

# **connect.com.au Pty Limited (Connect) response to the Public Consultation Report of the auDA Competition Model Advisory Panel**

## **June 2001**

### **1. Introduction**

Connect.com.au Pty Limited (Connect) is fully supportive of moves to introduce competition in domain name services in the .au domain as we believe this will be to the ultimate benefit of domain name holders.

Due to the importance of domain names for electronic communication and commerce within Australia, Connect would stress that it is important that opening the market to competition does not result in any disruption of service or ongoing problems that detract from the benefits that competition bring.

As such, Connect believes that it is important to introduce competition in a well thought out manner with a public tender process for the registry operation, accreditation and regular review for registrars and a seamless process for the transition from the current registry/registrar operators to new registry/registrar operators. The implementation to the new regime should be carried out with a minimum amount of disruption in order to provide business continuity..

### **2. Comments on Specific Recommendations**

#### ***Recommendation 4.2 Policy Authority***

- Connect agrees that auDA should have authority or can delegate its authority for setting domain name policy
- Connect agrees that there should be a clear separation of policy and operations
- Connect agrees with the proposition put forward in section 4.2.4 that “auDA should not be a registry operator or a registrar, as this would compromise, or be seen to compromise, auDA’s ability to act as an independent regulator of the industry”.
- Connect believes that the independence of auDA to focus on policy setting and the administration of .au domain name space is critical.
- Connect also agrees that auDA needs to be transparent in its dealings and accountable for its actions. Connect believes AuDA being held accountable to its members through it’s General Meetings, also to both the Australian Communications Authority (ACA) and Australian Competition and Consumer Commission (ACCC) and through litigation, if necessary, should provide the safeguards for .au domain name users required.

#### ***Recommendation 4.3 Registry***

- Connect is supportive of a model that allows for multiple registries.
- Connect does not agree with the view expressed in Section 4.3.3 that as com.au is the current dominant domain, it is therefore unlikely that there would be sufficient scale of business to support multiple registry operators at high service levels. This view assumes that high service levels are derived from having a large base of domains (or “scale”). As many of the functions provided by registry operators are automated, service levels between different registry operators may be indistinguishable and the only distinguishing feature may be the price different registry operators charge. Limiting the Australian domain name space to 1 registry operator, albeit initially, would limit the ability for price based competition at the registry level. The view that scale dictates service levels could also be used to justify using

the existing registry to handle new 2LDs, hence limiting the Australian domain name space to 1 registry indefinitely.

- Critical to the success of the proposed competition model for the .au domain name space is the selection and subsequent performance of the proposed registry operator(s). auDA states in recommendation 4.3 of its report that the “provision of registry services will be contestable, through a periodic tender process to be administered by auDA.” Connect believes that given the overwhelming importance of the .au domain name registry operator selection, this tender and selection process needs to be a public tender and open to scrutiny. If the registry operator selected by auDA proves incapable of performing the required functions the entire premise of .au competition will fail, as without an effective registry operator the performance of registrars and in turn resellers will be hindered.
- Connect believes that the tender and selection process for the registry operator should be open for public *comment* to ensure a satisfactory outcome for the whole .au domain name space.

#### **Recommendation 4.4 Registrars**

- Connect is in agreement with the recommendation that registrars be responsible for performing policy compliance checks. Policy checking will continue to be an important requirement in the Australia domain name space particularly for commercial purposes based domain names.
- It should be recognised that the policy checking requirements in the Australian domain space for commercial purposes based domain names will be an additional cost for Australian registrars which will ultimately be passed on to domain name holders. Although many policy rules can be checked automatically, some requirements, particularly those surrounding disputes over rightful ownership require manual checking. This could lead to the situation where Australian domain names, at least for com.au and net.au, will be more expensive than their overseas equivalents.
- Connect is supportive of the recommendation that auDA perform accreditation of registrars, including satisfactory completion of a test of the registrar’s interface to a test registry system.

#### **Recommendation 4.5 Resellers**

- Connect has no substantive comments in relation to this section.

#### **Recommendation 4.6 Registrant**

- Connect is supportive of auDA ensuring adequate consumer safeguards are implemented for registrants, particularly in relation to protection of personal information.
- Although supportive of the need to provide certain rights and protection to registrants, we are unsure of the practical nature of providing all registrants with membership of auDA. This is equivalent to giving all telephone number holders membership of ATUG, ACA or an equivalent body. The cost alone in communicating with this user base (at least 200,000 registrants today) and ensuring that their votes for the membership of auDA are legitimately recorded could negate any price benefits gained from implementing a competition model for the .au domain space. We would recommend that auDA give further consideration to this recommendation and as a minimum, survey existing registrants to determine if they have an interest in becoming members of auDA.

#### **Recommendation 4.7 Funding Model for auDA**

- Of concern to Connect is the proposed funding model for auDA. Throughout the second report reference is made to a number of funding models proposed by auDA. These include:
  - ◆ A levy on domain name registrations and renewals.

- ◆ The charging of fees for registry operator and registrar licenses.
- ◆ Fees for the accreditation of registrars, complaints handling, dispute resolution and other services.
- While Connect does not necessarily dispute the need for auDA to charge these fees Connect would request auDA to present an indicative schedule of these fees to the public as soon as possible, so that interested parties may determine the likely costs associated with operating in the future competitive environment. These fees will obviously add to the costs of operating in the new environment and for those organisations who wish to participate in the .au space an understanding of associated costs is paramount prior to responding to any of the tender processes set out in the recommendation.

#### ***Recommendation 5 Implementation***

- Connect's final comment relates to auDA's proposed implementation strategy in Section 5. An outline of the steps required to implement the competition model is presented in Section 5.2. It is also stated that the "...Panel recommends that auDA implement the competition model outlined in section 4... as quickly as possible."
- However at no point in the document does the Panel attach dates and timelines to the steps outlined. Connect feels that dates and timelines need to be attached to each of the steps so that those participating in the .au domain name space are able to make plans for the introduction of a competitive model. At the moment there is no objective set for the final introduction of competition nor for the various stages in the tender processes outlined.
- Connect believes that auDA should develop a timeline for the introduction of the competition model proposed and assign dates to all major milestones, and make this public as soon as possible, so that interested parties can conduct the necessary planning with dates and timeframes in mind.

Connect would like to thank auDA and the auDA Competition Model Advisory Panel members for the substantial and thorough recommendations prepared for the Competition Model for the .au Domain Name Space.

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Connect