



# Annual Report 2020-21

auDA — supporting Australia's digital  
economy and society

35 Years of the .au

We acknowledge the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their elders past, present and emerging, and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

# About the report

**auDA demonstrates its commitment to transparency and accountability through regular, comprehensive corporate reporting and robust governance.**

The auDA 2021-25 Proposed Strategy outlines auDA's intention to adopt the guiding principles and content elements of [Integrated Reporting](#) by financial year 2024-25. Integrated Reporting will support effective corporate reporting, drive integrated thinking and decision-making, and demonstrate the value auDA creates and maintains for stakeholders.

This year's Annual Report reflects auDA's first steps towards incorporating the principles and selected elements of Integrated Reporting, with a focus on how auDA delivers value. auDA will build its Integrated Reporting capabilities over the coming years.



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# About auDA



# About auDA

**.au Domain Administration Limited (auDA) is a not-for-profit organisation established by the Australian Internet community in 1997.**

The .au domain name system (DNS) is part of Australia's critical infrastructure. auDA works with a range of stakeholders including industry, government and the Australian and international community, to develop and administer the rules for the .au domain, maintain high levels of security and promote confidence in .au.

auDA is endorsed by the Federal Government to administer the .au domain and operates under an agreement with the Internet Corporation for Assigned Names and Numbers (ICANN), the international body responsible for coordinating the Internet's naming and

numbering system. auDA's Constitution governs how auDA operates including the appointment and duties of Board Directors, and membership of auDA and its Advisory Committees.

auDA works with its multi-stakeholder community to consider digital advancements and the changing needs of Internet users, and adapt its policies and practices in the interests of Australians. auDA recognises the critical importance of its work administering the .au domain for the benefit of all Australians and holds itself to high standards of corporate governance and integrity.



# Terms of Endorsement

**auDA has been endorsed by the Federal Government to administer Australia's country code top level domain (ccTLD) on behalf of Australian Internet users since 2000.**

The Government provides its endorsement of auDA through Terms of Endorsement. This year marks 20 years since the original Terms of Endorsement were established in 2001. The Terms were last updated in 2018.

In 2020-21, the Department of Infrastructure, Transport, Regional Development and Communications (DITRDC) commenced consultation with auDA on updated Terms of Endorsement.

Public consultation was led by DITRDC in the first quarter of 2021-22. auDA will consider updated Terms of Endorsement in the implementation of its 2021-25 Strategy.

## auDA's 2018 Terms of Endorsement

The .au domain administrator will undertake the following core functions:

- Ensure stable, secure and reliable operation of the .au domain space
- Respond quickly to matters that compromise DNS security
- Promote principles of competition, fair trading and consumer protection
- Operate as a fully self-funding and not-for-profit organisation
- 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
- Establish appropriate dispute resolution mechanisms.

The full 2018 Terms of Endorsement can be found [here](#).



# From the Chair

I am delighted to introduce the auDA 2020-21 Annual Report on behalf of my fellow Directors. The Report reflects a year of considerable momentum for the organisation as we supported Australians through COVID-19 led disruption and digitisation and developed a strategic plan to guide us in coming years.

## The .au domain is critical infrastructure that underpins Australia's digital economy and society.

In 2020-21, the commitment and hard work of the auDA team and the Australian domain sector ensured the stable, reliable operation of .au. In turn, this enabled Australians to continue to engage productively in social, commercial, educational and work activities in an online environment. Indeed, for many Australians this has become the "new normal" thrust upon us by the pandemic.

In addition to overseeing the essential day-to-day operations of .au, the Board focussed on how auDA can continue to support Australians into the future, as the Internet evolves and becomes even more embedded in our lives. This included contributing to numerous, rich discussions with staff and external experts and the wider community as part of auDA's strategic planning process. We commenced a review of the auDA risk framework and further embedded good governance by beginning work on auDA's first Corporate Governance Statement. Twenty years on from auDA's first Terms of Endorsement from the Federal Government, we engaged with the Government on new proposed Terms of Endorsement reflecting the robust governance frameworks put in place over recent years.

Other important initiatives to which we turned our mind to during the year included:

- A landmark change to .au policy through the phased implementation of the new .au Licensing Framework
- The refresh of our Advisory Standing Committees to enable continued and considered advice to the Board
- Extending the Transition Date in the auDA Constitution to 2022, which was approved by auDA Governing Members.



**Alan Cameron AO**  
auDA Chair



Like many Australian organisations impacted by COVID-19, this work was undertaken remotely for much of the year. We enjoyed a brief respite from COVID-19 restrictions in early 2021, where the Board was grateful to meet with some of auDA's valued members and stakeholders in person. A number of virtual events hosted by auDA provided other opportunities to continue to engage with our multi-stakeholder community. I extend my thanks to everyone who, whether in person or online, contributed their time, expertise and insights to auDA in 2020-21.

We welcomed Jackie Korhonen to the Board in November 2020. I would like to thank all my colleagues on the auDA Board for their contribution throughout the year. Your enthusiasm and commitment to driving value for Australians through the .au domain is greatly appreciated, particularly given the demands of a busy meeting calendar and working remotely.

Thank you also to the auDA team, in particular CEO Rosemary Sinclair AM, whose leadership has been fundamental to auDA's success this year; to the Executive, including Chief Operating Officer Dr Bruce Tonkin and Chief Finance Officer James Shady, and Chief Communications Officer Sophie Mitchell and Chief People and Culture Officer Colin Brown who both joined the auDA Executive team in 2021; and to Clayton Ford who served as Chief Communications Officer until November 2020. The Chief People and Culture Officer role is newly established to develop further the staff capability and culture that will support auDA's strategic objectives.

**I look forward to continuing to work with staff, Directors and our community as we leverage good governance and our collective expertise to pursue auDA's bold 2021-25 strategic agenda and unlock value for Australians through the Internet.**



# From the CEO



**Rosemary Sinclair AM**  
**auDA Chief Executive Officer**

Financial year 2020-21 was a time of significant digital transformation in Australia and around the world, spurred by the continuing COVID-19 pandemic. For auDA, like many other organisations, that meant another year supporting staff to work from home. Fortunately, with ample access to the Internet and modern technology, team auDA made significant progress throughout the year.

First and foremost, in April, we officially launched the new .au Licensing Framework and implemented Phase One of the new .au Licensing Rules. This was the culmination of several years of working with stakeholders on policy development, public consultation and preparation. The changes bring increased security and validation measures to the .au domain, refine the rules that apply to a number of namespaces and lay the groundwork for future innovations in the .au domain.

Together with registry operator Afilias Australia and .au accredited registrars, auDA also supported historic growth in the number of .au domain names under management. As the pandemic carried on, Australian individuals, businesses and organisations continued to see value in .au to build their presence online, with .au

domains increasing five percent in the 12 months to June 2021. Traffic to the .au domain over this period also soared, with the average number of .au queries per second up 131 percent compared to 2019-20. This demonstrates that more people in Australia and internationally were connecting to and relying on websites and email services ending .au.

The Australian community's increased reliance on the Internet for day-to-day life, work and education was front of mind as the Board, Executive and staff worked together to develop auDA's future strategic direction. Our 2021-25 Proposed Strategy will see us:

- Building trust by strengthening the security and integrity of the .au domain
- Promoting innovation in the Internet ecosystem to benefit Australians
- Championing multi-stakeholder Internet governance by increasing our engagement with stakeholders domestically and internationally.

We finalised and published our Strategy in the first quarter of 2021-22, following a round of public consultation.

Trust, innovation and engagement were central to auDA's effectiveness in 2020-21. With the .au domain playing an essential role in Australia's digital economy and society, we placed a high focus on cyber security initiatives throughout the reporting period. We implemented new Registrar Agreements with increased industry cyber security standards, commenced work on new requirements for our registry operator to build on already strong security measures, engaged in industry forums to promote best practice cyber security, and auDA Chief Operating Officer Dr Bruce Tonkin was appointed to the DNS Abuse Institute Advisory Council to contribute to initiatives that will reduce DNS abuse globally.

We also commenced the Compliance Transformation Project to modernise our approach to compliance, hosted a range of events to engage with our community and relaunched the auDA brand. Additionally, we dedicated time and expertise to reigniting the auDA Foundation ahead of 2021-22, to fund education and research to support Australians' use of the Internet.

With such an extensive work program, auDA also invested in growing internal capabilities and culture to support our future program of work. To accommodate the growing team and abide by social distancing requirements, auDA will move to a new office in 2022. We will remain centrally located in Melbourne and look forward to working productively side-by-side once more when COVID-19 restrictions permit.

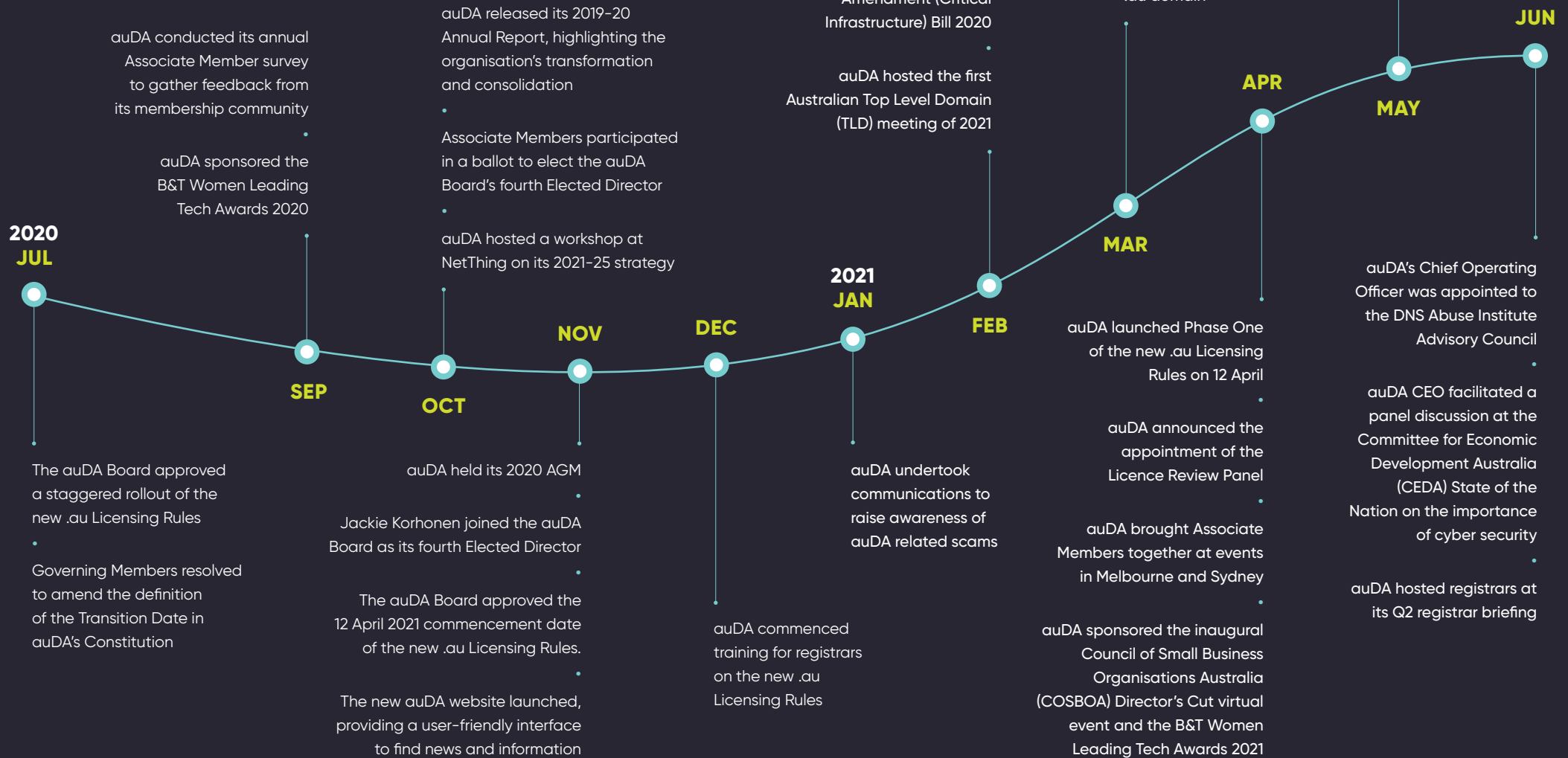
My thanks to all who have contributed to a productive year at auDA. Firstly, to our wide network of stakeholders, including auDA Members, the .au domain name sector, registrants, and industry and government partners. Your support is integral to our success. Lastly, my thanks to the auDA Board, deftly led by Chair Alan Cameron AO, and the auDA Executive and team who bring passion and expertise to their role each day.

**Together, we are well positioned to embark on an ambitious strategic plan and deliver benefits for all Australians through the trusted .au domain in 2021-22 and beyond.**





# Year at-a-glance

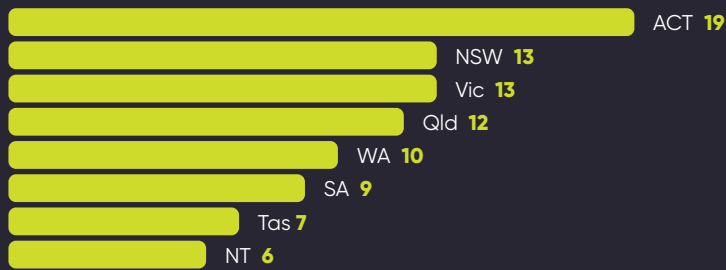




Domains under management, June 2021 • Page 34

3,339,032 ↑ 5%

Domains under management by state, per 100 people



Average new domain names created per month • Page 35

51,300 ↑ 15%



Average DNS queries per second • Page 37

44,900 ↑ 131%



Associate Members, June 2021 • Page 19

3,995 ↑ 18%



Compliance • Page 41

4,181 Enquiries      2,188 Complaints      56 auDRP disputes

1,569 Audits      88 Enforcement body requests

Customer satisfaction survey • Page 40

683 Survey completions ↑ 31%



Very satisfied, 55%      Neutral, 5%      Very unsatisfied, 18%

Satisfied, 13%      Unsatisfied, 8%      No rating provided, 1%



Security • Page 32

ISO 27001

auDA passed its first ISO 27001 surveillance audit

16

Baseline security audits of auDA accredited registrars conducted



Events, sponsorships & engagements

20+

Registrar training sessions delivered

8

Internal strategic planning workshops

3

Member and stakeholder events hosted

8+

International forums/committees auDA was involved with

5

Industry and community forums and events sponsored

1

Meeting with other Australian Top Level Domain registry operators

# Strategic direction





# auDA's strategic direction

**auDA undertook a strategy refresh in 2020-21, determining a set of ambitious goals in its 2021-25 Proposed Strategy to deliver value for Australians who are relying on Internet connectivity now more than ever.**

## Strategic planning

**During 2020-21, auDA undertook a thorough planning process to set a strategic direction for the upcoming four-year period.**

Our strategic planning process included engagement with specialists across government, the technology, domain name and business sectors, and eight internal workshops with auDA staff and Board to consider our key strengths, opportunities and challenges.

## Focus on strengths

- Administer a trusted, secure and reliable .au domain
- Passionate and knowledgeable auDA team that has constructive relationships with industry
- Organisation well positioned to invest in innovation

## Current and future challenges

- Increasing number of online platforms means over time that users may rely less on domain names for web or email addresses
- Global multi-stakeholder Internet governance challenged by state sovereignty
- Increased cyber security risk environment

## Opportunities for future achievement

- Grow a diverse and engaged member community
- Grow and maintain effective stakeholder relationships
- Build inclusiveness of the .au domain
- Contribute to increased cyber security resilience and collaborate to address cyberthreats
- Be recognised among peers as a best practice country code administrator
- Encourage innovation and growth in the .au domain

# auDA's 2021-25 Proposed Strategy



## Our purpose

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

### A trusted .au is achieved by:

- Administering auDA policies openly and transparently, including through increased compliance activity to maintain the integrity of the .au domain
- A focus on technical efforts to reduce online harm through abuse of the DNS, including malware, botnets, phishing, pharming and related spam
- Engaging in multi-stakeholder processes and driving local and international policy discussions focussed on maintaining a free, open, secure and global Internet
- Achieving international cyber security standards for auDA, the .au domain registry and auDA accredited registrars, and contributing to improved cyber security practice and adoption in the broad community.

### An open, free secure and global Internet is:

- Set out as Australian government policy in Australia's International Cyber and Critical Tech Engagement Strategy
- Defined by auDA as:
  - Open and global – interoperable across borders and accessible to all
  - Free – people are not burdened by undue restrictions in their access to and use of the Internet
  - Secure – safe, reliable and resilient
- Critical to ensure the sustained social and economic benefits of the Internet can be realised and enjoyed at large by the local and international community.

## Our vision

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

The pandemic prompted significant digital innovation and transformation throughout Australia.

We saw business and service delivery models move online, and online community connections grow. Sectors such as health, education, retail and small businesses migrated to digital channels in order to continuously engage with their end users.

As a result, auDA's work to champion access to an open, free, secure and global Internet increased in importance. We are proud to support this accelerated shift to online working, and enhancing enterprise and community connection to the .au domain. We will continue to respond actively.



## Our strategic focus areas and capabilities

We will fulfil our strategic purpose and vision through the completion of strategic projects that are aligned to our key focus areas and capabilities.

### Strategic focus areas

#### Trust

- Drive down DNS abuse
- Drive up the integrity of the .au domain
- Drive world's best practice security

#### Innovation

- Improve the utility of .au through launch of .au direct registration
- Produce valuable insights from our data and community research
- Invest to enable innovation and research by others

#### Multi-stakeholder engagement

- Grow and diversify auDA's membership
- Increase auDA's influence in multi-stakeholder Internet governance

### Strategic capabilities

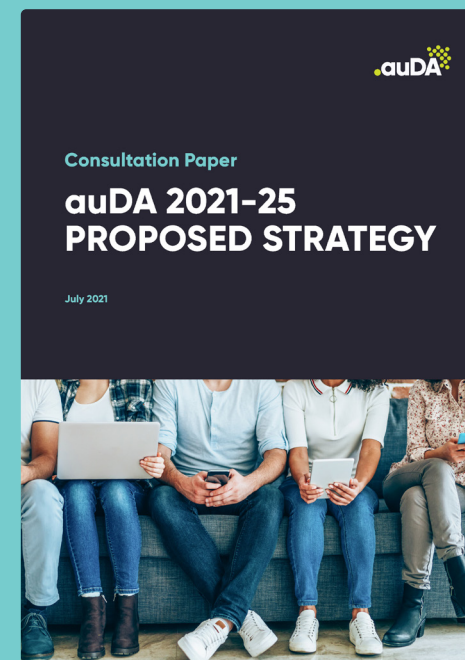
#### People

- Build an organisation regarded as an Employer of Choice
- Strengthen the trust and confidence our stakeholders have in us

#### Governance

- Strengthen transparency and accountability
- Adopt international best practice reporting

auDA's 2021-25 Proposed Strategy was released for public consultation and the Strategy finalised, including auDA's organisational values, in the first quarter of 2021-22. Read more about the Strategy, including strategic projects, [on the auDA website](#).





# How we create value

## auDA's 2019-24 strategic mission

To administer the .au domain for the benefit of the more than 20 million Australian Internet users.

## Resources and relationships

### .au DNS

Infrastructure that connects Internet users globally to websites and email addresses ending in .au

### The .au Licensing Framework

Policy rules that keep the .au trusted and secure

### Australian Internet users

.au registrants and Internet users who rely on the .au domain to connect online

### The multi-stakeholder community

Network of key stakeholders including the domain name sector, industry partners, auDA Associate Members, businesses, not-for-profit organisations, education and training providers, consumers, Advisory Committees and government entities who provide valuable input into and support the achievement of auDA goals

### Formal endorsement and delegation

Formal endorsement from the Federal Government and formal delegation from ICANN to administer the .au domain

### auDA staff and Board Directors

Experts who support the administration of the .au domain and are passionate about delivering value to Australians through the Internet

### Governance framework

A robust framework that supports transparency and accountability, underpins the achievements of auDA goals and builds stakeholder confidence

## Value creating activities

### Administration of a trusted .au domain

- Technical operation of the .au DNS including implementation of best practice cyber security
- Compliance activity to educate, guide and enforce .au policy rules
- Development and implementation of policy rules that promote security and reliability of the .au
- Engagement with registrars and the registry operator to deliver a reliable .au and uplift security

### Multi-stakeholder engagement on .au policy and Internet governance

- Consultation and engagement with auDA Associate Members, Board Advisory Committees and Australian Internet users who represent the community auDA serves
- Contribution to discussions with industry and government on Internet policy in Australia
- Representation of Australia's interests in international policy forums including support for an open, free, secure and global Internet

### Supporting Australia's Internet ecosystem

- Communications and industry outreach to educate, raise awareness and promote the .au domain
- Sponsorship of events and organisations to drive benefits for Australians through the Internet
- Support investment in innovation through the Co-Marketing and Innovation Fund, the auDA Foundation and partnerships with industry

## Outcomes

### Trust and confidence

- A trusted, secure and reliable .au domain
- Levels of DNS abuse well below the global average
- Growth in .au domains as Australians choose .au to build their online presence

### Supporting Australia's economy and society

- Fit-for-purpose policy rules that support the evolving needs of Internet users
- Internet users locally and globally connect with Australian individuals and organisations online

### Constructive relationships

- Constructive relationships with our multi-stakeholder community
- A voice for Australia in international policy forums

### Enabling innovation

- Stable financial position to administer the .au domain and invest in innovation
- Engaged staff who are committed to continuing to deliver value to Australians through expertise and innovation

# Engagement

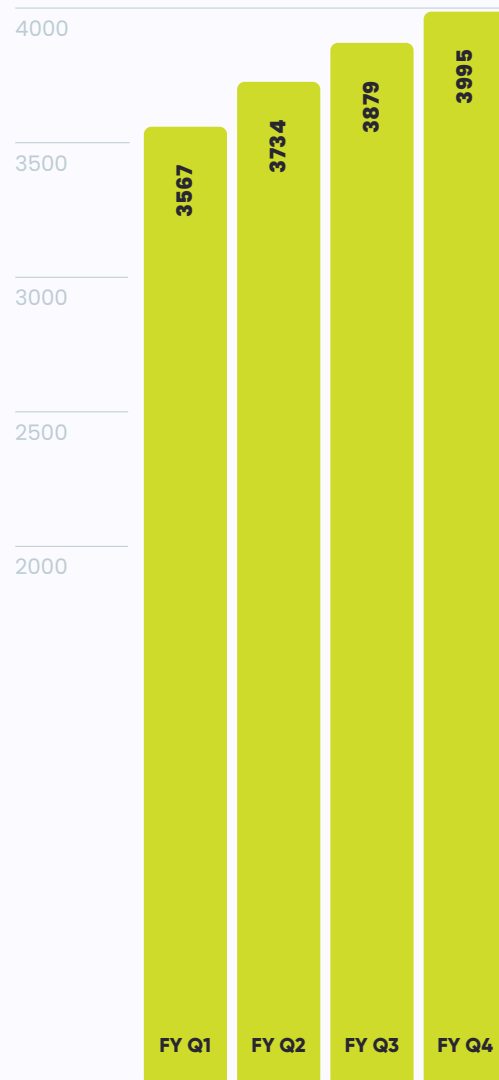


# Our members

auDA's Associate Member program provides members the opportunity to have a voice in the future of the .au domain. In return, members represent the diverse community that auDA supports, providing insights to our work administering the .au on behalf of Australians.

Participation in auDA's Associate Member program grew steadily over the financial year, increasing 18 percent from 3,386 in June 2020 to 3,995 at the end of June 2021. As outlined in our Proposed Strategy, we have plans to continue to grow and diversify our membership so that it reflects Australian Internet users.

Associate membership quarterly growth



Associate membership by state and industry





### Member survey

In September 2020 we undertook the annual Associate Member survey to better understand member needs. Though hampered by the pandemic, we responded to survey feedback by providing more member events and improved communications through our e-newsletters. In 2021-22 we will work towards refreshing the membership program and planning for the membership transition.

**61%** of respondents gave a 4-5 star rating for their experience as a member

**73%** of respondents have a .au domain name

**69%** of respondents identified cyber security best practices as the industry topic they are most interested in

**81%** of respondents said one of the reasons they joined as an auDA Member was to be informed

### Connecting with members

auDA's Associate Member events provide opportunities for members to learn about the .au domain, engage in discussions with experts about Australia's digital landscape, share feedback and insights with auDA, and network with other members.

COVID-19 impacted auDA events during 2020. Associate Members were invited to attend the auDA Annual General Meeting, which was held virtually in November 2020. Due to COVID-19 restrictions, a planned stakeholder event was unable to proceed. However, as restrictions eased, in April 2021 we hosted our first events of the calendar year in Melbourne and Sydney. These were both live streamed allowing members who could not attend in person to participate virtually. In the final quarter of 2020-21, our ability to host face-to-face events was again impacted by COVID-19 restrictions, but preparations were underway for future online events including an interactive consultation session on our Proposed Strategy.

Throughout the financial year, we also continued to communicate regularly with members through our monthly e-newsletter. In late 2020, the e-newsletter was updated to reflect our new branding and in February 2021 it celebrated 12 months since launch.

auDA CEO Rosemary Sinclair and auDA Chief Operating Officer Bruce Tonkin speaking at the April 2021 member event in Melbourne.

### A voice in the future of the .au

In October 2020, Associate Members were invited to cast their vote in a ballot to fill the final Elected Director vacancy on the auDA Board. From 2022, Associate Members will have the opportunity to opt-in to transition their membership to become full members of auDA on the Transition Date. Member status under the Corporations Act will provide members more opportunities to vote and to continue to have their say on the future of the .au. Read more about the Elected Director ballot and membership transition on page 45.



# Community

**auDA administers the .au domain on behalf of the Australian community. We engage and consult with community groups and representatives to better serve Australians and deliver on our social responsibility through partnerships with key organisations.**

## auDA Foundation

The auDA Foundation was established in 2005. It aims to enhance the utility of the Internet for Australians through a grant program available to not-for-profit organisations and research institutions. Past grants have supported research into digital literacy, funding for digital inclusion, telehealth projects and initiatives to improve Internet access for First Nation communities.

Throughout 2020-21, the auDA Foundation Board, chaired by James Atkins, invested time and energy in considering the Foundation's purpose and how best to build on past success. The Foundation's work complements auDA's proposed strategic purpose and plays a role in the organisation's strategic focus on innovation. It will serve to improve online outcomes for Australians into the future.

Over the reporting period, the auDA Foundation Board worked with auDA staff to develop new grant guidelines and application process to facilitate a new grant program. The new program aims to stimulate innovation and direct funding to areas of greatest need, including:

- Digital inclusion, in particular for First Nations peoples
- Cyber security for small business
- Internet access for young Australians.

The Foundation's work will enable the grants program to re-open for applications in the first quarter of 2021-22. The Foundation Board are excited to support innovation across the Internet ecosystem and accelerate knowledge acquisition and sharing by helping ideas and projects on the utility of the Internet come to fruition.

Find out more about the auDA Foundation including the full list of Board Members at [www.audafoundation.org.au](http://www.audafoundation.org.au).

auDA's Associate Members and Board Advisory Committees also play a vital role in the .au ecosystem by representing the views of the Australian community to auDA and the auDA Board. Read more about auDA membership on page 19 and auDA Board Advisory Committees on page 47.



### NetThing

NetThing, Australia's annual Internet Governance Forum, was held as a virtual forum in October 2020. NetThing brings representatives from the Australian community, industry and government together to discuss public policy issues related to the Internet. auDA was proud to sponsor the 2020 Forum, which combined panel discussions and workshops on the themes of policy, inclusion, technology, security and the future. We hosted an interactive workshop to gather early community insights into our 2021-25 strategy development process and provided support for event development and communications. auDA's Specialist Policy Adviser is also a member of the NetThing Steering Committee.

### Sydney Alliance

The Sydney Alliance brings together community groups and organisations to build a shared understanding and deliver benefits to local communities. In 2020-21 auDA began working with the Alliance to better understand how Australia's multicultural communities use the Internet to help inform future auDA activity and outreach. This work will support further innovation in .au with the launch of internationalised domain names (such as 例如.au) in coming years.



# Registrars

**auDA accredited registrars play a fundamental role in the .au ecosystem. They are essential to keeping the .au trusted and secure and in 2020-21 registrars supported a rapid rise in .au domains under management as Australian businesses shifted online in response to COVID-19.**

## Boosting compliance and security standards

Registrars supply .au domain name services to the public and have direct access to the .au registry, which makes strong compliance with auDA rules and security standards essential.

In 2020-21, signing of the new Registrar Agreements under the new Licensing Framework commenced. Key changes in the new Agreements aim to improve compliance and security and promote confidence in the .au domain.

Under the new Agreements, auDA requires registrars to:

- Develop a Validation Plan that outlines how they will validate the eligibility of registrants at the time of registration, renewal or transfer
- Obtain ISO 27001 certification or equivalent, bringing their security standards up to international best practice.
- Manage complaints from the public about .au domain name licences as the first point of contact

auDA supported registrars to implement these changes by:

- Delivering more than 20 training sessions from December 2020 to March 2021
- Developing a suite of training and communications materials
- Supporting baseline security audits of 16 registrars conducted by external cyber security consultants
- Providing guidance on registrar Validation Plans
- Providing input to registrars' cyber security improvement plans, based on their baseline audits, to support ISO 27001 certification
- Making the .au Domain Investigation Tool (.auDIT) available to assist registrars with validation processes
- Establishing a dedicated auDA registrar liaison officer.

### Ongoing engagement

While the annual Registrar Summit scheduled for late 2020 did not take place due to COVID-19 restrictions, auDA hosted quarterly registrar briefings in 2021, providing a regular forum to connect and share important updates. Quarterly updates were held in March and June covering .au policy and external developments such as the Federal Government’s Critical Infrastructure Bill. auDA’s Compliance team also conducted regular meetings with registrars throughout the financial year to discuss operational matters and progress against key requirements.

### Co-Marketing and Innovation Fund

auDA’s Co-Marketing and Innovation Fund was launched in 2018 to support growth and innovation in the .au domain, including increasing .au domains under management, building trust in the .au domain, promoting competition amongst registrars and improving digital inclusion.

2020-21 was the program’s third year of operation and supported almost \$600,000 of contributions to registrar campaigns and innovations to grow and promote trust in the .au domain.

Learn more about the [auDA Co-marketing and Innovation Fund](#).

Recipient	Project	Amount (incl. GST)
<b>ESA</b>	Advertising campaign	\$12,968
<b>Micron 21</b>	Domain name management system integration	\$25,000
<b>Rebel</b>	Advertising campaign	\$25,000
<b>DDNS</b>	Verification system integration	\$25,000
<b>Crazy Domains</b>	Advertising campaign	\$125,000
<b>Crazy Domains</b>	Advertising campaign	\$125,000
<b>GoDaddy</b>	Advertising campaign	\$250,000

# Industry

**auDA regularly engages with industry to discuss how we can work together to deliver benefits to Australians through the Internet and to promote the important work auDA does through the administration of a trusted, local .au domain.**



auDA Chair Alan Cameron opening the auDA Board Industry networking evening in Melbourne

## Board Industry networking evening

Melbourne, May 2021

The auDA Board hosted an industry networking evening to discuss the importance of digital technology and innovation to support Australia's economy and society. It provided an opportunity for industry to learn more about the .au domain, including how the .au provided a way for Australian businesses to continue serving customers during COVID-19. A second event in Sydney was postponed due to COVID-19 restrictions. We plan to host additional events in 2021-22 when restrictions allow.

This financial year, we have sponsored the following industry events:

## COSBOA Director's Cut

Virtual forum, April 2021

The inaugural COSBOA Director's Cut focussed on small business resilience during COVID-19, highlighting the role of digital connectivity in supporting Australia's small business economy throughout the pandemic.

## Women Leading Tech Awards

Virtual ceremony, September 2020 and Sydney, April 2021

The B&T Women Leading Tech Awards recognise women at the forefront of Australia's technology sector. auDA sponsored the Entrepreneur / Founder category in the inaugural 2020 Awards and again in 2021, acknowledging our commitment to fostering diversity and innovation.





Rosemary Sinclair with Alice Williams, winner of the B&T Women Leading Tech Entrepreneur/ Founder of the year award, and MC Rae Johnston



auDA CEO Rosemary Sinclair pictured with Home Affairs Minister Karen Andrews, Commonwealth Bank CISO Keith Howard and CEDA Chair Diane Smith-Gander at the 2021 CEDA State of the Nation forum

## CEDA State of the Nation

Canberra and virtual forum, June 2021

The CEDA State of the Nation policy forum drives debate about Australia's economic development. The 2021 forum, which took place at Parliament House in Canberra, focussed on the future prosperity of our nation. auDA CEO Rosemary Sinclair AM facilitated a panel discussion between Home Affairs Minister, the Hon Karen Andrews MP, the Commonwealth Bank's Chief Information and Security Officer Keith Howard and AustCyber's CEO Michelle Price on the increased importance of robust cyber security in light of Australia's recent digital transformation and to support digital innovation.

In 2020-21, we also supported:

- The Australian Strategic Policy Institute
- Australian Information Industry Association
- Asia Pacific Top Level Domain Association (APTLD)
- Communications Alliance
- ICANN
- NetThing

## The Telco Together Foundation

The Telco Together Foundation brings Australia's telecommunications industry together to address social challenges facing Australians. The Foundation seeks to drive positive change through community projects and fundraising initiatives. auDA is a member of the Telco Together Foundation and our Chief Communications Officer sits on its Advisory Board, contributing to the strategic direction of the Foundation.

# Government

**auDA maintains constructive relationships with government, providing input to important discussions that relate to the .au domain, Internet policy and cyber security in Australia.**

## Consultation to keep Australia's critical infrastructure secure

During 2020-21, auDA regularly engaged with the Commonwealth Government about its Critical Infrastructure Bill. The Bill proposed new requirements for critical infrastructure providers including auDA. We took part in consultation with the Department of Home Affairs and the Parliamentary Joint Committee on Intelligence and Security (PJCIS) on the Bill. auDA voiced its support for the government's policy objectives to prevent, mitigate and defend critical infrastructure from cyber attack, while also advocating for measures that are proportional and support an open, free, secure and global Internet.

We provided regular updates to registrars and other Australian TLD registry operators (including .cc, .nf, .cx, .sydney, .melbourne) on the proposed reforms. We remain committed to securing the .au domain for Australians and will continue to engage with government on the implementation of the Bill in 2021-22.

You can read our March 2021 submission to the PJCIS on the [auDA website](#).

## Ongoing engagement with government

We regularly engaged with DITRDC formally and informally to provide updates on the administration of the .au domain. This included providing our quarterly reports, which are published on the [auDA website](#), to DITRDC. A DITRDC representative also attends auDA Board meetings as an observer and to provide a government update.

Additionally, we met with and provided updates to the Minister for Communications, Urban Infrastructure, Cities and the Arts, the Hon. Paul Fletcher MP and his office on auDA initiatives such as the launch of the new Licencing Framework, the government review of auDA's Terms of Endorsement, our role in supporting Australia's digital economy and society, and cyber security matters.

During 2020-21, we also provided briefings to several Federal Government and Shadow Ministers and government agencies to raise awareness of the importance of the .au domain and related policy matters.

# International engagement

**We contribute to domain name policy discussions and support an open, free, secure and global Internet through multi-stakeholder engagement with the international Internet community.**

While international travel was cancelled in 2020-21 due to COVID-19, we engaged constructively with our international peers throughout the financial year. Our virtual participation in international fora allowed us to share lessons from our experiences in Australia and learn from those of our overseas colleagues.

As outlined in our 2021-25 Proposed Strategy, we are committed to increasing our participation in international policy discussions and decision-making processes to champion the social and economic benefits that flow from an open, free, secure and global Internet.





Key international engagement included:

### ● APTLD78

1–4 September 2020

The 78<sup>th</sup> meeting of the APTLD brought ccTLD managers in the Asia Pacific region together to discuss topics including governance and DNS technical operations. auDA CEO Rosemary Sinclair AM presented on leadership during challenging times. auDA's Chief Operating Officer, Chief Communications Officer and Marketing Manager also presented to the forum.

### ● ccNSO

1 October 2020

ICANN's country-code Names Supporting Organization (ccNSO) held a series of virtual sessions to prepare for ICANN69. auDA's Chief Operating Officer presented about the Critical Infrastructure Bill in Australia to share information on the proposed government regulations related to domain name infrastructure with other ccTLD managers and hear their insights.

### ● ICANN69

13–22 October 2020

auDA staff and Board attended ICANN69 sessions on topics such as Domain Abuse Activity Reporting, combating DNS abuse, ccTLD technical issues, and how the European General Data Protection Regulation affected the public availability of WHOIS information and the flow on implications for levels of DNS abuse.

### ● DNS Abuse Activity Reporting

November 2020

auDA is a participant in ICANN's Domain Abuse Activity Reporting system, which reports on security threats in top-level domains to inform international policy discussion and support consumer confidence and trust. In November 2020, auDA received its first individualised report, which found [domain abuse in the .au domain is well below the global average](#).

### ● ccNSO

March 2021

In March, ccNSO held news sessions and webinars in preparation for ICANN70. auDA's Compliance Manager presented to the forum on auDA's new approach to compliance and complaints handling to share our risk-based approach. auDA's Specialist Policy Adviser was also appointed to the ccNSO Internet Governance Liaison Committee, which aims to increase ccTLD manager participation in Internet governance processes.

### ● ICANN70

22–25 March 2021

At ICANN70, DNS abuse was a key topic with participants noting more work is needed to address and manage DNS abuse. ICANN70 also included sessions on the future of ccTLDs, the impact of government regulation on the operation of the Internet and the relationship between governments and ccTLD managers.

### ● DNS Abuse Advisory Council

May 2021

In May, auDA's Chief Operating Officer Dr Bruce Tonkin was appointed to the DNS Abuse Institute's new Advisory Council alongside other international Internet and cyber security experts. The Advisory Council provides independent guidance and insights from DNS Abuse Institute initiatives. This appointment recognises auDA's expertise and commitment to support a secure, global Internet.

### ● ICANN71

14–17 June 2021

auDA attended the virtual ICANN71 meeting, which covered topics including DNS abuse, the impact of proposed legislation on ICANN's policy development and maintaining effective multi-stakeholder governance in the evolving Internet ecosystem.

You can read more about our international engagement in our [quarterly reports](#).



# Administering the .au

# The .au Licensing Framework

**Launching the new .au Licensing Framework and implementing Phase One of the new Licensing Rules was a significant moment for the .au domain, representing the most extensive updates to the .au policy rules in 20 years.**

The .au Licensing Framework modernises more than 30 legacy policies, promotes greater trust and confidence in the .au through an uplift in industry-wide security and validation standards, and enables future innovations in the .au domain to meet the changing needs of Internet users.

The three components of the Framework are:

1. The .au Licensing Rules
2. The Registrar Agreement
3. The Registrar Rules.

The .au Licensing Framework was developed over a number of years and in line with auDA's Process for the Review and Development of Policies. Two

independent advisory panels – the 2015 Names Policy Panel and the 2017 Policy Review Panel – led several rounds of public consultation and developed the policy recommendations that formed the basis of the new Framework. The auDA team built its policy capabilities and drafted new policies based on the recommendations of the advisory panels, which went through further public consultation.

In late 2019-20, the auDA Board approved the new Registrar Agreement. In July 2020, it approved the Registrar Rules and a staged rollout of the Licensing Rules and in November 2020, approved a commencement date of 12 April 2021 for implementation of Phase One of the rules.

Phase One introduced new rules for the com.au, net.au, org.au, asn.au, edu.au and state and territory namespaces, including updates to:

- Eligibility and allocation rules for selected namespaces (com.au, net.au, org.au, asn.au and state and territory namespaces)
- Terms and conditions for .au domain names
- Complaints, suspension and cancellations processes
- Rules for sub-domains and third-party use of .au domain names.

In advance of the Phase One launch, auDA undertook considerable preparatory work, including:

- Developing and delivering registrar training and supporting tools and materials, as outlined on page 23
- Responding to several hundred registrant enquiries seeking clarification on compliance under the new rules
- Conducting more than 920 audits to proactively review and guide compliance under the new rules
- Developing communications materials to inform the community about the upcoming changes.

In the final quarter of 2020-21, auDA staff, in consultation with the auDA Board, also began preparatory work for the implementation of Phase Two of the Licensing Rules. Phase Two will see the introduction of the new .au direct namespace, which will allow Australians to register domain names directly before the .au, such as getyour.au, for the first time. Planning for a public announcement of the launch in the first quarter of 2021-22 was undertaken, to enable the .au domain industry ample time to prepare for the .au direct commencement date and to raise awareness amongst the Australian community.



# Security

**We manage and protect critical .au infrastructure. We provide a secure and reliable DNS service and help keep Internet users secure online through our security-aware culture, robust physical and logical defences and an ongoing commitment to uplift security standards.**



## Protecting the .au domain

The .au domain is critical Australian infrastructure. We regularly participate in business resilience initiatives to evaluate and uplift the reliability and security of the .au domain, including:

- **Disaster Recovery exercises** with the .au registry operator Afilias Australia to test preparedness for managing a crisis
- Maintenance of our **ISO 27001 certification**, which includes annual surveillance audits and recertification every three years. In the financial year, we passed our first surveillance audit after becoming ISO 27001 certified in 2020
- **National level discussions** about Business Continuity Plans and Disaster Recovery with the Australian communications sector to ensure we have robust response and recovery plans in place
- Regular evaluation and testing of our **physical and network security** defences by trusted and specialised third parties
- Continuous review, improvement and formalisation of our **Business Continuity Management Systems** to align with and achieve ISO 22301 certification
- New staff undergo **screening checks** as part of auDA's onboarding process and key technical and Executive staff require Australian Government security clearances
- Advice and oversight on matters related to security provided by the **Board Security and Risk sub-committee**.

This activity is outlined in the [auDA Enterprise Security Strategy](#), which sets out how we collaborate with the .au domain name sector, external organisations and the Federal Government.

We also work closely with registrars to drive an industry-wide uplift in security standards and consulted with government on its Critical Infrastructure Bill. Read more about registrar security on page 23 and the Critical Infrastructure Bill on page 27.

### Relevant ISO standards

**ISO 27001** is an international standard that sets out global best practice for information security management systems to enable the secure management of digital assets and data.

**ISO 22301** is an international standard to build resilience in business continuity management systems to protect against, prepare for and recover from disruptions.

**ISO 20000** is an international standard that provides specifications for IT service management systems to enable the delivery of IT services that meet the needs of organisations.

Driving improvements in cyber security including reducing DNS abuse in the .au domain and raising security standards within the .au ecosystem and for Internet users will be a continuing area of focus, as outlined in the 2021-25 Proposed Strategy.

### Security training and upskilling

Regular security training is a fixture at auDA. Staff and Board Directors complete monthly security awareness training modules to stay up-to-date on best practice security. Staff and Directors are also involved in cyber security discussions and presentations through our involvement in international fora, as set out on page 28.

auDA IT staff participate in additional professional development and training. This year that included attendance at the CrowdStrike Cybersecurity Conference in October 2020, which featured national and international cyber security experts on topics addressing the evolving threat landscape. In November 2020, IT staff attended the annual Gov in Tech conference where senior technology leaders from across government presented on security issues related to digital transformation, cloud and data and identity.

In March 2021, IT staff attended the Australian Cyber Conference in Canberra where speakers from a range of industries provided information to manage current threats impacting Australian businesses and aid identification of emerging challenges. March also saw IT staff attend the Microsoft conference, Ignite, to participate in training and presentations on existing and upcoming product and security enhancements. The IT team has also built capability through the implementation of a service management tool, which enables a structured approach consistent with ISO 20000. It allows the IT team to manage internal

requests for IT support and enables timely responses to staff enquiries, including on matters related to information security.

### Raising awareness and building capability

People across the world have become increasingly reliant on the Internet to connect due to COVID-19. While the benefits of Internet connectivity are extensive, enabling telehealth, remote learning and ecommerce among other essential services, online threats are also on the rise.

In 2020-21, auDA was involved in forums and workshops with Australia's foremost cyber security experts to promote the importance of improved cyber security in Australian homes and businesses, as well as discussing ways the industry can build capability. This included involvement in industry roundtables with the cyber security and communications sectors, and a panel discussion hosted by auDA CEO Rosemary Sinclair, which you can read about on page 26.

auDA also undertook communications activity to help Australian Internet users identify online scams, including a series of sophisticated phishing emails impersonating auDA. Communications were shared on auDA's digital channels and with key stakeholders including the Australian Competition and Consumer Commission ScamWatch.

# .au registrations

Thanks to high standards for compliance, security and reliability coupled with the changing digital habits of Australians due to COVID-19, the .au domain was in high demand during 2020-21.

## .au domains under management continue climbing

The number of registered .au domain names grew steadily throughout 2020-21, reaching 3,339,032 .au domains on 30 June 2021. This represents a five percent increase on 30 June 2020, a significant change from the 0.4 percent decrease recorded from June 2019 to June 2020.

The growth in domains under management was driven by the com.au namespace, which has supported many new and existing businesses as they established an online presence in response to COVID-19. Accounting for just over 90 percent of all .au domains, the com.au namespace outperformed the growth in total domains under management, increasing six percent from 30 June 2020. The total number of com.au registrations exceeded 3 million domain names for the first time.

# 3,339,032

**.au domains under management**  
(June 2021)

### Domains under management by namespace



	com.au	net.au	org.au	edu.au	id.au	gov.au	asn.au
<b>June 2021</b>	3,007,531	217,508	74,949	17,027	12,844	5,601	3,121
<b>June 2020</b>	2,845,641	223,423	73,243	3,955	12,415	1,181	3,200



**Domains under management by state**

New South Wales	1,098,218
Victoria	874,555
Queensland	634,647
Western Australia	256,685
South Australia	157,759
Australian Capital Territory	83,158
Tasmania	39,229
Northern Territory	14,841
Unknown	116,358
Overseas	63,582

**New .au domains hit a record high**

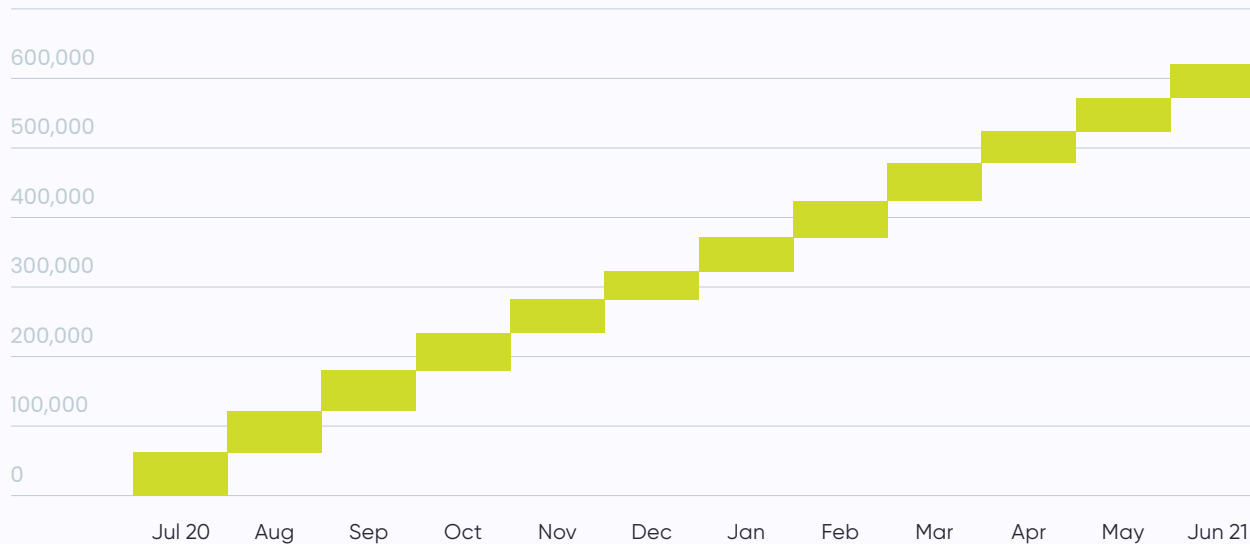
The highest number of new .au registrations ever recorded in a single month occurred in July 2020. More than a quarter of those registrations were made by Victorian residents. This peak coincided with strict COVID-19 restrictions in Victoria, where stay at home orders were in place for most of the state’s residents.

The COVID-19 impact was also evident throughout 2020-21, with an average of 51,300 new .au domain names created each month, up 15 percent compared to a monthly average of 44,700 in 2019-20.

The rate of new registrations slowed in December and April over Christmas and Easter holiday periods, consistent with seasonal trends that we see in a typical year, however remained higher than previous years.

Overall, 93 percent of newly created .au domain names were in the com.au namespace, demonstrating the value of a local, trusted com.au to Australian businesses operating online.

**New .au domains created**





# Registry operations

**auDA works closely with registry operator, Afilias Australia, to ensure the .au DNS delivers a fast, accurate and consistent service for all those using it, and in 2020-21 we supported a significant rise in traffic from people connecting to Australian websites and email services.**

## Due diligence for changes at Afilias Australia

In November 2020, domain registry Donuts Inc. announced an agreement to purchase Afilias, Inc., the parent company of Afilias Australia. Under the Registry License Agreement between auDA and Afilias Australia, auDA's written consent is required before a Change of Control of the registry operator can proceed. To ensure our comfort with the proposed changes, including that our high standards for security and reliability would continue unaffected, we conducted a formal due diligence process. As part of the process, we evaluated the potential technical, operational, legal, personnel and financial implications of the proposed change. Based on the results, the auDA Board approved the Change of Control in December 2020.

In 2021, Donuts Inc. announced a subsequent change to its shareholding that triggered a second Change of Control process. We conducted another formal due diligence process and the auDA Board approved the Change of Control in March 2021.

## Planning for the year ahead

In late 2020-21, we commenced discussions with Afilias Australia about a two-year contract extension of the Registry Licence Agreement.

Afilias Australia was originally appointed as the .au registry operator following a global tender process in 2017 for a four-year term, with an option for auDA to extend the agreement for a further two years. Discussions about the updated Agreement included consideration of new requirements to strengthen the security and reliability of the .au domain. The extension was finalised in June 2021, retaining Afilias Australia as the registry operator until 30 June 2024.

In the final quarter of 2020-21, auDA also provided input to a new Registry-Registrar Agreement between Afilias and registrars. The new agreement is intended to improve the clarity of roles and responsibilities of the registry operator and registrars, and bring the Agreement into alignment with other revised contracts including the Registrar Agreement between auDA and registrars. The new Registry-Registrar Agreement is expected to be rolled out in 2021-22.

### A reliable .au DNS supporting a surge in traffic

During the financial year, .au nameservers processed an average 44,900 DNS queries per second, an increase of 131 percent from 2019-20, with growth in queries originating from both Australia and overseas. This compares to only a 22 percent increase from 2018-19 to 2019-20.

The boost in traffic over the reporting period underpins the importance of a reliable, secure .au domain. We ensure this through our contract with Afilias Australia that sets out performance service levels. In the financial year, auDA and Afilias consistently met or exceeded performance service levels, which we publish in our [monthly registry reports](#) and in our [quarterly reports](#) on the auDA website.

Afilias Australia also shares our commitment to high standards of security and adheres to global best practice such as ISO 27001 and ISO 22301 certification.

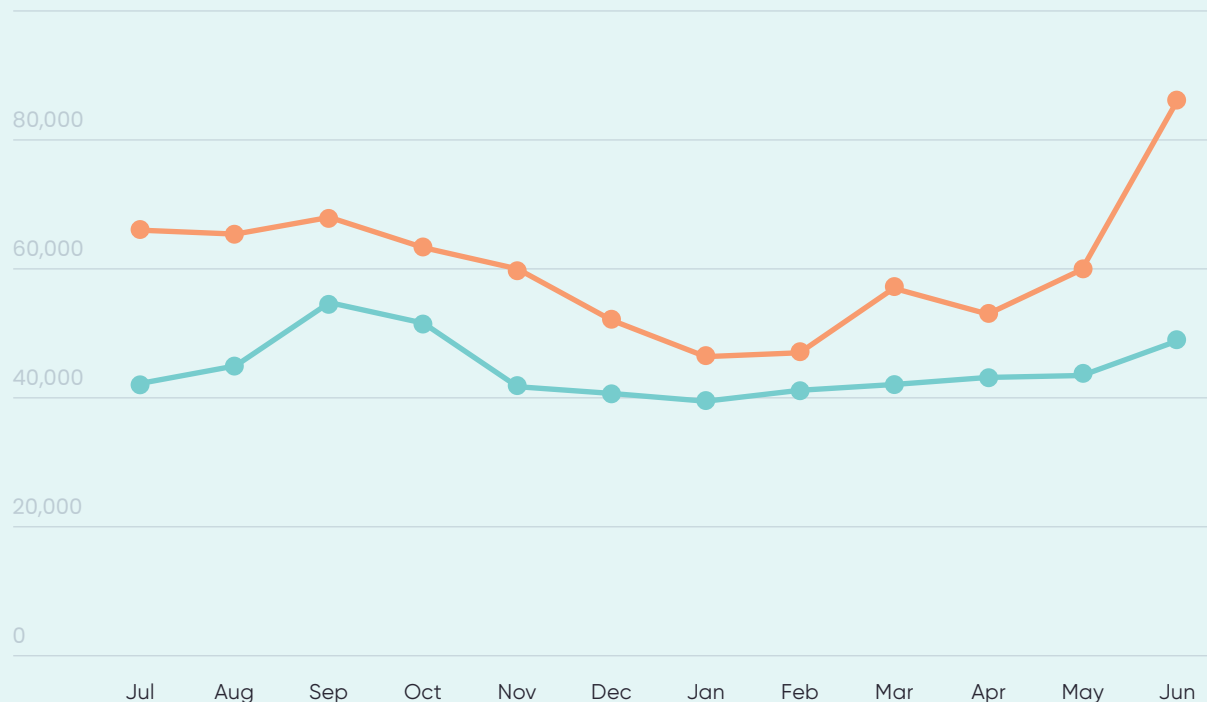
### More than three billion queries are processed by .au nameservers each day.

Queries per second during 2020-21

Qps	Overall	Australian origin	International origin
<b>Average</b>	44,900	11,900	31,400
<b>Peak</b>	88,000	29,000	70,100

Total .au traffic during 2020-21

- Average queries per second
- Peak queries per second



**auDA's effective compliance function promotes trust and confidence by supporting a secure and reliable .au domain. Complaint handling is a vital component of the .au compliance environment and has been the focus of significant transformation in 2020-21.**

# Compliance and complaint handling

## Transforming compliance in the .au

In 2020, auDA engaged external consultants, the Nous Group, to conduct an independent review of the .au complaints processes, to optimise complaints management and support the introduction of the new Licensing Framework.

The review highlighted the strengths of auDA's existing complaint processes and identified six areas for improvement:

1. Clearly define and articulate auDA's role and purpose as a complaint handling body
2. Enhance communications with complainants and other relevant parties
3. Invest in building the capability of auDA staff and registrars to effectively manage complaints
4. Document and formalise new and existing complaint handling processes to ensure consistency
5. Optimise the structure and job roles within the Compliance team to support effective complaint handling
6. Enhance data collection, analysis and reporting to support ongoing improvement

We accepted the Nous Review recommendations and are working to implement them through the Compliance Transformation Project. The project will support effective and efficient complaint handling and develop a culture of continuous improvement. The 18-month project will operate through to mid-2022.

Highlights from the project to date include:

- Development of a Compliance Posture, which articulates auDA's role and purpose as a complaint handling body
- Development of an annual Compliance Plan outlining auDA's compliance priorities to promote transparency and accountability
- Building registrar capability through dedicated training and resources to support the introduction of the new Licensing Framework
- Ongoing refinement of auDA complaint handling capability through staff training, documentation of processes and identification of improvement opportunities.

## Educating, guiding and enforcing .au rules

auDA's Compliance Posture sets out our approach to compliance in the .au domain. We work to promote and facilitate compliance and minimise the need for enforcement action.

The Posture was developed following extensive engagement with auDA staff and Board Directors, discussion with experts and consideration of approaches taken by other ccTLDs and government entities.

The Posture sets out a proportionate approach to compliance that is risk based and is guided by the principles of natural justice, convenience and fairness.

Our compliance activity is intended to assist registrants and registrars to achieve compliance with the .au Licensing Framework.

You can read our full Compliance Posture on the [auDA website](#).

### auDA Compliance Posture

We promote trust and confidence in the .au domain with a proportionate three step approach to compliance. Fairness is a guiding principle.





## Monitoring and reporting on our compliance priorities

In the financial year, we commenced work on our first Compliance Plan, which is planned for publication in the second quarter of 2021-22. The Plan outlines our annual compliance priorities.

In the 2021-22 financial year, we will focus on uplifting compliance in key areas including:

- The requirement for registrars to validate the eligibility of registrants at the time of licence renewal and transfer, as well as at initial registration
- The requirement for org.au registrants to be officially recognised by a state or Federal Government agency as a not-for-profit organisation
- The requirement that foreign legal entities relying on an Australian trade mark to establish their Australian presence and register a domain name that is an exact match to their trade mark
- Support, resources and training for registrars to assist them in meeting their ongoing compliance obligations.

We will measure performance against the Compliance Plan through targeted audits, reviewing registry and registrar data and direct feedback from registrars. The results will inform the 2022-23 Compliance Plan. We will also report publicly on our findings annually, supporting our commitment to transparency and accountability.

## Introducing new rules for complaints

The new .au Licensing Framework introduced changes to the way .au complaints are managed. The process auDA and registrars follow for complaints, as well as the rules used to assess domain name eligibility and allocation, vary according to whether the new .au Licensing Rules or the legacy rules apply to the domain name.

Under the .au Licensing Rules, registrars are the first point of contact for complaints related to .au domain name licences. The parties involved in a complaint can appeal the registrar's decision to auDA for review, and if they remain dissatisfied, they can apply for an external review by the [Licence Review Panel](#), which is a new independent review body established in April 2021. The auDA Board appointed five experienced legal professionals with relevant expertise who have received comprehensive training in the .au Licensing Framework.

In the financial year, we worked with registrars to help them transition to the new complaint handling process, including through training and resources as outlined on page 23. We also developed a new online complaints form for the auDA website to help people submit their complaints to the relevant organisation.



## Customer Satisfaction Survey

When a complaint is closed, the complainant is automatically invited to complete our customer satisfaction survey.

In 2020-21, 683 people completed the survey, up 31 percent from 2019-20. Of those, 68 percent were satisfied or very satisfied with the way we handled their complaint, down from 72 percent in 2019-20. The respondents were also asked why they gave us a particular score. The top three categories for satisfied and unsatisfied responses were the same:

1. Speed of solving the issue
2. Quality of service
3. Genuine interest in helping

Insights from the survey contribute to ongoing improvement to our complaint handling processes through the Compliance Transformation Project.

## 2,188 Complaints



## 4,181 Enquiries



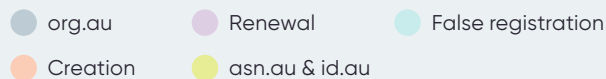
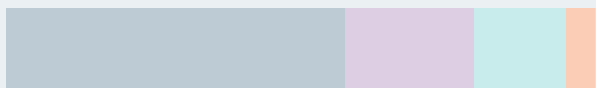
## 56 auDRP disputes



## 88 Enforcement body requests



## 1,569 Audits



## Compliance activity in 2020-21

### Complaints

We received 2,188 complaints in the reporting period, a decrease of 51 percent from 4,458 in 2019-20. This has been driven by more complaints being directed to registrars in the first instance, uplift in compliance activity and an increase in communications about .au policies and compliance. The top complaint reason was suspected criminal misuse, which generally occurs where a domain name has been registered using information the applicant does not have permission to use.

48 complaints were escalated for internal review by an auDA senior manager. One complaint was escalated for external review by the Registrant Review Panel, which preceded the Licence Review Panel. No complaints were escalated to the Licence Review Panel between its establishment in April 2021 and June 2021. auDA reviews all decisions taken by the Review Panels to identify opportunities to improve compliance processes.

Following [public consultation](#) in late 2020 about the Licence Review Panel, the .au Licensing Rules were amended to allow greater flexibility in the length of Panel members' terms. The change is intended to ensure stability of the Panel and to enable effective caseload management.

### Enquiries

In the financial year, auDA received 4,181 enquiries, an increase of 22 percent from 3,426 in 2019-20. The increase was driven by a spike in enquiries from January to March 2021 as registrants sought information on how the new Licensing Rules would relate to their domain name licences and confirmation that suspicious phishing emails were not genuine emails from auDA.

### auDRP disputes

auDA does not play a role in adjudicating legal disputes between eligible .au registrants and other parties who believe they have competing rights for the same domain name. These disputes are handled by independent .au dispute arbitrators, the Resolution Institute and the World Intellectual Property Organization, in accordance with the .au Dispute Resolution Policy (auDRP). Disputes can result in the transfer of a domain name to the complainant. In 2020-21, 56 disputes were referred to independent arbitration and 30 of those resulted in the transfer of a domain name. This is up from 38 disputes and 15 transfers in 2019-20.



### **Enforcement body requests**

Enforcement bodies such as Commonwealth and State law enforcement agencies and consumer affairs and fair-trading bodies can submit requests to auDA for assistance with enforcement activity under their legal remits. In the financial year, we responded to 88 requests. The majority of requests were for information related to a domain name registration. Around 20 percent requested that auDA take compliance action under the Licensing Rules. We evaluate all requests in accordance with Australian law. In the period, we denied one quarter of requests.

### **Audits**

In 2020-21, we commenced an extensive program of audits to uplift compliance in key priority areas. In total, 1,569 audits were undertaken. Of these, almost 60 percent were conducted in the org.au namespace to ensure that new and renewing registrants meet the updated eligibility criteria for org.au domain names under the .au Licensing Rules, keeping the namespace trusted for Australian charities and not-for-profit organisations.



# Governance



# auDA's Board and Constitution

**The auDA Board champions good governance, provides oversight of the organisation's operations and contributes to the organisation's strategic direction, supporting auDA to administer the .au domain in the interest of all Australians.**

The 2019-20 financial year was a period of transformation at auDA. Following the Federal Government review of auDA and the adoption of a new Constitution in 2018, the then-newly appointed Board of Directors focussed on embedding new governance arrangements.

In 2020-21, the Board focussed its activity on the future strategic direction of auDA and overseeing the implementation of the new .au Licensing Framework.

#### **Key Board activity during the financial year included:**

- Approving the implementation of the new .au Licensing Rules in phases, with rules related to the id.au, .au direct namespaces and international domain names (such as 例如.au) to come into effect after the initial Phase One implementation
- Approving the commencement date of 12 April 2021 for Phase One of the new Licensing Rules
- Appointing the new Licence Review Panel
- Participating in auDA's strategic planning workshops, contributing to the organisation's future direction
- Initiating a comprehensive review of auDA's Enterprise Risk Framework to align with the 2021-25 Strategy

- Recommending a change to the Transition Date in the auDA Constitution
- Approving Co-Marketing and Innovation Fund grants over \$100,000 for registrar campaigns aimed at growing and building trust in the .au domain
- Approving the appointment of Jackie Korhonen as the fourth Elected Director
- Undertaking a comprehensive review of corporate governance policies
- Approving the Changes of Control of the Registry Operator, and the two year extension to the Registry Licence Agreement
- Approving the relocation of office premises
- Contributing to the refresh of the General and Technical Standing Advisory Committees, including approval of new Charters and interim Chair appointments
- Approving a new Chair for the edu.au Advisory Committee
- Hosting an industry networking evening to discuss how the industry can work together to support Australians through digital technology.

As part of our commitment to high standards of corporate governance and transparency, a schedule of Board meetings and Meeting Minutes are [published](#) on the auDA website, with consideration for commercial-in-confidence or confidential security or personnel matters. The [Board Charter](#) is also available on the auDA website and will be reviewed in 2021-22.

## Board Committees

Three Board sub-committees operate as part of auDA's governance framework:

### Security and Risk Committee (SRC)

Chaired by Peter Elford, the SRC provides oversight and advice to the Board on information, privacy, security, risk and business continuity.

### People and Culture Committee (PCC)

Chaired by Tania Fryer, the PCC provides oversight and advice to the Board on people and culture matters including auDA staff, Board Advisory Committees, the Nominations Committee and the Licence Review Panel.

### Finance and Audit Committee (FAC)

Chaired by Alice McCleary, the FAC provides oversight and advice to the Board on financial management and performance, compliance, investment, external statutory audit, internal audit reviews and external financial reporting.

Committee meeting attendance is available in the Director's Report on page 53 and Committee Charters can be found on the [auDA website](#).

## Nomination Committee

The Nomination Committee is the auDA Board Committee with responsibility to ensure a transparent process to appoint Board Directors and to oversee and assist with assessing the effectiveness of the Board.

The Nomination Committee is chaired by auDA Chair Alan Cameron. Members of the Committee come from the telecommunications, IT and business sectors, auDA Members, consumer organisations and include a Government representative.

In the financial year, the Nomination Committee oversaw recruitment to fill the fourth Elected Director vacancy on the auDA Board. The Committee reviewed a long list of candidates, selected a shortlist of nominees and recommended three nominees for Associate Members to vote on in a ballot. Jackie Korhonen was the successful candidate, receiving the majority of favourable votes, as required by the auDA Constitution. The auDA Board approved the appointment and Jackie commenced her duties as an auDA Board Director on 11 November 2020.

The Nomination Committee met six times in the financial year.

The full list of Nomination Committee members and its Charter can be found on the [auDA website](#).

## Amendment to auDA's Constitution

auDA's Governing Members are the members of auDA for Corporations Act purposes and may vote on matters related to auDA. Currently, the Governing Members of auDA are the individual members of the Nomination Committee, except for the auDA Chair and Government representative.

In July 2020, the Governing Members voted to approve an amendment to the definition of the Transition Date in the Constitution. The Transition Date is the date on which Associate Members can become members of auDA for Corporation Act purposes, with full voting rights, if they choose to.

The Transition Date was extended to the earlier of 30 days after the number of Associate Members exceeds 12,500 or 27 September 2022. This amendment allows auDA sufficient time to grow a diverse membership base following new governance arrangements that were introduced with the new Constitution in 2018.

auDA is preparing communications materials to inform Associate Members and other new potential members about the upcoming membership transition in 2022.

## Board Performance Review

This financial year, the Board engaged independent consulting firm Hattonneale to conduct a Board Performance Review and report on the Board's performance against its Charter. This was the first external review since new Directors were appointed to the auDA Board in November 2019 and fulfils the conditions in auDA's Terms of Endorsement, and requirements of auDA's Board Charter and Nomination Committee Charter.

The Review process included a survey completed by the Board Chair, Directors, CEO, Executive team and government representative, followed by individual interviews with each participant during April and May 2021. The Report was provided to the Board and the Nomination Committee in June 2021. It highlighted that the Board is collegiate, collaborative, respectful and committed to delivering on auDA's purpose and responsibilities, as set out in auDA's Constitution and Terms of Endorsement. The Report found that the Board has a broad, balanced mix of skills and experience to be effective and made several recommendations for improvement, which are being acted on.

This financial year the auDA Board and Nomination Committee also reviewed the Board skills matrix and each Board Committee conducted its own self-assessment process on its performance. In the next Board Performance Review, we envisage the focus will expand to also review the performance of individual Directors and the Board Committees. Read about each Director's experience and expertise on page 51.

## auDA Board Directors



**Alan Cameron AO**  
Independent Chair



**James Atkins**  
Independent Director



**Dr Kate Cornick**  
Independent Director



**Sandra Davey**  
Elected Director



**Peter Elford**  
Independent Director



**Tania Fryer**  
Elected Director



**Angelo Giuffrida**  
Elected Director



**Matthew Healy**  
Independent Director



**Dr Alice McCleary**  
Independent Director



**Jackie Korhonen**  
Elected Director

# Board Advisory Committees

Three Board Advisory Committees operate under the auDA Constitution. They play an important role in our multi-stakeholder community, representing the views of Australians and providing feedback for Board consideration.

auDA's Board Advisory Committees are the [General Advisory Standing Committee](#) (GASC), [Technical Advisory Standing Committee](#) (TASC) and [edu.au Advisory Committee](#) (EAC).

In the financial year, auDA developed new Charters for GASC and TASC, in consultation with members of the Committees. The Charters outline roles and responsibilities, engagement with the Board and membership information. They set out a clear remit for the Committees to guide their activity in 2021-22 and into the future, enabling the continued delivery of advice and diverse perspectives to the auDA Board. New interim Chairs of GASC and TASC were also appointed and auDA began preparations to refresh Committee membership in the first quarter of 2021-22.

The EAC has representatives from government, higher education, the schools, vocational training and early learning sectors. Over 2020-21, several new members were appointed to the EAC including a new Chair who was appointed in June 2021. The EAC operates under Terms of Reference, which will be reviewed in 2021-22.

GASC and TASC met four times each and EAC met twice during the financial year. Records of Meetings for each Committee and Committee members are published on the auDA website.

**GASC** provides advice on general issues related to the .au domain and supports auDA in effective multi-stakeholder engagement with Internet users from diverse backgrounds.

**TASC** provides advice on technical matters related to the .au domain and helps identify initiatives that support Internet security and digital risk management.

**EAC** provides advice on matters related to the edu.au namespace, including management of the edu.au domain and outreach to the education sector.



## Corporate Governance Principles

### Principle 1

Lay solid foundations for management and oversight

### Principle 2

Structure the Board to be effective and add value

### Principle 3

Instil a culture of acting lawfully, ethically and responsibly

### Principle 4

Safeguard the integrity of corporate reports

### Principle 5

Make timely and balanced disclosure

### Principle 6

Respect the rights of security holders (auDA Members)

### Principle 7

Recognise and manage risk

### Principle 8

Remunerate fairly and responsibly

# Governance, transparency and accountability

**Maintaining high levels of governance, transparency and accountability is a high priority for auDA. This is reflected in the 2021-25 Proposed Strategy, which highlights good governance as a strategic capability that will support us to deliver our strategic purpose and vision.**

## ASX Corporate Governance Principles and Recommendations

The ASX Corporate Governance Principles and Recommendations (CGPR) outline a set of recommended corporate governance practices to guide positive governance outcomes. The Principles and Recommendations are designed for entities listed on the Australian Securities Exchange, however, can be adopted by other entities.

As outlined in the 2021-25 Proposed Strategy, auDA will report against the CGPR as an independent benchmark for governance, transparency and accountability.

As a not-for-profit company limited by guarantee, we will adapt the CGPR to reflect our size, structure, and multi-stakeholder community, including auDA Members in place of security holders.

Development of our first Corporate Governance Statement began in 2020-21 and is to be published on the [auDA website](#) in the second quarter of 2021-22.

### Maintaining auDA's not-for-profit status

auDA is an Australian Public Company limited by guarantee. This structure requires auDA to reinvest profits to support the achievement of its purpose and does not permit the distribution of funds to members.

We reinvest surpluses into continuous improvement of the .au domain and initiatives and partnerships with likeminded organisations to create further value for Australians through an open, free, secure and global Internet. Capital reserves are maintained for unforeseen expenses that may arise in the future.

A transparency and accountability report is published in the **Appendix**. It sets out auDA's reporting requirements under auDA's KPI Framework, Strategic Plan 2019-2024, Transparency and Accountability Framework and Stakeholder Engagement Strategy, and identifies where in this Annual Report we have reported on each requirement.



# Annual Financial Report

30 June 2021

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# Directors' report

For the year ended 30 June 2021

The directors present their report together with the financial report of .au Domain Administration Limited (the "Group") consisting of .au Domain Administration Limited (the "Group") and the entities it controlled for the financial year ended 30 June 2021 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	
James Atkins	15 November 2019	
Dr. Kate Cornick	15 November 2019	
Sandra Davey	15 November 2019	
Peter Elford	15 November 2019	
Tania Fryer	15 November 2019	
Angelo Giuffrida	15 November 2019	
Matthew Healy	15 November 2019	
Alice McCleary	15 November 2019	
Jacqueline Korhonen	11 November 2020	

### ALAN CAMERON AO BA LLM HON LLD SYDNEY FAICD LIFE FAAL

Independent Chair

Alan Cameron worked in corporate law practice in Sydney, was Commonwealth Ombudsman 1991–92, and was chairman of the ASC and ASIC 1993–2000. Most recently he has been a consultant and company director. He is chairperson of the NSW Law Reform Commission and the Legal Services Council. He has been Chairperson of the Property Exchange Australia Limited group, Deputy Chancellor of the University of Sydney and chair of the ASX Corporate Governance Council.

### JAMES ATKINS BA BComm FAICD

Independent Director

James Atkins is an experienced non-executive director in the commercial and not-for-profit sectors. In addition to his role on the auDA Board, James is the Chair of BIG4 Holiday Parks and Greening Australia, and a non-executive director of the Connective Group and Circus Oz. James has many years' experience as a business strategist and senior executive in highly competitive markets, and is currently the principal of Vantage Strategy, which works with a wide range of organisations helping them clarify their strategy and supporting their growth.

### KATE CORNICK PhD (Electrical Engineering) BE/BSc

Independent Director

Kate Cornick is currently the CEO of LaunchVic, the Victorian Government's start-up agency. Her previous roles include CEO of an ASX listed startup, Director of Innovation and Industry Engagement at the University of Melbourne and General Manager at NBN Co. Kate is currently a Member of Charles Sturt University (CSU) Council, a Member of the CSU Audit and Risk Committee and CSU Foresighting Committee and a Director of Zoologi.



## 1. Directors (continued)

### SANDRA DAVEY MAICD

Elected Director

Sandra Davey is a product coach with Organa Minds Pty Ltd. She coaches people, teams and leaders in Agile and new ways of working and in optimising how organisations bring their digital products to market. Her past roles include Director and then Chair of CHOICE, two years chairing the rebirth of Australia's Internet governance community, NetThing (previously auGF), serving as Director and Chair of the Australian Interactive Media Industry Association and as an inaugural Director of auDA when it was known as the Australian Domain Name Authority. She is a current Director of Screenrights.

### PETER ELFORD BSc(Hons) GAICD

Independent Director

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 until 2019. Peter is currently a Director of the Regional Development Australia (RDA) ACT Board and President of the Gungahlin Community Council.

### TANIA FRYER LLB(Hons) BA MCommrcLaw GAICD

Elected Director

Tania Fryer is a professional independent non-executive director with experience in technology, communications and law. Formerly an executive at Telstra and earlier a lawyer at Allens in technology and intellectual property, Tania has been involved in working with boards and management teams for 24+ years. Tania is a non-executive director on the boards of Greater Western Water and Potential(x) Holdings Pty Ltd and on the Victorian State Committee JDRF Australia (Juvenile Diabetes Research Foundation). Her past board roles include non-executive director of City West Water, Grey Innovation Group Pty Ltd (and subsidiaries) and auDA Foundation Ltd.

### ANGELO GIUFFRIDA

Elected Director

Angelo Giuffrida has been directly involved in the domain name industry for over 13 years with experience in registrar accreditations and operations, registry functions, policy implementation and registrant support. Angelo is the co-founder and co-CEO of Nexigen Digital which includes VentralP, Synergy Wholesale and Digital Eagles. Utilising his breadth of industry knowledge and experience, Angelo represents the best interests of all auDA stakeholders.

### MATTHEW HEALY BA/LLB GAICD

Independent Director

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 Telecom 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 Director

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, NFPs, industry associations and government bodies, and 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.

## 1. Directors (continued)

### JACQUELINE KORHONEN BSc, BEng (Hons) GAICD

Elected Director

Jackie 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, and later returning 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, Chair 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:

Director	Board Meetings		Finance and Audit Committee		Security and Risk Committee		People and Culture Committee	
	A	B	A	B	A	B	A	B
Meeting held in the year	11		5		4		6	
Alan Cameron	11	11	5	5	4	4	6	6
James Atkins	11	11	5	5				
Kate Cornick	11	11	3	5	4	4		
Peter Elford	11	11			4	4		
Matthew Healy	11	11			4	4	6	6
Alice McCleary	11	11	5	5	3	4		
Sandra Davey	10	11					6	6
Tania Fryer	11	11					6	6
Angelo Giuffrida	10	11	5	5			6	6
Jacqueline Korhonen	6	6			2	2		

**A** Number of meetings attended

**B** Number of meetings held during the time the director held office during the year ended 30 June 2021

## 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	

### 3. Secretaries (continued)

Sonia Joksimovic is a qualified company secretary and has more than 10 years experienced working in company secretarial and governance positions in publicly listed and unlisted companies. Ms Joksimovic was on extended leave and returned to work duties in November 2020.

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 companies.

## 4. Principal activities

The principal activities of the Group during the year ended 30 June 2021 comprised of management of .au Domain name space. There were no changes in the nature of the activities of the Group during the year.

## 5. Operating and financial review

Revenue from operations for the year ended 30 June 2021 was \$18,381,818 (2020: \$13,734,755). The result for the year ended 30 June 2021 is a profit of \$10,901,331 (2020: \$2,395,187).

For the year to 30 June 2021 the Group generated net cash from operating activities of \$10,340,598 (2020: \$9,948,110).

	2021 \$	2020 \$	Variance \$
Revenue from operations	18,381,818	13,734,755	4,647,063
Profit for the year	10,901,331	2,395,187	8,506,144
Net cash from operating activities	10,340,598	9,948,110	392,488

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

The implementation of the new Policy Framework, comprising new Licence Rules, new Registrar Rules and a new Registrar Agreement proceeded during 2020-21 and will continue through 2021-22. A commencement date for .au direct registrations was announced in mid-August 2021 and the implementation of processes and tools to support registrars and registrants will continue during the year.

## 8. Events subsequent to reporting date

Prior to year-end, the Board approved the extension of the Registry Licence Agreement with Afilias Australia Pty Ltd. The extension was signed in July 2021 and expires in June 2024.

Other than the matter 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 consolidated entity, in future financial years.

## 9. Member's guarantee

The Group is limited by guarantee. If the Group is wound up the constitution states that each governing member is required to contribute a maximum of \$10 towards meeting any outstanding obligations of the Group. At 30 June 2021, the number of governing members was 8. (2020: 8).

## 10. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 78 and forms part of the Directors' Report for the year ended 30 June 2021.

This report is made with a resolution of the Directors:



Alan Cameron AO

Independent Chair

Dated at Sydney this 21<sup>st</sup> day of September 2021



# Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue	4	18,381,818	13,734,755
Other income		4,615	2,916
Employee benefits expense	6	(5,008,139)	(4,382,402)
Consultancy expense		(1,596,944)	(1,836,246)
Domain Name System infrastructure expense		(1,276,523)	(860,316)
Marketing and communication expense		(1,647,187)	(1,884,455)
Travel expense		(55,759)	(311,334)
Directors' remuneration expense		(503,750)	(404,493)
Professional subscriptions expense		(310,246)	(140,480)
Depreciation of plant and equipment	12	(229,558)	(234,905)
Depreciation of right-of-use assets	14(iii)	(165,020)	(169,099)
Other expenses		(1,099,702)	(610,243)
<b>Result from operating activities</b>		<b>6,493,605</b>	<b>2,903,698</b>
Finance income	7	4,615,657	468,780
Finance costs	7	(207,931)	(977,291)
<b>Net finance income/(costs)</b>		<b>4,407,726</b>	<b>(508,511)</b>
<b>Profit before tax</b>		<b>10,901,331</b>	<b>2,395,187</b>
Income tax expense	3(j)	–	–
<b>Profit for the year</b>		<b>10,901,331</b>	<b>2,395,187</b>
<b>Other comprehensive income</b>		<b>–</b>	<b>–</b>
<b>Total comprehensive income</b>		<b>10,901,331</b>	<b>2,395,187</b>

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 2021

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

<b>Assets</b>	<b>Note</b>	<b>2021 \$</b>	<b>2020 \$</b>
<b>Current assets</b>			
Cash and cash equivalents	8	11,023,141	16,854,269
Trade and other receivables	10	2,695,345	2,613,676
<b>Total current assets</b>		<b>13,718,486</b>	<b>19,467,945</b>
<b>Non-current assets</b>			
Other assets		139,039	137,668
Investments	11	33,747,039	13,824,644
Plant and equipment	12	472,366	651,302
Right-of-use asset	14(ii)	342,278	507,298
<b>Total non-current assets</b>		<b>34,700,722</b>	<b>15,120,912</b>
<b>Total assets</b>		<b>48,419,208</b>	<b>34,588,857</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	1,463,497	1,124,106
Employee benefits		349,568	294,486
Other liabilities		2,351,692	–
Deferred income	5	12,447,352	11,857,586
Lease liabilities	14(i)	229,979	188,657
<b>Total current liabilities</b>		<b>16,842,088</b>	<b>13,464,835</b>
<b>Non-current liabilities</b>			
Deferred income	5	7,234,087	7,546,028
Employee benefits		69,227	–
Provision for make good		53,000	53,000
Lease liabilities	14(i)	197,626	403,145
<b>Total non-current liabilities</b>		<b>7,553,940</b>	<b>8,002,173</b>
<b>Total liabilities</b>		<b>24,396,028</b>	<b>21,467,008</b>
<b>Net assets</b>		<b>24,023,180</b>	<b>13,121,849</b>
<b>Equity</b>			
Retained earnings		24,023,180	13,121,849
<b>Total equity</b>		<b>24,023,180</b>	<b>13,121,849</b>

## Consolidated statement of changes in equity

For the year ended 30 June 2021

	Note	Retained earnings \$	Total Equity \$
Balance at 1 July 2019		10,726,662	10,726,662
<b>Total comprehensive income</b>			
Profit		2,395,187	2,395,187
Total comprehensive income		2,395,187	2,395,187
<b>Balance at 30 June 2020</b>		<b>13,121,849</b>	<b>13,121,849</b>
Opening balance at 1 July 2020		13,121,849	13,121,849
<b>Total comprehensive income</b>			
Profit		10,901,331	10,901,331
Total comprehensive income		10,901,331	10,901,331
<b>Balance at 30 June 2021</b>		<b>24,023,180</b>	<b>24,023,180</b>

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 2021

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Cash received from customers		22,772,463	20,373,370
Cash paid to suppliers and employees		(12,820,369)	(10,896,721)
Finance income received		388,504	471,461
<b>Net cash from operating activities</b>	9	<b>10,340,598</b>	<b>9,948,110</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of investments	11	10,310,103	15,834,664
Acquisition of investments	11	(26,242,053)	(19,202,965)
Proceeds from disposal of plant and equipment		–	5,979
Acquisition of plant and equipment		(50,622)	(109,776)
<b>Net cash used in investing activities</b>		<b>(15,982,572)</b>	<b>(3,472,098)</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities		(189,154)	(114,579)
<b>Net cash used in financing activities</b>		<b>(189,154)</b>	<b>(114,579)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(5,831,128)</b>	<b>6,361,433</b>
Cash and cash equivalents at 1 July		16,854,269	10,492,836
<b>Cash and cash equivalents at 30 June</b>	8	<b>11,023,141</b>	<b>16,854,269</b>

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 2021

## 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 2021.

.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 17, 1 Collins Street, Melbourne, Victoria, Australia. The Group is a not-for-profit entity.

## 2. Basis of preparation

### (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 21 September 2021. 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.



## 2. Basis of preparation (continued)

### (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.

The ability of the Group to continue as a going concern has not been significantly impacted by the outbreak of the COVID-19 pandemic. The Group provides .au domain name services to the public via its accredited Registry Operator which is a critical service to that market sector. The Group is not subject to concentration of credit risk as there are no borrowings at 30 June 2021 and the Group has sufficient cash to meet all committed liabilities and future expected liabilities.

## 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.

### 3. Significant accounting policies (continued)

#### (b) Financial instruments (continued)

##### (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 derivative 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 a 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.

### 3. Significant accounting policies (continued)

#### (c) Plant and equipment (continued)

##### (iii) Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally 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:

	2021	2020
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.

### 3. Significant accounting policies (continued)

#### (e) Employee benefits (continued)

##### (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) Registry licence fees

Registry licence fees are charged by the Group to Afilias Australia Pty Ltd (Afilias), the Registry Operator, for licencing of the .au registry. Fees are charged by reference to the volume of domain names registered in the .au domain space each period by Afilias. 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 Afilias, and the technical management of the .au zone file in order for Afilias to benefit from its licence rights. The performance obligations are satisfied over time

as Afilias receives and consumes the benefits provided by the Group's continuous maintenance of the .au zone file during the life of the licencing 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 1 and 5 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 amount received is deferred, and is 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.



### 3. Significant accounting policies (continued)

#### (h) Leases (continued)

##### (i) As a lessee (continued)

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.

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.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

#### 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.

### 3. Significant accounting policies (continued)

#### (h) Leases (continued)

##### (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 of the Income Tax Assessment Act 1997 the parent is income tax exempt. The auDA Foundation is also income tax exempt.

##### (k) GOODS AND SERVICES TAX

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash flows are included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

##### (l) CORPORATE STRUCTURE

The Group is incorporated in Australia and is an unlisted public company limited by guarantee. In the event of the Group being wound up or dissolved, the right to administer the .au country code top level domain and any property that remains after settlement of all its debts and liabilities, may not be distributed among the members, but must be transferred on to another entity nominated or approved by the Commonwealth of Australia or, in the absence of such approval, be transferred to the Commonwealth of Australia.

At the end of the financial year the Group had 8 members (2020: 8 members).

### 3. Significant accounting policies (continued)

#### (m) 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.

#### (n) STANDARDS ISSUED BUT NOT YET EFFECTIVE STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

##### A. Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Group has determined that all contracts existing at 30 June 2021 will be completed before the amendments become effective.

##### B. Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and
- hedge accounting.

##### *i. Change in basis for determining cash flows*

The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

There is no impact to the Group arising from the interest rate benchmark reforms.

##### *ii. Hedge accounting*

The amendments provide exceptions to the hedge accounting requirements in the following areas.

- Allow amendment of the designation of a hedging relationship to reflect changes that are required by the reform.
- When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, the hedged items are allocated to sub-groups based on the benchmark rates being hedged.

### 3. Significant accounting policies (continued)

(n) Standards issued but not yet effective standards and interpretations not yet adopted (continued)

B. Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (continued)

ii. Hedge accounting (continued)

- If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.

The Group expects that no significant gain or loss will arise as a result of applying the amendments.

The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

#### iii. Disclosure

The amendments will require the Group to disclose additional information about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities.

#### iv. Transition

The Group plans to apply the amendments from 1 July 2021. Application will not impact amounts reported for 2021 or prior periods.

### C. Other standards

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

- COVID-19-Related Rent Concessions (Amendment to IFRS 16).
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

## 4. Revenue

	2021 \$	2020 \$
<b>Revenue from contracts with customers</b>		
Registry licence fees	18,281,894	13,612,427
Registrar fees	99,924	122,328
<b>Total revenue</b>	<b>18,381,818</b>	<b>13,734,755</b>

This is the third financial year since the registry transition project occurred. Revenue generated under the registry licence contract prior to the registry transition project (i.e. prior to 1 July 2018) was recognised at a point in time when cash was received. Under the registry licence contract subsequent to the registry transition project (i.e. from 1 July 2018), revenue is recognised over time based on the terms of the individual domain name registrations. In addition to increased revenue as a result of COVID-19, change has resulted in the Group's revenue recognised in financial year 2021 increasing compared with financial year 2020 as deferred income from the prior years has been brought to account in the current year. Recognised revenue from 2021 onwards will be more consistent in its quantum.

## 5. Deferred income

	2021 \$	2020 \$
<b>Current</b>		
Registry licence fees	12,374,752	11,819,758
Registrar fees	72,600	37,828
	<b>12,447,352</b>	<b>11,857,586</b>
<b>Non-current</b>		
Registry licence fees	6,791,867	6,488,840
Provision for registry licence fees	442,220	1,057,188
	<b>7,234,087</b>	<b>7,546,028</b>



## 6. Employee benefits expense

	2021 \$	2020 \$
Wages and salaries	4,489,708	4,018,799
Contributions to defined contribution plans	353,060	279,159
Other employment expenses	165,371	84,444
	<b>5,008,139</b>	<b>4,382,402</b>

## 7. Finance income and finance costs

	2021 \$	2020 \$
Change in fair value of financial assets classified at FVTPL*	3,990,445	–
Net foreign exchange income	–	17,001
Interest income	4,732	190,687
Dividend income	620,480	261,092
<b>Finance income</b>	<b>4,615,657</b>	<b>468,780</b>
Change in fair value of financial assets classified at FVTPL*	–	(947,306)
Interest on lease liability	(24,957)	(29,985)
Net foreign exchange losses	(9,084)	–
Investment management fees	(173,890)	–
<b>Finance costs</b>	<b>(207,931)</b>	<b>(977,291)</b>
<b>Net finance income/(costs)</b>	<b>4,407,726</b>	<b>(508,511)</b>

\* Fair value through profit or loss

## 8. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank	11,017,940	16,848,661
Cash on hand	5,201	5,608
	<b>11,023,141</b>	<b>16,854,269</b>

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

	2021 \$	2020 \$
Profit for the year	10,901,331	2,395,187
Adjusted for non-cash items in net profit:		
• Depreciation and amortisation	229,558	234,905
• Depreciation - right-of-use asset	165,020	169,099
• Interest on lease liability	24,957	29,985
• Change in fair value of financial assets at FVTPL*	(3,990,445)	947,306
Decrease/(increase) in trade and other receivables	(81,669)	(598,644)
Decrease/(increase) in other assets	(1,371)	(3,060)
Increase/(decrease) in trade and other payables	339,391	(87,323)
Increase/(decrease) in deferred income	277,825	6,148,577
Increase/(decrease) in employee benefits	124,309	(23,189)
Increase/(decrease) in other liabilities	2,351,692	735,267
<b>Net cash from operating activities</b>	<b>10,340,598</b>	<b>9,948,110</b>

\* Fair value through profit or loss

## 10. Trade and other receivables

	2021 \$	2020 \$
Trade receivables	2,248,227	2,155,733
Other receivables	1,420	1,745
Prepayments	445,698	456,198
	<b>2,695,345</b>	<b>2,613,676</b>

## 11. Investments

	2021 \$	2020 \$
<b>Non-current</b>		
Equity securities	23,705,296	4,378,139
Managed funds	8,492,393	7,420,844
Alternatives and other investments	1,549,350	2,025,661
	<b>33,747,039</b>	<b>13,824,644</b>

The market value of investments increased during the financial year by \$3,990,445 due to high volatility in the current COVID-19 environment. Subsequent to year end, there has been no indicators which will significantly impact the market valuation of investments.

## 12. Plant and equipment

	Office equipment \$	Leasehold improvement \$	Computer equipment \$	Total \$
<b>Cost</b>				
Balance at 1 July 2019	177,103	655,508	452,840	1,285,451
Additions	19,464	63,350	26,962	109,776
Disposals	-	-	(5,979)	(5,979)
<b>Balance at 30 June 2020</b>	<b>196,567</b>	<b>718,858</b>	<b>473,823</b>	<b>1,389,248</b>
Balance at 1 July 2020	196,567	718,858	473,823	1,389,248
Additions	2,316	-	48,306	50,622
Disposals	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>198,883</b>	<b>718,858</b>	<b>522,129</b>	<b>1,439,870</b>
<b>Accumulated depreciation</b>				
Balance at 1 July 2019	71,838	178,890	252,313	503,041
Depreciation	30,609	128,914	75,382	234,905
Disposals	-	-	-	-
<b>Balance at 30 June 2020</b>	<b>102,447</b>	<b>307,804</b>	<b>327,695</b>	<b>737,946</b>
Balance at 1 July 2020	102,447	307,804	327,695	737,946
Depreciation	31,443	131,482	66,633	229,558
Disposals	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>133,890</b>	<b>439,286</b>	<b>394,328</b>	<b>967,504</b>
<b>Carrying amounts</b>				
<b>At 30 June 2020</b>	<b>94,120</b>	<b>411,054</b>	<b>146,128</b>	<b>651,302</b>
<b>At 30 June 2021</b>	<b>64,993</b>	<b>279,572</b>	<b>127,801</b>	<b>472,366</b>

### 13. Trade and other payables

	2021 \$	2020 \$
Trade payables	560,943	101,877
Other payables and accrued expenses	902,554	1,022,229
	<b>1,463,497</b>	<b>1,124,106</b>

### 14. Leases

The Group has a lease for commercial office space for a period of six years with an option to renew the lease for another six years after that date. Lease payments are subject to fixed percentage increase annually. The lease was entered in 2017 and expires in 2023.

#### i) Lease liabilities

	2021 \$	2020 \$
<b>Current</b>		
Lease liabilities	229,979	188,657
<b>Non-Current</b>		
Lease liabilities	197,626	403,145
	<b>427,605</b>	<b>591,802</b>

#### ii) Right-of-use-assets

	Property \$	Total \$
Right of use assets	676,397	676,397
Accumulated depreciation	(334,119)	(169,099)
	<b>342,278</b>	<b>507,298</b>

#### iii) Amounts recognised in profit or loss

	2021 \$	2020 \$
Interest on lease liability (see Note 7)	24,957	29,985
Depreciation-right-of-use assets (see note 14(ii))	165,020	169,099
	<b>189,977</b>	<b>199,084</b>

#### iv) Amounts recognised in statement of cash flows

	2021 \$	2020 \$
Total cash outflow for leases	189,154	114,579
	<b>189,154</b>	<b>114,579</b>

#### v) Extension options

The lease contains an extension option to further the lease term for an additional six years, exercisable by the Group up to six months before the end of the non-cancellable contract period. 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 \$1,197,175. However, the group signed a new lease agreement subsequent to year end and will relocate offices in early 2022, and therefore is unlikely to exercise its option on the existing lease. The new lease agreement is for a period of 5 years, with a 3 year option. The rental commitment in the first year is \$422,300, with a fixed yearly increase of 3.5%.

## 15. 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	
		2021	2020
auDA Foundation Pty Ltd	Australia	100%	100%
auDA Foundation (a public charitable trust)	Australia	100%	100%

## 16. Related parties

### (a) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel of the Group comprise of the Directors and 5 current members of the executive management and 1 former member of the executive management (2020: Director and 4 current members of executive management and 2 former members of executive management). The key management personnel compensation is outlined below.

	2021 \$	2020 \$
Short-term employee benefits	2,470,054	1,626,488
Post-employment benefits*	122,432	125,580
Other long-term benefits	12,576	12,059
Termination benefits	–	515,613
<b>Key management personnel compensation</b>	<b>2,605,062</b>	<b>2,279,740</b>

\* Superannuation benefits

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

### (b) OTHER RELATED PARTY TRANSACTIONS

The nomination committee members were remunerated in accordance with Clause 10 of the Nomination Committee Charter totalling to \$62,915 (2020: \$210,240).

There are no other related party transactions with the Group.

## 17. Commitments

There are no significant capital commitments as at 30 June 2021 (2020: nil).

## 18. Auditor's Remuneration

	2021 \$	2020 \$
<b>Auditors of the Group – KPMG</b>		
Audit and review of financial statements – Group	59,160	62,000
Audit and review of financial statements – Subsidiary	6,936	6,800
	<b>66,096</b>	<b>68,800</b>
<b>Other services – KPMG</b>		
Financial statement compilation services	10,710	10,500
Policy review	–	44,500
Integrated reporting analysis	34,155	–
	<b>44,865</b>	<b>55,000</b>



## 19. 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 19(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.

		Carrying amount				Fair value
		Note	Amortised cost	FVTPL	Other financial liabilities	
<b>30 JUNE 2021</b>						
<b>Financial assets measured at fair value</b>						
Equity securities	11	–	23,705,296	–	23,705,296	23,705,296
Managed funds	11	–	8,492,393	–	8,492,393	8,492,393
Alternatives and other investment	11	–	1,549,350	–	1,549,350	1,549,350
<b>Total</b>		–	<b>33,747,039</b>	–	<b>33,747,039</b>	<b>33,747,039</b>
<b>Financial assets not measured at fair value</b>						
Cash and cash equivalents	8	11,023,141	–	–	11,023,141	11,023,141
Trade and other receivables	10	2,249,647	–	–	2,249,647	2,249,647
<b>Total</b>		<b>13,272,788</b>	–	–	<b>13,272,788</b>	<b>13,272,788</b>
<b>Financial liabilities</b>						
Trade and other payables	13	–	–	1,463,497	1,463,497	1,463,497
Other liabilities		–	–	2,793,912	2,793,912	2,793,912
Lease liabilities	14(i)	–	–	427,605	427,605	427,605
<b>Total</b>		–	–	<b>4,685,014</b>	<b>4,685,014</b>	<b>4,685,014</b>

		Carrying amount				Fair value
		Note	Amortised cost	FVTPL	Other financial liabilities	
<b>30 JUNE 2020</b>						
<b>Financial assets measured at fair value</b>						
Equity securities	11	–	4,378,139	–	4,378,139	4,378,139
Managed funds	11	–	7,420,844	–	7,420,844	7,420,844
Alternatives and other investment	11	–	2,025,661	–	2,025,661	2,025,661
<b>Total</b>		–	<b>13,824,644</b>	–	<b>13,824,644</b>	<b>13,824,644</b>
<b>Financial assets not measured at fair value</b>						
Cash and cash equivalents	8	16,854,269	–	–	16,854,269	16,854,269
Trade and other receivables	10	2,157,478	–	–	2,157,478	2,157,478
<b>Total</b>		<b>19,011,747</b>	–	–	<b>19,011,747</b>	<b>19,011,747</b>
<b>Financial liabilities</b>						
Trade and other payables	13	–	–	1,124,106	1,124,106	1,124,106
Other liabilities		–	–	1,057,188	1,057,188	1,057,188
Lease liabilities	14(1)	–	–	591,802	591,802	591,802
<b>Total</b>		–	–	<b>2,773,096</b>	<b>2,773,096</b>	<b>2,773,096</b>

## 19. Financial Instruments – Accounting classifications and fair values (continued)

### (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.

## 20. 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 Audit Committee supports 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.

	2021 \$	2020 \$
Loss allowance	3,696	3,696
<b>Total</b>	<b>3,696</b>	<b>3,696</b>

### 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.

At 30 June 2021, the maximum exposure to credit risk for trade and other receivables by type of counterparty was as follows:

	Note	2021 \$	2020 \$
Trade and other receivables	10	2,249,647	2,157,478
<b>Total</b>		<b>2,247,647</b>	<b>2,157,478</b>

## 20. Financial risk management (continued)

### 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.

	Carrying Amount	Total	Less than 12 months	More than 12 months
<b>30 JUNE 2021</b>				
<b>Non-derivative financial liabilities</b>				
Trade and other payables	1,463,497	1,463,497	1,463,497	--
Other liabilities	2,793,912	2,793,912	2,351,692	442,220
Lease liabilities	427,605	427,605	229,979	197,626
<b>Total</b>	<b>4,685,014</b>	<b>4,685,014</b>	<b>4,045,168</b>	<b>639,846</b>
<b>30 JUNE 2020</b>				
<b>Non-derivative financial liabilities</b>				
Trade and other payables	1,124,106	1,124,106	1,124,106	–
Other liabilities	1,057,188	1,057,188	–	1,057,188
Lease liabilities	591,802	591,802	188,657	403,145
<b>Total</b>	<b>2,773,096</b>	<b>2,773,096</b>	<b>1,312,763</b>	<b>1,460,333</b>

### iv) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

- Foreign exchange risk: There is no direct foreign exchange risk and the Group has not hedged its exposure arising from foreign exchange.
- Interest rate risk.
- Equity price risk.

#### Interest rate risk

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

	Note	2021 \$	2020 \$
<b>Floating rate instruments</b>			
Cash and cash equivalents	8	11,023,141	16,854,269
<b>Total</b>		<b>11,023,141</b>	<b>16,854,269</b>

#### 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.

<i>Effect in dollars</i>	Profit or Loss		Equity, net of tax	
	100bp increase	100bp decrease	100bp increase	100bp decrease
<b>30 JUNE 2021</b>				
Variable rate instrument	110,231	(110,231)	–	–
<b>Cash flow sensitivity (net)</b>	<b>110,231</b>	<b>(110,231)</b>	<b>–</b>	<b>–</b>
<b>30 JUNE 2020</b>				
Variable rate instrument	168,543	(168,543)	–	–
<b>Cash flow sensitivity (net)</b>	<b>168,543</b>	<b>(168,543)</b>	<b>–</b>	<b>–</b>

## 20. Financial risk management (continued)

### iv) Market risk (continued)

#### *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.

## 21. Subsequent events

The ongoing COVID-19 pandemic may impact business performance and the value of investments held by the Group. The Group continues to assess its operating model to ensure viability.

Other than the matter 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 consolidated entity, in future financial years.

## 22. Parent entity disclosures

As at and throughout the financial year ended 30 June 2021 the parent entity of the Group was .au Domain Administration Limited.

## (a) STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2021 \$	2020 \$
Revenue	18,381,818	13,734,755
Other income	4,250	2,916
Employee benefits expense	(5,008,139)	(4,382,402)
Consultancy expense	(1,596,671)	(1,826,852)
Domain Name System infrastructure expense	(1,276,523)	(860,316)
Marketing and communication expense	(1,647,187)	(1,884,455)
Travel expense	(55,759)	(311,334)
Directors remuneration expense	(503,750)	(404,493)
Professional subscriptions expense	(307,052)	(136,750)
Depreciation and amortisation expense	(229,558)	(234,905)
Depreciation – right-of-use asset	(165,020)	(169,099)
Other expenses	(1,098,428)	(610,241)
<b>Result from operating activities</b>	<b>6,497,981</b>	<b>2,916,824</b>
Finance income	4,282,104	406,473
Finance costs	(190,331)	(884,269)
<b>Net finance income</b>	<b>4,091,773</b>	<b>(477,796)</b>
<b>Profit before tax</b>	<b>10,589,754</b>	<b>2,439,028</b>
Income tax expense	-	-
<b>Profit for the year</b>	<b>10,589,754</b>	<b>2,439,028</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>10,589,754</b>	<b>2,439,028</b>

## 22. Parent entity disclosures (continued)

**(b) STATEMENT OF FINANCIAL POSITION**

<b>Assets</b>	<b>2021 \$</b>	<b>2020 \$</b>
<b>Current assets</b>		
Cash and cash equivalents	10,678,564	15,843,535
Trade and other receivables	2,674,594	2,613,676
Investments	-	-
<b>Total current assets</b>	<b>13,353,158</b>	<b>18,457,211</b>
<b>Non-current assets</b>		
Other assets	139,039	137,668
Investments	30,878,332	11,914,194
Plant and equipment	472,366	651,302
Right-of-use asset	342,278	507,298
<b>Total non-current assets</b>	<b>31,832,015</b>	<b>13,210,462</b>
<b>Total assets</b>	<b>45,185,173</b>	<b>31,667,673</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	1,463,497	1,124,106
Employee benefits	349,568	294,486
Deferred income	12,447,352	11,857,586
Other liabilities	2,351,692	-
Lease liabilities	229,979	188,657
<b>Total current liabilities</b>	<b>16,842,088</b>	<b>13,464,835</b>
<b>Non-current liabilities</b>		
Deferred income	6,791,867	6,488,840
Employee benefits	69,227	-
Other liabilities	442,220	1,057,188
Provision for make good	53,000	53,000
Lease liabilities	197,626	403,145
<b>Total non-current liabilities</b>	<b>7,553,940</b>	<b>8,002,173</b>
<b>Total liabilities</b>	<b>24,396,028</b>	<b>21,467,008</b>
<b>Net assets</b>	<b>20,789,145</b>	<b>10,200,665</b>
<b>Equity</b>		
Retained earnings	20,789,145	10,200,665
<b>Total equity</b>	<b>20,789,145</b>	<b>10,200,665</b>

**(c) CONTINGENT LIABILITIES OF THE PARENT ENTITY**

The parent entity did not have any contingent liabilities as at 30 June 2021 (2020: Nil).

**(d) CONTRACTUAL COMMITMENTS OF THE PARENT ENTITY**

The parent entity did not have any contractual commitments as at 30 June 2021 (2020: 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 56 to 76, 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 2021 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*

Alan Cameron AO

Independent Chair

Dated at Sydney this 21<sup>st</sup> day of September 2021



## 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 2021 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

21 September 2021



## 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 Company).

In our opinion, the accompanying Financial Report of the Company 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 2021 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 2021
- 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 the Code.



#### 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.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

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.



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](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our Auditor's Report.

KPMG  
KPMG

Adrian Nathanielsz

Partner

Melbourne

21 September 2021

# Appendix



# Transparency and Accountability Report

auDA's reporting requirements are set out in the following documents:

- **KPI Framework (to support reporting against the Terms of Endorsement)**
- **auDA Strategic Plan 2019-2024**
- **Transparency and Accountability Framework**
- **Stakeholder Engagement Strategy**

These documents are available on the [auDA website](#).

To support transparency and accountability, the following table sets out each reporting requirement, the relevant source document/s and where each measure is reported.


























REPORTING REQUIREMENT	ANNUAL REPORT SECTION	SOURCE DOC/S
<b>Governance and accountability</b>		
Board performance against its Charter	auDA's Board and Constitution	<span style="color: #90EE90;">●</span> <span style="color: #FF8C00;">●</span> <span style="color: #FFD700;">●</span>
Annual statement of compliance by Chair	Annual Financial Report (Director's report)	<span style="color: #90EE90;">●</span>
Review of Board Charter	auDA's Board and Constitution	<span style="color: #90EE90;">●</span>
Board skills matrix reviewed	auDA's Board and Constitution	<span style="color: #90EE90;">●</span>
Date new Board appointed	auDA's Board and Constitution	<span style="color: #90EE90;">●</span>
Date Board minutes published	auDA's Board and Constitution	<span style="color: #90EE90;">●</span> <sup>1</sup>
Key decisions of the Board published	auDA's Board and Constitution	<span style="color: #FFD700;">●</span> <span style="color: #40E0D0;">●</span>
NFP status confirmed	Governance, transparency and accountability	<span style="color: #90EE90;">●</span>
Date Nomination Committee formed	Completed in 2018-19	<span style="color: #90EE90;">●</span>
Number of Nomination Committee meetings	auDA's Board and Constitution	<span style="color: #90EE90;">●</span>
Recruit and develop appropriate Board Directors	auDA's Board and Constitution	<span style="color: #90EE90;">●</span> <span style="color: #FF8C00;">●</span>

<sup>1</sup> The KPI Framework refers to the publication of Board papers in accordance with the Transparency and Accountability Framework. This is a transcription error, as there is no requirement to publish Board papers. The Transparency and Accountability Framework refers to publication of Board minutes and agendas on the auDA website, as well as annual reporting of key decisions of the Board.



REPORTING REQUIREMENT (continued)	ANNUAL REPORT SECTION	SOURCE DOC/S
Election by Associate Members of four directors	auDA's Board and Constitution	
Governance and strategic documents made available	auDA's strategic direction / auDA's Board and Constitution	
Corporate documents published after consultation	auDA's strategic direction / Compliance and complaints handling / auDA's Board and Constitution	
Reporting of Advisory Committee membership and associated outcomes on website and in annual report	Board Advisory Committees	
Advisory Committee terms of reference, meetings and availability of papers	Board Advisory Committees	
Satisfactory quarterly reports to Government	Government	
Board meetings attended by Government observer	Government	
Formal and informal meetings with DITRDC (formerly DOCA) and the Minister as required	Government	
Compliance with DITRDC (formerly DOCA) review checkpoints	Government	
Strategy developed to ensure orderly transition	2019 Strategic Plan developed in 2018-19 / auDA's strategic direction	
Annual financial reporting of revenue and expenditure	Annual Financial Report	<sup>2</sup>
<b>Stakeholders</b>		
Stakeholder engagement activities – develop broad range of events	Members / Community / Registrars / Industry	
Integrate stakeholders into decision making and governance processes – collaborate and co design	auDA's strategic direction / Members / Board Advisory Committees	
Develop policy development capability	Registrars / New .au Licensing Framework	
Training materials to assist registrars	Registrars	
Regular communications from CEO to stakeholders	Members / Registrars / Industry/ Government	
Consult widely with stakeholders	auDA's strategic direction	
Public feedback and comment function on the website	Compliance and complaints handling	
Support stakeholder engagement through GASC and TASC	Board Advisory Committees	
Promote and facilitate engagement with business stakeholders	Industry	
Report on domestic fora attended	Industry	
Engage with relevant Government stakeholders	Government	

<sup>2</sup> The KPI Framework refers to publication of an operating plan and budget. The reference to publication of a budget is a transcription error – it should refer to the publication of financial details of revenue and expenditure as per the Transparency and Accountability Framework.

REPORTING REQUIREMENT (continued)	ANNUAL REPORT SECTION	SOURCE DOC/S
Annual stakeholder survey	Members / Compliance and complaints handling	
Build trust and confidence in .au	Whole of report	 
<b>International</b>		
Effectiveness of international activity	International engagement	 
Number of international fora attended	International engagement	
Publication of calendar of international travel commitments	International engagement	 
Contribute to best practice framework to assist ccTLDs in developing nations	International engagement	
Number of ICANN processes with auDA involvement	International engagement	
Timely payment of ICANN fees	Industry	
<b>Membership</b>		
Implement member recruitment process	Members	
Feedback mechanism for members	Members	
Encourage member participation at AGM	Members	
Effectiveness of measures to diversify associate membership	Members	
Number of events for members	Members	
Number of new members	Members	
<b>Complaints and compliance</b>		
Dealing with complaints and disputes	Compliance and complaints handling	
Standardised approach to complaint handling	Compliance and complaints handling	
Provision of general complaints information on website	Compliance and complaints handling	
Fair, independent and timely complaint handling process	Compliance and complaints handling	
Improved complaint resolution and publication of complaint-related data	Compliance and complaints handling	 
Periodic independent review of complaint handling	Compliance and complaints handling	
Survey of complainants and responders	Compliance and complaints handling	

REPORTING REQUIREMENT (continued)	ANNUAL REPORT SECTION	SOURCE DOC/S
Proactive contractual compliance and improvement	Compliance and complaints handling	
Develop software tools to assist with registry activities and audits of registrant eligibility	Registrars	
Build data analytics capability	Compliance and complaints handling	
<b>General performance and review</b>		
Performance against Transparency and Accountability Framework	Whole of report	<sup>3</sup>
Performance against Strategic Plan	Whole of report	
Performance against Stakeholder Engagement Strategy	Whole of report	
Transparency and Accountability Framework published and reviewed	Published in 2018-19	
Review, update and publish Strategic Plan annually	auDA's strategic direction	
Periodic review of Stakeholder Engagement Strategy	auDA's strategic direction	
Annual reporting framework	Appendix – Transparency and accountability report	
Periodic review of process for making policy changes	New .au Licensing Framework	
Performance against agreed operational and service indicators	Whole of report	
Identify opportunities for growth and barriers to entry	auDA's strategic direction	
<b>Technical and security</b>		
Ensure clear rules for second level domains	New .au Licensing Framework	
Periodic technical review of relationship with Registry operator	Registry operations	
Review registrar and reseller security standards	Registrars	
Achieve ISO 27001 certification	Security	
Achieve ISO 22301 certification	Security	
Build to ISO 20000 capability	Security	
Focus on building IT security capabilities in key staff	Security	
Publication and implementation of Enterprise Security Strategy	Security	

<sup>3</sup> The measure under the Transparency and Accountability Framework is "operation of transparency and accountability mechanisms".

REPORTING REQUIREMENT (continued)	ANNUAL REPORT SECTION	SOURCE DOC/S
Partnerships with relevant cyber security agencies	Industry / Security	
Meet international standards and Australian best practice security standards	Security	
Undertake penetration and red team testing	Security	
Proactively measure registry performance standards	Registry operations	
Ensure appropriate staff security screening	Security	
Deliver Operating Plan	Whole of report	
Independent review of security effectiveness	Security	
Number of security fora attended	Security	
Engage with key international security fora	International engagement / Security	

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