

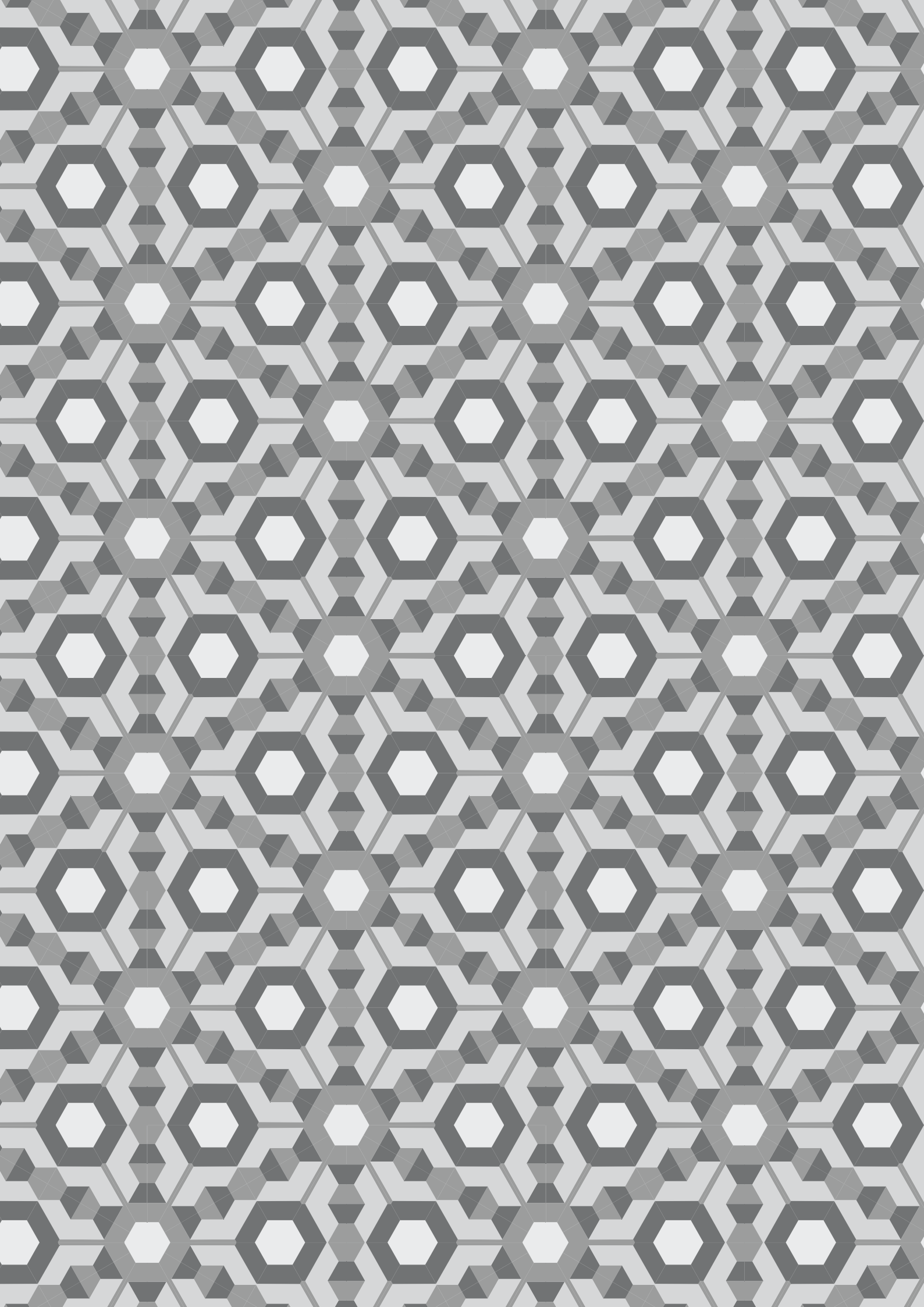
ANNUAL REPORT



2013-2014

.au DOMAIN ADMINISTRATION LTD
ANNUAL REPORT 2013-14

.auDA
.au DOMAIN ADMINISTRATION LTD





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.au DOMAIN ADMINISTRATION LIMITED ANNUAL REPORT 2013-14

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.au Domain
Administration Ltd
is the administrator
of the domain name
system in Australia



.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.

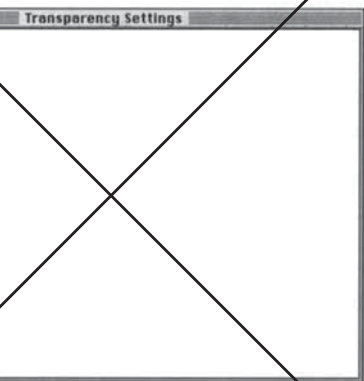
Given it is used by millions of Australian businesses, organisations and individuals every day, auDA's role in ensuring this element of Australia's Internet infrastructure is stable and reliable, is of vital importance.

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 an 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).



CEO's Statement



I am pleased to present the auDA Annual Report for FY2013-14, detailing the various activities we have undertaken to strengthen and promote the .au domain space.

In October 2013, we launched the auDA Information Security Standard (ISS), a world-first initiative aimed at improving the security practices of registrars and the protection of registrant data. Also on the security front, in November 2013, we commenced our deployment of DNS Security Extensions (DNSSEC) for the .au Top Level Domain (TLD) and the second level domains (2LDs). Our work on ISS and DNSSEC represents a major financial and resourcing commitment by auDA to enhance the security and integrity of the .au DNS.

In May 2014, we launched an advertising campaign to raise awareness about auDA's role and the value of .au. auDA is seeking to engage with as many Australians as possible, across a broad range of audiences – individuals, businesses, communities and organisations. We aim to more clearly explain our role in .au policy compliance and regulation to potential .au users and re-engage with existing users.

We had another successful year holding community outreach events. The annual Australia and New Zealand Internet Awards (ANZIAS) gala dinner was hosted by our New Zealand collaborative partner InternetNZ in Wellington, New Zealand in September 2013.

The second Australian Internet Governance Forum (auIGF) was held in Melbourne in October 2013. We were honoured to have Internet "founding father" Dr. Steve Crocker and Victorian State Technology Minister the Hon. Gordon Rich-Philips open proceedings. The multi-stakeholder event included discussion on a wide range of Internet governance topics, including the role of the Internet in breaking down borders; legal frameworks and the Internet; children and the Internet; and new generic Top Level Domains (gTLDs).

We were sad to lose our colleague, Leonie Dunbar, who passed away in December 2013. She was a valued member of auDA staff, who was committed to community outreach. We established a new ANZIA category in her honour – The Leonie Dunbar Memorial Award for Community Websites.

Our activities over the past financial year have continued to work towards making the .au domain a vital national resource for the benefit of all Australians.

Chris Disspain

Chair's Statement



This year's Annual Report presents auDA's commitment to providing a secure, safe and open domain space for all Australians.

During the year, auDA worked in partnership with AusRegistry to commence a program of annual benchmarking surveys of the .au domain. The first survey results were released in October 2013, and it was pleasing to read that .au is clearly Australia's home on the Internet, with more than double the level of trust among users over any other namespace. This year's survey continued the positive trend, finding that an increasing number of domain name holders are choosing .au.

In the auDA Community Programs section of this report, we feature some inspiring case studies of Australian individuals and organisations who are utilising the Internet for the benefit of the community. The ANZIs recognise and showcase a diverse range of online initiatives which have made significant contributions to the development and use of the Internet in Australia and New Zealand. Meanwhile, the auDA Foundation is making its name known as a respected grantmaker in the Internet field, supporting education and research activities in Australia. We were impressed by the 2013 ANZIA winners and auDA Foundation grant recipients and the high calibre and vision of their initiatives.

As Chair of auDA, I worked with Leonie Dunbar for eight years and I admired her dedication for fostering community spirit through her work with Community Geographic Domain Names (CGDNs), the ANZIs and the auDA Foundation. We were glad to honour her achievements in community outreach with the Leonie Dunbar Memorial Award for Community Websites category in this year's ANZIs.

I would also like to acknowledge the auDA staff, excellently led by Chris Disspain and Jo Lim, and the Board for the strong contributions they make to the .au domain space.

The Hon. Tony Staley AO





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 – DEPUTY CHAIR

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 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.

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.

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.

ERHAN KARABARDAK – SUPPLY CLASS DIRECTOR

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 been an auDA Director since 2012, and has served on numerous auDA Panels since 2004, including the 2010 Names Policy Panel and the 2012 Industry Advisory Panel.

JOE MANARITI – SUPPLY CLASS DIRECTOR

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).

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

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 and Communications).

GEORGE PONGAS – SUPPLY CLASS DIRECTOR

George Pongas has been actively involved with the Australian domain industry since 2003. In his current position, George is the General Manager of Naming Services at Bombora Technologies, the parent company of AusRegistry, the appointed .au 2LD registry operator. In the past, he has held CEO and other senior positions at established registrars, playing a valuable leadership role in shaping the .au retail sector in its formative years.

Over the period, George has been an active and visible industry member, participating on every auDA panel since 2007, as well as many working groups. He has a determined focus towards policy development and reforms, to address the impact of the ever-changing Internet landscape for Australian Internet users.

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

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 is a Director of Elmstone, a multi-faceted land and construction group operating in Western Victoria, and a Director of Aviation Accommodation Australia, a specialised residential and commercial accommodation provider to the aviation industry. He also sits on the Board of Enterprising Communities Inc, aimed at strengthening the connections between the community, families and schools.

Stuart is currently the Chair of Regional Development Australia Grampians, a federal government body, a Director of Ballarat Regional Tourism, the peak Tourism industry body for the Ballarat region, and a member of the Regional Policy Advisory Committee to the Victorian Minister for Regional Development and the Victorian Premier.

CHERYL LANGDON-ORR – DEMAND CLASS DIRECTOR

Cheryl was elected to the auDA Board for a fifth term in Demand Class in October 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. Since then, she has been the ALAC liaison to ICANN's Country Code Name Supporting Organisation Council (ccNSO) 2011–2013. Cheryl was also appointed to ICANN's first Accountability and Transparency Review Team in 2010, and in 2013 served on the ICANN Nominating Committee as Chair Elect and as the Chairman of this Committee in 2014.





PAUL LEVINS – DEMAND CLASS DIRECTOR

Paul is President, Intellectual Ventures, for Australia and New Zealand and also manages the monetisation program across all of Intellectual Ventures' Asian offices.

Previously he was Executive Officer and Vice President at ICANN, where he took a leading role in negotiating ICANN's Affirmation of Commitment 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. Paul is also a director of the ANZAC Medical Research Institute.

JOSHUA ROWE – DEMAND CLASS DIRECTOR

Josh is the CEO of realAs - a free website and app that helps home buyers and property investors find their next home. Josh is a digital entrepreneur who is passionate about eCommerce. Josh has been helping businesses – like Australia Post, Tarazz and Medibank – improve their performance by using the Internet, for over 20 years.

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.

From its foundation in June 2004 until March 2011, Chris was the Chair of ICANN's ccNSO, a body that represents the interests of, and sets global policy and best practice for, ccTLDs.

In June 2011 he became a Board Member of ICANN.

From 2006 until 2013 he was 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 and, in that time, she has been primarily responsible for managing the policy and regulatory framework for the .au domain.

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.

Jo holds a Bachelor of Laws and Bachelor of Arts (Hons) from the University of Melbourne, and Diplomas in Management and Business from Swinburne University.

Board Committees

THE BOARD HAS ESTABLISHED THE FOLLOWING STANDING COMMITTEES:

FINANCE & AUDIT COMMITTEE

Members: Graham McDonald (Chair), Stuart Benjamin, Cheryl Langdon-Orr, Kartic Srinivasan – 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
- recommending the appointment of auditors to the Board.

GOVERNANCE, BOARD SUCCESSION & REMUNERATION COMMITTEE

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

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
- oversight of the process for Board remuneration, both independent and elected Directors, individually and in aggregate.

STRATEGIC RISK COMMITTEE

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

The Committee is responsible for:

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

auDA Staff

CHRIS DISSPAIN Chief Executive Officer

ZARLEEN BLAKELEY Community Programs and Communications Officer

NICK BOOTH Web Services - DevOps

LUJIA CHEN Registrar Liaison and Policy Officer

OSLEY DIAS IT Support Officer

LEONIE DUNBAR General Manager, Community Programs

HELEN HOLLINS General Manager, Communications

ADAM KING Chief Technology Officer

JO LIM Chief Operations and Policy Officer

LISA LUNARDI Office Manager

JACKI O'SULLIVAN Executive Assistant to the CEO

VANESSA STANFORD General Manager, Complaints

PAUL SZYNDLER General Manager, International and Government Affairs

JOHN TOMIC Policy Compliance and Technical Officer

TOM VALCANIS Marketing and Communications Officer



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' 2LDs which are directly managed by auDA – com.au, net.au, org.au, asn.au, and id.au.

By 30 June 2014, .au had 2,841,217 total registrations, an increase from 2,673,939 at the same time last year.

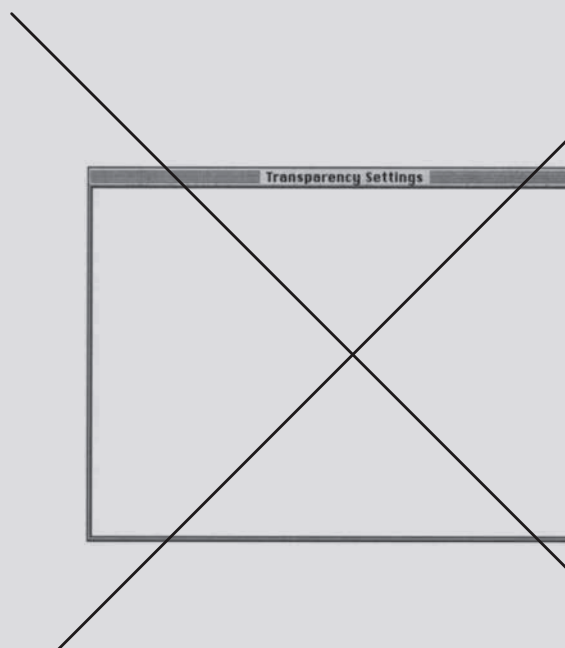
.au BENCHMARK SURVEYS 2013 & 2014

In October 2013, auDA and AusRegistry released the results of a joint survey aimed at benchmarking the behaviours and attitudes of the Australian Internet user and their interaction with the .au namespace.

The survey of 10,000 Australian Internet users found that 95% of respondents identified .au as being uniquely representative of Australia when compared to competing namespaces such as .com, .nz or .asia.

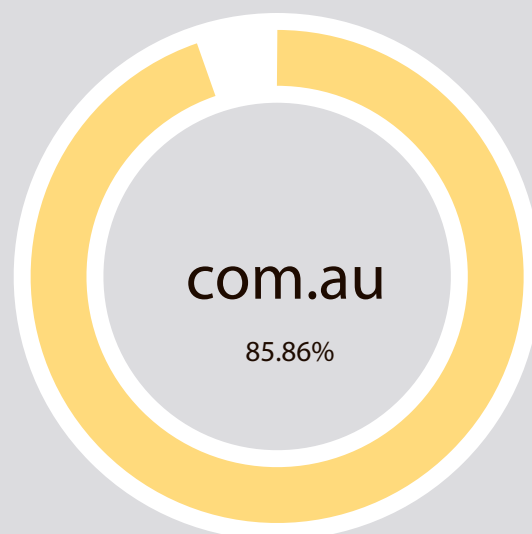
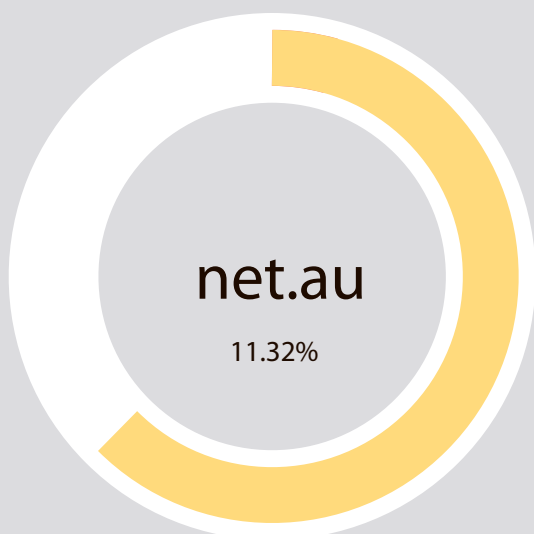
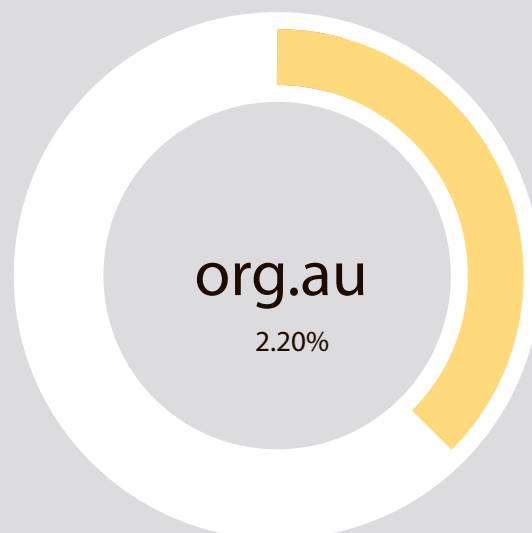
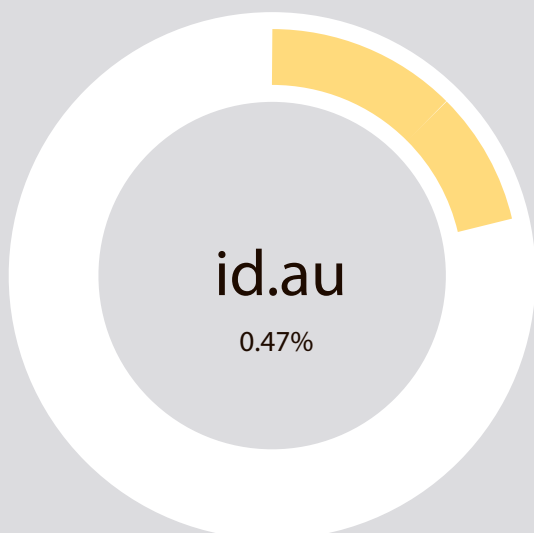
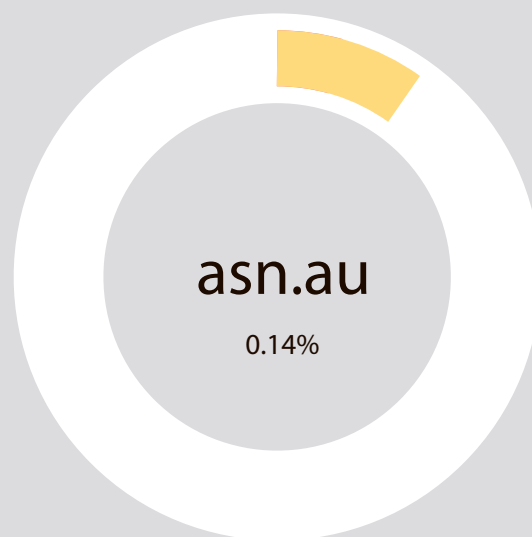
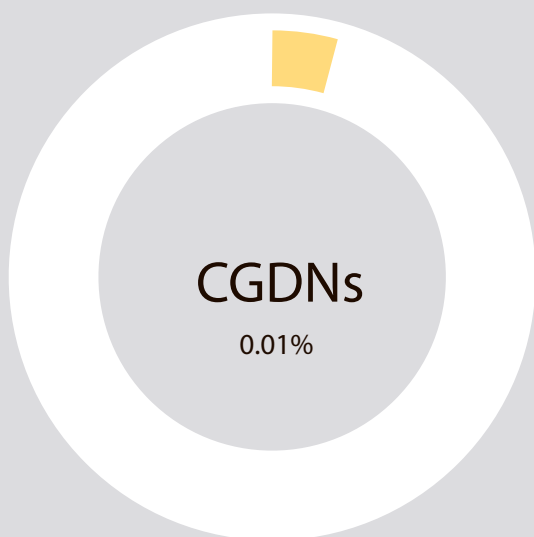
The majority of .au domain name owners said that registering a domain name is an easy process, and approximately half of all respondents perceived the current amount of regulation as appropriate. While .au enjoys widespread consumer and end user satisfaction, the report also found that only one in four Australians owns a domain name and 87% of those who do not own a domain name saw no reason to do so.

The 2013 benchmarking report was intended to provide a baseline performance standard to profile .au domain name owners and measure against annually in future surveys. auDA and AusRegistry conducted the first follow-up survey, in March 2014, of 3,000 Australian Internet users. The results of this survey were published in June 2014, and showed that Australians' trust in the .au domain continues to be strong, with two-thirds of survey respondents being more likely to trust a .au website compared with only one-third for a .com.



.au OPEN 2LD BREAKDOWN AT 30 JUNE 2014

Source: AusRegistry Total .au: 2,841,217



DOMAIN REGISTRATIONS	CGDNs	asn.au	id.au	org.au	net.au	com.au
	241	3,913	13,331	62,684	321,673	2,439,375

Regulatory

auDA INFORMATION SECURITY STANDARD (ISS)

The auDA Information Security Standard (ISS) for Accredited Registrars (2013-03) came into effect on 17 October 2013.

The ISS was developed in consultation with registrars and other industry participants through the 2012 Industry Advisory Panel, and was approved by the auDA Board in February 2013.

The ISS forms part of auDA's Registrar Accreditation Criteria (2013-04) and compliance is mandatory for all auDA accredited registrars. Existing registrars at 17 October 2013 must achieve ISS compliance within 24 months of the commencement date. New applicants for registrar accreditation must achieve ISS compliance as part of the provisional accreditation process.

REGISTRARS AND RESELLERS

Registrars provide services in .au to people 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 2013-14, auDA accredited six new registrars, resulting in a total of 45 auDA accredited registrars at 30 June 2014. In addition, 5,340 resellers had been notified to auDA.

auDRP

The .au Dispute Resolution Policy (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. The auDRP was drafted by auDA's Dispute Resolution Working Group and commenced on 1 August 2002.

In 2013-14, 50 complaints were lodged with the auDRP providers; of these:

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

COMPLAINTS

In 2013-14, auDA received 528 formal complaints; of these 372 were about .au domain names or registrants, and 156 were about industry participants.

.au REGISTRAR MARKET SHARE

Source: AusRegistry

**.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, and negotiated licence extensions in 2009 and 2013.

Registry highlights for 2013-14 included:

- the .au benchmark surveys, a joint research initiative with auDA aimed at profiling the Australian Internet users and their relationship with the .au domain namespace
- the \$1 net.au marketing promotion, a month long campaign which added over 30,000 new net.au domains to the namespace
- continued investment in security measures, such as .auLOCKDOWN, which allows registrants to lock domain name-server delegations and prevent unauthorised changes to the records
- regular presentations at auDA Board meetings on the state of the namespace and industry performance
- active industry participation and policy input, including significant contributions to the ISS for registrars and DNSSEC
- ongoing commitment to registrar engagement aimed at strengthening relationships and providing technical support
- continued financial support and sponsorship of Internet-related organisations and charities, including the Asia Pacific Top Level Domain Association (APTLD), auDA Foundation and the auIGF.

Security

In November 2013, auDA commenced DNSSEC deployment by signing the reverse zones delegations that support the .au infrastructure. In January 2014, auDA added the Delegation Signer (DS) records for the .au reverse zone delegations into the APNIC registry. This allows the reverse zone information for the IP ranges used on the .au infrastructure to be validated using DNSSEC.

In April 2014, auDA signed the .au zone file in the production environment. The signing is considered “experimental” whilst auDA continues to monitor and review the implementation.

FY2013-14 also saw the migration of auDA-maintained name server sites from physical to virtual. This move allows for improved management and monitoring, increased stability and faster backup and recovery methods. The remaining physical sites will be converted to virtual environments as each site undergoes a hardware refresh.

The new auDA website was launched in November 2013. It has both a new look and a new backend to provide our content in an easy-to-navigate interface. It allows for updated features, improved security applications and is built with the latest stable code base to reduce exposure to vulnerabilities. auDA will continue to migrate all of its sites to the new platform and has employed a new staff member to manage, monitor and develop our web services.



Community Programs

2013 WINNERS





The Australia and New Zealand Internet Awards (ANZIs) 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 fifth annual ANZIs were presented at a gala dinner at Te Papa Tongarewa in Wellington, New Zealand on 17 September 2013. Comedian Ben Hurley was Master of Ceremonies and media commentator Russell Brown delivered the keynote speech.

The 2013 ANZIA winners were:

BEST DIVERSITY INITIATIVE

CENTRAL AUSTRALIAN ABORIGINAL MEDIA ASSOCIATION

www.caama.com.au

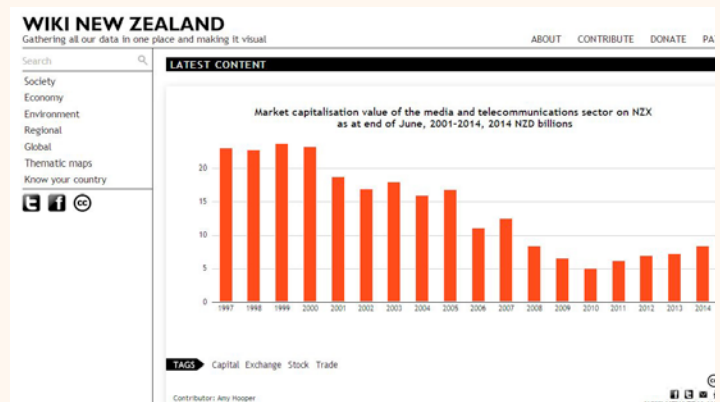
The CAAMA website delivers news interviews and current affairs to Aboriginal people living in the most remote parts of Australia through audio podcasts, video bulletins, online news stories and photojournalism coverage.



INFORMATION CATEGORY WINNER

WIKI NEW ZEALAND
www.wikinewzealand.org

Wiki New Zealand enables organisations and individuals who collect data about New Zealand to distribute it to the general public. The wiki framework makes use of open source software and has been designed to allow external contributors to create graphs and upload them into an audited process for publishing.



INNOVATION CATEGORY WINNER

CSIRO AND THE NATIONAL MUSEUM OF AUSTRALIA
<http://tourbot.nma.gov.au/index/overview>

CSIRO has developed and installed a system that enables students in regional Australia to participate in live, immersive, interactive, guided tours of the National Museum of Australia (NMA) from a computer in their school or local library.



INTERNET ACCESS & DIGITAL SKILLS CATEGORY WINNER

WORKVENTURES
www.workventures.com.au

WorkVentures embarked to narrow the 'digital divide' by providing free access to technology hubs, training, refurbished computers for homes. They also target programs to specific communities such as indigenous youth in remote areas, migrants/refugees and seniors.



PRIVACY CATEGORY WINNER

MEGA LTD
www.mega.co.nz

MEGA is a cloud storage and collaboration service which has emerged as a leader in the area of 'user controlled encryption'. Privacy is designed into the service. End to end encryption ensures that even human error on part of Mega or its service providers (such as server hosts) does not inadvertently expose a user's data.



SECURITY CATEGORY WINNER

VODAFONE HUTCHISON AUSTRALIA
www.vodafone.com.au/personal/android/home/apps/guardian-app

Guardian is a free smartphone application available for use on any network that lets parents and their children select the best smartphone settings to support safe and responsible age appropriate Internet use.



CHRIS DISSPAIN & BEN HURLEY



SPEAKER – MEDIA COMMENTATOR RUSSELL BROWN



MC – COMEDIAN BEN HURLEY

COMMUNITY GEOGRAPHIC DOMAIN NAMES (CGDNs)

The Community Geographic Domain Names (CGDNs) take a similar form to a postal address - www.town.state.au. CGDNs are available for every addressable locality in Australia, except capital cities, e.g. www.carlton.vic.au and www.eden.nsw.au. This website address provides an easy way for communities to be found on the Internet and gives community organisations, who may not be able to afford their own website, a web presence.

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, 437 applications have been received from across Australia, including 25 applications in 2013-14.

CGDN applicants can choose to use Community Site in a Box (CSIAB), an easy-to-use website content management system which was created as an affordable website development option for community groups. 54% of CGDN applicants have opted to use CSIAB.

In 2014, auDA is reviewing CGDN operations and policy, as well as the useability and effectiveness of CSIAB.



THE LEONIE DUNBAR MEMORIAL AWARD FOR COMMUNITY WEBSITES

This year we announced there will be a new ANZIA category for community websites in 2014. This award is in memory of Leonie Dunbar, who was the driving force behind the CGDN initiative and sadly passed away in December 2013.

The Leonie Dunbar Memorial Award for Community Websites has been established in her honour for sites that are run by, and for, the local community in a geographic area in Australia or New Zealand. Entrants must demonstrate how their community website has made a positive contribution to their local area.





The auDA Foundation is a charitable fund established in 2005 to provide grants for 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.

Since its establishment, the Foundation has conducted eight funding rounds and awarded 98 projects funding totaling \$1,958,631.

The 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.

The auDA Foundation funded 14 projects in the 2013 round, covering the categories of research, online program development, information portals, and a PhD scholarship. The 2013 grant recipients are working on projects aimed at assisting seniors, children/youth, Culturally and Linguistically Diverse (CALD) communities, people with disabilities, Indigenous Australians and the health and education sectors.

The 2014 funding round opened on 4 August 2014 and grants will be awarded at the end of the year.

EXAMPLES OF 2013 PROJECTS FUNDED BY THE auDA FOUNDATION:

LA TROBE UNIVERSITY – DEVELOPMENT OF COOL LITTLE KIDS ONLINE

In July 2014, La Trobe University and Macquarie University launched the Cool Little Kids Online website at www.coollittlekids.org.au.

Cool Little Kids Online is a program for parents of shy or anxious children aged three to six years. It was adapted from the Cool Little Kids group parenting program, which has been safely and effectively used in Australia for over 10 years.

The auDA Foundation grant has contributed to the development of the online program by allowing additional programming and multimedia, so that it is engaging and useful for parents.



"A shy or sensitive temperament early in life puts a child at risk for anxiety problems. We've created an online version of the Cool Little Kids program so that more parents are able to benefit from learning practical and proven skills for improving children's confidence and preventing anxiety."

Dr Amy Morgan, Project Leader, La Trobe University

AUSTRALIAN PROSTATE CANCER RESEARCH – ONLINE DELIVERY OF PROSTATE CANCER NURSING AND ALLIED HEALTH CARE: DEVELOPING AN ACCESSIBLE, EQUITABLE AND EFFECTIVE MODEL OF CARE ONLINE

This project aims to develop and pilot-test the integration of real-time nursing and allied health clinical consultations over the Internet for men who have prostate cancer.

The 2013 grant from the auDA Foundation has enabled investigation of the appropriate Internet-enabled systems for the PROSTMATE clinical system. The service will provide men who have prostate cancer, and their families, access to clinical services that they may not have been able to utilise previously.



"The funding support received from the auDA Foundation will enable us to integrate the PROSTMATE system into clinical practice at Peter MacCallum Cancer Centre and Royal Melbourne Hospital. This will significantly increase access to nursing and allied health support for patients using the telehealth system."

Addie Wootten, Clinical Psychologist and eHealth program manager, Australian Prostate Cancer Research

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.

It is unique among UN events because all stakeholders – businesses, non-government 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 held the second Australian Internet Governance Forum (auIGF) in Melbourne on 16 and 17 October 2013. It was opened by the Hon. Gordon Rich-Philips MLC, Victorian Minister for Technology, and was attended by approximately 250 parliamentarians, key government representatives and policy-makers from federal and state agencies, businesses, peak industry bodies and Internet users.

The 2013 auIGF day one panel topics were:

- The role of the Internet in breaking down national, social and cultural borders
- Legal frameworks and the Internet: A recipe for failure?
- Children and the Internet – Protections, rights, dangers and opportunities
- New generic Top Level Domains (gTLDs) – consumer choice or constraint?

Day two of the forum featured a number of interactive, community-led workshops. These included topics such as digital citizenship vs. cybersafety; digital intellectual property in Australia; and the auDA ISS for registrars.



Australian
Internet
Governance
Forum

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.

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.

APNIC

Asia Pacific Network Information Centre. APNIC is an open, membership-based, not-for-profit organisation providing Internet addressing services to the Asia Pacific.

APRALO

Asia Pacific Regional At-Large Organisation. APRALO 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.

auDRP

.au Dispute Resolution Policy. auDRP is a process which provides 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.

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.

ccTLD

Country Code Top Level Domain. ccTLDs are reserved for exclusive use by a country or external territory. The codes are determined according to a list maintained by the International Organization for Standardization (ISO 3166-1). .au is Australia’s ccTLD. Other examples of ccTLDs include .de for Germany and .uk for the United Kingdom.

CGDNs

Community Geographic Domain Names. Geographic domain names in each Australian state and territory that are reserved for use by local community groups.

DNS

Domain Name System. The technical protocol that maps the Internet Protocol (IP) addresses used by computers to navigate the Internet to more human-friendly domain names.

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, man-in-the-middle attacks and the Kaminsky exploit.

gTLD

Generic Top Level Domain. gTLDs are operated by a registry at the global level with policies developed through ICANN processes. gTLDs can be unrestricted (such as .com, .org and .net) or sponsored (such as .aero and .museum).

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.

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.

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.

ISS

Information Security Standard. A set of technical operations and rules 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.

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.



Financials

.au DOMAIN ADMINISTRATION LIMITED [A COMPANY LIMITED BY GUARANTEE] 079 009 340

Meagher Howard & Wright, Certified Practising Accountants
Suite 505, 55 Grafton Street, Bondi Junction NSW 2022

DIRECTORS' REPORT

Your directors submit the financial accounts of the company for the year ended 30 June 2014.

Directors

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

	Eligible	Attended	Apologies
Tony STALEY (Chair)	7	7	
Julie HAMMER (Deputy Chair)	7	7	
Stuart BENJAMIN	7	7	
Erhan KARABARDAK	7	7	
Cheryl LANGDON-ORR	7	7	
Paul LEVINS	7	7	
Joe MANARITI	7	7	
Graham MCDONALD	7	7	
George PONGAS	7	7	
Joshua ROWE	7	7	
Kartic SRINIVASAN	7	4	3
Chris DISSPAIN	7	7	

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 Centre's 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 – Deputy Chair

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 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. 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.

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.

Erhan Karabardak – Supply Class Director

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 been an auDA Director since 2012, and has served on numerous auDA Panels since 2004, including the 2010 Names Policy Panel and the 2012 Industry Advisory Panel.

Joe Manariti – Supply Class Director

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

George Pongas – Supply Class Director

George Pongas has been actively involved with the Australian domain industry since 2003. In his current position, George is the General Manager of Naming Services at Bombora Technologies, the parent company of AusRegistry, the appointed .au 2LD Registry Operator. In the past, he has held CEO and other senior positions at established Registrars, playing a valuable leadership role in shaping the .au retail sector in its formative years. Over the period, George has been an active and visible industry member, participating on every auDA panel since 2007, as well as many working groups. He has a determined focus towards policy development and reforms, to address the impact of the ever-changing Internet landscape for Australian Internet users.

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).

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 is currently a Director of Elmstone Property Group, Aviation Accommodation Australia and Ballarat Regional Tourism, Chairman of Regional Development Australia Grampians, a Board member of Enterprising Communities Inc.

Cheryl Langdon-Orr - Demand Class Director

Cheryl was elected to the auDA Board for a fifth term in Demand Class in October 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. Since then, she has been the ALAC liaison to ICANN's Country Code Name Supporting Organisation Council (ccNSO) 2011-2013. Cheryl was also appointed to ICANN's first Accountability and Transparency Review Team in 2010, and in 2013 served on the ICANN Nominating Committee as Chair Elect and as the Chairman of this Committee in 2014.

Paul Levins – Demand Class Director

Paul is President, Intellectual Ventures for Australia and New Zealand and also manages the monetisation program across all of Intellectual Ventures Asian offices. Previously he was Executive Officer and Vice President at ICANN, where he took a leading role in negotiating ICANN's Affirmation of Commitment 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. Paul is also a director of the ANZAC Medical Research Institute.

Joshua Rowe - Demand Class Director

Josh is the CEO of realAs - a free website and app that helps home buyers and property investors find their next home. Josh is a digital entrepreneur who is passionate about eCommerce. Josh has been helping businesses – like Australia Post, Tarazz and Medibank – improve their performance by using the Internet, for over 20 years.

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. From its foundation in June 2004 until March 2011, Chris was the Chair of ICANN's ccNSO, a body that represents the interests of and sets global policy and best practice for ccTLDs. In June 2011 he became a Board Member of ICANN. From 2006 until 2013 he was 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, and in that time, she has been primarily responsible for managing the policy and regulatory framework for the .au domain. 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. Jo holds a Bachelor of Laws and Bachelor of Arts (Hons) from the University of Melbourne, and Diplomas in Management and Business from Swinburne University.

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 the 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.

Operating Results

The surplus for the year amounted to \$1,662,803 (2013 - \$1,706,396).

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 2014, the company had 144 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.

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

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2014 has been received.

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

Director:

Dated this day of 2014

**COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
Revenue	2	6,953,841	6,262,228
Depreciation and amortisation expenses		(137,086)	(151,403)
Employee benefits expenses		(2,156,000)	(1,907,201)
Finance costs		(14,836)	147,620
Other expenses		(2,983,116)	(2,644,848)
Profit (Loss) for the year		1,662,803	1,706,396
Retained earnings at the beginning of the financial year		7,567,383	5,860,987
Profit attributable to members of the company		9,230,186	7,567,383

**BALANCE SHEET AS AT
30 JUNE 2014**

	Note	2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	5	7,242,580	7,698,137
Trade and other receivables	6	616,333	583,723
Other current assets	7	144,732	47,098
TOTAL CURRENT ASSETS		8,003,645	8,328,958
NON-CURRENT ASSETS			
Investments		2,110,667	-
Property, plant and equipment	8	247,995	289,514
TOTAL NON-CURRENT ASSETS		2,358,662	289,514
TOTAL ASSETS		10,362,307	8,618,472
CURRENT LIABILITIES			
Trade and other payables	9	615,639	607,879
Provisions	10	516,482	443,210
TOTAL CURRENT LIABILITIES		1,132,121	1,051,089
TOTAL LIABILITIES		1,132,121	1,051,089
NET ASSETS		9,230,186	7,567,383
EQUITY			
Retained earnings	11	9,230,186	7,567,383
TOTAL EQUITY		9,230,186	7,567,383

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Retained Earnings	Reserves	Total
	\$	\$	\$
Balance at 30 June 2012	5,860,987	-	5,860,987
Profit attributable to members	1,706,396	-	1,706,396
Balance at 30 June 2013	7,567,383	-	7,567,383
Profit/(Loss) attributable to members	1,662,803		1,662,803
Balance at 30 June 2014	<u>9,230,186</u>		<u>9,230,186</u>

CASH FLOW STATEMENT AS AT
30 JUNE 2014

	NOTE	2014	2013
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from debtors		7,464,314	6,229,872
Payments to suppliers and employees		(6,002,103)	(4,605,645)
Interest received		214,396	151,093
Net Cash from Operating Activities		<u>1,676,607</u>	<u>1,775,320</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Plant & Equipment at Cost		(95,567)	(113,389)
Purchase Investments		(2,036,597)	-
Net Cash used in Investing Activities		<u>(2,132,164)</u>	<u>(113,389)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Increase (Decrease) in Cash Held		(455,557)	1,661,931
Cash at Beginning of Year		7,698,137	6,036,206
Cash at End of Year		<u>7,242,580</u>	<u>7,698,137</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 (i.e. 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.

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

2	Revenue	2014	2013
	Operating activities		6,105,787
	Interest	214,396	151,093
	Subscriptions	<u>5,364</u>	<u>5,348</u>
		<u>6,953,841</u>	<u>6,262,228</u>
3	Auditor's Remuneration		
	Auditor's Remuneration - Fees	8,100	7,850
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	814	1,075
	National Australia Bank ("NAB")	198,782	75,665
	NAB Cash on Deposit	3,575,228	70,772
	NAB USD Account	280,606	1,028,224
	HSBC	-	181,001
	HSBC International	-	3,247,914
	HSBC USD	-	36,102
	Term Deposits	3,129,512	1,265,802
	Cash Management Account	<u>60,638</u>	<u>1,791,582</u>
		<u>7,242,580</u>	<u>7,698,137</u>
6	Trade and Other Receivables		
	Current	552,043	491,028
	Other Debtors	2,179	49,817
	GST on acquisitions	<u>62,111</u>	<u>42,878</u>
		<u>616,333</u>	<u>583,723</u>
7	Other Current Assets		
	Deposits	13,000	13,000
	Prepayments	<u>131,732</u>	<u>34,098</u>
		<u>144,732</u>	<u>47,098</u>

	2014 \$	2013 \$
8 Property, Plant and Equipment		
Plant and equipment:		
At cost	1,102,415	1,006,848
Accumulated depreciation	(854,420)	(717,334)
Total plant and equipment	<u>247,995</u>	<u>289,514</u>
Movements in Carrying Amounts		
Plant & Equipment		
Balance at beginning of year	289,514	327,528
Additions (at cost)	95,567	113,389
Disposals	-	-
Depreciation	(137,086)	(151,403)
Balance at End of Year	<u>247,995</u>	<u>289,514</u>
9 Trade and Other Payables		
Current		
Trade Creditors	222,838	212,339
Prepaid Income	51,000	60,000
Payroll Clearing	40,014	61,796
GST on supplies	269,466	252,399
Other Creditors	32,321	21,345
	<u>615,639</u>	<u>607,879</u>
10 Provisions		
Provision for Holiday Pay	255,151	218,775
Provision for Long Service Leave	229,794	174,320
Total Provision for Employee Entitlement	<u>484,945</u>	<u>393,095</u>
Provision for Audit Fees	8,100	7,850
Provision for Bonus	23,435	42,265
Total provisions	<u>516,480</u>	<u>443,210</u>
11 Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities		
Profit/(Loss) from Ordinary Activities After Gifts	1,662,803	1,706,396
Non-cash flows in profit from ordinary activities		
Depreciation	137,086	151,403
Increase in Market Value of Investments	(74,070)	-
(Increase)/Decrease in receivables	(32,610)	(38,576)
(Increase)/Decrease in other assets	(97,634)	(34,098)
Increase/(Decrease) in payables	7,760	(90,630)
Increase/(Decrease) in provisions	73,272	80,825
Cash Flows from Operations	<u>1,676,607</u>	<u>1,775,320</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

12 Financial Risk Management

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

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	2014	2013
Cash and cash equivalents	5	7,242,580	7,698,137
Loans and receivables	6	616,333	583,723
Investments in bonds funds		2,110,667	-
Total financial assets		<u>9,969,580</u>	<u>8,281,860</u>
Financial Liabilities			
Trade and other payables		615,639	607,878
Total Financial Liabilities		<u>615,639</u>	<u>607,878</u>

Additional Information

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

PROFIT & LOSS
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
INCOME		
Subscriptions Received	5,364	5,348
Interest Received	214,396	151,093
Registry Licence Fees	1,346,873	1,229,634
Domain Name Fees	5,166,788	4,705,551
Registrar Fees	135,000	120,000
Sponsorship Income	-	27,500
Sundry Income	1,000	-
IGF Registration Fee	-	12,564
Community Site Fees	10,350	10,538
Unrealised Increase in Market Value	74,070	-
	<hr/>	<hr/>
TOTAL INCOME	6,953,841	6,262,228
EXPENSES		
Accountancy	142,000	126,000
Auditors Remuneration - Fees	8,100	7,850
Bank Charges	7,031	7,947
ANZIA Award	69,923	57,125
Australian IGF	151,060	174,035
Computer Expenses	332,055	346,776
Depreciation	137,086	151,403
Directors Fees	158,706	159,613
Directors & Meeting Expenses	137,258	105,991
Donations	6,000	13,503
Entertainment	21,891	17,619
Education & Media	314,728	332,864
External Consultants	45,652	52,156
Fringe Benefits Tax	78,768	71,834
General Expenses	245	2,340
Holiday Pay and Long Service Leave	113,052	38,209
Insurance	21,311	22,113

PROFIT & LOSS
FOR THE YEAR ENDED 30 JUNE 2014

Interest on Leases	27,780	28,477
Legal Costs	106,100	158,662
License Fee-ICANN/CCTLD	676,595	79,672
Office Expenses	48,454	47,924
Payroll Tax	84,640	64,207
Postage, Printing & Stationery	9,754	11,981
Rent	127,892	129,289
Registry Enhancements	119,400	120,950
Salaries & Wages	1,857,571	1,797,015
Security	18,798	27,011
Staff Amenities	12,142	21,999
Staff Training	25,295	43,500
Subscriptions	4,573	9,034
Technical Support	106,612	90,943
Telephone	22,834	35,293
Travelling Expenses	213,718	253,610
Website Redevelopment	69,178	96,508
TOTAL EXPENSES	5,276,202	4,703,453
OPERATING PROFIT/(LOSS)	1,677,639	1,558,775
NON-OPERATING INCOME AND EXPENSES		
Non Operating Gains/(Expenses)		
Unrealised Foreign Exchange Gain/(Loss)	(11,124)	110,659
Realised Foreign Exchange Gain/(Loss)	(3,712)	36,962
Total Non Operating Gains/(Expenses)	14,836	147,621
OPERATING PROFIT FOR THE YEAR	1,662,803	1,706,396

DIRECTOR'S DECLARATION**The directors of the company declare that:**

1. The financial statements and notes, as set out on pages 7 to 18 present fairly the company's financial position as at 30 June 2014 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** _____ **2014**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF .au DOMAIN ADMINISTRATION LIMITED



MEAGHER, HOWARD & WRIGHT
CERTIFIED PRACTISING ACCOUNTANTS

ABN 42 664 097 441
PO Box 653

PARTNERS

K.J. WRIGHT J.P. M.COMM. F.C.P.A.
G. MIDDLETON B.COMM. ACA

ASSOCIATE

L.J. HOWARD O.A.M. J.P. B Ec. F.C.P.A.

FINANCIAL PLANNING

MARK MAYCOCK

Fax: 02 9387 8388

ken@mhw.net.au

Suite 505

Level 5 / 55 Grafton Street
BONDI JUNCTION NSW 2022

BONDI JUNCTION NSW 1355

Phone: 02 9387 8988

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF .AU DOMAIN ADMINISTRATION LIMITED

We have audited the accompanying financial report of .au Domain Administration Ltd, which comprises the statement of financial position as at 30 June 2014 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

The responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of .au Domain Administration Ltd on 30 June 2014, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion, the financial report

- a.) gives a true and fair view of the financial position of .au Domain Administration Ltd as of 30 June 2014, and of its financial performance and its cash flows for the year then ended.
- b.) Complies with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Accounting Standards (including Australian Accounting Interpretations) as described in Note 1 and the *Corporations Act 2001*.

Name of Firm: Meagher Howard & Wright

Name of Partner: Ken Wright

Address: Suite 505, 55 Grafton Street Bondi Junction NSW 2022

Dated: this day of 2014



MEAGHER, HOWARD & WRIGHT

CERTIFIED PRACTISING ACCOUNTANTS

ABN 42 664 097 441

PO Box 653

PARTNERS

K.J. WRIGHT J.P. M.COMM. F.C.P.A

G. MIDDLETON B.COMM. ACA

ASSOCIATE

L.J. HOWARD O.A.M. J.P. B Ec. F.C.P.A.

FINANCIAL PLANNING

MARK MAYCOCK

Fax: 02 9387 8388

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Suite 505

Level 5 / 55 Grafton Street

BONDI JUNCTION NSW 2022

BONDI JUNCTION NSW 1355

Phone: 02 9387 8988

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 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.

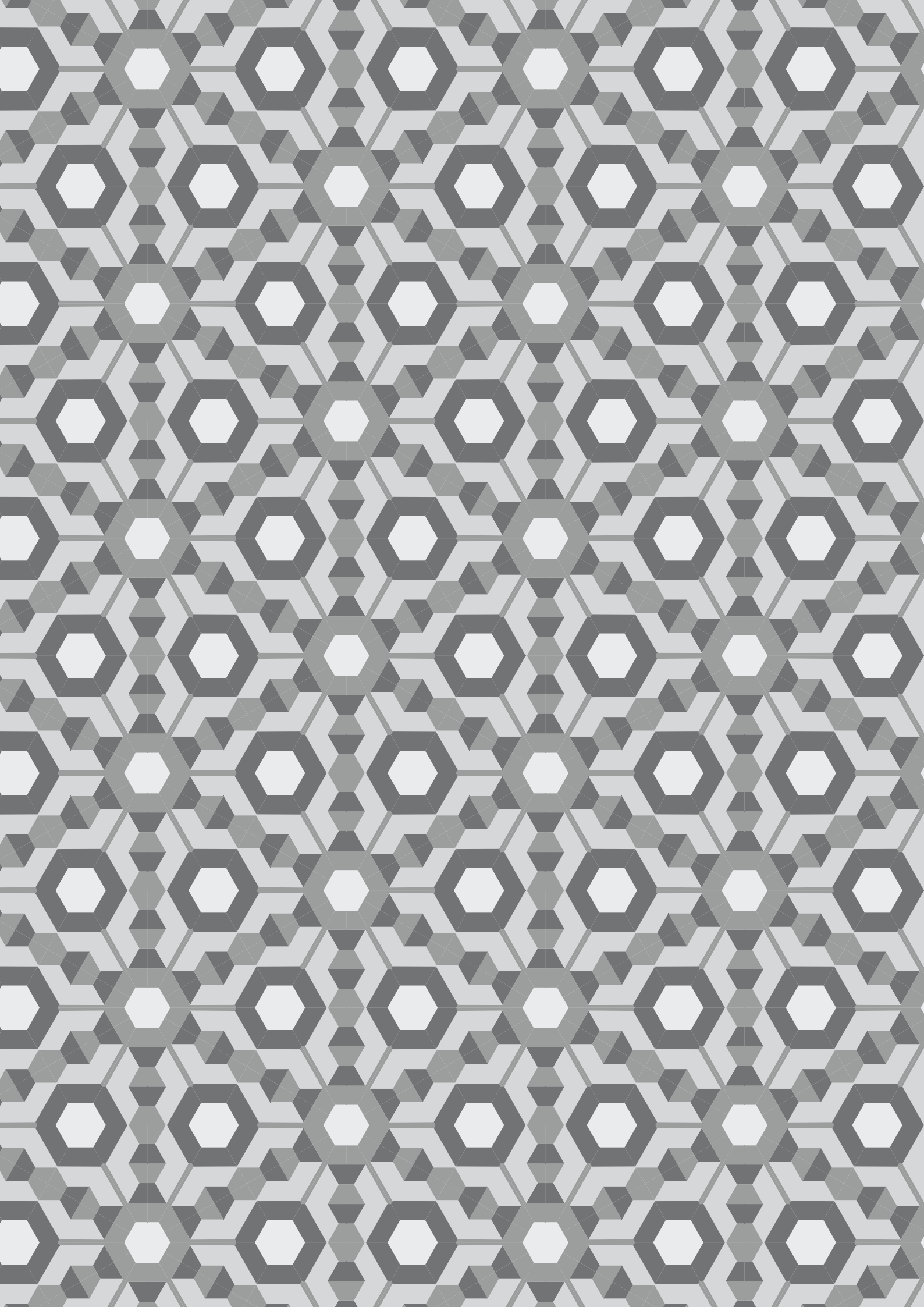
Name of Firm Meagher Howard & Wright

Name of Partner Ken Wright

Date _____

Address Suite 505 No 55 Grafton Street

BONDI JUNCTION NSW 2022



2013-2014

.au DOMAIN ADMINISTRATION LTD
ANNUAL REPORT 2013-14

