.auDA
.au DOMAIN ADMINISTRATION LTD

Annual Report **2010–11**

# Annual Report 2010–11

# Contents

**.au DOMAIN ADMINISTRATION LTD**

.au DOMAIN ADMINISTRATION LTD

# Who we are

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

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

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

auDA operates under 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).

# Chair's statement

In my contribution to last year's Annual Report, I took the opportunity to reflect upon the significant milestones of the organisation's first ten years of operation. The improvements realised in market competition and consumer protection, operational security and stability and rates of growth over the last decade are all achievements worthy of acknowledgement.

This year we celebrated an even more important anniversary—25 years since the .au domain was first delegated and commenced operation. This milestone is significant because it is a celebration of the .au space itself, not merely the organisation that operates it. The 25th anniversary of Australia's home on the Internet is truly a cause for celebration for all of the Australian businesses, organisations and individuals that derive so much social and economic benefit from it.

While auDA has capably and diligently worked towards refining and improving the operation of the .au space in an age where online connectivity is all-important, this year's anniversary was an appropriate time to acknowledge the work of all of the volunteers, academics and technical experts who contributed to .au's early development. It was their efforts that ensured auDA inherited a policy regime and operational structure that allowed us to build upon the achievements of those that came before us.

It was in March 1986 that a computer scientist based at the University of Southern California, Jon Postel, first delegated the .au domain to his counterpart, Robert Elz, at the University of Melbourne. It was Robert who decided the Australian namespace should have second level domains (2LDs) such as com.au and org.au and that systems should be put in place to ensure that those who registered names were eligible and appropriate registrants. His philosophies remain a fundamental element of .au policy to this day. For all their dedication, technical expertise and vision, it is unlikely Australia's Internet pioneers could have foreseen the significant, revolutionary change and enduring benefit their work would deliver over the next 25 years.

This year's Annual Report details the regulatory, security and community engagement and outreach work auDA has undertaken over the last 12 months. I believe this work builds upon the legacy we inherited, and will contribute to the maintenance of .au's reputation as a leader in domain name management over the next 25 years.

auDA's Board comprises balanced representation from the supply and demand sides of the industry plus independent directors. I believe that this model has worked extraordinarily well and thank members of the Board for the commitment and wisdom which they bring to their important role.

We are indebted to Chris Disspain for his outstanding leadership of our expert and dedicated team.

The Hon Tony Staley AO

.auDA
.au DOMAIN ADMINISTRATION LTD

# CEO's statement

I am pleased to present auDA's Annual Report, including audited financial statements, for 2010–11.

The last 12 months have represented a period of sustained growth for .au, highlighted by the marketplace reaching the milestone of 2 million registered names in March. At the end of the financial year, .au had grown to 2.11 million names, representing an annual growth rate of 20%, consistent with rates experienced since the introduction of the current regulatory regime in 2002.

This achievement stands out on a global scale, where growth across country code Top Level Domains (ccTLDs) averaged approximately 5%. To May 2011, only seven of the top 20 ccTLDs experienced 4% quarter-on-quarter growth and only Canada's .ca matched .au's 20% annual growth.

While this achievement is welcome and pleasing, continued growth is secondary to auDA's main goals as we continue to operate .au for the benefit of the entire Australian Internet community. Rather, growth is an affirmation of the trust and confidence Australian businesses, organisations and individuals have in .au, and it is our ongoing mission to maintain a competitive, open and secure environment that will help facilitate this level of trust.

To this end, auDA has maintained an active schedule of projects over the last 12 months across our three main work areas: regulatory, security and outreach.

We have continued to review and refine the .au policy environment including reviews of policies related to WHOIS, registrant contact information and Community Geographic Domain Names (CGDNs). Our policy work has also included more exhaustive processes such as the Secondary Market Working Group and the 2010 Names Policy Panel, which assessed and revised the policy framework underlying the allocation of domain names in .au. As ever, these processes have been undertaken in consultation with stakeholders, to ensure that the resultant policies continue to reflect the needs and expectations of Australian Internet users and engender their ongoing trust.

From a security perspective, we launched a plan for the introduction of Domain Name System Security Extensions (DNSSEC) in .au. DNSSEC facilitates the digital signing of Internet communications and offers protection against a range of vulnerabilities such as cache-poisoning and man-in-the-middle attacks. However, implementing DNSSEC without thorough planning and assessment of risks and vulnerabilities could serve to weaken the stability of .au and that is why we have chosen a phased process with regular input from AusRegistry (the .au 2LD registry operator) and auDA's Security and Stability Advisory Committee.

Once again, the process is being undertaken with the participation of relevant stakeholders and promises to deliver greater trust in .au.

auDA has also continued a program of community and industry outreach activities that promote awareness of the organisation's role and of the importance of .au. Without this element, auDA would not be able to communicate its valuable internal policy and security-related work to relevant audiences. Our outreach projects include regular initiatives such as the auDA Foundation and the Australia and New Zealand Internet Awards (ANZIAs), that support and reward projects that contribute to the uptake and innovative use of the Internet. In addition, auDA has maintained a prominent profile and active engagement in relevant international fora, helping to shape policy decision-making that will have an impact upon the Australian environment.

Overall, through both our commitment to policy and security work and the mechanisms we have in place to communicate these efforts, I am confident that auDA has developed a strong platform from which we can build stakeholder awareness of auDA's role as .au manager and convey important messages regarding the stability, integrity and trustworthiness of the .au space.

Chris Disspain

# The auDA Board

### The Hon Tony Staley AO – Chair

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

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

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

### Kimberley Heitman – Deputy Chair

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

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

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

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

### 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.

### Marty Drill – Supply Class Director

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

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

### Amin Kroll – Supply Class Director

With much experience in the web services industry in Australia, Amin Kroll was elected to the auDA Board in October 2007 and is now serving in his second term. Amin is General Manager of Hostway Corporation in Australia and within that role is part of the executive lead team. He has broad international experience also spearheading the establishment of an operation in Ho Chi Minh City, Vietnam.

Previously the founder and CEO of IntaServe (since acquired by Hostway), Amin has an Executive MBA from the Macquarie Graduate School of Management and has represented Australia internationally (Under 21) for Team European Handball.

.auDA
.au DOMAIN ADMINISTRATION LTD

# The auDA Board

## Cheryl Langdon-Orr – Demand Class Director

Cheryl was elected to the auDA Board for a fourth term of office in the Demand Class stakeholder category in October 2010. Previously, she worked on several auDA policy Advisory Panels, from 2000.

Cheryl represents the Internet Society of Australia (ISOC-AU) as an ICANN accredited At-Large Structure in ICANN's Asia Pacific Regional At-Large Organisation (APRALO) and APRALO in the At-Large Advisory Committee (ALAC), until late 2011. She served as the Chair of the ALAC for three terms, from 2007–2010, is currently an ALAC Vice Chair and the ALAC liaison to ICANN's Country Code Name Supporting Organisation (ccNSO) Council.

As Chair of the ALAC, Cheryl was also appointed to serve on the first Affirmation of Commitment's Independent Community Review Team for ICANN looking at accountability and transparency during 2010.

## George Pongas – Supply Class Director

George Pongas has been involved with the Australian domain industry since 2003. During this time he has managed seven accredited registrars, formerly holding the position as CEO at Domain8 and Domain Candy, and more recently Business Development Manager for Fabulous.com.

George is an active and visible industry member, having participated on many auDA panels, as well as attending a number of ICANN and international domain related conferences.

Currently appointed as Client Services Manager at AusRegistry, George is perfectly positioned to apply his commercial sensibility and extensive industry experience to ensure the delivery of a valuable Supply Class perspective for the Australian domain industry.

## Joshua Rowe – Demand Class Director

Josh Rowe is an active participant in the debate of Australian and global domain name governance, with over 18 years experience with Internet and domain name issues.

Josh has recently completed postgraduate research on the usability of domain names and is a staunch consumer advocate within the Australian domain name industry.

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

## Rosemary Sinclair – Demand Class Director

Rosemary Sinclair held a range of senior management positions with Telecom Australia, including the Manager of Commercial Operations NSW and National General Manager, Communications Accounts. Rosemary was the Director of Strategic Development for the ABC and Director, Technology and Corporate Services for ABC Radio. From 2001, Rosemary was the Managing Director of the Australian Telecommunications Users Group and has recently taken up the role of Director, External Relations, Australian School of Business, University of New South Wales.

Rosemary has served on a number of government committees and is currently Chair of the Regional Telecommunications Inquiry Committee. Rosemary was appointed by the ICANN Board to the Generic Names Supporting Organisation (GNSO) Council in 2009 for a two year term.

## Dwayne Varey – Supply Class Director

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

## Chris Disspain – CEO and Director

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

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

In June this year he became a Board member of ICANN. He is also a member of the UN Secretary General's IGF Multi-stakeholder Advisory Group.

## Jo Lim – Company Secretary

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

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

.auDA
.au DOMAIN ADMINISTRATION LTD

# auDA staff

# 25 years of .au

| | |
|---|---|
| Chris Disspain | Chief Executive Officer |
| Jenelle Backman | Public Affairs Officer |
| Lujia Chen | Policy Officer |
| Leonie Dunbar | General Manager, Registrar and CGDN Services |
| Jo Lim | Chief Operations and Policy Officer |
| Adam King | Chief Technology Officer |
| Jacki O'Sullivan | Executive Assistant to the CEO |
| Elspeth Ross | General Manager, auDA Foundation and Awards |
| Vanessa Stanford | Policy Compliance Officer |
| Paul Szyndler | General Manager, Public Affairs |
| John Tomic | Administrative Officer |

2011 marked a significant milestone for the Australian Internet community, being 25 years since .au was first delegated to Australia.

In 1986 Robert Elz, an academic at the University of Melbourne, was assigned control over the .au ccTLD by Jon Postel, director of the US-based Internet Assigned Numbers Authority (IANA).

Elz structured early policies and protections including the creation of a 2LD hierarchy and established a strong foundation for .au's reputation as a reliable, trustworthy and well-managed space.

By the mid-90s, with com.au registrations numbering around 4000 and the commercial potential of .au well-recognised, Robert Elz delegated responsibility for com.au registrations to University of Melbourne subsidiary company Melbourne IT, which became Australia's first domain name registrar.

The following years experienced rapid growth in .au and subsequent change in the structure administering it, with commercial enterprise and government expressing strong interest in the development of .au. As a result of broad consultation, and with the support of the Australian Government, auDA was established as an industry self-regulatory body.

**CELEBRATING 25 YEARS OF .au**

auDA's early years involved extensive consultation, policy formulation, and the development of a governance and operational framework that could sustain Australia's Internet growth into the new millennium. auDA received Australian Government endorsement to manage the .au domain space in December 2000, and formal delegation for .au from ICANN in October 2001.

By December 2001 the provision of .au 2LD registry services was competitively tendered, and awarded to AusRegistry. At the same time, auDA accredited a number of registrars who would compete in issuing .au names under a new competition-based regime for .au introduced on 1 July 2002. The new regime brought with it a comprehensive policy framework, a world's best practice registry system, and improved consumer safeguards. By 2003, domain name registrations in .au reached 350 000, a 24% growth in just one year triggering a 10% wholesale reduction in the price of .au domain names.

.au DOMAIN ADMINISTRATION LTD

# 25 years of .au

In the intervening years, auDA has reviewed and refined .au policies in line with community needs and expectations, satisfying the growing appetite for .au domain names whilst retaining the procedural controls that protect registrants and have made it one of the world's most popular ccTLDs, by population.

The "25 years of .au" milestone was commemorated with a gala event hosted by AusRegistry in June 2011, with Australia's Internet and business communities joining to celebrate the benefits .au has delivered to the Australian economy and wider society.

The event took place at the Melbourne Museum's King Tutankhamun exhibition with the evening's focus being the enduring role of technology, looking at both the 3000 year old Ancient Egyptian civilization and the evolution of the .au domain over the past 25 years.
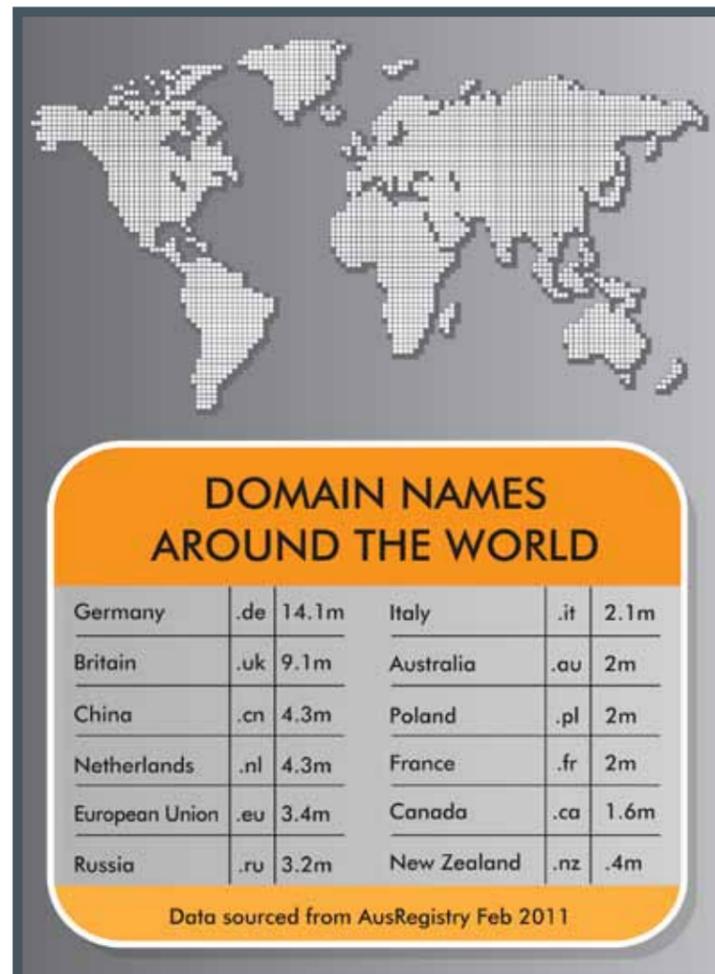


# .au Timeline

| | |
|---|---|
| March 1986 | .au first delegated to Robert Elz at Melbourne University |
| 1999 | Industry-wide consultation on .au's future |
| December 2000 | Australian Government endorses auDA |
| October 2001 | auDA signs agreement with ICANN |
| July 2002 | New competition and policy regime introduced |
| May 2006 | auDA Foundation established |
| August 2006 | CGDNs launched |
| November 2007 | 1 million .au domain names registered |
| June 2009 | ANZIAs launched |
| March 2011 | 2 million .au domain names registered |

.au**DA**
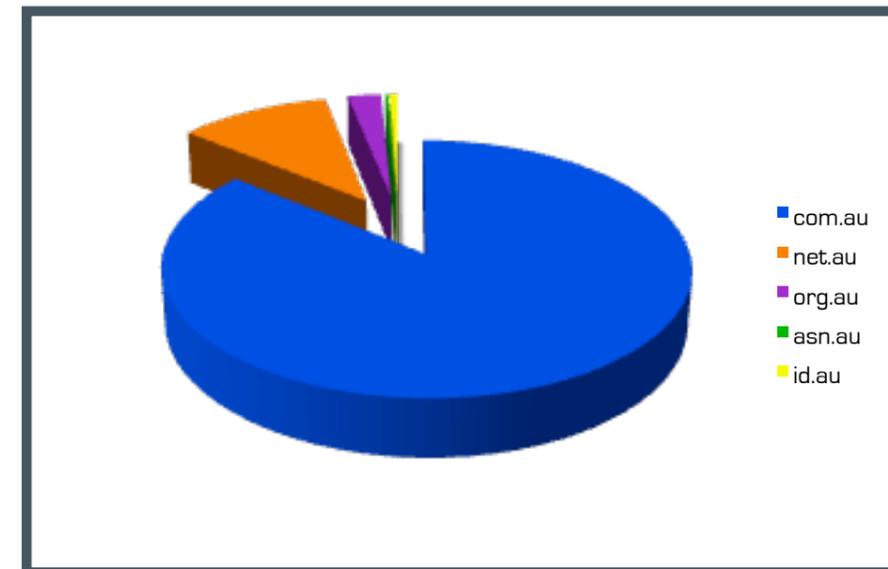.au DOMAIN ADMINISTRATION LTD

# 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.

In March 2011 we reached the significant milestone of 2 million .au domain names registered in the open 2LDs.

On 1 July 2011, when the cumulative total of com.au and net.au domains also reached 2 million, a registry price drop was triggered in line with the milestone.



**GROWTH in .au registrations**

Total .au registrations

| | Pre auDA | 2003 | 2005 | 2007 | 2009 | 2011 |



**DOMAIN NAMES AROUND THE WORLD**

| Germany | .de | 14.1m | Italy | .it | 2.1m |
|---------|-----|-------|-------|-----|------|
| Britain | .uk | 9.1m | Australia | .au | 2m |
| China | .cn | 4.3m | Poland | .pl | 2m |
| Netherlands | .nl | 4.3m | France | .fr | 2m |
| European Union | .eu | 3.4m | Canada | .ca | 1.6m |
| Russia | .ru | 3.2m | New Zealand | .nz | .4m |

Data sourced from AusRegistry Feb 2011

# .au Open 2LD Breakdown
## at 30 June 2011



- com.au
- net.au
- org.au
- asn.au
- id.au

| | com.au | 1818353 |
|---|--------|---------|
| | net.au | 230437 |
| | org.au | 50143 |
| | asn.au | 4111 |
| | id.au | 12086 |
| | total .au | 2115130 |

# Regulatory

## 2010 Names Policy Panel

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

The 2010 Names Policy Panel was appointed by auDA in August 2010 to:
- review the policy framework underlying the allocation and use of domain names in the .au domain space; and
- provide recommendations to the auDA board about what changes (if any) should be made to the policy framework.

The Panel was chaired by Mr Derek Whitehead from Swinburne University of Technology, who has chaired several auDA policy processes since 2000. The Panel's 22 members were drawn from a wide range of stakeholder groups, including the IT industry, government, legal, business, not-for-profit and consumer groups.

The Panel released a discussion paper in November 2010. Thirty formal submissions and 177 online survey responses were received, indicating strong community interest in the issues under consideration.

The Panel released its draft recommendations in April 2011. After the end of the financial year the Panel delivered its final recommendations to the auDA Board.

## Secondary Market Working Group

In addition to Advisory Panels, from time to time auDA convenes working groups to provide expert policy and technical advice on more specialised issues.

In April 2011 auDA convened the Secondary Market Working Group of industry and consumer representatives to:
- examine the operation of the .au secondary market and identify any points of market failure; and
- provide advice and recommendations to auDA on any actions that should be taken to address any identified market failures.

The Working Group released an issues paper in May 2011 and received nine public submissions. The Working Group finalised its recommendations after the end of the financial year.

## Published Policy reviews

auDA undertakes periodic reviews of its Published Policies to ensure that they remain relevant and effective. All policy reviews include at least one public consultation phase.

During 2010-11 auDA conducted reviews of the WHOIS Policy, Registrant Contact Information Policy and the Policy Rules and Guidelines for CGDNs.

## auDRP

The .au Dispute Resolution Process (auDRP) is designed to provide a cheaper, speedier alternative to litigation for the resolution of disputes between the registrant of a .au domain name and a party with competing rights in the domain name. The auDRP was drafted by auDA's Dispute Resolution Working Group and commenced on 1 August 2002.

In August 2010 auDA introduced changes to the auDRP to allow for electronic filing and transmission of complaints (known as "auDRPe"). auDA held training sessions in September 2010 for auDRP panelists, in conjunction with auDRP providers LEADR Association of Dispute Resolvers and the World Intellectual Property Organization Arbitration and Mediation Center.

In 2010-11, 37 disputes were lodged with the auDRP providers. Of these, 20 were found in favour of the complainant and the domain names were ordered to be transferred.

## Complaints

In 2010-11, auDA received 626 formal complaints. Of these, 480 were about .au domain names or registrants and 146 were about industry participants.

In January 2011 auDA introduced a Registrant Review Panel to provide for independent review of a decision by auDA to delete a registrant's domain name for breach of policy. At the end of the financial year, there had been no applications made to the Registrant Review Panel.

# Regulatory

## .au Registry

AusRegistry is the registry operator for the open 2LDs, community geographic 2LDs, and two closed 2LDs (edu.au and gov.au). AusRegistry was appointed the 2LD registry operator through open tender processes held in 2001 and 2005. In February 2009, AusRegistry's licence was extended until 2014.

Registry highlights for 2010–11 included:

- collaboration with auDA on IPv6 implementation, allowing end users to perform lookups against all .au records via IPv6;

- active industry participation and policy input, including significant contributions to auDA's 2010 Names Policy Panel and the Secondary Market Working Group;

- collaboration with auDA on DNSSEC implementation planning, highlighted by the delivery of a detailed technical DNSSEC research document and supporting recommendations;

- registry price drop on 1 July 2011, when the cumulative total of com.au and net.au domains reached 2 million;

- hosting a gala event at the Melbourne Museum to celebrate the 25th anniversary of the delegation of .au and to highlight the importance of the .au domain in the continued advancement of Australia's digital economy;

- active registrar engagement aimed at strengthening relationships and providing ongoing technical support; and

- continued financial support of Internet-related organisations and charities including ISOC-AU.

## 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 2010–11, auDA terminated two registrars and accredited two new registrars, resulting in a total of 33 auDA accredited registrars at 30 June 2011. In addition, 4743 resellers had been notified to auDA.

## .au Market Share



- Top 4 Registrars
- Next 4 Registrars
- Remaining Registrars

.auDA
.au DOMAIN ADMINISTRATION LTD

# Outreach

**ANZIA**
AUSTRALIA & NEW ZEALAND INTERNET AWARDS

## ANZIAs

The ANZIAs are a collaboration between auDA and Internet NZ. Originally based on the four main themes of the IGF, the ANZIAs are an annual event celebrating the achievements of organisations, individuals and businesses that have made significant contributions to the development and use of the Internet in Australia and New Zealand.

Building on momentum from its inaugural round in 2009, the 2010 awards covered a wide range of innovative and creative projects including managing cyber-attacks and online crime, online programs to support and empower people affected by major illness, initiatives that bridge the gap in the availability of the Internet to regional areas and providing online resources in a variety of languages where users can trace their own lineage. The winners for 2010 were announced at a gala dinner held at Crown Towers in Melbourne, an event set to become a feature of both auDA's and Internet NZ's annual calendars.

At the close of 2010–11, work was underway for the 2011 round including more categories and a branding overhaul that features a new look, logo and website.

## The categories, winners and highly commended entries for 2010 were:

**2010 Best Openness Initiative**
**CANTEEN**
www.nowwhat.org.au
The Now What initiative aims to provide a supportive and informative online community that young people can access to learn about different cancer types and ways to cope with their experience.

**2010 Best Youth Initiative**
**DARWIN CITY COUNCIL GRIND ONLINE**
www.grindonline.com.au
Darwin City Council established a youth engagement program "GRIND" in partnership with the youth community. GRIND provides youth community participation opportunities through a medium created by young people.

**2010 Best Accessibility Initiative**
**NATIONAL LIBRARY OF NEW ZEALAND**
www.aotearoapeoplesnetwork.org
The Aotearoa People's Network Kaharoa provides modern computing equipment and broadband Internet access to 123 sites nationwide for everyone, even those on low incomes or in rural communities.

**2010 Best Diversity Initiative**
**TERABYTE INTERACTIVE LTD LINDAUER ONLINE INITIATIVE**
www.lindaueronline.co.nz
The Lindauer Online Initiative brings to life a walking gallery experience showcasing Lindauer's Maori portraits with the ability to zoom into the detail of the canvas. Users can engage with the content from a 1918 visitor's book and trace their Maori heritage through Lindauer's works.

**2010 Best Security Initiative  AUSCERT**
www.auscert.org.au
Through its initiative, AusCERT repatriates data stolen from malware infected computers and attempts to notify the affected parties in order to mitigate the harm.

# CGDNS

Introduced in 2006, CGDNs are locality based domain names, reserved for all of community use throughout Australia. These names are much like a postal address and include the town/suburb name, state/territory name and our country code, such as: www.marlo.vic.au, www.sippydowns.qld.au and www.kalgan.wa.au.

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.

In just over five years there have been a total of 356 CGDN applications from across Australia, including 55 applications in 2010-11.

CGDN applicants can choose to use Community Site in a Box (CSIAB), an "off-the-shelf" easy-to-use website content management system that was created to help make the process of building a website as easy and affordable as possible. So far 65% of CGDN applicants have opted to use CSIAB.

### Map of CGDN applications received across Australia:
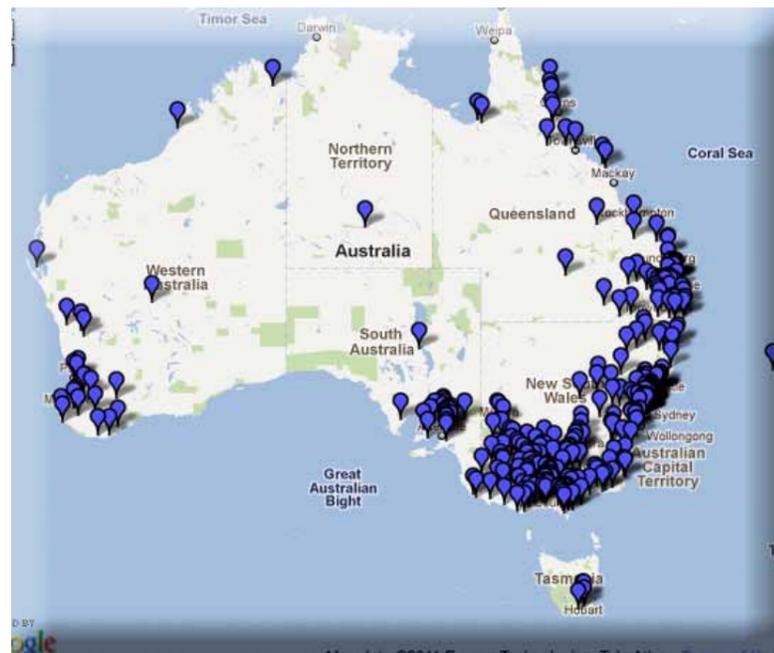


## Some CGDN website outcomes:



### www.mangrovemountain.nsw.au

A group of volunteers in the Mangrove Mountain area in the hinterland of the Central Coast of New South Wales pioneered an online system via their community website to quickly alert the community to potential threats, such as bushfires and severe weather. Community members subscribe via their community website and the system is based on a combination of information drawn from official sources and first-hand information. The system is geospatial and based on location and messages can be sent by email, SMS to mobile phones and text-to-voice to landline phones. The response to the system has exceeded expectations.

### www.greta.vic.au

Greta is a small country town near Wangaratta and their community website ensures that children don't miss out by having a "Kids Corner" section. Information in this section includes fun things to do, games to play online, recipes for kids and sports teams they can participate in.



Early in 2011, auDA provided CGDN community websites for some Queensland and Victorian flood affected towns to help with the rebuilding of their communities, where people can:

- share their flood experiences;
- thank people who helped them;
- communicate community events and news; and
- provide links to important information (such as government links and community recovery resources).

## auDA Foundation

The auDA Foundation is a charitable fund established in 2005 to support Australian organisations and individuals through the provision of grants for eligible Internet-related projects. Typically, grants of between $5000 and $20 000 are awarded every year.

The Foundation Board has four Directors – Greg Watson (Chair), Chris Disspain, John Higgins and Craig Ng who are responsible for its oversight and decide how to distribute the funds. The Board aims to achieve a balanced portfolio of funded projects that complement each other in terms of aims, geographic spread and target group.

Grant recipients have included academic research bodies, not-for-profit organisations, PhD scholarships, community groups, local councils and charities from metropolitan, regional and rural areas in all states in Australia.

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 five funding rounds and 72 projects have been awarded funding totalling over $1 million. The 2011 funding round was opened on 8 February 2011, with grants awarded after the end of the financial year.

### Projects funded by the auDA Foundation include:



**The Royal Melbourne Hospital Foundation
Online Educational Resource Project**

The project achieved new practical outcomes through the provision of a web-based education tool that optimises the utility of the Internet, effectively bridging the evidence gap between best practice and current practice for the diagnosis and care of chronic hepatitis B.

"I wanted to contact you briefly in thanks for the 2009 Grant for the development of our online educational resource, HepBHelp.  This is now live at **www.hepbhelp.org.au**.

"We started publicising it to appropriate networks last Thursday and are receiving some fantastic feedback, including from the manager of a statewide multicultural health service, who on the day we began publicising the site used it to help a patient newly diagnosed with hepatitis B.

"Without the support of the Foundation, this site would not have been constructed and I will always be appreciative of the Foundation's generosity."

Dr Ben Cowie, Victorian Infectious Diseases Reference Laboratory

**Family Business Australia – Online Workshops**

The project presented a series of online workshops for family owned businesses in regional and rural areas dealing with the issues that are unique to family businesses.



"The project funded by the auDA Foundation was completed in December 2010 reaching family business operators in Albury, Newcastle, Townsville, Mount Gambier, Warrnambool, Bunbury and Albany.

"This project is the first of a series of online educational opportunities to be made available to farming and regional communities throughout Australia via the FBA Regional portal.  Thanks to the auDA Foundation for making this project possible."

Philippa Taylor, Chief Executive Officer

## Security

**Cystic Fibrosis Queensland**
**Online Support and Education Program for People with Cystic Fibrosis**

This project is the development and implementation of an online education and support program. The website will contain current information about cystic fibrosis which will enable any client to access correct information as well as supporting those people who are exposed to cystic fibrosis for the first time. The website will also carry explicit information on programs available in each state and territory to help people access their support services.

"Thank you for your support and allowing the Australian Cystic Fibrosis Federation to progress so far with this project. Your support will live on in the lives of over 2500 Australians living with this chronic illness for many years to come."

Jane Andersen, Chief Executive Officer



**Queensland Theatre Company**
**The Virtual Drama Workshop Program**

The Virtual Drama Workshop Program is a pilot project for Queensland Theatre Company to trial providing professional theatre workshops and moderated forums, linked to the Education Queensland drama curriculum via the Internet.

Virtual Set Designer has now attracted support from the Australia Council, as a significant research and development project in their Digital Program, which is funding a small number of projects demonstrating how the arts are using new technology.

"Thank you for the support from the auDA Foundation. It really got this project started, and has allowed us to find other support and keep on developing this fantastic resource for regional students and teachers, particularly."

Amanda Jolly, Philanthropy Manager Queensland Theatre Company



Throughout 2010–11, auDA undertook a number of projects as part of its efforts to continually improve the resilience and redundancy of the .au DNS infrastructure:

- completed testing and implementation of the anycast protocol. auDA nameservers are configured in two anycast instances, a.au and b.au;

- completed the transition to single letter .au nameserver names. All .au nameserver names conform to a {a-z}.au format, including those provided by secondary operators. This format, along with the use of anycast, allows auDA to include a greater number of nameservers with both IPv4 and IPv6 addresses;

- currently working on an implementation plan for deploying IPv6 across auDA's nameserver infrastructure. IPv6 nameserver addresses (provided by secondary operators) are currently listed for the .au and 2LD domain space; and

- in conjunction with AusRegistry, continuing the investigation of deploying DNSSEC in the .au domain space. Phase 1 testing was completed, and the results and recommendations were submitted to the auDA Board after the end of the financial year.

**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2011**

**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 2011.

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

|  | Eligible | Attended | Apologies |
|---|---|---|---|
| Tony STALEY  (Chair) | 6 | 6 |  |
| Kimberley HEITMAN | 6 | 6 |  |
| Cheryl LANGDON-ORR | 6 | 6 |  |
| Joshua ROWE | 6 | 6 |  |
| Julie HAMMER | 6 | 6 |  |
| Marty DRILL | 6 | 6 |  |
| Chris DISSPAIN | 6 | 6 |  |
| Amin KROLL | 6 | 6 |  |
| Graham MCDONALD | 6 | 6 |  |
| Dwayne VAREY | 6 | 5 | 1 |
| Rosemary SINCLAIR | 6 | 4 | 2 |
| George PONGAS | 6 | 6 |  |

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

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

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

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

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

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

She holds a Bachelor of Science with Honours in Physics, a 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.

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

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

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

**Amin Kroll - Supply Class Director**
With much experience in the web services industry in Australia, Amin Kroll was appointed to the auDA Board in October 2007 and is now serving his second term. Amin is General Manager of Hostway Corporation in Australia and within that role is part of the Executive Lead Team. He has broad international experience also spearheading the establishment of an operation in Ho Chi Minh City, Vietnam.

Previously the founder and CEO of IntaServe Pty Ltd (since acquired by Hostway), Amin has an Executive MBA from the Macquarie Graduate School of Management and has represented Australia internationally (Under 21) for Team European Handball.

**Cheryl Langdon-Orr - Demand Class Director**
Cheryl was elected to the auDA Board for a fourth term of office in the Demand Class stakeholder category in October 2010. Previously, she worked on several auDA Policy Advisory Panels from 2000.

Cheryl represents the Internet Society of Australia (ISOC-AU) as an ICANN accredited At-Large Structure (ALS) in ICANN's Asia Pacific Regional At-Large Organisation (APRALO) and APRALO in the ALAC, until late 2011.
She served as Chair of the ALAC for three terms, from 2007 - 2010, is currently an ALAC liaison to ICANN looking at accountability and transparency during 2010.

**George Pongas - Supply Class Director**
George Pongas has been involved with the Australian domain industry since 2003. During this time he has managed seven accredited registrars, formerly holding the position as CEO at Domain8 and Domain Candy, and more recently Business Development Manager for Fabulous.com.au.

George is an active and visible industry member, having participated on many auDA Panels, as well as attending a number of ICANN and international domain related conferences.

Currently appointed as Client Services Manager at AusRegistry (the .au 2LD registry operator), George is perfectly positioned to apply his commercial sensibility, and extensive industry experience to ensure the delivery of a valuable Supply Class perspective for the Australian domain industry.

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

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

**Rosemary Sinclair - Demand Class Director**
Rosemary Sinclair held a range of senior management positions with Telecom Australia, including the Manager of Commercial Operations NSW and National General Manager, Communication Accounts. Rosemary was the Director of Strategic Development for the ABC and Director, Technology and Corporate Services for ABC Radio. From 2001, Rosemary was the Managing Director of the Australian Telecommunications Users Group (ATUG) and has recently taken up the role of Director, External Relations, Australian School of Business, University of NSW. Rosemary has served on a number of government committees and is currently Chair of the Regional Telecommunications Inquiry Committee. Rosemary was appointed by the ICANN Board to the Generic Names Supporting Organisation (GNSO) Council in 2009 for a two year term.

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

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

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

He was elected to the board of ICANN by members of ccNSO and took his seat in June 2011.

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

**Principal Activities**
The principal activities of the company in the course of the year were:

Management of .au Domain name space.

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

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

The entity's long term objectives are:
- Managing risks associated with industry business failure.
- Managing the increase in demand for IPv6 addresses due to the global exhaustion of IPv4 address space.
- Maintain a structure that allows auDA to remain relevant to stakeholders in a changing industry environment.

**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

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

- Strengthen industry engagement by developing and implementing support services for Registrars to make it easier for them to understand and meet their regulatory obligations.

- Through the auDA Foundation, to continue to promote education and research activities that will enhance the utility of the internet for the benefit of the Australian community.

- Participate in international internet fora activities.

- Strengthen knowledge management and implement succession and capacity planning.

**Members' Guarantee**

In accordance with clause 7 of the Constitution of the company, each member has undertaken to contribute towards the assets of the company an amount of one hundred dollars ($100) in the event the company is wound up whilst they are still a member or within one year after they cease to be a member. As at 30 June 2011, the company had 111 members.

**Significant Changes in State of Affairs**

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

**After Balance Date Events**

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

**Benefits under Contracts with Directors**

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

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

**Indemnifying Officer or Auditor**

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

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

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

Director _____
Tony STALEY

Director _____
Chris DISSPAIN

Dated this              day of              2011

| Auditor's Independence Declaration |
|---|
| |
| The auditor's independence declaration for the year ended 30 June 2011 has been received.. |
| |
| Signed in accordance with a resolution of the Board of Directors. |
| |
| **Director:** |
| |
| |
| **Dated this              day of              2011** |

**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

**COMPREHENSIVE INCOME STATEMENT**
**FOR THE YEAR ENDED 30 JUNE 2011**

| | Note | 2011 | 2010 |
|---|---|---|---|
| | | $ | $ |
| **Revenue** | 2 | 5,090,694 | 4,605,603 |
| | | | |
| Depreciation and amortisation expenses | | (148,459) | (151,574) |
| Employee benefits expenses | | (1,477,580) | (1,291,477) |
| Finance costs | | (179,387) | - |
| Other expenses | | (3,062,130) | (2,859,170) |
| **Profit (Loss) for the year** | | 223,138 | 303,382 |
| Retained earnings at the beginning of the financial year | | | 3,915,756 |
| | | 4,219,138 | |
| **Profit attributable to members of the company** | | 4,442,276 | 4,219,138 |

**BALANCE SHEET AS AT**
**30 JUNE 2011**

| | Note | 2011 | 2010 |
|---|---|---|---|
| | | $ | $ |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 5 | 4,628,610 | 4,102,975 |
| Trade and other receivables | 6 | 557,391 | 498,599 |
| Other current assets | 7 | 16,616 | 16,616 |
| **TOTAL CURRENT ASSETS** | | 5,202,617 | 4,618,190 |
| | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 8 | 293,483 | 383,234 |
| **TOTAL NON-CURRENT ASSETS** | | 293,483 | 383,234 |
| **TOTAL ASSETS** | | 5,496,100 | 5,001,424 |
| | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 9 | 790,783 | 543,564 |
| Provisions | 10 | 263,041 | 238,722 |
| **TOTAL CURRENT LIABILITIES** | | 1,053,824 | 782,286 |
| **TOTAL LIABILITIES** | | 1,053,824 | 782,286 |
| **NET ASSETS** | | 4,442,276 | 4,219,138 |
| | | | |
| **EQUITY** | | | |
| Retained earnings | 11 | 4,442,276 | 4,219,138 |
| **TOTAL EQUITY** | | 4,442,276 | 4,219,138 |

**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 30 JUNE 2011**

| | Retained Earnings | Reserves | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Balance at 30 June 2009** | 3,915,756 | - | 3,915,756 |
| Profit attributable to members | 303,382 | - | 303,382 |
| **Balance at 30 June 2010** | 4,219,138 | - | 4,219,138 |
| Profit/(Loss) attributable to members | 223,138 | - | 223,138 |
| **Balance at 30 June 2011** | 4,442,276 | - | 4,442,276 |

**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

**CASH FLOW STATEMENT AS AT**
**30 JUNE 2011**

| | Note | 2011 | 2010 |
|---|---|---|---|
| | | $ | $ |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from debtors | | 4,821,302 | 4,918,150 |
| Payments to suppliers and employees | | (4,326,466) | (4,654,552) |
| Interest received | | 137,261 | 113,839 |
| **Net Cash Used in Operating Activities** | | 632,097 | 377,437 |
| | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| | | | |
| Plant & Equipment at Cost | | (106,462) | (246,193) |
| | | | |
| Net Cash used in Investing Activities | | (106,462) | (246,193) |
| | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| | | | |
| **Net Increase (Decrease) in Cash Held** | | 525,635 | 131,244 |
| Cash at Beginning of Year | | 4,102,975 | 3,971,731 |
| **Cash at End of Year** | | 4,628,610 | 4,102,975 |

**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 Group'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 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.

**Depreciation**

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

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

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

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

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

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

**(c)        Financial Instruments**

**Initial Recognition and Measurement**

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

Financial instruments are initially measured at fair value plus transaction  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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

**(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 three 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 2011**

| 2 | **Revenue** | 2011 | 2010 |
|---|---|---|---|
| | Operating activities | 4,941,873 | 4,352,263 |
| | Interest | 137,261 | 113,839 |
| | Subscriptions | 10,060 | 4,580 |
| | Sundry Income | - | 16,240 |
| | Grants Returned | 1,500 | 95,304 |
| | Foreign Exchange gain | - | 23,377 |
| | | 5,090,694 | 4,605,603 |

The grants returned is the remaining funds in .au community domains operations which has been absorbed back into the company.

| 3 | **Auditor's Remuneration** | | |
|---|---|---|---|
| | Auditor's Remuneration - Fees | 5,500 | 5,500 |

4 **Income Tax**

The company has been deemed a non profit organisation and is not subject to tax.

5 **Cash and Cash Equivalents**

**Reconciliation of cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

| | | | |
|---|---|---|---|
| Cash in Hand | | 2,152 | 2,220 |
| National Australia Bank ("NAB") | | 35,679 | 172,563 |
| NAB Cash on Deposit | | 1,893,838 | 3,149,410 |
| NAB USD Account | | 880,546 | 291,758 |
| HSBC | | 163,891 | 252,085 |
| HSBC International | | 333,154 | 110,739 |
| HSBC USD | | 1,319,350 | 124,200 |
| | | 4,628,610 | 4,102,975 |

| 6 | **Trade and Other Receivables** | | |
|---|---|---|---|
| | Current | 463,333 | 409,323 |
| | Other Debtors | 39,908 | 20,804 |
| | GST on acquisitions | 54,150 | 68,472 |
| | | 557,391 | 498,599 |

| 7 | **Other Current Assets** | | |
|---|---|---|---|
| | Deposits | 13,000 | 13,000 |
| | Prepayments | 3,616 | 3,616 |
| | | 16,616 | 16,616 |

| | | 2011 | 2010 |
|---|---|---|---|
| | | $ | $ |
| 8 | **Property, Plant and Equipment** | | |
| | Plant and equipment: | | |
| | At cost | 724,522 | 824,992 |
| | Accumulated depreciation | (431,039) | (441,758) |
| | Total plant and equipment | 293,483 | 383,234 |

**Movements in Carrying Amounts**

Plant & Equipment

| | | | |
|---|---|---|---|
| Balance at beginning of year | | 383,234 | 288,615 |
| Additions (at cost) | | 106,462 | 246,193 |
| Disposals | | (47,754) | |
| Depreciation | | (148,459) | (151,574) |
| Balance at End of Year | | 293,483 | 383,234 |

9 **Trade and Other Payables**

Current

| | | | |
|---|---|---|---|
| Trade Creditors | | 547,210 | 263,605 |
| Prepaid Income | | 61,000 | 60,250 |
| Payroll Clearing | | 44,629 | 38,503 |
| GST on supplies | | 115,230 | 176,050 |
| Other Creditors | | 22,714 | 5,156 |
| | | 790,783 | 543,564 |

10 **Provisions**

| | | | |
|---|---|---|---|
| Provision for Holiday Pay | | 163,351 | 156,406 |
| Provision for Long Service Leave | | 94,190 | 74,316 |
| Total Provision for Employee Entitlement | | 257,541 | 230,722 |
| Provision for Audit Fees | | 5,500 | 8,000 |
| Total provisions | | 263,041 | 238,722 |

11 **Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities**

| | | | |
|---|---|---|---|
| Profit/(Loss) from Ordinary Activities After Gifts | | 223,138 | 303,382 |

Non-cash flows in profit from ordinary activities

**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

| 11 | Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities | | |
|---|---|---|---|
| Profit/(Loss) from Ordinary Activities After Gifts | | 223,138 | 303,382 |
| Non-cash flows in profit from ordinary activities | | | |
| Depreciation | | 148,459 | 151,574 |
| Loss on sale of fixed assets | | 47,754 | - |
| (Increase)/Decrease in receivables | | (58,792) | (55,078) |
| (Increase)/Decrease in other assets | | - | 4,883 |
| Increase/(Decrease) in payables | | 247,219 | (168,305) |
| Increase/(Decrease) in provisions | | 24,319 | 140,981 |
| Cash Flows from Operations | | 632,097 | 377,437 |

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
### FOR THE YEAR ENDED 30 JUNE 2011

**12    Financial Risk Management**

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

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

| Financial Assets | Note | 2011 | 2010 |
|---|---|---|---|
| Cash and cash equivalents | 5 | 4,628,610 | 4,102,975 |
| Loans and receivables | 6 | 557,391 | 498,599 |
| **Total financial assets** | | 5,186,001 | 4,601,574 |
| Financial Liabilities | | | |
| Trade and other payables | | 790,783 | 543,564 |
| **Total Financial Liabilities** | | 790,783 | 543,564 |

**Additional Information**

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

**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

**PROFIT & LOSS
FOR THE YEAR ENDED 30 JUNE 2011**

|  | 2011 | 2010 |
|---|---|---|
|  | $ | $ |
| **INCOME** |  |  |
| Subscriptions received | 10,060 | 4,580 |
| Interest Received | 137,261 | 113,839 |
| Registry licence Fees | 886,245 | 714,828 |
| Domain Name Fees | 3,938,946 | 3,537,685 |
| Registrar Fees | 106,250 | 99,750 |
| Sundry Income | - | 16,240 |
| Grants Returned | 1,500 | 95,304 |
| Community Site Fees | 10,432 |  |
| **TOTAL INCOME** | 5,090,694 | 4,582,226 |
| **EXPENSES** |  |  |
| Accountancy | 99,600 | 93,600 |
| Auditors Remuneration - Fees | 5,500 | 5,000 |
| Bank Charges | 5,104 | 3,639 |
| AGM & Committee Meetings | 89,165 | 71,202 |
| Computer Expenses | 354,106 | 369,949 |
| Conference Expenses | - | 12,946 |
| Depreciation | 148,459 | 151,574 |
| Directors Fees | 146,788 | 142,593 |
| Directors Expenses | 131,880 | 105,874 |
| Donations | 6,700 | 4,000 |
| Entertainment | 17,154 | 24,112 |
| Education & Media | 501,614 | 114,550 |
| Fringe Benefits Tax | 52,381 | 51,649 |
| General Expenses | 418 | 1,125 |
| Geographics | - | 9,270 |
| Holiday Pay and Long Service Leave | 56,058 | 138,580 |
| Insurance | 18,629 | 20,216 |
| Interest on Leases | 26,728 | - |

| Legal Costs | 451,335 | 648,264 |
|---|---|---|
| License Fee-ICAAN/CCTLD | 279,533 | 285,880 |
| Office Expenses | 32,404 | 32,661 |
| Payroll Tax | 48,654 | 32,014 |
| Postage, Printing & Stationery | 20,052 | 13,717 |
| Rent | 59,468 | 60,651 |
| Registry Enhancements | 97,841 | 92,940 |
| Salaries & Wages | 1,389,046 | 1,109,862 |
| Security | 35,160 | 94,546 |
| Staff Amenities | 27,229 | 20,647 |
| Staff Training | 32,475 | 43,035 |
| Subscriptions | 6,382 | 8,046 |
| Technical Support | 113,712 | 119,017 |
| Telephone | 54,880 | 40,072 |
| Travelling Expenses | 331,960 | 380,990 |
| **TOTAL EXPENSES** | 4,640,415 | 4,302,221 |
| **OPERATING PROFIT/(LOSS)** | 450,279 | 280,005 |
| **NON-OPERATING INCOME AND EXPENSES** |  |  |
| Non Operating Expenses |  |  |
| Loss on sale of fixed assets | (47,754) | - |
| Unrealised Foreign Exchange Gain/(Loss) | (169,538) | 23,377 |
| Realised Foreign Exchange Gain/(Loss) | (9,849) | - |
| **Total Non Operating Expenses** | (227,141) | 23,377 |
| **OPERATING PROFIT FOR THE YEAR** | 223,138 | 303,382 |

**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

**DIRECTOR'S DECLARATION**

**The directors of the company declare that:**

1. The financial statements and notes, as set out on pages 7 to 19 present fairly the company's financial position as at 30 June 2011 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           2011**

**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 2011 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 2011, 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 2011, 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, No 55 Grafton Street
                        BONDI JUNCTION  NSW  2022

Dated this           day of           2011

## 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 2011 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

## 2LD
Second Level Domain. The .au domain space is divided into a number of 2LDs. Each has their own eligibility and registration rules and serves a distinct segment of the Internet community.
"Open 2LDs" are open to registrations by the general public, subject to eligibility criteria. These include com.au for business-related activities and org.au for organisations.
"Closed 2LDs" are only available to entities within a defined sector. Examples include gov.au for government and edu.au for educational institutions.

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

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

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

## APRALO
Asia-Pacific Regional At-Large Organisation. APRALO is one of the five Regional At-Large Organisations 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.

## auDRP
.au Dispute Resolution Policy. The 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.

## ccNSO
Country Code Names Supporting Organisation. The ccNSO is one of ICANN's supporting organisations, representing the interests of ccTLDs.

**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. CGDNs are locality based domain names, reserved for all of community use throughout Australia. These domain names include the town/suburb name, state/territory name and the .au ccTLD.

**CSIAB**
Community Site in a Box. CSIAB is an "off-the-shelf" easy-to-use website content management system for CGDN registrants.

**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 and man-in-the-middle attacks.

**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).

**GNSO**
Generic Names Supporting Organisation. The GNSO is one of ICANN's supporting organisations, representing the interests of gTLDs.

**IANA**
Internet Assigned Numbers Authority. IANA is responsible for the global coordination of the DNS root and IP addressing.

**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.

**IP**
Internet Protocol. The IP is the principal communications protocol used on the Internet.

**IPv4 / IPv6**
Internet Protocol version 4 and Internet Protocol version 6. The technical, numerical addressing protocols used by network-enabled computers and devices to communicate data.

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

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

**Registrar**
auDA-accredited companies who provide domain name services.

**Registry**
The database of domain names registered in each 2LD.

**Reseller**
Companies affiliated with an accredited registrar, who provide domain name services.

**WHOIS**
A search tool to find registrant details for domain names.