



**SENATOR THE HON MITCH FIFIELD**  
DEPUTY LEADER OF THE GOVERNMENT IN THE SENATE  
MINISTER FOR COMMUNICATIONS  
MINISTER FOR THE ARTS

Ref No: MS18-000599

Mr Chris Leptos AM  
Chair, auDA Board  
Level 17 1 Collins Street  
MELBOURNE VIC 3004

Dear Mr Leptos

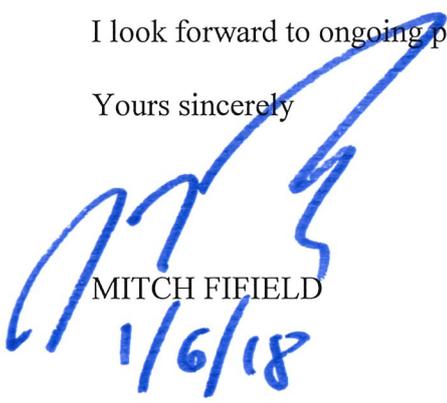
### **auDA Review - Implementation Plan**

Thank you for your letter of 17 May 2018, which includes a plan for implementing changes required for auDA to meet the revised Terms of Endorsement. In accordance with my letter of 14 April 2018, the implementation plan should be published on auDA's website.

As you are aware, it is a requirement under the revised Terms of Endorsement that auDA provide quarterly updates on performance and work priorities to my department. I ask that you provide my department with a comprehensive update on all reform activity as part of auDA's first quarterly report in June.

I look forward to ongoing progress in this matter.

Yours sincerely



MITCH FIFIELD

1/6/18



17 May 2018

Senator The Hon Mitch Fifield  
Minister for Communications and the Arts

By email

Dear Minister,

You will find attached auDA's implementation plan, in accordance with your letter dated 16<sup>th</sup> April 2018, which is part of our response to the Government's review.

We look forward to your feedback so that we can share the plan with our members and stakeholders.

Thank you for the opportunity to work with you in reforming the management and governance of the .au domain.

Yours sincerely,

**Chris Leptos AM**  
Independent Chair  
.au Domain Administration Ltd

# Review of Australia's **.au** management

Implementation Plan  
May 2018

**.auDA**  
.AU DOMAIN ADMINISTRATION LTD

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## **Introduction**

On the 18<sup>th</sup> of April, 2018, the Department of Communications and the Arts released its report into the management of the .au Domain Administration (the Review).

The central finding of the Review is that “the current management and governance framework for auDA is no longer fit-for-purpose and that reform is necessary if the company is to perform effectively and meet the needs of Australia’s internet community”.

The review made 29 recommendations for auDA to improve its management framework, governance, membership, trust and confidence in .au and its stakeholder engagement. On the 20<sup>th</sup> of April, 2018, auDA wrote to the Minister for Communications and the Arts accepting the 29 recommendations along with the new Terms of Endorsement and committing to the timelines stipulated by the government to implement necessary reform to meet the requirements of the new Terms of Endorsement.

Following is the implementation plan which auDA has and will further embark upon to meet the specific requirements of the new Terms of Endorsement, including the timelines for reform and description of progress to date.

## **Recent Events**

On the 7<sup>th</sup> of April, 2018 (10 days before the public release of the Review), auDA received a request from 5% of its membership (being 16 members) to hold a Special General Meeting (SGM). Under the requirements of the Corporations Act, this meeting would have had to have been held by the 7<sup>th</sup> of June, 2018.

On the 26<sup>th</sup> of April, 2018, auDA successfully applied to the Federal Court to seek an extension for the time to call and hold the general meeting, pursuant to section 1322 subsection (4) of the Corporations Act. auDA applied for an extension to ensure that it could provide necessary resources and focus on the transition of the .au registry which will occur on the 30<sup>th</sup> of June, 2018. This is the largest registry transition of its kind and requires complete and dedicated attention from auDA to ensure its success.

Secondly, with the timelines the Government had set regarding auDA’s response to the recommendations within the Review, and the implementation plan to meet the new Terms of Endorsement, similarly auDA had to ensure it could dedicate sufficient resources to meet these obligations. Ultimately the Court agreed with auDA’s submission and granted an extension until the end of July to hold the SGM.

While registry transition is the priority for auDA, it would have been preferable for the company to have been able to put to its members the required constitutional changes at a single meeting of members, logically its Annual General Meeting (AGM). Notwithstanding the requirement to hold an SGM, auDA intends to put the necessary constitutional reforms to its members at its 2018 AGM.

## **New Terms of Endorsement**

Appendix B of the review specifies the new Terms of Endorsement (ToE) the .au country-code Top Level Domain (ccTLD) administrator must meet in order to hold the endorsement from the Commonwealth Government. These new ToE state that the administration of .au “is ultimately derived from, and is subject to, the authority of the Commonwealth”. The new ToE further state that the Government “can delegate the responsibility for managing the .au namespace to an appropriate entity or organisations” subject to the “entity satisfying a number of conditions”.

The conditional requirements are grouped into 5 categories, including:

- Effective governance arrangements for the .au namespace
- Facilitate effective stakeholder engagement
- Support accountability and transparency
- Engagement with the Australian Government
- Support trust and confidence in .au

### Summary of Recommendations, Actions and Status

Recommendations Sub-heading	Rec. No.	Actions / Evidence that support this recommendation	Implementation Plan	Timeline/ Status
<b>Purpose of the .au domain administrator</b>	1-3	<p>The objects in auDA's current constitution, primarily require the organisation:</p> <p>a. to be the administrator of, and the Australian self-regulatory policy body for the .au ccTLD and its associated Second Level Domains</p> <p>b. to maintain and promote the operational stability and utility of the .au ccTLD and more generally, the Internet's unique identifier system, and to enhance the benefits of the Internet to the wider community.</p>	<p>auDA will maintain these principles in its new constitution to be consistent with these recommendations and the new terms of reference. auDA will further undertake that it remains a not-for-profit entity and its primary purpose is the administration of the .au ccTLD and any other (commercial) strategies do not detract from this core purpose</p>	<p>Current</p> <p>New Constitution to be considered at 2018 AGM</p>
<b>Management framework</b>	4-6	<p>auDA will develop a 4-year Strategic Plan which will build upon its strategic review from late 2017.</p> <p>A KPI framework against the plan and a reporting mechanism consistent with recommendation 5 will be developed. This will be reported in the annual report and at the AGM as per recommendation 6.</p>	<p>Develop a comprehensive Stakeholder Engagement Plan incorporating auDA's current:</p> <ul style="list-style-type: none"> <li>• International Engagement Strategy</li> <li>• Constitutional Model Working Group</li> <li>• Membership Attraction Campaign</li> <li>• Other relevant initiatives</li> </ul>	<p>Ongoing</p> <p>Stakeholder Engagement Plan for publication with proposed new auDA constitution by AGM 2018</p> <p>Draft Strategic Plan to in place no later than December 31, 2018</p>
<b>Transparency and consultation</b>	7-9	<p>auDA agrees to complete a process to amend its current constitution to meet the requirements under recommendation 7. This is further explained in paragraphs 2-4 below.</p> <p>This will include the establishment of a Nominations Committee process consistent with recommendations 7.a.i-iv.</p>	<p>Constitutional Model Working Group (CMWG), and concurrent development of auDA's new constitution based on member/ stakeholder feedback</p>	<p>First meeting of CMWG – 16 May 2018</p> <p>Development of consultation model: May to mid-July; concurrent feedback and engagement with auDA members and stakeholders</p>

		<p>auDA will conclude its previously initiated work regarding the establishment of a Board Charter, as described in paragraph 5, and will formalise the Accountability and Transparency Framework, as per the recommendations in the Westlake Review</p>		<p>Board Charter to be developed and adopted prior to the 2018 AGM.</p> <p>Directors to be subject to the new criteria within 12 months.</p>
<b>Membership</b>	10-13	<p>auDA CMWG will develop a model of consultation with auDA members to seek feedback and endorsement on a single membership class or a functional constituency as per recommendation 10.</p> <p>auDA has initiated a campaign to attract a larger and more diverse membership base consistent with recommendation 12, and will report annually as stipulated in recommendation 12.</p> <p>The board of auDA adopted a new membership application process procedure at its March 2018 board meeting which came into immediate effect.</p>	<p>Following feedback obtained through the consultation model implemented through the CMWG, auDA will put a new membership model to its current members at a general meeting.</p>	<p>SGM to be held by end July, 2018</p> <p>AGM to be held by end November 2018.</p>
<b>Expectations and role of the Government</b>	14-17	<p>The deliverables and requirements described under this Implementation Plan will fulfil the conditions of the new Terms of Endorsement. auDA will work with the Department on the processes to ensure that the Department's oversight role meets the expectations of recommendation 16-17.</p>	<p>auDA will continue to engage with Government:</p> <ul style="list-style-type: none"> <li>• Regular briefings with department officials and other relevant agencies on registry transition activities;</li> <li>• Regular briefings with department officials on operational and policy issues;</li> <li>• Engagement with other relevant government agencies on matters of mutual interest including cyber security initiatives, internet governance and expanded community activities consistent with government policy</li> </ul>	<p>Ongoing with regular reporting to government at 3, 6, 12, 18 ,24 months periods as required.</p>

Stakeholder engagement	18-23	<p>The public stakeholder engagement strategy will build upon the strategy review from late 2017 and meet the expectations of recommendations 18, 19, 22 and 23. auDA will publish its conclusions from its review of community activities consistent with recommendation 20.</p> <p>auDA has developed an International Engagement Strategy for 2018 which informs the requirements of recommendations 21 and 22. This will be incorporated into the annual strategic plan</p>	<p>auDA will be informed by the models/feedback adopted and received by the CMWG and incorporate this into the public facing stakeholder engagement plan.</p> <p>A framework will be established for continued improvement and feedback from stakeholders.</p>	Ongoing Stakeholder Engagement Plan for publication with proposed new auDA constitution September/October 2018
Trust and confidence in .au	24-29	<p>auDA monitors and reviews recommendations from ICANN's Security and Stability Committee for relevance to .au.</p> <p>auDA identifies relevant international standards related to IT security and service management, along with relevant Australian Government publications such as the Information Security Manual and the ASD Essential Eight to guide its enterprise security strategy.</p> <p>auDA will publish a public facing version of its enterprise security strategy.</p>	<p>auDA will participate in public meetings of ICANN's Security and Stability Committee and identify other security fora for active participation as part of its enterprise security strategy.</p> <p>auDA will enhance its policies for compliance with ISO 27000 and ISO 22301.</p> <p>auDA will review and update its ISS security standard for accredited registrars.</p>	<p>Enterprise Security Strategy along with a public facing version to be complete by July 2018.</p> <p>ISO 27001 compliance by end of 2018.</p> <p>ISO 22301 compliance by March 2019.</p> <p>ISS review by June 2019.</p>

## Implementation Plan Detail

For the purpose of auDA presenting its Implementation Plan, each group and its conditions under the new Terms of Endorsement (ToE) will be discussed separately.

## Effective governance arrangements for the .au namespace

- Recommendations 7 through 9 provide the basis on which auDA must reform its governance arrangements. The new ToE states that an independent process be established, which can provide assurances of the suitability of candidates considered for board appointments, such as a nominations committee. There is a further requirement that a majority of the directors of auDA be independent directors, including the Chair.
- Furthermore there is requirement that the board of auDA have a collective mix of technical and corporate skills, and industry experience, to effectively administer the .au namespace.

Clause 18.2 of auDA's current constitution (Constitution of the Board) states:

*The board shall comprise:*

- Four (4) persons elected by the Supply Class Members;*

- b. *Four (4) persons elected by the Demand Class members;*
- c. *The CEO of auDA as a non-voting member of the board; and*
- d. *Not more than three (3) Independent Directors appointed by the elected Directors for terms not exceeding two (2) years each.*

Clause 16.2.b of auDA’s constitution in regards to a resolution of Members states:

- b. *in the case of a special resolution of Members, there is an affirmative vote in each and every class of members of more than 75% of members present and entitled to vote (in person or by authorised representative or proxy).*

Clause 16.3 of auDA’s constitution further states that the following matters will require a special resolution of the Members in Meeting:

- e. *any variation or amendment to, or repeal of, the Constitution.*

3. Therefore, auDA will need to seek member endorsement at a general meeting to achieve the requirements of this condition of the Terms of Endorsement.
4. auDA has initiated the following to achieve required constitutional reform and proposes the below process to achieve further constitutional reform:
  - The establishment of the Consultation Model Working Group (membership and terms of reference included as Appendix C) to develop a model to consult and engage with auDA members and stakeholders, to seek their input and contribution to constitutional reform to meet the new Terms of Endorsement;
  - Collation of the feedback obtained from the above Consultation Model, and inclusion in the refinement of the required constitutional reform for further member/stakeholder engagement, feedback and support;
  - The development of a new constitution for auDA including the following mandated requirements:
    - The establishment of a Nominations Committee consistent with recommendation 7;
    - Directors’ terms capped at three years with directors appointed for no longer than two consecutive terms;
    - The majority of directors be independent of auDA’s membership

The timeline to achieve this is as follows:

Initiative	Timeline
Constitutional Model Working Group (CMWG) and concurrent development of auDA’s new constitution based on member/stakeholder feedback	First meeting of CMWG – 16 May 2018. Development of consultation model: May to mid-July; concurrent feedback and engagement with auDA members and stakeholders.
auDA’s 2018 AGM – resolution seeking constitutional reform from members	By November 2018

Implementation of new constitutional arrangements and composition of new auDA board	By 31 December 2018
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5. auDA engaged Cameron Ralph Khoury, one of Australia’s leading corporate governance advisers, in 2017 to develop and implement a new Board Charter and board policies, which included specific descriptions of the roles and responsibilities of the board, Chair and the CEO. auDA is progressing this work which will be presented to the Governance Committee (terms of reference attached as Annex E) of the board at its July 2018 meeting, before being recommended for adoption by the whole board.
6. As part of its most recent recruitment of 3 casual director vacancies, the auDA board completed a skills assessment which resulted in a skills matrix being developed to determine key skill requirements which potentially could be filled by new directors. The skills matrix provided a basis of ensuring the auDA board had a mix of required industry experience, technical skills and corporate proficiency which has resulted in the current auDA board achieving a unique balance. This has only been achieved through the appointment of directors through a comprehensive vetting and assessment process, rather than the election by members.
7. auDA has initiated further governance reforms including the introduction of new policies and procedures concerning director travel and expenditure, new financial management and audit processes including the establishment of the board’s Finance and Audit Committee (terms of reference and membership as at Annex B), and new director vetting and conflict of interest processes. auDA commits to further reform to improve the effectiveness of its governance model consistent with the new Terms of Endorsement.

#### **Facilitate effective stakeholder engagement**

8. auDA is a strong advocate and promoter of a multi-stakeholder approach to domain name administration. Clause 24.8.a of auDA’s constitution states:
  - a. *Advisory Panels will be used by the Board as the principle mechanism for developing policy recommendations to the Board.*
9. In September 2017, auDA initiated the 2017 Policy Review Panel to make recommendations on:
  1. the development of an implementation policy for direct registration; and
  2. policy reform (of auDA’s current published policies)
10. To date the Panel has published 2 (two) Issues Papers on potential implementation models for direct registration and other policy reform; has conducted 2 (two) rounds of public consultation and has held 4 (four) public forums nationally. The Panel is composed of industry, auDA’s membership, academia and consumer advocates to provide a balanced cross-section of relevant stakeholders.

11. auDA has further established the previously mentioned Consultation Model Working Group to consult with auDA members and stakeholders on constitutional reform. auDA is also a foundation member of the Australian Internet Community Forum which is aligned with the Australian Government’s International Cyber Engagement Strategy and provides a further base to engage with Australia’s diverse internet and digital communities.
12. The Board of auDA has further recently adopted the organisation’s first ever International Engagement Strategy which identifies the relevant international organisations and fora auDA is currently and should be participating in.
13. This strategy defines auDA’s role in ICANN (Internet Corporation for Assigned Names and Numbers) and specifically the ccNSO (Country Code Names Supporting Organisation). auDA is currently represented on the ccNSO Geographic Names Working Group and is actively participating in other ICANN and ccNSO activities.
14. auDA has recently initiated a targeted membership attraction campaign focussed on industry partners who are key stakeholders in the .au namespace with a view to broaden auDA’s membership and to provide a basis of constitutional reform consistent with the new Terms of Endorsement.
15. Additionally, auDA’s Board has recently adopted a Membership Application Processing Policy which provides a clear basis of processing membership applications and engaging with new members. This has already resulted in improved membership application processing times, with increased transparency for all applicants auDA’s membership engagement is supported by the monthly member and stakeholder newsletters and ongoing announcements regarding specific auDA and industry activities.
16. This is supported by a newly established registrar representative group which has been meeting monthly since December 2017 for the purpose of being briefed on aspects on registry transition, policy development and other relevant industry initiatives. This is supported by regular one-to-one meetings with accredited auDA registrars to provide ongoing assistance and support.
17. As part of auDA’s further reform process, the following will be developed:

Initiative	Timeline
Develop a comprehensive Stakeholder Engagement Plan incorporating auDA’s current: <ul style="list-style-type: none"> <li>• International Engagement Strategy</li> <li>• Constitutional Model Working Group</li> <li>• Membership Attraction Campaign</li> <li>• Other relevant initiatives</li> </ul>	Ongoing, Stakeholder Engagement Plan for publication with proposed new auDA constitution September/October 2018

18. A key component of meeting the new Terms of Endorsement is a clearly defined membership structure that can represent the views of the Australian internet community.
19. The key focus of auDA’s Consultation Model Working Group (CMWG) will be to seek feedback from auDA members and stakeholders on an appropriate membership model.

20. In auDA's submission to the Review, auDA presented 5 (five) potential models for consideration including:
- A single member model
  - Retention of current member model (with changes to the director selection process)
  - Functional constituency member model
  - Minimal change model, and
  - Alternative single membership model including introduction of a 'user' member class
21. auDA will use the CMWG to assess these and other potential member models, in comparison with international models applicable to other ccTLDs as well as the membership models used in the constituent parts of ICANN (including advisory committees and supporting organisations), before recommending a clearly defined model for constitutional reform. This will be completed to coincide with the AGM as previously discussed.

### **Supports accountability and transparency**

22. auDA's current 2015-8 Strategic Plan was reviewed by the board in late 2017. A draft, 4-year plan was considered by the Board and postponed considering the timing of the Government's Review.
23. auDA will recommence this process to reflect the expectations of the new Terms of Endorsement and will incorporate a public reporting framework, through both its annual report and AGM. This will coincide with the timing of auDA's 2018 AGM and will be for the period of 2019-2022.
24. At its March 2018 meeting, the auDA board considered and adopted the new Wholesale Pricing Strategy. This Strategy incorporated many of the findings identified in the 2017 strategic review and assessed the new pricing arrangements presented by the change in registry operator, effective 1 July 2018.
25. This basis of the new pricing structure was to establish:
- A financially sustainable business model for auDA,
  - To invest in necessary security, technical and other infrastructure to provide a world-leading domain name service;
  - To provide adequate, responsive and mutually beneficial support to the .au registrar community to ensure a sustainable industry base, and;
  - Other relevant support to further promote competition, innovation and industry development.
26. These parameters will be included as part of auDA's new strategic plan.
27. auDA will further refine its current Accountability and Transparency Framework as developed in 2011. While the framework was not adopted by past auDA boards, as part of Cameron Ralph Khoury's governance evaluation initiated last year, a review of this framework and assessment of its contemporary application was included in this brief.

28. The auDA board will recommence this project following its May 2018 meeting which will also include the development of the board charter, board policies and a performance management framework as discussed.

### Engagement with the Australian Government

29. auDA has invested considerably in recent years in improving its relationship with the Australian Government, specifically at the executive and departmental levels. Recent activities include:
- Regular briefings with department officials and other relevant agencies on registry transitional activities;
  - Regular briefings with department officials on operational and policy issues;
  - Engagement with other relevant government agencies on matters of mutual interest including cyber security initiatives, internet governance and expanded community activities consistent with government policy.
30. auDA has fully accommodated the Department's observer status at Board meetings, consistent with clause 19.7 of the company's constitution.
31. Furthermore clause 8 of auDA's constitution provides the basis of winding up the current company in the event that endorsement is withdrawn and the requirement for the assets of the company to be transferred to a subsequent .au ccTLD administrator.
32. As part of auDA's new risk management framework, policies and business continuity processes, auDA has further streamlined the process to address issues around providing ongoing security and stability to the .au namespace in the event that Government endorsement is withdrawn. This is a proportionate and responsible initiative to ensure that auDA meets its primary objective of maintaining and promoting the operational stability and utility of the .au namespace.
33. auDA commits to further refining this process and ensuring its new constitutional arrangements are clear in this regard.
34. The current board of auDA maintains and strongly endorses that the .au namespace is a public asset and its management must be in the public interest. auDA's current constitutional preamble states:
- "Taking the view that the Internet Domain Name System is a public asset, and that the .au ccTLD is under the sovereign control of the Commonwealth of Australia, auDA will administer the .au ccTLD for the benefit of the Australian community".*
35. auDA commits to reinforcing this preamble in its new constitution and implementing a governance and management framework to ensure this objective, and all expectations of the new Terms of Endorsement, are met.
36. Specific requirements including providing quarterly updates on performance and work activities to the Department and the acknowledgment of the Government's right to independently review auDA's reporting and reporting frameworks will be incorporated in new constitutional arrangements as per the above timelines.

## Support and confidence in .au

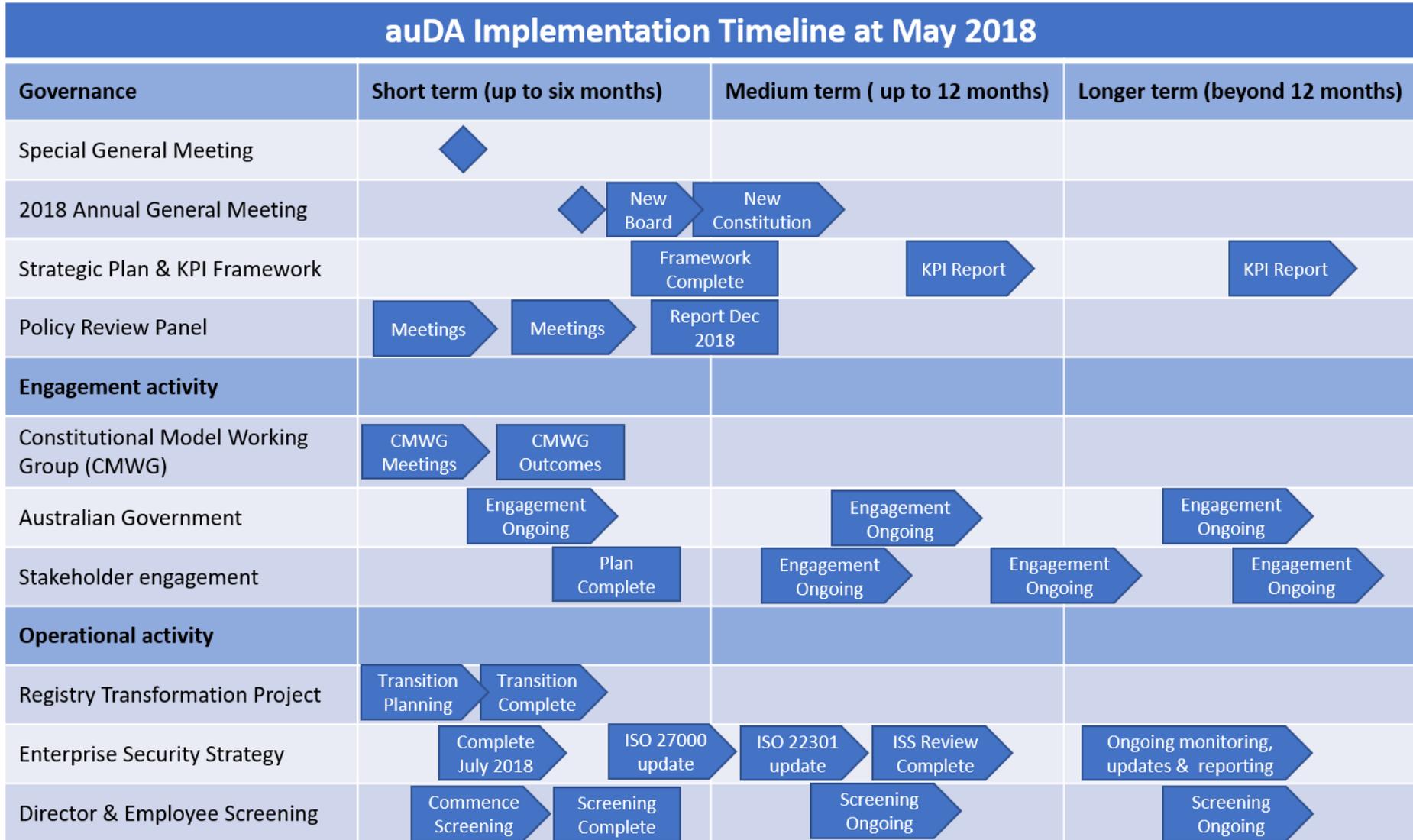
37. According to the Australian Government’s September 2017 Digital Economy Discussion Paper, further adoption and use of digital technologies could contribute between \$140 billion to \$250 billion to Australia’s GDP by 2025. The .au namespace will provide a vital platform in achieving this outcome.
38. In ensuring this becomes a reality, auDA has invested significantly in improving its security, risk management and technical infrastructure to provide a world-leading namespace. Specific recent initiatives include:
- The successful completion of a comprehensive tender to identify a new, world-leading registry operator;
  - Ongoing implementation of the transition to the new registry operator including conformance with international security standards, significant investment in DNS infrastructure in every capital city in Australia, and improved service delivery standards;
  - Development and implementation of a comprehensive enterprise risk management framework and policies (consistent with ISO 31000), including disaster recovery and business continuity process;
  - Improved internal technical management including skills auditing, penetration testing and DNS activity monitoring, assisted by a reconstituted Board Security and Risk Committee process (terms of reference at Annex D);
  - Increased reporting of risk management and other security processes to appropriate government agencies.
39. auDA is further enhancing its involvement in relevant international security fora including participating in public meetings of ICANN’s Security and Stability Advisory Committee (SSAC). auDA reviews the advice published by SSAC for relevance to the .au environment. auDA intends to have a public version of its enterprise security strategy by end July 2018, and is currently working with the Department of Communications and the Arts on identifying relevant partnerships with security agencies. The general approach auDA is taking is to identify relevant international standards related to IT security and service management, and use independent audits to confirm that auDA is meeting those standards.
40. Additional initiatives auDA will undertake are:

Initiative	Timeline
Update its Information Security Management System (ISMS) to be ISO 27001 compliant.	End 2018
Incorporate compliance with the ASD Strategies to Mitigate Cyber Security Incidents – also known as the “Essential Eight” into the ISMS.	End 2018
Enhanced director and employee screening processing to comply with AS 4811 and conduct identity checks in accordance with the National Identity Proofing Guidelines Level.	September 2018

Working with the Department on ensuring some staff have the Government security clearances required to receive briefings on matters of national security.	
Update its Business Continuity Management Systems (BCMS) to be ISO 22301 compliant, including running a disaster recovery test for the failure of the third-party registry at least annually.	March 2019
Review of auDA's Information Security Standard (ISS) for accredited registrars. The review will consider the option of using the ISO 27001 ISMS framework, incorporate the ASD Essential Eight, and review which controls from the Australian Government's Information Security Manual (ISM) should be made mandatory.	June 2019
Based on international best-practice, further reform of auDA's security and risk processes to ensure continued monitoring and improvement, including consideration of service management system (SMS) best practice in ISO 20000.	Ongoing
Publication of a public-facing version of auDA's enterprise security strategy	End July 2018

41. auDA is committed to meeting the requirements as stipulated in the new Terms of Endorsement. This implementation plan sets the basis and timelines of how auDA will ensure these expectations are met. auDA further commits to providing regular updates to the Government as required under the Terms of Endorsement and will equally provide updates to its members and stakeholders on progress.

**Annex A – TIMELINE FOR AUDA REFORM CONSISTENT WITH NEW TERMS OF ENDORSEMENT**



## **Annex B - auDA FINANCE, AUDIT and CHAIR's COMMITTEE**

### **TERMS OF REFERENCE 2018**

The terms of reference of the Chair's Committee of the Board of .au Domain Administration Ltd (the Committee) sets out the Committee's membership, responsibilities, authority and operations.

#### **Committee Purpose**

The Committee supports and advises the Board of auDA on matters concerning financial management, audit and the strategic direction of the organisation.

The Committee shall review the monthly and annual financial statements of auDA, monitor the integrity of auDA's financial reporting system and internal controls, review the statutory accounts and consider accounting issues arising in respect of the auDA's affairs and recommend them to the board for adoption.

The Committee will be responsible for monitoring and where applicable, the approval of, directors' and the CEO's expenses, and will assess and make recommendations to the Board on director and CEO KPIs and remuneration.

#### **Membership**

The Chair of auDA will act as the Chair of the Committee, and membership will be the remaining independent directors of auDA. Committee members' tenure corresponds with their director tenure, unless otherwise agreed by the Board. The Company Secretary will attend the meeting in an administrative capacity.

#### **Responsibilities:**

The Committee will be responsible for:

- overseeing internal financial management of auDA, specifically the review of monthly, interim and full financial statements before submission to the Board, ensuring adherence to internal policies, systems, controls and practices;
- Recommend to the Board for the appointment, reappointment, removal and remuneration of the statutory auditors;
- Reviewing and recommending reform of auDA's internal policies including the Delegations Manual, Travel Policy, Purchasing Policy and Professional Development Policy;
- Assessing and approving directors' application for travel (outside of scheduled board meetings) and professional development under the applicable policies;
- oversight of the performance management (including KPIs), remuneration and contractual arrangements of the CEO;
- oversight of the process for director remuneration, both independent and elected directors, individually and in aggregate.

### **Power and Authority**

- The Committee can investigate, evaluate, advise and make recommendations on any matter relevant to and consistent with these Terms of Reference.
- The Committee can seek approval for any budget necessary in this regard, including professional advice and other consulting services.
- The Committee may carry out other activities and initiatives as tasked by the Board from time to time.
- The Committee can sub-delegate, on any terms it considers appropriate, to any person(s) the power to exercise any responsibility of the Committee as appropriate.

### **Secretariat and Notices of Meetings**

All records, including the agenda, minutes and any reports or recommendations will be prepared and kept by the Company Secretary.

Adequate notices of meetings will be provided with Committee papers distributed no later than 7 days prior to a meeting. Any papers distributed outside of this timeline will be at the Chair's discretion.

The Committee will meet following each meeting of the auDA Board. The quorum for meetings will be a minimum of 2 members, and meetings can be held via video/tele conference.

## **ANNEX C – CONSULTATION MODEL WORKING GROUP**

### **TERMS OF REFERENCE 2018**

#### **Background**

On 18 April, 2018 the Australian Government published their final report into their “Review of the .au Domain Administration,” which included 29 recommendations for reform of auDA.

auDA accepted all of the Government’s recommendations and committed to implementing them in a transparent and truly multi-stakeholder manner.

The auDA Board has established The Consultation Model Working Group (CMWG) to define and oversee the process of consultation with the entire auDA membership and wider Australian community on the reforms required for auDA to meet the new Terms of Endorsement from the Commonwealth Government.

The CMWG will be comprised of interested and committed auDA members and stakeholders from the wider Australian community.

#### **Terms of Reference**

1. To develop a model of consultation with all auDA members and the wider Australian Internet community, to be used specifically in meeting the Government’s Recommendations
2. To advise on the method to measure the effectiveness of the consultation model, and potential segmentation of the membership and stakeholder base to ensure maximum engagement, and;
3. To advise on other appropriate strategies and initiatives to improve member engagement, participation and interest in auDA and its activities.

The Working Group will not be advising on the specifics of any proposed changes to auDA’s Constitution or operations as recommended by the Department’s report.

The key deliverable and exclusive scope of the CMWG is to develop a model to be used for member and stakeholder consultation and engagement around the necessary reforms as identified in the “Review of the .au Domain Administration” completed by the Department of Communications and the Arts.

#### **Timelines and management**

The CMWG will hold its first meeting the week commencing 14 May and will initially meet weekly at the auDA office in Melbourne, or via video/teleconferencing facilities.

The CMWG will be chaired by the CEO of auDA who will provide advice and assistance with the recommendations of the Working Group.

Membership of the CMWG will be by invitation and through a membership-wide expression of interest. It is expected the Working Group initially will have a membership of 10 with equal (as best as possible) representation from both supply and demand class members.

Its operating principles will reflect the bottom-up consensus, multi-stakeholder approach as endorsed by ICANN.

Due to the extensiveness of the work expected by CMWG members, a sitting fee of A\$250 will be provided for each meeting, in addition to reasonable out-of-pocket expenses incurred by each member. It is anticipated that the Working Group will have an initial tenure of two months.

### **Expressions of Interest**

All auDA members and stakeholders are encouraged to submit a short email expressing interest to [engagement@auda.org.au](mailto:engagement@auda.org.au) by close of business Wednesday 9 May, 2018.

Individuals are encouraged to submit applications as soon as practical. Applicants will be notified by COB Friday 11 May, 2018.

## **Annex D - auDA SECURITY AND RISK COMMITTEE**

### **TERMS OF REFERENCE 2018**

These Terms of Reference of the Security and Risk Committee of the Board of .au Domain Administration Ltd (the Committee) sets out the Committee's membership, responsibilities, authority and operations.

#### **Committee Purpose**

The Committee is responsible for assessing and advising on the identification, mitigation and management of risks to auDA and the .au domain.

In this context, risks will include strategic, people, legal & compliance, reputational, security and operational risks. Governance and financial risks are the responsibility of the respective Governance and Chair's Committees.

#### **Membership**

The Committee shall be chaired by an independent director of auDA, with a membership of no more than 5 directors, with at least one supply class director, and one demand class director. The membership of the Committee should be appointed at the board meeting immediately following the Annual General Meeting (AGM) of auDA, and will expire at the following year's AGM. The Chair and members of the Committee are appointed by the board.

In the absence of the Chair, the Committee may move a resolution for an interim Chair to be appointed for that meeting only.

The Chief Executive Officer, Company Secretary and Information Security Officer (or delegate) attend Committee meetings in non-voting capacities. The Chair entirely at his/her discretion may invite other directors, staff and advisors/observers to attend Committee meetings as appropriate.

#### **Responsibilities:**

The Committee is responsible for:

- the identification and assessment of risks to auDA and the .au domain space.
- the oversight, assessment and approval of auDA's Risk Management Policy, Enterprise Risk Framework, Risk Register, Business Continuity Planning and Incidence Response Policy.
- Ensuring that auDA meets its obligations as a technical manager of the .au zone by:
  - o commissioning environmental scans as required and analysing scan data;
  - o conducting periodic vulnerability and/or penetration testing and reviewing results;
  - o assessing activity monitoring and end-point protection software and processes;
  - o reviewing DDoS mitigation strategies and other security architecture, consistent with auDA's registry operator to ensure an integrated, best-in-class system.

### **Power and Authority**

- The Committee can initiate any investigation, report or analysis and make recommendations on any matter relevant to the improved management of security and risks associated with the management of auDA and the .au domain, and consistent with these Terms of Reference.
- The Committee can seek approval for any budget necessary in this regard, including professional advice and other consulting services.
- The Committee may carry out other activities and initiatives as tasked by the Board from time to time.
- The Committee can sub-delegate, on any terms it considers appropriate, to any person(s) the power to exercise any responsibility of the Committee, subject to these Terms of Reference.

### **Secretariat and Notices of Meetings**

All records, including the agenda, minutes and any reports or recommendations will be prepared and kept by the Company Secretary.

Adequate notices of meetings will be provided with Committee papers distributed no later than 7 days prior to a meeting. Any papers distributed outside of this timeline will be at the Chair's discretion.

The Committee will meet at least 3 times in a calendar year. The quorum for meetings will be a minimum of 3 members, and meetings can be held via video/tele conference.

## **Annex E: auDA GOVERNANCE COMMITTEE**

### **TERMS OF REFERENCE 2018**

These Terms of Reference of the Governance Committee of the Board of .au Domain Administration Ltd (the Committee) sets out the Committee's membership, responsibilities, authority and operations.

#### **Committee Purpose**

The Committee supports and advises the Board of auDA on corporate governance matters affecting the Board and the organisation. These matters include succession planning, composition, performance evaluation and governance of policies and processes.

#### **Membership**

The Committee shall be chaired by an independent director of auDA, with a membership of no more than 5 directors, with at least one supply class director, and one demand class director. The membership of the Committee should be appointed at the board meeting immediately following the Annual General Meeting (AGM) of auDA, and will expire at the following year's AGM. The Chair and members of the Committee are appointed by the board.

In the absence of the Chair, the Committee may move a resolution for an interim Chair to be appointed for that meeting only.

The Chief Executive Officer and Company Secretary attend Committee meetings in non-voting capacities. The Chair entirely at his/her discretion may invite other directors, staff and advisors/observers to attend Committee meetings as appropriate.

#### **Responsibilities:**

The Committee is responsible for:

- Oversight and development of auDA's governance processes, including (but not limited to) the board charter, board policies, skills assessment etc., and ensuring that they conform as far as practicable with an appropriate industry/professional body standard such as The Governance Institute of Australia, ASX or AICD etc.
- Ensuring that auDA and the Board is complying with relevant governance aspects of the Constitution and the Corporations Act 2001.
- Recommending to the Board corporate governance guidelines applicable to auDA as a policy authority and industry self-regulatory body serving in the public interest.
- Assisting the Board to assess and enhance its performance.

- Monitoring the Board and Committee composition and providing recommendations on succession planning and skill requirements. The Committee will undertake reviews periodically of the Board's composition and make recommendations on appropriate recruitment processes, candidate identification and skill requirements, and application processes for appointing independent directors and management of casual vacancies.
- Advising and assisting auDA management on induction process for new Directors.

### **Power and Authority**

- The Committee can investigate, evaluate, advise and make recommendations on any matter relevant to the corporate governance of auDA, and consistent with these Terms of Reference.
- The Committee can seek approval for any budget necessary in this regard, including professional advice and other consulting services.
- The Committee may carry out other activities and initiatives as tasked by the Board from time to time.
- The Committee can sub-delegate, on any terms relevant to these terms of reference, to any person(s) the power to exercise any responsibility of the Committee as appropriate.

### **Secretariat and Notices of Meetings**

All records, including the agenda, minutes and any reports or recommendations will be prepared and kept by the Company Secretary.

Adequate notices of meetings will be provided with Committee papers distributed no later than 7 days prior to a meeting. Any papers distributed outside of this timeline will be at the Chair's discretion.

The Committee will meet at least 3 times in a calendar year. The quorum for meetings will be a minimum of 3 members, and meetings can be held via video/tele conference.