Open Universities Australia wishes to thank the students whose photos appear in this report. Our students come from all walks of life, each with their own goals and aspirations. From working adults and young people just starting out, to parents combining family life with study. Each has turned to education for personal or professional enrichment.
Our Aim
To extend our national leadership in providing flexible online access to quality tertiary education.

We Commit
To our students
To provide access to the largest choice of quality online tertiary education options and services, to enable you to succeed in meeting your learning goals.

To our corporate clients
To provide timely and cost-effective solutions to your training and staff development needs.

To our providers
To provide cost-effective services that enable you to extend your market reach and desired student profile consistent with your goals.

To our staff
To sustain a working environment that attracts, retains and develops committed employees who share in the success of OUA.

To the community
To be a good corporate citizen and neighbour concerned for the community and the environment.

To our shareholders
That the value of OUA will appreciate over time giving you a competitive return on your investment.

It saves time and money and allows more time to be devoted to family or other important things. It is possible to hold down a full time job and a study load simultaneously.

Megan Taylor
BA in Literature and Composition
Strategic Objectives

To achieve our aim in 2010, we set six strategic objectives.

1. Grow the core business to be the leading brand in the online education market
   a. By acquiring new students in current markets
   b. By exploring new markets for core business
   c. By retaining students longer

2. Ensure supply and delivery of quality products and services that meet market needs
   a. By expanding and retaining a secure supply of content and support services
   b. By providing overall superior service and value for money

3. Identify new business opportunities

4. Build organisational capacity to respond to growth and anticipate changing market demands

5. Sustain a working environment that attracts, retains and develops employees


My children inspire me to learn how I – as a teacher – make a positive impact on children’s lives and help them achieve academic success

Juli-Anne Attard
Bachelor of Education (Primary)
Message from the Chairman

Open Universities Australia is owned by seven major public universities and is the national leader in providing access to quality online higher education for Australian students. In 2010 we once again exceeded our targets with an overall 36% increase in enrolments, and an increase in revenue from $79.6 million to $118.7 million, with profits increasing from $9.1 million in 2009 to $16.5 million in 2010.

I was honoured to become the Chairman of OUA in November, having served as an independent Director on the OUA Board since 2004.

I succeed Mr Peter Wade who retired on 31 October 2010 after 10 years in the role.

Mr Wade made an outstanding contribution to OUA’s development and growth since 1993, when he helped found the Company as a wholly owned subsidiary of Monash University where he was the General Manager. He represented Monash on the Board in the early years, and then following his retirement became an independent Director and then Chairman from 2000. No one has had a longer or more influential role with OUA than Peter and he can rightly take credit for the Company’s successful transition from a Company at first supported by federal government grants to one that has become self-sufficient and is positioned to take advantage of the digital revolution. We thank him sincerely for his leadership of the Board during the period of time that OUA became the largest distance education provider in Australia.

I also am pleased to welcome a new Director to our Board in Peter Wade’s place – Mr David Phillips, who brings a deep and wide knowledge of the higher education sector to the Board.

Online higher education provides many challenges as well as the opportunity for major success helping meet the skills needs of the country, with the search for a quality scaleable way to learn, teach and assess online. I look forward to a further year of challenge and achievement in 2011.

Sam Weiss
Chairman
The achievements reviewed in this annual report confirm our continuing success at accomplishing our objectives and commitments. We have maintained a quality tertiary education model, providing open and flexible access to all ages (from 13 to 93), which is reflected in our activities during 2010.

Most of our students want to develop their knowledge, skills and qualifications while maintaining their work and family commitments. To support them we have continued to broaden our range of courses and our additional services to ensure we provide flexible options. Major new undergraduate programs, including the Bachelor of Education (Early Childhood Education), and several new postgraduate programs were introduced in 2010. We also provided pathway support for students new to online learning with a group of new not-for-credit enabling units provided for the first time directly by OUA itself.

During 2010, OUA embarked on several other new endeavours, which are proving to be beneficial for the Company and students alike. We successfully took direct responsibility for providing invigilation (exam supervision) services, rather than leave it to students to arrange. We commenced a trial of initiatives to test the notion of OUA becoming a hub for online learning development with our partners. We commenced discussion with a number of TAFEs with the result that in 2011 we will be expanding the range of higher level vocational education and training programs which complement our core higher education programs. We also developed relationships with a number of major employers to provide learning opportunities for their staff, including the National Australia Bank, Westpac, the Defence Forces and the Defence Community Organisation.

The successful launch of our new website in September 2010 resulted in better access to information for our students and potential students, enhanced search options, improved performance, easier ‘self-service’ enrolment and a more streamlined way to contact us. At the same time our in-house student advisor call centre has grown considerably to give personal service and support to students, and we reviewed our relationship with third party recruitment including signing a new 2 year contract with SEEK.

We developed a new, aspirational marketing message during 2010, with a major campaign on television, cinema and outdoors complemented by a growing emphasis on digital marketing.

In the fourth quarter, the call centre shifted to new leased premises at 473 Bourke Street, Melbourne. It is envisaged the majority of Melbourne based OUA staff will move to the new building by mid 2011.

I join our new Chairman, Samuel Weiss, in thanking Peter Wade for his long service and deep commitment to the Company since its foundation. He has also been a source of wise counsel to me.

Mr Weiss served as an Independent Director of OUA for six years and chaired the organisation’s Human Resources Committee since 2008. He serves on the Board of a number of technology and retail firms, and has more than 30 years experience working in the US, Europe, and Asia-Pacific with leading consumer companies. He devotes considerable time and energy to education, the arts and disadvantaged communities through his work as the president of The Benevolent Society and as a director of The Sydney Festival. He also has been president of the Harvard Club of Australia.

Despite the good results for 2010, we recognise that there are challenges ahead. The more competitive market in Australian higher education presents many challenges. On one hand our core business is based on collaboration between our partner universities. On the other hand, OUA is well placed through its experience to respond well to a competitive challenge while remaining focussed on quality and outcomes.

To shareholders, providers, staff, corporate affiliates, students and everyone else within the Open Universities Australia network, we thank you for an eventful and successful year.

Stuart Hamilton AO
Chief Executive Officer
2010 Corporate Governance Statement

The Board of Directors is responsible for the direction and oversight of Open Universities Australia.

The Board has two Committees:

1. Adjunct Professor David Boymal, AM chairs the Finance, Audit & Risk Management Committee. The primary objective of this Committee is to make recommendations to the Board in the effective conduct of its responsibilities in relation to the management of risk; the oversight of internal procedures and controls, and the audit thereof by the external Auditor, and adherence to statutory and ethical obligations.

2. The Human Resources Committee was chaired until 31 October 2010 by Mr Sam Weiss. On 1 November 2010 Mr Weiss became the Chair of the Board of Directors at the retirement of Peter Wade and Dr Judith Slocombe, Independent Director on the OUA Board was appointed Chair of the Human Resources Committee. The Committee ensures that the Company has in place appropriate policies, procedures, systems and a compensation framework to enable the Company to recruit and retain independent Directors, management and staff that will enable it to achieve its strategic objectives and provide the desired return for shareholders.

The Committees work with the Chief Executive Officer to ensure that the Company meets its regulatory obligations.

The Chief Executive Officer is directly accountable to the Board.

The Company has examined the ASX Corporate Governance Council’s Principals of Good Corporate Governance and Best Practice Recommendations, and the Standards Australia 2004 Risk Management guidelines, and where appropriate has taken on board these recommendations and guidelines and adjusted its structure and responsibilities to ensure transparent reporting and has a comprehensive register for the management of risk.

Transactions conducted with shareholder universities are on the same conditions as those with other provider universities and colleges and are considered to be within the normal course of Company business.

The Company also has an Academic Programs Committee with representation from the major providers. The Committee makes recommendations to the Chief Executive Officer on which academic programs should be offered by the Company to ensure the portfolio of OUA offerings is the appropriate breadth and quality. The Board of Directors approves criteria in relation to which providers OUA should offer programs from.

It makes studying easy and convenient and saves me a lot of time and energy that I can otherwise use for my sport

Natalie Barbir
Bachelor of Behavioural Studies
What if you could study your MBA online to fit around your life?

Open Universities Australia started with the idea that one education system doesn’t fit all. We give you access to the MBA (Executive) program from RMIT online, so you can study when and where you want. Schedule your study around your lifestyle without having to miss classes or limit your social life and earn the same internationally recognised degree as that offered on campus. Visit our website www.open.edu.au to find out what’s possible.
Directors’ Report

The Directors present their report together with the financial report of Open Universities Australia Pty Ltd (“OUA”) for the year ended 31 December 2010 and Auditor’s Report thereon. This report has been prepared in accordance with Australian Equivalents of International Financial Reporting Standards.

Directors’ names
The names of the Directors in office at any time during or since the end of the year are:

Mr P B Wade
(Chairman until 31 Oct 2010; resigned as from 1 November 2010)

Mr S S Weiss
(Chairman from 1 Nov 2010)

Adjunct Professor D G Boymal, AM

Dr J Slocombe

Mr D W De Campo

Professor D S Wood

Professor S Spence

Professor J Sachs

Professor A Shoemaker

Professor M E Gardner, AO

Professor I R Youn
(resigned 24 September 2010)

Dr M J Thorne
(appointed 24 September 2010)

Mr P Beard

Mr D J Phillips
(appointed 1 November 2010)

The Directors have been in office since the start of the year to the date of this report unless otherwise stated.

The Company Secretary, Mark Licciardo, provides these services through Mertons Corporate Services Pty Ltd of which Mr Licciardo is Managing Director.

Results

The profit of the Company for the year amounted to $16,553,280.

Review of operations

The Company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the Company’s state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activity

The principal activity of the Company during the year was providing access to higher education.

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

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, the results of those operations, or the state of affairs of the Company in future financial years.
Dividends paid, recommended and declared
No dividends were paid or declared in 2010.

Directors’ Benefits
Since the end of the previous financial year no Director representing a shareholder has received or become entitled to receive a benefit by reason of a contract made by the Company or a related body corporate with the Director or with a firm of which he/she is a member, or with a Company in which he/she has a substantial financial interest. This statement excludes a benefit included in the aggregated amount of emoluments received or due and receivable by Directors shown in the notes to the financial statements.

Indemnification of Officers and Auditors
During or since the end of the year, the Company has paid insurance premiums to insure all Directors and former officers against liabilities or costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

No indemnities have been given during or since the end of the year, for any person who is or has been an auditor of the Company.

Dividends paid, recommended and declared
No dividends were paid or declared in 2010.

Meetings of Directors

<table>
<thead>
<tr>
<th>Directors</th>
<th>Directors’ Meetings</th>
<th>Finance, Audit &amp; Risk Management Committee Meetings</th>
<th>Human Resources Committee Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number eligible to attend</td>
<td>Number attended</td>
<td>Number eligible to attend</td>
</tr>
<tr>
<td>Mr P B Wade (Chairman until 31 Oct 2010)</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Mr S S Weiss (Chairman from 1 Nov 2010)</td>
<td>5</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Adjunct Professor D G Boymal, AM</td>
<td>5</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Dr J Slocombe</td>
<td>5</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Mr D W De Campo</td>
<td>5</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Professor D S Wood</td>
<td>5</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Professor S Spence</td>
<td>5</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Professor J Sachs</td>
<td>5</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Professor A Shoemaker</td>
<td>5</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Professor M E Gardner, AO</td>
<td>5</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Professor I R Young</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Dr M J Thorne</td>
<td>2</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Mr P Beard</td>
<td>5</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Mr D J Philips</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
</tbody>
</table>

Directors’ Declaration
The Directors of the Company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001:
   a) Comply with Accounting Standards in Australia and the Corporations Regulations 2001; and
   b) Give a true and fair view of the financial position as at 31 December 2010 and performance for the year ended on that date of the Company.

2. In the Directors’ 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.

Samuel S Weiss
Chairman

David G Boymal
Director
Board Of Directors And Senior Staff

Board of Directors

Mr Peter Wade
- Chair, Independent Director
- Ex officio member of all committees

Adjunct Professor David Boymal, AM
- Independent Director
- Chair, Finance Audit & Risk Management Committee

Mr David De Campo
- Independent Director
- Member, Finance Audit & Risk Management Committee

Dr Judith Slocombe
- Independent Director
- Chair, Human Resources Committee
- Member, Finance Audit & Risk Management Committee
- Member, Human Resources Committee

Mr Sam Weiss
- Independent Director
- Chair
- Chair, Human Resources Committee

Professor David Wood
- Deputy Vice Chancellor, International, Curtin University (Nominee Director)

Professor Sue Spence
- Deputy Vice Chancellor – Academic (Teaching & Learning), Griffith University (Nominee Director)
- Member, Human Resources Committee

Professor Judyth Sachs
- Provost and Deputy Vice Chancellor – Academic, Macquarie University (Nominee Director)
- Member, Human Resources Committee

Professor Adam Shoemaker
- Deputy Vice Chancellor – Education, Monash University (Nominee Director)
- Member, Finance Audit & Risk Management Committee

Professor Margaret Gardner, AO
- Vice Chancellor, RMIT University (Nominee Director)
**Senior Staff**

**Professor Ian Young**
- Vice Chancellor, Swinburne University of Technology (Nominee Director) \(^{iii}\)
- Deputy Chair, Finance, Audit & Risk Management Committee \(^{iii}\)

**Dr Michael Thorne**  
(appointed 24 September 2010)  
- Executive Director, Chancellery, Swinburne University of Technology (Nominee Director) \(^{iv}\)

**Mr Paul Beard**
- Chief Operating Officer, University of South Australia (Nominee Director)  
- Member, Finance Audit & Risk Management Committee

**Mr David Phillips**
- Independent Director \(^{ii}\)

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**Mr Stuart Hamilton, AO**
- Chief Executive Officer

**Ms Michelle Beveridge**
- Executive Director, Operations

**Dr Michael Crock**
- Executive Director, Academic Products and Services

**Mr Cratis Hippocrates**
- Executive Director, Business Development

**Mr David Masters**
- Executive Director, Finance & Strategy

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\(^{i}\) Until 31 October 2010  
\(^{ii}\) From 1 November 2010  
\(^{iii}\) Until 23 September 2010  
\(^{iv}\) From 24 September 2010
2010 Highlights and Achievements

Student enrolments

In 2010, Open Universities Australia had nearly 131,000 enrolments, up 36% from 2009 and four times the enrolment numbers from five years ago. These figures clearly indicate that OUA has expanded as a national online company, by promoting an independent, open and flexible way of studying.

Enrolments by unit type 2005 – 2010

Enrolment figures show a significant rise in all unit types for 2010. Undergraduate units received strong growth with 32,212 new enrolments for 2010, a 36% increase on the previous year.

Postgraduate enrolments grew by 33%. Preparatory units, mainly targeted at students either starting university for the first time or returning after a long break from study, experienced a substantial 76% growth.

Students by state and region

OUA students come from all states and territories across Australia including metropolitan and regional areas. Overall domestic student numbers grew 31% in 2010.

Our student base is very different from that of traditional face-to-face universities. Our students are older and have more diverse backgrounds. Students who study through OUA usually have other life commitments such as work and family.

Students by state

<table>
<thead>
<tr>
<th>State</th>
<th>2009</th>
<th>2010</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>11,746</td>
<td>14,666</td>
<td>25%</td>
</tr>
<tr>
<td>VIC</td>
<td>9,497</td>
<td>12,337</td>
<td>30%</td>
</tr>
<tr>
<td>QLD</td>
<td>5,776</td>
<td>8,179</td>
<td>42%</td>
</tr>
<tr>
<td>WA</td>
<td>2,047</td>
<td>2,987</td>
<td>46%</td>
</tr>
<tr>
<td>SA</td>
<td>2,079</td>
<td>2,670</td>
<td>28%</td>
</tr>
<tr>
<td>ACT</td>
<td>933</td>
<td>1,046</td>
<td>14%</td>
</tr>
<tr>
<td>TAS</td>
<td>416</td>
<td>623</td>
<td>50%</td>
</tr>
<tr>
<td>NT</td>
<td>426</td>
<td>495</td>
<td>16%</td>
</tr>
<tr>
<td>Total</td>
<td>32,920</td>
<td>43,021</td>
<td>31%</td>
</tr>
</tbody>
</table>

Students by region

<table>
<thead>
<tr>
<th>Region</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Cities of Australia</td>
<td>7772%</td>
<td>76.51%</td>
</tr>
<tr>
<td>Inner Regional Australia</td>
<td>14.69%</td>
<td>15.59%</td>
</tr>
<tr>
<td>Outer Regional Australia</td>
<td>5.03%</td>
<td>5.38%</td>
</tr>
<tr>
<td>Remote Australia</td>
<td>0.82%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Very Remote Australia</td>
<td>0.28%</td>
<td>0.29%</td>
</tr>
<tr>
<td>Total</td>
<td>32,920</td>
<td>43,021</td>
</tr>
</tbody>
</table>
Students by age
Both new and returning student numbers increased in 2010. New students grew by 27% and returning students increased by 30%. New students in the 50-60+ age band had the highest growth in 2010.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2009</th>
<th>2010</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;18</td>
<td>148</td>
<td>202</td>
<td>36%</td>
</tr>
<tr>
<td>18-24</td>
<td>9,411</td>
<td>12,029</td>
<td>29%</td>
</tr>
<tr>
<td>25-29</td>
<td>8,810</td>
<td>11,221</td>
<td>27%</td>
</tr>
<tr>
<td>30-34</td>
<td>5,943</td>
<td>7,594</td>
<td>28%</td>
</tr>
<tr>
<td>35-39</td>
<td>4,316</td>
<td>5,527</td>
<td>28%</td>
</tr>
<tr>
<td>40-49</td>
<td>4,299</td>
<td>5,670</td>
<td>32%</td>
</tr>
<tr>
<td>50-59</td>
<td>1,452</td>
<td>2,022</td>
<td>39%</td>
</tr>
<tr>
<td>60+</td>
<td>996</td>
<td>553</td>
<td>39%</td>
</tr>
<tr>
<td>Total</td>
<td>34,777</td>
<td>44,918</td>
<td>29%</td>
</tr>
</tbody>
</table>

Unit enrolments by provider
Curtin (32,077) and Griffith (23,151) had the highest share of OUA enrolments.

When I started studying through OUA, I was concerned as to whether I could actually do the work. But the support that fellow students and instructors have given soon made me confident that I could achieve my goal of completing the degree.

Philip Watkins
Bachelor of Technology (Computing Studies)
Marketing and communications
In 2010, OUA marketing and communications have continued to deliver solid growth, shareholder value and increased brand awareness amongst our target markets. In early 2010, the “Open your mind” campaign was launched on television, online, cinema, print and outdoor; the advertising continued to drive student enrolments from 96,000 in 2009 to 131,000 in 2010 and brand awareness from 47% to 58%.
OUA plans to continue with the “Open your mind” campaign into 2011 and integrate all elements into marketing collateral, digital communication and PR while increasing our product/services focus with a strong call to action on specific communications.

Corporate markets
OUA’s corporate business continued to perform solidly in 2010, surpassing our annual enrolment target by approximately 40%. New partnerships were formed with Westpac, Linfox, VACC, Oakton IT, Australian Defence Force, and Australian air Express, taking our total client base to 16.
In servicing our existing portfolio of businesses, our corporate team increased OUA’s presence at client events such as employee benefits expos, information days and forums, with great success. Attendance at OUA booths was high and feedback from corporate partners was positive.
OUA is viewed by the corporate sector as a highly attractive solution in helping an organisation’s entire staff base gain access to higher education, irrespective of their physical location. The benefits include the ability to contribute to a culture of professional development, engagement and inclusiveness, leading to increased staff retention. Our conversations with these organisations demonstrate the appeal of the flexibility of online delivery and reaching geographically dispersed employees and the option to financially support employees and in some cases family members’ efforts towards personal/professional development.

Sporting partnerships
As a member of the Elite Athlete Friendly University Network, OUA is committed to assisting Elite Athletes to achieve their academic potential by working with our providers to facilitate flexibility around assignments, exams and attendance. In 2010, we built partnerships with sports organisations such as the AFL Players Association, Victorian Institute of Sport and Football Federation Australia. There were 214 students listed as being members of a high-level sports association last year.

Student advisor call centre
The call centre performed well during a year of solid growth, ensuring quality standards were maintained and improved in key areas during the year.
The major project for the year was the development of a specific division to focus on answering online enquiries from the web. The year-long project was a success and has provided OUA with an enhanced way to communicate with both our existing and potential students. Feedback has been very positive and OUA is pleased with the early results and plans to expand the initiative in 2011.

I enjoy studying through OUA because it offers a variety of courses with the flexibility of off-campus learning and is actually quite economical when compared with regular off-campus enrolment that ensues directly through a university
Angelica Cerizza
Masters of Criminology and Criminal Justice
Study online from leading Australian universities, anytime, anywhere.

Open Universities Australia brings 18 leading Australian universities and other higher education providers to you. You can study what you want, when you want and still spend time on the things you enjoy most.

OUA is Australia’s national leader in providing open and flexible access to tertiary education. We have helped over 120,000 people study since 1993. With more than 1000 units and 90 courses to choose from, you can study towards an undergraduate or postgraduate qualification or start with a few units.

Areas of study include: Arts, Humanities and Social Science, Business, Education, Health, Information Technology (IT), Law, Policing and Justice Studies, and Science.

For more information visit us at www.open.edu.au or call one of our Student Advisors on 1300 36 36 52.
Refreshing the OUA website

A major rebuild of the OUA website was completed in two stages in 2010 and included the addition of new and exciting features.

This redevelopment delivered considerable business benefit with its aim to encourage a greater level of user and student interaction with OUA. An initial assessment in the first few months after the website release found a significant increase in the number of website pages indexed by Google, as well as an improvement in search engine rankings for distance education related search terms.

The new and updated features of the project included:
- Enhanced look and feel
- Enhanced information architecture and navigation
- Improved search capability
- Improved website performance such as page response times
- Enabling visitors to select units before they commit to enrolling
- Expanded course and unit pages
- Improved search engine optimisation, and
- Consistently meeting web accessibility standards (W3C AA compliance).

A Digital Roadmap was developed in 2010 to set out a program of work to be delivered progressively over the next three years.
**Online growth**

In 2010, there was substantial growth in the number of people accessing OUA’s website, with a 22.4% increase in unique visitors over the previous year. Over the past five years, the website has achieved an overall year-on-year growth of more than 20%.

In-house search engine initiatives and optimising digital lead generation activities were introduced in October 2010, which increased traffic to the website by 42% over the previous month. A new web analytics tool was fully implemented at the beginning of 2010.

**Affiliate marketing**

OUA’s affiliates were contributors to the continuous growth throughout 2010. Seek Learning continued to be our main external channel.

A revised lead generation model resulted in finalising our relationship with MyCareer at the end of 2010 while also expanding our relationship with CareerFAQs during 2010.

As part of our plan to explore additional external channels since 2009, we will continue to seek third party lead generation opportunities as well as improve the performance of existing affiliate channels.

**Growth in unique visitors over five years**

* The web analytic tool sourced to report on number of unique browsers changed in September 2010.

- 2010 Visitors
- 2009 Visitors
- 2008 Visitors
- 2007 Visitors
- 2006 Visitors
- 2005 Visitors
Academic products & services

In 2010, OUA signed a provider agreement with Central Gippsland TAFE. With the addition of the Universities of Western Australia and New England the previous year, this took the number of providers in the OUA family to 18, and represents the first expansion in our range of VET providers for some years, complementing our core higher education offerings.

OUA conducted the first round of Provider Portfolio Reviews in 2010, which consisted of one-day events hosted by our major providers to review current products and consider options for the future.

We organised a successful biannual Partners Conference in April 2010. Eighty four delegates attended the event, representing all partner universities, several OUA providers and conference sponsors.

Program development

OUA introduced new units and qualifications in 2010 in the areas of the arts, business, education, health, IT and social science.

New undergraduate courses:

• Bachelor of Education (Early Childhood Education) (Curtin University)
• Graduate Certificate in Literary Classics (Griffith University)
• Graduate Certificate in Teaching English to Speakers of Other Languages (TESOL) (Curtin University)
• Graduate Diploma in International Health (Curtin University)
• Certificate in Professional Studies in ICT (Australian Computer Society)

New postgraduate courses:

• Master of Forensic Mental Health (Griffith University)
• Master of Public Health (Curtin University)
• Postgraduate Diploma in Policy and Applied Social Research (Macquarie University)
• Master of Employment Relations (Griffith University)

Five highest enrolments for undergraduate units 2010

<table>
<thead>
<tr>
<th>Rank</th>
<th>Course</th>
<th>Enrolments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction to University Learning (SSK12)</td>
<td>4,179</td>
</tr>
<tr>
<td>2</td>
<td>Introduction to Teaching (EDP120)</td>
<td>3,638</td>
</tr>
<tr>
<td>3</td>
<td>Introduction to Management (MAN11)</td>
<td>3,224</td>
</tr>
<tr>
<td>4</td>
<td>Assessment for Learning (EDP40)</td>
<td>3,187</td>
</tr>
<tr>
<td>5</td>
<td>Understanding Learning (EDF55)</td>
<td>3,173</td>
</tr>
</tbody>
</table>

Five highest enrolments for postgraduate programs 2010

<table>
<thead>
<tr>
<th>Program</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Master of Business Administration</td>
<td>841</td>
</tr>
<tr>
<td>Education</td>
<td>696</td>
</tr>
<tr>
<td>Policy, Intelligence and Counter Terrorism</td>
<td>500</td>
</tr>
<tr>
<td>Writing</td>
<td>473</td>
</tr>
<tr>
<td>Juris Doctor</td>
<td>380</td>
</tr>
</tbody>
</table>
NOVA Awards
The biannual Nova Awards, announced in 2010 at OUA's Partners Moving Forward: Shaping the Future conference in April 2010, were introduced to celebrate outstanding achievement by providers in using online technology in their nominated OUA unit to support and enhance learning.

The 2010 winners were:
• Undergraduate: CMM18 News and Politics – Dr Elizabeth Burrows – Griffith
• Postgraduate: OMBA310 Financing International Business – Associate Professor Amalia Di Iorio – RMIT
• Rising Star: EDP128 Learning, Teaching and Assessment – Course Coordinator Sheena O’Hare and Unit Coordinator Lynne Quartermaine – Curtin University

Nominations were considered for OUA units that modelled best practices in course design, interaction and collaboration, assessment and evaluation, meaningful technology use and learner support (academic and technical).

Thai-Burma Scholarship Program
There are currently 25 students in the Thai-Burma Refugee Scholarship Program. Sixteen are studying undergraduate units, four are halfway through their courses and two are expected to complete their degrees by the end of 2011. Eight new students commenced in SP4/2010 and have completed their IELTS Master Program.

In November 2010, an estimated 20,000 refugees fled from Burma to Thailand as a result of fighting between the Burmese military and ethnic groups, following the elections. Thein Naing, OUA’s Academic Support Co-ordinator and many of our students helped with the response to this crisis while also preparing for exams. OUA donated $5,400 to the Mae Sot Clinic and Foundation for the education of Burmese children in this latest group of refugees. Students are located in four different towns along the Thai-Burma border.

Growth of SMARTHINKING
SMARTHINKING, OUA’s online tutoring support service, continues to grow and has improved student’s results and satisfaction with OUA. SMARTHINKING was offered as a support service for more than 860 units in 2010, more than double the total in the previous year.

As a result, 12,506 students used the support service, which again was more than twice the number of students from 2009. SMARTHINKING provides four hours of free online tutoring support, available 24 hours a day, seven days a week. Students are able to submit drafts for feedback on their written composition skills or connect with a tutor for a live session to discuss homework-related problems.

OUA research showed that students who used SMARTHINKING achieved better academic grades, completion rates and overall retention compared to students who did not use this service. The student satisfaction survey also showed that students felt they received the academic guidance required to help them achieve better academic results.

The OUA structure provides the flexibility that direct-to-uni places can’t offer. It really is the only way I can achieve my goal.
Julie McCloy
Bachelor of Behavioural Studies (Psychology)
Information technology

NABERS star rating improves
OUA continued to work with building management at our head office at 131 Queen Street, Melbourne with the aim of increasing our NABERS (National Australian Built Environment Rating System) star rating from zero to four stars.

A $500,000 grant was awarded by AusIndustry for the Green Building Fund to pay for 50% of the replacement of our central air-conditioning system. This project started in 2010 and is due for completion early 2011.

Another contributing factor to the greening of OUA was the building of a green roof at our Queen Street head office. The roof redevelopment, part of the Future-Focus Group’s Growing Up program, was built with the help of sponsors including Melbourne Water, Sustainability Victoria, VicUrban, City of Melbourne and Australia Post. The project involved more than $220,000 worth of capital improvement and about $100,000 of services in kind including the appointment of a Project Manager.

The construction phase was completed in May 2010.

Green Data Centre and Virtualisation project
OUA’s IT department focused on reducing electrical power and miniaturising server room infrastructure in 2010. Using the VMware Virtualisation technology, a reduction of physical infrastructure was achieved:

- 2009: 72 Physical servers and 44 Virtual servers
- 2010: 45 Physical servers and 74 Virtual servers.

This has reduced the area required in the server room by 40% and the power consumed by 46%.

With these reductions OUA has been able to save hundreds of thousands of dollars annually by reducing infrastructure requirements and almost halving electrical consumption.

OUA is working towards creating a sustainable future. Through the introduction of the green data centre, we have taken another important step towards our vision.

Human resources

Throughout 2010, OUA focused on consistent recruitment across many levels of the business. In growing OUA’s capability, this has resulted in an increase of 29% in permanent staff.

To meet the growing needs of new and current staff, the position of Director - People and Culture was established to develop and implement human resources strategies to drive OUA’s business results. The position will lead the HR function for OUA in the execution of effective people management, sound HR advice and the implementation of policies and processes deriving from the strategic and operating plans.

OUA has been on a substantial growth path and 2010 was considered timely to look to the future in terms of ensuring ongoing development opportunities for managers and executives and thoughtful succession planning. The objective is to ensure that OUA is able to have a strong internal candidate pool as senior positions become available.

In late 2010 we conducted a review of the capabilities and development needs of the executive team as well as those who report directly to them to ensure there is a good pipeline of talent to progress. A Leadership Capability Framework - customised to match OUA’s business - was developed and during 2011 will be incorporated into our Performance Review and Development Plan.

The framework will help to ensure individuals have well targeted opportunities for ongoing and further advancement or job enrichment.
**Strategy**

As OUA transitions from a small to medium size company and the regulatory changes post 2012 foreshadow an increasingly competitive environment, we have established a dedicated Strategy Group to meet these challenges and continue to foster growth in the long term.

This group works closely with the various business units to ensure that all of OUA’s business initiatives align to its top-level strategic plan and to assure the continued growth and future success of the business. Highlights from 2010 included the refinement of OUA’s Strategic Framework, which comprised an Aims and Values Statement, a Strategic Plan for 2011-2015 and an annual Operating Plan.

**Financial highlights**

OUA achieved a net profit of $16.6 million for the year ended 31 December 2010, an increase of 81.5% on the 2009 result.

For the first time, the Company achieved revenues in excess of $100 million, continuing its strong growth by doubling revenues in the two years since 2008.

OUA’s total revenue grew $39.1 million (49.1%) to $118.7 million. Strong financial and operational management saw a controlled expenditure increase of $31.6 million (44.8%) to $102.1 million.

Over the year, the company invested $2.7 million in capital assets. A large portion of this investment was for our OUA website redevelopment.

OUA’s net assets increased by $17.9 million in 2009 (68.4%) to $44.0 million. This rise was due to its net profit, plus growth in investment value including disposed of investments. Much of the increase in net assets was held in cash of $49.7 million, an increase of $27.7 million (79.4%).
## Statement of Comprehensive Income

### as at 31 December 2010

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>118,663,894</td>
<td>79,590,402</td>
</tr>
<tr>
<td><strong>Less: expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Providers fees</td>
<td>(65,613,869)</td>
<td>(47,374,471)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(1,730,660)</td>
<td>(1,861,840)</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>(6,913,684)</td>
<td>(4,659,206)</td>
</tr>
<tr>
<td>Advertising expense</td>
<td>(7,749,920)</td>
<td>(5,215,603)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(6,693)</td>
<td>(25,775)</td>
</tr>
<tr>
<td>Project expenses</td>
<td>(176,305)</td>
<td>(373,703)</td>
</tr>
<tr>
<td>Product development expenses</td>
<td>(651,292)</td>
<td>(684,613)</td>
</tr>
<tr>
<td>Student services</td>
<td>(8,762,610)</td>
<td>(5,816,507)</td>
</tr>
<tr>
<td>Exam services fees</td>
<td>(3,897,502)</td>
<td>(5,816,507)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(6,608,079)</td>
<td>(4,463,401)</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>(102,110,614)</td>
<td>(70,475,119)</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revaluation increments</td>
<td>1,079,157</td>
<td>2,257,679</td>
</tr>
<tr>
<td>Transfer to / (from) reserves</td>
<td>269,081</td>
<td>(691,350)</td>
</tr>
<tr>
<td><strong>Other comprehensive income for the year</strong></td>
<td>1,348,238</td>
<td>1,566,329</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>17,901,518</td>
<td>10,681,612</td>
</tr>
</tbody>
</table>
Statement of Financial Position  
as at 31 December 2010

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>49,690,537</td>
<td>22,012,509</td>
</tr>
<tr>
<td>Receivables</td>
<td>2,528,763</td>
<td>3,207,075</td>
</tr>
<tr>
<td>Investments</td>
<td>920,700</td>
<td>2,351,200</td>
</tr>
<tr>
<td>Other assets</td>
<td>1,416,637</td>
<td>404,935</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>54,556,637</td>
<td>27,975,719</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>2,808,134</td>
<td>4,765,674</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>2,291,347</td>
<td>1,803,910</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>6,069,119</td>
<td>5,373,297</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>11,168,600</td>
<td>11,942,881</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>65,725,237</td>
<td>39,918,600</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>19,383,829</td>
<td>11,800,017</td>
</tr>
<tr>
<td>Provisions</td>
<td>1,469,679</td>
<td>1,044,364</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>770,477</td>
<td>871,213</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>21,623,985</td>
<td>13,715,594</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>55,316</td>
<td>58,588</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>55,316</td>
<td>58,588</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>21,679,301</td>
<td>13,774,182</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>44,045,936</td>
<td>26,144,418</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>720,000</td>
<td>720,000</td>
</tr>
<tr>
<td>Reserves</td>
<td>(1,516,488)</td>
<td>(2,864,726)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>44,842,424</td>
<td>28,289,144</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>44,045,936</td>
<td>26,144,418</td>
</tr>
</tbody>
</table>

**Note: Contingent Liabilities**

With effect from 1 January 2009 OUA, a not-for-profit entity, changed its constitution to allow for the distribution of dividends to its shareholders, with a limitation that dividends would be paid only to not-for-profit shareholders (at present, all of them). OUA has sought a ruling from the Australian Taxation Office (ATO) to determine OUA’s tax status in light of a recent decision in the High Court in relation to not-for-profit entities. The Directors are of the firm belief that OUA continues to meet the definition of a tax exempt entity based on advice from both legal and tax counsel. The accounts have been compiled on the basis that OUA will not be liable to pay company income tax, though the Company is not currently listed as a tax exempt entity by the ATO. The estimated financial effect, should the Directors be wrong in their belief, is a contingent current income tax liability of $8,599,097 (2009: $2,819,189). The 31 December 2010 contingent income tax liability of $5,779,908 comprises an income tax expense of $4,991,657 and deferred tax of $788,251.
## Statement of Cash Flows
as at 31 December 2010

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from customers</td>
<td>115,346,453</td>
<td>85,095,934</td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td>(92,187,861)</td>
<td>(75,417,740)</td>
</tr>
<tr>
<td>Interest received</td>
<td>2,131,458</td>
<td>1,221,526</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(6,693)</td>
<td>(25,775)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>25,283,357</td>
<td>10,873,945</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>-</td>
<td>40,306</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>4,832,340</td>
<td>1,115,000</td>
</tr>
<tr>
<td>Payment for property, plant and equipment</td>
<td>(628,641)</td>
<td>(503,095)</td>
</tr>
<tr>
<td>Payments for intangible assets</td>
<td>(1,809,028)</td>
<td>(1,028,726)</td>
</tr>
<tr>
<td><strong>Net cash provided by / (used in) investing activities</strong></td>
<td>2,394,671</td>
<td>(376,515)</td>
</tr>
<tr>
<td><strong>Reconciliation of cash</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at beginning of the financial year</td>
<td>22,012,509</td>
<td>11,515,079</td>
</tr>
<tr>
<td>Net increase in cash held</td>
<td>27,678,028</td>
<td>10,497,430</td>
</tr>
<tr>
<td><strong>Cash at end of financial year</strong></td>
<td>49,690,537</td>
<td>22,012,509</td>
</tr>
</tbody>
</table>
Responsible Forestry Practices
Fibre used in the production of this stock is sourced from pulp suppliers who practice responsible forestry techniques and/or use paper from managed plantation forests.

SO 14001 EMS - International Organisation for Standardisation
This stock is manufactured by a mill that is accredited with ISO 14001 EMS, the international standard for organising and achieving continual improvement in environmental management systems. This standard reviews the total manufacturing process and seeks continual improvement in aspects such as energy efficiency, waste reduction and pollution control.

Open Universities Australia is working toward creating a sustainable future.

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