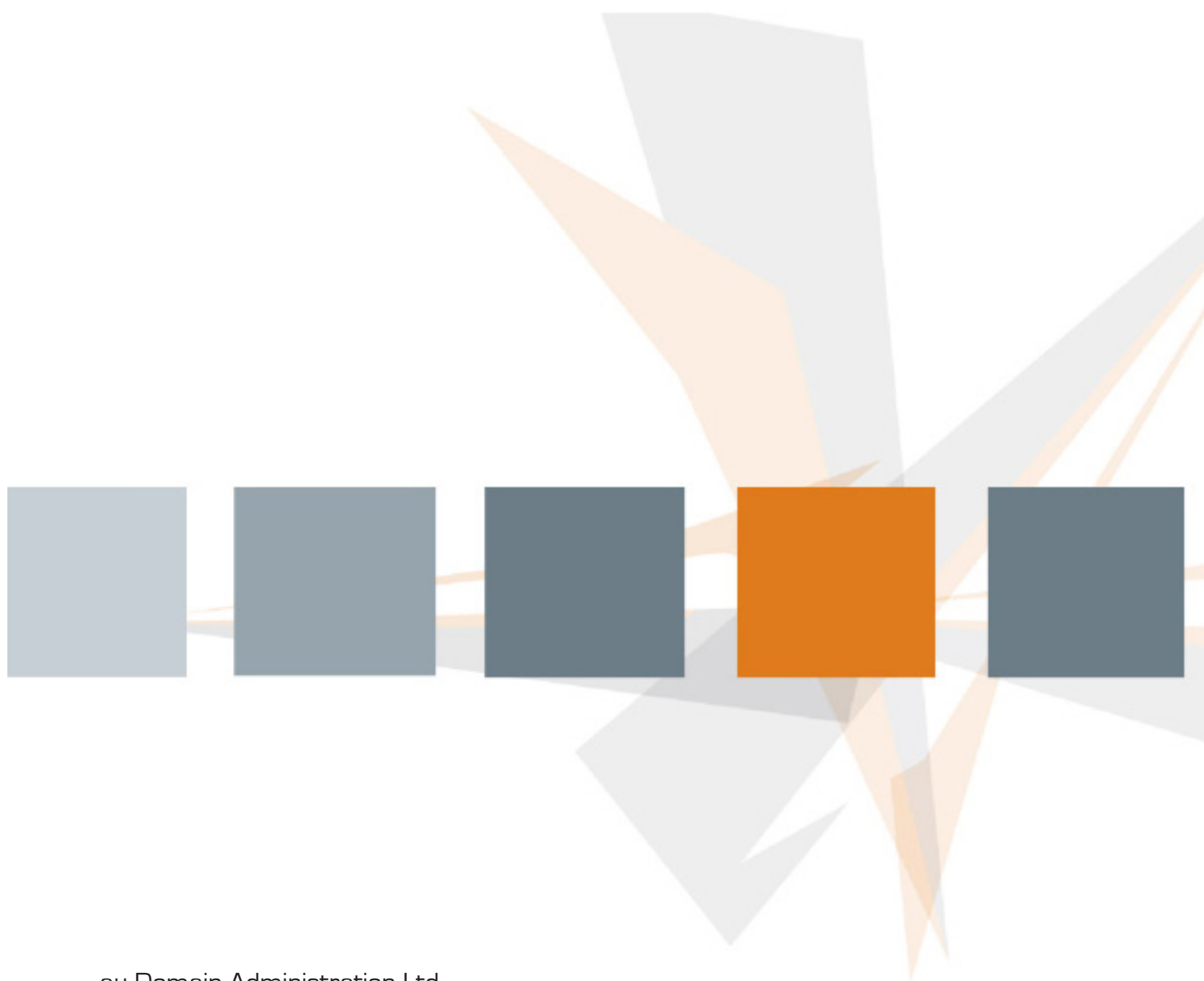




Annual Report **2012-13**

Annual Report 2012-13



.au Domain Administration Ltd

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Carlton VIC 3053

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www.auda.org.au

@auda

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Who we are

.au Domain Administration Ltd (auDA) is the administrator of the Domain Name System (DNS) in Australia. The DNS is the technical system that seamlessly directs users to the website or service they expect when they enter an Internet address into their computer's browser.

Given it is used by millions of Australian businesses, organisations and individuals every day, auDA's role in ensuring this element of Australia's Internet infrastructure is stable and reliable, is of vital importance.

The core elements of our role are:

- developing and reviewing .au policies;
- enabling and enforcing regulatory compliance;
- maximising security and technical stability of the .au space;
- facilitating competition and consumer choice through the accreditation of .au registrars;
- engaging and educating .au stakeholders and the broader community; and
- facilitating consumer safeguards and effective dispute resolution mechanisms.

auDA operates under a non-profit, industry self-regulatory model. Stakeholders from both the supply and demand side of the Internet industry are represented at the highest levels of our corporate governance structure and are consulted in the development and refinement of all of auDA's policies. auDA works closely with the Australian Government, from whom we have received endorsement to perform our role.

We acknowledge that .au is just one element of the Internet's vast international policy and management network. As such, we play an active role in representing the interests of .au in relevant fora such as the Internet Corporation for Assigned Names and Numbers (ICANN), the Internet Governance Forum (IGF) and the Internet Engineering Task Force (IETF).

We also acknowledge our responsibility to administer .au on behalf of, and for the benefit of, the wider Australian Internet community. To this end, we operate community engagement programs including the auDA Foundation, which funds projects and academic work that enhances the utility of the Internet for the benefit of the Australian community, and the Australia and New Zealand Internet Awards (ANZIAs), which celebrate the achievements of organisations, businesses and individuals that have made significant contributions to the development and use of the Internet in Australia and New Zealand.

Chair's statement



The past year may well go down in Internet governance annals as the great “attack on the multi-stakeholder model.” As Chair of auDA, I am a firm believer in the multi-stakeholder model and an inclusive, broad and accountable approach to Internet governance.

Along with many others, I watched the World Conference on International Telecommunications in December 2012. We saw the multi-stakeholder model's opponents attempt to tear down the progress made since the World Summit on the Information Society (WSIS) nearly ten years ago.

auDA championed the multi-stakeholder model in Australia, three years before the world did at WSIS. It's fitting that during this year we continued that leadership through our involvement in the Australian Internet Governance Forum. Bringing government, industry and the community together to discuss Internet governance is not a matter of convenience; it's one of paramount importance if we are to prepare for the challenges of the future.

This year's Annual Report details auDA's commitment to continuing the best traditions of the multi-stakeholder model. We endeavour to ensure the .au domain is secure, free and reliable for Australians to use. In this report we also celebrate the achievements of individuals, business and organisations in their pioneering uses of the Internet to help others.

I hope the work we do now yields the best outcome for Australia's digital future.

The Hon. Tony Staley AO

CEO's statement



It is my pleasure to present the auDA Annual Report for FY2012-13.

During the year, 232,699 new domain names were added to .au, which saw us maintain our ranking as ninth largest registry in the world, according to global registry operator Verisign's "Domain Name Industry Brief" (April 2013). Industry growth was also steady, with the accreditation of two new registrars.

The 2012 Industry Advisory Panel handed down its final report to the auDA Board in December 2012. Among its many recommendations was a world-first mandatory Information Security Standard (ISS) for registrars, which we will introduce during this calendar year. It is our belief that the ISS will help registrars to manage and improve the security of their businesses, thereby enhancing the stability and integrity of the .au domain space.

We also undertook a ten-year .au Dispute Resolution Policy (auDRP) review, which affirmed that the auDRP has been largely successful in its aim to provide a cheap and speedy alternative to litigation for disputes about competing rights to a domain name.

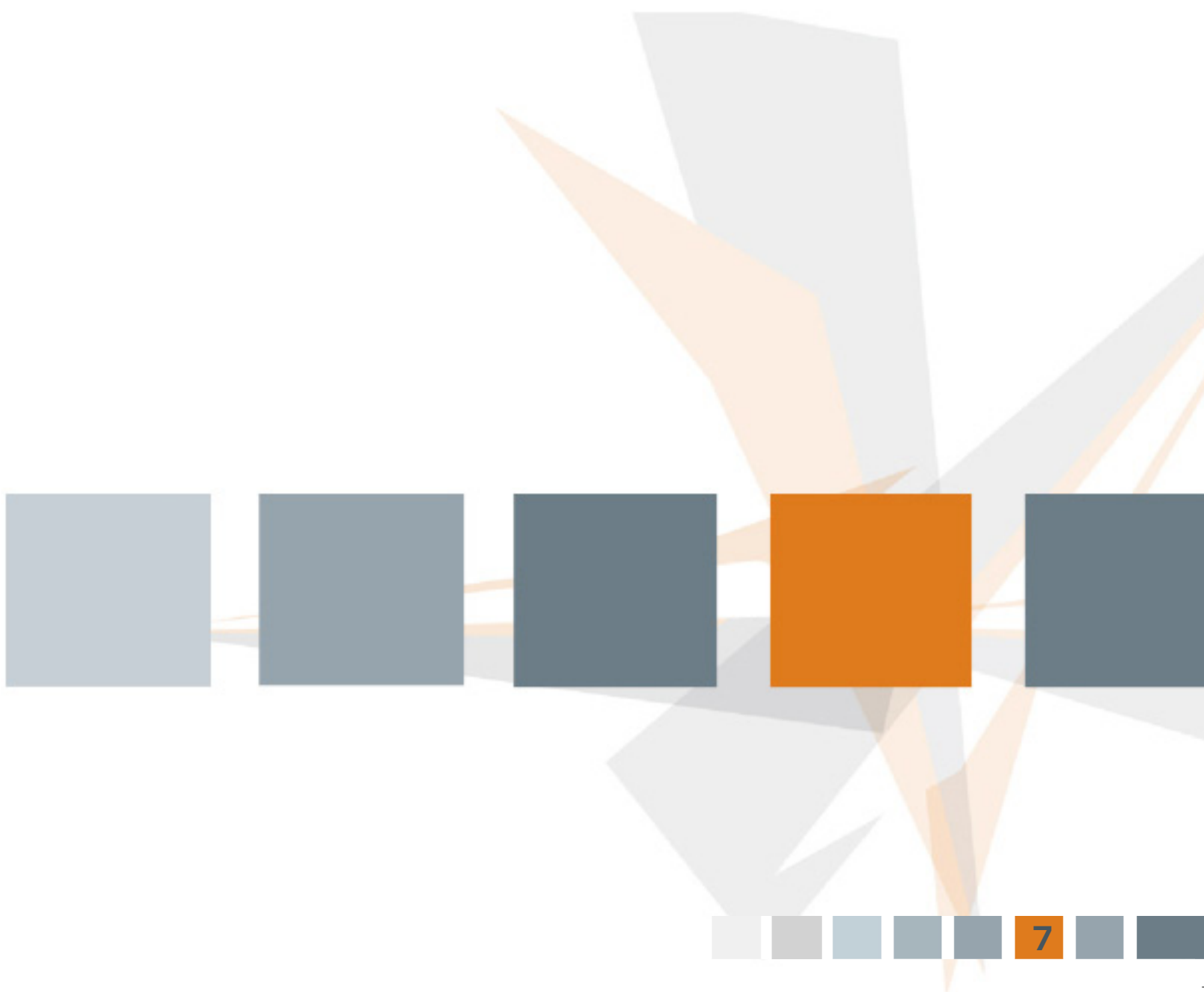
In keeping with our commitment to the multi-stakeholder model, we organised the first Australian Internet Governance Forum in October 2012. Held in Canberra, it brought together 225 representatives from a wide range of stakeholders to discuss Internet governance issues such as digital access and inclusion, privacy, security and legal processes.

In Melbourne in February we hosted a special auDA members' Q&A session with inventor of the World Wide Web, Sir Tim Berners-Lee. Sir Tim and I joined author Jane Caro and Deloitte Digital "Chief Edge Officer" Peter Williams in debate and discussion, moderated by journalist and broadcaster Alan Kohler.

We unveiled the new auDA Foundation website in May. This is the first stage in a design and operational overhaul of our entire web presence, which will continue into next year.

The work we've done over the last financial year is all part of our ongoing mission to keep the .au domain space secure, safe and open for all Australians.

Chris Disspain



The auDA Board



The Hon Tony Staley AO – Chair

Tony Staley has been independent Chair of the auDA Board since 2001. He spent a decade in the Australian Parliament, including three years as Minister for Post and Telecommunications before pursuing a career in the private sector. He has been Chairman or Director of a variety of companies and organisations, including Mitsubishi Motors, Ogilvy and Mather, Alexander Stenhouse, National Museum of Australia, Playbox Theatre, the Telecommunications Industry Ombudsman Council, the Liberal Party of Australia, Energy and Water Ombudsman Board, Partners in Performance International and the Co-operative Research Centres Association. Tony graduated in law and political science from the University of Melbourne, where he also lectured in Australian Government.

Air Vice-Marshal Julie Hammer AM, CSC – Independent Director

Air Vice-Marshal Julie Hammer, an electronics engineer, served in the Royal Australian Air Force for over 28 years in the fields of aircraft maintenance, technical intelligence, electronic warfare and ICT systems. She acted as the CIO for Defence for the year prior to her retirement.

She holds a Bachelor of Science with Honours in Physics, a Master's degree in Aero Systems Engineering, a Graduate Diploma in Strategic Studies and a Doctor of Engineering Honoris Causa. She was National President of Engineers Australia throughout 2008 and has been a Director of auDA since April 2007.

In March 2012, Julie was appointed to the ICANN Security and Stability Advisory Committee (SSAC) and also acts as the At-Large Advisory Committee Liaison (ALAC) to the SSAC.



Stuart Benjamin – Demand Class Director

Born and raised in regional Victoria, Stuart studied and worked around Australia before settling in Ballarat to start a family. With his wife Naomi, he has four children and runs a business group operating across the state. Stuart joined the 2012 auDA Industry Advisory Panel and was elected to the Board that same year.

Stuart is currently a Director of Elmstone, a multi-faceted land and construction group operating in Western Victoria. He also holds Director positions at companies including Aviation Accommodation Australia, Xperius, GreenStar Maintenance Services, FixMyRental and Fortress Security.

Stuart sits on the Board of Enterprising Communities Inc, aimed at strengthening the connections between the community, families and schools. He is currently the Chair of Ballarat Regional Tourism, the peak tourism industry body for the Ballarat region, as well as the Chair of Regional Development Australia, a federal government body, and a member of the Regional Policy Advisory Committee to the Victorian Minister for Regional Development and the Victorian Premier.

Erhan Karabadak – Supply Class Director

Erhan Karabadak is an IT lawyer and Registered Trade Marks Attorney. He is a Director of Cooper Mills Lawyers and has been practising law for 17 years. Erhan has been involved in the domain name industry for over a decade. He acts for .au registrars and resellers, and has advised some of the world's largest domain name registrars. He is regularly engaged to provide expert advice and commentary on domain name issues. Erhan has served on several auDA Panels since 2004, including the 2010 Names Policy Panel and the 2012 Industry Advisory Panel, and was elected as a Supply Class Director in 2012.



Cheryl Langdon-Orr - Demand Class Director

Cheryl was elected to the auDA Board for a fifth term in Demand Class in November 2012. Previously, she worked on several auDA policy Advisory Panels. Until late 2011, Cheryl represented the Internet Society of Australia, an ICANN accredited At-Large Structure in the Asia Pacific Regional At-Large Organisation (APRALO) and APRALO in the At-Large Advisory Committee (ALAC). She served as the Chair of the ALAC for three terms, from 2007–2010, and Vice Chair in 2011. Following that, she was the ALAC liaison to ICANN's Country Code Name Supporting Organisation Council. Cheryl was also appointed to serve on ICANN's first Accountability and Transparency Review Team and in 2013 served on the ICANN Nominating Committee as Chair Elect for 2014.

Paul Levins - Demand Class Director

Paul is President, Intellectual Ventures for Australia and New Zealand. Previously he was Executive Officer and Vice President at ICANN, where he took a leading role in negotiating ICANN's Affirmation of Commitments with the US Government. Prior to joining ICANN, Paul was General Manager, Operations and Corporate Affairs at Bilfinger Berger Australia, and also worked as a corporate affairs manager for Telstra Corporation.

Paul has substantial public sector policy experience having been an adviser and Chief of Staff to Australian federal and state government Ministers.



The auDA Board



Joe Manariti – Supply Class Director

Joe Manariti founded SWiM Communications in 1996, a digital agency practising in website development, eCommerce, video for web and social media.

Earlier, Joe was a manager with Fairfax at both The Age and Business Review Weekly.

Joe also serves as Vice Chairman of the Australian Web Industry Association (AWIA) and sits on the committee of YouthNow.

He is passionate about web industry best practice and next generation development.

Graham McDonald – Independent Director

Graham McDonald has practiced law for 40 years. He was a Presidential Member of the Federal Administrative Appeals Tribunal for the last 20 years during which time he also served as the inaugural Australian Banking Ombudsman and as Chairman of the Superannuation Complaints Tribunal.

Graham has extensive experience as a partner in legal firms, as a barrister and has held a number of state and federal government appointments.



George Pongas – Supply Class Director

George Pongas is a veteran of the Australian domain name industry. He has contributed to the continued growth of .au through several roles over the past decade.

In his current position, George is the General Manager, Registry Services – Australian Division at AusRegistry, the appointed .au 2LD registry operator. In the past, he has held CEO and senior positions at established accredited registrars where he played a valuable leadership role in shaping the .au retail sector in its formative years. He has been an active and visible industry member, participating on many auDA panels and working groups, focused on policy reform and development addressing the ever-changing Internet landscape.

In his role as a Director of the auDA Board, George is perfectly positioned to apply his commercial sensibility and extensive industry experience to ensure the delivery of a valuable Supply Class perspective to the benefit of the Australian domain industry.

Joshua Rowe - Demand Class Director

Josh Rowe has been helping businesses make money using the Internet for over 20 years. Josh is a digital entrepreneur with a passion for starting up new online businesses, creating inspiring online offers and delivering commercial benefits. Josh is a key executive and digital expert within a blue chip company, driving digital change through the development of their digital strategy and launching new capabilities. Josh is a director of key Internet industry bodies. Josh has driven the introduction of a new competitive industry model for the Australian domain name industry and the enactment of anti-spam legislation in Australia.



Kartic Srinivasan – Supply Class Director

Kartic has extensive experience in the domain industry and was elected to the auDA Board in October 2011. Kartic is the General Manager for Enterprise Sales (Australia) and Global Operations of Melbourne IT Ltd. Kartic was part of the 2007 Names Policy Panel which recommended relaxing the transfers policy. Kartic holds a Masters in Information Technology and Bachelor of Engineering (Electronics & Communications).

Chris Disspain – CEO and Director

Chris was appointed CEO of auDA in October 2000. Under his guidance, auDA has become self-funding, introduced competition into the domain name market in .au, simplified the policy regime and introduced an industry code of practice.

Chris was until March 2011 the Chair of ICANN's ccNSO, a body that represents the interests of and sets global policy and best practice for country code Top Level Domains. In June 2011 he became a Board Member of ICANN. He is also a member of the UN Secretary General's IGF Multi-stakeholder Advisory Group.



Jo Lim – Company Secretary

Jo Lim is auDA's Company Secretary and Chief Operations and Policy Officer. She has been with auDA since 2001.

Jo has previous experience in government policy work on communications and IT issues, including a stint as ministerial adviser. Jo was also a member of the taskforce that drafted the *Telecommunications Act 1997*, to facilitate open competition in the Australian telecommunications market.

Board committees

The Board has established the following standing committees:

Finance & Audit Committee

Members: Graham McDonald (Chair), Cheryl Langdon-Orr, Kartic Srinivasan, Stuart Benjamin with John Higgins (Nexia ASR)

The purpose of the Committee is to provide the Board with advice and guidance on issues affecting the financial strategy of the business, including:

- reviewing the operational and capital budgets prepared by management and recommending them to the Board for approval;
- reviewing the monthly financial reports and the annual financial statements;
- reviewing the investment guidelines and monitoring the financial performance of funds invested by the company;
- reviewing financial issues on request from the Board; and
- recommend the appointment of auditors to the Board.

Governance, Board Succession & Remuneration Committee

Members: Cheryl Langdon-Orr (Chair), Julie Hammer, Paul Levins, Graham McDonald, Joe Manariti.

The Committee is responsible for:

- oversight of auDA's governance processes and ensuring that they conform as far as practicable with generally accepted good practice in not-for-profit governance;
- assisting the Board to enhance its performance;
- monitoring the Board and Committee composition and providing recommendations on succession planning;
- oversight of the performance management, remuneration and contractual arrangements of the CEO; and
- oversight of the process for Board remuneration, both independent and elected Directors, individually and in aggregate.

Strategic Risk Committee

Members: Julie Hammer (Chair), George Pongas, Josh Rowe, Kartic Srinivasan, Erhan Karabardak.

The Committee is responsible for:

- the identification and assessment of strategic risks to auDA and the .au domain space; and
- the oversight of auDA's strategic risk management.

auDA staff

Chris Disspain - Chief Executive Officer

Zarleen Blakeley - Community Programs Officer

Lujia Chen - Registrar Liaison and Policy Officer

Osley Dias - IT Support Officer

Leonie Dunbar - General Manager, Community Programs

Jo Lim - Chief Operations and Policy Officer

Lisa Lunardi - Office Manager

Adam King - Chief Technology Officer

Jacki O'Sullivan - Executive Assistant to the CEO

Vanessa Stanford - Policy Compliance Officer

Paul Szyndler - General Manager, International and Government Affairs

John Tomic - Policy Compliance and Technical Officer

Tom Valcanis - Marketing and Communications Officer



Regulatory

2012 Industry Advisory Panel

auDA conducts all its major policy development and review by way of independent Advisory Panels. Since 2000 auDA has run ten Advisory Panel processes.

The 2012 Industry Advisory Panel was appointed by auDA in February 2012 to review the structure and regulation of the Australian domain name industry. The Panel was chaired by Mr Craig Ng and comprised 21 members drawn from a wide range of stakeholder groups, including the IT industry, government, legal, business, not-for-profit and consumer groups.

Following two rounds of public consultation, the Panel's final report was delivered to the auDA Board in December 2012 and approved in February 2013. The Panel's key recommendations included:

- renegotiation of the registry licence agreement with .au 2LD registry operator, AusRegistry;
- adoption of a mandatory Information Security Standard (ISS) for accredited registrars;
- creation of a reseller ID in WHOIS; and
- bulk registrar transfers in cases of mergers and acquisitions.

Implementation of the Panel's recommendations is continuing and will be completed during FY2013-14.

auDRP

The .au Dispute Resolution Process (auDRP) is designed to provide a cheaper, speedier alternative to litigation for the resolution of disputes between the registrant of a .au domain name and a party with competing rights in the domain name.

In FY2012-13, 49 complaints were lodged with the auDRP providers. Of these:

- 38 complaints were found in favour of the complainant and the domain names were ordered to be transferred or cancelled;
- eight complaints were found in favour of the respondent and they were permitted to keep the domain name; and
- three complaints were withdrawn or terminated prior to decision.

auDA conducted a ten year review of the auDRP in November 2012. As at 30 October 2012, there had been 300 auDRP proceedings involving 433 domain names since the auDRP's inception in August 2002.

auDA received 11 submissions from a range of stakeholders, including auDRP Providers and Panelists. The outcome of the review was published in May 2013; overall, submissions received were supportive of the auDRP and did not recommend making any substantive changes to the operation of the scheme.

auDA is implementing a number of actions arising from the review, which include amending the auDRP Policy and Rules to improve expression and clarify best practice, and providing more education and training to industry participants and the general public.

Complaints

In FY2012-13, auDA received 466 formal complaints. Of these, 350 were about .au domain names or registrants and 116 were about industry participants.

auDA also received 678 general enquiries.

This year has seen a significant improvement in auDA's internal complaints-handling processes, which means that we have been better able to track general enquiries and audits.

.au Registry

AusRegistry Pty Ltd is the registry operator for the open 2LDs, community geographic 2LDs, and two closed 2LDs (edu.au and gov.au).

AusRegistry was appointed the 2LD registry operator through open tender processes held in 2001 and 2005. In February 2009, AusRegistry's licence was extended until 2014.

Registry highlights for the FY2012-13 period included:

- hosting a registrar conference on the Gold Coast in September 2012 to bring together auDA, AusRegistry and .au registrars for industry discussion and networking;
- a jointly commissioned survey with auDA, aimed at profiling the online behaviour of .au users and their interaction with the .au domain name industry;
- the introduction of a new .au registry security measure called .auLOCKDOWN, which allows registrants to lock domain name server delegations and prevent changes other than by pre-authorised registrars with authenticated access keys;
- a registry price drop on 1 March 2013, when the cumulative total of com.au and net.au domains reached 2.5 million;
- regular presentations at auDA Board meetings;
- active industry participation and policy input, including significant contributions to the ISS for registrars, DNSSEC Working Group and 2012 Industry Advisory Panel;
- active registrar engagement aimed at strengthening relationships and providing ongoing technical support; and
- continued financial support of Internet-related organisations and charities including ISOC-AU and the Asia-Pacific Top Level Domain Association (APTLD).

Regulatory

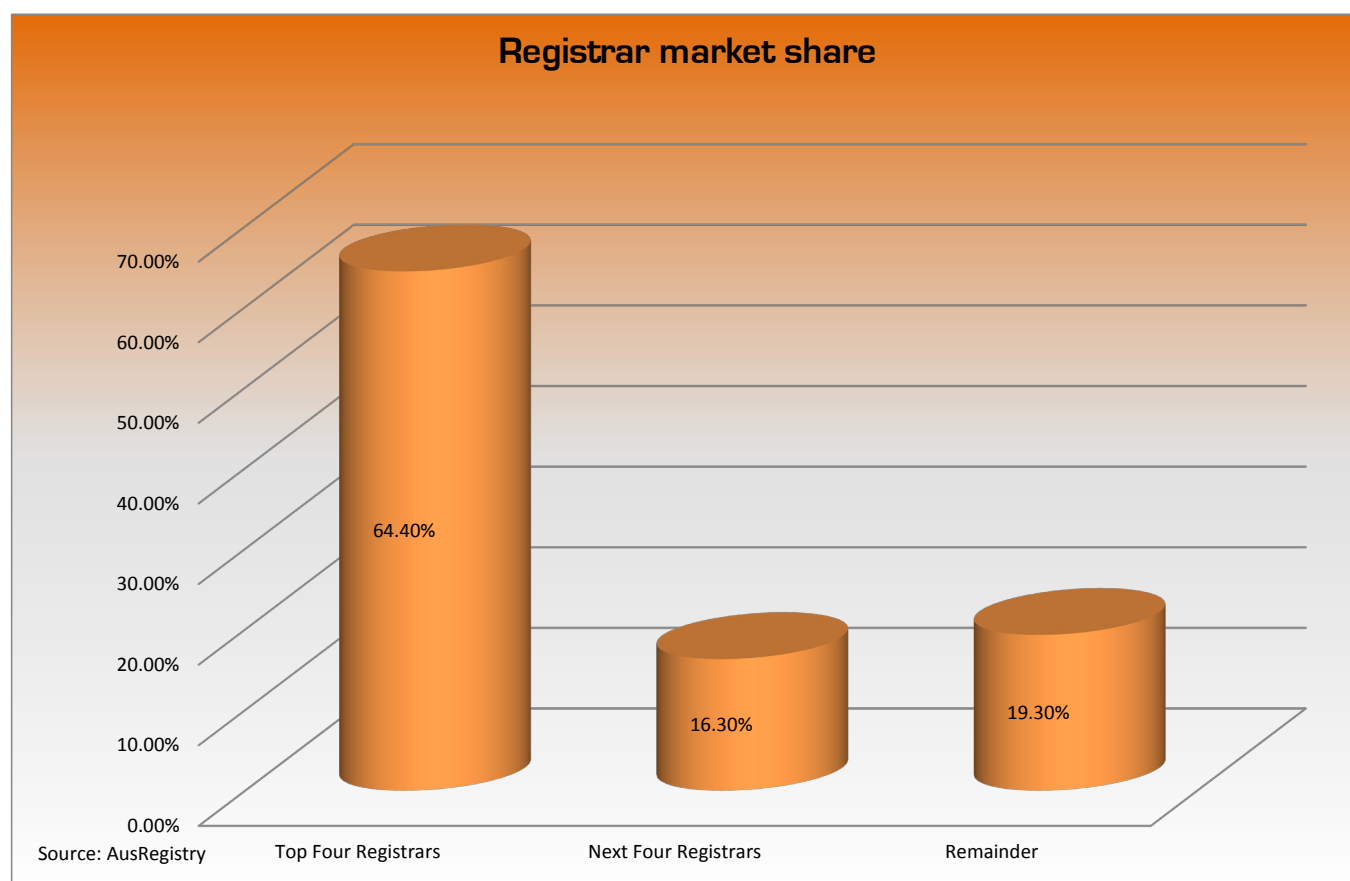
Registrars and resellers

Registrars provide services in .au to those who want to register a new domain name, renew their existing domain name or make changes to their domain name record. Much like registrars, resellers provide services in .au, usually managing domain name records on behalf of their customers.

In order to act as a registrar in .au, an organisation needs to be accredited by auDA and enter into a Registrar Agreement. Resellers are not directly accredited by auDA, and operate under an agreement with a registrar.

During FY2012-13, auDA accredited two new registrars, resulting in a total of 39 auDA accredited registrars at 30 June 2013. In the same period, two organisations achieved provisional accreditation. auDA was notified of 4,929 resellers in FY2012-13.

.au Market Share



The .au marketplace

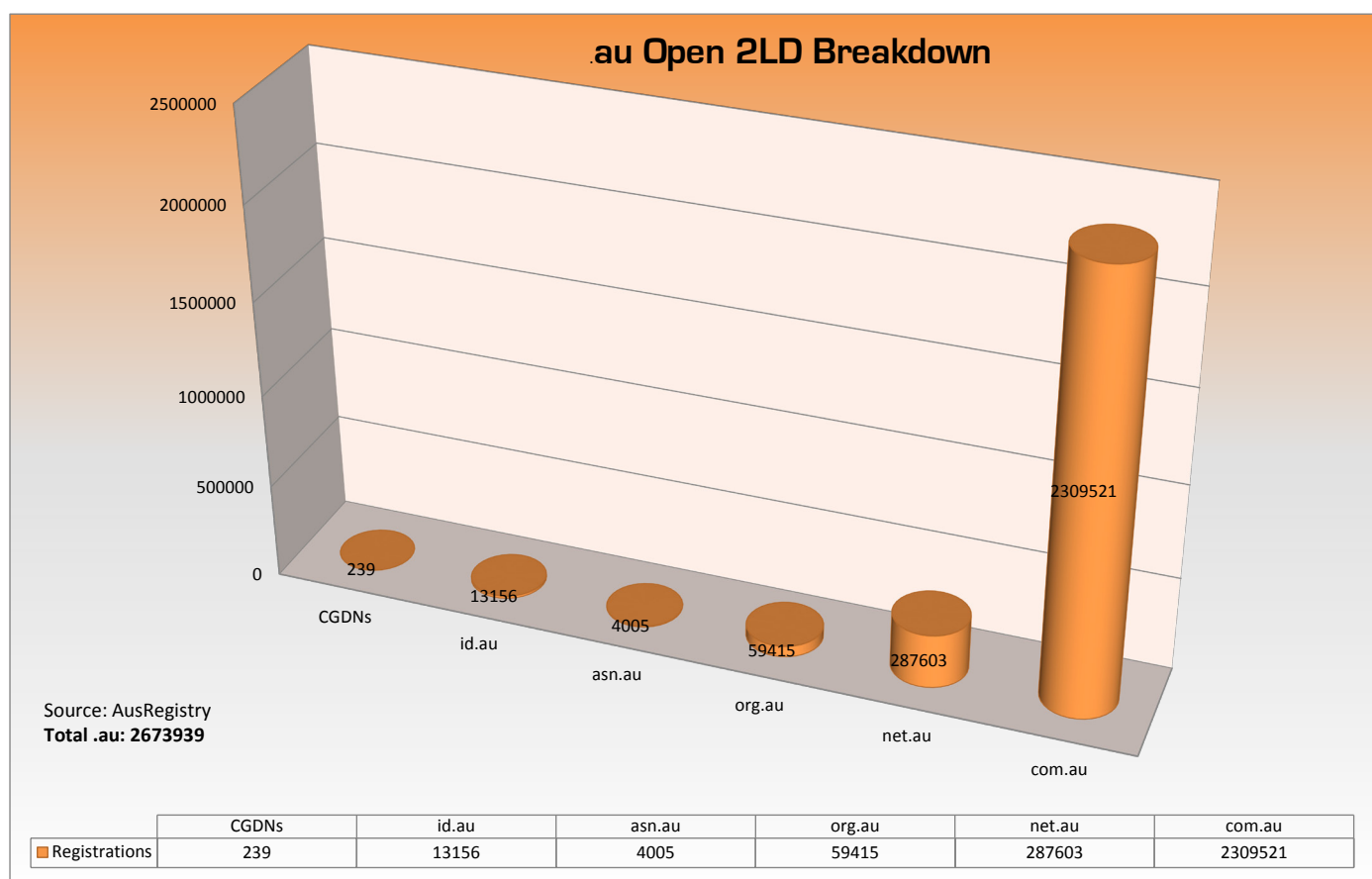
In 2002, prior to auDA's introduction of a new domain name regime and policy rules, approximately 280,000 domain names were registered in .au.

This figure includes the "open" second level domains (2LDs) which are directly managed by auDA – com.au, net.au, org.au, asn.au, and id.au.

By 30 June 2013, .au had 2,673,939 total registrations, up from 2,441,240 last year.

.au Open 2LD Breakdown

at 30 June 2013



Outreach



ANZIAs

The Australia and New Zealand Internet Awards (ANZIAs) is a collaborative initiative between auDA and InternetNZ. The awards are an annual event celebrating the achievements of organisations, businesses and individuals that have made significant contributions to the development and use of the Internet in Australia and New Zealand.

ANZIA winners receive recognition as industry leaders that have set new standards for making the Internet a more inclusive, accessible and safe place.

The ANZIA Gala Presentation was held at Old Parliament House, Canberra on 10 October 2012. The dinner featured keynote speaker Robyn Williams AM (ABC Radio National Science Show, ABC TV Catalyst) and Master of Ceremonies Alan Brough (former ABC 774 Sunday morning presenter, former team captain on ABC TV Spicks and Specks).

The winners in 2012 were:

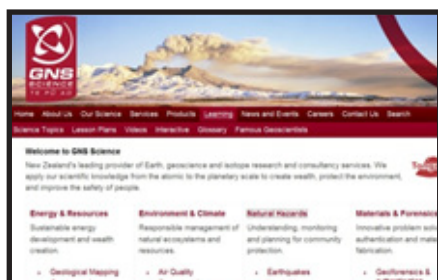


2012 Best Diversity Initiative

HIKA GROUP

www.hikagroup.com

Hika Group's products support expressions of cultural diversity and identity through the promotion of multilingualism using mobile touch devices and online systems. Their English-Maori translation project is an interactive, fun and accessible way to bring these two languages together.



2012 Best Information Initiative

GNS SCIENCE: GEONET RAPID

www.gns.cri.nz

The GeoNet Rapid initiative is of critical public importance in New Zealand. The project makes earthquake information available rapidly so scientists and citizens can engage with the data.



2012 Best Internet Access & Digital Skills Initiative

2020 COMMUNICATIONS TRUST

www.2020.org.nz

The Trust enables New Zealanders to participate in the new digital world using a "Stepping UPbus" equipped with computers to facilitate digital skills training.



2012 Best IPv6 Initiative **INTERNODE**

www.internode.on.net

Internode is the first Australian company to offer IPv6 as a standard service for all new customers, a major step forward in IPv6 rollout.



2012 Best Security and Privacy Initiative **AURA RED EYE SECURITY**

www.auraredeye.com

Aura RedEye Security created "Redshield" to provide rapid-response defences for vulnerable websites, identifying and addressing an important need.



2012 Best Innovation Initiative **NATIONAL LIBRARY OF AUSTRALIA**

www.trove.nla.gov.au

The NLA's "Trove" initiative provides a fun, slick, dynamic discovery experience for the user, drawing in 303 million resources from 2,000 libraries. The initiative is a tremendous resource for professional and amateur social researchers alike.



Clockwise from top left:

Winners of the 2012 ANZIAS
MC Alan Brough
Keynote Speaker Robyn Williams AM



CGDNs

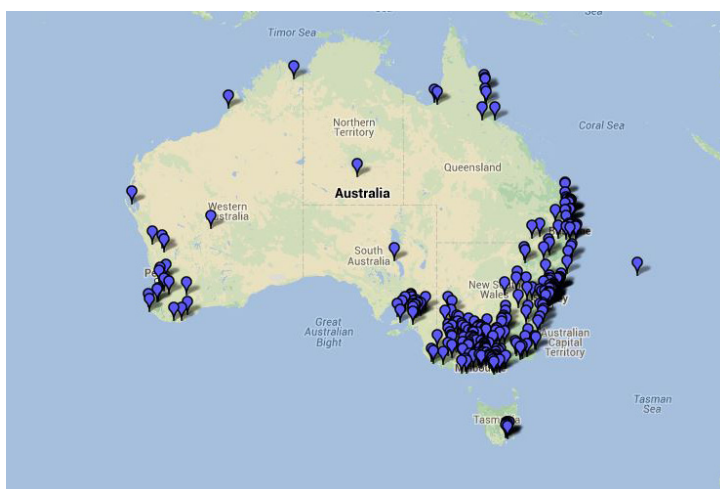
The Community Geographic Domain Names (CGDNs) take the form, much like a postal address, www.town/suburb.state/territory.au, such as www.byronbay.nsw.au and www.southmelbourne.vic.au. The CGDNs are available for every addressable locality in Australia (except capital cities) and are reserved for whole community use.

To be eligible for a CGDN, applicants must be a legally registered not-for-profit organisation or a special committee of local council that broadly represents the community. The CGDN must be used as a community website for the benefit of the entire local community.

Since CGDNs were launched in August 2006, there have been a total of 415 applications from across Australia, including 15 applications received in FY2012-13.

CGDN applicants can also choose to use Community Site in a Box (CSIAB), an easy-to-use website content management system that was created to make the website development as simple and as affordable as possible. 54% of CGDN applicants have opted to use CSIAB.

Map of CGDN applications received across Australia:



Some CGDN website outcomes/ initiatives for FY2012-13 include:

- Internet access
- Local history
- Volunteering
- Publicity for community events
- Conservation and sustainability

auDA Foundation

The auDA Foundation is a charitable fund established in 2005 to support Australian organisations and individuals through the provision of grants for eligible projects that will enhance the utility of the Internet for the benefit of the Australian community.



As of 1 July 2010, \$0.25 from every com.au and net.au renewal and registration has been directed to the auDA Foundation.

The five Board Directors are Greg Watson (Chair), Chris Disspain, John Higgins, Craig Ng and Derek Whitehead. The Board aims to achieve a balanced portfolio of funded projects that complement each other in terms of aims, geographic spread and target group.

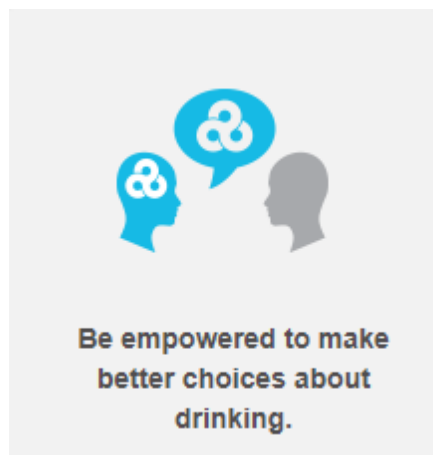
Since its establishment, the Foundation has conducted seven funding rounds and awarded over \$1.5 million in total funding for 84 projects.

The 2013 funding round was launched on 6 May 2013, along with a new auDA Foundation website and online application process. 2013 grants will be awarded in October 2013.

Projects funded by the auDA Foundation include:

Hello Sunday Morning - HSM Phase 2.0

Hello Sunday Morning (www.hellosundaymorning.org) is an innovative, online program for any individual to change their relationship with alcohol, with the support of an online community of people who are also documenting their goals and achievements. The funded project conducted research on the current HSM community and online platform to determine the most effective functionality and design to enhance its effectiveness as a behaviour change tool around alcohol use. Their goal was to make Hello Sunday Morning more engaging, and to motivate people to write more blog content and be more supportive of fellow "HSMers".



"As an organisation, we are thrilled with the outcomes of this project. Every decision we make is based on our two key goals of increasing the user base and also improving the online experience of current users. The auDA Foundation has helped us achieve both of these goals. We have grown our user base by building a more effective platform, and we have also improved the experience for HSMers who use the platform."

Jamie Moore, General Manager, Hello Sunday Morning

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Reef Check Foundation - REEFSearch Reef Identification and Observation Program Online Community

ReefSearch is an interactive reef health identification and conservation program that can be used by anyone snorkelling, scuba diving or reef walking.

This project developed an online public portal where people can share their findings and photos.

The ReefSearch Hub was officially launched on Lady Elliot Island in February 2013. They have also produced a field guide to help participants understand the basics of reef ecology and the importance of each REEFSearch category.

The REEFSearch Hub is available for data entry and photo uploading at: <http://www.reefcheckaustralia.org/reefsearch-hub.html>.



"The opportunity to fully implement the program with the online REEFSearch Hub is incredibly exciting. Building the online framework was an essential project component, allowing participants to take control of how they engage and allowing us to easily process what we hope will be quite a large set of information in the future!"

Jennifer Loader, Reef Check Australia General Manager

"REEFSearch was awesome! It allows you to see so much more! I would definitely do it again- all the time! I recommend everyone give it a go, and help protect our precious ocean resources."

Alison Mohr, REEFSearch launch participant



Australian Internet Governance Forum (auIGF)

The Internet Governance Forum (IGF) is an annual event convened by the United Nations that serves to bring people from across the globe together to discuss Internet-related issues, exchange ideas and best practices, and help shape the future of the Internet.



Australian Internet Governance Forum

It is unique among UN events because all stakeholders – businesses, non-governmental organisations and end-users - can participate on equal footing with governments. While there is no negotiated outcome, the IGF informs and inspires those with policy-making power in both the public and private sectors.

auDA and partners held the first auIGF in Canberra on 11 and 12 October 2012. It was opened by Senator The Hon. Kate Lundy and Senator Scott Ludlam and attracted 225 participants, including parliamentarians, key government decision and policy-makers from over 25 federal and state agencies, businesses, peak industry bodies and Internet users.

The auIGF was coordinated by a number of prominent industry stakeholders which included auDA, ISOC-AU, the Internet Industry Association (IIA), the Australian Communication Consumer Action Network (ACCAN) and the Asia-Pacific Network Information Centre (APNIC). It also had the support of the Department of Broadband, Communications and the Digital Economy (DBCDE) and corporate partners including Google, Facebook, AusRegistry and Maddocks.

The auIGF day one panel topics were:

- “The International Internet Governance Landscape” – setting the global context for the auIGF - why international developments should matter to, and need the input of, the Australian community;
- “Security” – securing Australia’s critical infrastructure, digital economy and end-users: challenges and opportunities;
- “Openness” - copyright in the online age, moving towards a workable compromise after iiNet and Optus TVNow;
- “Privacy” - the cases for and against compromising in “the cloud”; and
- “Access and digital inclusion” – Internet for all: engaging regional and remote communities, users with disabilities and the socio-economically disadvantaged.

Day two of the forum featured a number of interactive, community-led workshops. These included showcasing the ANZIA winners, the World Conference on International Telecommunications (WCIT) and World Telecommunication/ICT Policy Forum (WTPF), online and social media regulation, and providing benefits to disabled Internet users using cloud-based services.

Security

During FY2012-13, auDA worked on the development and implementation of the mandatory ISS for accredited registrars, approved by the auDA Board in February 2013.

DNSSEC work continued throughout FY2012-2013 and new developments with name server software with respect to signing procedures and zone management have been tested.

IPv6 rollout was completed in FY2012-2013. All auDA-operated name server sites are now dual stack (IPv4 and IPv6 reachable) and are operating in anycast instances. Other changes to the DNS infrastructure include the move to Discovery DNS for secondary DNS resolution, an anycast platform developed and operated by ARI Registry Services.

The auDA and auDA Foundation websites underwent a review of design and security during the year. auDA contracted WeAreDigital to assist development and provide a new look and feel for the websites on an updated platform.



Annual Report **2011–12**

.au Domain Administration Limited

[A Company Limited by Guarantee]

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**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2013**

**Meagher Howard & Wright
Certified Practising Accountants**

**Suite 505
55 Grafton Street
BONDI JUNCTION NSW 2022**

.au Domain Administration Limited

[A Company Limited by Guarantee]

079 009 340

DIRECTORS' REPORT

Your directors submit the financial accounts of the company for the year ended 30 June 2013.

Directors

The names of the directors who held office during the year, and attendance at meetings are:

	Eligible	Attended	Apologies
Tony STALEY (Chair)	7	6	1
Julie HAMMER (Deputy Chair)	7	7	
Stuart BENJAMIN (appointed 12 November 2012)	5	5	
Erhan KARABARDAK (Sarar Pty Ltd) (appointed 12 November 2012)	5	5	
Cheryl LANGDON-ORR	7	7	
Paul LEVINS	7	7	
Joe MANARITI (appointed 12 November 2012)	5	4	1
Graham MCDONALD	7	6	1
George PONGAS	7	7	
Joshua ROWE	7	7	
Kartic Srinivasan	7	7	
Kimberley HEITMAN (resigned 12 November 2012)	2	2	
Marty DRILL (resigned 12 November 2012)	2	2	
Chris DISSPAIN	7	7	
Dwayne VAREY (resigned 12 November 2012)	2	2	

The Hon Tony Staley AO – Chair

Tony Staley has been independent Chair of the auDA Board since 2001.

He spent a decade in the Australian Parliament, including three years as Minister for Post and Telecommunications before pursuing a career in the private sector. He has been Chairman or Director of a variety of companies and organisations, including Mitsubishi Motors, Ogilvy and Mather, Alexander Stenhouse, National Museum of Australia, Playbox Theatre, the Telecommunications Industry Ombudsman Council, the Liberal Party of Australia, Energy and Water Ombudsman Board, Partners in Performance International and the Co-operative Research Centres Association.

Tony graduated in law and political science from the University of Melbourne, where he also lectured in Australian Government.

Kimberley Heitman – Deputy Chair (resigned 12 November 2012)

Kimberley Heitman is the University Lawyer and Director of Legal Services at the University of Western Australia, and has worked in the higher education sector for 10 years. Kimberley was a founding Board Member of auDA and has been Deputy Chair since 2002, serving on several standing committees and panels.

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Admitted to legal practice in 1982, he is a barrister and solicitor, director and consultant. Kim lectures and consults on Internet regulation, e-commerce and risk management and is the Central/Western Convenor of the Society of University Lawyers. Kim is married with five children and resides in Perth.

Air Vice-Marshal Julie Hammer AM, CSC – Deputy Chair (from 10 December 2012)

Air Vice-Marshal Julie Hammer, an Electronics Engineer, served in the Royal Australian Air Force for over 28 years in the fields of aircraft maintenance, technical intelligence, electronic warfare, and ICT systems.

She acted as the IO for Defence for the year prior to her retirement.

She holds a Bachelor of Science with Honours in Physics, a Masters degree in Aero Systems Engineering, a Graduate Diploma in Strategic Studies and a Doctor of Engineering Honoris Causa. She was National President of Engineers Australia throughout 2008 and has been a Director of auDA since April 2007.

Stuart Benjamin – Demand Class Director (appointed 12 November 2012)

Chris Disspain – auDA CEO

Chris was appointed CEO of auDA in October 2000. Under his guidance, auDA has become self-funding, introduced competition into the domain name market in .au, simplified the policy regime and introduced an industry code of practice.

Chris was until earlier this year the Chair of ICANN's Country Code Name Supporting Organisation (ccNSO), a body that represents the interests of and sets global policy and best practice for ccTLDs.

He was elected to the board of ICANN by members of ccNSO and took his seat in June 2013.

He is also a member of the United Nations Secretary General's IGF Multi-stakeholder Advisory Group.

Marty Drill – Supply Class Director (resigned 12 November 2012)

Marty Drill has been a Director of the auDA Board for nearly five years. He is passionate about the industry and the Internet. Marty was a Director of Domain Candy, an accredited registrar, for eight years and sold his interest in the business in 2009. Marty is the CEO of Get Started, one of Melbourne's premier web design firms, a company he established in 1999.

Marty has several years experience as a Director, including being on the Board of the online fruit and vegetable business Eatfresh and the investment company Opportunity Junkies. Marty is passionate about giving back to the community and is a Director of the charity sponsorship website Online Giving.

Erhan Karabardak – Supply Class Director (appointed 12 November 2012)

Erhan Karabardak is an IT & T lawyer and Registered Trade Marks Attorney. He is a Director of Cooper Mills Lawyers and has been practising law for 17 years.

Erhan has been involved in the domain name industry for over a decade. He acts for .au Registrars and Resellers, and has advised some of the world's largest domain name Registrars. He is regularly engaged to provide expert advice and commentary on domain name issues.

Erhan has served on numerous auDA Panels since 2004, including the 2010 Names Policy Panel and the 2012 Industry Advisory Panel, and was elected as a Supply Class Director in 2012.

Cheryl Langdon-Orr - Demand Class Director

Cheryl was elected to the auDA Board for a fourth term of office in the Demand Class stakeholder category in November 2012. Previously, she worked on several auDA Policy Advisory Panels from 2000.

Cheryl represents the Internet Society of Australia (ISOC-AU) as an ICANN accredited At-Large Structure (ALS) in ICANN's Asia Pacific Regional At-Large Organisation (APRALO) and APRALO in the ALAC, until late 2013. She served as Chair of the ALAC for three terms, from 2007 - 2012. Since then, she has been the ALAC liaison to ICANN's Country Code Name Supporting Organisation Council (ccNSO). Cheryl was also appointed to ICANN's first Accountability and Transparency Review Team, and in 2013 served on the ICANN Nominating Committee as Chair Elect for 2014.

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Paul Levins – Demand Class Director

Paul is President, Intellectual Ventures for Australia and New Zealand. Previously he was Executive Officer and Vice President at the Internet Corporation for Assigned Names and Numbers (ICANN), where he established ICANN's Washington DC office. Prior to joining ICANN, Paul was General Manager, Operations and Corporate Affairs at Bilfinger Berger Australia, and also worked as a corporate affairs manager for Telstra Corporation. Paul has substantial public sector policy experience having been an Adviser and Chief of Staff to Australian Federal and State Government Ministers. He holds a Bachelor of Arts from Macquarie University, Sydney, is an Honorary Associate at the Graduate School of Government at the University of Sydney, a director of the ANZAC Medical Research Institute and an Ambassador for Business Events NSW.

Joe Manariti – Supply Class Director (appointed 12 November 2012)

In 1996, Joe founded SWiM Communications, a digital agency practising in website development, eCommerce, video for web and social media. Earlier, Joe was a manager with Fairfax at both The Age and Business Review Weekly.

Joe also serves as Vice Chairman of the Australian Web Industry Association (AWIA) and sits on the committee of YouthNow.

He is passionate about web industry best practice and next gen development.

Graham McDonald – Independent Director

Graham McDonald has practiced law for 40 years. He has been a Presidential Member of the Federal Administrative Appeals Tribunal for the last 20 years during which time he has also served as the inaugural Australian Banking Ombudsman and as Chairman of the Superannuation Complaints Tribunal. Graham has extensive experience as a partner in legal firms, as a barrister and has held a number of State and Federal Government appointments.

George Pongas – Supply Class Director

George Pongas is a veteran of the Australian domain name industry and has contributed to the continued growth of .au through several roles over the past decade.

In his current position, George is the General Manager, Registry Services – Australian Division at AusRegistry, the appointed .au 2LD Registry Operator. In the past, he has held CEO and senior positions at established Accredited Registrars where he played a valuable leadership role in shaping the .au retail sector in its formative years. He has been an active and visible industry member, participating on many auDA panels and working groups, focused at policy reform and development to address the ever-changing Internet landscape.

In his role as a Director of the auDA Board, George is perfectly positioned to apply his commercial sensibility and extensive industry experience to ensure the delivery of a valuable Supply Class perspective to the benefit of the Australian domain industry.

Joshua Rowe - Demand Class Director

Josh Rowe is an active participant in the debate of Australian and global domain name governance, with over 18 years experience with the Internet and domain name issues. Josh has recently completed post graduate research on the usability of domain names and is a staunch consumer advocate within the Australian domain name industry.

Currently working with Australia Post to manage the corporation's development of its digital strategy, Josh is focused on ways to best use the Internet to improve Australia Post's business.

Kartic Srinivasan-Supply Class Director

Kartic Srinivasan with his experience in the Domain Industry was elected to the auDA board in October 2012. Kartic is the General Manager for Enterprise Sales (Australia) and Global Operations of Melbourne IT Ltd. Kartic was part of Names Policy Panel (2007) which recommended relaxing the transfers policy. Kartic holds a Masters in Information Technology and Bachelors of Engineering (Electronics & Communications).

Dwayne Varey - Supply Class Director (resigned 12 November 2012)

Dwayne Varey has over 12 years experience in the Internet industry including senior manager roles with Westnet and iiNet. He is currently serving his second term on the auDA Board and is on both the membership and finance committees. In addition to this, Dwayne has recently moved to the position of CTO with one of Australia's leading registrars and web services companies, Uber-Global.

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Principal Activities

The principal activities of the company in the course of the year were:

Management of .au Domain name space.

No significant change in the nature of these activities occurred during the year.

The entity's short term objectives are:

- Ensure stability and security of internet .
- Demonstrate the value and validity of the industry self regulatory model.
- Maintain the .au brand as an indicator of quality to Australian consumers operating in a global marketplace.
- Development and monitoring of policy breaches in an ever more sophisticated environment.

The entity's long term objectives are:

- Managing risks associated with industry business failure.
- Managing the increase in demand for IPv6 addresses due to the global exhaustion of IPv4 address space.
- Maintain a structure that allows auDA to remain relevant to stakeholders in a changing industry environment.

To achieve these objectives, the entity has adopted the following strategies:

- Strengthen industry engagement by developing and implementing support services for Registrars to make it easier for them to understand and meet their regulatory obligations.
- Through the auDA Foundation, to continue to promote education and research activities that will enhance the utility of the internet for the benefit of the Australian community.
- Participate in international internet fora activities.
- Strengthen knowledge management and implement succession and capacity planning.

Members' Guarantee

In accordance with clause 7 of the Constitution of the company, each member has undertaken to contribute towards the assets of the company an amount of one hundred dollars (\$100) in the event the company is wound up whilst they are still a member or within one year after they cease to be a member. As at 30 June 2013, the company had 111 members.

Significant Changes in State of Affairs

No significant changes in the company's state of affairs occurred during the financial year, other than the return of .au community domain operations back into the company.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, in subsequent financial years.

Benefits under Contracts with Directors

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company or a related body corporate with the director, a firm of which the director is a member or an entity in which the director has a substantial interest.

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This statement excludes a benefit included in the aggregate amount of emoluments received, or due and receivable, by directors as shown in the company's financial accounts for the financial year or the fixed salary of a full-time employee of the company or a related body corporate.

Indemnifying Officer or Auditor

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or of a related body corporate:

* indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer or auditor, including costs and expenses in successfully defending legal proceedings.

Signed in accordance with a resolution of the Board of Directors:

Director _____
Tony STALEY

Director _____
Chris DISSPAIN

Dated this _____ day of _____ 2013

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Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2013 has been received.

Signed in accordance with a resolution of the Board of Directors.

Director:

Dated this day of 2013

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**COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013	2012
		\$	\$
Revenue	2	6,262,228	6,040,828
Depreciation and amortisation expenses		(151,403)	(154,136)
Employee benefits expenses		(1,907,201)	(1,727,309)
Finance costs		147,620	49,674
Other expenses		(2,644,848)	(2,790,346)
Profit (Loss) for the year		1,706,396	1,418,711
Retained earnings at the beginning of the financial year		5,860,987	4,442,276
Profit attributable to members of the company		7,567,383	5,860,987

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**BALANCE SHEET AS AT
30 JUNE 2013**

	Note	2013	2012
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	5	7,698,137	6,036,206
Trade and other receivables	6	583,723	545,146
Other current assets	7	47,098	13,000
TOTAL CURRENT ASSETS		<u>8,328,958</u>	<u>6,594,352</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	289,514	327,528
TOTAL NON-CURRENT ASSETS		<u>289,514</u>	<u>327,528</u>
TOTAL ASSETS		<u>8,618,472</u>	<u>6,921,880</u>
CURRENT LIABILITIES			
Trade and other payables	9	607,879	698,507
Provisions	10	443,210	362,386
TOTAL CURRENT LIABILITIES		<u>1,051,089</u>	<u>1,060,893</u>
TOTAL LIABILITIES		<u>1,051,089</u>	<u>1,060,893</u>
NET ASSETS		<u>7,567,383</u>	<u>5,860,987</u>
EQUITY			
Retained earnings	11	7,567,383	5,860,987
TOTAL EQUITY		<u>7,567,383</u>	<u>5,860,987</u>

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013**

	Retained Earnings	Reserves	Total
	\$	\$	\$
Balance at 30 June 2011	4,442,276	-	4,442,276
Profit attributable to members	<u>1,418,711</u>	-	<u>1,418,711</u>
Balance at 30 June 2012	5,860,987	-	5,860,987
Profit/(Loss) attributable to members	<u>1,706,396</u>	-	<u>1,706,396</u>
Balance at 30 June 2013	<u><u>7,567,383</u></u>	-	<u><u>7,567,383</u></u>

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**CASH FLOW STATEMENT AS AT
30 JUNE 2013**

	NOTE	2013	2012
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from debtors		6,229,872	6,694,550
Payments to suppliers and employees		(4,605,645)	(5,236,683)
Interest received		151,093	137,910
Net Cash from Operating Activities		<u>1,775,320</u>	<u>1,595,777</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Plant & Equipment at Cost		(113,389)	(188,181)
Net Cash used in Investing Activities		<u>(113,389)</u>	<u>(188,181)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Increase (Decrease) in Cash Held		1,661,931	1,407,596
Cash at Beginning of Year		6,036,206	4,628,610
Cash at End of Year		<u>7,698,137</u>	<u>6,036,206</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Note 1 Statement of Significant Accounting Policies

These financial statements and notes represent those of .au Domain Administration Limited.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the entity's accounting policies, which are described throughout this note, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Accounting Policies

(a) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair values as indicated, less, where applicable, accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20%
Computers	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measured at initial recognition (ii) less principal repayments (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

(d) Impairment of Assets

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

Where the future economic benefits of the asset are not primarily dependent upon on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

(e) Employee Benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to Balance Sheet date. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured at the net present value.

Contributions are made by the entity to employee superannuation funds and are charged as expenses when incurred.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of six months or less, and bank overdrafts.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(i) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

(j) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(k) Critical Accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates

(a) Impairment

The company assesses impairment at each reporting date by evaluation of conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

2	Revenue	2013	2012
	Operating activities	6,105,787	5,895,545
	Interest	151,093	137,910
	Subscriptions	5,348	7,373
		<u>6,262,228</u>	<u>6,040,828</u>
3	Auditor's Remuneration		
	Auditor's Remuneration - Fees	7,850	7,500
4	Income Tax		
	The company has been deemed a non profit organisation and is not subject to tax.		
5	Cash and Cash Equivalents		
	Reconciliation of cash		
	Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
	Cash in Hand	1,075	1,532
	National Australia Bank ("NAB")	75,665	89,772
	NAB Cash on Deposit	70,772	1,322,472
	NAB USD Account	1,028,224	917,092
	HSBC	181,001	79,485
	HSBC International	3,247,914	3,279,233
	HSBC USD	36,102	346,620
	Term Deposits	1,265,802	-
	Cash Management Account	<u>1,791,582</u>	<u>-</u>
		<u>7,698,137</u>	<u>6,036,206</u>
6	Trade and Other Receivables		
	Current	491,028	488,670
	Other Debtors	49,817	16,955
	GST on acquisitions	<u>42,878</u>	<u>39,521</u>
		<u>583,723</u>	<u>545,146</u>
7	Other Current Assets		
	Deposits	13,000	13,000
	Prepayments	<u>34,098</u>	<u>-</u>
		<u>47,098</u>	<u>13,000</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
8 Property, Plant and Equipment		
Plant and equipment:		
At cost	1,006,848	893,459
Accumulated depreciation	(717,334)	(565,931)
Total plant and equipment	<u>289,514</u>	<u>327,528</u>
Movements in Carrying Amounts		
Plant & Equipment		
Balance at beginning of year	327,528	293,483
Additions (at cost)	113,389	188,181
Disposals	-	-
Depreciation	(151,403)	(154,136)
Balance at End of Year	<u>289,514</u>	<u>327,528</u>
9 Trade and Other Payables		
Current		
Trade Creditors	212,339	411,800
Prepaid Income	60,000	63,000
Payroll Clearing	61,796	53,157
GST on supplies	252,399	127,688
Other Creditors	21,345	42,862
	<u>607,879</u>	<u>698,507</u>
10 Provisions		
Provision for Holiday Pay	218,775	226,150
Provision for Long Service Leave	174,320	128,736
Total Provision for Employee Entitlement	<u>393,095</u>	<u>354,886</u>
Provision for Audit Fees	7,850	7,500
Provision for Bonus	42,265	-
Total provisions	<u>443,210</u>	<u>362,386</u>
11 Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities		
Profit/(Loss) from Ordinary Activities After Gifts	1,706,396	1,418,711
Non-cash flows in profit from ordinary activities		
Depreciation	151,403	154,136
Loss on sale of fixed assets	-	-
(Increase)/Decrease in receivables	(38,576)	12,245
(Increase)/Decrease in other assets	(34,098)	3,616
Increase/(Decrease) in payables	(90,630)	(92,276)
Increase/(Decrease) in provisions	80,825	99,345
Cash Flows from Operations	<u>1,775,320</u>	<u>1,595,777</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

12 Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, short term investments and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows.

Financial Assets	Note	2013	2012
Cash and cash equivalents	5	7,698,137	6,036,206
Loans and receivables	6	583,723	545,146
Total financial assets		8,281,860	6,581,352
Financial Liabilities			
Trade and other payables		607,878	698,507
Total Financial Liabilities		607,878	698,507

Additional Information

Registered Office	Principal Place of Business
114 Cardigan Street Carlton Victoria 3053	114 Cardigan Street Carlton Victoria 3053

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PROFIT & LOSS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
INCOME		
Subscriptions Received	5,348	7,373
Interest Received	151,093	137,910
Registry Licence Fees	1,229,634	1,064,430
Domain Name Fees	4,705,551	4,703,601
Registrar Fees	120,000	114,000
Sponsorship Income	27,500	-
IGF Registration Fee	12,564	-
Community Site Fees	10,538	13,514
TOTAL INCOME	6,262,228	6,040,828
EXPENSES		
Accountancy	126,000	120,000
Auditors Remuneration - Fees	7,850	7,500
Bank Charges	7,947	8,315
AGM & Committee Meetings	94,832	172,254
Australian IGF	174,035	-
Computer Expenses	346,776	304,147
Depreciation	151,403	154,136
Directors Fees	159,613	149,720
Directors Expenses	68,284	135,520
Donations	13,503	6,250
Entertainment	17,619	25,918
Education & Media	332,864	366,563
External Consultants	52,156	-
Fringe Benefits Tax	71,834	65,374
General Expenses	2,340	730
Holiday Pay and Long Service Leave	38,209	97,344
Insurance	22,113	21,341
Interest on Leases	28,477	27,780

.au Domain Administration Limited

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**PROFIT & LOSS
FOR THE YEAR ENDED 30 JUNE 2013**

Legal Costs	158,662	181,448
License Fee-ICANN/CCTLD	79,672	362,289
Office Expenses	47,924	46,733
Payroll Tax	64,207	56,644
Postage, Printing & Stationery	11,981	14,753
Rent	129,289	112,608
Registry Enhancements	120,950	97,310
Salaries & Wages	1,797,015	1,602,049
Security	27,011	85,573
Staff Amenities	21,999	17,361
Staff Training	43,500	27,915
Subscriptions	9,034	6,883
Technical Support	90,943	89,607
Telephone	35,293	33,215
Travelling Expenses	253,610	274,510
Website Redevelopment	96,508	-
TOTAL EXPENSES	4,703,453	4,671,790
OPERATING PROFIT/(LOSS)	1,558,775	1,369,038
NON-OPERATING INCOME AND EXPENSES		
Non Operating Gains/(Expenses)		
	-	-
Unrealised Foreign Exchange Gain/(Loss)	110,659	49,674
Realised Foreign Exchange Gain/(Loss)	36,962	-
Total Non Operating Gains/(Expenses)	147,621	49,674
OPERATING PROFIT FOR THE YEAR	1,706,396	1,418,712

.au Domain Administration Limited

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DIRECTOR'S DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 19 present fairly the company's financial position as at 30 June 2013 and its performance for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements;
2. In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: _____
Tony Staley

Director: _____
Chris Disspain

Dated this day of 2013

Glossary

2LD

Second Level Domains. The .au domain space is divided into a number of 2LDs. Each has their own eligibility and registration rules and serves a distinct segment of the Internet community.

“Open 2LDs” are open to registrations by the general public, subject to eligibility criteria. These include com.au for business-related activities and org.au for organisations.

“Closed 2LDs” are only available to entities within a defined sector. Examples include gov.au for government and edu.au for educational institutions.

Anycast Protocol

Anycast is a network addressing and routing methodology in which datagrams from a single sender are routed to the topologically nearest node in a group of potential receivers all identified by the same destination address.

ALAC

At-Large Advisory Committee. ALAC is an advisory committee to ICANN. Its mission is to act as an advocate for the interests and viewpoints of the global individual users of the Internet.

ANZIAs

The Australia and New Zealand Internet Awards. The ANZIAs are an annual event celebrating the achievements of organisations, businesses and individuals that have made significant contributions to the development and use of the Internet in Australia and New Zealand.

APRALO

Asia-Pacific Regional At-Large Organisation (APRALO, ASIAPAC) is one of the five RALOs that make up the ALAC constituency within ICANN. It provides news, resources, and information for individuals and end-user groups in Asia, Australia, and the Pacific who are interested in ICANN.

APTLD

Asia-Pacific Top Level Domain Association. APTLD is a forum for information exchange regarding technological and operational issues of domain name registries in the Asia Pacific region.

auIGF

Australian Internet Governance Forum. An initiative based on the UN IGF (see IGF below.) It brings government, business and individuals together to facilitate an ongoing dialogue about Internet governance policies and issues in Australia.

ccNSO

Country Code Names Supporting Organisation of ICANN. The ccNSO is the representative body for ccTLDs within the ICANN structure.

Glossary

DNSSEC

Domain Name System Security Extensions. DNSSEC facilitates the digital signing of Internet communications, providing improved integrity and authenticity of transmitted data. Once fully implemented, DNSSEC offers additional protection against a range of vulnerabilities such as cache-poisoning or man-in-the-middle attacks.

ICANN

Internet Corporation for Assigned Names and Numbers. ICANN is an international, not-for-profit, private sector organisation created to coordinate four key functions of the Internet: managing the domain name system, allocating IP address space, assigning protocol parameters and managing the root server system.

IETF

Internet Engineering Task Force. The IETF is a large open international community of network designers, operators, vendors, and researchers concerned with the evolution of the Internet architecture and the smooth operation of the Internet.

IGF

Internet Governance Forum. The IGF was established by the United Nations to accommodate multi-stakeholder policy dialogue in the field of Internet governance. It aims to bring together all stakeholders in the Internet governance debate, whether they represent states, the private sector or civil society, on an equal basis and through an open and inclusive process.

IPv4 / IPv6

Internet Protocol version 4 and Internet Protocol version 6. The technical, numerical addressing protocols used by network-enabled computers and devices to communicate data.

ISOC-AU

The Internet Society of Australia is a non-profit, user-focused organisation which promotes development of the Internet in Australia to benefit the whole community, including business, academic, professional, and private Internet users.

ISS

Information Security Standard. A proposed mandatory standard for registrars to enhance domain name security.

Registrant

Someone who holds, is applying for, or renewing, a domain name licence.

Registrar

auDA-accredited companies who handle domain name licence applications and renewals.

Glossary

Registry

The database of domain names registered in each 2LD.

Reseller

Non-accredited companies, affiliated with an accredited registrar, who handle domain name licence applications and renewals.

SSAC

Security and Stability Advisory Committee. Both auDA and ICANN have an SSAC to provide advice to their respective boards on matters pertaining to DNS security and stability.

WCIT

World Conference on International Telecommunications. A high-level conference bringing together governments to ratify International Telecommunications Regulations setting rules for telecommunications, including international tariffs.

WTPF

World Telecommunication and Information and Communication Technology Policy Forum. The WPTF is a high-level international event to exchange views on the key policy issues arising from today's fast changing information and communication technology (ICT) environment.

WSIS

World Summit on the Information Society. A collaborative forum held in 2003 to address the global challenges of Internet and communication technology governance. The forum at which the UN IGF was given form.



Notes





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