Annual Report 2022–23

Trust and transparency. Australia's .au.

auDA.org.au

auDA's 2022–23 Annual Report

In the spirit of reconciliation auDA acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples.

We also acknowledge Aboriginal and Torres Strait Islander peoples' commitment to innovation and technology over many millennia, a commitment we deeply respect and share.

.au Domain Administration Limited (auDA) seeks excellence in all areas of the organisation. Our Annual Report describes the past year's activities and achievements and how we work to maintain your trust and confidence.

auDA has prepared its 2022–23 Annual Report for members and stakeholders. It covers the period from July 2022 to June 2023 and demonstrates our commitment to transparent and balanced reporting.

We have prepared the report with reference to the Integrated Reporting Framework, an international framework focused on how organisations manage their resources to create value over time. The auDA Board has taken an active role in preparing and reviewing the report.

Since financial year 2020–21, auDA Annual Reports have included elements of the Framework, initially including value creation by auDA and expanding to include our external environment, business model, strategy and performance. This year we're introducing risk and outlook elements. The process assists us to incorporate integrated thinking in every aspect of our organisation.

We aim to fully adopt the Framework in our 2024–25 Annual Report, including external assurance.

Our Financial Report complies with the *Corporations Act 2001* and Australian Accounting Standards and the Corporations Regulations 2001.

Integrated Reporting

Integrated Reporting promotes a more comprehensive approach to reporting on an organisation's operations. It describes how value is created – and sustained – in an organisation, focussing on what is important to stakeholders.

Integrated Reporting describes how we go about our work and how we use our resources to create value. It's about being open and transparent about what we do and clear about what's important. On this page, we explain key Integrated Reporting terms to help readers understand our report.

auDA's key resources

The Integrated Reporting Framework refers to six capitals, which are resources organisations use to create value. In this report, we refer to capitals as resources. We have also adapted the terms used to describe the capitals for the auDA environment.

Integrated Reporting terminology		auDA language
Human capital	⟶	Our people
Social and relationship capital	⟶	Our multi-stakeholder community
Manufactured capital	⟶	Our infrastructure
Intellectual capital	⟶	Our expertise
Financial capital	⟶	Our finances
Natural capital	⟶	Our environment

Integrated Reporting key terms

Integrated thinking: A way of thinking that supports our decision-making, taking into account our resources across the organisation, including financial and non-financial elements.

Inputs: The resources we draw on to do our work.

Outputs: The results of our work, including the infrastructure we maintain and the products and services we offer.

Outcomes: The consequences of our activity and outputs. Outcomes include the value we create from our work and any impacts from our activity.

Material themes: What our external and internal stakeholders deem the most important – or material – issues for auDA.

Strategy: Sets out where we concentrate our efforts and how we will achieve our goals.

Value creation: How we manage our resources to create value for our stakeholders that is sustainable over time.

Alan Cameron AO auDA Chair

On behalf of the auDA Board of Directors, I am pleased to present the auDA 2022–23 Annual Report.

Trust and transparency – the focus of this year's report – sit at the heart of auDA's purpose to administer a trusted .au for the benefit of all Australians and champion an open, free, secure and global internet.

Trust and transparency are also fundamental to the Integrated Reporting Framework. The Framework sets out international best practice reporting, enabling us to clearly articulate how we go about our work, manage our resources and create value for our stakeholders. We began adopting components of this approach in our 2020–21 Annual Report.

In 2022–23, auDA conducted a materiality process to help us understand what matters most to our internal and external stakeholders. This allows us to prioritise resources to deliver value over time. We identified ten material themes our stakeholders consider most important to auDA and our work. We report on those themes throughout our 2022–23 Annual Report.

Our top three material themes are reliable infrastructure, cyber security and stakeholder relationships. These themes also feature in our Terms of Endorsement from the Federal Government and flow through our 2021-25 Strategy. This close alignment demonstrates auDA's focus on matters our stakeholders consider important.

The auDA Board oversees the organisation's robust governance processes. Strong governance includes close monitoring of auDA's environment and key risks. We have reported on our enterprise risks for the first time in this year's report. I am pleased that all enterprise risks are managed within our tolerance.

The Board also guides the delivery of auDA's 2021–25 Strategy, approving the objectives and key results each year and monitoring progress against them. All areas performed strongly in 2022–23.

auDA is deeply committed to multi-stakeholder processes and engages in them in the carriage of our work. .au policies are shaped by multi-stakeholder engagement. We advocate for and actively participate in multi-stakeholder internet governance processes in Australia and abroad. We also cultivate a strong community of auDA stakeholders who provide input into .au and auDA. The auDA Board and staff engaged widely with the auDA community throughout the year.

From the Chair

.au members are one such important stakeholder group. Members provide valuable insights into how Australians use the internet, improving auDA's understanding of their online needs and providing valuable input into our policies and initiatives. In September 2022, the Board oversaw the transition to a new .au membership model as set out in auDA's Constitution. More than 3,100 members chose to continue as .au members and a further 1,000 new members were welcomed by the end of the financial year. We continue our work to grow and diversify auDA's member base.

In the financial year, the Board's composition changed. The Nomination Committee, which I chair, supported the recruitment, appointment and election of eight Board Directors. Five Directors were appointed or elected for a second term. We also welcomed three new Directors, Sandra Hook, Wendy Thorpe and Michael Trovato, while we farewelled James Atkins, Kate Cornick and Tania Fryer, each of whom made significant contributions during their term on the Board. Two Directors continued in their roles, including myself.

I thank all Board Directors for their valuable contributions and service to auDA, and our Nomination Committee for supporting the process to select candidates to join the Board. My thanks also go to the members of our Board Advisory Committees who advised the Board throughout the financial year.

I am grateful to auDA's Chief Executive Officer, Rosemary Sinclair AM, and the Executive Team for their ongoing commitment and leadership. My gratitude extends to the entire auDA team for its continued work to ensure we successfully deliver a trusted, secure and reliable .au.

The 2023-24 financial year holds many opportunities for auDA. We will deliver a range of significant activities, including finalising the .au registry tender, developing an auDA Sustainability Framework, hosting and engaging in internet governance forums, and launching our Public Benefit Program. This – and all our activities – will serve to grow and maintain trust and transparency in auDA's work as we continue to deliver a valued .au domain for Australians.
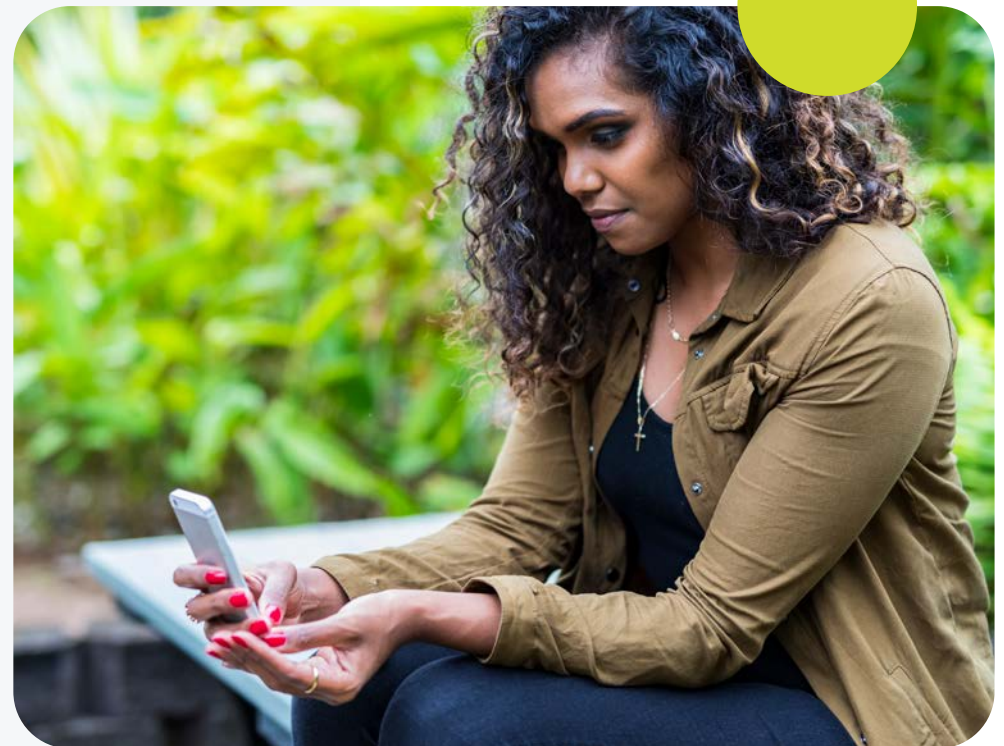
Rosemary Sinclair AM auDA Chief Executive Officer

During 2022-23, auDA delivered an extensive program of work and made meaningful progress on our strategic objectives and core functions.

Our 2021-25 Strategy sets out our three areas of strategic focus – trust, innovation and multi-stakeholder engagement – and two areas of strategic capability focus – people and governance. In this Annual Report, we explore each focus area and capability, providing insight into how the auDA team, guided by the Board and Executive, delivered in these areas.

Our Terms of Endorsement from the Federal Government set out auDA's three core functions – to operate a stable, secure and reliable .au, to administer a .au licensing regime, and to advocate for and actively participate in multi-stakeholder internet governance. Our core functions serve as a clear guide for our work streams. This Annual Report also explores how we deliver against our Terms of Endorsement.

The principles of trust and transparency shape our purpose and our Strategy. auDA maintains trust and transparency in many ways.

The .au is designated by government as part of Australia's suite of critical infrastructure. It is relied upon by internet users in Australia and around the world, connecting them to each other and the services they seek. Accordingly, we invest significantly in security and compliance to ensure we meet the needs of our users through best practices.

We engage deeply with our multi-stakeholder community, underpinned by the materiality process that helps us identify what is important to stakeholders.

Through its values and expertise, our team works to build confidence in .au and auDA. We continue to invest in training and development, introduced a wellbeing program and have set shared priorities for the year ahead, ensuring we support our staff to deliver.

We are also supported by a strong corporate governance framework. As we further embed the elements and principles of the Integrated Reporting Framework, we provide comprehensive insights into auDA's operations and performance.

From the CEO

Highlights from the financial year include:

- Driving growth and innovation in .au through the introduction of the .au direct namespace. A year since its launch, community take-up of .au direct domain names has supported growth in overall .au registrations. This has contributed to our strong financial position, which will support ongoing investment in .au and innovation initiatives.

- Growing awareness about the popularity of the .au domain among Australian consumers and small business owners through the publication of auDA's inaugural *Why .au? Australia's trusted .au domain* report.

- Providing greater value to .au members. We delivered more events, workshops and partner offers and developed a .au member Statement of Purpose that outlines the important role members play at auDA – responding to feedback from our member survey.

- Participating and engaging in domestic public policy discussions and international internet governance forums. Our team took an active role in advancing an open, free, secure and global internet.

- Delivering a stable, secure and reliable .au domain name system (DNS) with 100 per cent DNS availability, supported by our technical expertise and focus on security.

- Ensuring high levels of compliance with the .au Licensing Rules, enabled by robust compliance activity. In the financial year, we increased compliance audits by 191 per cent thanks to process and system improvements.

- Awarding 15 grants through the auDA Foundation. The Foundation committed $600,000 to initiatives promoting digital inclusion and innovation.

- Growing our team to support our work in strategically important areas, including cyber security, policy and compliance.

In 2023-24, we will continue to engage with our multi-stakeholder community, including .au members, the .au domain name industry, government and .au registrants.

Security threats are a key enterprise risk. We will continue to model best practice compliance and security to support a secure and resilient .au.

We also look forward to launching auDA's Public Benefit Program, which will introduce new research and development funding to drive innovation and impact. In addition to the auDA Foundation community grants, this will contribute to our vision to unlock positive economic and social value for Australians and support digital inclusion, a material theme identified by our stakeholders.

This work is only possible with the continued dedication of the auDA team, the auDA Executive and the auDA Board of Directors, chaired by Alan Cameron AO. I thank you all for your support and ongoing work.

I also thank .au registrants for choosing .au, the .au domain name industry for supporting registrants to benefit from a secure and reliable .au, and auDA's multi-stakeholder community for its ongoing support, advice, expertise and involvement in auDA initiatives.

About auDA

auDA is a not-for-profit organisation established by the Australian internet community in 1997 to administer a trusted .au for the benefit of all Australians.

auDA's vision is to unlock positive social and economic value for Australians through an open, free, secure and global internet.

We are endorsed by the Australian Government to manage the .au country code Top Level Domain (ccTLD). This Australian critical infrastructure supports more than four million .au domain names and helps internet users navigate to websites and send emails with domain names ending in .au. Our Terms of Endorsement from the Federal Government outline auDA's core functions and principles.

We deliver a secure and reliable .au, implement effective .au policy rules and invest in the Australian internet ecosystem to improve the usefulness of the .au domain.

We also operate under an agreement with the Internet Corporation for Assigned Names and Numbers (ICANN), the international body that coordinates the internet's naming and numbering system.

auDA stakeholders include the Australian public, .au members, industry, government, policy bodies and civil society. Our stakeholders work with us on multi-stakeholder processes to administer the .au and ensure we deliver a stable, secure and reliable .au that meets the changing needs of Australian internet users.

auDA has a strong market position in a competitive landscape. auDA research shows that .au is highly valued by Australians and is considered reliable and trustworthy. According to global registry provider Verisign, which reviews the global domain name industry, .au is the 10th largest Top Level Domain (TLD) and the seventh largest ccTLD worldwide.

We are a company limited by guarantee with more than 4,000 auDA members who enjoy the .au membership program. Our members are vital stakeholders and support our work in the interests of Australians.

The auDA Constitution governs our operations, including the appointment and duties of our Board Directors, Nomination Committee, Advisory Committees and members.

You can find our Terms of Endorsement, ICANN Sponsorship Agreement and Constitution on the auDA website.

Terms of Endorsement from the Australian Government

Our core functions are to:

- Ensure stable, secure and reliable operation of the .au domain, which is part of Australia's suite of critical infrastructure
- Administer a licensing regime for .au domain names based on multi-stakeholder processes that are transparent, responsive, accountable, accessible and efficient
- Advocate for and actively participate in multi-stakeholder internet governance processes domestically and internationally.

Our core principles are to:

- Engage with the Australian Government
- Support trust and confidence in .au
- Promote principles of competition, fair trading and consumer protection
- Support fair and transparent multi-stakeholder engagement
- Support a membership structure that reflects the diversity of the Australian community
- Maintain effective governance processes that are transparent, accountable, support effective decision-making, and promote the interests of the Australian community.

".au is one of the most prestigious country codes in the world. It has to do with auDA's extensive policy framework."

Industry stakeholder, stakeholder survey 2023

auDA Board Directors

auDA's operations and strategy are guided by a Board of ten Directors. In the financial year, we welcomed three new Directors.

Alan Cameron AO
Appointed Director and Independent Chair
Appointed 15 November 2019, reappointed 16 February 2022.

Sandra Davey
Appointed Director
Elected 15 November 2019, appointed 16 November 2022.

Peter Elford
Appointed Director
Appointed 15 November 2019, reappointed 16 November 2022.

Angelo Giuffrida
Elected Director
Elected 15 November 2019, re-elected 16 November 2022.

Matthew Healy
Appointed Director
Appointed 15 November 2019, reappointed 16 November 2022.

Sandra Hook
Appointed Director
Appointed 16 November 2022.

Jacqueline Korhonen
Elected Director
Elected 11 November 2020.

Dr Alice McCleary
Appointed Director
Appointed 15 November 2019, reappointed 16 November 2022.

Wendy Thorpe
Elected Director
Elected 16 November 2022.

Michael Trovato
Elected Director
Elected 16 November 2022.

We also farewelled three Directors who retired from the Board. We thank James Atkins, Dr Kate Cornick and Tania Fryer who served on the auDA Board from 15 November 2019 to 16 November 2022.

auDA Executive Team

auDA's Executive Team manages day-to-day operations at auDA. It leads the auDA Team and is responsible for delivering auDA's core functions and strategy.

Rosemary Sinclair AM
Chief Executive Officer

Sophie Mitchell
Chief Communications Officer

James Shady
Chief Financial Officer

Jane Smith AM
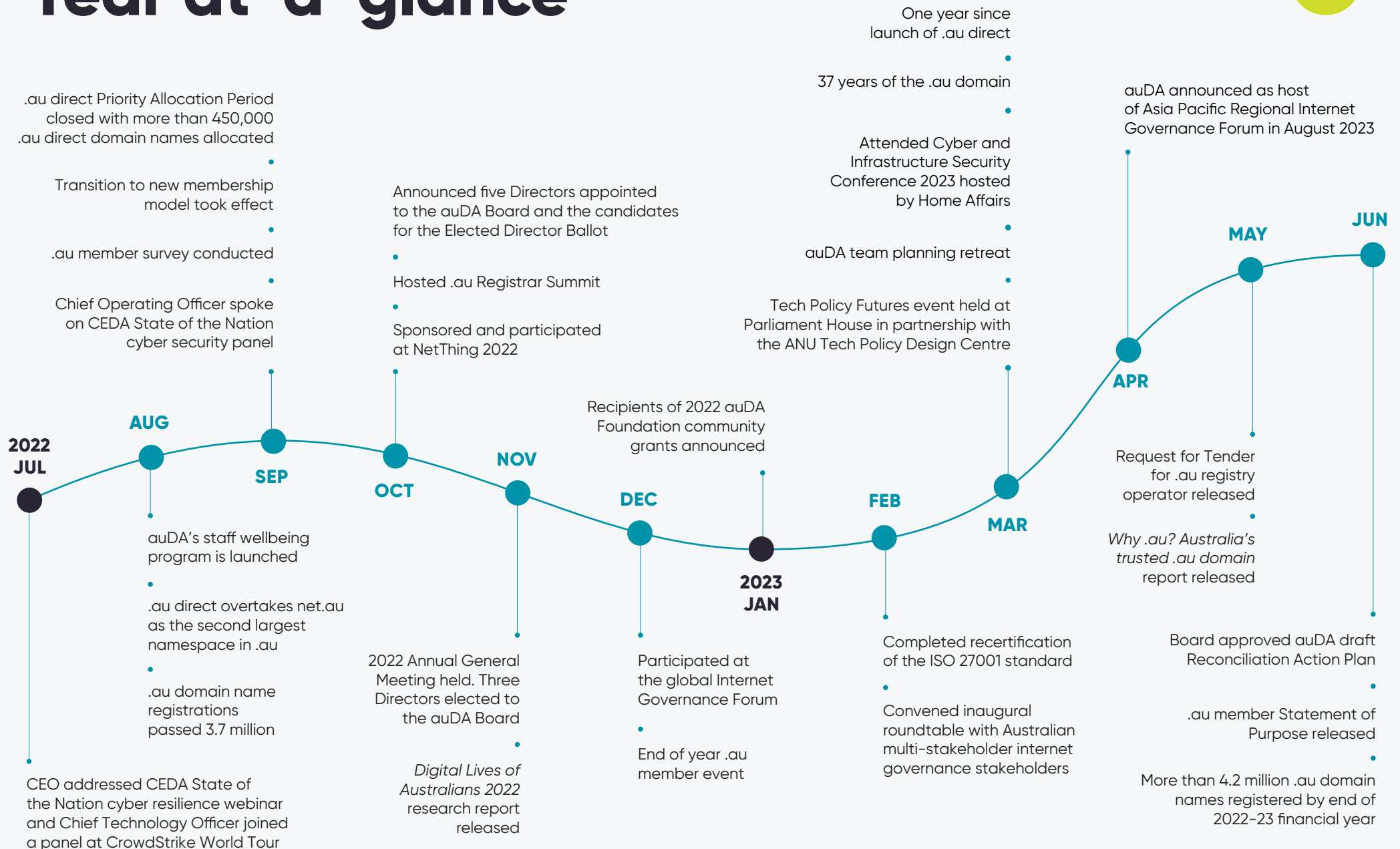Interim Chief People and Culture Officer
Commenced May 2023

Dr Bruce Tonkin
Chief Operating Officer

In May 2023, we farewelled Colin Brown, who joined auDA as Chief People and Culture Officer in 2021.

Year at-a-glance

.au direct Priority Allocation Period closed with more than 450,000 .au direct domain names allocated

Transition to new membership model took effect

.au member survey conducted

Chief Operating Officer spoke on CEDA State of the Nation cyber security panel

Announced five Directors appointed to the auDA Board and the candidates for the Elected Director Ballot

Hosted .au Registrar Summit

Sponsored and participated at NetThing 2022

Recipients of 2022 auDA Foundation community grants announced

One year since launch of .au direct

37 years of the .au domain

Attended Cyber and Infrastructure Security Conference 2023 hosted by Home Affairs

auDA team planning retreat

Tech Policy Futures event held at Parliament House in partnership with the ANU Tech Policy Design Centre

auDA announced as host of Asia Pacific Regional Internet Governance Forum in August 2023

2022 JUL

AUG

SEP

OCT

NOV

DEC

2023 JAN

FEB

MAR

APR

MAY

JUN

Request for Tender for .au registry operator released

Why .au? Australia's trusted .au domain report released

auDA's staff wellbeing program is launched

.au direct overtakes net.au as the second largest namespace in .au

.au domain name registrations passed 3.7 million

CEO addressed CEDA State of the Nation cyber resilience webinar and Chief Technology Officer joined a panel at CrowdStrike World Tour

2022 Annual General Meeting held. Three Directors elected to the auDA Board

Digital Lives of Australians 2022 research report released

Participated at the global Internet Governance Forum

End of year .au member event

Completed recertification of the ISO 27001 standard

Convened inaugural roundtable with Australian multi-stakeholder internet governance stakeholders

Board approved auDA draft Reconciliation Action Plan

.au member Statement of Purpose released

More than 4.2 million .au domain names registered by end of 2022–23 financial year

Year at-a-glance

Variations are year-on-year

.au Registrations

.au domains under management

4,236,447 ↑ 18%

Average new .au domain names created per month

93,354 ↑ 53%

Registry operations

Average DNS queries per second

53,100 ↑ 76%

Security

auDA achieved ISO 27001 recertification

24	6	3

Registrars hold ISO 27001 certification or equivalent

Registrars with ISO 27001 progress plan in place

Registrars with transitional arrangements*

*Registrars transitioning away from offering registrar services

Compliance

Complaints

1,526 ↓ 1%

Enquiries

5,690 ↑ 41%

auDRP disputes

74 ↑ 90%

Audits

10,442 ↑ 191%

Enforcement body requests

59 ↓ 27%

Customer satisfaction survey

1,068 ↑ 29%

Survey completions

74% ↑ from 70%

Satisfied or very satisfied

Engagements

9 auDA community webinars

13 Participation at international events

13 Industry speaking engagements

11 registrar briefings + 1 Registrar Summit

People

Team members as at 30 June 2023

48 ↑ 20%

52/48% from 50/50%

Women/Men

79 ↑ from 38

Global benchmark for telecommunications industry is 55

82% ↑ from 80%

Staff retention

.au members

.au members

4,312 ↓ 11% reflecting transition to new membership model

14 .au member events

6 .au member webinars and online workshops

Our material themes: what matters most to our stakeholders

auDA's materiality process tells us what is most important – or material – to our stakeholders.

It determines the material themes that guide how we deliver on our core functions and strategy. It ensures we report, communicate and engage with our stakeholders on what matters most to them.

You can see auDA's 10 material themes on page 14.

We commissioned Materiality Counts to complete an independent materiality process aligned to the Integrated Reporting Framework. This process built on the process undertaken in 2022 and included:

1. **Material themes review**

   auDA's list of material themes was reviewed and checked against auDA's Risk Register and Risk Appetite Statement, our strategy, .au member survey results, our *Digital Lives of Australians* research, peer reports and media coverage.

2. **Materiality survey**

   Participants were surveyed on material themes and the value auDA creates across our key resources and our performance. Stakeholders were also asked about their top priorities to understand where they believe we should focus our efforts.

   The survey was completed by internal stakeholders and a representative group of external stakeholders from the .au member program, industry, government and policy, and civil society.

3. **Stakeholder interviews**

   One-on-one interviews were conducted with survey respondents. The interviews explored stakeholders' top three priorities to gain a comprehensive insight into our performance and how we can best meet stakeholder needs.

4. **Materiality results**

   The materiality survey provided quantitative results that identify the themes that are most important to our stakeholders. There was clear alignment between internal and external stakeholders on the top nine material themes.

5. **Board and Executive Team workshops**

   The results were presented to the auDA Board and Executive Team for discussion. In the interviews, external stakeholders expressed the importance of digital inclusion. Our Board and Executive Team lifted this theme from 12th position to 10th, rounding out the top 10 material themes shown on page 14.

We continue our work on all themes but use the materiality process to prioritise our resources to support the themes that matter most to our stakeholders.

"The materiality process allows auDA to establish a clear focus on the priorities to optimise services and enhance lives. It's important we focus our energy on the areas of largest stakeholder impact."

auDA Board Director, materiality survey 2023

"The outcomes of this materiality process will help auDA do a few things very well, rather than trying to be all things to all people. It seems like a great way to prioritise the value auDA creates as an organisation."

Civil society stakeholder, materiality survey 2023

auDA's top 10 material themes

1. Reliable infrastructure

Australia relies on the internet to connect communities, do business and engage with government services. The reliability of our .au domain infrastructure is critical.

2. Cyber security and DNS abuse

We follow international best practice cyber security standards to operate the .au domain and keep it secure, reliable and resilient from cyberattacks. We drive down DNS abuse in .au to reduce harm to internet users and support users in improving their security online.

3. Stakeholder relationships

Our multi-stakeholder engagement and internet governance processes build strong relationships, confidence and trust in auDA. We are transparent, accountable and responsive.

4. Governance and transparency

We follow robust governance processes to maintain the integrity of the .au domain and are transparent with our stakeholders.

5. Internet governance

We participate in and advocate for a multi-stakeholder approach to internet governance to ensure the internet remains secure, accessible and interoperable.

6. Licensing rules, compliance and dispute resolution

Our .au Licensing Framework rules are clear and consistently applied. Our dispute and complaints resolution processes follow best practice to educate, guide and enforce .au policy rules.

7. Representing .au's interests

We represent .au's interests in international policy, such as internet governance, regulatory developments and DNS abuse. We represent .au in the public interest, independent from the government.

8. Financially sustainable not-for-profit

We are a financially sustainable not-for-profit with funds available for the efficient administration of the .au domain and the capacity to invest in technological innovation and public benefit initiatives.

9. Technological innovation

Collaboration and innovation help us respond to emerging technologies and meet evolving DNS needs. This ensures .au remains a leading ccTLD.

10. Digital inclusion

We support digital inclusion for Australians by improving the utility of .au and through our public benefit initiatives. We support Australians to gain basic digital skills for everyday online activities and increase their online confidence.

Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) are an urgent call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. They help guide the creation of sustainable communities, economies and environments globally. As part of good governance, auDA is mindful of our responsibility to contribute to SDGs and we report on key SDGs.

Last year, we asked our materiality survey participants which goals auDA could contribute to most meaningfully. These are the ways we continue to contribute to the goals they identified. This year we have added SDG17.

SDG8: Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

We administer a secure and reliable .au, enabling Australia's digital economy and supporting millions of Australians to establish a trusted online presence. Through our *Digital Lives of Australians* research, we identify opportunities and challenges Australian consumers and small businesses face online and advocate for improvements.

SDG9: Industry, innovation and infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

The .au DNS is a critical infrastructure that underpins Australia's digital economy and society and enables internet users to connect globally. We invest in innovation to improve .au and through the auDA Foundation and partnerships that boost the utility of the internet for Australians.

SDG10: Reduced inequalities

Reduce inequality within and among countries.

We promote diversity and inclusion by championing the auDA value of "Better together". We continue our work on a Reconciliation Action Plan to embed the principles of reconciliation in our organisation and advance reconciliation in Australia. We work to ensure the .au membership reflects the diversity of Australia's communities, which helps inform our work supporting Australians online.

SDG17: Partnerships for the goals

Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development.

We champion an open, free, secure and global internet through our advocacy for multi-stakeholder internet governance, benefitting communities globally. We lead the Australian internet community and actively contribute to international forums to improve internet governance processes. Our contribution includes active participation at NetThing, Australia's Internet Governance Forum, and regional and global Internet Governance Forums. In August 2023, we will host the Asia Pacific Regional Internet Governance Forum (APrIGF) in Brisbane.

How we create value

Purpose Administering a trusted .au for the benefit of all Australians, and championing an open, free, secure and global internet.

Vision Unlock positive social and economic value for Australians through an open, free, secure and global internet.

Key resources	Our strategy		Value creating activities	Outputs	Outcomes
Our people **Our multi-stakeholder community**	**Trust**	Drive down DNS abuse Drive up the integrity of the .au domain Lead world's best practice ccTLD security	Connecting people to .au websites and email addresses through a reliable .au DNS Informing, engaging and gathering feedback from members through .au membership program	A stable, secure and reliable .au DNS Validated .au domain name registrations An informative and engaging membership program	The .au supports Australia's digital economy and society, enabling billions of internet users to connect with Australian individuals and organisations online A trusted .au brand that Australian internet users choose when building an online presence High levels of compliance with .au rules Community trust and confidence in auDA **Refer to page 28**
Our infrastructure	**Innovation**	Improve the utility of the .au by providing greater choice of .au domain names Produce leading insights from our data and community research Invest to enable innovation and research by others	Managing the .au rules based on engagement with stakeholders Ensuring high levels of compliance with the .au rules through audits and complaint and dispute processes	Transparent, responsive, accountable .au rules Dispute resolution policies consistent with best practice	Support for the evolving digital needs of Australians Public benefit via the auDA Foundation, industry partnerships and sponsorships **Refer to page 42**
Our expertise	**Multi-stakeholder engagement**	Grow and diversify auDA's membership Increase auDA's influence in multi-stakeholder internet governance	Supporting a trusted .au and open, free, secure and global internet by engaging with the multi-stakeholder community Promoting the benefits of .au so Australians can get the most out of their online experiences	Clear, consistent complaints processes that provide procedural fairness A voice for .au in international and domestic policy forums An understanding of the digital needs of Australians	Diverse membership base reflecting the Australian community is engaged on .au, auDA and internet governance matters Positive impact on domestic and international policy to support the economic and social benefits of an open, free, secure and global internet Ongoing endorsement from the government and delegation from ICANN **Refer to page 48**
Our finances	**People**	Build an organisation regarded as an employer of choice Strengthen the trust and confidence our stakeholders have in us	Investing in innovation to improve .au and the Australian internet ecosystem and in our people to support excellence in everything we do	Support for the Australian internet ecosystem through partnerships, sponsorships, grants and research	Engaged staff and Board motivated to deliver for all Australians and global internet users **Refer to page 60**
Our environment **Refer to page 19**	**Governance**	Strengthen transparency and accountability Strive for excellence in our reporting		Sustainability initiatives and investment	Stable financial position that enables continued investment in .au and the Australian internet ecosystem Increased focus on sustainability initiatives **Refer to page 64**

Terms of Endorsement from the Federal Government – core functions and core principles

Material themes

- Reliable infrastructure
- Cyber security and DNS abuse
- Stakeholder relationships
- Governance and transparency
- Internet governance
- Licensing rules, compliance and dispute resolution
- Representing .au's interests
- Financially sustainable not-for-profit
- Technological innovation
- Digital inclusion

External environment

Changing online behaviours and Australians' reliance on the internet | Competition from emerging technologies and growth of online platforms and marketplaces | Consolidation of the registrar market | Sovereign state interest in online regulation | Cyber security risks and the threat of cybercrime | Challenging jobs market | Ongoing endorsement from the Federal Government and ICANN

auDA's 2021-25 Strategy

Our 2021-25 Strategy guides our work and sets out our priorities. It supports us in unlocking further positive social and economic value for Australians through .au and an open, free, secure and global internet.

Our strategy concentrates our attention on three strategic focus areas: **trust**, **innovation** and **multi-stakeholder engagement**, and two strategic capabilities: **people** and **governance**.

Through our strategy, we deliver against our material themes and create value for our stakeholders. Read about auDA's material themes on page 14.

The auDA Board approved the key results we aimed to achieve in 2022–23 – based on prior year performance, operational considerations and longer-term objectives – and monitored the organisation's progress quarterly.

The table on page 23 describes our performance against key strategic objectives and health metrics that monitor our core functions.

"I'm impressed with auDA's disclosure on its strategy and succinct, clear reporting."

Industry stakeholder, materiality survey 2023
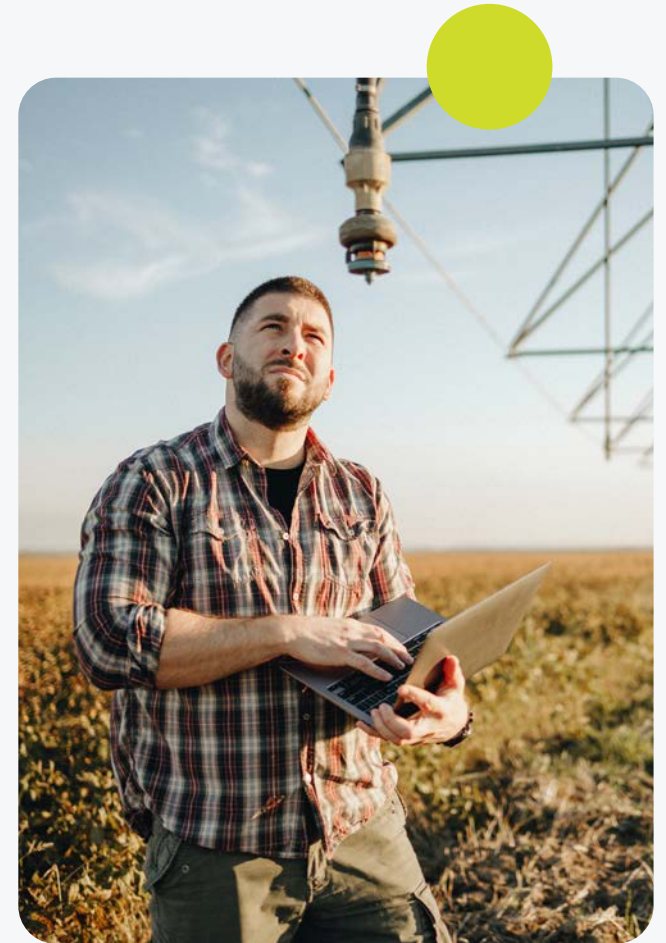
auDA's 2021–25 Strategy

Purpose	Administering a trusted .au for the benefit of all Australians, and championing an open, free, secure and global internet.

Vision	Unlock positive social and economic value for Australians through an open, free, secure and global internet.

Strategic focus areas			Strategic capabilities	
Trust	**Innovation**	**Multi-stakeholder engagement**	**People**	**Governance**
Objectives • Drive down DNS Abuse • Drive up the integrity of the .au domain • Lead world's best practice ccTLD security	**Objectives** • Improve the utility of the .au by providing greater choice of .au domain names • Produce leading insights from our data and community research • Invest to enable innovation and research by others	**Objectives** • Grow and diversify auDA's membership • Increase auDA's influence in multi-stakeholder internet governance	**Objectives** • Build an organisation regarded as an employer of choice • Strengthen the trust and confidence our stakeholders have in us	**Objectives** • Strengthen transparency and accountability • Strive for excellence in our reporting

Terms of Endorsement from the Federal Government	auDA's core functions and core principles

Values

Contribute: locally and globally	Better together	Strive for excellence
We serve all Australians and global internet users.	We collaborate and work together as one auDA.	We deliver value. On time, every time.

Delivering our strategy

We rely on our key resources to create value for our stakeholders now and into the future. We invest in our resources to ensure they are sustainable over time.

Resource	Description	How our resources support our strategy	How we invested in sustaining our resources in 2022–23
Our people	auDA staff and Board Diverse experience and skills auDA's values	People are a strategic capability and are essential to deliver projects that provide value to stakeholders Values, culture and policies support a productive and engaged team Expert staff strengthen stakeholder trust and confidence in auDA auDA Board guides and oversees auDA's work	Expanded the auDA team in strategically important areas such as cyber security, policy and compliance Supported staff via training and development, flexible working policy and wellbeing program 360-degree survey process for Executive Team and senior managers to strengthen leadership Welcomed three new Directors, and five Directors appointed or elected to a second term
Our multi-stakeholder community	Australian community .au registrants .au members Australian domain sector including the .au registry operator, accredited registrars and .au resellers auDA Board Advisory Committees Australian and international internet governance sector Australia's business and technology industries Civil society including academia Technical community State and federal government entities	The multi-stakeholder community helps us understand and meet Australians' evolving online needs Building influence in domestic and international internet policy and governance forums to support an open, free, secure and global internet Ongoing endorsement from government and agreement with ICANN to administer .au Australian domain sector works together to deliver trusted, secure .au services Independent advice to auDA Board via Advisory Committees	Continued to develop .au membership program to grow and diversify membership base Engagement opportunities for members and giving them a say on .au Industry partnerships, sponsorships and research Increased participation in domestic and international internet policy and governance forums Regular registrar briefings and annual summit

Resource	Description	How our resources support our strategy	How we invested in sustaining our resources in 2022–23
Our infrastructure	.au DNS .au registry database WHOIS tool	Australian critical infrastructure that connects internet users to websites and email addresses ending in .au Reliable, secure .au DNS and registry database enables Australians to engage and do business online .au WHOIS tool supports integrity of .au	Successful recertification for ISO 27001, the international standard for best practice information security Progress towards ISO 22301 certification, the international standard for best practice business continuity management Regular crisis simulation exercises Commenced tender process to appoint a .au registry operator to support auDA in administering a stable, secure and reliable .au
Our expertise	.au Licensing Framework Expertise in information technology, domain name management, security, compliance, internet governance, membership and stakeholder engagement Robust governance framework	High levels of compliance with .au rules and low levels of DNS abuse support trust in .au Reliable, secure .au supports internet users Support improvements in Australian internet ecosystem and an open, free, secure and global internet through policy expertise Robust governance framework to support transparency and accountability	Staff training to contribute at the highest levels Staff are supported to pursue tailored professional development opportunities such as coaching, conferences and training
Our finances	Sustainable financial position	Financially sustainable not-for-profit Funds available for the efficient administration of .au and to support technological innovation that improves the utility of .au, such as the introduction of .au direct Investment in public benefit initiatives such as the auDA Foundation grant program, and awareness activities that educate people about .au Co-Marketing and Innovation Program supports the dynamic registrar environment and promotes competition in the .au market	Demand for the new .au direct namespace contributed to our strong financial position Supported by robust and transparent governance processes, including phased adoption of the Integrated Reporting Framework
Our environment	Finance and Sustainability Committee Sustainable investments	Increased focus on sustainability to support our work delivering public benefit and contribute locally and globally	Board Finance and Sustainability Committee will guide investment in sustainability initiatives and Environmental, Social and Governance (ESG) Began embedding sustainability requirements in our operations, including through the .au registry tender

Our values at work: Developing our 2023–24 objectives

Case study

It is an auDA value to collaborate and work together as one team, and everyone played a role in developing our 2023–24 objectives and key results. These will guide auDA's focus for the coming year.

The process began in February 2023 when the auDA team participated in a series of meetings to explore auDA's Terms of Endorsement, 2021–25 Strategy, risk environment, financial performance and values. This gave all staff members a strong shared understanding of the operating environment and longer-term objectives.

We then invited everyone to contribute the top three things they thought auDA should focus on in 2023–24. These priorities formed the basis for a team planning retreat to discuss and develop draft objectives.

auDA's Executive Team and a group of staff volunteers refined the objectives and developed proposed key results for tabling at the April Board meeting. Directors provided their input and perspectives, and the auDA Board approved an updated version of the objectives and key results in June 2023.

How we performed

auDA's .au performance scorecard provides an overview of our performance against key strategic objectives and health metrics:

- The strategic objectives reflect our focus in this financial year and contribute to achieving the longer-term objectives detailed in the auDA 2021-25 Strategy
- The health metrics are measures that reflect our performance against our core functions.

Our performance scorecard covers our 10 material themes. It shows how our resources – our people, our multi-stakeholder community, our infrastructure, our expertise, our finances and our environment – support our performance.

The scorecard shows auDA has performed well against each of our measures, with all measures reported as on track.
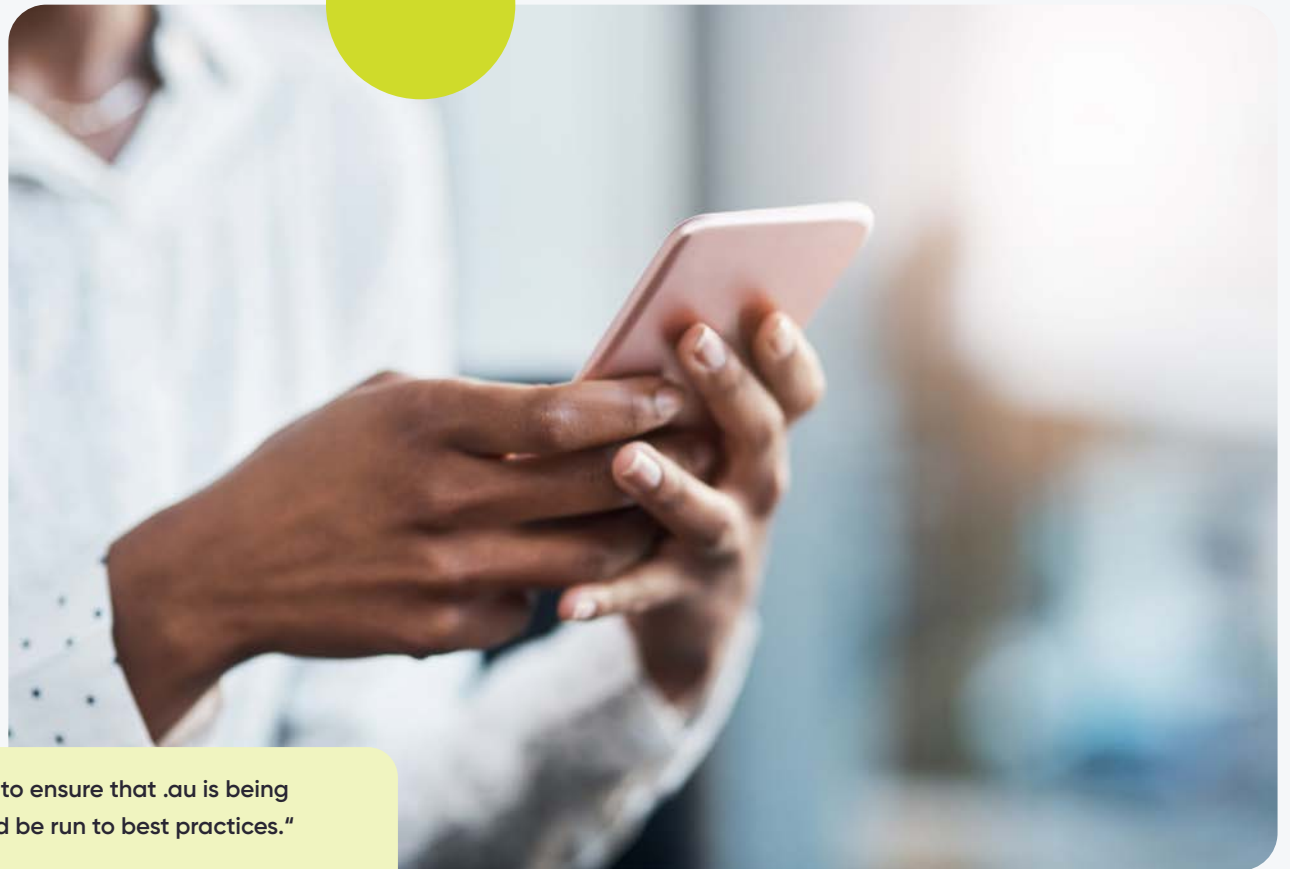
"auDA is continuing to ensure that .au is being run the way it should be run to best practices."

Technical stakeholder, stakeholder survey 2023

.au performance scorecard

auDA strategic objective   **On track**   **Being managed within tolerance**   **Outside tolerance**

#	Measure	2021-22 actual	2022-23 actual	2023-24 target	Performance	Resources	Material themes
🟢 **Trust**							
1	.au domain names with an instance of DNS abuse	0.03 per cent	0.03 per cent	0.02 per cent	On track	Our infrastructure Our expertise	
2	.au DNS availability	99.98 per cent	100 per cent	100 per cent	On track	Our infrastructure Our expertise	
3	WHOIS availability	100 per cent	100 per cent	100 per cent	On track	Our infrastructure Our expertise	
4	.au registry database availability	100 per cent	100 per cent	100 per cent	On track	Our infrastructure Our expertise	
5	Registrars with ISO 27001 certification or equivalent	73 per cent	73 per cent	80 per cent	On track	Our infrastructure Our expertise	
6	.au domain name licences with a validated Australian presence (new registrations and renewals)	N/A commenced reporting against this in 2022-23	New registrations – 98 per cent Renewals – 89 per cent	New registrations – 98 per cent Renewals – 92 per cent	On track	Our people Our expertise	
🟢 **Innovation**							
7	.au direct domain names of total .au domain names	5 per cent	18 per cent	18 per cent	On track	Our people Our expertise	
8	Investment in innovation initiatives	$600,000	$600,000	$1.3m	On track	Our multi-stakeholder environment Our finances	

auDA's top 10 material themes

#	Measure	2021-22 actual	2022-23 actual	2023-24 target	Performance	Resources	Material themes
Multi-stakeholder							
9	.au members	4,820	4,312*	5,000	On track	Our people Our multi-stakeholder environment Our expertise	
10	**Key international and domestic internet governance and policy forums attended**	16	26	40	On track	Our people Our multi-stakeholder environment Our expertise	
People							
11	**Culture survey**	38	79	Maintain or improve	On track	Our people	
12	**Staff retention rate**	80 per cent	82 per cent	Maintain or improve	On track	Our people	
Governance							
13	**Integrated Reporting content elements fully adopted (assurance by an external body by 2024-25)**	Implement foundational elements	Enhance application of principles and content elements	Conduct pre-assurance review by external body	On track	Our people Our expertise Our environment	
14	**Sustainable financial performance (operating surplus)**	$3.97m	$2.35m	$1.0m	On track	Our finances	

auDA's top 10 material themes

* .au membership transitioned to a new model on 27 September 2022, as set out in auDA's Constitution. 3,170 Associate Members opted-in to the terms and conditions of the new model and became auDA Members under the Constitution. This is why there is a decrease in total members from the previous year.

Back to contents

Risk management

auDA's approach to managing risk

auDA is committed to effective risk management.

We monitor the external environment, which influences the way we deliver our strategy and core functions. Environmental trends create risks and opportunities, shaping how we create value for Australians.

auDA's Enterprise Risk Management Framework outlines our approach to risk, roles and responsibilities. We identify, analyse and evaluate how to manage risks based on the Risk Appetite Statement set by the Board. The Risk Appetite Statement and Enterprise Risk Register are updated annually and as required. Where necessary, auDA establishes risk treatments and reports on the outcomes to the Board and Board Security and Risk Committee.

The risk table on page 26 shows the enterprise risks most relevant to our strategy and core functions, with consideration of environmental factors.

In 2022–23, all enterprise risks were managed within the Board risk appetite tolerance.

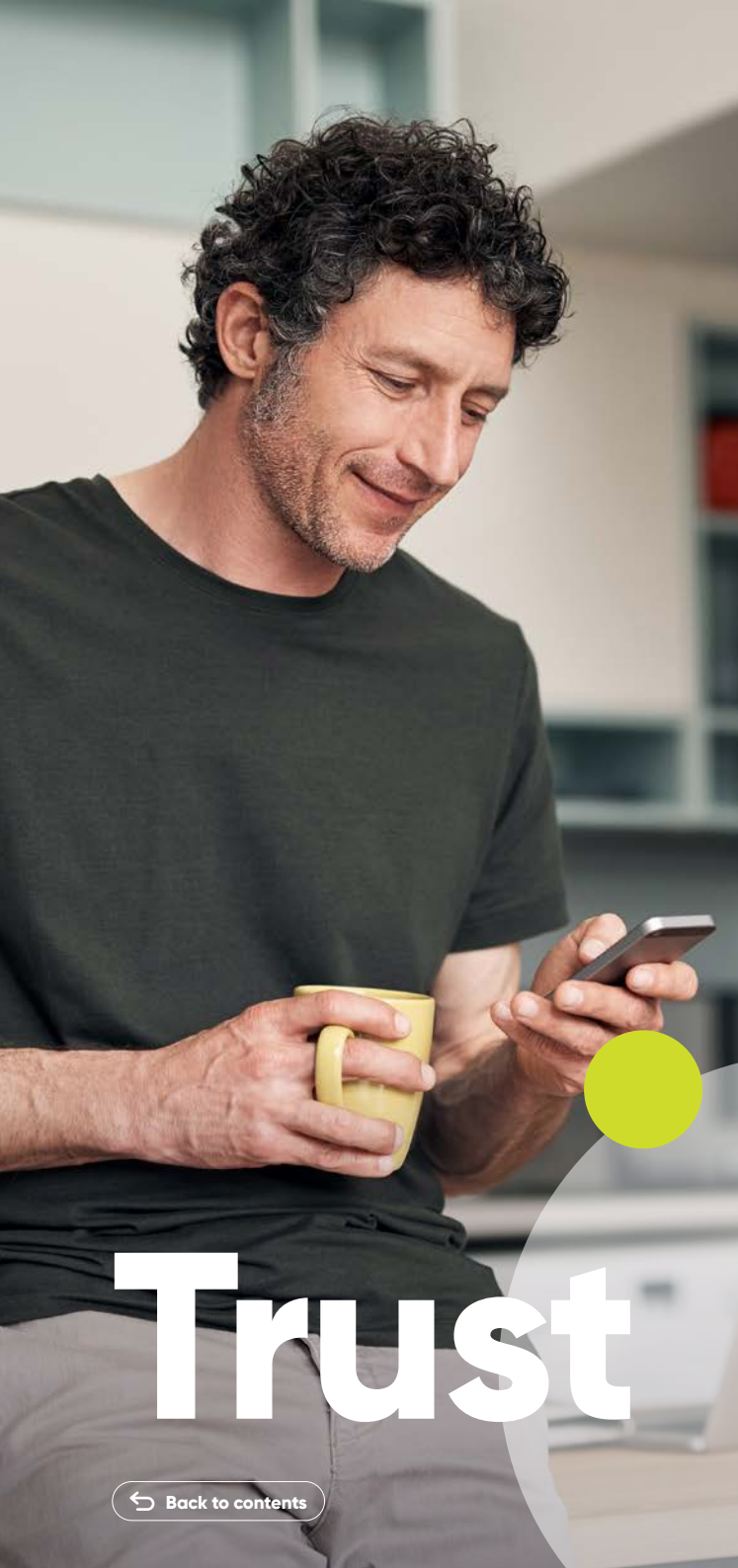| External environment	Risk	auDA key responses	Strategic focus area or capability	
auDA's continued administration of the .au is contingent on: • **Ongoing endorsement from the Federal Government** • **Continuation of our agreement with ICANN.** **Constructive relationships with the multi-stakeholder community underpin our ability to effectively deliver our strategy and core functions.**	Loss of confidence by the Federal Government or ICANN leading to withdrawal of auDA's authorisation to operate	Processes and systems in place to ensure auDA meets its requirements under the Federal Government's Terms of Endorsement and .au agreement with ICANN Monitored by auDA Board and Executive Team	**Multi-stakeholder engagement**	
	Inability to engage a diverse stakeholder group leading to reduced confidence in auDA	Investment in building and maintaining strong stakeholder relationships Development of the .au membership program to engage, grow and diversify the membership base Broad engagement with governments, industry, the technical community and civil society Regular registrar engagement led by auDA's registrar liaison Independent advice to the auDA Board from Board Advisory Committees	**Multi-stakeholder engagement**	
The .au DNS operates in a high threat environment. There were several high-profile cyber security breaches in 2022-23 that compromised the data of Australians. A cybercrime was reported every seven minutes on average (*Australian Cyber Security Centre's Cyber Threat Report June 2022*).	Threats to the stability, security and integrity of the .au domain leading to disruption to .au services and reduced confidence in auDA	Continuous improvement approach to cyber security to ensure .au is secure, reliable and resilient Adhering to international best practice cyber security including information security standard ISO 27001 and the Australian Signal Directorate Essential Eight Regular evaluation and testing of security defences Monitoring and rectifying instances of DNS abuse in .au Security awareness training for auDA staff and Board Directors, and specialist training for technical staff Oversight by the Board Security and Risk Committee	**Trust**	

External environment	Risk	auDA key responses	Strategic focus area or capability	
Community reliance on the internet continues to grow. auDA research shows 99 per cent of Australian adults use the internet and four out of five businesses would struggle to operate without it. **Emerging technologies (e.g. blockchain, the metaverse) may impact how people use the DNS.** **There is a trend of consolidation in the registrar market at the parent entity level. The number of accredited registrars stayed the same in the financial year, with 33 auDA accredited registrars.**	Failure to effectively innovate, manage or respond to competition and technology changes that affect the DNS	Regular monitoring of emerging technologies Investment in innovating .au, including through the introduction of the .au direct namespace auDA's *Digital Lives of Australians* and market research to understand what Australians require from the internet to ensure the ongoing utility of the .au domain auDA's Co-Marketing and Innovation Program supports a dynamic registrar environment and promotes competition amongst registrars	**Innovation**	
There is continued sovereign state interest in internet governance. Some countries are advocating a move away from the multi-stakeholder model of internet government towards greater government involvement. The World Summit on the Information Society 20-year anniversary review in 2025 could be a turning point.	Geo-political outcomes such as increased sovereign control could lead to a splintered internet with different technical and governance standards and reduced interoperability	Investment in efforts to protect the multi-stakeholder model of internet governance Convening regular roundtables with the Australian internet governance stakeholders to build a shared approach Actively engaging with the international community through policy forums, auDA representation on key committees and submissions to key consultations Expanded auDA policy team in 2022–23 to ensure adequate expertise and capacity to support this work	**Multi-stakeholder engagement**	
Recruitment, particularly of technology and IT professionals is challenging. Information and Communications Technology analysts and security specialists are part of the top 20 occupations in demand in Australia, according to Jobs and Skills Australia.	Inadequate resourcing, processes and controls resulting in adverse operational outcomes and failure to deliver strategic projects	Development and regular review of our work plans to ensure appropriate allocation of resources to deliver against core functions and strategic projects Dedicated program management office provides oversight and guidance for strategic projects People and Culture policies and practices, the adoption of auDA values and auDA's wellbeing program support retention and make auDA attractive to new staff	**Governance** **People**	
	Failure to support and develop our people leading to loss of key staff, skills and the inability to deliver operational and strategic projects	Active support to develop our people to secure and retain the key staff and skills we need auDA's Talent and Succession Plan and approach to performance and development supports staff to grow with the organisation	**People**	

Trust

Strategic focus area	Trust
Strategic objectives	Drive down DNS abuse
	Drive up the integrity of the .au domain
	Lead world's best practice ccTLD security
Terms of Endorsement	**Core functions:** Stable operation of .au; administer .au licensing regime
	Core principles: Support trust and confidence in .au; promote competition and consumer protection
Material themes	
Key resources	Our people
	Our infrastructure
	Our expertise

Performance

.au domain names with an instance of DNS abuse

0.03 per cent
2021-22 actual

0.03 per cent
2022-23 actual

Status ●

.au DNS availability

99.98 per cent
2021-22 actual

100 per cent
2022-23 actual

Status ●

WHOIS availability

100 per cent
2021-22 actual

100 per cent
2022-23 actual

Status ●

.au registry database availability

100 per cent
2021-22 actual

100 per cent
2022-23 actual

Status ●

Registrars with ISO 27001 certification or equivalent

73 per cent
2021-22 actual

73 per cent
2022-23 actual

Status ●

.au domain name licences with a validated Australian presence (new registrations and renewals)

N/A commenced reporting against this in 2022-23

98 per cent
New registrations

Status ●

89 per cent
Renewals

2022-23 actual

.au domain name registrations

.au is a trusted domain for websites and email addresses. auDA builds and maintains trust in .au by working to keep it secure for all Australians. We defend the .au against potential cyber incidents, provide secure, reliable infrastructure and ensure high levels of compliance.

On 30 June 2023, .au domain name registrations reached 4,236,447, up 18 per cent from June 2022. This growth was driven by registrations in the new .au direct namespace, a popular option for .au registrants since its launch in March 2022.

In the financial year, more than 1.1 million new .au domain names were registered, up from 733,534 in the previous year. September 2022 saw a record for new .au domain names created in a month. This spike resulted from existing domain name holders who took advantage of the Priority Allocation Process to register matching .au direct domain names.

.au domain names under management by month
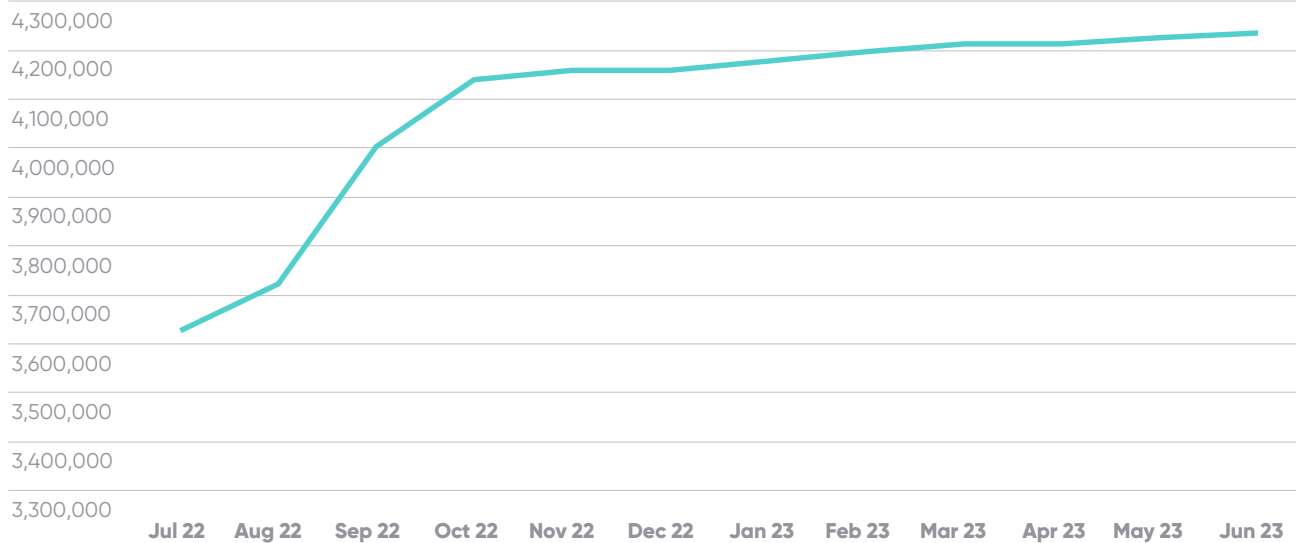
.au domain names under management year-on-year growth
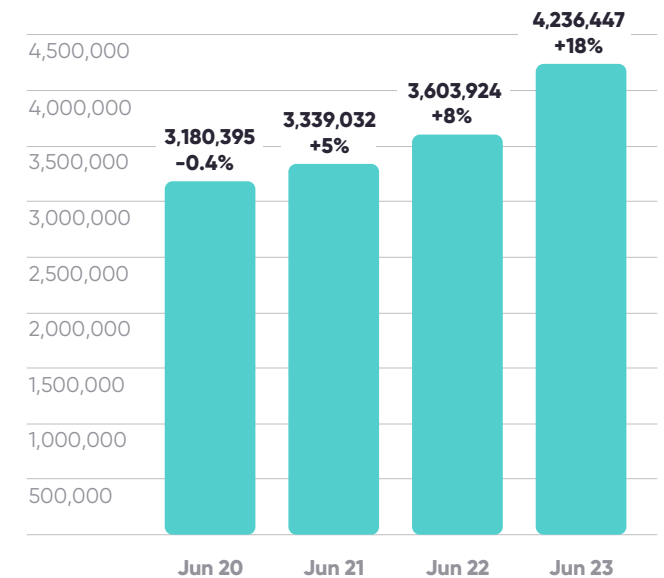
October 2022 was another strong month for registrations. This is when .au direct domain names on hold during the Priority Allocation Process first became available to the public.

Despite the success of .au direct, com.au remains the largest namespace in .au. At the end of the financial year, it accounted for 74 per cent of total .au domain names, down from 86 per cent the year prior. .au direct was the second largest namespace in the period, representing 18 per cent of total .au registrations, up from five per cent in June 2022. .au direct registrations overtook those in the net.au namespace in the period, with net.au accounting for five per cent of total .au registrations, down from six per cent.

The strong registrations over the financial year raised .au to become the seventh largest ccTLD in the world, up from ninth last year. It is the 10th largest TLD overall, according to global registry provider Verisign.

New .au domain names created per month

65,218	136,718	327,812	181,590	58,725	39,756	47,590	50,096	54,980	47,139	57,211	53,409
Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23

New .au domain names created per year

2019–20	2020–21	2021–22	2022–23
536,922	616,416	733,534	1,120,244
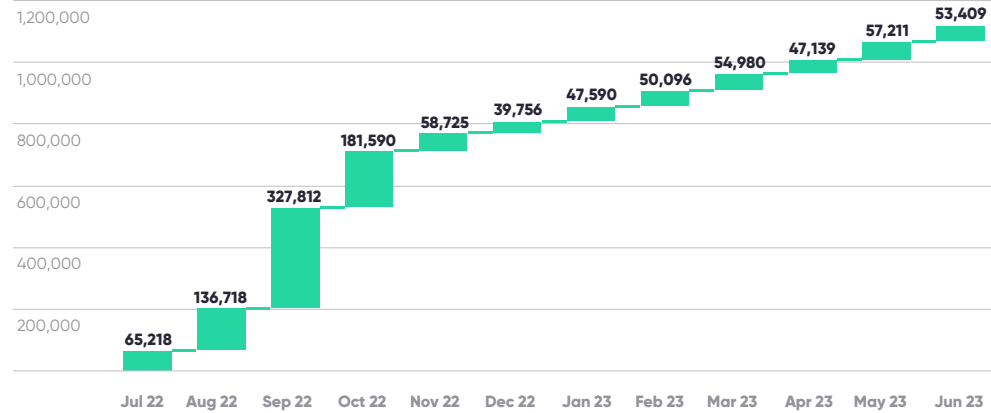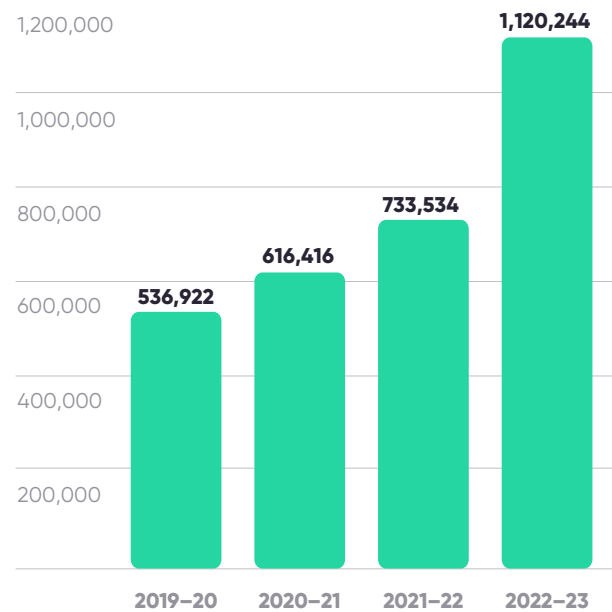
.au domain names by namespace

- com.au
- .au direct
- net.au
- org.au
- edu.au
- id.au
- gov.au
- asn.au
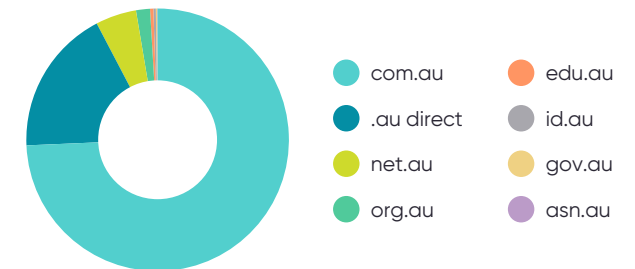
.au domain names by location

- NSW
- VIC
- QLD
- WA
- SA
- Unknown
- ACT
- Overseas
- TAS
- NT
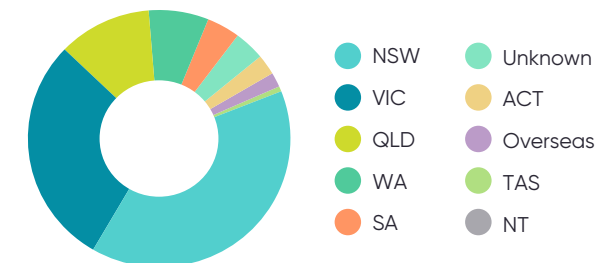
.au registry operations

Supporting traffic on the .au DNS

The .au DNS enables people to navigate the internet easily and connects billions of internet users to .au websites, email addresses and servers daily. auDA, supported by our .au registry operator, Identity Digital Australia, facilitates .au traffic by delivering stable, secure and reliable .au infrastructure.

.au DNS nameservers respond to DNS queries from internet users and other servers around the globe, connecting them to their desired .au website or email address. In 2022-23, .au DNS servers responded to an average of 53,100 queries per second. This was up from an average of 30,200 the previous year.

Variations in .au DNS query volumes can be driven by:

• Internet users visiting websites or sending emails

• Machine-to-machine communications between servers

• DNS server settings such as caching policies.

In February 2023, logging improvements at some DNS nameservers resulted in an increase in reported .au DNS traffic.

Approximately 30 per cent of all .au nameserver queries originate in Australia. The remaining 70 per cent originate overseas. This illustrates the importance of .au to connect Australian businesses, organisations and individuals to internet users from Australia and around the world. In this way, .au makes a significant contribution to Australia's digital economy and society.

In the financial year, auDA and Identity Digital Australia delivered 100 per cent availability of .au DNS infrastructure, the WHOIS tool, which enables people to check the registration status of .au domain names, and the .au registry database, which allows registrars to register and update .au domain name licences.

Average DNS queries per second: financial year comparisons

2019–20	2020–21	2021–22	2022–23
19,400	44,900	30,200	53,100

.au DNS traffic during 2022-23

- Peak queries per second
- Average queries per second
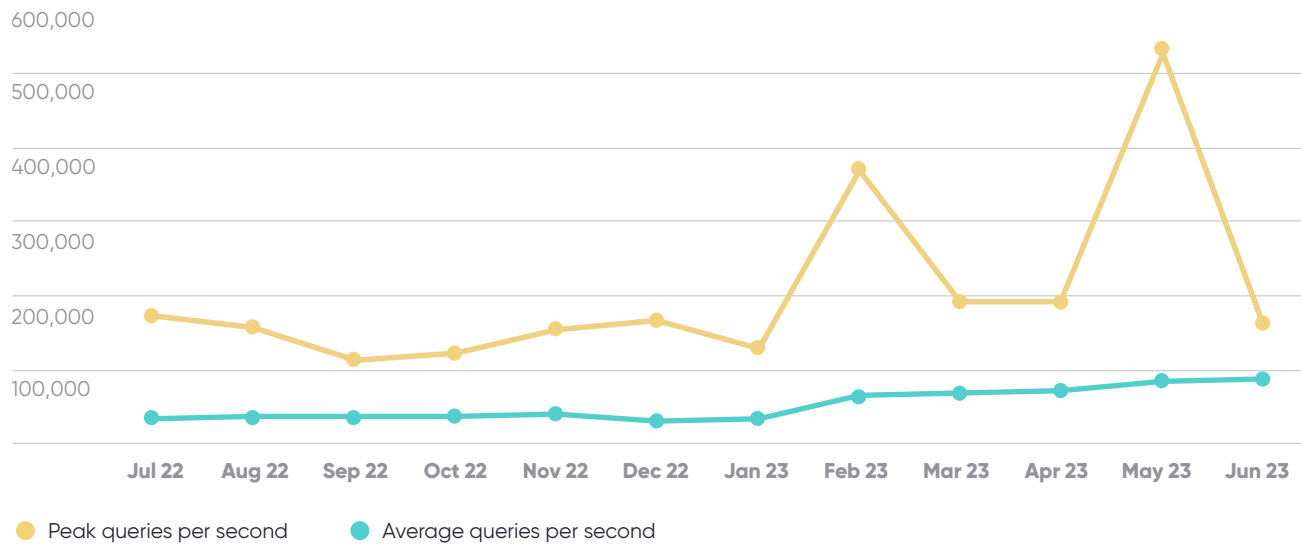
Note: Increase in DNS queries from February 2023 is due to logging improvements at some DNS nameservers.
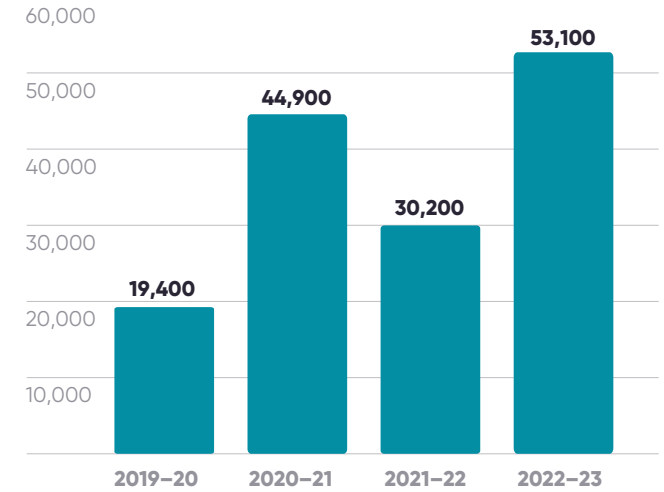
DNS and registry services performance

	2019-20	2020-21	2021-22	2022-23
DNS availability	100%	100%	99.98%	100%
WHOIS availability	99.99%	100%	100%	100%
Registry database availability	99.89%	99.99%	100%	100%

4.6 billion

Average DNS queries processed by .au nameservers each day in 2022-23

.au registry tender

auDA engages a third-party registry operator to support the reliable operation of the .au domain. The current registry operator's term expires on 30 June 2024.

In the financial year, we began a global tender process to appoint a registry operator for a term commencing 1 July 2024. In June 2023, auDA's request for tender closed and an evaluation committee comprised of auDA staff and external professionals began the evaluation process.

The successful tenderer will deliver technical expertise and registry services to support auDA's administration of more than four million .au domain names. It will also support auDA's ESG goals.

[auDA announced the outcome of the tender in August 2023, with Identity Digital Australia Pty Ltd as the successful tenderer.]

Security and business continuity

Keeping .au secure

One of auDA's core functions is to administer a stable, secure and reliable .au. We do this by implementing best practice standards for cyber security and business continuity.

Security is a whole-of-organisation practice. All staff and Board Directors participate in monthly security awareness training and contribute to a security-first culture. We partner with the .au domain industry, cyber experts and government bodies to keep .au secure.

In 2022-23, auDA:

- Achieved recertification of the ISO 27001 standard, the best practice standard for information security

- Completed stage 1 of the ISO 22301 standard, the best practice standard for business continuity, with full certification expected in the first half of 2023-24

- Engaged speciality third parties to test our physical and network defences and to facilitate a cyber incident response exercise to improve incident response and continuity planning

- Completed an internal audit against the Australian Signals Directorate Essential Eight Maturity Model, which focuses on prevention of cyber incidents, limitation of damage and system recovery

- Attended and participated in technical and security forums, including CrowdStrike Falcon, the CrowdStrike World Tour and the Australian Information Security Association (AISA) Australian Cyber Conference

- Engaged with the Federal Government on critical infrastructure issues, participated in government meetings and conferences and advised on DNS operations

- Mitigated instances of DNS abuse in the .au domain by improving detection of malicious domain names

- Continued to apply DNS Security Extensions (DNSSEC), which ensures the authenticity of DNS information.

Critical infrastructure

Federal legislation defines the .au DNS as Australian critical infrastructure under the *Security of Critical Infrastructure Act 2018* (Cth).

In 2022, the Federal Government amended the Act to require owners and operators of critical infrastructure to develop and maintain a Critical Infrastructure Risk Management Program. The amendments will require auDA to make an annual Cyber Attestation from the end of the 2023-24 financial year, providing a statement on the effectiveness of our Critical Infrastructure Risk Management Program.

Over the financial year, auDA staff regularly engaged with the Department of Home Affairs to understand new and updated requirements under the Act. We attended meetings, town halls and the inaugural Cyber and Infrastructure Security Conference for critical infrastructure providers, hosted by the department. auDA also regularly updated key stakeholders, including auDA accredited registrars, on critical infrastructure legislation.

Ready to respond to cyber threats

Case study

To assess and enhance our cyber incident response capabilities and crisis management procedures, auDA engaged the services of a specialist cyber security provider to conduct a discussion-based cyber incident response exercise.

The exercise tested auDA's readiness to respond to a significant cyber threat and evaluated our operational and communications responses.

A cross-functional team, including the Executive, IT, compliance, communications, and stakeholder engagement staff, participated in the 'tabletop' simulation.

auDA takes a continuous improvement approach to security. The exercise generated rich discussions and identified strengths and opportunities to improve our response to a crisis. We continue to take steps to build our security, resilience and response processes.

> "auDA is part of Australia's national critical infrastructure, and it provides secure delivery of .au."
>
> **Government participant, stakeholder survey 2023**

Compliance

A core function under our Terms of Endorsement is to administer a licensing regime for .au based on multi-stakeholder processes that are transparent, responsive, accountable, accessible and efficient. The .au Licensing Framework sets out the rules for registrants and registrars operating in .au. Our rules are supported by compliance activity, which facilitates high levels of compliance and promotes community trust in .au.

Compliance Posture

auDA's Compliance Posture outlines our approach to compliance with the .au Licensing Rules, which are part of the .au Licensing Framework. It is guided by the principle of natural justice and articulates the three steps we take to support compliance:

1. Communicating and educating
2. Guiding and facilitating
3. Enforcing our rules, where necessary.

We take a proportionate approach to educate and enable registrants and registrars to achieve compliance. Where they cannot achieve compliance, or if a serious breach occurs, we take enforcement action to protect the public interest.

Licensing Rules review

In 2022–23, auDA commenced a review of the .au Licensing Rules to identify opportunities to improve the operation of the rules. The review is limited to minor administrative, legal or technical changes, for example refining definitions. Any proposed changes will go to public consultation. The review will continue in 2023–24.

In October 2022, we sought registrar feedback at auDA's Registrar Summit. We also reviewed feedback received through complaints, enquiries and feedback sessions with auDA staff.

In the period, we also consulted with the public about minor amendments to the .au rules to ensure foreign embassies and consulates with an Australian presence are eligible to hold org.au domain name licences. The auDA Board approved the changes, which took effect in June 2023.

Achieving our 2022-23 compliance priorities

Our annual Compliance Plan sets out our compliance priorities and guides our compliance activity each financial year.

The priorities in our 2022-23 Compliance Plan align with our strategy and sought to deliver outcomes that enhance the security and integrity of .au for the benefit of all Australians.

Our 2022-23 compliance priorities:

1. **Drive down DNS abuse through an expanded DNS abuse audit program**

   In 2022-23, we undertook 2,262 DNS abuse audits, up from 520 the previous year. Read about our DNS abuse audit program on page 40 and 41.

2. **Compliance audits in the .au direct namespace**

   In 2022-23, we added the .au direct namespace to our compliance audit program. We completed 745 .au direct creation and renewal audits, which review eligibility when a licence is created or renewed.

3. **Engage with stakeholders to review the .au Licensing Rules**

   We commenced a review to identify minor improvements to the .au Licensing Rules. We reviewed feedback from registrars and staff and auDA complaints and enquiries.

4. **Work with registrars to improve registry data through an uplift in validation plan targets**

   We worked with registrars to update their validation plans. Registrars offering .au direct domain names were required to update their validation plans to include a process to verify the identity and existence of a real human being (called natural person validation).

Our 2023-24 Compliance Plan will be published in the first half of the financial year and will outline our compliance priorities for the period. These will include:

- Building on our work to further reduce DNS abuse in .au
- Educating registrants on ways to reduce DNS abuse through improved website security
- Continuing our work with registrars to improve the integrity of .au registry data
- Completing our review of the .au Licensing Rules and refer proposed changes for public consultation.

Compliance activity

Our compliance activity supports the integrity of .au. It includes:

- A proactive compliance audit program to check whether .au domain name licences comply with the .au Licensing Rules

- Resolution of complaints lodged by members of the public about potential compliance issues

- Responding to public enquiries seeking assistance or clarification about .au domain names

- Supporting the .au Dispute Resolution Policy (auDRP), which provides a process to resolve disputes between .au domain name registrants and other parties with competing rights, presided over by independent experts

- Responding to formal requests from law enforcement agencies, consumer affairs and fair-trading bodies about enforcement activity that involves .au domain names.

2022–23 activity

Compliance audits

auDA completed over 10,400 compliance audits, up 191 per cent from the previous year.

Most audits were in com.au (5,374) and org.au (3,293). The top three reasons for the audits were to review eligibility (4,155), to check the status of Australian Business Numbers and Australian Company Numbers (2,370) and to investigate suspected unauthorised use of another business's .au domain name (1,654).

More than 5,000 audits resulted in a 30-day suspension of a .au domain name. In 3,187 instances, .au registration details were updated to reflect the registrant's eligibility. In almost 600 cases, the .au domain name was cancelled by auDA or the registrant.

Over the past three years, auDA has focused on increasing our audit activity. In the financial year, we appointed a dedicated Licence Audit Team Leader to review audit practices and improve internal tools, supporting an increase in audits.

Enquiries

We responded to 5,690 enquiries, up 41 per cent from 2021–22. The increase was driven largely by enquiries related to the introduction of .au direct. The most common enquiry topic was about the .au direct Priority Allocation Process.

Complaints

Under the .au Licensing Rules, complaints about .au registrations are made to the relevant registrar in the first instance, and then referred to auDA if the complainant remains dissatisfied.

During 2022–23, we received 1,526 complaints, similar to the number received in 2021–22 (1,541). If a party to a complaint is dissatisfied with the response they receive from auDA, they can request an internal review by a senior auDA staff member. In the financial year, 23 people exercised their right to an internal review, up from 11 in 2021–22.

If a party to the complaint remains dissatisfied after an internal review, they can refer their complaint for external review by the Licence Review Panel, an independent review body comprised of experienced legal professionals. In 2022–23, one case was referred to the Licence Review Panel. There were no referrals to the Panel in 2021–22.

auDRP disputes

In 2022–23, 74 auDRP disputes were lodged with one of the two auDRP providers, the Resolution Institute or the World Intellectual Property Organization. This is up 90 per cent from the previous year. The most common decision was the transfer of a domain name licence to another party, which occurred in 32 of the disputes. In 15 disputes, the .au domain name licence was cancelled. The dispute was cancelled or denied in 20 instances and seven disputes carried over to the 2023–24 financial year.

Compliance activity

Legend:
- Enquiries
- Complaints
- Audits
- Enforcement body requests
- auDRP disputes
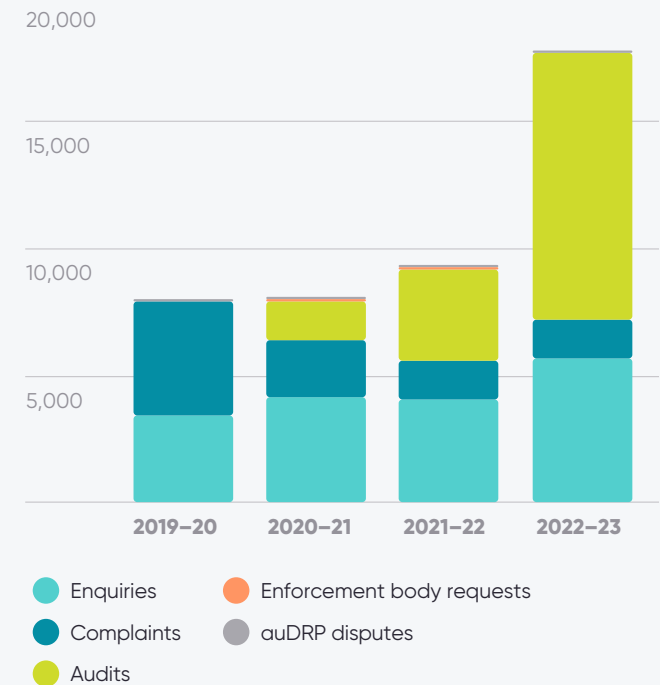
Enforcement body requests

In accordance with our rules, auDA responds to formal requests from Commonwealth and State law enforcement agencies, consumer affairs and fair-trading bodies. The requests relate to .au registrations associated with enforcement activity under the relevant body's legal remit. In 2022–23, we responded to 59 requests, down from 81 in 2021–22.

Customer satisfaction

When auDA closes a complaint or enquiry, those involved are invited to complete a customer satisfaction survey.

In 2022–23, more than 1,000 people completed the survey, up 29 per cent from 2021–22. This financial year, 74 per cent of respondents reported being satisfied or very satisfied with our service, up from 70 per cent in 2021–22.

Key themes identified by satisfied participants included the timely resolution of issues and appreciation for personal contact with our team.

Our team continues to improve its compliance processes and customer feedback is an important factor to guide this work.

> **"Quick response to my enquiry, a friendly and knowledgeable case officer and immediate resolution to my issue."**
>
> **Customer Satisfaction Survey 2022-23**

> **"My inquiry resulted in answers and suggestions of high calibre and quality."**
>
> **Customer Satisfaction Survey 2022-23**

Mitigating DNS abuse in .au

Mitigating DNS abuse is a strategic focus for auDA to help ensure .au remains secure and trusted.

DNS abuse comprises five categories of online harm where domain names are used for malicious activity: botnets, malware, pharming, phishing, and spam where the spam facilitates one of the other four categories.

Recent data from ICANN's DNS Abuse Activity Reporting program shows DNS abuse in .au is well below the global average, with only 0.03 per cent of .au domain names with an instance of DNS abuse compared to approximately 0.29 per cent for generic TLDs globally.

We have four levels of protection to prevent and identify DNS abuse:

- Validation checks by registrars during registration
- Post-registration validation checks by auDA
- Daily checks against DNS abuse threat intelligence feeds
- A clear, accessible complaints process for members of the public to submit domain names with suspected DNS abuse.

When we identify a suspected case of DNS abuse in .au, an audit is undertaken to investigate the matter. Where DNS abuse is present, we ask the registrant to remove the malicious files to protect internet users and the integrity of the .au.

In 2022–23 we completed 2,200 DNS abuse audits, up 323 per cent from the previous year. We achieved this by automating part of the process and increasing our compliance resources.

Of the 2,200 DNS abuse audits, 1,663 identified an instance of phishing and 491 of malware.

Helping small businesses address DNS abuse

Case study

Almost all cases of DNS abuse in the .au domain are a result of hacking of small business websites with compromised security. Websites can be compromised when website software is not updated or passwords are easy to guess.

When we find evidence of DNS abuse in .au, we contact the registrant and explain that their website has been compromised by DNS abuse. We provide them with information to help them take action and ask their registrar to follow up with their registrant. The registrant has 72 hours to remove the DNS abuse.

If we do not hear back from the registrant within 72 hours of the original notification, and the reported DNS abuse remains evident, auDA suspends the domain name to minimise possible harm to internet users.

In circumstances where a .au domain name poses a risk to the security, stability or integrity of the .au domain, we immediately suspend the .au domain name licence. This means the website will be inaccessible to internet users but can be restored once infected files are removed.

In 2022-23, around 90 per cent of DNS abuse in .au occurred in the com.au namespace. Just over 70 per cent of the .au domain names with DNS abuse were repaired and the associated websites were restored.

One of our compliance priorities for 2023-24 is to educate the public on improved website security to help reduce DNS abuse.

Innovation

Strategic focus area	Innovation
Strategic objectives	Improve the utility of the .au by providing greater choice of .au domain names
	Produce leading insights from our data and community research
	Invest to enable innovation and research by others
Terms of Endorsement	**Core function:** Administer .au licensing regime
	Core principle: Support trust and confidence in .au
Material themes	
Key resources	Our people Our multi-stakeholder community Our expertise Our finances

Performance

.au direct domain names of total .au domain names

5 per cent 2021–22 actual	**18 per cent** 2022–23 actual	● Status

Investment in innovation initiatives

$600,000 2021–22 actual	**$600,000** 2022–23 actual	● Status

At auDA, we challenge ourselves to innovate and we enable innovation by our stakeholders. It's how we support Australians to access value from the internet.

One year of .au direct

In March 2023, we celebrated one year of .au direct, Australia's newest namespace. Launched in March 2022, .au direct is the most significant innovation in .au in 20 years.

.au direct allows Australians to register shorter, more memorable domain names directly before the .au for the first time, providing greater choice of trusted .au domain names.

Australians embraced the opportunity to register .au direct domain names. By August 2022, .au direct overtook net.au as the second-largest namespace in .au. By June 2023, more than 760,000 .au direct domain names were registered, accounting for 18 per cent of total .au domain name registrations.

.au direct is open to everyone with an Australian presence. Before its introduction, more than 90 per cent of total registrations in the .au domain were from businesses. Only two per cent were made by not-for-profit organisations and 0.4 per cent by citizens. In June 2023, businesses made 85 per cent of new .au direct registrations, not-for-profits made nine per cent and citizens made six per cent, demonstrating that .au direct appeals to a broader group of registrants.

As part of the introduction of .au direct, auDA provided existing .au registrants the first option to apply for the .au direct equivalent of their existing .au domain name. Where there were two or more eligible applications for the same .au direct domain name, the name was allocated according to the Priority Allocation Process. The process allocated more than 450,000 .au direct domain names.

Back to contents

Consulting with Aboriginal and Torres Strait Islander communities

Greater choice of domain names is part of auDA's strategy to improve the utility of the .au domain.

This financial year we built our understanding of how a potential Aboriginal and Torres Strait Islander namespace might serve Australia's Indigenous communities and promote greater online inclusion.

We engaged with a range of Aboriginal and Torres Strait Islander organisations, government agencies and academics, including presenting at the Australian Institute of Aboriginal and Torres Strait Islander Studies Summit in Perth. In 2023–24, auDA will continue to engage Aboriginal and Torres Strait Islander communities to gather views on the namespace proposal.

"My business would not exist without the internet. It started as an online business, and that is the only way I can manage it. I am in a rural area, so a physical store isn't an option."

Small business owner, regional Victoria, *Digital Lives of Australians* **2022**

auDA research deepens insights into Australians' online experiences

auDA released its second annual *Digital Lives of Australians* report in November 2022. The report is part of auDA's ongoing study into how Australians use and value the internet.

The research identifies the opportunities and challenges Australian consumers and small businesses face online. We share the findings with industry, business, government and education sectors to encourage action that will deliver improvements for Australians.

Launched online via a panel discussion with digital experts from industry and consumer groups, our 2022 research shows that the internet is vital to the everyday lives of Australians.

The research highlighted that cyber security is a top concern for consumers and small businesses. Despite this, many remain unaware of the tools and resources available to protect them. The research also found that Australian businesses are underinvesting in cyber security, with just one in four having a cyber security policy in place or training their staff in cyber security.

98% of Australian **consumers** feel the internet delivers value to their lives

61% of working **Australians** say they could not do their job without the internet

84% of **small businesses** would struggle to operate without the internet

The internet is most valuable to small businesses for:

Flexible working

Customer engagement

auDA's commitment to this research is ongoing. It is part of our work to unlock positive social and economic value for Australians, support strong cyber security in the .au ecosystem and encourage discussion about the future of the internet. We hope it will promote proactive investment and improvements across the public and private sectors.

Why .au? Australia's trusted .au domain

In 2022-23, auDA undertook market research to understand Australians' experiences of .au and why they value .au domain names.

This information enables us to better support consumers and small businesses to register and manage their .au domain names through education and awareness activity, and meet their changing needs by innovating .au.

In May 2023, auDA's inaugural _Why .au? Australia's trusted .au domain_ report was published. Informed by our market research and industry data, the report shows that .au is a popular and highly trusted choice.

The report found:

- Three of four Australians are more likely to trust an Australian business if the website ends in .au
- More than half of Australian consumers will only purchase from a business online if they have a website ending in .au
- Three out of five consumers seek out .au websites when shopping online to support local businesses
- Three out of four Australian small businesses choose .au as their primary domain.

This demonstrates confidence and value in the .au domain among Australian consumers and business owners. auDA plans to carry out market research again in 2023-24 to help us continue to deliver meaningful information and support to .au registrants.
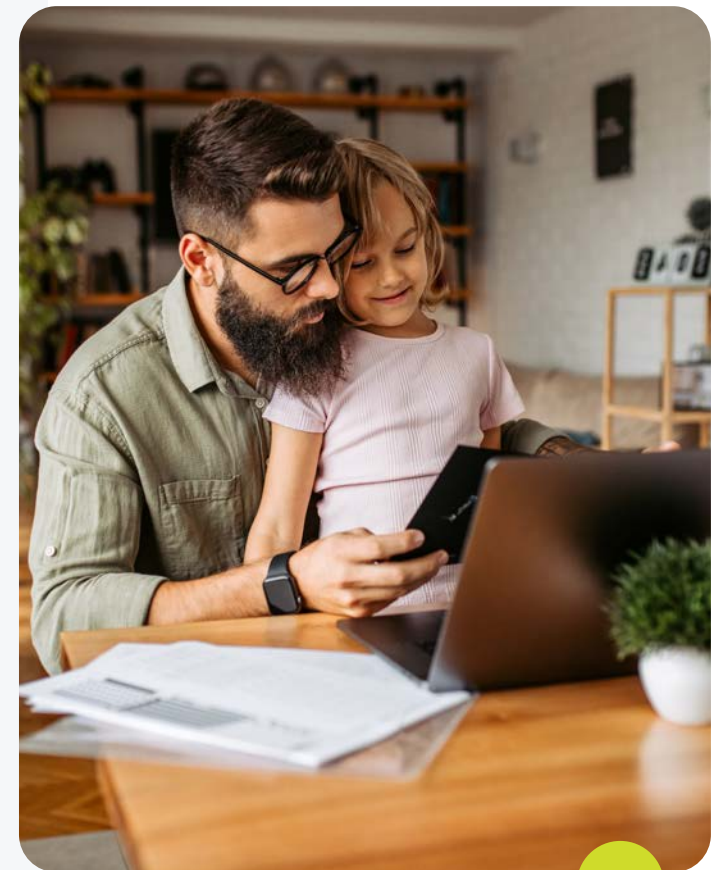
"The internet is vital to be able to do one's job. I work with a national company with headquarters in Melbourne and rely on the internet to connect with my colleagues."

Consumer, regional South Australia, _Digital Lives of Australians_ **2022**

Delivering public impact

auDA's vision is to unlock positive social and economic value for Australians through an open, free, secure and global internet. One way we do this is by supporting innovation by others.

The auDA Foundation was established to contribute to research and education initiatives that increase the utility of the internet in Australia. Since 2006, the Foundation has made grant contributions of more than $4 million and supported more than 150 projects.

In August 2022, the auDA Foundation opened applications for a new community grant round, committing $600,000 for initiatives that promote digital inclusion and innovation across five areas:

• Rural, regional and remote communities

• Disability groups

• Aboriginal and Torres Strait Islander peoples

• Older Australians

• Small business.

The auDA Foundation announced 15 successful applicants in January 2023. Initiatives range from online educational resources for rural, regional, remote and Aboriginal and Torres Strait Islander primary school students to connecting older Australians with legal help online and a research project that measures the economic impact of digital exclusion for vulnerable communities.

auDA is also developing a Public Benefit Program, which will introduce a new stream of research and development funding to drive innovation and impact through the internet.

Informed by consultation with external stakeholders, auDA staff and Board Directors, the program will support partnerships for research projects on the DNS and digital inclusion.

Work on the design of the research and development grants program will commence early in the 2023-24 financial year.

"auDA has the skills, knowledge and financial capacity to make a difference for those parts of Australian society left behind by technological advances."

Government and policy stakeholder, materiality survey 2023

Building small business resilience

Case study

Cybercrime attacks can be crippling, yet only one in four small businesses have cyber security policies and practices in place. In 2021, the auDA Foundation provided the Council of Small Business Organisations Australia with a grant to investigate what prevents small businesses from implementing cyber security initiatives and what would help them do more.

Our grant has been the seed for a substantial investment by the Federal Government, with $23.4 million allocated in the 2023 Federal Budget for the Council's Cyber Wardens program. The program will train up to 50,000 cyber wardens over the next three years, protecting customers and building small business resilience.

Multi–stakeholder engagement

Strategic focus area	Multi-stakeholder engagement
Strategic objectives	Grow and diversify auDA's membership
	Increase auDA's influence in multi-stakeholder internet governance
Terms of Endorsement	**Core function:** Advocate for multi-stakeholder internet governance
	Core principles: Engagement with the Australian Government; support trust and confidence in .au; support multi-stakeholder engagement; membership reflects Australian community
Material themes	
Key resources	Our people
	Our multi-stakeholder community
	Our expertise

Performance

.au members

4,820	**4,312***	🟢
2021-22 actual	2022-23 actual	Status

Key international and domestic internet governance and policy forums attended

16	**26**	🟢
2021-22 actual	2022-23 actual	Status

*.au membership transitioned to a new model on 27 September 2022, as set out in auDA's Constitution. 3,170 Associate Members opted-in to the terms and conditions of the new model and became auDA Members under the Constitution. This is why there is a decrease in total members from the previous year.

.au members

Multi-stakeholder processes are a cornerstone of many auDA activities. We engage deeply with diverse voices from across Australia and the world to inform how we manage the .au and advocate for an open, free, secure and global internet.

.au members are a vital part of our stakeholder community. Members provide insights that enhance auDA's understanding of Australians' online needs and provide input into auDA policies and strategy.

We work to ensure .au membership reflects Australia's diverse communities, which is a requirement under auDA's Terms of Endorsement. To support this during 2022-23, we increased our engagement with students, entrepreneurs, women working in technology and organisations that support people from culturally and linguistically diverse backgrounds with an interest in technology. We also continued to engage with more than 25 industry associations, chambers of commerce and business groups.

This engagement helps us raise awareness of .au, provide information on topics related to the internet and encourage broad participation in the .au membership program.

Transition to a new membership model

In September 2022, the .au membership program transitioned to a new membership model as set out in auDA's Constitution.

At the time of transition, associate members who chose to do so, became full members of auDA under the Corporations Act. 3,170 members opted-in to the new model by the 27 September 2022 transition date.

We are delighted that so many members chose to continue as part of the .au membership program. While some members declined to transition, the membership base grew by 36 per cent over the nine months from transition to 30 June 2023.

Above: The .au membership team with attendees at a member event in regional Queensland.

"I'm glad I joined .au membership as a student. I've learnt a lot from being a member and definitely understand domains better than the average person in the public now."

.au member, .au member survey 2022

.au members

.au members

3,386
June 2020

3,995
June 2021

4,820
June 2022

4,312
June 2023

By state

State	June 2023
New South Wales	1,313
Victoria	1,302
Queensland	818
Western Australia	374
South Australia	248
Australian Capital Territory	139
Tasmania	78
Northern Territory	40

By industry

Industry	June 2023
Technology	888
Web development	368
Healthcare	211
Education	182
Finance	179
Marketing/communications	178
Construction	171
Not-for-profit	132
Manufacturing	131
Web hosting	118
Did not disclose/other	1,754
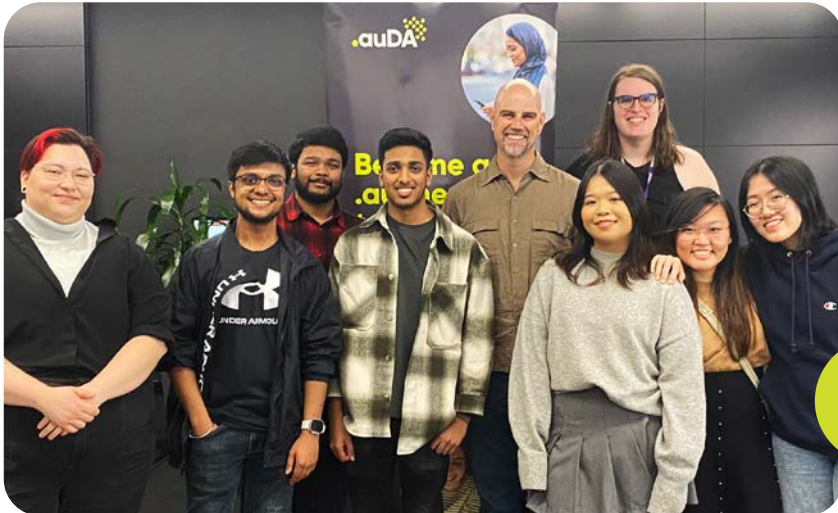
Above: auDA Chief Technology Officer Adam King at a .au member event for RMIT technology students.

Building a program our members value

Growing and diversifying our membership is one of our strategic objectives. To do so, we recognise we must provide strong value to our members.

We seek and respond to member feedback to deliver a program our members value. In September 2022, we conducted our member survey. Responses provided insights that informed the updated member program.

In the survey, .au members told us they wanted to know more about the purpose and role members play at auDA. In response, we developed a proposed .au member Statement of Purpose. We consulted members on the proposal and gathered their feedback before its finalisation and release in June 2023.

In the member survey, members told us they wanted more .au member events and we delivered. During the period, we held 14 in-person events, including member networking functions in Adelaide, Brisbane, Hobart, Melbourne, Perth and Sydney, and partner events with local chambers of commerce in Toowoomba, Ipswich, Maryborough, Geelong and Illawarra. We also hosted member webinars, a technology workshop for small businesses on the Gold Coast and three online cyber security workshops for members.

Our members also told us they value access to educational resources and updates on .au. Our new partnership with Lumify Work launched in June 2023 and provides .au members with access to over 700 online courses at a discounted rate.

We curate a weekly newsletter for members with .au insights and updates on developments across the Australian and global internet sectors. The .au membership team also began developing a member portal that will go live in 2023-24, providing members access to unique, member-only content.

Almost half of .au members told us they are .au members to support the strong and effective administration of .au. Throughout 2022-23, members were given the opportunity to provide feedback on .au matters through public consultations, interviews about their experiences registering domain names and our materiality process, which you can read about on page 13.

Why members hold .au membership

54% Access **information**, **events**, **support** and **resources** provided by auDA

46% Support the **independent administration** of the .au domain

What members want

77% Education and **advice**

64% Networking and **events**

52% Industry information and **engagement**

Industry

.au registrars

auDA accredited .au registrars (registrars) offer .au domain name services to the public, including registering and renewing .au domain name licenses.

Vital in supporting the licensing of domain names, registrars help us maintain high standards of compliance with the .au Licensing Rules. Registrars ensure registrants are eligible to hold a .au domain name through robust validation practices. In turn, this upholds trust and confidence in the .au domain.

auDA engages an external specialist to conduct an annual baseline security assessment of all registrars. These audits verify that registrars have essential security controls in place. Registrars are also required to obtain an ISO 27001 accreditation (or equivalent) security standard, the best practice standard for information security. At the end of June 2023, 24 of our registrars met the standard, six had a progress plan in place to achieve accreditation, and three had arrangements in place to transition away from providing registrar services.

We maintain a close working relationship with registrars. In addition to one-on-one meetings, we deliver monthly registrar briefings on .au domain performance, trends, and operational and marketing initiatives. The briefings, knowledge articles and training modules are shared in an online registrar portal for access at any time. In October 2022, we held a two-day Registrar Summit, with presentations and workshops by auDA, the .au registry operator, Identity Digital Australia, and external industry specialists. The summit provided an opportunity to share information with registrars and seek feedback on key operational matters such as the .au Licensing Rules, contributing to a review that will continue into 2023-24.

.au resellers

Registrars support resellers to provide .au domain name registration services to the public. Resellers do not have direct access to the .au registry – they register .au domain names via registrars. A healthy registrar and reseller market supports competition in .au and protects consumers, a requirement under auDA's Terms of Endorsement.

"There's a real opportunity and ambition to work together more innovatively this year ... good conversations around what's important will allow us to be strategic and execute together."

.au domain industry stakeholder, stakeholder survey 2023

Co-Marketing and Innovation Program

auDA's Co-Marketing and Innovation Program provides up to $250,000 to accredited registrars for projects that promote innovation and competition in .au. Registrars can apply for funding for projects such as advertising campaigns, skills development or productivity improvements.

In 2022-23, auDA also provided .au registrars with a special incentive program focused on raising awareness of the new .au direct namespace. The incentive program:

- Supported registrars to raise awareness of .au direct among their new and existing registrants, complementing auDA's multi-channel .au direct awareness campaign
- Provided the opportunity for registrants to claim their matching .au direct domain name during the Priority Allocation Period.

In 2022-23, auDA delivered $1,172,000 (including GST) to registrars through the Co-Marketing and Innovation Program, including incentive payments and funding for projects such as event sponsorship, webinars, and radio and digital campaigns. This is more than double the funding provided in 2021-22.

Co-Marketing and Innovation Program

2019-20	**$266,647**
2020-21	**$587,968**
2021-22	**$452,495**
Project funding	**$892,700**
Incentive payments	**$279,330**
2022-23	**$1,172,030**

Amounts are inclusive of GST

Australian TLD managers

The Australian domain name sector includes the TLD managers for Australian external territories such as Cocos Islands (.cc), Norfolk Island (.nf), Christmas Island (.cx), and the managers for .sydney and .melbourne. We host quarterly meetings with these managers to discuss internet governance issues and exchange insights. In 2022-23, key topics of focus included DNS abuse mitigation, local and international regulation and its impact on the management of the DNS.

Domain portfolio holders

Domain portfolio holders are engaged members of the .au community. They hold and trade .au domain name licences and assist people to find and transfer .au domain names for business use. auDA holds a monthly briefing for domain portfolio holders, providing information on .au domain name trends and updates on auDA.

Technology and business sectors

auDA supports and participates in numerous technology and business sector events and initiatives each year as hosts, sponsors, partners, speakers and participants. We make our expertise available, contribute meaningfully to conversations about the domain name sector, cyber security and the internet industry in Australia, and raise awareness of the benefits of .au. We partner with and support the initiatives of like-minded organisations.

We were proud to sponsor the cyber security stream of the Committee for Economic Development of Australia (CEDA) State of the Nation conference at Parliament House, Canberra in July 2022. auDA's Chief Executive Officer spoke at a webinar in the lead-up to the conference, and our Chief Operating Officer joined a panel discussion with other critical infrastructure operators during the event.

In 2022-23, we supported a range of organisations through sponsorships, memberships and partnerships:

- Asia Pacific Top Level Domain Association (APTLD)
- Asia Pacific Network Information Centre (APNIC)
- Australian Communications Consumer Action Network (ACCAN)
- Australian Information Industry Association (AIIA)
- AISA
- Australian National University (ANU) Tech Policy Design Centre
- ANU Computer Science Students Association
- Australian Strategic Policy Institute (ASPI)
- CEDA
- Communications Alliance

- Council of European National Top-Level Domain Registries (CENTR)
- Cyber Security Cooperative Research Centre (CSCRC)
- DotAsia
- DNS Operations, Analysis, and Research Centre
- eco – Association of the Internet Industry
- ICANN
- International Institute of Communications
- Internet & Jurisdiction Policy Network
- Internet Watch Foundation
- NetThing, Australia's Internet Governance Forum
- RMIT Computer Science and Information Technology Society
- University of New South Wales Women in Technology.

Government

The Australian Government endorses auDA under formal Terms of Endorsement to manage the .au DNS, which is critical infrastructure that underpins Australia's digital economy and society.

Consistent engagement with federal, state and territory governments maintains their confidence in auDA. It ensures we align with broader national priorities around the .au domain and contribute our expertise and stakeholder knowledge to policy discussions.

We regularly meet with and update the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, the federal department responsible for Australia's communications infrastructure and internet governance. A representative from the department joins auDA Board meetings to provide an update on government activity relevant to internet governance and technology.

We also meet with key federal ministers on auDA's role as a critical infrastructure operator and the administrator of .au.

auDA met with Western Australian, Queensland and South Australian governments to share insights and build understanding of areas of mutual priority to help internet users in their states. We look forward to continuing to engage with state governments in the coming year.

We also contributed to federal government consultations on internet policy during the 2022–23 year.

Internet governance and public policy

Advice on domestic internet policy

auDA actively supports digital transformation in Australia through our contributions to domestic internet-related public policy.

Digital technologies provide extraordinary opportunities for sustainable economic growth and social wellbeing. However, they also present complex challenges and risks.

In 2022-23, we identified three core public policy priorities that will guide our work in 2023-24: privacy, cyber security and digital identity. These are outlined in auDA's inaugural domestic Public Policy Agenda, to be released in early 2023-24.

We encourage regulators and policymakers to participate in whole-of-government policy development to harmonise internet-related policy issues. We also advocate for the adoption of a multi-stakeholder approach across policy initiatives to achieve inclusive, effective and well-informed outcomes.

In 2022-23, auDA contributed to a range of government policy consultations, including:

- Privacy Act Review Report (Attorney-General's Department)
- Inquiry into the Influence of International Digital Platforms (Senate Standing Committee on Economics)
- Digital Platforms: Government consultation on the Australian Competition and Consumer Commission's regulatory reform recommendations (Treasury)
- 2023-30 Australian National Cyber Security Strategy (Department of Home Affairs).

To engage with federal parliamentarians on technology policy and raise greater awareness of key industry issues, in March 2023, auDA partnered with the Australian National University's Tech Policy Design Centre to host a Tech Policy Futures event. The event at Parliament House in Canberra brought together politicians, industry, academia and civil society to discuss the most consequential tech policy issues of today and tomorrow. auDA CEO Rosemary Sinclair AM addressed the audience alongside ministers and technology sector leaders.

> "auDA has some of that bench strength and sophistication and depth of knowledge that will allow it to participate in internet governance … and play a meaningful role."
>
> **Technical stakeholder, stakeholder survey 2023**

Above: auDA CEO Rosemary Sinclair AM at the Tech Policy Futures event.

Advocacy for multi-stakeholder internet governance

We actively participate in and advocate for the multi-stakeholder approach to internet governance. This approach brings together representatives from governments, industry, the technical community and civil society to determine how the internet is shaped. Multi-stakeholder processes support outcomes that have broad support and reflect a full range of perspectives.

Some are contesting this model and pushing for increased sovereign control, which could reduce the benefits of an open, free, secure and global internet and lead to a splintered internet. This is a key enterprise risk identified on page 27.

auDA increased its efforts to promote a strong, effective multi-stakeholder approach in response to these growing geopolitical tensions.

auDA worked with regional internet governance stakeholders, including APNIC, Internet Australia and the Internet Association of Australia to develop a community submission to the Global Digital Compact (GDC). The GDC aims to outline shared principles for an open, free and secure digital future for all. In the submission, auDA and our co-signatories pressed for a multi-stakeholder approach. The September 2024 United Nations Summit of the Future will consider the GDC.

We attended and participated in a range of international governance forums, including:

- 75th, 76th and 77th meetings of ICANN
- 82nd and 83rd meetings of the APTLD
- APrIGF and the global Internet Governance Forum 2022
- Asia Pacific School on Internet Governance 2022
- 54th APNIC meeting
- European Dialogue on Internet Governance
- Internet & Jurisdiction Policy Network meetings.

auDA staff also held key committee positions during the financial year, including with:

- Country Code Names Supporting Organization (ccNSO) Council
- ccNSO Internet Governance Liaison Committee
- ccNSO Strategic and Operational Planning Standing Committee
- ICANN DNS Abuse Standing Committee
- ICANN Nominating Committee
- DNS Abuse Institute Advisory Committee
- DotAsia Board of Directors.

Above: auDA staff and Board Directors attend the ICANN77 meeting in Washington D.C.

In Australia, we initiated regular meetings of Australian internet governance stakeholders to strengthen our shared approach. We also sponsored Australia's Internet Governance Forum, NetThing, which took place online in October 2022. Through our role in Australia's internet community, we aim to expand our collective engagement with and influence in regional and global processes.

In 2022-23, auDA was selected to host the APrIGF, which will take place in August 2023 in Brisbane. This forum will bring a diverse cross-section of the multi-stakeholder community from the Asia Pacific region together. It will also provide an opportunity for Australians, .au members and stakeholders to strengthen their connection with regional counterparts and foster greater capabilities and cooperation. In 2023-24, auDA will also release its inaugural Internet Governance Roadmap, which will set out auDA's internet governance priorities and proposes improvements to ensure the longevity of the multi-stakeholder model.

Civil society and academia

auDA's civil society stakeholders include not-for-profit organisations, individual internet users and academia. We consult and partner with civil society to better understand and address the digital needs of Australians.

Our network of civil society stakeholders includes the ANU Tech Policy Design Centre, the Cyber Security CRC, Internet Australia, the Internet Association of Australia and ACCAN. It also includes the many not-for-profit and research institutions that receive auDA Foundation grants to support projects that seek to improve the utility of the internet for Australian communities.

Our *Digital Lives of Australians* research also enables us to hear directly from internet users nationwide and with varying levels of digital skills to understand their challenges and advocate for improvements.

Read about our work with the Cyber Security CRC in our case study. You can also read about the ANU Tech Policy Design Centre Tech Futures event, sponsored by auDA, on page 56, the auDA Foundation community grants program on page 46, and our *Digital Lives of Australians* research on page 44.

Deciphering the DNS

Case study

With support from auDA, the Cyber Security CRC released a paper, *Deciphering the DNS: what it is, how it works and why it's critical*, to improve understanding of how the DNS works.

The DNS underpins almost every system relied upon in our digital world, enabling people to navigate the vast amount of information stored on the internet. It connects billions of internet users to essential online services each day.

The report explains that, despite its importance, understanding of the DNS is limited and may be underestimated by policy makers, businesses and the public. Building a better understanding of the DNS is an important step to aid policy making.

Rachael Falk, CEO of the Cyber Security CRC, said, "We wanted to help everyone understand what the DNS is, its origins, why it's important. Like most things that are intangible, you really don't know it matters until you type in your desired address, and it goes nowhere. You want it to resolve to trusted websites."

Understanding what's important to stakeholders

In 2022-23, we undertook a stakeholder survey to understand stakeholder perceptions of auDA and new opportunities for greater engagement. Independent provider Survey Matters conducted the survey and held one-on-one interviews with stakeholders across the .au domain industry, government, civil society and technical organisations.

The feedback received in the survey demonstrates that our 2021-25 Strategy is delivering value to stakeholders and will inform our ongoing engagement. Stakeholders were encouraging of auDA's role as "custodians of .au", our proactive engagement activity, our strong domestic and international engagement on internet governance and provision of independent advice to government.

People

Strategic focus area	People
Strategic objectives	Build an organisation regarded as an employer of choice
	Strengthen the trust and confidence our stakeholders have in us
Terms of Endorsement	**Core principle:** Support trust and confidence in .au
Material theme	
Key resources	Our people

Performance

Culture survey

38	**79**	●
2021–22 actual	2022–23 actual	Status

Staff retention rate

80 per cent	**82 per cent**	●
2021–22 actual	2022–23 actual	Status

Our people

People are one of auDA's strategic capabilities and core to our success. We value our people and strive to ensure they value auDA as a great place to work. Together we deliver auDA's core functions and strategic projects and continue to strengthen the trust and confidence of our stakeholders.

In the financial year, we grew the auDA team to 48 employees, hiring in strategically important areas such as cyber security, policy and compliance. This reflects auDA's role as a critical infrastructure provider and our increased participation in internet governance processes.

Our 2022 culture survey, conducted in September 2022, shows staff engagement had more than doubled in 12 months. Engagement increased to 79 (up from 38 in 2021), well above the global benchmark of 55 for the telecommunications industry. The survey found 92 per cent of auDA staff would recommend auDA as a great place to work.

auDA is committed to diversity and we have maintained gender balance in our staff. Women are 52 per cent of our workforce, up from 50 per cent in June 2021 and 2022 and 37 per cent in June 2020.

Despite the highly competitive external jobs market, we are proud to have maintained our staff retention rate at 82 per cent over 2022-23.

Above: auDA staff at the planning retreat in March 2023.

Our people

19 Jun 2020
16 Full-time **3** Part-time

26 Jun 2021
22 Full-time **4** Part-time

40 Jun 2022
35 Full-time **5** Part-time

48 Jun 2023
44 Full-time **2** Part-time
2 Casual

Our culture

38
2021–22

79
2022–23

Global benchmark for the telecommunications industry is 55.

92% auDA employees would recommend **auDA as a great place to work**

Our organisational values guide auDA's culture. Our values help us contribute meaningfully, cultivate an inclusive, collaborative workplace and deliver to a high quality. We seek to apply our values to our work each day.

auDA's inaugural team planning retreat, held in March 2023, focused on building a shared understanding of our priorities and how we can collaborate across teams to deliver value to our stakeholders in the year ahead. The team discussed key objectives for the 2023–24 financial year and considered ways to continue strengthening auDA as a great workplace.

Other factors contributing to auDA's strong culture include our new wellbeing program Be Well, flexible working policy and an increased focus on celebrating success. All staff also participate in annual professional conduct and cultural awareness training to support a safe and inclusive culture.

Our values

Contribute: locally and globally
We serve all Australians and global internet users.

Better together
We collaborate and work together as one auDA.

Strive for excellence
We deliver value. On time, every time.

"auDA values employee wellbeing as we strive for excellence as a collective. It's satisfying to know we are working towards a shared goal and making a difference to deliver a trusted .au for all Australians every day."

auDA staff member, auDA culture survey 2022

Fostering wellbeing

Case study

Growing our capability

A skilled and engaged workforce helps drive innovation and long-term success as an organisation. auDA invests in our people to ensure they have the knowledge and expertise to excel in their roles and the opportunity for continuous learning and advancement.

In the financial year, we invested in training to support our staff to excel in their roles. We tailor staff development to individual and team needs. It includes opportunities such as access to formal education, conferences and professional learning programs, executive coaching and team development programs.

360-degree surveys were conducted with the Executive Team and senior managers to strengthen auDA's leadership capabilities. This work will support the ongoing development of a healthy work culture and delivery of our core functions and strategy.

auDA launched its staff wellbeing program, **Be Well**, in August 2022.

As part of the **Be Well** program, staff define what wellbeing means to them and what they need to support it. Staff curate their own experience for approved health and wellbeing activities from five pillars:

- Connection (social and community)
- Confidence (personal interests and enrichment)
- Calm (stress management and positive emotions)
- Vitality (physical being)
- Curiosity (creative, learn and play).

Whether it is strengthening relationships with colleagues and friends, learning new skills, practising mindfulness, managing stress or improving physical fitness, **Be Well** has something for all our people.
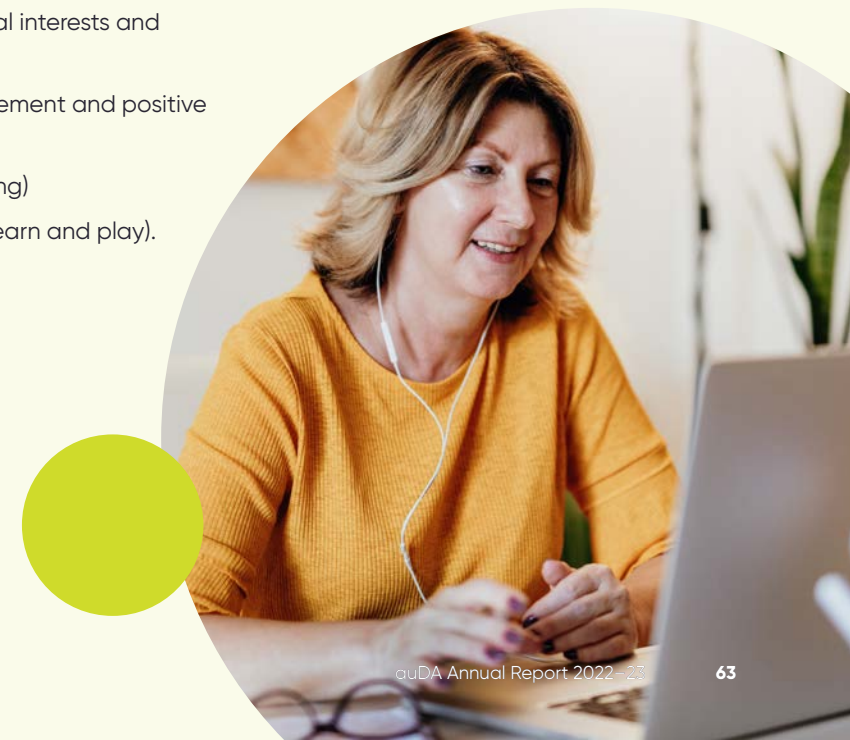
Governance

Strategic focus area	Governance
Strategic objectives	Strengthen transparency and accountability
	Strive for excellence in our reporting
Terms of Endorsement	**Core principle:** Maintain effective governance
Material themes	
Key resources	Our people
	Our expertise
	Our finances
	Our environment

Performance

Integrated Reporting content elements fully adopted (assurance by an external body by 2024-25)

Implement foundational elements	Enhance application of principles and content elements	
2021-22 actual	2022-23 actual	● Status

Sustainable financial performance (operating surplus)

$3.97m	$2.35m	
2021-22 actual	2022-23 actual	● Status

auDA's Board and Constitution

auDA's work is guided by good governance, which supports our effective and responsible functioning. Consistent with our strategy, we continue to strengthen transparency and accountability and strive for excellence in our reporting.

The auDA Board provides oversight and strategic governance to auDA. It acts in the best interests of our organisation and provides expert advice to support us in administering .au for the benefit of all Australians. The auDA Constitution governs our operations, including the appointment and duties of our Board Directors, Advisory Committees and members.

Responsibilities of the Board

The auDA Board guides our delivery against our Terms of Endorsement, ICANN agreement and 2021–25 Strategy in line with our Constitution. It is accountable to auDA stakeholders, members and Australia's digital community for overseeing auDA's management and corporate governance.

The Board's responsibilities include:

- Embedding good governance through contributions to and approval of key governance documents such as the Board Charter, Enterprise Risk Management Framework, Critical Infrastructure Risk Management Program, and Corporate Governance Statement
- Contributing to the development of and approving auDA's strategy and strategic objectives and overseeing activities to achieve the objectives
- Monitoring compliance with legislative, reporting and governance requirements
- Financial governance, including reviewing the auditor's report
- Cyber security governance, including review of auditor reports
- Overseeing auDA's development and commitment to Environment, Social and Governance principles and practices
- Approving auDA's Board Risk Appetite Statement and monitoring risks
- Overseeing the development of auDA's organisational policies and policies for the administration of the .au domain.
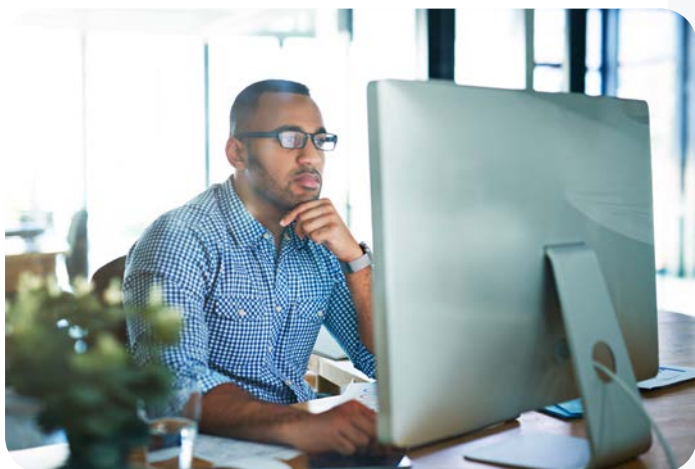
auDA's Board also supports auDA to deliver value to our stakeholders by:

- Overseeing the .au registry tender process to identify an appropriate strategic partner to assist auDA with .au registry services
- Supporting internet governance processes for an open, free, secure and global internet through participation in ICANN and other internet governance forums
- Actively engaging with .au members and auDA stakeholders at events
- Guiding auDA's adoption of the Integrated Reporting Framework to report on areas of interest to stakeholders transparently
- Supporting auDA's CEO to create a positive culture to enable staff to perform at a high level.

The Board met seven times in 2022–23. A schedule of Board meetings and meeting minutes are published on the auDA website.

Key Board decisions during 2022–23 included approval of:

- An updated Enterprise Risk Management Framework and Risk Management Policy
- Five candidates for appointment to the auDA Board and five candidates to participate in the Elected Director Ballot
- Updated Board Skills Matrix and Board Committee structure and composition
- Objectives and key results for the 2023–24 financial year
- Amendments to .au Licensing Rules relating to the org.au namespace
- auDA's draft Reconciliation Action Plan for submission to Reconciliation Australia
- Transition to an investment portfolio that adheres to our ESG goals
- A strategy for auDA's new Public Benefit Program
- Reappointment of members to the General Advisory Standing Committee, Technical Advisory Standing Committee and Licence Review Panel
- An auDA Board statement in support of the Uluru Statement from the Heart
- Corporate policies in line with the Policy Review Schedule.

Board composition and performance

The Board Skills Matrix identifies the mix of skills and experience required by auDA's Directors to support the breadth and depth of auDA's work.

The matrix reflects the Board's focus on:
- Strategy, planning and policy development
- Governance
- International and domestic internet policy and regulation
- Technical and industry knowledge
- Innovation
- Stakeholder relations
- Finance and reporting.

In November 2022, the auDA Board farewelled three Directors and welcomed three new Directors. Read about our Board changes on page 10.

auDA's Board Directors have a range of skills and knowledge gained through roles in industry, government and the not-for-profit community sector. They reflect a diversity of experience, gender and geographic location. The next Board Performance review is planned for the first half of 2023-24.

The Board comprises 50 per cent men and 50 per cent women, with Directors based in Sydney (four), Melbourne (three), Canberra (one), Adelaide (one) and the Gold Coast (one). Read about their experience and expertise on page 74.

Nomination Committee

The Nomination Committee contributes to auDA's governance by identifying, scrutinising and recommending candidates suitable for appointment or election as an auDA Board Director. The Committee also recommends desirable competencies to include in the Board Skills Matrix.

auDA Chair Alan Cameron AO chairs the Nomination Committee, which includes representatives from the .au member program, industry, business and consumer organisations.

This financial year, the Committee conducted a process to fill five Appointed Director and three Elected Director positions. It approved 10 candidates as suitable for appointment or election to the Board. The Board approved the appointment of five candidates as Appointed Directors and five to stand for election to fill three Elected Director positions.

In May 2023, the Nomination Committee sought expressions of interest and created a shortlist for applicants to fill two Appointed Director and one Elected Director positions that will become vacant at auDA's 2023 Annual General Meeting.

auDA Board Committees

The auDA Board is supported by Board Committees. These Committees comprise auDA Board Directors.

Each Board Committee oversees specific areas of auDA's work, provides guidance to the Executive Team and makes recommendations to the Board. In 2022-23, the Board changed the Committee structure and composition to reflect our strategic and operating environment.

Governance and Culture Committee

Formerly called the People and Culture Committee, this Committee retained its people responsibilities and expanded its remit to include carriage of auDA's governance framework.

In 2022-23 the Committee assessed the results of the staff culture survey and reviewed key organisational policies. It oversaw talent and succession planning, Advisory Committee appointments and auDA's remuneration framework. The Committee also reviewed the Board Charter and provided guidance on auDA's draft Reconciliation Action Plan. The Committee is chaired by Matthew Healy.

Finance and Sustainability Committee

The Finance and Audit Committee is now the Finance and Sustainability Committee. As well as overseeing finance and investment policy and performance, the Committee is responsible for overseeing the development of an auDA Sustainability Framework, and identifying risks and opportunities related to ESG.

In 2022-23, the Committee reviewed the annual financial statements, auDA budget, financial performance reports and investment strategy, including a transition to an investment portfolio that adheres to our ESG goals. The Committee is chaired by Dr Alice McCleary.

Audit Committee

The Board established the Audit Committee to engage with auDA's external auditor and review auDA's annual financial statements and Directors' Report. It comprises a chair and the other Board Committee chairs.

In 2022-23, the Committee developed its charter, met with the auditor and reviewed the audit plan. The Committee is chaired by Wendy Thorpe.

Public Benefit Program Committee

The Board established the Public Benefit Program Committee to oversee the auDA Foundation community grants program, new research and development initiatives and other public benefit initiatives.

In 2022-23, the Committee developed its charter, oversaw the development of the Public Benefit Program Strategy and the auDA Foundation community grants program. The Committee is chaired by Sandra Davey.

Security and Risk Committee

The Security and Risk Committee remains unchanged. The Committee assists the Board on information, privacy, security, risk and business continuity matters.

In 2022-23, the Committee monitored auDA's security and operations, oversaw the response to auDA's privacy audit, and provided guidance on auDA's Enterprise Risk Management Framework. The Committee is chaired by Peter Elford.

Board Advisory Committees

Three Advisory Committees provide independent advice to the auDA Board and play an important role in auDA's multi-stakeholder engagement. The committees comprise external experts. At least one Board Director attends each meeting as an observer.

General Advisory Standing Committee

The General Advisory Standing Committee advises on general and community-focused matters. This year it focused on:

- auDA's role in internet governance
- Supporting the .au membership program
- Diversity, accessibility and inclusion.

The Committee is also considering auDA's contributions to the United Nations SDGs.

Technical Advisory Standing Committee

The Technical Advisory Standing Committee advises on technical matters related to .au and supports initiatives on internet security, DNS operations and risk management. This year it focused on:

- Artificial intelligence
- Online safety
- Competition
- Identity and privacy.

edu.au Advisory Committee

The edu.au Advisory Committee advises on the edu.au namespace, including policies and performance of edu.au and engagement with the education sector. It monitors activities, issues and edu.au trends.

The Committee assists auDA with projects, such as policy changes for edu.au, as required.

Above: Walkabout by Luke Mc of the Wulgurukaba people.

auDA's commitment to advancing reconciliation

A staff working group with representation from across the organisation participated in a thoughtful and intensive process under the guidance of a First Nations consultant to develop auDA's draft Reconciliation Action Plan.

Our plan is a Reflect Reconciliation Action Plan, the first type that organisations develop. It outlines steps to prepare auDA for future reconciliation initiatives, setting out our vision for reconciliation and exploring our sphere of influence.

The auDA Board approved the draft Reconciliation Action Plan in June 2023. In the first half of 2023-24, auDA will seek further feedback from Aboriginal and Torres Strait Islander groups before submitting our Plan to Reconciliation Australia.

auDA has licensed a painting, Walkabout by Luke Mc of the Wulgurukaba people, for the Reconciliation Action Plan cover and other online uses. The painting depicts a man on a walkabout journey who is learning as he crosses Songlines, walks across country and meets other Mobs. Like the man in the painting, auDA seeks to learn from Aboriginal and Torres Strait Islander peoples as we embark on our reconciliation journey.

Transparency and accountability

ASX Corporate Governance Statement

The ASX Corporate Governance Council Principles and Recommendations are designed for entities listed on the Australian Securities Exchange and set out eight practices that support good governance.

auDA reports against these practices, modified for an Australian Public Company limited by guarantee, adapting the terminology to reflect our size and structure. The Principles and Recommendations provide an independent benchmark for governance, transparency and accountability.

auDA reviews and updates its Corporate Governance Statement annually. The next update will be published on the auDA website in early 2023-24.

auDA's not-for-profit status

auDA is incorporated as an Australian Public Company limited by guarantee, which requires us to reinvest our profits into the organisation. Our Federal Government endorsement relies on our operation as a self-funding not-for-profit and for-purpose corporation.

We maintain adequate reserves to ensure our sustainability and invest surplus funds into initiatives that support our purpose and vision to administer a trusted .au for the benefit of all Australians and champion an open, free, secure and global internet. We also invest in partnerships and innovations that unlock positive social and economic value for Australians through the internet.

Sustainable financial position

Consistent with our status as a not-for-profit organisation, we administer the .au domain in a cost-effective manner and invest in initiatives that deliver value to the Australian community and our stakeholders. Our prudent financial management means auDA remains in a stable financial position with sustainable funding to continue investing in .au and the broader internet ecosystem. To meet unforeseen expenses, we maintain financial reserves in an investment portfolio.

This financial year, we had strong revenue driven by an increase in .au domain name licence fees. This was largely due to the introduction and popularity of the .au direct namespace. We also saw an increase in the fair value of investments held in our investment portfolio.

Our expenses stayed relatively stable from the previous financial year. We had a larger increase in expenditure from 2020-21 to 2021-22, which was driven by spending to support awareness of the new .au direct namespace and a decrease in the fair value of investments in auDA's investment portfolio.

There has been an increase in employee benefits expense over the past four financial years, due to growth in staff numbers to meet strategic objectives.

Revenue

(Bar chart showing revenue by year with axis marks at $10m, $20m, $30m)
- 2019–20
- 2020–21
- 2021–22
- 2022–23

Expenditure

(Bar chart showing expenditure by year with axis marks at $10m, $20m, $30m)
- 2019–20
- 2020–21
- 2021–22
- 2022–23
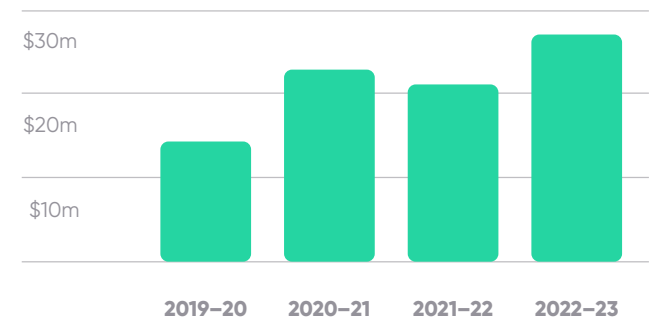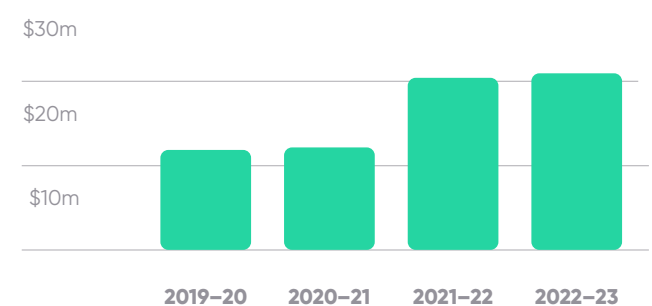
Total auDA revenue and expenditure over the past four years

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Our outlook

2022-23 was a strong year for the .au and auDA. In delivering our strategic objectives and core functions, we have increased the utility of the .au and strengthened member engagement. auDA has grown as an organisation, is well governed and financially sustainable.

We have maintained the trust of Australians and will continue to work hard to retain it.

Australians place a high value on .au domain names – our market research shows consumers and small businesses trust .au.

.au direct has been well received by Australian individuals, businesses, communities and not-for-profit organisations. It now accounts for nearly one in every five .au domain name registrations.

A stable and secure .au DNS underpins community trust and confidence. The rise in cyber security breaches and the rising frequency of cybercrime requires close attention and action. The Board and Executive Team will continue to monitor this closely, and our information technology and operations teams are focused on security and resilience.

We will announce the .au registry operator in early 2023-24 to support auDA in administering a stable, secure and reliable .au from July 2024.

Investing in innovation and improving the utility of the .au is vital.

Our research into Australians' technology use and evolving digital needs continues. This helps us identify and respond to the online challenges consumers and small businesses face and identify opportunities to deliver value to Australians through the internet.

The popularity of the .au domain, including the new .au direct namespace, puts auDA in a stable financial position. We will continue to invest in innovation and support innovation by others.

We advocate for the importance of digital inclusion – it is one of our material themes. In 2023-24, we will expand our innovation initiatives, developing and delivering our Public Benefit Program and a new research and development grants program.

Multi-stakeholder engagement is integral to the way we work.

Our membership is growing steadily. We engage with diverse communities to ensure auDA's membership reflects the Australian community.

In 2023-24, we will complete our review of the .au Licensing Rules. Public consultation will help us improve the rules. We will also continue to consult with communities on a potential Aboriginal and Torres Strait Islander namespace.

auDA will host the APrIGF in Brisbane in August 2023, helping to strengthen links between the region's stakeholders.

We will invest to protect the multi-stakeholder model of internet governance to uphold an open, free, secure and global internet. As well as our ongoing engagement with stakeholders in Australia and overseas, auDA will advocate for the multi-stakeholder model as we prepare for the September 2024 United Nations Summit of the Future and the 2025 World Summit on the Information Society 20th anniversary.

auDA's top 10 material themes

Our people are core to our success. We're making auDA an even better place to work.

We value our people and strive to ensure they value being part of auDA. Our 2022 culture survey showed staff engagement more than doubled in 12 months, and retention stayed high.

This year we increased our team in strategically important areas, including cyber security, compliance and policy.

We will continue to support staff and maintain our strong culture with ongoing training and development initiatives and Be Well, our new wellbeing program. Our clear strategy and objectives – developed with our staff – set our shared priorities for the year ahead.

We continue to strengthen transparency and accountability and strive for excellence in our reporting.

Good governance is essential to auDA's effective and responsible functioning. The Board's active governance supports us to deliver our 2021-25 Strategy and core functions.

auDA actively monitors risk, and we manage our enterprise risks within tolerance.

As a not-for-profit organisation, we invest funds into initiatives that support our purpose and vision. Our stable financial performance and prudent financial management enables us to continue to invest in .au and the broader internet ecosystem.

Reflecting our focus on ESG, we will further embed sustainability requirements in our operations and investments, guided by our Finance and Sustainability Committee.

Annual Financial Report

30 June 2023

.au Domain Administration Limited and controlled entities
ABN 38 079 009 340

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Directors' report

For the year ended 30 June 2023

The Directors present their report together with the financial report of .au Domain Administration Limited (the "Group") consisting of .au Domain Administration Limited (the "Company") and the entities it controlled for the financial year ended 30 June 2023 and the auditor's report thereon.

1. Directors

The Directors of the Group at any time during or since the end of the financial year are:

Name	Appointment date	Resignation date (if applicable)
Alan Cameron AO	15 November 2019	
Sandra Hook	16 November 2022	
Wendy Thorpe	16 November 2022	
Sandra Davey	15 November 2019	
Peter Elford	15 November 2019	
Michael Trovato	16 November 2022	
Angelo Giuffrida	15 November 2019	
Matthew Healy	15 November 2019	
Dr Alice McCleary	15 November 2019	
Jacqueline Korhonen	11 November 2020	
James Atkins	15 November 2019	16 November 2022
Dr Kate Cornick	15 November 2019	16 November 2022
Tania Fryer	15 November 2019	16 November 2022

Alan Cameron AO BA LLM Hon LLD Sydney FAICD Life FAAL
Independent Appointed Director and Chairperson

Alan Cameron worked in corporate law practice in Sydney, was Commonwealth Ombudsman 1991-92, and was chairman of the ASC and ASIC 1993-2000. He has been Chairperson of the NSW Law Reform Commission, Deputy Chancellor of The University of Sydney and Chair of the ASX Corporate Governance Council. Most recently he has been a consultant and company director. He is chairperson of the Legal Services Council and the Code of Conduct Committee of the Australian Council for International Development and an Independent Director of Nuix Ltd.

Sandra Hook GAICD
Independent Appointed Director

Sandra Hook is an experienced board director with a non-executive career spanning diverse sectors including Communications; IT, Technology & Digital; Health Tech; Tourism, Leisure & Retail; Urban renewal; Agri-business; Government; Research and Policy. She brings 25 years of senior leadership and operational experience gained in roles including Managing Director, Chief Executive Officer, Chief Operations Officer, Marketing Director and Publisher for some of Australia's largest media organisations including News Limited, Foxtel, Federal Publishing, Fairfax and Murdoch Media. Sandra's board experience spans listed, private and government boards and she is currently a Director of IVE Group Ltd, MedAdvisor Ltd, NextEd Group Ltd, Sydney Harbour Foundation Ltd and Fight Food Waste CRC.

Wendy Thorpe BA BBus (Acc) Grad Dip AppFin & Inv. GAICD FFin
Independent Elected Director
Chair Audit Committee

Wendy Thorpe is a former Financial Services Executive with deep experience in leading technology, operations and transformation at AXA, ANZ and AMP including in Chief Information Officer and Chief Operations Officer roles. Wendy is an experienced Board Chair and Non-Executive Director across a range of sectors. In addition to her role at auDA, Wendy is Chair of Epworth Healthcare, Chair of Online Education Services Pty Ltd and a Non-Executive Director of IAG Ltd, Heritage & People's Choice Ltd, and Data Action Pty Ltd. Wendy was previously a Director of Tower Ltd, Ausgrid, AMP Bank Ltd and Very Special Kids, and is a former member of Council of Swinburne University of Technology.

Sandra Davey MAICD

Independent Appointed Director

Chair Public Benefit Program Committee

Sandra Davey is an agile product consultant and coach with Organa. Across more than 25 years she has launched more than 30 digital products covering disruptive products in new markets and new products for existing or adjacent markets. At Organa she helps people and teams adopt new ways of working in the pursuit of better product value for customers and helps create organisational change through building high performing teams, agile coaching, and teaching product excellence. She is currently a Director with Screenrights. Her past Board roles include Director and Chair of CHOICE, Chair of Australia's internet governance community, NetThing (previously auIGF) and Director and Chair of the Australian Interactive Media Industry Association. She was an inaugural Director of auDA Ltd when it was known as the Australian Domain Name Authority.

Peter Elford BSc (Hons) GAICD

Independent Appointed Director

Chair Security and Risk Committee

Peter Elford is an Australian internet veteran and passionate internet advocate having "built the internet in Australia" in 1989 as the second employee at the Australian Academic and Research Network (AARNet). From 1993-2013 he held a variety of technical and senior management roles at Cisco, before returning to AARNet as Director, Government Relations and eResearch from 2014-19. Peter was President of the Gungahlin Community Council and is currently a Director of the Regional Development Australia (RDA) ACT Board.

Michael Trovato MBA (Acc, Fin) BSc GAICD

Independent Elected Director

Michael is a cyber security, privacy and technology risk advisor to boards, board risk committees, and executive management. Prior roles include EY – Cyber Security, Asia Pacific, Oceania and FSO Lead Partner; NAB Group – GM Technology Risk and Security; KPMG New York – Partner Information Risk Management; Salomon Brothers – Internal Audit; MasterCard International – Principal; Price Waterhouse – Manager; SUNY at Buffalo University Computing Services – Programming Consultant. Michael is currently IIS Partners Managing Partner and Lead Security Advisor; Internal Consulting Group (ICG) Global Cyber Practice Leader; Cyber Risk Advisors Managing Partner; Trustworks360 Director; and Australian Information Security Association Director.

Angelo Giuffrida

Elected Director

Angelo Giuffrida is a domain name industry veteran with years of experience in registrar operations, policy implementation and management, registry functions, and registrant support. Angelo is the co-founder and co-CEO of the Nexigen Digital Pty Ltd group of companies, which includes VentraIP, Synergy Wholesale Accreditations, and Digital Eagles. Angelo is dedicated to using his extensive industry knowledge and experience to achieve outcomes that benefit all community interests and the Australian digital economy.

Matthew Healy BA/LLB GAICD

Independent Appointed Director

Chair Governance and Culture Committee

Matthew Healy has over 25 years' experience in technology, communications, regulation and law. He has held numerous board positions on industry and member-based organisations including Communications Alliance Ltd, Competitive Carriers Coalition Ltd and OzHub Ltd. Matthew has also held executive positions at Macquarie Technology Group and leadership roles at the Australian Competition and Consumer Commission, United Energy and in the airline sector. He is currently a Non-Executive Director of Eco-Markets Australia Ltd, Non-Executive Director and Trustee of the McClelland Sculpture Park & Gallery, Board Member of The Macfarlane Fund and Principal of Healy Advisory.

Dr Alice McCleary DUniv BEc FCA CTA FTI (Life), FAICD

Independent Appointed Director

Chair Finance and Sustainability Committee

Alice McCleary is a Chartered Accountant and has been a professional company director for over 20 years. She was formerly a corporate tax partner at Coopers & Lybrand (now PwC) and was the first female President of the Taxation Institute of Australia. Her directorship career covers ASX companies, not-for-profits, industry associations and government bodies. She was a founding director of National ICT Australia Limited (NICTA), a research body funded by state and federal governments to improve the reach and quality of Australia's IT research.

Jacqueline Korhonen BSc BEng (Hons) GAICD

Independent Elected Director

Jacqueline Korhonen has over 30 years' experience in Information Technology, Telecommunications and Financial Services. She was an engineer at IBM for 23 years with roles in Australia, New Zealand, Southeast Asia, India and China. She later returned to IBM as the Vice President of Cognitive Transformation Services in the Asia Pacific Region. Jackie's previous roles also include CEO of Infosys Australia and New Zealand, CEO of SMS Management & Technology and Non-Executive Director of NetComm Wireless. She is currently an Independent Non-Executive Director of MLC Insurance, Director of Auswide Bank Ltd, Director Nuix Ltd, Director Civil Aviation Safety Authority (CASA), former Chair now Member of International House Council, a residential college of Sydney University, and Director of Chief Executive Women.

2.   Meetings of Directors

The number of meetings of the Board and of each Board Committee and number of meetings attended by each of the Directors of the Group during the financial year were:

	Board Meetings		Audit Committee		Finance & Audit Committee		Finance & Sustainability Committee		People & Culture Committee		Governance & Culture Committee		Security & Risk Committee		Public Benefit Program Committee	
Meetings held during the year	7		1		2		2		2		2		3		2	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Alan Cameron AO	7	7	0	1	2	2	2	2	1	2	2	2	2	3	2	2
Dr Alice McCleary	6	6	1	1	2	2	2	2	–	–	–	–	–	–	2	2
Angelo Giuffrida	5	6	–	–	2	2	–	–	1	2	2	2	–	–	–	–
Jacqueline Korhonen	7	7	–	–	–	–	2	2	–	–	–	–	3	3	–	–
James Atkins	3	3	–	–	2	2	–	–	–	–	–	–	–	–	–	–
Dr Kate Cornick	3	3	–	–	2	2	–	–	–	–	–	–	1	2	–	–
Matthew Healy	6	6	1	1	–	–	–	–	2	2	2	2	3	3	–	–
Michael Trovato	4	4	–		–	–	–	–	–	–	–	–	1	1	1	2
Peter Elford	5	6	1	1	–	–	–	–	–	–	–	–	3	3	2	2
Sandra Davey	6	6	1	1	–	–	–	–	1	2	2	2	–	–	2	2
Sandra Hook	4	4	–	–	–	–	2	2	–	–	–	–	1	1	–	–
Tania Fryer	3	3	–	–	–	–	–	–	2	2	–	–	–	–	–	–
Wendy Thorpe	4	4	1	1	–	–	–	–	–	–	2	2	–	–	2	2

A – Number of meetings attended

B – Number of meetings held during the time the Director held office during the year and that the Director was eligible to attend, and for committees the number of meetings where the Director held office during the year and was also a member of the committee.

3. Secretaries

The secretaries of the Company at any time during or since the end of the financial year are:

Name	Appointment date	Resignation date (if applicable)
Sonia Joksimovic	20 May 2019	
Linda Brown	9 June 2020	

Sonia Joksimovic is a qualified company secretary and has more than 10 years' experience working in company secretarial and governance positions in publicly listed and unlisted companies.

Linda Brown is an experienced governance practitioner with 30 years' experience in management and consulting roles including providing board support and company secretarial services to not-for-profit entities.

4. Principal activities and objectives

Principal activites

The principal activities of the Group during the year ended 30 June 2023 comprised of management of the .au domain. There were no changes in the nature of the activities of the Group during the year.

Objectives

auDA is endorsed by the Federal Government to administer the .au domain for the benefit of all Australians. Its Terms of Endorsement for auDA sets out the company's core functions, which are to:

- Ensure stable, secure and reliable operation of the .au domain, which is part of Australia's suite of critical infrastructure
- Administer a licensing regime for .au domain names based on multi-stakeholder processes that are transparent, responsive, accountable, accessible and efficient
- Advocate for and actively participate in multi-stakeholder internet governance processes domestically and internationally.

The Group's strategic objectives are set out in auDA's 2021– 25 strategy. The strategy outlines the company's purpose and vision:

- **Purpose** – administering a trusted .au for the benefit of all Australians, and championing an open, free, secure and global internet
- **Vision** – unlock positive social and economic value for Australians through an open, free, secure and global internet.

It also outlines the organisation's strategic focus areas, strategic capabilities and associated strategic objectives.

	Strategic focus areas			Strategic capabilities	
	Trust	Innovation	Multi-stakeholder engagement	People	Governance
Objectives	Drive down DNS abuse Drive up the integrity of the .au domain Lead world's best practice ccTLD security	Improve the utility of the .au by providing greater choice of .au domain names Produce leading insights from our data and community research Invest to enable innovation and research by others	Grow and diversify membership Increase influence in multi-stakeholder internet governance	Build an organisation regarded as an employer of choice Strengthen the trust and confidence our stakeholders have in us	Strengthen transparency and accountability Strive for excellence in our reporting

5. Operating and financial review

Revenue from operations for the year ended 30 June 2023 was $23,084,067 (2022: $19,671,868). The result for the year ended 30 June 2023 is a profit of $6,307,545 (2022: $618,713).

For the year to 30 June 2023 the Group generated net cash from operating activities of $6,596,271 (2022: $5,663,271).

	2023 $	2022 $	Variance $
Revenue from operations	23,084,067	19,671,868	3,412,199
Profit for the year	6,307,545	618,713	5,688,832
Change in fair value of financial assets*	3,227,412	(4,276,710)	7,504,122
Net cash from operating activities	6,596,271	5,663,271	933,000

*included in the profit for the year

Profit performance improved in the financial year ended 30 June 2023 due to registrations in the new .au direct namespace and improvement in the fair value of investments held. This was partially offset by an increase in employee benefit expenses as the Group has continued to increase its investment in human capital, and increased marketing and communication expenditure related to awareness campaigns supporting the launch of .au direct.

During the financial year, the Group altered its investment approach, transitioning from a growth portfolio to a sustainable growth portfolio in line with the Group's environmental, social and governance goals. Consequently, this led to an increased amount of disposals of $40,754,826 (2022: $11,953,927) and corresponding acquisitions of $41,185,451 (2022: $16,314,029).

In the opinion of the Directors, there are no other likely changes in the operations of the Group which are expected to adversely affect the results of the Group in subsequent financial years.

6. Significant changes in the state of affairs

There were no significant changes in the state of affairs that had an effect on the Group's operations or the results of its operations.

7. Likely developments

auDA will continue its focus on implementation of its 2021 to 2025 strategy through continued focus on trust, innovation and multi-stakeholder engagement and building strategic capabilities.

8. Events subsequent to reporting date

On 27 August 2023, the Group announced it reappointed Identity Digital Australia Pty Ltd as its registry operator for a term of four years commencing 1 July 2024 with an option to extend a further two years. Identity Digital Australia has a strong understanding of the Australian domain name environment, having served as the registry operator for the .au domain since 2018 and has significant experience in the delivery of registry services internationally. The service provider was chosen after conducting an open Request for Tender (RFT) and evaluation process between May to August 2023 with an independent probity advisor reviewing the tender process at all stages.

Other then those matters noted above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations, the results of those operations, or the state of affairs of the Group, in future financial years.

9. Member's guarantee

The Company is limited by guarantee. If the Company is wound up its Constitution states that each member of the Company is required to contribute a maximum of $10 towards meeting any outstanding obligations of the Company. Following the membership transition on 27 September 2022, the number of members of the Company has increased significantly and as of 30 June 2023, the number of members was 4,312 (2022: 6).

10. Non audit services

KPMG consented to act as the Group's auditor on 27 June 2017. The lead audit partner, Adrian Nathanielsz, has been the auditor of the Group for the past six years, inclusive of the year ended 30 June 2023. In accordance with the *Corporations Act 2001* and KPMG partner rotation requirements, the next rotation of the lead partner of the Group is planned to occur after the completion of the 30 June 2027 financial year audit.

During the year KPMG, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and

- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, and its network firms for audit and non-audit services provided during the year are set out below:

Services other than audit and review of financial statements:	2023 $
Other services	
Financial statement compilation services	13,300
Integrated reporting analysis and advice	35,530
Audit of financial statements	82,990
Total paid to KPMG	**131,820**

11. Environmental regulation

The Group is committed to achieving a high level of sustainability. It has revised the structure of its Board committees and established the Finance and Sustainability Committee in February 2023 to enhance the Group's focus on Environmental, Social and Governance (ESG) issues impacting on operating performance.

The Finance and Sustainability Committee is responsible for development maintenance and communication of a Sustainability Framework and Guidelines to ensure the sustainability of business operations, the application of ESG principles for investment management and environmental considerations applicable to operating activities. The Sustainability Framework and Guidelines will require the committee to:

- Established a regular internal reporting process
- Report to the Board on ESG performance
- Ensure preparedness for and compliance with developing ESG regulations.

The Federal Government's Terms of Endorsement and the ICANN sponsorship agreement under which the Group operates do not impose sustainability or environmental obligations.

12. Indemnification and insurance of officers and auditors

Indemnification

The Company has entered a Deed of Access, Indemnity and Insurance with each Director of the Company which provides indemnity against a liability arising out of or in any way directly or indirectly connected with the Officer's role as Director of the Company and reasonable defence costs. There are no known claims or legal actions against any Director or officer or executive in respect of the operations of the Group.

Insurance premiums

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability and Legal Expenses' insurance contracts, as such disclosure is prohibited under the terms of these contracts.

13. Proceedings on behalf of the Company

There have been no proceedings on behalf of the Company identified for the year ended 30 June 2023.

14. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 98 and forms part of the Directors' Report for the year ended 30 June 2023.

This report is made with a resolution of the Directors:

Alan Cameron AO
Independent Chairperson

Dated at Melbourne this 10th day of October 2023

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue	4	23,084,067	19,671,868
Other income		3,441	104,000
Employee benefits expense	6	(8,575,973)	(6,733,555)
Consultancy expense		(1,446,723)	(1,842,681)
Domain Name System infrastructure expense		(1,871,570)	(1,332,592)
Marketing and communication expense		(3,133,989)	(2,655,211)
Travel expense		(878,202)	(187,575)
Directors' remuneration expense		(572,011)	(570,001)
Professional subscriptions expense		(374,889)	(325,050)
Grant expense	7	(600,000)	(600,000)
Depreciation of plant and equipment	14	(575,114)	(303,044)
Depreciation of right-of-use assets	16(iii)	(275,369)	(457,015)
Registry tender expenses		(1,397,050)	(8,901)
Other expenses		(1,040,395)	(786,690)
Result from operating activities		**2,346,223**	**3,973,553**
Change in fair value of financial assets classified at FVTPL*		3,227,412	(4,276,710)
Other net finance income	9	733,910	921,870
		3,961,322	**(3,354,840)**
Profit before tax		**6,307,545**	**618,713**
Income tax expense	3(j)	–	–
Profit for the year		**6,307,545**	**618,713**
Other comprehensive income		**–**	**–**
Total comprehensive income		**6,307,545**	**618,713**

*Fair value through profit or loss

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2023

Assets	Note	2023 $	2022 $
Current assets			
Cash and cash equivalents	10	16,564,536	11,304,994
Trade and other receivables	12	3,002,101	2,325,209
Total current assets		**19,566,637**	**13,630,203**
Non-current assets			
Other assets		566,508	588,913
Investments	13	37,020,310	33,362,273
Plant and equipment	14	1,325,077	1,604,096
Right-of-use asset	16(ii)	986,740	1,262,109
Total non-current assets		**39,898,635**	**36,817,391**
Total assets		**59,465,272**	**50,447,594**
Liabilities			
Current liabilities			
Trade and other payables	15	1,202,465	1,340,318
Employee benefits	8	617,471	538,265
Deferred income	5	14,643,621	13,474,163
Lease liabilities	16(i)	411,503	591,044
Total current liabilities		**16,875,060**	**15,943,790**
Non-current liabilities			
Deferred income	5	10,248,281	8,073,525
Employee benefits	8	127,827	89,680
Provision for make good		128,675	204,850
Lease liabilities	16(i)	1,135,991	1,493,856
Total non-current liabilities		**11,640,774**	**9,861,911**
Total liabilities		**28,515,834**	**25,805,701**
Net assets		**30,949,438**	**24,641,893**
Equity			
Retained earnings		30,949,438	24,641,893
Total equity		**30,949,438**	**24,641,893**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2023

	Retained earnings $	Total Equity $
Balance at 1 July 2021	**24,023,180**	**24,023,180**
Total comprehensive income		
Profit	618,713	618,713
Total comprehensive income	618,713	618,713
Balance at 30 June 2022	**24,641,893**	**24,641,893**
Opening balance at 1 July 2022	**24,641,893**	**24,641,893**
Total comprehensive income		
Profit	6,307,545	6,307,545
Total comprehensive income	6,307,545	6,307,545
Balance at 30 June 2023	**30,949,438**	**30,949,438**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Cash received from customers		27,953,514	21,186,965
Cash paid to suppliers and employees		(22,295,883)	(16,511,323)
Finance income received		938,640	987,629
Net cash from operating activities	11	**6,596,271**	**5,663,271**
Cash flows from investing activities			
Proceeds from disposal of investments		40,754,826	11,953,927
Acquisition of investments		(41,185,451)	(16,314,029)
Acquisition of plant and equipment		(296,095)	(1,406,140)
Net cash used in investing activities		**(726,720)**	**(5,766,242)**
Cash flows from financing activities			
Lease incentives received		–	802,993
Payment of leases	16(iv)	(610,009)	(418,169)
Net cash (used in)/from financing activities		**(610,009)**	**384,824**
Net increase in cash and cash equivalents		5,259,542	281,853
Cash and cash equivalents at 1 July		11,304,994	11,023,141
Cash and cash equivalents at 30 June	10	**16,564,536**	**11,304,994**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

For the year ended 30 June 2023

1. Reporting entity

These consolidated financial statements comprise .au Domain Administration Limited (the 'Group') and its subsidiaries (together referred to as the 'Group') as at and for the year ended 30 June 2023.

.au Domain Administration Limited is a public company limited by guarantee, incorporated and domiciled in Australia and the address of the Group's registered office is Level 19, 8 Exhibition Street, Melbourne, Victoria, Australia. The Group is a not-for-profit entity.

2. Basis of accounting

a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Compliance with the Australian Accounting Standards may not result in compliance with International Financial Reporting Standards (IFRS), as the AASBs include requirements and options available to not-for-profit organisations that are inconsistent with IFRS.

They were authorised for issue by the Board of Directors on 10th October 2023. Details of the Group's accounting policies are included in Note 3.

b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following assets which are stated at their fair value: investments in managed funds, investments in equity securities.

c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Group's functional currency.

d) Use of estimates and judgement

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

e) Going Concern

The financial report has been prepared on the going concern basis which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except if mentioned otherwise.

a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

b) Financial instruments

i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

ii) Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivate financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at amortised cost

The Group recognises the following financial assets in this category: Trade and other receivables, cash and cash equivalents, term deposits.

These assets are initially recognised when they are originated and are measured at the transaction price. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL

The Group recognises the following financial assets in this category: managed funds, equity securities, alternatives and other investments.

These assets are initially recognised when the Group becomes are party to the contractual provisions of the instrument and are measured at fair value. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognised in profit or loss.

iii) Financial liabilities

Financial liabilities are classified as measured at amortised cost. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. The Group recognises the following liabilities in this category: Trade and other payables, other liabilities.

c) Plant and equipment

i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment. Any gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within other income/other expenses in profit or loss.

ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii) Depreciation

Depreciation is calculated to write off the cost of plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The estimated useful lives in the current and comparative periods are as follows:

	2023	2022
Office equipment	4 – 6 years	4 – 6 years
Leasehold Improvements	4 – 6 years	4 – 6 years
Computer equipment	4 – 6 years	4 – 6 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

iv) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease, or the estimated useful life of the improvement to the Group, whichever is shorter.

d) Impairment

i) Non-derivative financial assets

The Group applies the simplified approach to measuring expected credit losses which assumes a lifetime expected loss allowance for trade and other receivables based on all possible default events over the expected life of the receivable. The amount of the impairment loss is recognised as an expense in profit or loss. Subsequent recoveries of amounts previously written off are credited against expenses in the income statement.

ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

e) Employee benefits

i) Short term benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payment is available.

iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on corporate bonds that have maturity dates approximating the terms of the Group's obligations. Remeasurements are recognised in profit or loss in the period in which they arise.

f) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

The provision for make good includes the Group's best estimate of the amount required to return the Group's leased premise to its original condition, taking into account due consideration of the Group's past history of vacating office premises.

g) Revenue

i) Domain name licence fees

Domain name licence fees are charged by the Group to Identity Digital Australia Pty Ltd (formerly Afilias Australia Pty Ltd), the Registry Operator, for licensing of the .au registry. Fees are charged by reference to the volume of domain names registered in the .au domain each period by Identity Digital Australia. As such, it is a sales or usage based royalty. The identified performance obligations of the Group are both the licence of intellectual property to Identity Digital Australia, and the technical management of the .au zone file in order for Identity Digital Australia to benefit from its licence rights. The performance obligations are satisfied over time as Identity Digital Australia receives and consumes the benefits provided by the Group's continuous maintenance of the .au zone file during the life of the licensing agreement. As such, the Group initially recognises a liability on the balance sheet (included in deferred income) for consideration received or receivable and revenue is recognised over time based on the terms of the individual domain name registrations. Domain registrations can vary between one and five years in length.

ii) Registrar fees

Registrar fees are a fixed fee charged to each registrar for accreditation registration. Fees are paid in advance for a 12 month period. The amounts billed are recognised as revenue over the duration of the registration period.

h) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. The right-of-use asset is subsequently depreciated from the commencement date to the end of the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy and adjustment for certain remeasurements of lease liability. The right-of-use asset is assessed for impairment indicators at each reporting date.

3. Significant accounting policies (continued)
h) Leases (continued)
i) As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

· fixed payments, including in-substance fixed payments;

· variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;

· amounts expected to be payable under a residual value guarantee; and

· the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term and low value leases

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

i) Finance income and finance costs

Finance income comprises interest income on funds invested and the net gain on investments at FVTPL. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on finance leases, the financial effect of unwinding of the make good provision, and the net loss on investments at FVTPL. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

j) Income tax

No income tax expense is charged and no income tax is payable by the Group as under Section 50-40 Item 8.3 of the *Income Tax Assessment Act 1997* the parent is income tax exempt. The auDA Foundation is also income tax exempt.

k) Basis of consolidation

i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

l) Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

i) Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 July 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 July 2024. Due to these ongoing developments, the Group is unable to determine the impact of these amendments on the consolidated financial statements in the period of initial application. The Group is closely monitoring the developments.

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

4. Revenue

	2023 $	2022 $
Revenue from contracts with customers		
Domain name licence and .au direct application fees	22,967,673	19,588,619
Registrar fees	116,394	83,249
Total revenue	**23,084,067**	**19,671,868**

5. Deferred income

	2023 $	2022 $
Current		
Domain name licence fees	14,643,621	13,474,163
	14,643,621	**13,474,163**
Non-current		
Domain name licence fees	7,312,864	7,062,435
Provision for registry licence fees	2,935,417	1,011,090
	10,248,281	**8,073,525**

6. Employee benefits expense

	2023 $	2022 $
Wages and salaries	7,405,522	6,040,742
Contributions to defined contribution plans	652,882	437,161
Other employee and training expenses	517,569	255,652
	8,575,973	**6,733,555**

7. Grant expense

	2023 $	2022 $
Grant expense	600,000	600,000

During the year the Group was able to continue its philanthropic activities which were conducted through the auDA Foundation. The grant round received 153 applications for funding and after assessment the auDA Foundation made 15 grants of $40,000, totalling $600,000 (2022: $600,000).

8. Employee benefits

	2023 $	2022 $
Current		
Liability for Annual Leave	582,571	510,725
Liability for Long-Service Leave	34,900	27,540
	617,471	**538,265**
Non-current		
Liability for Long-Service Leave	127,827	89,680
	127,827	**89,680**

9. Finance income and finance costs

	2023 $	2022 $
Interest income	211,857	4,460
Dividend income	867,042	1,195,286
Finance income	**1,078,899**	**1,199,746**
Interest on lease liability	(72,602)	(47,475)
Net foreign exchange losses	(4,342)	(31,866)
Investment management fees	(268,045)	(198,535)
Finance costs	**(344,989)**	**(277,876)**
Net finance income	**733,910**	**921,870**

10. Cash and cash equivalents

	2023 $	2022 $
Cash at bank	16,564,536	11,299,951
Cash on hand	–	5,043
	16,564,536	**11,304,994**

11. Reconciliation of profit after tax to cash flows from operating activities

	2023 $	2022 $
Profit for the year	6,307,545	618,713
Adjusted for non-cash items in net profit:		
• Depreciation and amortisation	575,114	274,410
• Depreciation – right-of-use asset	275,369	457,015
• Interest on lease liability	72,602	47,475
• Change in fair value of financial assets at FVTPL*	(3,227,412)	4,294,994
Decrease/(increase) in trade and other receivables	(676,892)	370,136
Decrease/(increase) in trade and other assets	22,406	–
Increase/(decrease) in trade and other payables	(137,851)	(123,179)
Increase/(decrease) in employee benefits	117,352	209,150
Increase/(decrease) in other liabilities	–	(2,351,692)
Increase/(decrease) in deferred income	3,344,213	1,866,249
Increase/(decrease) in provision for make good	(76,175)	–
Net cash from operating activities	**6,596,271**	**5,663,271**

* Fair value through profit or loss

12. Trade and other receivables

	2023 $	2022 $
Trade receivables	2,370,289	2,277,858
Other receivables	7,932	1,670
Prepayments	623,880	45,681
	3,002,101	**2,325,209**

13. Investments

	2023 $	2022 $
Non-current		
Equity securities	24,152,925	23,736,386
Managed funds	3,737,844	2,504,793
Alternatives and other investments	9,129,541	7,121,094
	37,020,310	**33,362,273**

The market value of investments increased during the financial year by $3.60 million due to the stabilising global macroeconomic outlook. Subsequent to year end, there have been no indicators which will significantly impact the market valuation of investments.

14. Plant and equipment

	Office equipment $	Leasehold improvement $	Computer equipment $	Asset under Construction $	Total $
Cost					
Balance at 1 July 2021	199,280	718,858	522,129	–	1,440,267
Additions	71,141	1,108,957	255,500	–	1,435,598
Disposals	–	–	(1,221)	–	(1,221)
Balance at 30 June 2022	**270,421**	**1,827,815**	**776,408**	**–**	**2,874,644**
Balance at 1 July 2022	270,421	1,827,815	776,408	–	2,874,644
Additions	55,460	–	53,594	187,041	296,095
Disposals	(183,114)	(753,092)	(75,058)	–	(1,006,775)
Balance at 30 June 2023	**142,767**	**1,074,723**	**754,944**	**187,041**	**2,163,964**
Accumulated depreciation					
Balance at 1 July 2021	133,890	439,286	394,328	–	967,504
Depreciation	34,596	178,515	89,933	–	303,044
Disposals	–	–	–	–	–
Balance at 30 June 2022	**168,486**	**617,801**	**484,261**	**–**	**1,270,548**
Balance at 1 July 2022	168,486	617,801	484,261	–	1,270,548
Depreciation	55,022	387,189	132,903	–	575,114
Disposals	(183,114)	(753,092)	(75,058)	–	(1,006,775)
Balance at 30 June 2023	**40,394**	**251,898**	**542,106**	**–**	**838,887**
Carrying amounts					
At 30 June 2022	**101,935**	**1,210,014**	**292,147**	**–**	**1,604,096**
At 30 June 2023	**102,373**	**822,825**	**212,838**	**187,041**	**1,325,077**

15. Trade and other payables

	2023 $	2022 $
Trade payables	1,154,208	1,100,242
Other payables and accrued expenses	48,257	240,076
	1,202,465	**1,340,318**

16. Leases

The Group has one lease of commercial office space as at 30 June 2023:

- Exhibition St – this lease was entered into on 1 February 2022 for a period of five years with the option to renew for three years as set out in Note 16(v) below.

i) Lease liabilities

	2023 $	2022 $
Current		
Lease liabilities	411,503	591,044
Non-current		
Lease liabilities	1,135,991	1,493,856
	1,547,494	**2,084,900**

ii) Right-of-use assets

	2023 $	2022 $
Right-of-use assets	1,376,846	1,376,846
Accumulated depreciation	(390,106)	(114,737)
	986,740	**1,262,109**

iii) Amounts recognised in profit or loss

	2023 $	2022 $
Interest on lease liability (see Note 9)	72,602	47,475
Depreciation – right-of-use assets	275,369	457,015
	347,971	**504,490**

iv) Amounts recognised in statement of cash flows

	2023 $	2022 $
Total cash outflow for leases	610,009	418,169
	610,009	**418,169**

v) Extension options

The Exhibition St lease contains an extension option to further the lease term for an additional three years, exercisable by the Group up to nine months before the end of the agreement. The Group has estimated that the potential future lease payments, should it exercise the further extension option, would result in an increase in lease liability of $1,246,545 as at 30 June 2023.

vi) Future lease payments

The future of lease payments (including those lease payments that are not included in the measurement of the lease liability, e.g. for short term leases and leases of low value items) are disclosed for each of the following periods:

	2023 $	2022 $
Less than one year	443,541	610,009
One to five years	1,216,934	1,660,475
	1,660,475	**2,270,484**

17. List of subsidiaries

Set out below is a list of subsidiaries of the Group. The consolidated financial report incorporates the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in Note 1 to 3:

Name of entity	Principal place of business	Ownership interest 2023	Ownership interest 2022
auDA Foundation Pty Ltd	Australia	100%	100%
auDA Foundation (a public charitable trust)	Australia	100%	100%

18. Related parties

a) Transactions with key management personnel

Key management personnel of the Group comprise of the Directors and five current members of the executive management (2022: Directors and four current members of executive management and 1 former member of the executive management). The key management personnel compensation is outlined below.

	2023 $	2022 $
Short-term employee benefits	2,083,536	2,384,256
Post-employment benefits*	178,526	162,840
Other long-term benefits	24,644	21,148
Termination benefits	11,845	78,566
Key management personnel compensation	**2,298,551**	**2,646,810**

* Superannuation benefits

The Group operates a Co-Marketing and Innovation Program under which registrars in the .au domain may apply for and be awarded funding. During the year, total funding of $817,000 was awarded to seven registrar groups. A sum of $28,858 worth of marketing vouchers including $5,858 of approved marketing vouchers for the financial year ended 30 June 2022 was paid to Nexigen Digital Pty Ltd trading as VentraIP Australia, a business in which auDA Director Angelo Guiffrida has significant influence. The Group also delivered an inaugural .au incentive program designed to promote and grow Australia's newest namespace (.au direct). The incentive program was delivered under the rebate stream of the Co-Marketing and Innovation Program. Nexigen Digital Pty Ltd trading as VentraIP Australia met the requirements for the incentive program and received $94,612 in incentive payments. The award of the voucher and incentive payment was made under management delegation and in the usual course of business and in compliance with the Group's usual policies. The relevant auDA Director, Angelo Guiffrida, was not involved in the decision making process in relation to this transaction.

The Group also disbursed $60,375 during the financial year to Organa Minds Pty Ltd as trustee for the Organa Minds Unit Trust for the preparation, design and facilitation of the auDA staff retreat and developing company objectives and key results. auDA Director Sandra Davey is a shareholder and director of Organa Minds Pty Ltd. The relevant auDA Director, Sandra Davey, was not involved in the decision making process in relation to this transaction.

There are no other transactions with the Group's key management personnel.

b) Other related party transactions

The Nomination Committee's role is to identify, scrutinise and approve candidates for appointment or election as a director of auDA's Board. The Independent Chair of the auDA Board is also the chair of auDA's Nomination Committee. The Independent Chair of the auDA Board did not receive any additional remuneration for performing this role.

The government representative on the Nomination Committee did not receive any remuneration.

The Nomination Committee's other members (who are not Directors of auDA) were remunerated in accordance with Clause 10 of the Nomination Committee Charter totalling to $70,500 (2022: $58,200).

There are no other related party transactions with the Group.

19. Commitments

There are no significant capital commitments as at 30 June 2023 (2022: nil).

20. Auditor's Remuneration

	2023 $	2022 $
Auditor of the Group – KPMG		
Audit of financial statements – Group	69,990	67,390
Audit of financial statements – Subsidiary	13,000	11,625
	82,990	**79,015**
Other services – KPMG		
Financial statement compilation services	13,300	12,460
Integrated reporting analysis	35,530	9,520
	48,830	**21,980**

21. Financial instruments – accounting classifications and fair values

The following table shows the carrying amounts financial assets and financial liabilities. Their levels in the fair value hierarchy are summarised at Note 21(a). It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 June 2023

	Note	Amortised cost	FVTPL	Other financial liabilities	Total	Fair value
Financial assets measured at fair value						
Equity securities	13	–	24,152,925	–	24,152,925	24,152,925
Managed funds	13	–	3,737,844	–	3,737,844	3,737,844
Alternatives and other investment	13	–	9,129,541	–	9,129,541	9,129,541
Total		**–**	**37,020,310**	**–**	**37,020,310**	**37,020,310**
Financial assets not measured at fair value						
Cash and cash equivalents	10	16,564,536	–	–	16,564,536	16,564,536
Trade and other receivables	12	2,378,221	–	–	2,378,221	2,378,221
Total		**18,942,757**	**–**	**–**	**18,942,757**	**18,942,757**
Financial liabilities						
Trade and other payables	15	–	–	1,202,465	1,202,465	1,202,465
Other liabilities	5	–	–	2,935,417	2,935,417	2,935,417
Lease liabilities	16(i)	–	–	1,547,494	1,547,494	1,547,494
Total		**–**	**–**	**5,685,376**	**5,685,376**	**5,685,376**

30 June 2022

	Note	Amortised cost	FVTPL	Other financial liabilities	Total	Fair value
Financial assets measured at fair value						
Equity securities	13	–	23,736,386	–	23,736,386	23,736,386
Managed funds	13	–	2,504,793	–	2,504,793	2,504,793
Alternatives and other investment	13	–	7,121,094	–	7,121,094	7,121,094
Total		**–**	**33,362,273**	**–**	**33,362,273**	**33,362,273**
Financial assets not measured at fair value						
Cash and cash equivalents	10	11,304,994	–	–	11,304,994	11,304,994
Trade and other receivables	12	2,279,528	–	–	2,279,528	2,279,528
Total		**13,584,472**	**–**	**–**	**13,584,472**	**13,584,472**
Financial liabilities						
Trade and other payables	15	–	–	1,340,318	1,340,318	1,340,318
Other liabilities	5	–	–	1,011,090	1,011,090	1,011,090
Lease liabilities	16(i)	–	–	2,084,900	2,084,900	2,084,900
Total		**–**	**–**	**4,436,308**	**4,436,308**	**4,436,308**

a) Measurement of fair values

The accounting standards set out the following hierarchy for fair value measurement:

Level 1: quoted prices in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices, which can be observed either directly (as prices) or indirectly (derived from prices).
Level 3: inputs for the asset or liabilities that are not based on observable market data.

All financial instruments measured at fair value held by the Group are classified as Level 1. Their fair values are initially measured at the costs of acquisition and then remeasured based on quoted market prices at the end of the reporting period.

Financial risk management

The Group's activities expose it to a variety of financial risks:

- credit risk
- liquidity risk
- market risk.

i) Risk management framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Security and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and the Group's Finance and Sustainability Committee and Audit Committee support risk management by reviewing the adequacy of the risk management framework in relation to the financial risks faced by the Group.

ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. The carrying amounts of financial assets and contract assets represent the maximum credit exposure. Impairment losses on financial assets and contract assets recognised in profit or loss were as follows:

	2023 $	2022 $
Loss allowance	3,696	3,696
Total	**3,696**	**3,696**

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one and three months for individual and corporate customers respectively.

The maximum exposure to credit risk for trade and other receivables by type of counterparty was as follows:

	Notes	2023 $	2022 $
Trade and other receivables	12	2,378,221	2,279,528
Total		**2,378,221**	**2,279,528**

iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The trade and other payables and other liabilities are gross and undiscounted and lease liabilities is discounted.

		Contractual cash flows		
30 June 2023	Carrying Amount	Total	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Trade and other payables	1,202,465	1,202,465	1,202,465	–
Other liabilities	2,935,417	2,935,417	–	2,935,417
Lease liabilities	1,547,494	1,660,475	443,541	1,216,934
Total	**5,685,376**	**5,798,357**	**1,646,006**	**4,152,351**
30 June 2022				
Non-derivative financial liabilities				
Trade and other payables	1,340,318	1,340,318	1,340,318	–
Other liabilities	1,011,090	1,011,090	642,465	368,625
Lease liabilities	2,084,900	2,270,483	610,009	1,660,474
Total	**4,436,308**	**4,621,891**	**2,592,792**	**2,029,099**

iv) Market risk

Interest rate risk

The table below shows assets and liabilities impacted by market interest rates.

	Notes	2023 $	2022 $
Floating rate instruments			
Cash and cash equivalents	10	16,564,536	11,304,994
Total		**16,564,536**	**11,304,994**

Cashflow sensitivity analysis for variable-rate instruments

A reasonable possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit and loss pre-tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or Loss		Equity, net of tax	
Effect in dollars	100bp increase	100bp decrease	100bp increase	100bp decrease
30 June 2023				
Variable rate instrument	165,645	(165,645)	–	–
Cash flow sensitivity (net)	**165,645**	**(165,645)**	**–**	**–**
30 June 2022				
Variable rate instruments	113,050	(113,050)	–	–
Cash flow sensitivity (net)	**113,050**	**(113,050)**	**–**	**–**

Other market price risk

The Group is exposed to equity price risk, which arises from investments in equity securities and managed funds. The management of the Group monitors and reports the performance of its investment portfolio on a regular basis against benchmark portfolios established by the Group's investment advisor.

22. Subsequent events

On 27 August 2023, the Group announced it reappointed Identity Digital Australia Pty Ltd as its registry operator for a term of four years commencing 1 July 2024 with an option to extend a further two years. Identity Digital Australia has a strong understanding of the Australian domain name environment, having served as the registry operator for the .au domain since 2018 and has significant experience in the delivery of registry services internationally. The service provider was chosen after conducting an open Request for Tender (RFT) and evaluation process between May to August 2023 with an independent probity advisor reviewing the tender process at all stages.

Other then those matters noted above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations, the results of those operations, or the state of affairs of the Group, in future financial years.

23. Parent entity disclosures

As at and throughout the financial year ended 30 June 2023 the parent entity of the Group was .au Domain Administration Limited.

a) Statement of profit or loss and other comprehensive income

	2023 $	2022 $
Revenue	23,084,067	19,671,868
Other income	3,441	104,000
Employee benefits expense	(8,575,973)	(6,733,555)
Consultancy expense	(1,446,723)	(1,642,315)
Domain Name System infrastructure expense	(1,871,570)	(1,332,592)
Marketing and communication expense	(3,133,989)	(2,655,211)
Travel expense	(878,202)	(187,575)
Directors remuneration expense	(572,011)	(570,001)
Professional subscriptions expense	(416,411)	(325,689)
Grant expense	(600,000)	(600,000)
Depreciation and amortisation expense	(575,114)	(303,044)
Depreciation – right-of-use asset	(275,369)	(457,015)
Other expenses	(2,437,445)	(795,958)
Result from operating activities	**2,304,701**	**4,172,913**
Change in fair value of financial assets classified at FVTPL*	3,017,632	(3,913,056)
Other net finance income	683,958	855,530
	3,701,590	(3,057,526)
Profit before tax	**6,006,291**	**1,115,387**
Income tax expense	–	–
Profit for the year	**6,006,291**	**1,115,387**
Other comprehensive income	**–**	**–**
Total comprehensive income	**6,006,291**	**1,115,387**

*Fair value through profit or loss

b) Statement of financial position

Assets	2023 $	2022 $
Current assets		
Cash and cash equivalents	16,482,776	11,154,674
Trade and other receivables	2,997,076	2,311,806
Total current assets	**19,479,852**	**13,466,480**
Non-current assets		
Other assets	566,507	588,913
Investments	34,068,480	30,788,635
Plant and equipment	1,325,078	1,604,096
Right-of-use asset	986,740	1,262,109
Total non-current assets	**36,946,805**	**34,243,753**
Total assets	**56,426,657**	**47,710,233**
Liabilities		
Current liabilities		
Trade and other payables	1,202,465	1,340,318
Employee benefits	617,471	538,265
Other liabilities	2,935,417	–
Deferred income	14,643,621	13,474,163
Lease liabilities	411,501	645,207
Total current liabilities	**19,810,475**	**15,997,953**
Non-current liabilities		
Deferred income	7,312,864	8,073,525
Employee benefits	127,827	89,680
Provision for make good	128,675	204,850
Lease liabilities	1,135,993	1,439,693
Total non-current liabilities	**8,705,359**	**9,807,748**
Total liabilities	**28,515,834**	**25,805,701**
Net assets	**27,910,823**	**21,904,532**

Equity

Retained earnings	27,910,823	21,904,532
Total equity	**27,910,823**	**21,904,532**

c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2023 (2022: Nil).

d) Contractual capital commitments of the parent entity

The parent entity did not have any contractual capital commitments as at 30 June 2023 (2022: Nil).

Directors' declaration

In the opinion of the Directors of .au Domain Administration Limited ("the Group"):

a) the financial statements and notes, set out on pages 80 to 97, are in accordance with the *Corporations Act 2001*, including:

  i)   giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

  ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Alan Cameron AO
Independent Chair

Dated at Melbourne this 10th day of October 2023

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of .au Domain Administration Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of .au Domain Administration Limited for the financial year ended 30 June 2023 there have been:

i.   no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Adrian Nathanielsz

Partner

Melbourne

10 October 2023

KPMG

Independent Auditor's Report

To the members of .au Domain Administration Limited

Opinion

We have audited the **Financial Report** of .au Domain Administration Limited (the Group).

In our opinion, the accompanying Financial Report of the Group is in accordance with the *Corporations Act 2001*, including:

• giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

• complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

• Consolidated statement of financial position as at 30 June 2023

• Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the year then ended

• Notes including a summary of significant accounting policies

• Directors' Declaration.

The **Group** consists of .au Domain Administration Limited (the Company) and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code)* that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG

Other Information

Other Information is financial and non-financial information in .au Domain Administration Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

• preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*

• implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error

• assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

• to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and

• to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

KPMG

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG
KPMG

Adrian Nathanielsz

Partner

Melbourne

10 October 2023

Glossary

auDA accredited registrar (registrar)
Companies accredited by auDA to offer .au domain name services to the public, including registering, maintaining, and renewing domain name licences. They have direct access to the .au registry.

Board Advisory Committees
Committees formed to provide advice to the auDA Board: the edu.au Advisory Committee, General Advisory Standing Committee and Technical Advisory Standing Committee.

Country code Top Level Domain (ccTLD)
A two-character top level domain reserved for a specific country listed in the ISO 3166 standard (e.g. .au).

Domain names
Part of internet addresses expressed in written word that stand in for Internet Protocol (IP) addresses e.g. auDA.org.au. They are used in website and email addresses. IP addresses are unique series of numbers that identify where a website or email address is hosted online. Every internet-connected device has an IP address that allows devices to communicate with each other.

Domain name system (DNS)
A critical component of the internet that enables users to find and connect to local websites and email addresses by mapping IP numeric addresses to their corresponding domain names.

DNS abuse
Malicious behaviour that uses the DNS and domain names to carry out online harm. DNS abuse is classified into five categories; malware (such as ransomware), botnets, phishing, pharming and spam (where it facilitates one of the other four categories of DNS abuse).

DNS Security Extensions (DNSSEC)
Security extensions that facilitate the digital signing of DNS records, helping to ensure the integrity and authenticity of DNS information.

DNS query
A DNS query is a request for information sent from an internet connected device to a DNS server. When an internet user types a domain name into an internet search bar or sends an email, they commence a DNS query.

Integrated Reporting
The International Integrated Reporting Framework is a framework for reporting based on integrated thinking. It focuses on how the organisation creates value in the short, medium and long term.

Internet Corporation for Assigned Names and Numbers (ICANN)
The organisation responsible for coordinating the internet's number and naming systems to help ensure a stable, secure and unified global internet.

Internet Protocol (IP) address
A unique series of numbers identifying where a website or email address is hosted online e.g. 104.17.238.107 is the IP address for auDA's website. Every internet-connected device has an IP address that allows devices to communicate with each other and people to find what they are looking for online. IP addresses are long and often difficult to remember.

ISO 27001
An international standard for best practice information security.

ISO 22301
An international standard for best practice business continuity management.

Multi-stakeholder community
auDA's multi-stakeholder community is the network of key stakeholders that auDA regularly interacts with including the .au registry operator, registrars, resellers, registrants, local, state, and federal government entities, civil society, industry bodies, technical community and auDA members.

Multi-stakeholder internet governance
The rules, policies, standards and practices that coordinate and shape global cyberspace, which operate largely by consensus, with ideas and proposals debated on their merits. This leads to outcomes that have considered a full range of perspectives and have broad support. Representatives from governments, industry, the technical community and civil society all participate on an equal footing.

Namespace
Domain name extensions including .au direct, com.au, net.au, org.au etc.

Open, free, secure and global internet
An open, free, secure and global internet is an internet that is interoperable across borders, accessible to all without undue restrictions, and is safe, reliable and resilient.

Registrant
Someone who licenses a domain name. Registrants do not own a domain name. They hold a licence that allows them to use the registered domain name for the duration of the licence period.

Registry database
A database of all licensed .au domain names and associated information, such as the name and contact details of the registrant and registrar. Selected registry data is publicly available via the WHOIS tool, which allows people to find information about a domain name licence.

Registry operator
The .au registry operator is a third-party contracted by auDA to deliver registry services and support the reliable operation of the .au domain. Identity Digital Australia (formerly known as Afilias Australia) was appointed as the .au registry operator following a global tender process in 2017. A new registry operator term will commence 1 July 2024.

Resellers
Businesses that provide domain name registration services to the public but are not auDA accredited registrars. Resellers do not have direct access to the .au registry. They register domain names through a registrar.

Terms of Endorsement
The Terms of Endorsement outline the Federal Government's formal endorsement of auDA. auDA must operate the .au for the benefit of all Australians in accordance with the Terms for ongoing endorsement.

WHOIS tool
A tool that enables people to check selected .au registry data including the registration status of .au domain names.

Acronyms

ABN	Australian Business Number
ACCAN	Australian Communications Consumer Action Network
AIIA	Australian Information Industry Association
AISA	Australian Information Security Association
ANU	Australian National University
APNIC	Asia Pacific Network Information Centre
APrIGF	Asia Pacific Regional Internet Governance Forum
APTLD	Asia Pacific Top Level Domain Association
ASPI	Australian Strategic Policy Institute
AASB	Australian Accounting Standards Board
auDA	.au Domain Administration Limited
auDRP	.au Dispute Resolution Policy
ccNSO	country code Name Supporting Organization
ccTLD	country code Top Level Domain
CEDA	Committee for Economic Development of Australia
CENTR	Council of European National Top-Level Domain Registries

CEO	Chief Executive Officer
CRC	Cooperative Research Centre
DNS	Domain name system
DNSSEC	DNS Security Extensions
ESG	Environmental, Social and Governance
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GDC	Global Digital Compact
GST	Good and Services Tax
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICANN	Internet Corporation for Assigned Names and Numbers
IFRS	International Financial Reporting Standards
IP	Internet Protocol
SDGs	Sustainable Development Goals
TLD	Top Level Domains