our remit and work together to advance a common outcome and realise benefit for society. Our purpose is enshrined in our Terms of Endorsement and further articulated in our Strategy.

Governance & Strategy

Our current Terms of Endorsement from the Federal Government were set in 2018 and require that we operate in the public interest.

They set for auDA a clear focus on delivering value. They require us to:

- Uphold the security, stability and reliability of the .au;
- Ensure consumer protection, including through adherence to principles of competition and fair trade and ensuring appropriate dispute resolution mechanisms;
- Undertake active participation in local and international namespace fora; and
- Operate as a fully self-funding and not-for profit organisation.

To deliver on these Terms, and to align with key opportunities, we undertook a thorough strategic planning process to determine the organisation's future focus.

This planning included public consultation and engagement with experts and stakeholders.

It helped us to set our strategic vision to unlock positive social and economic value for Australians through an open, free, secure and global Internet.

We will achieve this by:

- focussing on three key areas of strategic focus – trust, innovation and multi-stakeholder engagement; and
- growing our strategic capabilities in the areas of governance and our people.

This underscores our focus on:

- meeting and exceeding the expectations of our stakeholders; and
- not only delivering value – but adding value – in those areas where we can lend our voice, or our skills and expertise, to support the better outcomes for the .au and our digital economy.

There is, of course, much work ahead of us to meet this vision but we are pleased to have made great progress over 2020-21 – and we look forward to building on this further still.

Investment and activity over 2020-21

Across the reporting period, auDA has invested in the development of:

- our Licensing Rules;
- the security of the .au domain;
- our compliance approach;
- the strength of our effective working relationships; and
- our support for the Internet ecosystem.

This investment has been made to drive greater value delivery to our members, to Australians and to the Internet community through a broad range of activities.

I will touch on each of these investments in value creation in turn....

New Licensing Framework

auDA recognises the value in clear communication and effective working relationships. It helps to find alignment, smooth processes and ensure efficient progress against goals.

As mentioned earlier, throughout the year, auDA has focused on growing our engagement with the registry operator and our accredited registrars.

This was important as we developed the new Licensing Framework and moved towards implementation of Phase One of the new Licensing Rules in April 2021.

The new Licensing Framework was developed over a six-year period, which included multiple rounds of public consultation.

Ultimately streamlining more than 30 legacy policies, the Framework represents the most extensive update to the .au policy rules in 20 years.

Communications and engagement were critical to the successful roll out of Phase One, including:

- Developing and delivering registrar training;
- Responding to registrant enquiries about the new rules;
- Conducting more than 900 audits to proactively review and guide compliance under the new rules; and
- Developing communications materials to inform both registrars and the community about the upcoming changes.

Over the reporting period, auDA also began work towards the implementation of Phase Two of the new Licensing Rules – planning for the announcement of the .au direct namespace, to launch in March 2022.

Like Phase One, Phase Two is a significant change to the Rules and requires an equally significant investment in consultation and stakeholder engagement to ensure its success.

Building on the success of Phase One, we are committed to investing heavily in working with our registry operator and registrar partners to ensure alignment and a shared understanding of launch requirements.

We will also invest heavily in communications as we move towards launch, recognising consumer and small business education and awareness will be fundamental to an effective launch and Phase Two success.

Security

Over the reporting period, auDA also invested heavily in securing and protecting the .au domain and aligning it with international best practice.

As part of Australia's suite of critical infrastructure, we recognise the value to all Australians and users of the .au in doing so.

Such investment enables trust in this critical infrastructure, encouraging greater investment in and use of the .au, and further building the foundation for a thriving digital economy.

Over the financial year we:

- Tested our operational crisis preparedness by undertaking successful disaster recovery exercises with our registry operator;
- Maintained our ISO 27001 certification through completion of a successful surveillance audit; and
- Continued to work towards achieving ISO 22301 certification through improvements to our business continuity management systems.

Underscoring the importance of the DNS as a core component of Australia's critical infrastructure, auDA also actively engaged with government on its *Security Legislation Amendment (Critical Infrastructure) Bill 2020*.

This engagement included numerous meetings and industry consultations with the Department of Home Affairs and the Parliamentary Joint Committee on Intelligence and Security to discuss the impact of the Bill on the DNS.

The Bill remains before Parliament and auDA will continue its engagement with government to ensure the unique functions of the DNS are appropriately protected.

The new .au Licensing Framework also assisted auDA to uplift the security and integrity of the .au over the reporting period.

The Framework includes a new Registrar Agreement that:

- increases validation measures for the .au domain; and
- strengthens security practices through increased industry cyber security standards.

auDA's investment in security is particularly important as auDA simultaneously responds to the heightened cyber security risk environment driven by COVID-19 and international affairs, and works to drive value in the .au, as a stable, secure and reliable domain.

Compliance

To deliver a licensing regime for .au domain names that is transparent, responsive, and efficient, auDA must invest in a robust and effective compliance approach.

Over the reporting period, auDA has invested heavily in its compliance and complaints handling activity to promote trust and confidence in a secure and reliable .au domain.

We have achieved this through implementation of the Compliance Transformation Project, including:

- Setting our approach to compliance in the .au domain through a new Compliance Posture;
- Increasing transparency in our approach to compliance through the publication of a Compliance Plan and continuing to report on compliance activity;
- Increasing our activity to guide and educate stakeholders on .au policy rules, thereby facilitating compliance and minimising the need for enforcement action; and
- Committing to continuous improvement in complaints handling.

auDA's investment here is critical to increasing our responsiveness to users' enquiries, increasing our efficiency in managing enquiries, and being transparent in our approach and accountable in our actions.

We are committed to this investment not just over the 2020-21 financial year but on an ongoing basis.

We recognise this approach will lead to greater trust in auDA and the Licensing Framework. In turn, this will lead to greater trust in - and use of - the .au, thereby growing the value of the .au overall.

Multi-stakeholder engagement

Given auDA's unique position in the internet ecosystem, multi-stakeholder engagement is critical to our success and to delivering value to the Australian Internet community.

Multi-stakeholder arrangements have underpinned the growth and success of the Internet to date, encouraging both innovation and investment, and delivering significant social and economic benefit.

The multi-stakeholder approach to Internet governance is supported by the Australian Government, and governments of liberal democracies around the world, as the best approach to ensure the benefits and longevity of an open, free, secure and global Internet.

Such engagement cannot be fleeting or superficial. It must be continual, ongoing and undertaken with the full spectrum of our community.

This includes – our members, industry, the technical community, academia, civil society and governments.

Such engagement is the most effective way in which auDA can understand the issues that matter to these stakeholder groups, engage in discussion about how best to meet them and advocate for them where appropriate.

We recognise it is privileged position and it is one which we approach with utmost care.

Over the 2020-21 financial year – COVID-19 notwithstanding – stakeholder engagement activity undertaken by auDA included:

- Meeting with and contributing to discussions with industry and government on DNS security and Internet policy in Australia;
- Representing Australia's interests at international policy forums such as ICANN on issues including support for an open, free, secure and global Internet; and
- Regular meetings with auDA members and Board Advisory Committees who represent the community on issues including the new Licensing Rules and our new Strategy.

In undertaking such engagement, we ensure:

- The importance of Australia's DNS is articulated and adequately understood by a wide audience; and
- We are well placed to participate in important policy discussions.

Supporting Australia's Internet ecosystem

Our wide-ranging engagement also allows us to:

- Receive valuable feedback from others; and
- Better understand stakeholder expectations in relation to our contribution to the Internet ecosystem.

Over the reporting period, auDA has significantly increased its investment in communications, and community and industry outreach to educate, raise awareness and promote the .au domain.

We have also continued our support for initiatives that contribute to greater benefits of the Internet for our digitally connected society and economy.

This activity included:

- Sponsorship of events such as the '*Women Leading Tech Awards*' and the Council of Small Business of Australia's '*Director's Cut Conference*' to drive awareness of the DNS and auDA's activities to support innovation and small business;

- Sponsorship of the Asia Pacific Top Level Domain Association (APTLD) and ICANN in support of multi-stakeholder Internet governance;
- Sponsorship of the Communications Alliance, the Australian Internet Industry Association, the Australian Strategic Policy Institute, and the Telco Together Foundation to support Internet and cyber security policy development;
- Investment in auDA's Co-Marketing and Innovation Fund, which supports registrar investment in innovation and marketing to grow and promote trust in .au; and
- Working to reinvigorate the auDA Foundation so that we can support community education and research organisations to undertake initiatives that enhance the utility of the Internet.

This work demonstrates the comprehensive way in which auDA collaborates with industry and community organisations to build sustained value for all Australians and Internet users.

We are rightly proud of these contributions.

Financials

Equally, we are proud of our strong financial performance, which enables us to:

- Carefully administer and keep the .au secure
- Invest in Australia's Internet ecosystem, for the benefit of the community
- Maintain our capital reserves should they be required to be called upon, to attend to technical or other unforeseen issues in the future.

This position has, of course been enabled over the 2020-21 financial year by:

- Strong growth in .au domain names
- Our arrangement with our registry operator
- Strong investment market performance.

We are pleased to report that we foresee an equally strong year ahead.

Conclusion

In conclusion, we are committed to continuing to grow and deliver value to our members, to Australians and to all users of the .au.

To this end, will continue to seek opportunities to grow and deliver value, including through an increased focus on security; our grants programs; current and new industry partnerships; and research related to the digital lives of Australians.

And we will continue to keep you informed, every step of the way.

In closing, I want to take this opportunity to thank the Board, my Executive, the management team and all auDA staff.

We are a small but committed team, with a big strategic agenda. I am pleased we have made great headway over 2020-21 and I look forward with great excitement to the year ahead.

Thank you.