

Latest Webb Farry News

Webb Farry is pleased to announce a promotion to Senior Solicitor

William Munro, LL.B, B.Com
Senior Solicitor

Commercial & Residential Property
Trust & Estate Planning

T: +64 3 474 5728
M: +64 22 677 5544
E: bmunro@webbfarry.co.nz



We are proud to announce that Bill Munro has been promoted to Senior Solicitor. Bill is an integral part of the Commercial Team and works primarily under the supervision of David Ehlers. He is involved in a variety of areas with a focus on commercial and residential property, business structuring and asset planning.

Bill is also a trustee of the Dunedin Prison Charitable Trust which was recently awarded the Pouhere Taonga conservation award at the 2019 Dunedin Heritage Awards.

AS Gallery

We are excited to announce that the next exhibition to be held in the AS Gallery is by Alice Jones. The exhibition will be on display until mid-August 2019. Please see the insert for further information.



Lucy Jordan 2030 x 1710mm Textile, fusible webbing, thread, 2017

Rental property standards

The Residential Tenancies Act 1986 requires landlords to provide and maintain rental properties in a reasonable state of repair for the tenants. When deciding what is a 'reasonable state of repair' one must consider the age and character of the property and how long it's likely to remain habitable and available to be lived in. It should also be noted that the Act requires landlords to provide properties in a reasonable state of cleanliness for the tenants - although it does not directly regulate the standard of rental properties. However, it does reinforce that landlords 'comply with all requirements in respect of buildings, health, and safety under any enactment so far as they apply to the premises'.

The Housing Improvement Regulations 1947 creates the minimum requirements that must be met when it comes to housing standards, and that it is local authorities and councils that are responsible for the enforcement of these regulations within their districts. The premises must comply with each of these requirements unless the dwelling complied with what would be

considered an equivalent requirement of the Building Code at the time the dwelling was built. The purpose of the Housing Improvement Regulations is to ensure that properties are warm, dry, safe and sanitary for the tenants occupying the dwelling. The regulations that are found under the Housing Improvement Regulations 1947 are: room size, function and safety, light, ventilation, drainage and dampness, overcrowding, sewerage and sanitation, and heating.

It should also be noted that each dwelling, alteration, and additional ancillary building should have building consent and code of compliance if the dwelling or alterations were made post 1993. If they were made prior to 1993 then it was common for the dwelling to only have a building permit.

Earlier this year new housing standards came into effect. These standards require that all rentals have heaters that can warm the main living rooms up to 18 degrees Celsius. Each home must also have underfloor and ceiling insulation that meet the 2008 Building Code standards, while existing ceiling insulation must have a minimum thickness of 120 millimetres.

Private landlords will need to ensure their rental properties comply with the standards

within 90 days of any new tenancy commencement date from mid-2021, while Housing New Zealand and registered Community Housing Providers will have until July 2023 to comply with the new standard of housing requirements.

If the dwelling does not comply with the above Act and the Housing Improvement Regulations 1947, it should be noted that a tenant can apply to the Tenancy Tribunal for a work order or other type of order if a landlord will not meet their responsibilities for providing a safe and healthy home.

Where the rental cannot lawfully be used for residential purposes a tenant may apply to the Tenancy Tribunal for rent to be repaid to them, because the landlord has received rent that is not lawfully recoverable under the Act.

Rentals that cannot be lawfully used for residential purposes could include illegally converted garages, unconsented dwellings and commercial properties used for residential use.

If you have any questions or concerns regarding whether or not the dwelling you are renting meets the required standards and regulations, please contact us at Webb Farry to provide professional legal advice.

The importance of Wills and Enduring Powers of Attorney

Having enduring powers of attorney (EPAs) and a will in place is important for every adult whatever their age. A will is a legal document that lets you decide how you want your property, care for your dependants (partner, children etc.) and your body to be dealt with after you die. EPAs allow you to appoint a trusted person(s) to make decisions on your behalf regarding your property and health when you are unable to do so yourself, during your lifetime.

Will

A well drafted will can reduce emotional and financial strain for your loved ones after you pass away. It also reduces the likelihood of family members disputing over your estate and challenging your will. Accordingly, we suggest seeking legal advice when creating a will to ensure your intentions are accurately recorded with no room for ambiguity. If your circumstances or wishes change, you can redraft your entire will or create a codicil, which is a separate binding document read together with your will.

Regardless of how much property you have, you should have a will. For example, you may have jewellery that you would like to give to a specific family member due to its sentimental value rather than monetary value.

Dying without a will is known as dying 'intestate'. This means that the Administration Act 1969 determines how your property is distributed (provided that the value of your estate is above \$15,000), which may not align with your wishes and may result in disputes over your estate. Generally, the property is distributed to a surviving spouse and family members in specified proportions. This process can be more time consuming, costly and complicated than having a valid will.

EPAs

There are two types of EPAs. One in relation to your property (including but not limited to any houses, vehicles, bank accounts, investments and household effects) and one in relation to your personal care and welfare. Under an EPA you appoint an attorney to 'step into your shoes' and make decisions on your behalf that are in your best interests.

Having an EPA in place for property allows your attorney to make decisions regarding your property, for example, if you are out the country. An EPA for personal care and welfare allows your attorney to ensure you and your property are looked after if you become mentally incapacitated.



Mental incapacity does not always arise due to old age. It can be caused by a car crash or other accident or medical event, and accordingly, it is important to have EPAs in place as soon as you turn 18. Your partner or spouse may be able to manage any jointly-owned assets but they cannot sign on your behalf if you are mentally incapable. If an incident like a car crash or stroke does happen and you do not have EPAs in place, your loved ones would have to apply to the Family Court to make decisions on your behalf. This is a very lengthy and costly process that may not align with your wishes, and is easily avoidable by creating EPAs.

We strongly recommend that you contact Webb Farry for further information and to create a Will and EPAs, sooner rather than later. It is also important to review your will and EPAs if your circumstances change.

Under what circumstances should you form a Trust

There are a number of circumstances under which you should consider forming a trust. Some of the common purposes of a trust, and the structures utilised, will be discussed in this article.

A trust is managed by trustees who are appointed by the creator of the trust (called the settlor(s)). Trustees manage the assets and debts of the trust for the beneficiaries specified by the settlor(s).

There are several different types of trust structures that can be used. Your circumstances will determine which structure is most appropriate for you. Some types of trusts include:

- Single/Umbrella Trust – all assets are transferred to one trust
- Parallel/Mirror Trust – each settlor (for example a husband and wife or de facto partners) transfers assets to separate trusts for which they each hold governing powers
- Fixed Purpose Trust – provides for a specific purpose, such as the welfare of a child with special needs, for education, or for charitable purposes

Given that a trust may continue after your death (up to a maximum of 80 years), it is often seen as having certain advantages over holding only wills to deal with your assets and debts.

One purpose of a trust can be to provide for future generations. You may have a family that you wish to provide for into the future and following your death. A trust allows you to ensure any children, grandchildren or any other person you so wish, can be provided with some benefit from the assets transferred to the trust on the basis, for example, of reaching a certain age, or attending a certain academic institute.

The distribution of assets held on trust may not be contested in the same way that gifts under a Will may be under the Family Protection Act 1955. Assets may also be protected from being caught up in any relationship property disputes with your spouse or de facto partner, depending on the timing of the creation of the trust and the relationship specifics. This can make trusts a good way of ensuring any children you may have receive any assets you intend for them.

Another purpose of a trust can be to protect your assets from any liability you may have

as a Director of a company, in providing a guarantee or security for the company. If you are considering forming or purchasing a company, then transferring your personal assets to a trust can guard them from any possible future problems with creditors.

By separating yourself from the legal ownership of your assets, they may no longer be taken into account when it comes to calculating your entitlements to certain benefits and subsidies that require asset testing, such as the Residential Care Subsidy. There is no guarantee of this however.

It is important to keep in mind that your primary purpose for establishing a trust must not be to transfer assets in order to defeat creditors or spouse's/partner's claims, avoid asset or means testing or to avoid or reduce your tax liabilities. Certain legislations prevent this, labelling the trust as a "sham" trust. However, as noted above, there are benefits that flow from having your assets held under a trust, but they must only be incidental to the main purpose for setting up your trust.



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An overview of mortgagee sales

If you buy a property at a mortgagee sale, be aware that you are entering a contract that is quite different in its nature to an agreement entered into in other circumstances.

The agreement is likely to be weighed heavily in the mortgagee's favour because mortgagee sales involve factors outside of the mortgagee's control, which it will want to protect itself from. This may include a very unwilling and impecunious owner occupier who is being forced to leave their home by the mortgagee that assisted them to get there in the first place. In such circumstances the mortgagee is usually unwilling to negotiate terms with the purchaser and adopts a take-it-or-leave-it stance.

It is not uncommon for purchasers to face difficulties after settlement, such as having to evict a previous owner occupier or having to deal with damage caused to the house by the disgruntled owner. In one instance the occupier took all the chattels from the property and sold them to pay other sundry debts, leaving the purchaser out of pocket.

Other common issues for purchasers at mortgagee sales can include:

- There is less protection for purchasers, as the agreement usually does not include standard provisions. For example, the mortgagee will have removed the section

in the agreement relating to the vendor's warranties and will have removed the right for the purchaser to approve title. Often purchasers will not be able to view the property beforehand as the owner does not allow an inspection, so it will not be clear whether work has been carried out that should have required a permit.

- Purchasers may not be able to claim against the mortgagee for late settlement/possession, as there may be situations where the mortgagee is unable to evict the owner. The mortgagee does not guarantee that it will give vacant possession on the day of settlement.
- The contract signed is an unconditional contract and requires thorough due diligence prior to signing. Even though a contract is unconditional, the terms may allow the bank to cancel the agreement prior to settlement if the owner pays the debt. This means the purchaser is unable to know whether settlement will actually occur until the day of settlement.
- The mortgagee may require the purchaser to insure the property from the moment the agreement is signed, because the mortgagee ceases to accept responsibility for loss from the moment the hammer falls.

Buying a vacant property at a mortgagee sale reduces the chance of the house and chattels being interfered with prior to, or after, settlement.

Mortgagee sales offer a chance to buy a cheaper property. To lessen the chances of problems occurring you must understand the agreement well and undertake a thorough due diligence investigation prior to entering into the agreement.

You should seek legal advice before the auction, as well as checking the title, council records and the property in advance, if possible. There may still be some issues that arise that are out of your control as purchaser.

The above is by no means an extensive list of the issues that a purchaser could face, but it is a reminder to put your ducks in a row before putting pen to paper.



Snippets

What is the purpose of a LIM report?

When purchasing a property, obtaining a Land Information Memorandum ("LIM") report from the relevant council is strongly recommended.

A LIM report provides all the documents that a council has on records for a property. Each LIM report contains different information, as some properties may be new builds, while others are just sections or older homes etc.

Some examples of what could be found in a LIM report are:

- soil reports;
- whether resource consent and certificate code of compliance ("CCC") have been obtained and issued;
- if there are any building works in the area currently being completed or will be in the near future;
- when and how much your rates are;
- engineers report;

- if the property is located on or near a known archaeological site;
- if the property is in a flood zone or high wind zone; and/ or if the property is a known leaky home or has tested positive.



When can you access your KiwiSaver?

KiwiSaver was initially created to help people save for their retirement, so the obvious answer for accessing your KiwiSaver funds is at age 65. But under the correct circumstances, funds can be accessed earlier.

There are four circumstances under which you can access your KiwiSaver early, they are:

1. purchasing your first home;
2. moving overseas permanently;
3. significant financial hardship; or
4. serious illness.

Remember that if you have received the \$1,000.00 kickstart from the government, these funds are required to remain in your KiwiSaver until you reach retirement age.

For more information regarding the criteria which must be met to enable your KiwiSaver funds to be released early, visit the KiwiSaver.govt.nz website.



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An overview of Domestic Violence Leave

As of 1 April 2019, the Domestic Violence – Victims’ Protection Act 2018 (“the Act”) came into force and is applicable for employers and employees all around New Zealand.

Similar to an employee’s rights to take bereavement/sick leave in a 12-month working period, the Act allows employees who are victims of domestic violence to take up to 10 days leave a year in order to deal with and attend to the effects of domestic violence abuse that they have faced (“the Leave”).

The victims will also be entitled to request short-term changes or variations to their working situations, which may include a decrease in their working hours, change of location or the types of duties undertaken. Any request for short-term changes to their employment situation can only be requested for a maximum period of up to two months. The employer must respond to any request for short-term change(s) made by an employee within 10 working days of receipt of the request.

The Leave can be taken for prior domestic violence happenings that occurred, prior to the employee’s current employment or

within a specified period of time prior to the request. On this basis, it can be used to deal with domestic violence effects, no matter how long ago the abuse had occurred. The Leave may be taken on various occasions during any 12-month period, in relation to recent or previous domestic violence incidents, and does not have to be concentrated into one use per year. This allows victims to spread the Leave out to deal with effects of one or multiple acts of domestic violence.

Should an employer deny an application for the Leave or short-term employment changes, and the employee believes this denial is on unreasonable grounds, then under the Act, the employee can make a complaint within 6 months of their request to the Ministry of Business, Innovation and Employment (MBIE) or the Human Rights Commission (if there are no internal processes).

The Act further protects domestic violence victims from suffering discrimination in the workplace on the basis that they have or are assumed to be domestic violence victims. This provision is further solidified in law by its integration into the Human Rights Act 1993, as a form of discrimination under the heading

“adverse treatment in employment of people affected by domestic violence”.

It is important to note that similar to many standard employment contracts in New Zealand, the Leave can only be claimed if the employee has been employed for at least six months (unless by mutual employer/employee agreement). Furthermore, if the Leave is not taken during one year, the unused days are not able to be ‘rolled over’ into the next working year.

Proving the domestic violence in order to gain the Leave is not yet specified in the Act or in any case law. In the interim, it is likely that the Leave would be treated in a similar tact as sick/bereavement leave, but this will likely be clarified as the Act goes through its initial phases and issues arise.

Employees and employers should equally be aware of these new laws to ensure that they know their rights and obligations moving forward.

If you are faced with this situation and are unsure of your rights and obligations, please contact Lucia Vincent for more information.

Webb Farry’s particular expertise in change and restructuring processes, includes negotiating employment agreements and employment-related litigation.



“In often commercially-sensitive, confidential and distressing areas, our priority is achieving practical outcomes.”

Lucia Vincent LLB, BA(Hons)
Partner

Who’s Who at Webb Farry...

Partners: David Ehlers, LL.B, B.Com
Megan Bartlett, LL.B, B.A
Warren Moffat, LL.B, B.A
Larna Jensen-McCloy, LL.B
Lucia Vincent, LL.B, B.A(Hons)

Associates: Shelley Chadwick, LL.B, B.A
Kimberly Jarvis, LL.B, B.A

Senior Solicitors: Janet Ashcroft, LL.B
William Munro, LL.B, B.Com

Solicitors: Georgia Stumbles, LL.B, B.Com
Amanda Short LL.B
Tommy Clout, LL.B, B.MS
Tineke Jannink, LL.B, B.A

Law Clerk: Adele Isaacs, LLB(Hons), BSc

Legal Executives: Suzanne Corson NZLEC
Jenette Ramsay

Practice Manager: Tracy Stevenson

Administration Manager: Margot Koele

Systems & Accounts Manager: Tania Graham

Offices at: 79 Stuart Street,
Dunedin 9016, New Zealand.
Telephone: (03) 477-1078
Fax (03) 477-5754

107 Gordon Road, Mosgiel, 9024
New Zealand.
Telephone: (03) 489-5157
Fax (03) 489-2021

All Correspondence to:
DX YX10151 or
P.O. Box 5541,
Dunedin 9054, New Zealand

Email: lawyers@webbfarry.co.nz

Website: www.webbfarry.co.nz



Lucy Jordan 2030 x 1710 mm Textile, fusible webbing, thread, 2017

A L I C E J O N E S

Women's Work: A Textile Exploration of Housework

24.05.19 – 21.08.19

My work is concerned with the social politics of gender, specifically the inequalities that face women, both in the home and in the workplace. Work done by women is devalued in society, thus marginalizing them as second-class citizens. As a woman, these issues affect me on a personal level, and I feel strongly about adding my voice to the struggle for equality.

The project, a figurative exploration of the practice of keeping house, deals with my discontent with the ongoing and thankless tasks of cleaning. Embedded in my decorative take on domestic chores is an underlying frustration with the stereotypes and demeaning attitudes that accompany women's work. This tension is suggested through the discordant use of dead animals, birds and insects during the act of clearing their remains. Textiles are associated historically with women's domestic pastimes and are perfect for presenting a narrative on issues that affect women.

Alice Jones