

.au Domain Administration Limited

ABN 38 079 009 340

Board Meeting

14th November 2016 at 11:00AM

auDA, 114 Cardigan Street, Carlton VIC

1. Welcome and Apologies

Present: Stuart Benjamin (Chair), Cameron Boardman (CEO), Erhan Karabardak, George Pongas, Grant Wiltshire, Joe Manariti, Kartic Srinivasan, Simon Johnson, Tony Staley, Leonie Walsh, Michaela Richards, Di Parker (Company Secretary)

Apologies: Nil

Commenced 11:00am

Welcome

Stuart welcomed everyone to the meeting and in particular welcomed Leonie and Michaela to their first auDA Board meeting.

2. Continuous Disclosure

In the interest of full disclosure, Leonie Walsh provided the following disclosures:

- Director/Founder - Productive Management Solutions Pty Ltd
- Ambassador Women in STEMM Australia
- Chairman/President - Fight Cancer Foundation
- NED - Australian Bone Marrow Donor Registry
- NED and Executive team member - Worldwide Network of Blood and Marrow Transplantation
- Value Assessment Panel Chair - Melbourne University Department of Engineering
- Working Group Chair - Victorian Government, Center for New Energy Technology
- Industry Expert - Victorian Government Future Industries Manufacturing Program
- Advisory Boards
 - Deakin University Business School
 - Deakin Institute for Frontier Materials
 - Swinburne University Centre for Transformative Innovation
- Advisory Committees
 - EPA Science and engineering
 - CSIRO Manufacturing Futures
 - Textor Technologies

Michaela Richards advised so she no disclosures relevant to her role as an auDA Director.

3. Confirmation of 10 October 2016 Minutes

Motion proposed by Joe Manariti and seconded by George Pongas that the minutes of the 10 October 2016 Board meeting be confirmed. **Carried.**

4. Actions Arising

The CEO provided an update on the actions arising.

- Send new Director's induction documentation and update ASIC
Has been completed. It was requested that a more comprehensive induction package be developed before the AGM.
- Finance reports to be reviewed by Finance Committee
Has been completed.
- Present final PPB review
An update will provided in the CEO report.
- Findings of ISS roll out to be reviewed by Strategic Risk Committee
The CEO advised that there is international interest in ISS. The findings are still to be reviewed by the Strategic Risk Committee.
- Implement Cameron Ralph report
This is a separate agenda item.
- Circulate Directors and Officers insurance policy.
This has been completed. It was requested that the policy be reviewed and some of the limits assessed for appropriateness and reported back to the Strategic Risk Committee.

The Board noted the actions arising.

5. Chair Report

The Chair provided the Board with an update on the ICANN conference. He advised that ICANN appeared to be struggling with their role post-IANA.

The Chair advised that some useful meetings had been held regarding auDA's international agenda.

The Chair advised the Board that we officially notified the organisers of the APriGF that we would not be hosting the APriGF.

6. CEO Report

APriGF

For the benefit of new Directors, the CEO provided the Board with an overview of the history surrounding the notification to APNIC of our decision to not host the APriGF. The CEO advised the Board that:

- 7 December 2015- Paul Szyndler provided Chris Disspain with an email outlining the for and against of hosting the APriGF which the case was stronger against.
- 9 December 2015- Chris Disspain instructed Paul Szyndler to make a bid to host the APriGF without consulting the Board. The CEO informed the Board that submitting a bid for the APriGF is tantamount to agreeing to host it and was above the \$50K delegation for the CEO.
- At the February 2016 Board meeting, the Board requested that the CEO prepare a formal report for the Board on the APriGF. The Board were never provided with this report.
- At the June Finance and Audit Committee Meeting, the Finance Committee endorsed the 2016-17 Budget which included a \$50K provision for costs associated with the APriGF.
- In July, Paul Szyndler attended the APriGF in Taipei and reported that 260 people registered but there were only 130 attendees of which the majority were students. We were advised there

would be 600 attendees in preparing the bid. P Szyndler also shared many photos of empty rooms at the event.

The CEO informed the Board that we only just hosted the auIGF in October which had similar numbers to the Taipei APriGF (260 registrants/130 attendees). The auIGF involved a 3 month investment of two of auDA's staff to organise. The CEO advised the Board that the bid to host the 2017 APriGF has an open-ended expectation in regards to cost and resources and was submitted without any analysis of the benefits.

The CEO informed the Board that he had advised Paul Wilson, Director of APNIC that we would not be hosting the 2017 APriGF and provided sound justification for the decision.

The CEO advised the Board that a public statement had been released regarding our decision not to host the 2017 APriGF and he would also make a statement at the AGM.

The CEO advised the Board that we would be analysing all current relationships and activities for strategic purpose and would provide an update at the Strategic Review.

The CEO advised the Board that an international engagement strategy will be presented at the Strategic Review.

Membership Consultation

The CEO advised that we have spoken to over 75% of our Members throughout the Membership consultation process so far.

The CEO advised the Board that there is no vetting process for Members currently in the Constitution and this is a matter that we should consider at the Strategic Review. He advised the Board that this might need to involve a review of the Constitution.

Policy Development

The CEO informed the Board that we are well advanced in our policy development including:

- Crisis Communications to be presented to next Board Meeting
- Board and Management Delegations Manual which is a separate agenda item
- Travel and Purchasing policies which will be circulated to Board for information only
- Communications Policy which will be circulated to the Board for information

Other

The CEO also updated the Board on our progress with Government relationships.

The CEO informed the Board that he attended a meeting with the ACCC and has secured a position for auDA on the Australasian Consumer Fraud Taskforce with the AFP and ASIC.

The CEO advised the Board that on Friday 11th November he received an unsolicited proposal from AUS Registry.

The Board noted the CEO report.

The Board agreed to move agenda item 9f Registry Contract Process forward.

9f. Registry Contract Process

George Pongas and Kartic Srinivasan excused themselves from the Board Meeting due to a conflict of interest.

The Board discussed that an EOI process is a fair and open process and that in a disruptive environment with other providers could result in a better deal for auDA. The Board also acknowledged that there were risks involved in undergoing an EOI process in what has become a tight timeframe. The CEO noted that previous requests by the Board for the Acting CEO to start work on an EOI had not occurred.

The Board instructed the CEO to continue preparation work for an EOI so as to not restrict our options. The Board instructed the CEO to commence negotiations with AUS Registry for a 30 day period to secure a best in class deal. The terms of the agreement are to include:

- 5 year term
- Suitable pricing structure that would require an economic analysis to be prepared
- Performance-based KPIs

The Board agreed that if during the 30 day period, the negotiations with AUS Registry did not result in agreement that meets auDA's expectation then the Board would consider commencing a formal EOI process at the December Board meeting.

Kartic Srinivasan and George Pongas re-joined the Board meeting.

7. Finance Report

The CFO presented the September 2016 financial report to the Board.

The Board noted the Finance report.

8. Board Committee Updates

a. Finance and Audit Committee

Kartic Srinivasan advised the Board that the Finance and Audit Committee met on the 7th November and endorsed a Reforecast 2016-17 Budget as well as adoption of the 2015-16 Director's Report and Financial Statements. The Committee also discussed the appointment of the Auditor and reviewed and endorsed the financial delegations in the Board and Management Delegations Manual. These are all included in the agenda as separate items for Board decision. Kartic also updated the Board that the transition of the accounting function from Moore Stephens to an in-house function was progressing well and due to be completed by 30th November.

Kartic updated the Board that the Finance and Audit Committee had agreed to engage PwC to undertake a tax status review of auDA and apply for payroll tax exemption on our behalf. They have been commissioned on a performance-based contract and if successful the applications could result in approximately \$400K of refunds.

The Board noted the Finance and Audit Committee report.

b. Governance Committee

Stuart Benjamin advised the Board that the Governance Committee had not met since the previous Board Meeting and there was no update.

c. Strategic Risk Committee

Simon Johnson advised the Board that the Strategic Risk Committee had met on 14th October and 9th November. Simon updated the Board that Australian Standards for Good Governance have been added to ownCloud and are available for all Directors to access. Simon also advised the Board that the Committee was reviewing the Crisis Communications Policy and the process for escalating high and extreme risks to the Board. The Committee had also discussed reputational risk concerns around the Membership. Simon also advised the Strategic Risk Committee were also investigating reconstituting the Security Committee.

The Board noted the Strategic Risk Committee report.

9. Matter for Decision

a. Reforecast 2016-17 Budget

The CFO advised the Board that a separate budget report had been circulated to Directors and unless otherwise advised would take that the report had been read and now opened to questions from Directors.

The Board noted that the budget for general Marketing and Communications had significantly reduced and asked whether provision had been made for marketing surrounding policy changes (i.e. direct registrations). The CEO informed the Board that any marketing campaigns for policy changes would require a separate business case.

The Board noted that the budget for Other Consultancy had significantly increased. The CFO advised that a detailed budget had been prepared to substantiate this amount and it consisted largely of Communications/Branding, the PPB final report, review of employment contracts and PDs for staff, and development/updating of organisational policies. The CEO advised the Board that there is a period of development work to bring the organisation's practices in line with best practice which require significant consultancy work but he expects this cost will significantly reduce next financial year.

Motion proposed by Kartic Srinivasan and seconded by Erhan Karabardak that the Reforecast 2016-17 Budget be adopted. **Carried.**

b. Adoption of 2015/16 Director's Report and Financial Statements

Motion proposed by Kartic Srinivasan and seconded by Erhan Karabardak that the 2015-16 Director's Report and Financial Statements be adopted. **Carried.**

c. Appointment of Auditor and Auditor's Remuneration

The CFO advised the Board that a separate report had been circulated to Directors and unless otherwise advised would take that the report had been read and now opened to questions from Directors.

Motion proposed by Kartic Srinivasan and seconded by Erhan Karabardak that the Board endorse for Meagher Howard & Wright to be re-appointed as auDA's Auditors at the AGM and their remuneration be fixed at \$10,000. **Carried.**

d. Board and Management Delegations Manual

The CEO informed the Board that Recommendation 2 of the Cameron Ralph Report recommending re-drafting the delegation manual. The CEO advised the Board that in addition to the delegations manual, he can now confirm that all bank accounts require two authorisations.

The CEO confirmed the process was still that all expenditure above \$50K would be reported to the Finance and Audit Committee. The Board requested that this be reflected in the delegations manual. The Board also requested that the manual be adjusted to reflect that it may be appropriate on occasion for the Chair to commission legal advice.

Motion proposed by Grant Wiltshire and seconded by Joe Manariti that the Board and Management Delegations (with the above modifications) be adopted and that any previous delegations be rescinded. **Carried.**

e. Independent Director Appointment

The Chair excused himself from the meeting due to a conflict of interest. Erhan Karabardak (Deputy Chair), chaired this item of the Board meeting.

The Deputy Chair informed the Board that a recommendation of the Cameron Ralph report was that the Chair position should be an Independent Director. The Deputy Chair informed the Board that he was recommending that the current Chair, Stuart Benjamin, who is currently a Demand Class Member, be re-classified as an Independent Director in order to facilitate the recommendation of the Cameron Ralph report.

The CEO informed the Board that the definition of an Independent Director as per the Constitution is:

"A Director appointed by the elected Directors, who is a person who:

- a. Holds no posts in, or is otherwise associated with, auDA, the Registry Operator or any Registrar; and*
- b. does not have any relationship with auDA or any other person that could, in the opinion of the elected Directors, materially interfere with:*
 - i. the exercise of objective, unfettered and independent judgement by the person; or*
 - ii. the person's ability to act in the best interests of auDA."*

The CEO informed the Board that the original Ministerial letter from Minister Alston required the Chair of auDA to be an Independent Director. The CEO informed the Board that he has spoken to the Department of Communications who have advised that they neither support nor oppose the current Chair being made an Independent Director and they do not require the Chair to be an Independent Director. The CEO advised that they have suggested that the Commonwealth may want a right of veto over future Chair positions of auDA.

The CEO advised the Board that consideration should be given to Member perception over this decision.

The Board discussed the requirements of the definition of Independent Director in the Constitution as well as possible Member perceptions regarding the decision.

The Board agreed that it is their role to act in the best interests of auDA and to represent the best interests of the .au stakeholders. The Board agreed that auDA is undergoing a period of significant reform and consistency in the Chair role would provide some stability during this period.

The Board discussed that in order for the current Chair to satisfy the definition of an Independent Director under the Constitution, he would need to tender resignation of his membership as a Demand Class Member of auDA and also resign as Director and Chair of auDA.

The Chair was invited to re-join the Board meeting.

The Chair informed the Board that he has resigned his membership as a Demand Class Member of auDA and this has been advised in writing to the Company Secretary, prior to the meeting.

The Chair also informed the Board that he is formally tendering his resignation as a Director of auDA and as Chair of the auDA Board.

Motion proposed by Joe Manariti and seconded by Grant Wiltshire that the Board accept the resignation of Stuart Benjamin as a Demand Class member, Director and Chair of auDA. **Carried.**

The Deputy Chair asked Stuart Benjamin if he would be agreeable to being appointed an Independent Director of auDA. Stuart Benjamin agreed.

Motion proposed by Simon Johnson and seconded by Joe Manariti that Mr Benjamin Stuart be appointed as an Independent Director of the auDA Board for a term of 12 months. **Carried.**

The Deputy Chair declared the Chair position vacant and called for nominations. Simon Johnson nominated Mr Benjamin Stuart. There were no other nominations.

Motion proposed by Simon Johnson and seconded by Grant Wiltshire that Mr Benjamin Stuart be appointed as the Chair of the auDA Board. **Carried.**

Upon being elected Chair, Stuart Benjamin resumed Chair of the meeting.

The Board agreed that a statement should be released to Members.

g. Membership Applications

The Board agreed the new Membership applications should not be approved until a better process for assessing the applications has been developed.

10. Matters for Discussion

a. Review of Commonwealth Arrangements

The CEO advised the Board that the Commonwealth are wanting to review their arrangements with auDA. The Board agreed for the CEO to engage with Richard Windeyer from Department of Communications regarding the review of our arrangements.

b. Update on Implementation of Cameron Ralph Report Recommendations

The Board noted the written update on the implementation of the Cameron Ralph report recommendations provided by the CEO.

11. General Business

The Board agreed to hold the Strategic Review on the 1st to 2nd February 2017.

Meeting closed 3:30PM.