![auDA .au DOMAIN ADMINISTRATION LTD]

Quarterly Report
APRIL - JUNE 2020

From the CEO

Welcome to our second quarterly report for 2020 in a time of significant upheaval that we could not have envisaged even six months ago. The escalation of the COVID-19 crisis in Australia and the world has seen uncertainty become the new normal, as we grapple with fundamental concerns for ourselves, our loved ones and the community, and the effects of large scale disruption to our way of life. I'd like to acknowledge those who are working tirelessly to keep us safe and to keep the wheels turning as we move through this period of extreme volatility and hope you are all managing to deal with the impacts of COVID-19 and keeping safe.

As the COVID-19 restrictions increase online activity in many parts of our lives, we have bedded down efficient and secure remote arrangements for our workforce to largely operate remotely and we have been able to continue the important work of maintaining the continued reliability, stability and security of the .au country-code Top Level Domain (ccTLD) without interruption. As a critical component of online infrastructure, priority was given to ensuring that the Domain Name System (DNS) had capacity to deal with the transition to online of business and other activities, with close monitoring of DNS traffic and regular briefings for the Board. Although the second quarter of 2020 saw an increase in the creation of new domain names of 28% compared to the previous quarter, daily DNS traffic has remained relatively stable and can continue to be accommodated without disruption through current arrangements. We have also monitored rates of domain renewals for any downward trend that could indicate financial hardship for businesses. In fact, total .au ccTLD renewals appear not to be impacted and in fact showed a slight increase.

We are making excellent progress on the new licensing framework, and at its meeting in May the Board considered timing and implementation issues connected to the overall licensing framework, including the new Registrar agreement, the new Licensing Rules including the .au namespace and Internationalised Domain Names (IDNs). The Registrar Rules are the third element of the framework and were approved by the Board in early July. We are moving towards implementation and doing preliminary

work such as defining the many project sub-tasks, considering existing projects, and assessing resources, risk and timeframes. We are engaging at executive level to discuss with stakeholders how the changes impact them and ways of working together on transitioning to the new framework.

Following the Federal Government review of auDA in 2018 we commenced a comprehensive two year program of transformation to implement the Government's recommendations, with changes given effect through a set of wide ranging auDA corporate policies relating to governance, strategy, security, stakeholder management, transparency, accountability and Board operations. It was therefore gratifying to receive a letter from the Minister for Communications, Cyber Safety and the Arts in May congratulating auDA on successful completion of all auDA reforms arising from the Government's review. The Minister wrote: "I would like to express the Government's appreciation for auDA's efforts in so substantially overhauling its governance within the time allotted, which I know posed many challenges for the company. I look forward to auDA continuing to provide a stable and secure .au domain space, which in light of current events is more important to Australia's posterity than ever."

So much has been achieved through our work with our stakeholders and we continue to focus on identifying improvement opportunities, building on our achievements to continue the important work of ensuring that the .au ccTLD is the trusted Australian domain for Internet users.

Rosemary Sinclair AM
Chief Executive Officer

Policy

We work with all stakeholders to ensure a policy framework that promotes the equitable, secure and reliable operation of the .au domain space.

Update on the auDA licensing framework

Despite the challenges presented by the COVID-19 restrictions, all areas of auDA operations have been working closely together on the development and implementation of the new licensing framework. The new framework is a significant undertaking, and comprises three elements:

- Licensing Rules;
- Registrar Agreement; and
- Registrar Rules.

Considerable time was spent in this quarter reviewing the framework at Board level, working through the three elements and carefully considering the feedback provided through stakeholder consultations. The Board also reviewed the timing and implementation issues connected to the overall licensing framework, including direct registration at the second level and Internationalised Domain Names (IDNs) in the .au namespace.

In June the Board approved the new Registrar agreement, and we are now working with registrars to transition to the new agreement over the next few months.

In early July, the Board agreed to a staggered roll-out of the Licensing Rules as follows:

- commencement of the bulk of the rules expected late in 2020;
- rules specifically related to direct registration at the second level of the .au namespace expected to commence in mid-2021; and
- rules relating to Internationalised Domain Names expected to commence in mid-2022.

A significant communications campaign is being developed to ensure registrants and registrars are aware of the changes ahead of their implementation.

Membership

Building a broad and representative membership base helps us ensure the .au name space continues to be a safe, fair and secure digital landscape for all Australian internet users.

Associate Membership is free, and open to anyone who has a connection to Australia and is interested in contributing to policy and infrastructure development in the .au ccTLD. For more information visit: joinauda.org.au/

auDA is in the process of circulating our annual member survey that will provide valuable insight into the views of members and help to shape member offerings and engagement opportunities for Associate Members in the future.
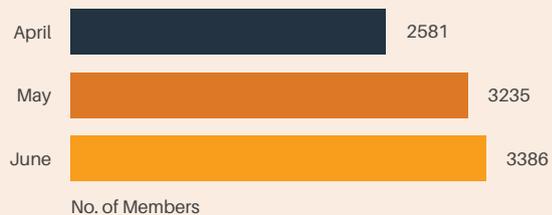
Membership update

One year since auDA began its new program of membership engagement, our membership base has grown to more than 3,300 Associate Members.
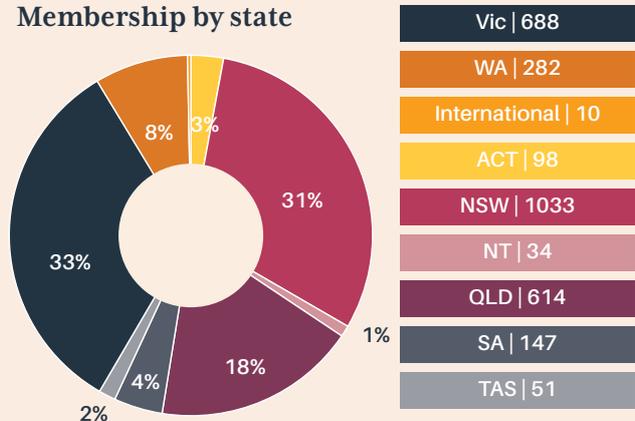
Since February 2020 auDA has been sending monthly updates to Associate Members to keep them informed about auDA developments including information about the new licensing framework, the Elected Director vacancy on the auDA Board and proposed changes to the Transition Date. All member communications have been well-received, with plans to implement new communication systems that will help auDA deliver greater value to members.

In light of the COVID-19 restrictions in place since late March, we have been unable to schedule any live auDA events, which have been popular in the past with members keen to network. With LinkedIn Learning one of the current benefits of auDA membership, we identified an opportunity to extend this to people potentially impacted by the COVID-19 restrictions and seeking to upskill, which received a strong response.
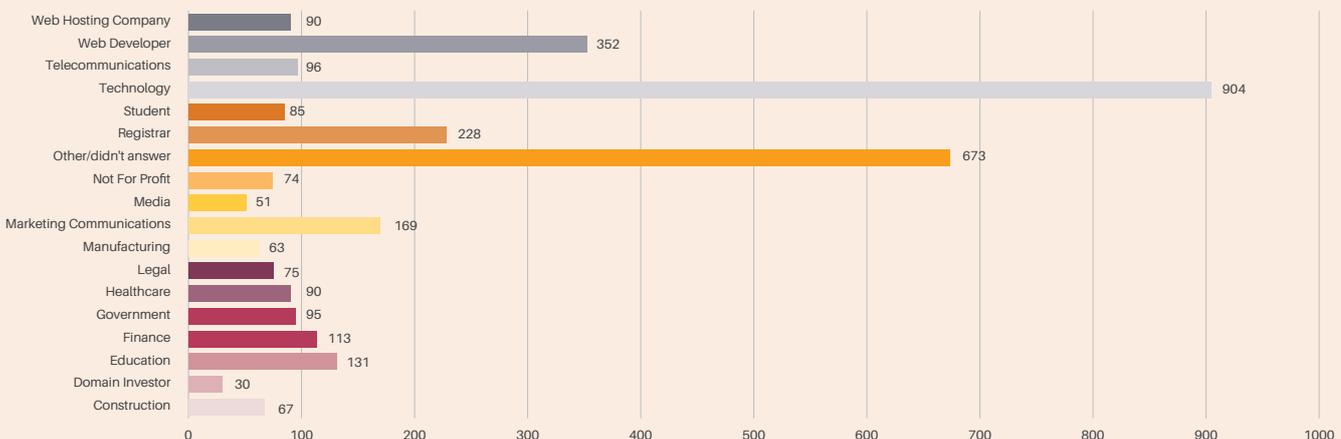
Asssociate membership growth

Month	No. of Members
April	2581
May	3235
June	3386

Membership by state

State	Count
Vic	688
WA	282
International	10
ACT	98
NSW	1033
NT	34
QLD	614
SA	147
TAS	51

Membership by industry

Industry	Count
Web Hosting Company	90
Web Developer	352
Telecommunications	96
Technology	904
Student	85
Registrar	228
Other/didn't answer	673
Not For Profit	74
Media	51
Marketing Communications	169
Manufacturing	63
Legal	75
Healthcare	90
Government	95
Finance	113
Education	131
Domain Investor	30
Construction	67

Security

We are committed to implementing world's best practice with respect to our information security management systems, to support trust and confidence in the .au name space.

ISO 27001 Certification for Information Security Management System (ISMS)

auDA received its stage 2 audit report for ISO compliance on 20 April 2020. The auditor reported the following strengths of auDA's ISMS:

- top Management commitment and support of the implemented ISMS;
- ISMS well integrated into auDA's tools such as the Eramba Governance, Risk and Compliance (GRC) tool;
- well-resourced ISMS using both internal and external expertise;
- a comprehensive and well-written set of ISMS documentation;
- the identification of interested parties and their needs;
- a well-defined scope;
- a well-developed Statement of Applicability with controls linked to the Risk Register; and
- identification of information security risks.

The auditor identified one area of minor non-conformance relating to documenting the details of mobile phone vendors that has since been addressed.

On 15 May 2020, auDA received its ISO 27001 certificate with the following scope:

"Information Systems for the administration of the .au ccTLD and its associated second level domains (inclusive of the systems and devices pertaining to the DNS, DNSSEC, Registry, auDA owned or operated IT environments, and the secure configuration and usage of 3rd party SaaS platforms) as per the Statement of Applicability version 7.0 of 27/04/2020."

Migration of on-premises IT servers to cloud based infrastructure

We have successfully migrated the majority of our on-premises servers to public cloud-based service providers, to provide a more reliable and secure set of services. During the quarter auDA decommissioned its on-premise DHCP (Dynamic Host Configuration Protocol) servers and Microsoft Active Directory servers. auDA also installed new firewalls in its Melbourne-based data centre for the .au DNS services and Board members were also set up on a cloud-based service for managing Board papers.

Registry outages

The registry had an outage on Saturday 18 April related to a misconfiguration of a database server following a major software upgrade, which resulted in 2 hours down time for registrars – no DNS services were affected. auDA and Afilias worked through an incident review to ensure that Afilias has in place appropriate monitoring to avoid a recurrence.

.au operations

We report regularly on activity in the .au name space, including new domains, domains under management and license periods.

Q2 2020 volumes

	Apr 2020	May 2020	Jun 2020
Total new domains created	48,754	55,174	56,132
Total domains under management	3,168,883	3,174,875	3,180,395

Total registrations by namespace

	Jun-19	Jun-20	YoY%
.com.au	2,840,677	2,845,641	0.2%
.net.au	241,673	223,423	-7.6%
.org.au	72,635	73,243	0.8%
.asn.au	3,310	3,200	-3.3%
.id.au	12,336	12,415	0.6%

Distribution of domain name licence periods – creates and renewals

	Apr - June 2020
1 year	274,586
2 years	251,054
3 years	10,124
4 years	852
5 years	32,719

Afilias service level performance

Afilias Australia is contracted by auDA to deliver registry operations for the .au name space.

Afilias service level performance

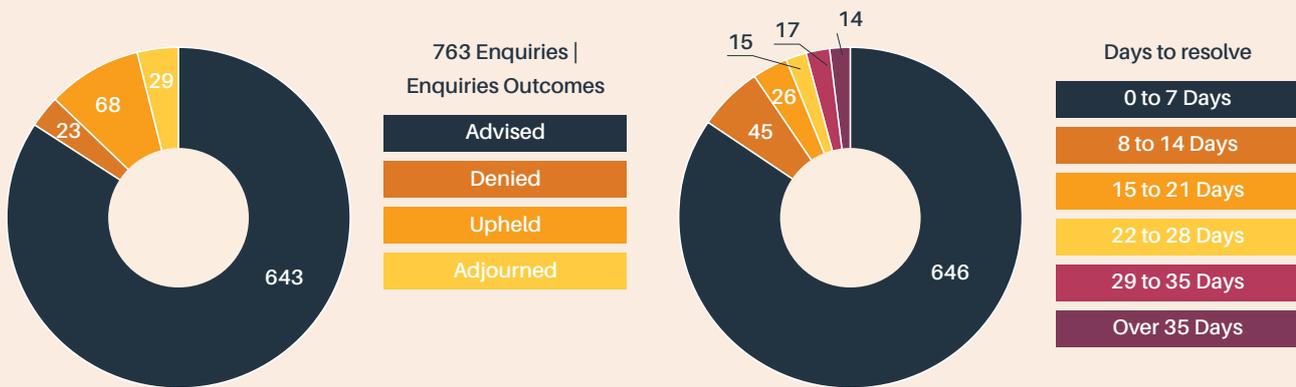| Service Level Name	Expected	Apr 20	May 20	Jun 20
Overall DNS Availability	100%	100%	100%	100%
DNS availability per Anycast node				
q.au	99.9%	100%	100%	100%
r.au	99.9%	100%	100%	100%
s.au	99.9%	100%	100%	100%
t.au	99.9%	100%	100%	100%
DNS update delay time - % of updates within 5 mins	96%	99.16%	99.11%	99.98%
Cross network name server round trip time	300ms	63ms	66ms	73ms
DNS Round Trip Time (RTT) - % processed within 250 ms	95%	99.94%	99.95%	99.91%
WHOIS service availability	100%	99.92%	99.99%	100%
WHOIS update delay time - % of updates within 5 mins	96%	99.53%	99.12%	100%
WHOIS Round Trip Time (RTT) - % processed within 1 second	95%	100%	100%	99.99%
EPP service availability	100%	99.64%	99.10%	100%
EPP Round Trip Time- % of queries processed within 500ms	95%	100%	99.98%	100%
EPP Round Trip Time - % of changes processed within 1 sec	95%	100%	99.99%	100%

.au top-level DNS performance

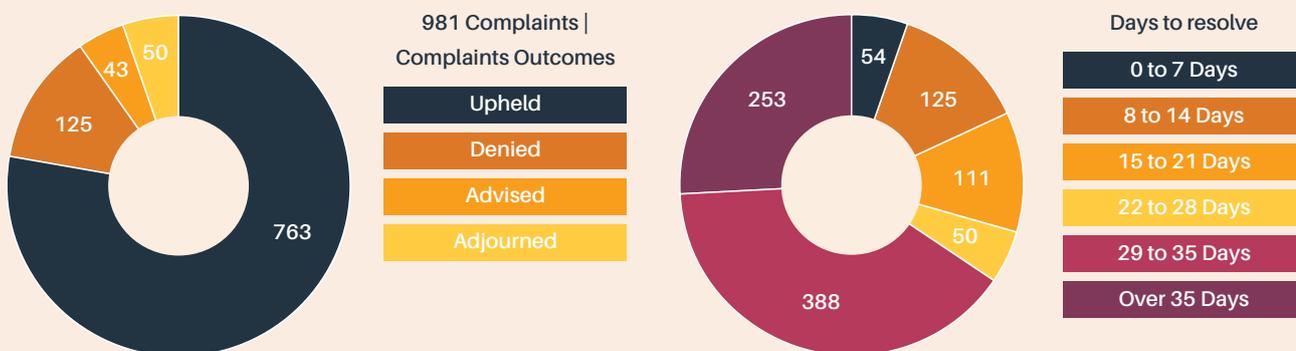| Measure Name	Apr 20	May 20	Jun 20
Overall DNS Availability	100%	100%	100%
DNS availability per Anycast node			
a.au (auDA)	100%	100%	100%
c.au (Cloudflare)	99.58%	100%	100%
d.au (Cloudflare)	99.66%	100%	100%
m.au (Neustar)	100%	100%	100%
n.au (Neustar)	100%	100%	100%
q.au (Afilias)	100%	100%	100%
r.au (Afilias)	100%	100%	100%
s.au (Afilias)	100%	100%	100%
t.au (Afilias)	100%	100%	100%
DNS Round Trip Time (RTT) % processed within 250 ms	99.99%	99.99%	99.98%

Compliance and dispute resolution

Our compliance team work closely with stakeholders to oversee the effective implementation of and compliance with .au policy and engage with government and law enforcement agencies on consumer protection issues. They manage enquiries and resolve disputes and play a crucial role in maintaining the operation and reputation of .au as a safe, secure and reliable name space.

This information includes the number, type and time to resolve domain-related complaints.
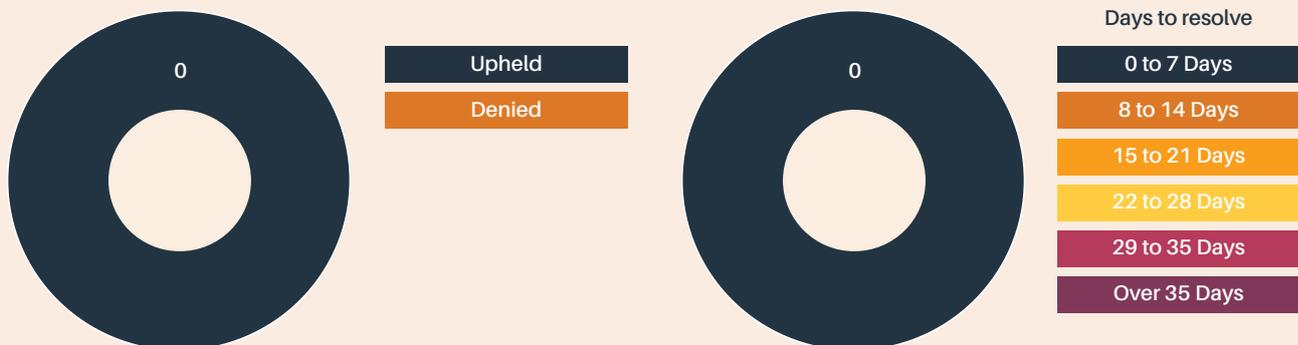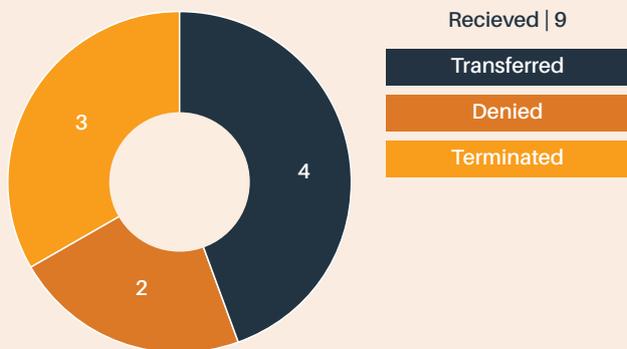
Enquiries

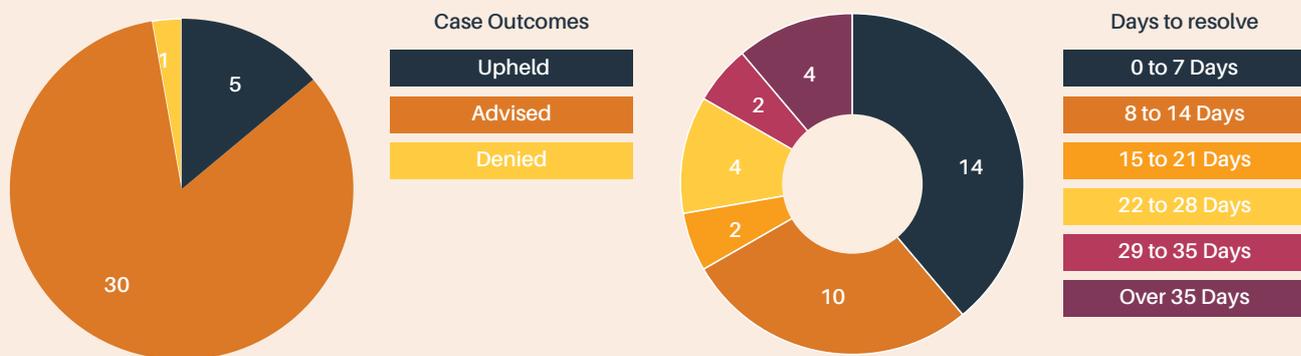**763 Enquiries | Enquiries Outcomes**

- Advised
- Denied
- Upheld
- Adjourned

(643, 68, 23, 29)

Days to resolve

- 0 to 7 Days
- 8 to 14 Days
- 15 to 21 Days
- 22 to 28 Days
- 29 to 35 Days
- Over 35 Days

(646, 45, 26, 15, 17, 14)

Complaints

981 Complaints | Complaints Outcomes

- Upheld
- Denied
- Advised
- Adjourned

(763, 125, 43, 50)

Days to resolve

- 0 to 7 Days
- 8 to 14 Days
- 15 to 21 Days
- 22 to 28 Days
- 29 to 35 Days
- Over 35 Days

(54, 125, 111, 50, 388, 253)

Creation date requests

Upheld
Denied

0

0

Days to resolve
0 to 7 Days
8 to 14 Days
15 to 21 Days
22 to 28 Days
29 to 35 Days
Over 35 Days

auDRP notifications

3

4

2

Recieved | 9

Transferred
Denied
Terminated

Law enforcement requests

5

30

1

Case Outcomes

Upheld
Advised
Denied

14

10

2

4

2

4

Days to resolve
0 to 7 Days
8 to 14 Days
15 to 21 Days
22 to 28 Days
29 to 35 Days
Over 35 Days

Applications to registrant review panel

0

0

Applications

Advised
Denied

Days to resolve
0 to 7 Days
8 to 14 Days
15 to 21 Days
22 to 28 Days
29 to 35 Days
Over 35 Days
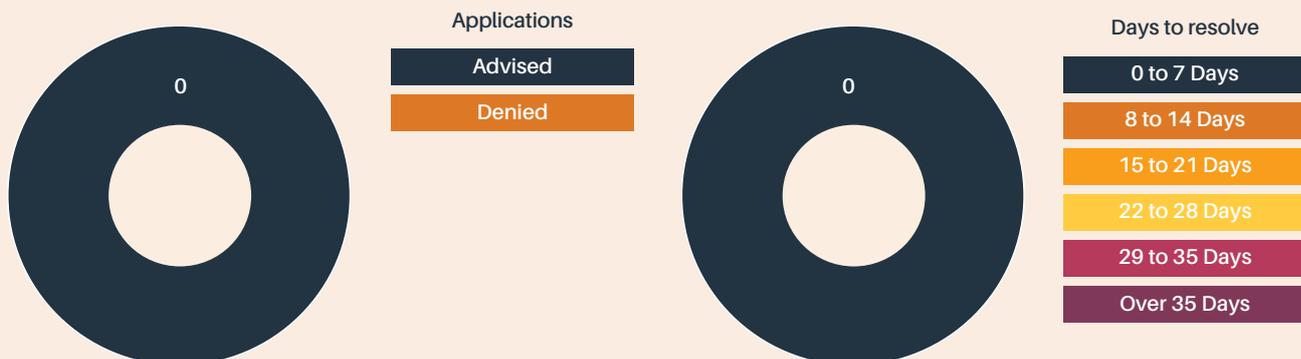
Consumer information and alerts

Why it is important to keep your registrant data up to date

We often receive panicked calls from businesses whose website and emails have stopped working because their domain name licence has expired. All too often this occurs because the contact information associated with the domain name registration is out of date, and renewal notices have not been received.

Once a licence expires, the domain name is removed from the DNS which means the services relying on it, like websites and emails, will no longer work. In a best-case scenario the company can re-register the licence and regular service resumes in a few days. The worst case scenario is the licence expires and is registered by someone else.

You can avoid a lot of stress and expense by ensuring your registrant data is kept up to date. In fact, it is a condition of your licence to keep your details up to date. The licence terms and conditions also put the onus on you to renew the licence before it expires. This means that it's not the registrar's fault if they couldn't get in touch with you to renew it.

If your license expires, the licence will have the registry status of 'serverHold' for 30 days after the expiry date. You will still be able to renew it via your registrar, however they may charge you additional fees to renew it in this period. If you don't take steps to renew your license during those 30 days, the license goes through the steps to be purged (removed) from the DNS at the next purge cycle. It is then publicly available to be registered by the first eligible registrant.

Managing your registrant data is an important part of your licence obligations as a domain name registrant and keeping your details up to date will help you avoid a potential disaster for your business and the people who rely on it.

COVID-19 related fraudulent activity

During the COVID-19 restrictions, we have seen some domains being used for phishing seeking to take advantage of people working from home using less secure home-based IT equipment. auDA has briefed Registrars on the issue and both auDA and Registrars have processes in place for dealing with this type of DNS abuse including quickly suspending the domains.

ACCC Targeting Scams report 2020

The Australian Competition and Consumer Commission's annual **Targeting Scams** report makes sober reading, reporting that Australians lost over $634 million to scams in 2019, an increase of 30% from 2018.

The greatest loss in 2019 by type of scam was $132 million lost to business email compromise scams, where businesses, suppliers and individuals are hacked by scammers and tricked into paying invoices to scammers' bank accounts instead of the legitimate account. Next came losses to investment scams totaling $126 million, with $83 million lost to dating and romance scams.

Reported losses as a result of phishing scams were relatively low at $1.5 million, however Australians made 25,158 reports about phishing and the ACCC predicts that many would likely suffer future losses as a result of the phishing scams. Losses to identity theft, false billing and hacking scams increased in 2019 with losses to identity theft scams increasing by 193% from 2018. It's estimated that on average, victims spend 22 hours repairing the damage caused by identity theft and the impacts can be long lasting and cause financial devastation.

For further information about current scams and how to report a scam, visit **https://www.scamwatch.gov.au/**.

International engagement

One of our core functions is to actively participate in national and international technical and policy namespace fora to ensure that Australia's interests are represented and to identify trends and developments relevant to the administration of the .au namespace.

While the COVID-19 pandemic and restrictions has changed the nature of auDA's engagement with international fora, this important work has continued throughout the quarter.

ICANN68 Virtual Policy Forum

The ICANN68 policy forum was held virtually in late June in the intended host city – Kuala Lumpur – time zone, which made it very convenient for participants in Australia. Many auDA staff and Directors made the most of this opportunity, participating in a range of policy and networking sessions throughout the week, and auDA's COO, Dr Bruce Tonkin, facilitated a session on DNS Abuse and Malicious Registrations During COVID-19.

The forum featured plenary sessions exploring DNS abuse and malicious registrations, the DNS and the Internet of Things, and how to advance policy work amid the pandemic.

The Security and Stability Advisory Committee (SSAC) of ICANN also held a public meeting during ICANN 68, and gave an update on its activities.

APTLD78

The next meeting of the Asia Pacific Top Level Domain Association (apTLD) scheduled for 3-4 September 2020 in Taiwan will also be conducted as a virtual event online, again in a time zone relatively accessible for Australians. Staff from auDA's Communications and Stakeholder Engagement team will be presenting and moderating sessions, and a number of staff and Directors will participate in the discussions.

COVID-19

Since the emergence of the COVID-19 pandemic, auDA has continued to liaise closely with other ccTLDs and registries around the world to identify and understand any impacts being seen as a result of the pandemic and restrictions, and any resultant responses being implemented.

Domain name registries around the world have reported an increase in registrations including keywords such as COVID, which is not surprising. However, there is no indication these increased registrations are directly linked to DNS abuse.
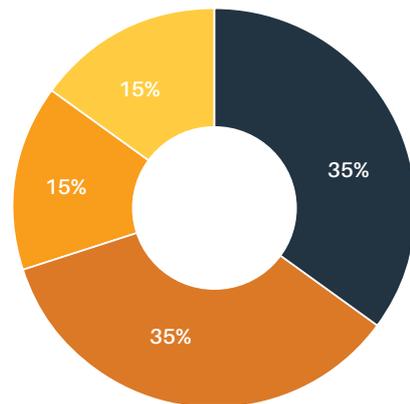
Finance

We are committed to being transparent about the costs of administering the .au domain name space and using our resources as effectively and efficiently as possible.

We publish financial information in our quarterly reports, as well as a full financial report in the auDA annual report.
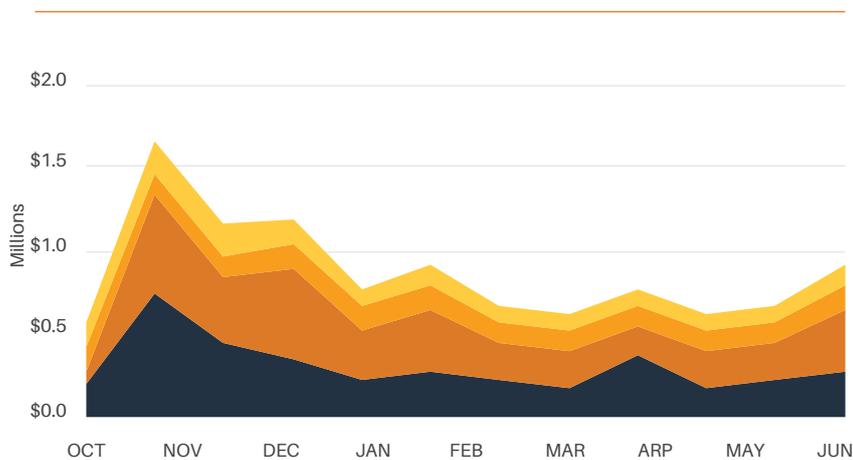
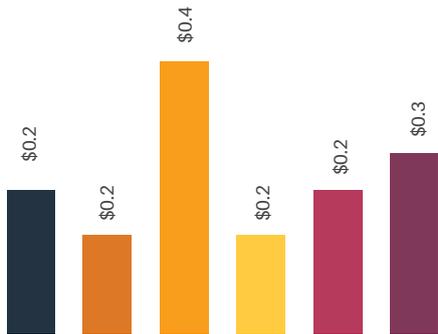## Operating cost monthly %
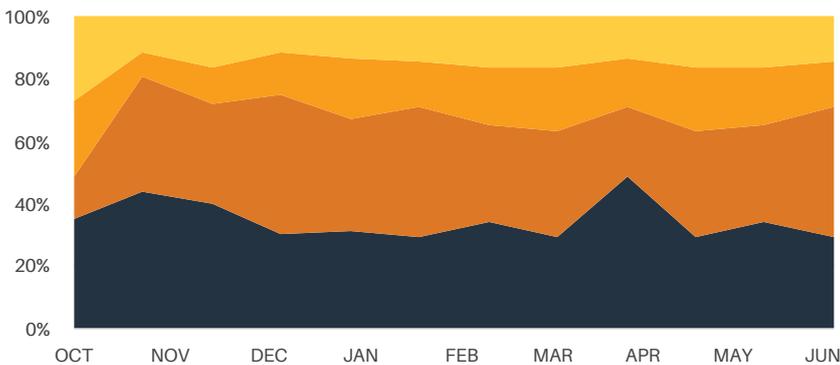
YTD operating cost breakdown
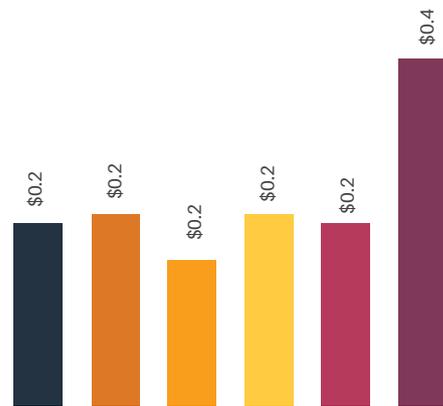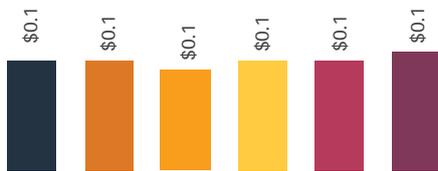

Operating cost monthly $'m

- Corporate Overheads
- Engagement
- Technical Operations
- Compliance and Policy Development

Operating cost monthly $'m

Corporate overheads

Engagement

Technical operations

Compliance and policy development

Jan Feb Mar
Apr May Jun