

NEW ZEALAND Engineering News



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Production robots fit right in with human teams page 10



Leases, alterations, occupancy – where is your business heading?

By Peter Bates, Baker Law

Legal mechanisms relate to the way you lease or use real estate and can save or cost you dearly. This article looks at owner occupier and tenant issues for engineering and manufacturing businesses.

When selecting a property, consider what might happen during the full term of the lease or ownership. Changes in technology, legal and safety requirements, your need for space, or a recession could impact your business. Will you need to relocate or alter the building? A landlord may not agree to cancel the lease. Are you prepared to assign the lease and guarantee the new tenant?

A lease is a serious and ongoing obligation. An "Agreement to Lease" and a "Deed of Lease" are different. The deed usually supersedes the first agreement, so be careful. Bond or guarantee clauses might have been changed. Get legal advice before signing.

Landlords often require personal guarantees from directors, leaving directors personally liable. Alternative options include a bond, depositing funds in a solicitor's trust account or bank guarantees. Building alterations might require consent from Council, the landlord, and the body corporate in the instance of a unit title.

If the property is within a unit title development, review the body corporate rules, which restrict the use of the property. Ensure your business operations will meet the rules. Consider what might happen if you want to assign or sublet to a different business. The rules can be changed by vote so consider attending the annual general meetings or enlisting your landlord's help.

When a lease ends, the landlord might require you to remove fittings and reinstate any alteration work at your cost. You might be able to remove fittings for reuse elsewhere or sale. Fittings and alterations remaining in-place after the lease expiry can become the landlord's property.

The landlord might get rent on upgrades



Peter Bates

you paid for from a new tenant. If your lease expires and you take a new lease of the property, you can end up paying rent on fittings which would have been yours if you had removed them prior to the end of the lease. Deal with this before the lease ends.

For specific advice please feel welcome to contact us. We provide practical legal advice on company and commercial law; residential and commercial real estate; employment disputes; asset protection; estate planning; trusts; wills; relationship property; family law; immigration services; debt recovery; mining and minerals; and real estate valuation arbitration. Baker Law understands the business issues and questions relevant to the engineering and manufacturing industry.

Quick Tip: Check the lease to see if you can sublease, assign the lease to a new tenant, or change the business use.

Innovation in business energy efficiency

Businesses use approximately two thirds of all the energy in New Zealand. This energy use drives economic growth and if used efficiently will give New Zealand a competitive edge.



Hawkes Bay Protein installed a second vacuum condenser to capture steam created by the cooking process and uses it to preheat the hot water storage tank. The system reduces the amount of energy used to heat the hot water for cooking, saving the company over \$33,000 per year. www.eecabusiness.govt.nz/resource/hawkes-bay-protein-heat-recovery learn more

New Zealand's brand can open many doors – our global reputation is based very much on our clean and green image. But we do have our challenges – typically a higher cost base than overseas, and a distance disadvantage. Travelling further increases both cost and carbon emissions for Kiwi products. This means we have to work harder and smarter to get our products onto overseas shelves.

The Energy Efficiency and Conservation Authority (EECA) estimates that most manufacturers could save up to 20 percent of their energy costs by better managing the way they use energy. EECA works to improve information on the advantages of smart energy use. Part of providing that information is showcasing new and underutilised technologies.

EECA wants to encourage the implementation and demonstration of proven, underutilised technologies that could improve business energy performance if more widely adopted. It is actively looking for technologies that do not yet have widespread uptake in New Zealand that can help business be more energy efficient. Suppliers of these technologies are encouraged to register as suppliers for EECA's Technology Demonstration programme. Businesses can then apply for funding to be early adopters of the technology. The quid pro quo is that the business must share their experience with EECA. EECA will then share this information with other businesses that may be

land businesses seek. It is often a reluctant adopter. In the New Zealand context, it is a way of reducing energy costs, and a way of reducing carbon emissions. Information on new technologies is available up to 40 percent of the maximum of \$100,000. To date the kinds of technologies funded include audits, projects, biogas, cogeneration, boilers. Other examples would be eligible for heat pump water heating, condensing steam boilers, and turbochargers. EECA's Technology Demonstration programme aims to encourage innovation. EECA funds projects across a range of sectors in the last few years. It is looking for innovative projects to be broken new ground. There will be other technologies that it has not considered. Like to hear about

Visit www.eecalaw.com/services-and-technology-demonstration business@eeca.govt.nz 676 to find out

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