

**LCoNZ**

Library Consortium of New Zealand

# **LCo New Zealand Limited**

## **Annual Report for the year ended 31 December 2007**

## From the Chair



In many ways the Consortia came of age in 2007. Projects were implemented, Board members came and went, Staff changed but the impetus and commitment remained robust and the focus of the organisation continued to strengthen.

Every member of the Consortia contributed hugely and continued to manage the difficult task of balancing working with LCoNZ and also meeting their own differing institutions' projects and requirements.

Jean Ballantyne, GM, continued to manage Consortia interests in a highly professional and pragmatic manner and for this we are very thankful. In particular, Jean brought new processes and structure to the management of projects which has made the successes possible.

### **IRR Project**

Last year we started the Institutional Research Repository Project. The final due diligence on a hosting option was completed with the contract being awarded to a stakeholder organisation – University of Waikato. The implementation met some delays but is now on track. This is one of the milestone projects that LCoNZ was set up to make happen.

### **People changes**

2007 saw some major changes in the make up of the Board.

John Patrick (University of Otago) and Warwick Clegg (Victoria University) both left in the mid year and were replaced by Wayne Morgan (VUW) and Sue Roberts (VUW).

John Patrick had been the Board finance spokesperson and challenger on all matters financial. John brought a wonderful sense of humour and vitality to the Board meetings and has been missed. I'd like to thank him for his strong contribution and unfailing attendance despite having a huge job back at Otago. Wayne Morgan has taken over the financial role from John, and is similarly delivering strong financial oversight to the Company.

Warwick Clegg was our IT specialist and he contributed to our strategic understanding of systems and university systems in particular. Warwick assisted in the selection of the Board Chair and was always available to support the management of the organisation.

We also said good bye to Hanan Salib, the LCoNZ Office Administrator.

We welcomed back Derek Postlewaight, a former Director from University of Waikato, as an Independent Director. Derek was able to fill the IT gap left by Warwick.

Sue Roberts, University Librarian from Victoria University, joined us in May and this meant we now had Library representation from all four stakeholders.

I feel it's time – probably long overdue - to acknowledge the huge contribution to the establishment of LCoNZ by Ainslie Dewe (AUT) and Sue Pharo (Otago).

The project that was to become LCoNZ started in 2002, with the establishment of the company in 2004. For over six years, Ainslie and Sue have attended meetings with a passion that seems little diminished. This is rare. Both Ainslie and Sue are wonderful examples of what's good about LCoNZ. Thank you to you both.

### **The Senior Management Group**

One of the highlights of 2007 has been the development of the SMG. Within this group are many members who have been a part of LCoNZ for a considerable period and their contribution is often not flamboyant but it is critical. The growth of this group into rigorous decision makers has significantly strengthened the organisation.

Ruth Bruce  
Chair  
May, 08

## 1. Introduction

LCo New Zealand Limited, the Library Consortium of New Zealand (LCoNZ), is a collaborative venture with four shareholders: Auckland University of Technology, University of Otago Holdings Limited, The University of Waikato, and Victoria University of Wellington; to provide and operate common library systems and services.

LCoNZ began operation on 1 June 2004. This is the fourth annual report.

A dividend was paid to shareholders for the first time in April 2007 for the 2006 year. A further dividend has been declared for the 2007 year.

LCoNZ' focus in 2007 has been on a range of new projects and services together with the completion of existing projects.

A contract was awarded to University of Waikato Information Technology Services to implement and host Institutional Research Repositories initially for University of Waikato and AUT University, with University of Otago repository to follow.

LCoNZ Borrow Direct service was launched in January and monitoring continued throughout the year. This new service allows staff and students at any of the LCoNZ universities to access all four of the library catalogues directly through their own library catalogue, identify items and initiate a loan from any of the other three libraries. There is no need for intervention or action from library staff to activate loans. Items are delivered to the library location staff or students designate. Staff and students can borrow unique items from other LCoNZ libraries as well as taking the pressure off local holdings. The Borrow Direct service has been enthusiastically taken up by library users in all of the four LCoNZ universities and has been a highly successful collaborative project.

A trial of Txting messages and notices such as overdue holds and recalls from the library catalogues commenced in 2007 as part of a project to identify if there were sufficient benefits to implement such a service permanently. The trial will enable data to be collected about usage, costs, and types of users and identify changes in behaviour that will be used to prepare a cost/benefit analysis for the Senior Management Group.

A project team was established to investigate the viability of a collaborative virtual reference service to provide library patrons the opportunity to interact and ask questions of library staff electronically in real time, using communications media which is familiar to the user group. It is anticipated that the service, based on the team's recommendations, will be implemented in 2008.

Investigation of options in implementing a bilingual catalogue interface continued in 2007. A prototype was created to test a range of options and the Maori language interface will include:

- Splash screen.
- Menu/navigation options.
- Screen prompts where possible.
- List headings where possible.
- Context sensitive help screens.

Te Taura Whiri was contracted to provide the translations.

## **2. Governance**

On 1 January 2007 the following were directors of LCoNZ.

- Ruth Bruce, Independent Chair;
- Ainslie Dewe, University Librarian & Director of Knowledge Management, Auckland University of Technology;
- John Patrick, Chief Financial Officer, University of Otago, and Director, University of Otago Holdings Limited;
- Sue Pharo, University Librarian, University of Otago;
- Warwick Clegg, Pro Vice Chancellor Information Technology, Victoria University of Wellington.
- Annette McNicol, University Librarian, The University of Waikato.

John Patrick resigned from the Board in May 2007 after three years and Warwick Clegg resigned in July 2007 also after three years. John Patrick was replaced as University of Otago Holdings Limited representative by Sue Pharo who had previously been an independent director. Wayne Morgan, Chief Financial Officer, Victoria University of Wellington replaced Warwick Clegg.

Derek Postlewaight joined the Board in July 2007 and Sue Roberts University Librarian, Victoria University of Wellington in September 2007, both as independent directors.

A new Board meeting schedule commenced in 2007 with the first Board meeting for the year in January. The Board then met as scheduled in March, May, July, September and November. A special meeting was held by teleconference in August.

The Board reviewed the Shareholders Participation Agreement in March 2007 and made minor changes.

## **3. Disclosures**

### **Director's Interests**

There were no entries in the interests register made during the 2007 financial year.

### **Use of Company Information**

The Board received no notices during the year from directors requesting to use company information received in their capacity as directors which would not have been otherwise available to them.

### **Remuneration and Other Benefits**

Remuneration and other benefits paid, or due and payable, to directors of LCo New Zealand Limited for services as directors during the year totalled \$15,058: being payment to the Chair.

### **Audit Fees**

Audit fees for the Company were \$7,008.

### **Remuneration of Employees**

No Employees' income fell within the specified band during 2006.

#### **4. Management**

General Manager is Jean Ballantyne, appointed by the Board in September 2006. Hanan Salib was Office Coordinator and resigned with effect from 15 November. Sarah Smith was appointed Coordinator and commenced on 27 November 2007.

The Senior Management Group (SMG) was expanded to include an IT Directors representative and customer representative. The SMG met monthly during 2007 together with two face to face meetings, one for strategic planning and a further joint meeting with the Board. Terms of reference for both the SMG and Operations Group were reviewed and updated in 2007. As a result of the Operations Group terms of reference review the WebVoyage Group was brought into an enlarged Operations Management Group.

SMG met in March for a strategic planning session to consider and clarify the role of LCoNZ and how it provides value of money for the four universities, define a clear way forward and the correct structure in order to accomplish projects and strategies. Board input followed to create the Strategic Plan for 2007-2009.

#### **5. Systems Management**

LCoNZ coordinates the management and operation of the ExLibris Voyager library management system, working with Datacom who provide on-going facilities management and hosting services, and the university libraries who deliver the services to their patrons.

Voyager 6.2 patch was tested and applied in January 2007.

The replacement of the Voyager production hardware planned for 2007 was delayed until 2008.

Following the purchase of Endeavor by Franciso Partners (a private equity group) at the end of 2006 there have been many staff changes at ExLibris Australia. While there was uncertainty for most of the year regarding when Voyager would cease to be developed and maintained, ExLibris have advised that Voyager 7 will be released in 2008 and Voyager 8 is planned.

LCoNZ expanded its relationship with Serials Solutions in 2007. In addition to Serials Solutions 360 Link product by the end of the year all LCoNZ university libraries had also implemented 360 Search. There has been a positive response to these products both in speed and efficiency of implementation and effectiveness.

#### **6. Business Development**

LCoNZ investigated a number of business development opportunities in 2007. Two of these opportunities are ongoing and may result in new clients, both for Voyager hosting and hosting a separate application in 2008.

**LCO NEW ZEALAND LIMITED (LCoNZ)**  
**Report on Compliance with**  
**STATEMENT OF CORPORATE INTENT**  
**for year to 31 December 2007**

**1. The purpose and business objectives of the Company:**

***Vision:***

- To use and develop the best enabling technologies in a collaboration which will enhance the innovative delivery of library and information resources and services to the New Zealand tertiary learning and research community

***Mission and objectives:***

- Provide leadership on library and information issues
- Improve access to information resources fundamental to the advancement of teaching, learning and research
- Work together on common issues which no one organisation is able to accomplish by itself
- Strengthen and extend alliances with other national and international organisations

***Specific Business Objectives:***

- Provide a common interface with familiar functionality for the benefit of Library patrons and the New Zealand research community
- Maximise the intellectual investment involved in selecting and implementing the shared system and in creating and operating a management structure for the benefits of the members of the consortium.
- Provide a strong development group to work in partnership with ExLibris and Datacom.
- Assist institutions considering joining the consortium and then support their smooth implementation minimising risk to both the institution and the consortium.
- Generate sufficient profit to support these objectives and enhance the Company's development.
- Ensure that the consortium operates in a cost effective manner while providing an environment that is advantageous to the members.

***Complied.***

**2. The operational and performance standards and guidelines that:**

**(a) the Company is to be subject to;**

A Service Level Agreement with member Libraries for delivery of LCoNZ services to them.

**(b) are to be implemented and maintained by the Company.**

Datacom Systems Ltd contract and associated policies and documents for delivery of their services to LCoNZ and member libraries.

ExLibris contract and associated policies and documents for delivery of their services to LCoNZ and member libraries.

***Complied.***

**3. The nature and scope of the trading activities to be undertaken by the Company are:**

Delivery of library and information resources and services to the New Zealand tertiary learning and research community.

***Complied.***

**4. Desirable skill sets and qualifications for:**

**(a) the chairperson and Directors of the Company, are:**

- Experience of working in a tertiary education environment
- Financial literacy
- Governance skills
- Commercial experience
- Knowledge of library operations and management
- IT experience or knowledge
- Analytical skills
- Communication skills

***Complied.***

**(b) director or trustee or representative appointees of the Company to third party entities in which the Company has an ownership interest are :**

- As above, together with the ability to distinguish the needs of the entity and balance those with the responsibility to the parent company to safeguard its investment.

***The Company has no ownership interest in any third party entities.***

**5. The debt equity ratio sought to be attained by the Company is:**

Debt will not exceed 20% of debt plus equity added together.  
Note that LCoNZ has at present no plans to borrow in 2007 or later.

***Complied.***

**6. The performance targets and other measures by which the actual performance of the Company is to be evaluated in relation to the SCI objectives are:**

- Services objectives outlined in the various agreements are met or surpassed.

***Objectives met.***

- Best practice benchmarks are established and measured annually.

***Best practice benchmarks have not been established.***

- ROI is achieved.

***Return on Equity of 7.98% was achieved in 2007.***

- Customer satisfaction is surveyed annually.

***Informal survey of customer satisfaction, by meeting with each University Librarian, and their senior staff.***

- Business development objective of adding 2 new clients each year.

***No new clients were added in 2007.***

**7. The profit distribution policy to the Shareholders and the means of compensating Shareholders for the cost of capital invested in the Company are:**

As specified in Section 3.8 Dividend Policy, of the Shareholders Participation Agreement, as follows:

***Dividend policy***

The Parties agree that the general policy with respect to dividends will be that:

(a) the Company will expect to retain from earnings sufficient sums for funding future capital and development expenditure approved by the Shareholders (if not met by external borrowing); and

(b) the Parties expect that, from the surplus after the sums retained for the purposes in clause 3.8(a), the Company will pay dividends to Shareholders at the recommendation of the Directors.

***Dividend of 5.75 cents per share declared for 2007.***

**8. The nature, extent and timeliness of management information that (subject to appropriate confidentiality safeguards) is to be provided to the Shareholders are:**

As specified in Section 3.5 Supply of financial statements, and section 3.6 Content of financial statements, of the Shareholders Participation Agreement, as follows:

***Supply of financial statements***

The Company shall provide to the Shareholders:

(a) Half yearly financial statements within 30 days after the end of each half year; and

***Statements provided quarterly within 30 days of the end of each quarter.***

(b) Unaudited financial statements for each financial year, within 30 days after the end of each financial year; and

***Complied.***

(c) Unless the Shareholders have resolved otherwise, audited financial statements for each financial year within 45 days after the end of such financial year.

***Audited financial statement provided on 4 April 2008.***

***Content of financial statements***

The financial statements for each period shall include a statement of financial position, statement of financial performance, statement of cash flows and other reports as required by the Public Finance Act, which shall be prepared and presented in accordance with the Financial Reporting Act and with New Zealand generally accepted accounting practice consistently applied. The annual financial

statements shall be accompanied by the Company's auditor's report unless no audit is required.

***Complied. Annual financial statements prepared in accordance with NZ International Financial Reporting Standards for 2007.***

**9. Such other matters as may be determined by the Board in consultation with the Shareholders.**

***There are no other matters.***