

NATIONAL SERVICES

TE PAERANGI

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Te Papa*

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Managing loans

He Rauemi Resource Guide 23

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Managing loans

This guide offers practical advice to museums, art galleries, iwi, and other cultural heritage organisations about managing loans effectively – as both borrowers and lenders.

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Introduction

Loans of objects, artworks, and taonga are an essential part of the business of cultural heritage organisations. For lenders, loans help increase access to their collections. For borrowers, loans enhance the experience their organisation offers visitors.

For all, loans offer a prime opportunity for building relationships and advancing knowledge in the cultural heritage community.

Most organisations are both lenders and borrowers, so it is in the interests of everyone that loans policies and procedures are transparent and that expectations and standards in the loans process are well advertised and understood.

This guide has been designed for both borrowers and lenders. Where sections are clearly more relevant to one or the other group, this is indicated at the start of that section.



Preparator in storage area preparing works for loan. Photograph courtesy of Auckland Art Gallery Toi o Tāmaki

Research and planning

Borrowers – finding out what’s available

Take a broad view in your research. Some lenders receive repeated requests for a small number of well-known items. If you consider objects in store and reserve collections, your choice of objects is widened, and they are more likely to be available.

Arranging a loan can be time-consuming. Plan well ahead.

To find out what may be available for loan from an institution:

- try their website – institutions are increasingly putting information about their collections on the internet
- talk to staff and visit the collections – this also allows you to start building relationships.

Where possible, see the item before you request it on loan, so you can check its suitability for the exhibition. Viewing an item also allows you to examine its condition with the lender, and begin to consider any special handling, packing, transportation, display conditions, cultural considerations, or conservation work it may need.

Getting in contact

Good relationships and good communication are vital at all stages of managing loans between institutions. Borrowers and lenders need to keep each other well informed at all times.

The contact person for loans should be clearly identified on institutions’ websites or printed material. Borrowers should talk to curators and registrars at the lending institution early in the process. Curators may have expert knowledge of the collection, and registrars can advise on the availability of an item, along with any special requirements. If an item is not available, they may be able to suggest another suitable item or another lender.

Lenders – helping with access to information

- Provide straightforward information about your collections. Where possible, put this on the internet.
- Identify the contact person for loans on your website and in related printed material.
- Give loan applicants reasonable access to curators, so they can research items they may want to borrow.

Budgeting for loans

Borrowers

Borrowing objects from other institutions can be expensive. There may be considerable costs for transport, insurance, and meeting the item’s conservation, security, cultural, and environmental requirements.

Be aware of likely costs from the outset. Find out which costs will be met by the lender and which by the borrower. This will allow you to prepare realistic budgets and funding applications.

Remember to build time and costs for loan research into exhibition budgets and funding applications.

Lenders – keeping costs down

Minimising costs to borrowers wherever possible is in the sector’s interests overall.

- Try to avoid charging administration fees for loans.
- If the object needs conservation treatment for travel and display, keep the costs of treatment to the borrower as low as possible.

Build time and costs for loan research into exhibition budgets and funding applications.



Laurence Le Ber, Conservator, boxing particularly fragile items for loan. Photograph courtesy of Otago Settlers Museum

Loan applications

Lenders – procedures and policy for making loans

Having formal administrative procedures for approving loans helps to ensure collections are well cared for. Clearly document all stages of the loan transaction.

Develop a formal loans policy. Keep this simple, and make it accessible to potential borrowers by putting it on the website if possible. Have hard copies available on request as well.

The policy should explain:

- stages in the loans approval process
- criteria for judging loan applications
- an indication of how long the process may take
- deadlines for applications
- a contact name and details for submitting applications.

Borrowers – submitting a loan application

Submit formal applications for all loans, regardless of previous informal discussions with staff at the lending institution. Check their policy to see who you should direct applications to.

In the application, include:

- the title of the exhibition
- the venues and dates
- the organiser's name, address and contact details
- the scope of the exhibition
- the type of loan – temporary, long-term or touring exhibition
- a complete list of the objects requested, quoting registration numbers where possible
- reasons for including the objects
- who is responsible for preparing the exhibition
- who is responsible for organising transport between venues
- who will provide insurance or indemnity
- whether the exhibition will tour, with details of responsibility for arranging transport and meeting costs
- whether a publication will be produced
- a completed facilities report for each exhibiting venue. (See page 7 for more information on facilities reports.)

Including all this information in the initial letter will help lenders to process the application within a reasonable time.

For requests to borrow taonga Māori, some museums may require a letter of support from the associated iwi.

Getting the timing right

Borrowers

Arranging a loan can be time-consuming, so allow plenty of time. For example, Te Papa requires a loan application at least 6 months before the opening of the exhibition. Insufficient notice is often the reason for a loan application being turned down. Submit applications early so the borrower and lender can identify and address any potential problems.

Lenders will often have to complete a series of internal processes before they can approve a loan. They may also need to gather a large amount of information about the item.

A lender should not require more than 6 months' notice for loan applications. However, special circumstances – for example a request for several items or an item that needs considerable conservation or preparation – may mean that lenders need extra time.

Be aware that international institutions often require 12 to 24 months' notice of loans. Check their websites for details.

Lenders

Require a minimum notice period of no more than 6 months for loan applications, subject to the item's availability and condition.

When you receive a loan application, acknowledge it as soon as possible. Let the borrower know when they will hear if the application has been approved.

Keeping each other up to date

Borrowers and lenders should keep each other up to date with any developments and potential problems during the application period.

Borrowers

Inform the lender immediately if you decide you can't take up the loan after all. Note that you may be liable for any costs incurred so far.

Lenders

Let borrowers know when they can expect to hear about the result of their application. If there are issues that potentially affect the chances of lending an object, highlight these as early as possible.

If you decide you can't lend the object requested, let the borrower know as soon as possible. Explain the reasons fully. If possible, suggest alternative objects.

Good communication between borrowers and lenders is vital throughout the loan process.

Confirming a loan

If the lender agrees to the loan, they should send the borrower an official form of agreement – a contract or letter. This will set out the responsibilities of the borrower and lender. It will indicate likely costs and who will pay them. It may also include specific security and environmental requirements. These requirements are dealt with in detail on page 6.

Refusing a loan request

Increasing access to your collections is in the interests of the sector overall, so make every effort to lend items wherever possible. Avoid turning down loan requests unless issues of availability, security, condition, or ethics mean that the item cannot be lent within available resources.

Be transparent in handling loan requests. Explain any difficulties or delays in processing an application, and fully explain the reasons for a refusal to lend. If a loan is likely to be refused, suggest, if possible, an alternative item or lender.



Jo Torr, Loans Manager at Te Papa

Negotiating and actioning the loan

The loan agreement

A formal loan agreement should cover:

- the exhibition title, venues, and dates
- the period of the loan
- conditions for display, storage, and handling
- conditions for packing, transportation, and installation
- security and insurance requirements, including damage procedures
- dispute resolution and confidentiality
- details for each item, including insurance values and the credit line
- who will meet the costs
- issues of photography, copyright, and reproduction.

Loans of taonga

Lender and borrower should liaise about appropriate tikanga Māori for sending and receiving taonga. The tikanga may involve the iwi associated with the taonga, as well as the iwi of the place it is leaving and going to.

Consider how your institution relates to communities and stakeholders, including iwi. For guidance on building relationships with iwi, see *He Rauemi Resource Guide 8: 'A Guide to guardians of iwi treasures'*.

Negotiating environmental conditions and security

Appropriate, mutually agreed environmental conditions and security arrangements are essential for successful loan agreements.

Problems may arise when there is a disparity between the conditions required by the lender and the conditions the borrower can provide. However, such a disparity may not mean that the loan cannot proceed. Sometimes the parties can resolve issues together, through negotiation.

Environmental issues

Communicate early and clearly about environmental requirements. Lenders should highlight any specific environmental requirements early in the negotiations.

Borrowers need to be aware of the range of environmental conditions they can offer for display and storage, and communicate these to the lender.

A good, thorough way of informing the lender of these conditions is to provide a facilities report (see page 7) as part of the loan application. If conditions at the borrowing institution change, the borrower should inform the lender immediately.

If environmental conditions are not ideal, lenders should be pragmatic about lending. Sometimes they can help find potential solutions.

Display conditions

Suitable display conditions will depend on the item's value, its risk of theft, and the material it is made from.

Lighting

Where possible, arrange the lighting for the exhibition space before the loan item arrives to minimise any risk of damaging it during installation. Plan how to protect light-sensitive objects during installation and the exhibition period.

Display cases, fixtures, and materials

The exhibition designer needs to know the item's condition requirements, as well as its specifications (dimensions and weight).

Lender and borrower may need to discuss the types of walls (especially temporary walls), hanging mechanisms, and display cases that will be used. Some lenders may require that their own hanging mechanisms be used for the item. If so, they need to agree whether these will be sent with the item.

Security

Borrower and lender need to discuss and agree on minimum levels of security. These should be set out in the loan agreement.

Lenders will want to be informed in detail about security arrangements for the item in transit and at the borrowing institution. They can gain this information through the facilities report, through discussion with the borrower, or by inspecting the exhibition space.

Remember that an object's physical security is paramount. Be aware of objects that might attract controversy and be vulnerable to harm.

Where an exhibition has government indemnity (refer to page 7), the applicant will liaise directly with the police about security and travel arrangements. Each consignment will require an accompanying courier. The police may also wish to escort the exhibition for transit by road.

Doing a facilities report

A facilities report, submitted as part of the formal loan application, includes details of the physical facilities, conditions for storage and display, and work practices of the borrower. The report allows lenders to assess whether conditions will be suitable to protect the borrowed item.

Provide a facilities report as early as possible to allow time for any negotiation about conditions.

A standard form for facilities reporting from the UK Registrars Group is available at www.ukregistrarsgroup.org. A version from the American Association of Museum Registrars is available for sale at www.aam-us.org/newbookstore. An Australasian version is currently being developed by the Australasian Registrars Committee.

Negotiating insurance

Commercial insurance

Any insurance cover must provide for 'values agreed', 'all risks', and 'nail to nail' cover. This means that insurance must run continuously for the whole period of the loan, usually from the first physical actions to take the object on loan, such as removing the picture from the wall, to the last moment of its return and re-hanging.

The insurance must cover loss or damage arising from accident, misfortune, or crime en route, as well as while the borrowed items are at the exhibition venue. The maximum cover for a single loss must meet the cost of the most valuable object. Insurance should be included in the terms and conditions of the loan agreement.

It is up to the lender to check any exclusions in the policy and ensure that their needs are met. The lender should be supplied with a copy of the policy well in advance so they can review it. They should also be sent the certificate of insurance cover before the object leaves the lending institution.

Valuation

Each item needs to be valued for insurance purposes. An accurate valuation is in everyone's interests – an inflated valuation will mean a high insurance premium for the borrower, while a low valuation will disadvantage the lender in the event of a claim.

The onus is on the lender to provide a valuation. They can use reference sources such as auction records or published price guides, or get an outside appraiser to value the item. Insurance companies and their adjusters will also do their own research and seek further opinions on an object's value.

For more information on valuing items, see *He Rauemi Resource Guide 13: 'Valuing collections'*.

Government Indemnity of Touring Exhibitions scheme

The New Zealand government is interested in facilitating the New Zealand public's access to significant exhibitions. It does this by assuming a high proportion of the risk of presenting touring exhibitions, thereby minimising the amount of commercial insurance that a museum or gallery needs to purchase.

To be eligible for the Government Indemnity of Touring Exhibitions scheme, the exhibition must have a minimum value of NZ\$2.5 million. The exhibition is to be shown in New Zealand at a cultural institution, and is to comprise cultural property from overseas and/or New Zealand collections. A single artwork can be considered an exhibition. The government prefers indemnified exhibitions to be shown at two or more venues in New Zealand, but it will consider indemnifying exhibitions that will be shown at a single venue on application.

Information about New Zealand government indemnity, and how to apply for the indemnification scheme, is available from the Ministry for Culture & Heritage at www.mch.govt.nz, or telephone (04) 499 4229.

Negotiating copyright and reproduction issues

Lender and borrower should consider and discuss issues of copyright and reproduction. For instance, will the borrower want to produce a publication with images of the object? Remember that the lender is not usually the copyright holder and permissions should be sought in writing from both parties.

See *He Rauemi Resource Guide 9: 'Copyright and museums'* for more information about copyright.

Negotiating packing and transport

Be clear about minimum specifications for packing, transport, and accompanying couriers. These specifications can add significantly to the cost of loans.

Costs may vary greatly, depending on the specifications for care of a particular object. Three-dimensional objects are generally more complicated to pack, transport, and install than two-dimensional objects.

Lenders should try to minimise costs where possible.

Packing

Packing requirements will vary from object to object. Packing crates and materials may be expensive.

Borrower and lender need to agree who will pack the items and who will bear the cost. State this clearly in the loan agreement.

Condition reporting

Before packing the object for loan, record its condition and photograph it. Supply a copy of this condition report to the borrower. They can record any minor changes and contact the lender immediately if there is any major discrepancy between the description and the item received.

The borrower should do a further condition report when returning the item at the end of the loan period.

Lenders

- Inform the borrower about packing requirements. These may include experienced staff or specialist moving or lifting equipment.
- Let the borrower know if crates need to acclimatise before unpacking or repacking.
- Give an indication of likely costs.
- Provide packing notes that give clear instructions. Include photos where possible.
- Include the condition report in the crate with the object, unless there is an accompanying courier.

Borrowers

- Be aware if crates are to be left to acclimatise before unpacking or repacking.
- You will normally be expected to provide suitable storage space for crates. The terms of the loan may include climate-controlled crate storage.
- Return objects in the same packing crates, including lining and internal fittings where supplied.
- When deinstalling the exhibition, you may need fresh packing material, such as acid-free tissue, Tyvek™, polythene, or bubble wrap, to replace any materials that are damaged or dirty.
- Make sure that staff who deal with packing and unpacking objects are aware of these arrangements and any other specific requirements.

Transport

Lenders should advise on appropriate transport and approve transport arrangements in advance. Transport is generally organised and paid for by the borrower. Borrowers should be transparent about transport arrangements they are planning.

The lender will be more familiar with the object and its handling requirements. They should make sure the borrower has adequate information to handle the object on arrival.

Borrowers

- Consider access to the museum and exhibition space. Can the vehicle get to the museum doors? Will it need to get into lifts? Are there any temporary hazards, for example road works or scaffolding? Consider how to deal with these.
- Agree on collection and delivery dates, in consultation with the transport company.

Accompanying couriers

Some loans might require an accompanying courier. An accompanying courier will increase costs significantly, so reasons for using one should be carefully considered and decided at an appropriately high level of the lending institution.

Accompanying couriers may be required if:

- the journey is complicated
- the consignment is large
- there are special handling requirements
- the objects are fragile
- the installation is complicated
- the objects are valuable
- the loan is a first-time loan to a new venue
- there are cultural considerations.

Couriers' duties and responsibilities may be set out in the loan agreement or accompanying documentation. The lender should make sure the courier is the right person for the job and has been trained and well briefed.

Duties may include:

- accompanying the objects in the vehicle
- dealing with any unexpected problems or hazards en route
- making sure borrowed items reach their destination safely
- ensuring agreed standards are adhered to
- overseeing, advising on, or undertaking unpacking and installation
- carrying out the condition check
- producing a report
- deinstalling and packing the object for the return journey.

The cost of a courier is likely to include transport, accommodation, meals, and a daily allowance. Couriers should be clearly briefed on the physical characteristics and condition requirements of the items in their care.

The UK Registrars Group provides guidelines for couriers at www.ukrg.org.

Other benefits of using accompanying couriers can include:

- networking, exchanging knowledge, and forging links between institutions
- facilitating future loans
- helping keep down insurance premiums
- giving the lender useful feedback and information about the borrower's facilities – the report will inform and assist the return courier, or may result in a return courier not being required.

Actioning the loan – installation and maintenance

Objects are most at risk from handling during installation. Plan carefully (in terms of space, time, and movement) to minimise risks. Prepare the display area and get contractors off site before installing objects.

Make sure all staff dealing with the item are aware of any particular requirements specified by the lender.

Treat the exhibition space and unpacking area as a controlled space. Restrict access as much as possible. If the space is likely to be used for other activities, for example as access for disabled visitors or as a fire escape, accommodate these activities properly and let the lender know in advance. You may need extra security during installation.



Installation of the Monet and the Impressionists exhibition at Te Papa

Installation checklist for borrowers

- Be aware if crates need to be left to acclimatise before unpacking or repacking.
- Prepare an installation plan and circulate it to relevant staff.
- Ensure that the team installing the loan object know who is in charge.
- Know where objects are to be placed. Even a rough plan can be useful. A photocopy of the borrowed object in position in the display case or on the wall can save time during installation.
- Consider in advance where to store crates.
- Conservation and installation teams should be ready to receive incoming loans and work with any accompanying couriers.
- Have technicians or conservators available if any incidents arise.
- Know which crates or packages cannot be opened, handled, and installed without courier supervision.
- Prepare any necessary specialist handling equipment.
- Make sure the team understand any specific handling instructions for the borrowed object.
- Complete condition reports and packing notes on unpacking. Advise the organiser immediately of any problems.
- Ensure that keys or unlocking mechanisms for crates are at hand, mounts are ready, and security screws and screwdrivers are available.
- Make sure all borrowed objects to be placed in a single crate are ready for placement at the same time.
- Store crate keys in a secure location.
- Labels to be placed inside display cases containing couriered objects should be ready for placement before the cases are sealed or locked.

Maintenance

Borrowers and lenders should discuss and clarify arrangements for maintaining the exhibition space after installation. Areas of particular difficulty might include dusting and special events in the exhibition area. Maintenance is a particular issue for long-term loans.

Long-term loans and tours

Long-term loans

Long-term loans, of a year or more, require additional considerations.

- What is the loan period, and is it renewable by mutual agreement? Long-term loans are usually for set, renewable periods.
- What is the display period? Some long-term loans are not for exhibition. The loan agreement must include terms concerning the borrower's ability to exhibit or to lend to a third party.
- What are arrangements for monitoring the loan? Lenders may want to send an annual inventory so the borrower can confirm that the object is still safely there. They may also request regular environmental readings.
- Will the lender want to visit and undertake inventory and condition checks, and who will meet the cost of this? (Normally the borrower does, but this may be negotiable.)
- Will there be arrangements to regularly amend insurance values?
- Long-term loans need to be clearly labelled as such. This can be done using archival tags for three-dimensional objects and labels attached to the backing of paintings or framed works on paper, indicating the lender and loan reference.
- Make sure relevant staff are aware of long-term loans in the museum.
- The terms of the loan, for example arrangements for moving the object, should be clear from the outset.



Condition reporting loan objects. Photograph courtesy of Nelson Provincial Museum Pupuri Taonga o Te Tai Ao

Touring exhibitions

Institutions organising or taking touring exhibitions need very clear agreements outlining mutual responsibilities for the exhibition before they organise the first loan.

Considerations for loans to be toured include the following.

- Who is the tour organiser?
- Will they be responsible for meeting all expenses, preparing loan agreements, and then passing on specific conditions, requirements, and costs?
- Is there government indemnity (insurance) cover for the whole tour, or are individual venues responsible for arranging cover?
- Will the tour organiser be responsible for all packing, transport, cumulative condition reporting, and accompanying courier arrangements, and for costs incurred?
- Is there any shared equipment, or catalogues or information packs, to accompany the exhibition?
- What are arrangements for the changeover between venues? How much time has been allowed for closure, deinstallation, condition reporting and packing, transport to the next venue, and then unpacking and installation? Will the venue be ready for the exhibition?
- How and where will loans be stored between display periods? Will some lenders want objects returned if there is a gap of more than a few weeks?
- Will accompanying couriers be required for each transit and change of venue? Will lenders entrust tour management to the organising institution? Will they share couriers?
- Will there be a changeover of objects between venues? Some lenders will not lend light-sensitive objects for long tours, or they may have a policy about the maximum number of venues.
- If you are receiving a touring exhibition, be clear about your responsibilities. Make sure you're aware of any specific lender's requirements about display or accompanying couriers.

Lending institutions prefer the tour organiser to negotiate a single loan agreement that covers all exhibiting venues, rather than having individual contracts between the lender and each exhibiting venue. The principal borrower must make sure the exhibiting venue is aware of specific lenders' requirements.

Glossary

Accompanying courier – a person who accompanies and oversees the care of an item while it is transported between institutions

Condition report – a report detailing an object's condition, usually carried out before or after it is transported between institutions

Facilities report – a report giving all the details of the exhibiting venue, staff, and environment

Tikanga Māori – rules or customs handed down within a hapū or iwi. Tikanga changes or evolves to meet new circumstances and situations

Government Indemnity of Touring Exhibitions scheme – a scheme whereby the government assumes part of the risk for an exhibition

Further reading

Association of American Museums (1996). 'Code of Practice for Couriers of Museum Objects'. Registrars Committee of the American Association of Museums.

Buck, Rebecca A and Gilmore, Jean Allman (1998). *The New Museum Registration Methods*. Washington: Association of American Museums.

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UK Registrars Group (2000). 'UK Courier Guidelines'. Available from www.ukrg.org

Further training

To get more information on the subjects covered in this guide, you may be able to attend a workshop about managing loans. Contact National Services Te Paerangi to find out about training opportunities in your area.

Further resources

Museum-in-a-box on the National Services Te Paerangi website www.nationalservices.tepapa.govt.nz has models including a 'Loan Agreement Incoming' and a 'Loan Agreement Outgoing'. You can download them for free and adjust them to suit your situation.

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Taonga packed for transport. Photograph courtesy of Nelson Provincial Museum Pupuri Taonga o Te Tai Ao



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