

15 October 2012

Notice under s 66 of the Commerce Act 1986

Proposed business acquisition by Bligh Finance
Limited

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Commerce Act 1986: Business Acquisition Section 66: Notice Seeking Clearance

15 October 2012

By email: registrar@comcom.govt.nz
The Registrar
Market Structure Group
Commerce Commission
PO Box 2351
WELLINGTON

Pursuant to s 66 (1) of the Commerce Act 1986 notice is hereby given seeking clearance of a proposed business acquisition.

Executive Summary

Bligh Finance (Hirepool's owner) seeks clearance to acquire Hirequip

1. Bligh Finance Limited (**applicant**), which owns the Hirepool rental business, seeks clearance for the proposed acquisition of the Hirequip rental business (**Proposal**). Hirequip's owner was placed into receivership on 11 July 2012.
2. Following the Commission's approach to market definition in *Southern Capital Limited and Hirepool Limited (Southern Capital)*¹ the Proposal would result in aggregation in:
 - (a) "...the national market for the supply of heavy construction and earth works equipment hire services ("the heavy construction market");
 - (b) regional markets for the supply of building construction and maintenance equipment hire service to commercial customers ("the building markets); and
 - (c) sub-regional markets for the supply of building construction and maintenance equipment hire services to domestic ('do it yourself' or 'home handy person') customers ("the DIY markets")."²
3. The applicant is confident the Proposal will not substantially lessen competition in any market, but is filing this application given the Commission's interest in the building sector. [

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Hirequip's owner's demise presents an opportunity to acquire a complementary business

4. The acquisition of Hirequip is an attractive opportunity. The businesses are largely complementary in respect of revenue sources: Hirequip's main customers are large construction and civil infrastructure companies requiring heavy earth-moving equipment (equipment weighting above 10 tonnes), whereas Hirepool's customers are primarily small-medium construction businesses requiring building equipment (equipment weighting between 1.5 tonnes and 10 tonnes). A number of equipment lines are also largely complementary, including motor vehicles, heavy earth-moving equipment, marquee and event equipment and portable toilets.
5. The Proposal also offers material synergies through branch consolidation (enabling the applicant to compete more effectively with small scale regional operators) and inventory efficiencies (which will lead to a higher standard, lower-aged inventory).

Most levels of aggregation are within the Commission's safe harbours

6. This application assesses the Proposal using the Commission's approach in *Southern Capital*, but includes specialist hire companies as market participants. The applicant considers this to be correct from both the demand and supply-sides. The Commission acknowledged that it adopted conservative market definitions in *South Capital*.
7. The applicant estimates that:

¹ *Decision No 493* (6 March 2003).

² *Southern Capital*, para 69. The Commission stated at para 41 of *Southern Capital* "...that this distinction may be somewhat artificial, as in some cases the distinction between equipment that is substitutable according to the needs of consumers may be blurred." For example, commercial customers also hire DIY equipment (ie equipment less than 1.5 tonnes) and DIY customers could hire Building equipment (equipment weighting between 1.5 tonnes and 10 tonnes) or even heavy construction equipment (equipment weighting above 10 tonnes). See paras 28-48 of *Southern Capital* for discussions in relation to the product dimensions (for the markets definitions set out in para 69).

- (a) There would be negligible aggregation in the Heavy Construction Market - the market shares would fall well within the Commission's safe harbours.
 - (b) All the relevant Building Markets shares would fall within the Commission's safe harbours.
 - (c) For DIY Markets:
 - (i) Over half of the 20 markets would be within the Commission's safe harbours;
 - (ii) The CR3 for all DIY Markets would be between [];
 - (iii) The merged entity's market shares would be between [].³
8. Even these benign levels of aggregation overstate the competitive significance of the Proposal. The market boundaries are not clear and any market definition exercise involves a degree of artificiality, as noted by the Commission in *Southern Capital*. Items of equipment are essentially viewed as commodity products and can be easily transported between regions. More importantly, both the supply and demand-side factors are highly elastic, meaning that there cannot be market power concerns (including co-ordinated effects).

The Proposal will not substantially lessen competition

9. The Proposal does not raise competition concerns:
- (a) The merged entity will be constrained by a number of existing competitors, large and small, across all segments throughout New Zealand (see Tables 1-5 below).
 - (b) Even in geographic areas with higher levels of aggregation there are large and small players in adjacent areas who supply those markets or could easily do so.
 - (c) As the Commission has noted "...*barriers to entry are low and that potential entry satisfies the LET test...*"⁴:
 - (i) The Commission's conclusion has proven correct, even in tough economic times, by the recent entry of AM Hire (which opened in Porirua), Hireways (which opened in Wellington) and Mahony Hire (which opened in New Plymouth).
 - (ii) Since *Southern Capital* existing participants, including Porter Hire and McEntee, have established greenfields branches. CAT Rental's fleet is available through an increased number of branches as it is available through Gough Group's branches in various regions. Bunnings Warehouse has also established hire divisions in a number of its stores outside of Auckland including at its Lyall Bay store at Wellington.⁵ The establishment of a new branch is relatively low cost, particularly where it is stocked with underutilised equipment or it is used as a 'spoke' branch supported by a hub branch.
 - (iii) Porter Hire has also completed two major acquisitions. It acquired The Hire Company and Mainland Access Limited, giving it a presence in a number of Building Markets.

³ Refer to Table 41 in paragraph 18.35.

⁴ *Southern Capital*, para 178.

⁵ In *Southern Capital*, the Commission noted that "*Bunnings currently has hire divisions operating within three of its Auckland stores*", para 145.

- (iv) The Christchurch earthquakes have been a catalyst for growth, which has been accompanied by market entry and expansion:
- the growth in the Canterbury Building Market of up to [] has been accompanied by entry. For example, Pump Hire, a specialist pump hire company, which established a Christchurch branch 14 months ago, is now turning-over an estimated [] annually. There has also been expansion by existing players. For example, Christchurch City Hire has opened a third branch;
 - new entrants have been winning customers in Christchurch; and
 - the market shares of the parties in the Canterbury Building Market have diminished, reflecting the more intensive competition there.
- (d) For DIY Markets in particular:
- (i) Players in the Heavy Construction and Building Markets, hardware store chains, mower/cycle/chainsaw stores or similar can easily enter DIY Markets. The ease of entry and/or expansion is evidenced by the establishment of hire shops within Bunnings stores and Magnum Hire’s recent addition of DIY equipment to its inventory. Previously Magnum Hire only supplied Heavy and Building equipment.
- (ii) The set-up costs and resources required to enter a DIY Market are comparable to setting up any small business. The costs of setting up a new branch are low, particularly if stocked with underutilised equipment from another branch.
- (iii) The “hire/buy/borrow” decision is much more relevant than it was at the time of *Southern Capital* and will continue to constrain players in all DIY markets. DIY equipment is much more affordable (see Appendix 6 for examples). Proven platforms such as TradeMe allow for the efficient buying and selling of such equipment on a national scale. It is unlikely that the market has seen the full extent of this development.
- (iv) Additionally, many large customers allow their employees to use DIY type equipment for personal use outside of working hours.
- (e) []⁶
- (f) The absence of contracts with customers, together with the lack of exclusive supply arrangements with equipment vendors, means that competitors and customers are free to source equipment on the most competitive terms. The lack of formal and/or exclusive supply arrangements is partly due to the commodity nature of hire equipment.
- (g) The industry structure is not a structure which facilitates collusion as confirmed by the Commission in *Southern Capital*.
10. The applicant is not aware of any valid counterfactual which would result in materially more competitive markets.
11. Given the above factors, the Proposal should be granted clearance.

⁶ []

Tables showing the existing participants by market

Key for information sources in Tables 1 – 5 of the Executive Summary

Key:
Merging parties.
Participants identified by the Commission in the markets that involved aggregation in <i>Southern Capital</i> , which the applicant understands remain independent.
Other participants identified by the applicant in the relevant markets sourced from the Yellow Pages and/or Google searches of websites.

Table 1: Existing Participants Supplying Heavy Construction Equipment

National
Hirepool
Hirequip
Porter Hire
CAT Rental
McEntee
Heavy Trax Hire
Southland Machine Hire
Hireways
Magnum Equipment / Magnum Hire
Equipment & Transport Leasing
Numerous smaller and specialist hire companies

Table 2: Existing Participants Supplying Building Equipment – North Island

Northland	Auckland	Waikato	BoP	Hawkes Bay	Manawatu	Taranaki	Wellington
Hirequip	Hirequip	Hirequip	Hirequip	Hirequip	Hirequip	Hirequip	Hirequip
Hirepool	Hirepool	Hirepool	Hirepool	Hirepool	Hirepool	Hirepool	Hirepool
CAT Rental	McEntee ⁷	McEntee ⁸	Te Puke Hire	CAT Rental	Horowhenua Hire	CAT Rental	AB Rental
AB Rental	CAT Rental	CAT Rental	CAT Rental	AB Rental	CAT Rental	Porter Hire	Porter Hire
Cowley's Hire Centre	AB Rental	AB Rental	AB Rental	Kea Hire	AB Rental	AB Rental	Kapiti Hire
Absolute Hire	Cascade Mr Hire	Te Awamutu Hire (former McEntee Cambridge branch)	Porter Hire	City Hire Centre (1973)	Hireways	Storage & Equipment Hire	Vehicle Hoists NZ Ltd ⁹
Ace Rental	Porter Hire	Otorohanga Hire ¹⁰	Omokoroa Hire Centre	Porter Hire	Kapiti Hire	Hire Smart	AM Hire
Northern Wairoa Hire	Heavy Trax Hire	Porter Hire	M Hire	HB Platform Hire	Feilding Hire	Hire-Co	CAT Rental
Hire Direct	Hiretown	Huntly Hire Centre	Access Mac	Hire Master	Porter Hire	Hawera Hire	Moor Hire
FD Hire	Affordable Access	Access One	Green Hire	Other portable B&S businesses	Hire World	Devon Hire	Access Mac
Kerikeri Hire	Panorama Access	Te Kuiti Hire Centre	Katikati Hire		R & R Hire	Hire Lift	HB Platforms
Affordable Access	Access Solutions	Putaruru Hire Centre	Lowes Hire & Engineering		Other portable B&S businesses	Mahoney Hire	Kapiti Hire
Other portable B&S businesses ¹¹	Pump Hire	Instant Access	ModCom			Other portable B&S businesses	NZ Crane
	Aggreko	Todd McPhee Crane Hire					Access Solutions
	Powerhouse	Matamata Hire					Instant Access

⁷ Acquired Lincoln Hire & Pukekohe Hire since 2003.

⁸ Acquired Cambridge Hire and Network Hire since 2003.

⁹ Previously Wainuiomata Hire.

¹⁰ Previously JG Hire.

¹¹ The Yellow Pages lists a number of other portable building and scaffolding (B&S) businesses. See www.yellow.co.nz, last accessed on 6 April 2011.

	Jackson Electrical	Numerous other participants ¹²				Horowhenua Hire
	Magun Hire					Hireways
	Numerous other participants ¹³					Numerous other participants ¹⁴

Table 3: Existing Participants Supplying Building Equipment – South Island

Marlborough / Tasman	Canterbury	Otago	Southland
Hirequip	Hirequip	Hirequip	Hirequip
Hirepool	Hirepool	Hirepool	Hirepool
Porter Hire	Porter Hire	AB Rental	AB Rental
CAT Rental	AB Rental	Porter Hire	Kiwi Box
AB Rental	CAT Rental	Heavy Trax Hire	Gore Machine Hire
Richmond Hire	Christchurch City Hire	Equiptec Rentals	Hire Gear
Crafar Crouch	Smiths Hire	Accessman	Buchanan Digger Hire
AgHire and Supplies	Rangiora Hire	Clarke Machine Hire	Hire It Here in Winton
Accessman Blenheim	Accessman	Other portable B&S businesses	Central Machine Hire
Other portable B&S businesses	Party Warehouse		Other portable B&S businesses
	Leeston Hire		
	Johnstons Hire Centre		
	Numerous other participants ¹⁵		

Table 4: Existing Participants Supplying DIY equipment – North Island

Whangarei	North Shore	West Auckland	Central Auckland	South East Auckland	Hamilton City	Tauranga
Hirequip	Hirequip	Hirequip	Hirequip	Hirequip	Hirequip	Hirequip
Hirepool	Hirepool	Hirepool	Hirepool	Hirepool	Hirepool	Hirepool
Bunnings Hire Shop	McEntee	McEntee ¹⁶	McEntee	McEntee ¹⁷	Bunnings Hire Shop	Bunnings Hire Shop (Mt Maunganui)
Cowley's Hire Centres	North Harbour Hire	Helensville Hire	Bunnings Hire Shop	Cascade Mr Hire	Huntly Hire Centre	Te Puke Hire
Affordable Access	Instant Access	Kumeu Hire	Porter Hire	Bunnings Hire Shop	Putaruru Hire Centre	Omokoroa Hire Centre
Kaitaia Hire	Bunnings Hire Shop	Instant Access	Instant Access	Porter Hire	Matamata Hire	Porter Hire
Kerikeri Hire	Cascade Mr Hire	Porter Hire	Access Solutions	Instant Access	Porter Hire	Green Hire
Porter Hire	Access Solutions	Access Solutions	Numerous other participants	Access Solutions	Otorohanga Hire	
		Numerous other participants ¹⁸		Glen Innes Hire	McEntee	

¹² The Yellow Pages also had listings for the following entities: Aliquip Scaffolding, Forklift Hire Services, Taumarunui Hire Centre. See www.yellow.co.nz, last accessed on 6 April 2011.

¹³ The Yellow Pages also had listings for the following entities: Atlas Copco, Gough Forklifts, Komatsu Forklifts, Centra Forklifts Ltd, Fleetcare Forklifts Ltd, Sykes Pumps NZ Ltd - Auckland, Auckland Fork Truck Hire, Eurolift NZ Ltd, TPL Access Hire Auckland, Hire Towers Ltd, NZ Access Ltd, NZ Generator Hire, Power Forklifts Ltd, Aluminium Scaffolds Penrose, Central Hire, Access Equipment Hire Ltd, Forklift Rental & Leasing 2000 Ltd, RSEA, Glen Innes Hire Services, Aggreko, Go Hire Access Platforms Ltd, Access Scaffolding, Aluminium Scaffolds Ltd, Super Loo Sanitation Ltd, New Zealand Plank Hire. See www.yellow.co.nz, last accessed on 6 April 2011.

¹⁴ The Yellow Pages also had listings for the following entities: Cesco Hire Ltd, Modcom Portable Buildings, Instant Access, Central Forklifts, Festival Hire, Capital Scaffolding 2000 Ltd, NZ Scaffolding Supplies, Wellington Scaffolding Services, Northwest Pumps & Equipment. See www.yellow.co.nz, last accessed on 6 April 2011.

¹⁵ The Yellow Pages also had listings for the following entities: Ashburton U-Hire Ltd, Accessman, Drury Access Hire, Lyndon Hire, Sykes Pumps Ltd, Paddon Direct, Johnson & Couzins Hire Ltd, Certified Scaffolding Services, Daveron Scaffolding Ltd, Elliott Scaffolding, NZ Scaffolding Supplies, Scaffolding Upright Scaffolding, Southern Scaffolding Ltd, Erridan Pump Services Ltd, Pump Systems Ltd, Wallace Pumps, Quickspace Portable Buildings, TR Group Ltd Truck Rentals, City Forklift Hire, Porta Build & Hire Ltd, Rent A Loo (NZ) Ltd, R & S Trade Centre & Trade Hire, Sockburn Forklift Hire. See www.yellow.co.nz, last accessed on 6 April 2011.

¹⁶ Acquired Lincoln Hire since 2003.

¹⁷ Acquired Pukekohe Hire since 2003.

¹⁸ The Yellow Pages also had listings for the following entities: Henderson Hire Services 1983 Ltd, APL Kwikform Pty Ltd. See www.yellow.co.nz, last accessed on 6 April 2011.

				Numerous other participants ¹⁹	Te Awamutu Hire (former McEntee Cambridge branch)
Rotorua	New Plymouth	Napier / Hastings	Palmerston North	Wellington Central	Hutt Valley
Hirequip	Hirequip	Hirequip	Hirequip	Hirequip	Hirequip
Hirepool	Hirepool	Hirepool	Hirepool	Hirepool	Hirepool
Bunnings Hire Shop	Hire Lift / Hawera Hire	City Hire Centre (1973)	Bunnings Hire Shop	Bunnings Hire Shop	Moor Hire
McEntee (Taupo)	Storage & Equipment Hire	CHB Hire Centre	Kapiti Hire	Moor Hire	AM Hire
All About Construction	Mahony Hire	Greenmeadows Hire Centre	Porter Hire	Porter Hire	Vehicle Hoists NZ
Porter Hire	Standard Machinery Hire	Porter Hire	Access Mac	Access Mac	Instant Access
Andy's Party Hire	Oakura Panel & Hire	Hastings Hire	Hireways	(AM Hire state that it supplies the Wellington Central market)	Access Mac
NZTF	Porter Hire		D & D Bobcat Hire	Accessman	Hire World
	Dobson's Marquee & Party Hire				Porter Hire
					Access Solutions

Table 5: Existing Participants Supplying DIY equipment – South Island

Nelson	Blenheim	Christchurch City	Timaru	Dunedin	Queenstown Lakes	Invercargill
Hirequip	Hirequip	Hirequip	Hirequip	Hirequip	Hirequip	Hirequip
Hirepool	Hirepool	Hirepool	Hirepool	Hirepool	Hirepool	Hirepool
Bunnings Hire Shop	AgHire and Supplies	Smiths Hire	R & S Hire	Bunnings Hire Shop	Porter Hire	Accessman
Crafar Crouch	Accessman	Christchurch City Hire	Amond Hire	Equiptec Rentals	Accessman	Hire Gear
Richmond Hire	T H Barnes & Co	Ace Hire	Porter Hire	Clarke Machine Hire	Southern Lakes Scaffolding	Porter Hire
Hirefirst	Multi Dig Services	Bunnings Hire Shop	Hi-Way Hire & Rentals	Otago Commercial Hire	Queenstown Mowers & Saws	Party Plus
Lifestyle Hire	Marlborough Turf	Accessman	Jones Joe Oamaru Hire Services	Accessman	Wanaka Marquee & Party Hire	
Motueka Hire	Porter Hire	Access Solutions	Accessman	Porter Hire	Party Plus	
Porter Hire		Leeston Hire	TK Hire	DIY Scaffold Hire		
Portaloo Nelson		Rangiora Hire	Geraldine Hire Centre			
		Porter Hire	Mackenzie Hire			
		DIY Staging	HireLift Hire Ltd			
		Greenhorn Company	Washdyke Caltex			
		Numerous other participants ²⁰				

¹⁹ The Yellow Pages also had listings for the following entities: Ace Hire Ltd, Axxa One Way Furniture Trailer Hire, HTH Specialised Tool Hire Ltd. See www.yellow.co.nz, last accessed on 6 April 2011.

²⁰ The Yellow Pages also had listings for the following entities: Cranford Mowers & Hire, Lyndon Hire, Johnson & Couzins Hire Ltd, Quicktip Trailer Hire, Southbrook Hire. See www.yellow.co.nz, last accessed on 6 April 2011.

Part 1: Transaction Details

1. Person giving this notice

1.1 This notice is given by:

John White
Partner
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AUSTRALIA

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1.2 Correspondence and inquiries should in the first instance be directed to:

Minter Ellison Rudd Watts
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Lumley Centre
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Attention: Andy Matthews/Nicko Waymouth
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nicko.waymouth@minterellison.co.nz

2. Details of other merger parties

Hirequip Limited
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Facsimile: +64 9 573 6476

2.1 Correspondence and inquiries should in the first instance be directed to:

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Lawyers
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Attention: James Craig
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 Facsimile: + 64 9 307 0331
 Email: james.craig@simpsongrierson.com

3. List of companies relevant to merger parties

3.1 Hirepool

- (a) Hirepool Limited
- (b) Hirepool IP Limited
- (c) Hirepool Subsidiary 3 Limited
- (d) Hirepool Subsidiary 4 Limited
- (e) Bligh Finance Limited (**applicant**)
- (f) New Zealand Rental Group Limited
- (g) A mixture of private equity and other shareholders

3.2 Hirequip

- (a) Hirequip Limited
- (b) Hire Equipment Group Limited
- (c) PES Finance Limited
- (d) Pacific Equipment Solutions Limited

3.3 Shareholder structure diagrams for Hirepool and Hirequip are appended to this application as **Appendices 1 and 4** respectively.

4. Details on what is to be acquired

4.1 Clearance is sought by Bligh Finance Limited (**applicant**) or any interconnected body corporate of the applicant, to acquire 100% of the shares in, or assets of, Hire Equipment Group Limited and its subsidiaries (**Hirequip**) from Pacific Equipment Solutions Limited (**Proposal**).

5. Explanation of commercial rationale for proposed acquisition

5.1 The target is largely a complementary business. The applicant considers that it can add considerable value through its management expertise and ability to materialise operating synergies. The target's parent group of shareholding companies are in receivership making it an attractive target from the applicant's perspective.

5.2 As noted, Hirepool and Hirequip to a large extent focus on different types of equipment and customer segments.

5.3 Hirepool's customers are primarily small-medium construction businesses which it targets with specialist equipment divisions while Hirequip's customers are primarily large construction and civil infrastructure companies. This difference in focus is highlighted by the significant variance in their revenues from particular equipment. The applicant estimates that Hirequip's revenue from heavy construction equipment supplied to large construction and civil infrastructure

customers is around [] while Hirepool's is only []. Other product areas of little overlap include: motor vehicles, marquee and event equipment and portable toilets.

5.4 The Proposal will enable the applicant to:

- (a) establish a meaningful presence in the high value heavy and building segments;
- (b) broaden its footprint and gain some economies of scale and scope;
- (c) realise greater efficiencies needed to compete with low-cost local operators (who do not have high fixed labour costs and the costs associated with running a head office); and
- (d) more readily meet the growing constraint presented by the increasingly applicable hire/buy/borrow decision in relation to DIY equipment, by maintaining competitive pricing.

6. **Copies of final/most recent version of documents bringing about the proposed merger**

6.1 A Sale and Purchase Agreement has not yet been negotiated.

7. **List competition agencies in any other jurisdiction which have been notified of the proposed merger**

7.1 Not applicable.

Part 2: The Industry

8. Description of relevant goods or services supplied by the merger parties

8.1 Both the applicant and Hirequip primarily provide general construction and building equipment hire services. The parties' rental equipment range includes heavy construction equipment (eg excavators), building equipment (eg portable welders), and DIY equipment (eg drills).

8.2 A list of major hire equipment by market categories is outlined in the table below. A similar list was produced as Appendix 1 to *Southern Capital*.

8.3 Table 6: Major hire equipment items by market categories

Heavy construction equipment	Building equipment	
<ul style="list-style-type: none"> • Dumpers • Excavators (heavier) • Rollers • Tip trucks • Bulldozers • Graders • Loaders (heavier) 	<ul style="list-style-type: none"> • Access platforms (scissor decks and cherry pickers) • Booms • Compaction rollers • Compressors (heavier) • Concrete breakers • Excavators (lighter) • Forklifts • Generators • Lighting Towers 	<ul style="list-style-type: none"> • Loaders (lighter) • Pumps (heavier) • Road barriers • Toilets • Portable Buildings • Traffic management equipment • Tractors and implements • Trenchers (ride on) • Utes and trucks • Portable welders
DIY equipment		
<ul style="list-style-type: none"> • Compressors (lighter) • Air tools • Automotive • Cleaning equipment • Chainsaws • Concrete equipment • Concrete breaker (standard and demolition) electric • Compaction plates / rammers • Electrical equipment 	<ul style="list-style-type: none"> • Fasteners • Generators (lighter) • Hand grinders • Hoists and jacks • Lawn and gardening equipment • Measuring / surveying • Painting scaffolding • Heaters / fans / dehumidifiers / air conditioners • Plumbing equipment 	<ul style="list-style-type: none"> • Saws • Sheetmetal tools • Tarpaulins • Trenchers (walk behind) • Trailers • Welders (caddy and gas) • Wood working gear • Sundry hire gear • Sanders and strippers

9. Description of industry

9.1 The applicant estimates that the annual revenue generated by the building hire industry in New Zealand is in the vicinity of []. This includes vehicles, building equipment, portable buildings, portable sanitation, access, traffic management, and various miscellaneous items that hire companies have added to their inventories due to demand. If specialist domestic and business vehicle hire companies such as AVIS, Hertz and Budget and non-building markets were included the total revenue figure would be significantly greater.

9.2 The construction hire industry is comprised of numerous competitors of varying sizes and equipment ranges, ranging from large players such as Porter Hire, to local service stations supplying trailers, to contractors and other owners of equipment hiring out excess equipment. Competition is vigorous in all markets. This is partly due to the commodity nature of the equipment.

9.3 The geographic presence of the various competitors ranges from national to sub-regional. However there are no distinct boundaries regarding the geographic areas the players service. Equipment is transferred to areas as needed and virtually all players offer delivery services meaning customers do not necessarily have to reside in the relevant player's geographic area. These characteristics ensure that all markets are vigorously contested, which is supported by an established history of new entry.

Supply Side

- 9.4 Hire companies tend to be either:
- (a) **general construction and building hire companies** - which supply a complete range of heavy, building and/or DIY construction equipment; or
 - (b) **specialist hire companies** - which focus on a particular class of construction/building equipment or event/party equipment (for example, scaffolding, ablutions, trucks, refrigeration, fencing, forklifts, generators, marquees, or earthworks machinery).
- 9.5 However, many so-called specialist players will also supply ranges of DIY equipment. For example, Andy's Party Hire in Rotorua primarily hires party and event equipment but also offers a range of DIY equipment. All players, whether general hire companies or specialists, are incentivised to maximise their range if demand or prices increase. An event and party hire company can easily fill unused space within its premises with equipment such as small generators or trenchers if it is perceived as revenue generating. This is made even easier with the proliferation of second hand equipment and competitively priced new equipment.
- 9.6 Nayland Scaffold and Crane (**Nayland**) illustrates how a specialist player can expand its inventory due to the demand of a single event. Nayland was awarded the tender for supplying Trafalgar Park in Nelson for all of its hiring requirements for the 2011 Rugby World Cup. This contract involved supplying the venue with \$400,000 worth of event hire equipment, including TVs, generators, portable buildings, portable toilets and numerous other items of equipment that Nayland did not own. The applicant understands that Nayland retained this equipment in its inventory following the event.
- 9.7 In all relevant markets there are fringe players which are not always visible as they often hire items as an ancillary service to their core business. Because of this characteristic of the wider hire industry, there will be many fringe players that the applicant simply is not aware of as these players will not openly advertise their inventory other than signage on their premises. They may not even have websites other than a listing on websites such as www.hireitnow.co.nz.
- 9.8 The applicant presents its inventory in seven product categories which represents the most common hiring requirements by the majority of its customers. Those categories are:
- (a) **General hire:** General hire includes general building equipment such as drills, welders, and concrete breakers;
 - (b) **Access equipment:** Access equipment includes all elevated work platforms, such as cherry pickers, scissor lifts, scaffolding and other equipment designed to reach elevated work sites;
 - (c) **Barricading systems:** Barricading systems include concrete barriers often used for roading, plastic barriers often used for building and construction sites, and crowd control barriers;
 - (d) **Air, power & pumps:** Power & pumps includes air pumps, electric pumps, generators, lighting & lighting towers, and other similar equipment;
 - (e) **Vehicle hire:** Vehicle hire includes a wide range of vehicles from rental cars and vans through to tipper and flat deck trucks;
 - (f) **Event hire:** Event hire includes gas appliances for heating and cooking, bar equipment, tables & chairs, marquees and other general party hire products; and

- (g) **Portable sanitation & buildings:** Portable sanitation & buildings includes portable toilets, portable showers and portable buildings.
- 9.9 The applicant understands that Hirequip presents its inventory simply in two product categories: Equipment Hire and Events Hire. As noted, Hirequip has a more substantial presence in event/party hire relative to Hirepool.
- 9.10 As also noted in paragraph 13.1, hire equipment, to a large degree, is a commoditised, stock standard, product. In practice, as long as the price is competitive, customers will generally have no preference as to which hire company they hire equipment from.
- 9.11 Hire equipment is also easily transported from region to region. Hire companies will move inventory to wherever there is demand. This means capacity can be expanded in a very short timeframe should there be a perceived incentive to do so.
- 9.12 Most existing participants can also easily expand. A new branch can be established quickly and at a relatively low cost. The time and cost can be minimal where a new branch is stocked with underutilised equipment from other regions or it is used as a ‘spoke’ branch supported by a hub branch.

Demand Side

- 9.13 Customers of hire companies generally fall into the following three categories:
- (a) **Large infrastructure contractors:** Large infrastructure contractors generally require heavy machinery for the construction of large scale infrastructure projects such as transit projects (for example, Fulton Hogan, Downer EDI and HEB Contractors);
 - (b) **Building and maintenance contractors:** Building and maintenance contractors generally require mid-sized (and to a lesser degree heavy) equipment for commercial and residential construction projects (for example, Multiplex, Fletcher Construction, and smaller residential building companies); and
 - (c) **DIY customers:** DIY customers generally require small portable equipment for home renovations/extensions and related residential projects (for example, drills and chainsaws).
- 9.14 Small and medium contractors hiring building equipment account for the bulk of the Hirepool’s revenue. DIY type home handypeople account for only a minor portion of the Hirepool’s revenue.
- 9.15 The majority of commercial customers operate accounts. Around [] of the applicant’s turnover is accounted for by cash sales (ie sales to customers who do not, for whatever reason, hold an account including DIY home handyperson type customers). Approximately [] of that [] relates to DIY equipment (the other [] relates to Heavy Construction and Building equipment cash sales).
- 9.16 Of that [] of cash sales relating to DIY equipment, DIY home handyperson type customers account for approximately []. That [] only equates to around [] of the Hirepool’s revenue. As such, Hirepool does not actively target such customers but focuses on the high value larger customers which offer repeat business.
- 9.17 There are no clear geographic boundaries in respect of the relevant markets. In the applicant’s experience, the size and expense of particular equipment (or hire order which may include a number of items) will impact how far a customer or supplier is prepared to travel. For example, large, expensive pieces of equipment such as excavators (which are typically hired for periods of up to six months) can be transported from and to any point in the country (or overseas).²¹ Smaller

²¹ The applicant understands that Rich Rigging has recently hired a crane to a customer in Brisbane and Aggreko has an extensive fleet in the Pacific Islands.

less expensive equipment tends to be hired within a region or sub-region, but there are no absolute rules. For example equipment, including less expensive equipment, is regularly transported to regions for at least the duration of a relevant large scale project. Most hire companies also deliver items outside of their immediate area. It is not uncommon for hire companies to transport items to customers who are a considerable distance away²² from their premises, particularly for extended hire periods for smaller, less expensive items, or where that item is part of a larger hire order.

- 9.18 During the relevant hire period, participants generally provide some form of back-up maintenance service and risk remains with the hire company.
- 9.19 Competition for large infrastructure contractors, smaller construction contractors and members of the public undertaking residential DIY projects is primarily price driven, but is also influenced by other factors such as quality and health & safety standards. For DIY home handyperson customers, price is paramount while range, brand and reliability play a lesser role. This is due to the short duration of DIY home handyperson hire periods and lack of penalty type provisions for failing to meet contractual deadlines which many larger customers face, making reliability a more prominent concern for those larger customers.
- 9.20 As the Commission noted in the *Southern Capital* decision, contractors generally hold multiple accounts with competing hire companies and typically do not enter into any formal arrangements so remain free to do business with any company. The applicant notes that with some large customers Hirepool operates [] customers are still free to hire from whomever they wish.
- 9.21 It is not uncommon for contractors to be awarded projects on the basis of a fixed price. This incentivises contractors to play hire companies off against each other as any reductions in hire rates go directly to contractors' bottom lines.
- 9.22 National hire companies tend to be large as their business model is more focused on servicing customers on a nationwide/multi-regional scale while smaller regional players have chosen to primarily target local/regional customers. However, both small and large hire companies service large and small, national and regional, customers.

10. Current industry trends and developments

- 10.1 Since the 2003 *Southern Capital* decision there has been industry consolidation. While there are slightly fewer players in the Building and DIY Markets, existing players generally have more exposure through more branches. In addition, the recent downturn in the construction sector has resulted in a significant decrease in demand for hire equipment. Despite this trend, there is evidence of expansion, and new entry in the market, including:
- (a) Porter Hire (has acquired The Hire Company and Mainland Access);
 - (b) Kerikeri Hire;
 - (c) Whangamata Hire;
 - (d) Hawera Storage & Equipment Hire;
 - (e) Pump Hire (has opened a Christchurch branch);
 - (f) Christchurch City Hire (has opened a third Christchurch branch);

²² For example, in New Plymouth, players supply equipment to offshore oil rigs.

- (g) AM Hire (has opened in Porirua);
- (h) Te Puke Hire (acquired business from McEntee);
- (i) Access Solutions (opened in Christchurch and acquired Loadlift Equipment Limited, a forklift rental company in Wellington - Access Solutions did not previously stock forklifts);
- (j) Supaloo (opened in Christchurch);
- (k) Accessman (has opened two additional Christchurch branches);
- (l) Lite Shore (opened in Christchurch);
- (m) Agrekko (acquired NZ Generator Hire);
- (n) Mahony Hire (opened in New Plymouth); and
- (o) Hireways (which opened in Wellington)

10.2 There is also anecdotal evidence that, as a result of the current economic cycle, equipment suppliers and hire companies are considering innovative ways to introduce equipment into their inventories rather than sourcing capital. Solutions including revenue sharing [

] and collaborating with manufacturer's finance divisions [

].

10.3 However currently the industry is characterised by firms struggling to adjust to an unprecedented economic climate and shift in demand. The global financial crisis has resulted in significant reductions in equipment utilisation and associated revenues. Canterbury aside, current forecasts do not predict an imminent recovery. It is the applicant's expectation that the current conditions will continue for at least the next []. These conditions are likely to lead to efficiency-driven consolidation and, in some instances, possible failure for high fixed cost players.

10.4 While revenues generally continue to fall, costs (including debt servicing) have largely increased in line with CPI. Thus, there is an impetus to quickly materialise efficiencies by removing duplicities in management and implement branch rationalisation.

10.5 The Canterbury Building market is the one exception to this general trend.²³ The applicant estimates that following the earthquakes the Canterbury Building market may have grown by as much as a []. However this growth has incentivised expansion, and new entry in the market. New players have won the custom of large contractors including [] (see table at 17.14 for new entry and expansion in the market). The applicant expects further entry given the ease in which competition can establish and new players can win customers.

10.6 In addition to contractors' countervailing buyer power, as recognised by the Commission in the *Southern Capital* decision, many contractors hire their equipment out during downtimes on an ad hoc basis which provides even more options for customers. The applicant submits that these ad hoc arrangements have become increasingly common due to the current market conditions.

10.7 While the Commission acknowledged that buying may be a substitute for "very low cost items",²⁴ the applicant believes that the hire/buy/borrow decision plays an increasingly important role

²³ As noted in paragraph 9(c)(iv) of the Executive Summary.

²⁴ *Southern Capital*, para 38.

across the entire range of DIY equipment, and is materially more persuasive than in 2003. The buy decision has been heavily influenced by the significant reductions in the real price of many items of DIY equipment over the last decade primarily driven by cost-effective Chinese imports available at Bunnings Warehouse, Mitre 10 Mega and the Warehouse, and the emergence of efficient, real-time, trading platforms such as TradeMe.

- 10.8 As recognised by the Commission in the *Southern Capital* decision, there is a strong second-hand equipment market. Hire companies auction under-performing, under-utilised, or older equipment to re-coup cash-flow as a means of remaining viable. The applicant expects that the second-hand equipment market will experience another noticeable up-lift once the construction industry regains confidence as larger, well positioned players, will seek to replace their older equipment.

11. Any relevant mergers that have taken place over last three years

- 11.1 The applicant understands that no relevant acquisitions have been formally notified to the Commission during the last three years. However, the applicant has identified the following recent acquisitions in New Zealand:

- (a) Porter Hire acquired The Hire Company in 2011 and Mainland Access Limited in April this year.
- (b) Access Solutions, an Auckland based specialist elevated work platforms and scaffold hire company, acquired a Wellington based forklift rental business (Loadlift Equipment Limited)²⁵ in April this year. It also expanded into the South Island, appointing a South Island regional manager and opening a branch in Christchurch.
- (c) In February the applicant acquired New Zealand Access Hire, a specialist elevated work platforms hire company
- (d) In March 2011, British company Aggreko acquired NZ Generator for US\$20.3m.²⁶ Aggreko is a global leader in temporary power and temperature control and NZ Generator rents generators domestically and to the Pacific. NZ Generator experienced significant growth in the past 5 years: initially being Auckland-centric it has expanded to five locations nationwide and diversified its product range to include mobile compressors pneumatic tools, light towers and HIAB hire.
- (e) In February 2011, Hirequip acquired Scissor Platforms, a specialist access equipment provider with operations in Auckland and Christchurch.²⁷
- (f) Also in February 2011, Hirepool purchased the assets of Cube Innovations, a company that manufactured and hired portable buildings.
- (g) In November 2010, Hirepool purchased the portable sanitation assets of McEntee in Hamilton. Those assets were previously owned by The Dunny Company, which McEntee acquired in approximately 2005.
- (h) Approximately 2 years ago, Richmond Hire took over a Hirequip location in Nelson and now has a significant market presence in that region.²⁸
- (i) Approximately 3 years ago, Hirepool acquired Rhodes Rentals, a car rental company with operations in Christchurch and Dunedin.

²⁵ See <http://www.powerlift.co.nz/>, last accessed 31 August 2012

²⁶ See http://www.tradingmarkets.com/news/stock-alert/argkf_aggreko-to-acquire-n-z-generator-hire-n-z-generator--1541130.html, last accessed on 18 April 2011.

²⁷ See http://www.hirequip.co.nz/about_us/news_and_announcements/20110126_Hirequip_acquires_Scissor_Platforms_Ltd.jsp, last accessed on 18 April 2011.

²⁸ Source: The applicant's industry knowledge.

11.2 There have been a number of reasonably recent acquisitions in the hire industry overseas that have gone unopposed by the relevant competition authorities, particularly in Australia. Examples include:

- (a) On 1 March 2011, the Australian Competition and Consumer Commission (ACCC) did not oppose the completed acquisition of SBH Australia Pty Limited by Coates Hire Operations Pty Limited (separate markets for the supply of shoring and pump equipment for hire in Victoria, New South Wales and Queensland).²⁹
- (b) On 2 June 2010, the ACCC did not oppose the proposed acquisition of assets from Monash Hire Group Pty Limited by Coates Hire Operations Pty Limited.³⁰
- (c) On 13 November 2007, the ACCC did not oppose the proposed acquisition of Coates Hire Limited by a consortium comprising The Carlyle Group (a large private global investment firm) and National Hire Limited. The ACCC considered the relevant market to be the state/territory-based supply of general hire equipment.³¹ This was a very significant merger in the Australian hire industry.
- (d) On 1 August 2007, the Office of Fair Trading (UK) did not oppose the anticipated acquisition of the tool hire division of Hewden Stuart plc by Speedy Hire plc.³² According to Speedy Hire, it is the UK's leading tool and equipment hire provider with 325 equipment and tool hire depots. Since 1977 Speedy Hire has grown to a £500m organisation.³³

11.3 The common themes among the overseas competition authorities in not opposing the above were:

- (a) generally low barriers to entry;³⁴
- (b) credible competitive constraint from a significant number of the smaller specialist and general equipment hire firms; and
- (c) actual and potential entry and expansion.

²⁹ See <http://www.accc.gov.au/content/index.phtml/itemId/972512/fromItemId/751046>, last accessed on 7 April 2011.

³⁰ See <http://www.accc.gov.au/content/index.phtml/itemId/931113/fromItemId/751043>, last accessed on 7 April 2011.

³¹ See <http://www.accc.gov.au/content/index.phtml/itemId/803406/fromItemId/751043>, last accessed on 7 April 2011.

³² See http://www.offt.gov.uk/shared_offt/mergers_ea02/361227/Speedy.pdf, last accessed on 7 April 2011.

³³ See <http://www.speedyhire.com/About-Us/pg>, last accessed on 7 April 2011.

³⁴ The ACCC did recognise that although the barriers to expansion to a scale similar to the merged firm (ie having a full range of hire equipment and a network of branches throughout the country) appeared to be more significant, these barriers were largely in the form of capital investment and to a large extent were not sunk. The Commission recognised this point in *Southern Capital*.

Part 3: Market Definition

Horizontal aggregation

12. **For each area of aggregation of market shares, please define the relevant market(s) for the:**
- **product(s) or service(s);**
 - **functional level;**
 - **geographic area; and**
 - **customer dimension and timeframe.**
- 12.1 Following the Commission’s previous approach, the Proposal will result in aggregation in the supply of heavy, building construction and maintenance and DIY equipment hire services.
- Specialist hire companies*
- 12.2 While the Commission excluded specialist hire companies from its narrow market definitions in *Southern Capital Limited*,³⁵ it did recognise:
- (a) that such firms “...*compete with general hire companies at the margin where the activities of a specialist hire company overlap with those of a general hire company.*”;³⁶ and that
 - (b) “[s]*pecialist hire companies usually hold a significantly greater number of speciality items of equipment in their inventories than general hire companies.*”³⁷
- 12.3 Since 2003 the market has developed and the applicant considers there to be no legitimate justification to exclude specialist hire companies from the supply-side of the relevant markets given specialists and generalists typically contest for the same work.
- 12.4 General hire companies view specialist hire companies as direct competitors like other general hire companies. Customers hire from both specialist and general hire companies. In the applicant’s experience, specialist hire companies constrain general hire companies not only across areas of inventory overlap but across the entire inventories held by general hire companies. There are numerous specialist hire companies specialising in different types of equipment. Combining the inventories of specialist hire companies results in a substantial degree of overlap in respect of the inventories held by general hire companies. Specialist hire companies can also easily expand inventories if incentivised (an example being Nayland, as discussed in paragraph 9.6; Magnum Hire’s recent addition of DIY equipment to its inventory also shows the ease in which a hire company can expand its inventory).
- 12.5 Large customers expect similar discounts off all inventory supplied by a general hire company not just those inventory lines that overlap with the inventories of specialist hire companies. In the applicant’s experience, hire companies’ IT systems also mean that discounts apply across the entire inventory. It would be impractical to only apply discounts to selected items of equipment. National customers also price check Hirepool frequently against regional suppliers of specialised equipment in addition to the larger regional general hire suppliers.

³⁵ *Southern Capital*, para 42.

³⁶ *Southern Capital*, para 42.

³⁷ *Southern Capital*, para 19.

Southern Capital approach

12.6 In *Southern Capital* the Commission defined the following relevant markets:

- “the national market for the supply of heavy construction and earth works equipment hire services [equipment weighing above 10 tonnes]³⁸ (“the heavy construction market”);
- regional markets for the supply of building construction and maintenance equipment hire services to commercial customers [equipment weighing between 1.5 and 10 tonnes]³⁹ (“the building markets”); and
- sub-regional markets for the supply of building construction and maintenance equipment hire services to domestic ‘do it yourself’ or ‘home handyman’ customers [equipment weighing below 1.5 tonnes]⁴⁰ (“DIY markets”).⁴¹

12.7 The applicant disagrees that the DIY geographic market boundaries are so narrow or clear cut. It also considers specialist hire companies to be direct competitors. The applicant notes that the Commission took its usual conservative approach in adopting narrow market definitions for the purposes of that application.⁴²

12.8 Given the detailed summary of the hire markets in that decision (see paragraphs 33-69), this application does not discuss market definitions in-depth other than the comments provided below.

Product market

Heavy construction and building equipment markets

12.9 While the Commission excluded purchasing and leasing of heavy equipment from the Heavy Construction Market the applicant submits that both of those methods of accessing equipment do constrain participants in that market and the Building Markets. The applicant submits that the costs of leasing equipment are comparable to that of hiring making it an attractive option for customers.

12.10 Given that the Commission concluded in *Southern Capital* that “...there is a strong second hand market for used equipment and the cost is therefore not sunk”⁴³ and that the current economic climate has increased the supply of second-hand equipment, the applicant considers that that increased supply has intensified the hire/buy/borrow decision. In response to this shift in customer options, participants in the Heavy Construction and Building Markets have had to adjust their pricing accordingly. That response indicates the level of constraint purchasing and leasing has on the Heavy Construction and Building Markets.

12.11 A number of equipment suppliers, while still offering traditional financing and leasing options, have also moved directly into the hire company space with their own hiring options. For example, Equipment & Transport Leasing which primarily leases heavy trucks and machinery is also a short term rental provider of trucks, excavators, compactors and other assets.

12.12 The applicant also agrees with the Commission that besides major heavy equipment hire companies “...there are numerous other companies that offer heavy equipment for hire on an ad hoc basis. In particular, industry participants advised that it is common practise for contractors with unused heavy equipment to offer it for hire.”⁴⁴ Notably the applicant has experienced a significant increase in its own customers hiring idle equipment to the applicant’s other customers

³⁸ *Southern Capital*, para 43.

³⁹ *Southern Capital*, para 43.

⁴⁰ *Southern Capital*, para 43.

⁴¹ *Southern Capital*, para 69.

⁴² *Southern Capital*, para 35.

⁴³ *Southern Capital*, para 132.

⁴⁴ *Southern Capital*, para 93.

on an ad hoc basis – a direct result of the recent downturn in the economy. Situations such as this are constraining participants in the Heavy Construction and Building Markets. To illustrate this point the applicant notes that in Auckland, Abernathy Contractors (a sub contractor to City Care) dry hired⁴⁵ a number of their excavators to City Care in 2010, charging on a “machine hours used” basis. Standard industry practise is to charge for whole days out, regardless of actual usage.

DIY Markets

- 12.13 As noted at 10.7 above, while the Commission recognised in *Southern Capital* that the purchase of lower cost DIY equipment may be a substitute for hire, it excluded purchasing from the DIY Markets.⁴⁶ There is no doubt that the hire/buy/borrow decision has become more acute since the *Southern Capital* decision as the real cost of purchasing across the range of DIY equipment has continued to decrease. This is due to the proliferation of cost-effective Chinese manufactured equipment across the entire DIY equipment range which is widely available through hardware store chains such as Bunnings. As noted, TradeMe-type platforms have provided the opportunity to not only purchase but to sell equipment recouping a substantial proportion of the cost of the relevant equipment; in many cases purchasing new equipment is more economically attractive than hiring.
- 12.14 For example, many items of DIY equipment have a relatively short pay-back period for a commercial hirer of DIY equipment meaning for any project approaching that length of time, the option to buy becomes even more attractive.
- 12.15 The applicant submits that due to the well documented extensive nature of the DIY industry in New Zealand, high ownership rates of DIY equipment and the typical “neighbourly” attitude of many New Zealanders, it is common for friends, family, employees and neighbours to borrow (or barter) common DIY equipment such as chainsaws, drills and trailers. Given the prevalence of these informal DIY equipment exchanges the applicant considers that those exchanges place a material constraint on formal participants in the DIY Markets.
- 12.16 As noted in paragraph 9.17, the applicant highlights and agrees with the Commission’s comments regarding the blurred lines in respect of the market definitions adopted in *Southern Capital* when the Commission acknowledged:

“...that this distinction may be somewhat artificial, as in some cases the distinction between equipment that is substitutable according to the needs of consumers may be blurred. For example, an infrastructure company may hire equipment with a tonnage that places it in the building equipment hire markets. In addition, many of the products listed in Appendix 1 are not substitutable from a demand-side perspective as they have specific functions. However, the Commission considers that this distinction is generally useful to the extent that it serves as a general guide in distinguishing between equipment within separate product markets.”

- 12.17 The applicant submits that the “artificial distinction” applies particularly to DIY equipment and Building equipment as much of what is termed DIY equipment is hired by contractors for commercial purposes and many items are effectively considered to be “Building” equipment from contractors’ perspectives.

Functional Level

- 12.18 The applicant agrees with the Commission in *Southern Capital* that the functional level is the provision of hire services.

⁴⁵ Dry hiring refers to the supply of a machine only, without a human operator also being supplied by the hire company.

⁴⁶ *Southern Capital*, para 38.

Geographic Area

- 12.19 The applicant follows the Commission’s approach in *Southern Capital* that the geographic extent of the Heavy Construction Market is national while the Building Markets tend to be regional. However, as noted, the applicant considers that sub-regional DIY Markets geographic boundaries are sufficiently blurred as in many instances customers’ hiring patterns will not necessarily confine them to that sub-regional market. This is particularly relevant in metropolitan areas. For example, in the applicant’s experience, it is not uncommon for customers in central Wellington to drive to Hutt Valley or customers in central Auckland to drive to the North Shore and vice versa to collect equipment if it is not available in a particular location. Similarly, DIY type customers may collect equipment during their commute to and from work which could involve considerable distances.
- 12.20 The emergence of TradeMe has further blurred geographic boundaries where vendors/retailers offer nationwide delivery of new and used equipment. Equally, hire companies do not confine their service areas to strict boundaries and will often deliver equipment outside of their “geographic market”.
- 12.21 The applicant notes that this application concerns additional markets to *Southern Capital* and a full list of those relevant markets is provided at 17 below.

Customer dimension and timeframe

- 12.22 While customers vary from large sophisticated infrastructure contractors to DIY handy people, no group will be adversely affected post acquisition and each will continue to select equipment primarily on price. As noted at paragraph 16.5, hiring decisions are generally one-off and are primarily driven by price and convenience⁴⁷ rather than brand loyalty or exclusive long-term arrangements. Thus the Applicant submits that there are no distinct customer or temporal dimensions to the Heavy Construction, Building or DIY Markets.

Conclusion on market definition

- 12.23 The application concerns aggregation in the following markets:

- (a) *the National Heavy Construction Market* (aggregation in the Heavy Construction Market is negligible).
- (b) *the Building Markets* in:

• Northland*	• Bay of Plenty*	• Taranaki*	• Canterbury
• Auckland	• Hawkes Bay*	• Wellington	• Otago*
• Waikato	• Manawatu*	• Marlborough/ Tasman*	• Southland*

- (c) *DIY Markets* in:

• Whangarei*	• Hamilton City	• Palmerston North*	• Christchurch City
• North Shore	• Tauranga*	• Wellington Central	• Timaru*
• West Auckland	• Rotorua*	• Hutt Valley	• Dunedin*
• Central Auckland	• New Plymouth*	• Nelson*	• Queenstown Lakes*

⁴⁷ *Southern Capital*, paras 46, 47, 60 and 171.

- South Auckland
- East Hastings*
- Napier / Hastings*
- Blenheim*
- Invercargill*

*These markets were not analysed in the Commission's *Southern Capital* decision as there was no aggregation.

13. Explanation of how products or services are differentiated within the market(s)

- 13.1 The applicant generally agrees with the Commission's conclusion in *Southern Capital* that firms within the equipment hire markets are largely undifferentiated. To a large degree, hire equipment is a commoditised product meaning hire companies are forced to compete predominantly on price. Hire companies do, as the Commission recognised, seek to differentiate themselves.⁴⁸ Hire companies attempt to differentiate through the range, image and quality of their equipment, service and price.

Vertical Integration

14. Details of any creation or strengthening of vertical integration that would result from the proposed merger

- 14.1 Not applicable.

⁴⁸ *Southern Capital*, para 46.

Part 4: Counterfactual

15. **In the event that the proposed merger does not take place, describe what is likely to happen to the business operations of the merger parties and the market/industry**
- 15.1 The applicant has not identified any likely counterfactuals that are likely to produce materially more competitive markets than the Proposal.
- 15.2 If the Proposal does not proceed the applicant is not aware of any other credible purchaser which would be prepared to [] in addition to the purchase price.

Part 5: Competition Analysis

Existing Competitors

16. **Identify all relevant competitors in the market(s) and describe how they all compete in the market(s)**

Heavy Construction Market

- 16.1 The major competitors in the Heavy Construction Market are:

(a) **Porter Hire**

According to Porter Hire Limited (**Porter Hire**), it is the largest hire company in the southern hemisphere with over 1,950 hired units in operation nationwide. Porter Hire, part of the Porter Group, specialises in heavy hire with some of the largest excavators, wheel loaders, dump trucks, rollers, bulldozers, graders, trucks, tippers, water carts and crushers in New Zealand.⁴⁹ Porter Hire has increased its number of branches from 16 to 23 since 2003.

The Porter Group also includes two other hire diversifications, Porter Access Hire and Porter Crane Hire.

Porter Hire has also increased its presence in a number of Building Markets following its recent acquisition of The Hire Company. The Hire Company Limited had specialised in heavy hire, and had at least 7 branches throughout New Zealand providing its customers with short term or long term hire of brands such as Volvo, Yanmar and Dynapac anywhere in New Zealand. Branches are located at Auckland, Tauranga, Hamilton, New Plymouth, Wellington, Christchurch, Greymouth and, until 2010, Cromwell (which appears to have closed effective 6 May 2010).⁵⁰

(b) **CAT Rental**

The CAT Rental Store (**CAT Rental**) is a Gough Group business with 14 branches in New Zealand located between Whangarei and Christchurch. Cat Rental also states that its “...fleet is available at all of the many Gough branches nationwide”.⁵¹ The Gough Group has 21 branches nationwide.⁵² According to CAT Rental, its fleet is made up entirely of near new Caterpillar equipment, the industry leader in New Zealand and throughout the rest of the world.⁵³

The Gough Group (Gough Gough & Hamer Investments Limited) is a privately owned New Zealand company, representing premium global brands such as Caterpillar, Hyster, SAF and Palfinger, and with a history dating back over 80 years.⁵⁴ In 2010 the Gough Group purchased the Palfinger dealership in Australia and Papua New Guinea.⁵⁵ The purchase, which took effect on 1 November 2010 is estimated to add five to eight percent to the Gough Group’s turnover.⁵⁶

⁴⁹ See <http://www.portergroup.co.nz/porter-hire/>, last accessed on 1 April 2011.

⁵⁰ See <http://www.hireco.co.nz/Profile.aspx>, last accessed on 1 April 2011.

⁵¹ See <http://www.catrental.co.nz/home>, last accessed on 31 August 2012.

⁵² See http://www.ggh.co.nz/contact_us/branch_map, last accessed on 31 August 2012.

⁵³ See <http://www.catrental.co.nz/home>, last accessed on 1 April 2011.

⁵⁴ See <http://www.ggh.co.nz/home>, last accessed on 1 April 2011.

⁵⁵ See http://www.ggh.co.nz/about_the_group/history, last accessed on 1 April 2011.

⁵⁶ See <http://www.stuff.co.nz/the-press/business/christchurch-business/4226339/Gough-Group-expansion>, last accessed on 1 April 2011.

(c) **McEntee**

McEntee Hire Limited (**McEntee**) is a privately owned New Zealand company employing a large number of staff with branches located in the Upper North Island. McEntee has a primary focus on general construction and building equipment hire (including earthmoving equipment), and DIY equipment hire. McEntee also operates a specialist event hire division.⁵⁷ It seems that McEntee had increased its branches from eight to 21 between 2003 and 2011 but currently has 14 (excluding event hire branches) having recently sold some of its regional branches.

(d) **Heavy Trax Hire**

Heavy Trax Hire (part of R.J. Stewart Limited) has branches in Auckland, Cromwell and Dunedin, specialising in short or long term machinery hire, including excavators, loaders, bulldozers, crushers, graders, tip trucks and more.⁵⁸ Its branches in Cromwell and Dunedin also carry equipment included in the Building product market.

(e) **Southland Machine Hire**

Southland Machine Hire Services Limited (**Southland Machine Hire**) is a heavy machine hire specialist based in Invercargill. Its range of heavy equipment includes excavators, bulldozers and rollers.⁵⁹

(f) **Hireways**

Hireways Limited (**Hireways**) is a wholly owned family business hiring a wide range of machinery from its premises at Palmerston North. Hireways' range includes access equipment, chippers, grinders & splitters, landscape equipment, water blasters, trailers, and trenchers. Hireways also sells machinery through its NZAM Machinery Sales business.⁶⁰

(g) **Magnum Hire**

Magnum Hire Limited (**Magnum Hire**) is a wholly owned subsidiary of Magnum Equipment Limited and is based in Henderson, Auckland. Although Magnum Hire is a relatively new entrant in the Heavy Construction Market (being incorporated in November 2004), it has grown and captured market share quickly. Magnum Hire's equipment range includes low-houred heavy bulldozers, excavators, graders, loaders and rollers. Magnum Equipment Limited also sells used machinery. Magnum has also recently added a number of items of DIY equipment to its inventory including concrete saws, dyna drills, breakers and small pumps.

(h) **Equipment & Transport Leasing**

Equipment and Transport Leasing Limited (**Equipment & Transport Leasing**) is a family owned business based in Hamilton and is a division of Modern Transport Group, leasing and hiring heavy trucks and trailer units, as well as other heavy equipment such as excavators and diggers.

⁵⁷ See <http://www.mcenteehire.co.nz/about/>, last accessed on 1 April 2011.

⁵⁸ See <http://www.rjstewart.co.nz/hire.html>, last accessed on 1 April 2011.

⁵⁹ See http://yellow.co.nz/companies/Hire---Handyman-Equipment/Southland-Machine-Hire-Services-Ltd/100396877_961.html, last accessed on 8 April 2011.

⁶⁰ See <http://www.hireways.co.nz/>, last accessed on 1 April 2011.

(i) **Others**

There are also a number of other competitors including FD Hire and Christchurch City Hire (described below at 16.2) supplying the heavy market to varying degrees and numerous specialist hire companies offering equipment such as cranes, trucks and excavators.⁶¹

Building Markets

16.2 The major competitors in the Building Markets are:

(a) **AB Rental**

AB Rental Limited (**AB Rental**) is a subsidiary of Hellaby Holdings Limited (**Hellaby**) and a trading division of AB Equipment Limited (another subsidiary of Hellaby). AB Rental rents and hires forklifts and forklifts on a short or long term basis and has 16 branches throughout New Zealand (both in the North and South Islands).⁶²

(b) **CAT Rental**

See above description at 16.1(b).

(c) **Cascade Mr Hire**

Cascade Hire Centre Limited (**Cascade Mr Hire**) was established in 1976 and is 100% New Zealand owned and operated. Cascade Mr Hire hires predominantly DIY and building construction equipment, serving the Auckland area from Orewa in the North to Pukekohe in the South. Cascade Mr Hire also partners with an equipment and party hire business on the North Shore, Auckland (Bays Hire Centre).⁶³

(d) **FD Hire**

FD Hire / Ontrack Equipment Limited (**FD Hire**) was established in 1996 and offers for hire a range of 1.5 – 25 tonne excavators, 4 – 13 tonne bulldozers, small tip trucks, rollers and wheel loaders.⁶⁴ FD Hire employs 6 staff and is located on a two acre site in Kamo, Northland. Ontrack Equipment Limited also sells heavy machinery.

(e) **Ace Construction Equipment / Ace Rental**

Ace Construction Equipment / Ace Rental is an earthmoving equipment company based in Kerikeri, Northland.⁶⁵

(f) **Northern Wairoa Hire**

Northern Wairoa Hire is a general hiring specialist based in Dargaville, Northland.⁶⁶

(g) **Lowes Hire & Engineering**

Lowes Hire & Engineering claim to be a leading hire, engineering and retail store in Opotiki, with an extensive range of home handyman, construction and building equipment for hire. Hire products include trailers (furniture, horse float, tandem and single-axles),

⁶¹ *Southern Capital*, para 87.

⁶² See <http://www.abequipment.co.nz/rental.html>, last accessed on 1 April 2011.

⁶³ See <http://www.mrhire.co.nz/aboutus.htm>, last accessed on 1 April 2011.

⁶⁴ See <http://www.fdhire.co.nz/hire.php>, last accessed on 1 April 2011.

⁶⁵ See <http://www.finda.co.nz/business/listing/3cd1/ace-construction-equipment/>, last accessed on 1 April 2011.

⁶⁶ See <http://www.finda.co.nz/business/listing/yxkp/northern-wairoa-hire/>, last accessed on 1 April 2011.

excavators, cherry pickers, Dingos, compressors, plate compactors, various mowers, concrete cutters & breakers, water pumps and generators.⁶⁷

(h) **Hireways**

See above description at 16.1(f).

(i) **Storage & Equipment Hire**

Storage & Equipment Hire is based in Hawera, Taranaki and offers a large range of equipment for hire, including building equipment, concrete equipment, garden & landscaping equipment, compressors, cleaning equipment, painting & decorating equipment, trailers, hand tools, scissor lifts, cherry pickers, waterblasters and portable toilets.⁶⁸

(j) **Hire Smart**

Hire Smart Limited is based in Hawera, Taranaki and specialises in industrial hire. Its range includes diggers, loaders, trucks, forklifts, rollers, trailers, generators and compressors.⁶⁹

(k) **Kapiti Hire**

Kapiti Hire Limited is a locally owned and operated company based in Paraparaumu, providing hire services for a number of markets including contractors, builders, plumbers, electricians, industrial maintenance, DIY, party and event hire as well as portable toilets.⁷⁰

(l) **AM Hire**

AM Hire (**AM**) is a locally owned general hire company based in Porirua. According to AM it “*stock[s] everything from large diggers down to small hand held equipment*” and “*hire[s] construction machinery and equipment for DIY projects and professional contractors throughout the Wellington region, including Wellington City, Porirua, Mana, Kapiti and Lower Hutt*”.⁷¹

(m) **Crafar Crouch**

Crafar Crouch Construction Limited (**Crafar Crouch**) has two branches in the Marlborough region, one in Blenheim and more recently one in Picton. Crafar Crouch has operated in the region for over 25 years, with origins in earthmoving and drainage, but has diversified into a wide range of construction activities and also provides an equipment hire service to its customers.⁷²

(n) **AgHire and Supplies**

AgHire and Supplies is a Blenheim-based business with a full range of farm and viticultural equipment and implements for hire including rotary hoes, spreaders, trailers, mulchers and post drivers.⁷³

⁶⁷ See <http://www.finda.co.nz/business/listing/4yk8z3/lowes-hire-engineering/>, last accessed on 1 April 2011.

⁶⁸ See http://yellow.co.nz/companies/Storage-Services/Storage-&-Equipment-Hire/100224042_1559.html, last accessed on 1 April 2011.

⁶⁹ See <http://www.hiresmart.co.nz/>, last accessed on 1 April 2011.

⁷⁰ See <http://www.kapitihire.co.nz/default.htm>, last accessed on 1 April 2011.

⁷¹ See <http://amhire.co.nz/>, last accessed on 31 August 2012.

⁷² See <http://crafarcrouch.olnz.co.nz/index.html>, last accessed on 1 April 2011.

⁷³ See http://yellow.co.nz/companies/Hire---Handyman-Equipment/AgHire-and-Supplies/100835627_961.html, last accessed on 1 April 2011.

(o) **Accessman**

Accessman is a height hire specialist with stores spread throughout the regions from Wellington in the North to Southland in the South. Accessman's hire equipment includes cherry pickers, scissor lifts and boom lifts. Accessman Christchurch was named "Hire Company Branch of the Year" at the 2010 Hire Industry Association of New Zealand (**HIANZ**) Hire Excellence Awards. Accessman's fleet of access equipment has increased to over 350 machines, which Accessman claims makes it the largest specialised equipment hire company in the South Island.⁷⁴

(p) **Smiths Hire**

Smiths Hire is a locally owned and operated business, having been around for over 18 years in Belfast, Christchurch. Smiths Hire's range of equipment includes tractors, trucks, excavators, access equipment and DIY tools.⁷⁵

(q) **Christchurch City Hire**

Through its three stores, Christchurch City Hire (located in Christchurch City), City Hire North (located in Papanui) and City Hire South (located in Hornby), Christchurch City Hire Limited (**Christchurch City Hire**) serves the Canterbury region offering DIY and building equipment such as loaders, trenchers, trucks and trailers.⁷⁶

(r) **Clarke Machine Hire**

Clarke Machine Hire has a wide range of machinery which is hired New Zealand wide. Machinery includes bulldozers, excavators, loaders, dump trucks and tip trucks.⁷⁷

(s) **Cowley's Hire Centre**

Cowley's Hire Centre Limited (**Cowley's Hire Centre**) has four stores in the upper North Island, at Whangarei, Kamo, Ruakaka and the Bay of Islands. According to Cowley's Hire Centre, it has a choice of over 5,000 commercial and industrial hire items, as well as DIY equipment. It also has a specialist party hire store in Whangarei.⁷⁸

(t) **Hiretown**

Hiretown Limited (**Hiretown**) is a family-owned hire company based in Howick, Auckland. Hiretown was established over 45 years ago, and its range has continually grown and now includes chainsaws, diggers, trestles and compactors, as well as party hire. In addition to hiring, Hiretown also sells and services machinery.⁷⁹

(u) **Kerikeri Hire**

Kerikeri Hire is based in Waipapa, Kerikeri. According to Kerikeri Hire, it offers a wide range of quality hire equipment at reasonable rates.⁸⁰

(v) **Richmond Hire**

Richmond Hire Limited (**Richmond Hire**) is based in Richmond, Nelson, and services commercial, residential and rural customers.⁸¹

⁷⁴ See <http://www.accessman.co.nz/>, last accessed on 1 April 2011.

⁷⁵ See <http://www.smithshire.co.nz/>, last accessed on 1 April 2011.

⁷⁶ See <http://www.cityhire.co.nz/index.php>, last accessed on 3 October 2012.

⁷⁷ See http://yellow.co.nz/companies/Hire---Handyman-Equipment/Clarke-Machine-Hire/101319751_961.html, last accessed on 1 April 2011.

⁷⁸ See <http://www.cowleyshire.co.nz/>, last accessed on 1 April 2011.

⁷⁹ See <http://www.hiretown.co.nz/>, last accessed on 8 April 2011.

⁸⁰ See http://yellow.co.nz/companies/Hire---Handyman-Equipment/Kerikeri-Hire/102861340_961.html, last accessed on 11 April 2011.

(w) McEntee

See above description at 16.1(c).

(x) Access Solutions

Access Solutions is an access equipment & aluminium scaffolding hire, service and sales company. Access Solutions' general manager was previously the applicant's sales and marketing manager. Access Solutions' range includes scissor lifts, cherry pickers, booms and scaffolding. Access Solutions also manufactures its own brand of scaffolding. Access Solutions distributes its products for sale or hire throughout New Zealand and has branches in Auckland, Wellington and Christchurch.⁸²

(y) Instant Access

Instant Access hires, sells and services access equipment across Australia and New Zealand. In New Zealand, it has branches in Auckland and Wellington. Its range of equipment includes scaffolding, elevating work platforms and specialised access equipment.⁸³

(z) Affordable Access

Affordable Access was established in 2002 and has operations in Auckland and Whangarei. Its range includes steel & aluminium scaffolding, boom lifts, scissor lifts and temporary fencing. It claims to offer *"unique 24 Hr support, unbeatable hire rates and one of the widest selection of access machines in Auckland."*⁸⁴

(aa) Accessmac

Accessmac is a division of Supermac Holdings Limited. Accessmac's range of equipment for hire includes scissor lifts, booms and cranes. Accessmac is based in Tauranga.⁸⁵

(bb) Access One

Access One provides scaffolding systems and has branches in Auckland, Waikato, Bay of Plenty and Christchurch.

(cc) HB Platform Hire

HB Platform Hire is based in Hawkes Bay and is affiliated with Hawkes Bay Crane Hire. HB Platform Hire's range includes scissor lifts and booms.⁸⁶

(dd) Porter Hire

See above description at 16.1(a). Porter Hire's acquisition of The Hire Company and Mainland Access Limited has enhanced its range of Building equipment. Porter Hire's North Island inventory includes a range of smaller excavators and access equipment.

⁸¹ See http://yellow.co.nz/companies/Hire---Handyman-Equipment/Richmond-Hire-Limited/102334775_961.html, last accessed on 11 April 2011.

⁸² See <http://accessolutions.co.nz/index.php/about-access-solutions>, last accessed on 31 August 2012.

⁸³ See <http://www.instantaccess.co.nz/company-profile>, last accessed on 31 August 2012.

⁸⁴ See <http://www.affordableaccess.co.nz/images/A4%20access%20hire%20brochure%20web.pdf>, last accessed on 31 August 2012.

⁸⁵ See <http://www.accessmac.co.nz/cs/default.asp>, last accessed on 31 August 2012.

⁸⁶ See <http://www.hbcranes.co.nz/>, last accessed on 31 August 2012.

(ee) **Heavy Trax Hire**

See above description at 16.1(d). Its branches in Cromwell and Dunedin carry building equipment.

(ff) **Magnum Hire**

See above description at 16.1(g).

(gg) **Other participants in the building Markets**

- Absolute Hire
- Otorohanga Hire
- Omokoroa Hire Centre⁸⁷
- M Hire
- Katikati Hire
- Kea Hire
- Hire Master
- Hire-Co
- Hawera Hire/Hire Lift
- Leeston Hire
- Hire Direct
- Panorama Acces
- Central Hire
- Pump Hire
- Agrekko
- Powerhowse
- Jacksons Electrical
- Magnum Hire
- Buchanan Digger Hire
- Hire Gear
- Feilding Hire
- Todd McPhee Crane Hire
- Hire Lift
- Vehicle Hoists NZ
- Equiptec Rentals
- Kapiti Hire
- Moor Hire
- Gore Machine Hire
- Johnstons Hire Centre
- Central Machine Hire
- City Hire Centre (1973)
- Whangamata Hire Centre
- Hire it Here in Winton
- Huntly Hire Centre
- Te Kuiti Hire
- Hire World
- Horowhenua Hire
- Rangiora Hire
- Te Awamutu Hire
- Matamata Hire
- Horowhenua Hire
- R & R Hire
- AH Hire
- Green Hire
- ModCom
- Fielding Hire
- Devon Hire
- NZ Cranes
- Party Warehouse
- Kiwi Box

DIY Markets

16.3 The major competitors in the DIY Markets are:

(a) **McEntee**

See above description at 16.1(c).

(b) **Cascade Mr Hire**

See above description at 16.2(c).

(c) **North Harbour Hire**

North Harbour Hire Limited is located at Browns Bay on the North Shore of Auckland and specialises in general hire to trades, contractors and handymen.⁸⁸

⁸⁷ See <http://ohc2010.com/ohc2010/Equipment.html>, last accessed on 12 April 2011.

⁸⁸ See <http://nhhire.co.nz/content.php?pageid=home>, last accessed on 1 April 2011.

(d) **Bunnings Hire Shop**

The Hire Shop at Bunnings Warehouse stores (**Bunnings Hire Shop**) offers a wide range of DIY equipment for hire including nail guns, air compressors, cement mixers, compactors, sanders and more. According to the Bunnings' website, all Bunnings Warehouse stores (excluding Whakatane and Naenae) have Hire Shops indicating that 17 stores around the country are offering DIY equipment hire.⁸⁹ In late 2010 a new store opened at Lyall Bay, Wellington, and more recently a large store has opened at Mt Wellington, Auckland. A large new store is also opening at Wairau Park, North Shore in the near future.

(e) **AM Hire**

See above description at 16.2(l).

(f) **AgHire and Supplies**

See above description at 16.2(n).

(g) **Smiths Hire**

See above description at 16.2(p).

(h) **Christchurch City Hire**

See above description at 16.2(q).

(i) **Cowley's Hire Centre**

See above description at 16.2(s).

(j) **Access Solutions**

See above description at 16.2(x).

(k) **Instant Access**

See above description at 16.2(y).

(l) **Affordable Access**

See above description at 16.2(z).

(m) **Access Mac**

See above description at 16.2(aa).

(n) **Hi-Way Hire**

Hiway Hire & Rentals Limited (**Hi-Way Hire**) is a locally owned and operated general hire company based in Oamaru, Otago. Covering the North Otago and Waitaki Valley regions, Hi-Way Hire offers a wide range of DIY and commercial equipment, including trailers, vehicles (trucks, vans, cars and caravans), diggers, a range of machinery and tools, and access gear such as cherry pickers, scaffolding and scissor lifts.⁹⁰

⁸⁹ See http://www.bunnings.co.nz/services_hire-shop.aspx, last accessed on 1 April 2011.

⁹⁰ See <http://www.hiwayhire.co.nz/index.htm>, last accessed on 1 April 2011.

(o) **TK Hire**

TK Hire Limited (**TK Hire**) is based in Oamaru, Otago, offering a full range of equipment and party hire. According to TK Hire it has everything you need for building, concreting, gardening and painting as well as diggers, tractors and scaffolding.⁹¹

(p) **Kerikeri Hire**

See above description at 16.2(u).

(q) **Richmond Hire**

See above description at 16.2(v).

(r) **Magnum Hire**

See above description at 16.1(g).

(s) **Other participants in the DIY Markets**

• Helensville Hire	• Dobson's Marquee & Party Hire	• Hirelift Hire Ltd
• Vehicle Hoists NZ	• Matamata Hire	• Washdyke Caltex
• Equiptec Rentals	• CHB Hire Centre	• Amond Hire
• Otorohanga Hire	• Otago Commercial Hire	• Southern Lakes Scaffolding
• Jones Joe Oamaru Hire Services	• Storage & Equipment Hire	• Party Plus
• Queenstown Mowers & Saws	• Standard Machinery Hire	• Oakura Panel & Paint Wanaka Marquee & Party Hire
• Andy's Party Hire	• Green Hire	• DIY Scaffold Hire
• Omokoroa Hire Centre	• Mahony Hire	• Thames Hire Centre
• R & S Hire	• Hire Lift/Hawera Hire	• D & D Bobcat Hire
• Hire Gear	• Kapiti Hire	• Waiheke Hire Centre
• Moor Hire	• Hireways	• DIY Staging
• Clarke Machine Hire	• Moor Hire	• NZTF
• Ace Hire	• Hire World	• Greenhorn Company
• City Hire Centre (1973)	• Hirefirst	• HireMaster
• Kaitaia Hire	• Lifestyle Hire	• Portaloo Nelson
• Kumeu Hire	• Motueka Hire	• Greenmeadows Hire Centre
• Green Hire	• T H Barnes & Co	• Glen Innes Hire
• Huntly Hire Centre	• Leeston Hire	• Geraldine Hire Centre
• Putaruru Hire Centre	• Rangiora Hire	• Mackenzie Hire

16.4 All of the above hire companies compete vigorously for customers in their respective geographic areas and where markets overlap. As noted, customers generally fall into three broad categories: large infrastructure contractors; builders and mid-sized contractors; and DIY domestic handypeople. In many cases, customers will hire equipment from more than one product market. For example, large infrastructure contractors may hire equipment from both the Heavy Construction Market and the DIY Markets meaning DIY equipment is not necessarily hired exclusively by DIY customers. As previously noted, from a commercial customer's perspective, much of which is classified as DIY equipment is effectively commercial building equipment and will be hired by contractors for that purpose.

16.5 The applicant agrees with the Commission's conclusion in *Southern Capital* that hiring decisions across all markets are generally "one-off" and are primarily driven by price and convenience⁹² rather than brand loyalty or exclusive arrangements. As noted at 9.20 most large customers hold

⁹¹ See http://yellow.co.nz/companies/Hire---Handyman-Equipment/T-K-Hire/101595467_961.html, last accessed on 1 April 2011.

⁹² *Southern Capital*, paras 46, 47, 60 and 171.

multiple accounts at competing hire companies⁹³ and often (and increasingly so) play one hire company off against another for the most competitive terms.

17. **Outline the estimated market shares in terms of sales, and where relevant, volume and productive capacity, of the merger parties and competitors identified above**

17.1 In the tables below, the applicant has estimated market shares for the various Heavy Construction, Building, and DIY Markets.

Existing Competitors

17.2 These market share estimates have been prepared by the applicant, based on its turnover in each market and its best estimate of the size (in turnover) of each market. The applicant has estimated each players' turnover relative to the applicants. Market share percentages are rounded to the nearest 0.5%.

17.3 The geographic boundaries for the DIY Markets are not clear-cut. The applicant has included competitors where it believes that supply-side and demand-side substitutability occurs. This includes where competitors are likely to deliver DIY equipment over greater areas (where there is demand from customers), and where customers are likely to travel greater distances to collect DIY equipment. These competitors, as well as relevant distances and/or travel times, are discussed in more detail at 18.13 and 18.34 (for the Building Markets and DIY Markets, respectively) below.

17.4 **Table 7: Estimated Market Shares for the Heavy Construction Market [**

Hire Company	Estimated Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
Porter Hire	[]	[]
Heavy Trax Hire	[]	[]
CAT Rental	[]	[]
Hireways	[]	[]
Magnum Hire	[]	[]
McEntee	[]	[]
Equipment & Transport Leasing	[]	[]
Southland Machine Hire	[]	[]
Others (including FD Hire and Christchurch City Hire)*	[]	[]
Total	[]	100%

*The revenue figure for others is likely to be higher. But given the level of aggregation the applicant has not attempted to quantify this figure other than provide a conservative estimate.

Building Markets

17.5 **Table 8: Estimated Market Shares for the Northland Building Market**

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]

⁹³ *Southern Capital*, para 171.

Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
Cowley's Hire Centres	[]	[]
Kerikeri Hire	[]	[]
CAT Rental	[]	[]
AB Rental	[]	[]
FD Hire	[]	[]
Absolute Hire	[]	[]
Ace Rental	[]	[]
Northern Wairoa Hire	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
<p>There are numerous specialist hire companies in this market, including:</p> <ul style="list-style-type: none"> • Affordable Access • Hire Direct 		

17.6 **Table 9: Estimated Market Shares for the Auckland Building Market**

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
McEntee	[]	[]
Heavy Trax Hire	[]	[]
Cascade Mr Hire	[]	[]
AB Rental	[]	[]
CAT Rental	[]	[]
Porter Hire	[]	[]
Hiretown	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
<p>There are numerous specialist hire companies in this market, including:</p> <ul style="list-style-type: none"> • Affordable Access • Panorama Access • Access Solutions • Central Hire • Pump Hire • Agrekko • Powerhowse • Jacksons Electrical • Magnum Hire 		

17.7 Table 10: Estimated Market Shares for the Waikato Building Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
Huntly Hire Centre	[]	[]
CAT Rental	[]	[]
Porter Hire	[]	[]
McEntee	[]	[]
Te Awamutu Hire	[]	[]
AB Rental	[]	[]
Putaruru Hire	[]	[]
Te Kuiti Hire	[]	[]
Matamata Hire	[]	[]
Otorohanga Hire	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> • Access One • Instant Access • Todd McPhee Crane Hire 		
New Entrants to market since April 2011		
<ul style="list-style-type: none"> • Industrial Site Services – Started a hire division specialising in heavy engineering and industrial shut downs • McConnachie – Started trailer hire in Te Aroha • The Good Guys – Otorahanga 		

17.8 Table 11: Estimated Market Shares for the Bay of Plenty Building Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
Porter Hire	[]	[]
Te Puke Hire	[]	[]
CAT Rental	[]	[]
AB Rental	[]	[]
Omokoroa Hire Centre	[]	[]
M Hire	[]	[]
Katikati Hire	[]	[]
Lowes Hire & Engineering	[]	[]
Others (including specialist and general hire companies)	[]	[]

Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> • Access Mac • Green Hire • ModCom 		
New Entrants to market since April 2011		
<ul style="list-style-type: none"> • Aim high – Toilet hire in Tauranga • In Line Fencing – Tauranga 		

17.9 **Table 12: Estimated Market Shares for the Hawkes Bay Building Market**

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
Hire Master	[]	[]
City Hire Centre (1973)	[]	[]
CAT Rental	[]	[]
AB Rental	[]	[]
Kea Hire	[]	[]
Other (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> • HB Platform Hire • Porter Hire 		
New Entrants to market since April 2011		
<ul style="list-style-type: none"> • All Ways Hire - Hawkes Bay 		

17.10 **Table 13: Estimated Market Shares for the Manawatu Building Market**

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
HireWorld	[]	[]
Kapiti Hire	[]	[]
Hireways	[]	[]
Horowhenua Hire	[]	[]

CAT Rental	[]	[]
AB Rental	[]	[]
Fielding Hire	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> Porter Hire 		
New Entrants to market since April 2011		
<ul style="list-style-type: none"> Fielding Hire – Fielding R & R Hire Palmerston North 		

17.11 Table 14: Estimated Market Shares for the Taranaki Building Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
Hawera Hire	[]	[]
Hire Lift	[]	[]
Hire-Co	[]	[]
CAT Rental	[]	[]
Porter Hire	[]	[]
AB Rental	[]	[]
Storage & Equipment Hire	[]	[]
Hire Smart	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> Devon Hire (entered since April 2011) 		

17.12 Table 15: Estimated Market Shares for the Wellington Building Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
Porter Hire	[]	[]
AB Rental	[]	[]
AM Hire	[]	[]

CAT Rental	[]	[]
Kapiti Hire	[]	[]
Vehicle Hoists NZ	[]	[]
Horowhenua Hire	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> • Access Mac • HB Platforms • NZ Cranes • Instant Access • Access Solutions 		
New Entrants to market since April 2011		
<ul style="list-style-type: none"> • Hireways – New Branch established in Wellington • MRL Power – Wellington – principally power generation but service into this sector 		

17.13 Table 16: Estimated Market Shares for the Marlborough/Tasman Building Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
Porter Hire	[]	[]
CAT Rental	[]	[]
Richmond Hire	[]	[]
Accessman Blenheim	[]	[]
AB Rental	[]	[]
Crafar Crouch	[]	[]
AgHire and Supplies	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market.		

17.14 Table 17: Estimated Market Shares for the Canterbury Building Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]

Porter Hire	[]	[]
CAT Rental	[]	[]
Smiths Hire	[]	[]
Christchurch City Hire	[]	[]
Rangiora Hire	[]	[]
Leeston Hire	[]	[]
Johnstons Hire Centre	[]	[]
AB Rental	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> • Accessman • Party Warehouse 		
New Entrants and expansion in Market since earthquakes		
<ul style="list-style-type: none"> • Christchurch City Hire – Opened a third branch in Christchurch • Supaloo – New to Market • Pump Hire – New to market • Access Solutions – New to Market • Agrecco – Acquired NZ Generator Hire • Accessman – Opened two additional sites in Christchurch • Lite Shore – New to market – Trench Shoring equipment 		

17.15 Table 18: Estimated Market Shares for the Otago Building Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
AB Rental	[]	[]
Heavy Trax Hire	[]	[]
Equiptec Rentals	[]	[]
Clarke Machine Hire	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> • Accessman • Porter Hire 		

17.16 Table 19: Estimated Market Shares for the Southland Building Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
AB Rental	[]	[]
Porter Hire	[]	[]
Gore Machine Hire	[]	[]
Hire Gear	[]	[]
Hire It Here in Winton	[]	[]
Central Machine Hire	[]	[]
Other (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> • Kiwi Box • Buchanan Digger Hire 		

DIY Markets

17.17 Table 20: Estimated Market Shares for the Whangarei DIY Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
Cowley's Hire Centre	[]	[]
Porter Hire (offers limited range)	[]	[]
Bunnings Hire Shop	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> • Affordable Access 		

17.18 Table 21: Estimated Market Shares for the North Shore DIY Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
McEntee	[]	[]
North Harbour Hire	[]	[]

Hire First	[]	[]
Cascade Mr Hire	[]	[]
Bunnings Hire Shop	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> • Instant Access • Access Solutions 		

17.19 Table 22: Estimated Market Shares for the West Auckland DIY Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
McEntee	[]	[]
Kumeu Hire	[]	[]
Helensville Hire	[]	[]
Porter Hire (offers limited range)	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> • Instant Access • Access Solutions 		

17.20 Table 23: Estimated Market Shares for the Central Auckland DIY Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
McEntee	[]	[]
Bunnings Hire Shop	[]	[]
Hiretown	[]	[]
Porter Hire (offers limited range)	[]	[]
Others (including Waiheke Hire Centre, specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		

- Instant Access
- Access Solutions

17.21 **Table 24: Estimated Market Shares for the South-East Auckland DIY Market**

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
McEntee	[]	[]
Cascade Mr Hire	[]	[]
Porter Hire (offers limited range)	[]	[]
Bunnings Hire Shop	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> • Instant Access • Access Solutions 		

17.22 **Table 25: Estimated Market Shares for the Hamilton City DIY Market**

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
Huntly Hire Centre	[]	[]
Otorohanga Hire	[]	[]
McEntee	[]	[]
Te Awamutu Hire	[]	[]
Putaruru Hire Centre	[]	[]
Matamata Hire	[]	[]
Porter Hire (offers limited range)	[]	[]
Bunnings Hire Shop	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market.		

17.23 **Table 26: Estimated Market Shares for the Tauranga DIY Market**

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
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Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
Te Puke Hire	[]	[]
Porter Hire (offers limited range)	[]	[]
Omokoroa Hire Centre	[]	[]
Bunnings Hire Shop	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%

17.24 Table 27: Estimated Market Shares for the Rotorua DIY Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
Porter Hire (offers limited range)	[]	[]
All About Construction	[]	[]
Bunnings Hire Shop	[]	[]
McEntee (Taupo)	[]	[]
Others (including NZTF, specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> • Andy's Party Hire 		

17.25 Table 28: Estimated Market Shares for the New Plymouth DIY Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
Standard Machinery Hire	[]	[]
Porter Hire (offers limited range)	[]	[]
Mahony Hire	[]	[]
Oakura Panel & Hire	[]	[]
Hirelift – Hawera Hire	[]	[]
Storage & Equipment Hire	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		

- Dobson's Marquee & Party Hire

17.26 Table 29: Estimated Market Shares for the Napier/Hastings DIY Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
City Hire Centre (1973)	[]	[]
Hastings Hire	[]	[]
CHB Hire Centre	[]	[]
Greenmeadows Hire Centre	[]	[]
Porter Hire (offers limited range)	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market.		

17.27 Table 30: Estimated Market Shares for the Palmerston North DIY Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
Kapiti Hire	[]	[]
Porter Hire (offers limited range)	[]	[]
Bunnings Hire Shop	[]	[]
Hireways	[]	[]
Other (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> • Access Mac • D & D Bobcat Hire 		

17.28 Table 31: Estimated Market Shares for the Wellington Central DIY Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]

<i>Merged Entity</i>	[]	[]
AM Hire (based in the Hutt Valley but supplies Wellington Central)	[]	[]
Porter Hire (offers limited range)	[]	[]
Bunnings Hire Shop	[]	[]
Moor Hire (based in the Hutt Valley but supplies Wellington Central)	[]	[]
Other (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> • Access Mac • Accessman • Access Solutions 		

17.29 Table 32: Estimated Market Shares for the Hutt Valley DIY Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
AM Hire	[]	[]
Porter Hire (offers limited range)	[]	[]
Moor Hire	[]	[]
Vehicle Hoists NZ	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> • Instant Access • Access Mac • Access Solutions 		

17.30 Table 33: Estimated Market Shares for the Nelson DIY Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
Richmond Hire	[]	[]
Porter Hire (offers limited range)	[]	[]
Motueka Hire	[]	[]
Bunnings Hire Shop	[]	[]

Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market.		
<ul style="list-style-type: none"> • Portaroo Nelson 		

17.31 Table 34: Estimated Market Shares for the Blenheim DIY Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
AgHire and Supplies	[]	[]
T H Barnes & Co	[]	[]
Porter Hire (offers limited range)	[]	[]
Multi Dig Services	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> • Accessman • Marlborough Turf 		

17.32 Table 35: Estimated Market Shares for the Christchurch City DIY Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
Smiths Hire	[]	[]
Ace Hire	[]	[]
Christchurch City Hire	[]	[]
Leeston Hire	[]	[]
Rangiora Hire	[]	[]
Bunnings Hire Shop	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> • Accessman • Greenhorn Company 		

- DIY Staging
- Access Solutions

17.33 Table 36: Estimated Market Shares for the Timaru DIY Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
Porter Hire (offers limited range)	[]	[]
Amond Hire	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Participants in the wider geographic area	Combined Estimated Revenue	
Geraldine Hire Centre (38 mins from Timaru)	At least []	
Mackenzie Hire (Fairlie, 45 mins from Timaru)		
Johnstons Hire Centre & Ashburton U Hire (Ashburton, 45 mins from Timaru)		
TK Hire (Oamaru, 60 mins from Timaru)		
Hi-Way Hire & Rentals (Oamaru, 60 mins from Timaru)		
Jones Joe Oamaru Hire (60 mins from Timaru)		
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> • Accessman • HireLift Hire Ltd (Temuka, 10 mins from Timaru) • Washdyke Caltex 		

17.34 Table 37: Estimated Market Shares for the Dunedin DIY Market

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
Equiptec Rentals	[]	[]
Otago Commercial Hire	[]	[]
Bunnings Hire Shop	[]	[]
Clarke Machine Hire	[]	[]
Porter Hire (offers limited range)	[]	[]
Others (including specialist and general	[]	[]

hire companies)		
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> • Accessman • DIY Scaffold Hire 		

17.35 **Table 38: Estimated Market Shares for the Queenstown Lakes DIY Market**

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
Queenstown Mowers & Saws	[]	[]
Porter Hire (offers limited range)	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies (especially in event hire) in this market, including:		
<ul style="list-style-type: none"> • Accessman • Wanaka Marquee & Party Hire (suppliers items of DIY equipment) • Party Plus (suppliers items of DIY equipment) • Southern Lakes Scaffolding 		

17.36 **Table 39: Estimated Market Shares for the Invercargill DIY Market**

Hire Company	Estimated Annual Revenue (\$m)	Estimated Market Share (%)
Hirepool	[]	[]
Hirequip	[]	[]
<i>Merged Entity</i>	[]	[]
Hire Gear	[]	[]
Porter Hire (offers limited range)	[]	[]
Others (including specialist and general hire companies)	[]	[]
Total	[]	100%
Specialist Hire Company		
There are numerous specialist hire companies in this market, including:		
<ul style="list-style-type: none"> • Accessman • Party Plus 		

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18. To what extent do you consider that the merged entity would be constrained in its actions by the conduct of existing competitors in the markets affected?

Competition generally

- 18.1 As noted in paragraph 10.1, since *Southern Capital* there has been industry consolidation. While there are slightly fewer players in the Building and DIY Markets, existing players generally have more exposure through more branches. In addition, the recent downturn in the construction sector has resulted in a significant decrease in demand for hire equipment. Capital has also become harder to source. Despite this trend, there is evidence of expansion, and new entry in the market.
- 18.2 While there may appear to be fewer players, the applicant believes that this may not be the case as there seem to be many “low cost” operators participating in the market but these operators do not (or seldom) advertise other than possibly via internet forums. For example, see www.hireitnow.co.nz, which states that it is New Zealand's only dedicated internet hire directory / rental directory. A perusal of this website will identify numerous entities hiring a variety of products.
- 18.3 As such, the applicant agrees with the Commission’s conclusion in *Southern Capital* that all relevant markets were competitive⁹⁴ and had numerous actual/potential players who were likely to constrain the merged entity if it attempted to materially raise prices or lower quality. Those conclusions remain valid in respect of the Proposal.
- 18.4 In almost all geographic regions the merged entity would face at least two (if not three or more) significant competitor(s). Those markets which appear to have a greater level of aggregation and/or concentration are considered below in their relevant market category.
- 18.5 The merger involves two significant participants who compete on a national scale across all three product markets (although marginally in the Heavy Construction equipment). However, post merger there would be at least four large competitors with a multi-regional presence, namely McEntee, Porter Hire, CAT Rental, and AB Rental. (Porter Hire does have a national presence but its range of DIY equipment is currently limited.)
- 18.6 The applicant also notes that they have little, if any ability, to price discriminate in different regions. The parties generally have national pricing. I

I. (Hirepool provides national pricing on its website.) Customers’ countervailing buyer power would also constrain the merged entity.

Heavy Construction Market

- 18.7 The applicant agrees with the Commission’s previous conclusions regarding the Heavy Construction Market, namely that:
- (a) “[t]here are numerous other competitors [besides Hirequip and Hirepool] who offer heavy construction equipment for hire, including contractors with unutilised equipment...”;⁹⁵
- (b) “[a]ll industry participants considered that the market was vigorously contested”;⁹⁶

⁹⁴ Except Wellington Central (Sub-regional DIY Market), but the Commission considered potential entry would constrain the merged entity, *Southern Capital*, para 156. The Commission noted that Pronto had very recently entered the Wellington Central DIY Market in early 2003.

⁹⁵ *Southern Capital*, para 87.

⁹⁶ *Southern Capital*, para 92.

- (c) “[i]n each of the geographic regions [within the national market] in which Hirepool operates, there is at least one significant other competitor that would provide a constraint on the merged entity for heavy equipment hires for customers seeking to hire on a regional basis.”;⁹⁷ and
- (d) “...the merged entity would be constrained by current competition in the heavy equipment market and that the acquisition would not enhance the scope for the exercise of unilateral market power.”⁹⁸

- 18.8 The applicant submits that although there are generally fewer competitors in the Building and DIY Markets compared with 2003, the above conclusions remain relevant in respect of the proposed merger.
- 18.9 As the Commission concluded, Porter Hire is the established “market leader”⁹⁹ in heavy equipment. CAT Rental is a strong number two. Additionally there a number of smaller participants and specialist heavy equipment companies.¹⁰⁰
- 18.10 The merger will result in minimal aggregation in the Heavy Construction Market as the applicant estimates its market share to be around []. Post merger, the applicant estimates that the three-firm concentration ratio would be approximately [] with the merged entity having approximately a [] share. These figures are within the Commission’s safe harbours.
- 18.11 Additionally, the merged entity will create a stronger more efficient player which will be better placed to compete aggressively with Porter Hire and CAT Rental.

Conclusion

- 18.12 In summary, the merged entity is within the Commission’s safe harbours in the National Heavy Construction Market.

Building Markets

- 18.13 The applicant agrees with the Commission’s previous conclusions regarding the Building Markets, namely that:
- (a) “[t]here are also numerous other competitors [besides Hirequip and Hirepool] who offer building equipment fore [sic] hire, such as contractors with unutilised equipment which is commonly offered for hire when not required”;¹⁰¹
- (b) “...customers and suppliers spoken to by the Commission did not consider that there would be any detrimental effects...”¹⁰²
- (c) “[a]ll industry participants considered that the market was vigorously contested”;¹⁰³
- (d) “[t]he merged entity will face at least one significant other competitor in all of the regions in which aggregation occurs which would provide a strong competitive constraint...” [ie the Auckland, Waikato, Wellington and Canterbury markets];¹⁰⁴ and

⁹⁷ Southern Capital, para 95.

⁹⁸ Southern Capital, para 96.

⁹⁹ Southern Capital, para 94.

¹⁰⁰ Southern Capital, para 94.

¹⁰¹ Southern Capital, para 97.

¹⁰² Southern Capital, para 104.

¹⁰³ Southern Capital, para 104.

¹⁰⁴ Southern Capital, para 106.

- (e) “...the merged entity would be constrained by current competition in the building equipment market and that the acquisition would not enhance the scope for the exercise of unilateral market power.”¹⁰⁵

18.14 The applicant submits that the above conclusions:

- (a) remain relevant to those Building Markets considered in the *Southern Capital* decision (ie the Auckland, Waikato, Wellington and Canterbury markets); and
- (b) are equally applicable to the Northland, Bay of Plenty, Hawkes Bay, Manawatu, Taranaki, Marlborough/Tasman, Otago, and Southland Building Markets which were not analysed in the *Southern Capital* decision as there was no aggregation.

18.15 In the following table the applicant has estimated the approximate three-firm concentration ratio and post merger market shares in the respective Building Markets.

18.16 **Table 40: Three-firm concentration ratio and post merger market shares of Building Markets**

Building market	Three-firm concentration ratio (%)	Merged entity market share (%)
Northland	[]	[]
Auckland	[]	[]
Waikato	[]	[]
Bay of Plenty	[]	[]
Hawkes Bay	[]	[]
Manawatu	[]	[]
Taranaki	[]	[]
Wellington	[]	[]
Marlborough/Tasman	[]	[]
Canterbury	[]	[]
Otago	[]	[]
Southland	[]	[]

18.17 All of the merged entity’s market shares in the Building Markets are within the safe harbours. Moreover, the market conditions outlined above at 18.13 would constrain the players in all Building Markets.

18.18 In the applicant’s experience, national customers frequently conduct price checks against regional suppliers of specialised equipment and the larger regional general hire equipment suppliers. For example, Cowleys Hire in Northland, McEntee in Auckland, Napier City Hire in Hawkes Bay, City Hire and Smiths Hire in Canterbury.

18.19 [

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18.20 As well as comparing prices to regional competitors if pricing for equipment is not cost effective / competitive the hire/buy/lease decision comes into effect – and generally this is factored before competitive pricing.

18.21 Given that the Commission has concluded that barriers to entry and expansion are low and that the LET test was satisfied (conclusions with which the applicant agrees and which are discussed in more detail at 19) there is no impediment preventing either new entry and/or expansion. In markets currently absent a larger number two competitor smaller and specialist competitors could easily expand if any player attempted to exercise (assumed) market power.

¹⁰⁵ *Southern Capital*, para 108.

- 18.22 If incentivised, new entry and expansion would be likely, timely and extensive. However, the applicant considers that the relevant markets will continue to be vigorously contested and market conditions conducive to new entry and expansion are unlikely to develop in the near future (with the exception of the Canterbury Building Market).
- 18.23 Additionally, the hire/buy/lease decision will materially constrain the merged entity. These alternatives are generally taken into account when forming pricing strategies.
- 18.24 While the applicant does not consider that any of the Building Markets fall outside of the Commission's safe harbours (nor do they raise any legitimate competition concerns), the applicant addresses those markets below.

North Island

- (a) **Northland:** In Northland, Cowley's Hire Centre would be a strong number two player. Its market share is thought to be greater than each of the merging parties.

Additionally, Kerikeri Hire, CAT Rental, AB Rental, Affordable Access, FD Hire, Absolute Hire, Ace Rental, Northern Wairoa Hire and a number of other hire companies would also constrain the merged entity.

- (b) **Auckland:** In Auckland, McEntee, Heavy Trax Hire, Cascade Mr Hire, AB Hire, CAT Rental and a large number of smaller players would also constrain the merged entity.

Additionally, there are a large number of significant specialist hire companies including Access Solutions, Affordable Access, Central Hire, Panaroma Access which would also constrain the merged entity's ability to increase prices or lower quality.

- (c) **Waikato:** In Waikato Porter Hire, CAT Rental, Huntly Hire Service, McEntee and Te Awamutu Hire, would be strong competitors.

Additionally, a large number of smaller players would also constrain the merged entity including AB Rental, Te Kuiti Hire, Access One, Instant Access, Otorohanga Hire, Todd McPhee Crane Hire, and Putaruru Hire.

- (d) **Bay of Plenty:** In Bay of Plenty, Porter Hire will remain a strong number two player.

Te Puke Hire, CAT Rental, AB Rental, Access Mac, Omokoroa Hire Centre, M Hire, Katikati Hire, Aim High, Lowes Hire & Engineering, In Line Fencing and a number of smaller players would also constrain the merged entity.

- (e) **Hawkes Bay:** In Hawkes Bay, Hire Master, City Hire Centre (1973), CAT Rental, AB Rental, Porter Hire, HB Platform Hire, Kea Hire and a number of smaller players would constrain the merged entity.

- (f) **Taranaki:** In Taranaki, Hawera Hire, Hire Lift and Hire-Co would be strong players.

Additionally, a large number of smaller players would also constrain the merged entity, including Storage & Equipment Hire (in Hawera), AB Rental, Hire Smart, CAT Rental, Devon Hire and Porter Hire (which has a national presence).

There is also the threat of entry posed by Hire World and Hireways who are both well established in the adjacent Manawatu Building Market.

- (g) **Manawatu:** In Manawatu, Hire World, Kapiti Hire, Hireways, Horowhenua Hire, CAT Rental, AB Rental, R & R Hire, Fielding Hire and a number of smaller players would constrain the merged entity.

- (h) **Wellington:** In Wellington, Porter Hire, currently the number one player, will remain a strong number two player. AM Hire, Kapiti Hire, AB Rental, CAT Rental, Vehicle Hoists and a number of smaller players would also constrain the merged entity.

There is also the threat of entry by Hire World and Hireways.

South Island

- (i) **Marlborough/Tasman:** In Marlborough/Tasman, Porter Hire, CAT Rental, Richmond Hire and Accessman Blenheim would be four equally strong number two players which would constrain the merged entity.
- (j) **Canterbury:** While the Canterbury earthquakes have been a catalyst for growth in the Canterbury Building Market that growth has been accompanied by new entry and expansion. The applicant expects existing and potential competitors to continue to expand and enter as the rebuild gathers momentum.

To date, post-quake entry has been particularly evident in respect of specialist hire companies. Pump Hire, Lite Shore and Access Solutions are three such examples.

In the applicant's experience the Canterbury Building Market has traditionally been very competitive. The period since the earthquakes proving to be no exception as the applicant estimates its market share has possibly decreased relative to the total market size. This decrease in market share illustrates the competitiveness of the market.

Given this development it is difficult to provide precise estimates of market shares. The applicant considers it likely that Hirequip's market share has also decreased while Porter Hire has increased its market share following its acquisition of Mainland Access Limited and The Hire Company.

Despite the difficulties estimating market shares the applicant estimates that the applicant, Hirequip and Porter Hire are likely to have similar market shares in the [].

Post-merger, Porter Hire would remain a strong number two player with a national presence. Christchurch City Hire (which recently opened a third Christchurch branch), Smiths Hire and CAT Rental, would be three equally strong number three players which would also constrain the merged entity.

Additionally a large number of smaller players would also constrain the merged entity including Accessman, Rangiora Hire, Supaloo, Pump Hire, Leeston Hire, Access Solutions, Agrekko, Lite Shore, AB Rental, and Johnstons Hire Centre.

On that basis the Proposal will not create or enhance market power given the ease and likelihood of participants entering or expanding in the market.

- (k) **Otago:** In Otago, AB Rental, Heavy Trax Hire, Equiptec Rentals, and Clarke Machine Hire would be four equally strong number two players which would constrain the merged entity.

Additionally a number of smaller and/or specialist players would also constrain the merged entity, including Accessman and Porter Hire.

- (l) **Southland:** In Southland, AB Rental, Gore Machine Hire, Porter Hire, Hire Gear and Hire it Here in Winton would be five equally strong number two players which would constrain the merged entity.

Additionally a number of smaller and specialist players would also constrain the merged entity including Kiwi Box, Central Machine Hire and, Buchanan Digger Hire.

Conclusion

18.25 In summary, the merged entity's market shares are all within the safe harbours, and in any event, the merged entity would be materially constrained in all markets by existing competitors and the threat of new entry if market conditions were conducive.

DIY Markets

18.26 The applicant agrees with the Commission's previous conclusions regarding the DIY Markets, namely that:

- (a) “[t]here are a number of existing participants in the DIY markets”;¹⁰⁶
- (b) “[t]he merged entity will face at least one significant other competitor in all of the areas in which aggregation occurs (with the exception of Wellington Central) which would provide a strong competitive constraint. A large number of smaller companies also have a presence in these regions.”;¹⁰⁷ [The applicant notes that the Commission concluded that due to the threat of entry there would be no substantial lessening of competition in the Wellington Central market.]
- (c) “...with the exception of the Wellington Central, the merged entity would be constrained by current competition in the DIY equipment markets and that the acquisition would not enhance the scope for the exercise of unilateral market power.”;¹⁰⁸
- (d) “...with the exception of Wellington Central market..., existing competition will alleviate any concerns of unilateral power being exercised by the merged entity in all relevant markets.”;¹⁰⁹ and
- (e) “...[i]ndustry participants are not concerned by the proposed acquisition”.¹¹⁰

18.27 The applicant submits that the above conclusions remain relevant in respect to all DIY Markets involving aggregation in this application. In particular, there remain numerous competitors in the DIY Markets.

18.28 In addition to a number of small players and specialist companies in each DIY Market, the merged entity faces strong constraint from “self-supply”. The real price of DIY equipment has consistently fallen over the last decade with an abundance of inexpensive Chinese manufactured equipment available through major hardware retailers increasing the ability for stores such as Bunnings to compete with hire companies. Commercial customers are known to buy cheap imported DIY equipment on the basis that if it lasts for longer than a single job it is cheaper than hiring.

18.29 This trend has swung the pendulum in the hire/buy decision to an equilibrium whereby consumers face a real choice as to whether to hire or buy equipment. Internet retailers have also expanded the available avenues to source inexpensive DIY equipment and internet auction sites such as TradeMe have provided viable platforms allowing consumers to purchase equipment which they can then easily trade back into the market once a domestic project is completed.

¹⁰⁶ *Southern Capital*, para 109.

¹⁰⁷ *Southern Capital*, para 121.

¹⁰⁸ *Southern Capital*, para 122.

¹⁰⁹ *Southern Capital*, para 123.

¹¹⁰ *Southern Capital*, para 131.

- 18.30 The applicant also submits that competitors in New Zealand DIY Markets face a much greater constraint from informal borrow and loan arrangements between friends, family and neighbours than would be normally exhibited in similar jurisdictions. It is extremely common for home handy people in New Zealand to borrow equipment from others, sometimes for extended periods of time. Many employers also allow their staff to use equipment for personal use outside of working hours.
- 18.31 Further, if incentivised, bigger players who compete in the Heavy Construction and Building Markets could easily expand into DIY equipment quickly and with minimal outlay given their existing operations. This could be at their initiative or at the request of customers. Hardware chains could also easily expand (as evidenced by the establishment of hire shops within Bunnings Warehouse stores).
- 18.32 In DIY Markets with smaller populations in particular, the applicant believes that the market can only sustain one or two larger full service hire companies at any one time. The Proposal creates an opportunity for both smaller competitors to engage in lower canopy growth and does not lessen the likelihood of larger competitors entering the market. For example, following Hirequip's acquisition of Ready Hire in 2003 the applicant expanded in the lower North Island and the applicant submits that the Proposal will not lessen the likelihood of another player replicating that growth should market conditions be conducive.
- 18.33 The applicant also notes that in general, people living in provincial centres have much higher ownership rates and greater access to DIY type equipment than people residing in major centres such as Auckland. On that basis, it would be expected that individuals would be even more likely to find alternatives to access DIY type equipment if pricing was supra-competitive.

DIY Markets

- 18.34 In the following table the applicant has estimated the approximate three-firm concentration ratio and post merger market shares in the respective DIY Markets.
- 18.35 **Table 41: Three-firm concentration ratio and post merger shares of DIY Markets**

DIY Market	Three-firm concentration ratio (%)	Merged entity market share (%)
Whangarei	[]	[]
North Shore	[]	[]
West Auckland	[]	[]
Central Auckland	[]	[]
South East Auckland	[]	[]
Hamilton City	[]	[]
Tauranga	[]	[]
Rotorua	[]	[]
New Plymouth	[]	[]
Napier/Hastings	[]	[]
Palmerston North	[]	[]
Wellington Central	[]	[]
Hutt Valley	[]	[]
Nelson	[]	[]
Blenheim	[]	[]
Christchurch City	[]	[]
Timaru	[]	[]
Dunedin	[]	[]
Queenstown Lakes	[]	[]
Invercargill	[]	[]

- 18.36 In eight DIY Markets the merged entity's market shares seem to be outside of the safe harbours. But in any event, the applicant considers that the market conditions outlined above will constrain the players in all DIY Markets.

- 18.37 The merged entity will face real constraints from both large and small hire companies, as well as “self-supply” by customers. Additionally, in most cases there are near entrants in the Heavy Construction and Building Markets which could easily expand or enter if prices materially increased. The merged entity will also be constrained by consumers purchasing inexpensive DIY equipment (ie elasticity of demand is high due to, among other things, the hire/buy/borrow decision being a very real option in DIY).
- 18.38 Additionally, Bunnings Warehouse offers a one-stop shop for DIY customers. In almost all cases home handy-people undertaking domestic projects will need to purchase essentials such as screws, nails, paint, timber etc in addition to hiring DIY equipment and therefore Bunnings’ offering is attractive. For the merged entity to compete for customers requiring both hireage and consumables, it must price competitively or face losing customers who determine that it is uneconomical and time-consuming to visit both a hire company and hardware store.
- 18.39 The applicant provides specific comments regarding each DIY Markets below:

North Island

- (a) **Whangarei:** In Whangarei, Cowley’s Hire Centre would be a strong number two player. Its market share is thought to be greater than Hirepool’s. It is a significant competitor with four branches in Northland. Cowley’s currently has a piece of larger equipment present on the Newmarket Viaduct construction site in Auckland. This shows that Cowley’s will move equipment outside of its strict market boundaries if there is demand.

Additionally, the Bunnings Hire Shop in Whangarei, Affordable Access and Porter Hire would constrain the merged entity. Additionally, there is the possibility of Kaitaia Hire and Kerikeri Hire expanding and opening branches in Whangarei if incentivised.

There is also the threat of entry posed by McEntee which is well established in the Auckland DIY Markets and has previously demonstrated an ambition to expand its footprint.

Additionally, there is also the threat of entry posed by near entrants in the Northland Building Market including CAT Rental, AB Rental, FD Hire, Absolute Rental, Ace Rental and Northern Wairoa Hire; all of which could expand their inventory if incentivised.

- (b) **North Shore:** On the North Shore, McEntee would be a strong number two player (with a market share thought to be the equivalent of each of the merger parties).

Additionally, North Harbour Hire, Cascade Mr Hire, Instant Access, Access Solutions, Hire First and the Bunnings Hire Shop would also constrain the merged entity.

- (c) **Central Auckland:** In Central Auckland, McEntee would be a strong number two player (with a market share thought to be greater than of each of the merger parties).

Additionally, the Bunnings Hire Shop, Hiretown, Porter Hire, Instant Access, Access Solutions and a number of other smaller competitors would also continue to constrain the merged entity. There is also the threat of entry posed by the well established Cascade Mr Hire in the adjacent North Shore and South East Auckland DIY Markets, North Harbour Hire and Hire First in the adjacent North Shore DIY Market and Kumeu Hire and Helensville Hire in the adjacent West Auckland DIY Market.

The applicant notes that there are no hard and fast lines in the Auckland DIY Markets. Customers will often travel considerable distances within the City, particularly on weekends when hire requirements may be combined with running a number of other errands. Customers may also collect hire equipment during their commute to and from work, which in some cases may cover a significant geographic area.

For example, it is not uncommon for customers in Penrose, Herne Bay or Point Chevalier to hire DIY equipment on the North Shore. Not only because of the short travel distance but because many customers will have alternative reasons for travelling to the North Shore such as patronising Mitre 10 Mega, Placemakers and Bunnings Warehouse stores, all of which are located at Wairau Park. In this sense, hiring equipment on the North Shore is essentially an ancillary exercise.

Additionally, and equally applicable to all the Auckland DIY Markets, there is also the threat of entry posed by near entrants in the Auckland Building Market including, CAT Rental, AB Rental, Hiretown, and Heavy Trax Hire if the merged entity attempted to raise prices.

- (d) **West Auckland:** In West Auckland, McEntee and Kumeu Hire (both of which are thought to have market shares greater than the target) would be strong number two and three players, respectively.

Additionally, Helensville Hire, Porter Hire, Instant Access, Access Solutions and a number of other smaller competitors would also continue to constrain the merged entity.

Again, there is the threat of entry posed by near entrants in the adjacent Auckland Markets.

- (e) **South East Auckland:** In South East Auckland, McEntee would be a strong number two player while Cascade Mr Hire would be a competitive number three player. McEntee's market share is thought to be equal to that of Hirepool and greater than Hirequip's.

Additionally, the Bunnings Hire Shop, Porter Hire, Instant Access, Access Solutions and a number of other smaller competitors would also continue to constrain the merged entity.

Again, there is the threat of entry posed by near entrants in the adjacent Auckland Markets.

- (f) **Hamilton:** In Hamilton, Otorohanga Hire (located around 50mins from Hamilton and supplies Hamilton), Huntly Hire Centre (located around 30mins from Hamilton and supplies Hamilton), Te Awamutu Hire, and McEntee (located in Cambridge, around 20mins from Hamilton and supplies Hamilton) would continue to constrain the merged entity. As would a number of smaller competitors including Pataruru Hire Centre, Matamata Hire, Porter Hire and Bunnings Hire Shop.

Cascade Mr Hire, North Harbour Hire, Kumeu Hire and Helensville Hire in the adjacent Auckland Markets could also enter the Hamilton Market if the merged entity attempted to materially increase prices or lower quality.

Similarly, but to a lesser extent to the Auckland Markets, the line between the South East Auckland Market and the Hamilton Market is blurred as many customers will regularly have alternative reasons for travelling to Auckland meaning hiring equipment in Auckland may easily be incorporated into such excursions.

Additionally, there is also the threat of entry posed by near entrants in the Waikato Building Market, including CAT Rental and AB Rental, if the merged entity attempted to raise prices.

Moreover, as noted above, the merged entity will also be constantly constrained by the increasingly important hire/buy/borrow decision.

- (g) **Tauranga:** In Tauranga, Porter Hire, Omokoroa Hire (which has around a [] market share and located around 20 minutes from Tauranga and supplies Tauranga), the Bunnings Hire Shop at Mount Maunganui, Te Puke Hire in Te Puke (located around 20 minutes

from Tauranga and supplies Tauranga) and a number of smaller players would continue to constrain the merged entity.

Additionally, there is also the threat of entry posed by near entrants in the Bay Of Plenty Building Market including, Porter Hire, CAT Rental, AB Rental, M Hire, Katikati Hire, and Lowes Hire if the merged entity attempted to raise prices.

The applicant notes that the Tauranga/Mt Maunganui DIY Market has particular characteristics. Tauranga has a high percentage of retirees who do not require DIY equipment to any extent and due to the high percentage of new homes in Tauranga and Mt Maunganui there is little demand for renovation projects from contractors. The applicant's revenue for DIY equipment in the entire Bay of Plenty region is only around [], where approximately [] of that figure would be from DIY home handyperson type customers.

While the applicant has branches at both Tauranga and Mt Maunganui, it is only due to demand across all three product markets (Heavy, Building and DIY) that it has those branches. The applicant's Mt Maunganui branch is only a five and a half day branch due to insignificant demand by home handypeople on weekends. Any such hiring of DIY equipment in Tauranga and Mt Maunganui will likely to be by builders and contractors who have sufficient countervailing power to constrain the merged entity.

- (h) **Rotorua:** In Rotorua, All About Construction, Porter Hire and the Bunnings Hire Shop and a number of smaller competitors would continue to constrain the merged entity.

Again, given the low barriers to entry, there is the strong threat of entry if the merged entity attempted to materially increase prices or lower quality.

Additionally, there is also the threat of entry posed by near entrants in the Bay of Plenty Building Market including the players listed above and specialist hire companies such as Andy's Party Hire, which already supplies some items of DIY equipment.

- (i) **New Plymouth:** In New Plymouth, Standard Machinery Hire, Porter Hire, Mahony, and a number of smaller competitors would continue to constrain the merged entity.

Additionally, there is also the threat of entry posed by near entrants in the Taranaki Building Market including, Hawera Hire/Hire Lift, The Hire Company, CAT Rental, AB Rental, Storage & Equipment Hire, Hire Smart and Hire-Co if the merged entity attempted to raise prices.

- (j) **Napier/Hastings:** In Napier/Hastings, City Hire Centre (1973) would be a strong number two player. It is thought to have around a [] market share and Hastings Hire would be a competitive number three player. Hire companies in both Napier and Hastings will usually deliver to the other centre.

Additionally, Hasting Hire, CHB Hire Centre, Greenmeadows Hire Centre Porter Hire, and a number of other smaller competitors would continue to constrain the merged entity.

There is also the threat of entry posed by near entrants in the Hawkes Bay Building Market including, Hire Master, CAT Rental, AB Rental, and Kea Hire, if the merged entity attempted to raise prices.

- (k) **Palmerston North:** In Palmerston North, Kapiti Hire (which is in Paraparaumu but supplies Palmerston North) would be a strong number two player. It is thought to have a market share close to [] which is greater than Hirequip's.

Additionally, Porter Hire, the Bunnings Hire Shop, Hireways, Access Mac and a number of other smaller competitors would continue to constrain the merged entity.

There is also the threat of entry posed by near entrants in the Manawatu Building Market including, Hire World, Horowhenua Hire, CAT Rental, AB Rental, and Fielding Hire, if the merged entity attempted to raise prices.

- (l) **Hutt Valley:** In Hutt Valley, AM Hire would be a reasonably strong player. AM Hire is also a strong player in the adjacent Wellington Market.

Additionally, Porter Hire (also competing in the adjacent Wellington Market), Access Mac, Access Solutions, Moor Hire (also competing in the adjacent Wellington Market), Vehicle Hoists NZ, Instant Access, and a number of other smaller competitors would continue to constrain the merged entity.

Additionally, there is also the threat of entry posed by near entrants in the Wellington Building Market including, CAT Rental, AB Rental, and Kapiti Hire if the merged entity attempted to raise prices

Similarly to Auckland, the market boundaries within metropolitan Wellington are blurred. In the applicant's experience it is not uncommon for customers to travel between Wellington Central and Lower Hutt on weekends to collect hire equipment.

- (m) **Wellington Central:** In Wellington Central, AM Hire, Porter Hire and Bunnings Hire Shop and would be strong players.

Additionally, Moor Hire, Access Mac, Accessman and Access Solutions would also continue to constrain the market.

Again, there is the threat of entry posed by the well established Kapiti Hire and by near entrants in the Wellington Building Market listed above.

South Island

In the applicant's experience, customers in the South Island will generally travel greater distances for their hiring requirements than North Island customers due to the geography, population spread/density, travelling times and alternative reasons for travelling to other centres.¹¹¹ Because of these characteristics hire companies that are located a reasonable distance outside of a centre's boundaries will constrain the merged entity. Combined with hire companies' delivery service the relevant constraints can be over large geographic areas.

- (n) **Nelson:** Richmond Hire would be a strong number two player. Its market share is thought to be greater than each of the merging parties at around [].

Additionally, Porter Hire, Motueka Hire, the Bunnings Hire Shop and a number of other smaller competitors, including Portaloo Nelson, would continue to constrain the merged entity.

There is also the threat of entry posed by near entrants in the Marlborough/Tasman Building Market, namely Crafar Crouch, CAT Rental, AB Rental, Accessman Blenheim, Hirefirst, Lifestyle Hire, AgHire and players in the Christchurch DIY Market. Given the low barriers to entry these players could easily expand their inventory and compete in the Nelson DIY space if incentivised.

¹¹¹ For example, a customer on the outskirts of Timaru may travel greater distances than an Auckland customer travelling from the North Shore to Central Auckland.

- (o) **Blenheim:** In Blenheim, AgHire, T H Barnes & Co and Porter Hire would be strong players. While a number of other smaller competitors including Multi Dig Services, Accessman and Marlborough Turf would also continue to constrain the merged entity.

Again, there is the threat of entry posed by near entrants in the Marlborough/Tasman Building Market and Christchurch City DIY Market if incentivised.

- (p) **Christchurch:** In Christchurch, Smiths Hire would be a strong number two player. Its market share is thought to be equal to Hirepool's.

Additionally, Ace Hire, Christchurch City Hire, Leeston Hire, the Bunnings Hire Shop, Accessman, Greenhorn Company, Access Solutions and a number of other smaller competitors would continue to constrain the merged entity.

There is also the threat of entry posed by near entrants in the Canterbury Building Market including Porter Hire, CAT Rental, Johnstons Hire Centre and AB Rental. Given the low barriers to entry these players could easily expand their inventory and compete in the DIY space if incentivised.

- (q) **Timaru:** In Timaru, Amond Hire, Porter Hire, Accessman, HireLift Ltd, and a number of other smaller players would constrain the merged entity.

Additionally, there are a number of other participants in adjacent areas including:

- (i) in **Geraldine** (38 minutes from Timaru) – the Geraldine Hire Centre;
- (ii) in **Fairlie** (45 minutes from Timaru) – Mackenzie Hire;
- (iii) in **Ashburton** - (45 minutes from Timaru) – Johnstons Hire Centre and Ashburton U Hire; and
- (iv) in **Oamaru** (60 minutes from Timaru) - Jones & Joe Oamaru Hire, Hi-Way Hire & Rentals, and TK Hire,

which would constrain the merged entity. This is of particular relevance to commercial customers who are likely to consider hire options in a greater geographic area and those home handypeople residing in the greater Timaru district.

There is also the threat of entry posed by near entrants in the Christchurch DIY Market including, Smiths Hire, Ace Hire, Christchurch City Hire, Rangiora Hire, Leeston Hire and other players in the Canterbury Building Market including, CAT Rental, The Hire Company, and AB Rental. Given the low barriers to entry these players could easily expand their inventory and compete in the DIY space if incentivised.

- (r) **Dunedin:** In Dunedin, Equiptec Rentals, Otago Commercial Hire, Clarke Machine Hire, Porter Hire, Accessman, the Bunnings Hire Shop, DIY Scaffold Hire and a number of other smaller players would constrain the merged entity.

Additionally, Jones & Joe Oamaru Hire, Hi-Way Hire & Rentals, and TK Hire could easily expand their operations from their bases in Oamaru and fully service the Dunedin market given their existing coverage of the North Otago region.

There is also the threat of entry posed by near entrants in the Otago Building Market, Southland Building Market, Invercargill DIY Market and the Queenstown Lakes DIY Market, including AB Rental, Heavy Trax Hire, Gore Machine Hire, Hire Gear, Hire it Here in Winton, and Queenstown Mowers & Saws.

Additionally, there is also the threat of entry posed by near entrants in the Christchurch DIY Market (listed above), the Timaru DIY Market and the Canterbury Building Market.

- (s) **Queenstown Lakes:** In Queenstown Lakes, the well established Queenstown Mowers & Saws would be a strong player.

Additionally Porter Hire, Accessman, Wanaka Marquee & Party Hire (its inventory includes DIY equipment items), Party Plus (its inventory includes DIY equipment items) and Southern Lakes Scaffolding would also continue to constrain the market.

Again, there is the threat of entry from near entrants in the Otago Building Market, Southland Building Market, Canterbury Building Market, Invercargill DIY Market, Christchurch DIY Market and Timaru DIY Market.

The Queenstown Lakes Market has particular characteristics meaning demand for many items of DIY equipment is negligible. The applicant's revenue for Queenstown Lakes is only around [] and many items of DIY equipment have such low rates of utilisation that their revenue accounts for less than \$1,000. This is because the market is essentially a vehicle and event/party hire market due to its focus on tourism. Additionally, there are a large number of new homes which do not require renovations and in any event work is usually carried out by contractors/builders who own their own equipment. Also of relevance, the applicant will often transport equipment from its Dunedin branch to the Queenstown lakes and Central Otago areas showing how readily hire companies will move assets given demand. The applicant suspects other companies may do the same.

- (t) **Invercargill:** In Invercargill, the well established Hire Gear, Accessman and Porter Hire and a number of other smaller competitors would also continue to constrain the merged entity.

Again, there is the threat of entry from near entrants in the Otago Building Market, Southland Building Market, Queenstown Lakes DIY Market, Christchurch DIY Market, Timaru DIY Market and Canterbury Building Market.

Alternative sources for individual items of DIY equipment

18.40 Having analysed the Proposal according to the Commission's market definitions in *Southern Capital* above the applicant considers it may also be helpful to the Commission to also provide alternative sources for each item of DIY equipment which will constrain the merged entity in the table below.

18.41 As previously noted, many of customers hiring the items listed in the table below are contractors/builders rather than DIY home handy-people and as such have greater countervailing power and an astute sense of the hire/buy decision.

18.42 **Table 42: Alternative sources for DIY equipment items**¹¹²

DIY Equipment Item	Description	Alternative sources
Compressors (lighter)	Compressors compress air which is then commonly used to inflate tyres or power machinery.	<ul style="list-style-type: none"> • Compressors are unlikely to be hired by a DIY customer. Such equipment is predominantly hired by contractors where the buy/hire decision is more acute due to the repetitive use. • There are a number of specialist hire companies offering compressors including: <ul style="list-style-type: none"> • Bayteck Systems Limited with locations in Hamilton and Mount Maunganui; • Atlas Copco Hire (NZ) in Auckland • Ash Air Ltd with a number of locations including, Hamilton, Rotorua, Mount Maunganui, Palmerston North, Christchurch, Dunedin, Whangarei, Auckland and Wellington.

¹¹² Also refer to website forums including Hire It Now www.hireitnow.co.nz and Zip Leaf www.zipleaf.co.nz.

		<ul style="list-style-type: none"> • Small compressors can be purchased from around \$204 (accessed 11 April 2011) see, http://search.mitre10mega.co.nz/search?p=O&w=compressor compared to hiring from the applicant for around \$61 for 4 hours, (accessed 11 April 2011), see http://www.hirepool.co.nz/Hirepool-Equipment/Equipment/Air---Air-Tools/Portable-Compressors. • The applicant notes that compressors are widely available at such stores as Super Cheap Auto. • On any given day there are numerous new and used compressors listed on TradeMe. • Bunnings Hire Stores list compressors in its inventory (accessed 11 April 2011) see http://www.bunnings.co.nz/services_hire-shop.aspx, and it has branches in locations including Hamilton, Tauranga, Rotorua, Napier/Hastings, Palmerston North and Dunedin. • In Tauranga Omokoroa Hire (located 22 mins drive away from Tauranga) supplies a full range of equipment (accessed on 11 April 2011) see, http://ohc2010.com/ohc2010/Welcome.html, and Green Hire Ltd, a general hire company, is located in Tauranga servicing the Tauranga region. • Compressors tools are routine inventory for any small player.
Air tools	Air tools include items such as nail guns and nut removers which use compressed air to create the relevant movement.	<ul style="list-style-type: none"> • There are a number of specialist suppliers of air tools including: <ul style="list-style-type: none"> • Air tool Solutions in Christchurch; • Sulco Tools and Equipment supplies new air drills from \$130 (accessed 11 April 2011) see http://www.sulco.co.nz/images/Air%20Tool%20Sale.pdf and ; • NZ Tools supplies new air drills from \$90 (accessed 11 April 2011) see http://www.nztools.co.nz/shop/show_category.php?cat=1. • There are a number of specialist hire companies offering air tools including Hydraulic Equipment & Tool Hire (National Torque Tools NZ Ltd). • Air tools are common inventory for large and small players. • On any given day there are numerous new and used air tools listed on TradeMe. • Bunnings Hire Stores lists nail guns (accessed 11 April 2011) see http://www.bunnings.co.nz/services_hire-shop.aspx. • Huntly Hire Centre lists Air Tools in its inventory (accessed 11 April 2011) see http://www.hireitnow.co.nz/companies/Huntly_Hire_Centre-Waikato.htm, and is only 25 mins drive away from Hamilton see http://maps.google.co.nz/maps. • McEntee's branch in Cambridge supplies Air Tools and is only 24 mins drive away from Hamilton see, http://maps.google.co.nz/maps in addition to Cambridge Hire Centre Ltd. • As, above, in Tauranga Omokoroa Hire offers a full range of equipment.
Automotive	Automotive equipment is designed to aid the maintenance and repair of vehicles such as socket sets.	<ul style="list-style-type: none"> • Automotive tools can easily be sourced at competitive prices from the Warehouse, hardware stores, building supply stores and specialist vehicle stores. • On any given day there are numerous new and used automotive tools listed on TradeMe. • The applicant notes that automotive equipment which was classified in the <i>Southern Capital</i> decision as an item of equipment is essentially obsolete. This is because modern vehicles essentially cannot be repaired as older vehicles had previously been because they are computerised and require expert attention. Because of this there is essentially no market for automotive tools.
Cleaning equipment	Cleaning equipment includes items such as steam cleaners for carpets, chimney sweeps, water blasters, and drain cleaners.	<ul style="list-style-type: none"> • Supermarkets often supply carpet cleaning equipment for hire. • All items of cleaning equipment are readily available at competitive prices from Hardware Stores, building supply stores and specialist stores. • On any given day there are numerous new and used items of cleaning equipment listed on TradeMe. • The cost of hiring drain cleaning and chimney sweep equipment is constrained by the cost of acquiring the "full" service from a plumber or chimney sweep. • See, http://www.rugdoctor.co.nz/rd_rent_faq_about_renting.html for hiring cleaning equipment.
Chainsaws	Chainsaws are single engine saws designed for demolition purposes, felling trees and dissecting timber.	<ul style="list-style-type: none"> • Chainsaws are readily available from hardware and specialist stores from around \$173 (accessed 11 April 2011) see, http://www.mitre10mega.co.nz/shop/power_garden_tools/chainsaws_shredders/qualcut_pe_trol_chainsaw_42cc_131806/ compared to the applicant's rental rates that start from around \$48 for 4 hours (accessed 11 April 2011) see, http://www.hirepool.co.nz/Hirepool-Equipment/Equipment/Lawn---Garden/Chainsaws. • Chainsaws are a commonly owned piece of equipment by many New Zealanders and in the applicant's experience are frequently loaned to friends and family. • There are a number of specialist hirers of chainsaws including Cranford Mowers and Hire in Christchurch, Stihl Shop in Hamilton, and numerous smaller operators which do not advertise due to local knowledge of their existence. • Chainsaws tools are routine inventory for any small player.
Concrete equipment	Concrete equipment includes items such as concrete mixers and associated items.	<ul style="list-style-type: none"> • Concrete mixers are unlikely to be hired by a DIY customer. Such equipment is predominantly hired by contractors where the buy/hire decision is more acute. However, for the DIY customer who engages in projects requiring a concrete mixer the hire/buy/borrow decision is of particular importance is likely to require the mixer on more than one occasion and for a number of days. • On any given day there are numerous new and used concrete mixers listed on TradeMe. For example on 11 April there were nearly 40 concrete mixers for sale from \$150 compared to the applicant's rental rates which start from around \$43 for 4 hours (accessed 11 April 2011) see, http://www.hirepool.co.nz/Hirepool-Equipment/Equipment/Concrete/Mixers.

		<ul style="list-style-type: none"> • There are also a number of smaller players/contractors hiring concrete mixers on an ad hoc basis see (accessed 11 April 2011), http://www.pihaproperty.co.nz/piha.contractors.htm and http://www.hirethings.co.nz/asset/show/7438-concrete-mixer. • Concrete mixers are routine inventory for any small player.
Concrete Breaker (standard and demolition) electric	Concrete breakers are “Jack Hammers” designed to break slabs of concrete in to smaller pieces by repetitive hammering centred on a small surface area.	<ul style="list-style-type: none"> • Concrete breakers/jack hammers are not typical DIY equipment and are more likely to be hired by contractors and large national customers where the hire/buy decision is more acute. • Concrete breakers/jack hammers are often listed on TradeMe. For example on 11 April there were new concrete breakers for \$499 compared to the applicant’s rental rates which start from around \$59 for 4 hours (accessed 11 April 2011) see, http://www.hirepool.co.nz/Hirepool-Equipment/Equipment/Breaking---Drilling/Electric-Breakers. • Concrete breakers/jack hammers are common in most players’ inventories. • Concrete breakers are routine inventory for any small player.
Compaction plates / rammers	Compaction plates / rammers are items of equipment designed to compact surfaces, most commonly earth.	<ul style="list-style-type: none"> • Compaction plates/rammers are not typical DIY equipment and are more likely to be hired by contractors and large national customers. • Compaction plates/rammers are often listed on TradeMe. For example on 11 April there were new concrete breakers being offered on Trademe for \$499 compared to the applicant’s rental rates which start from around \$65 for 4 hours (accessed 11 April 2011) see, http://www.hirepool.co.nz/Hirepool-Equipment/Equipment/Earthmoving---Compaction/Compactors. • Compaction plates are routine inventory for any small player.
Electrical equipment	Electrical equipment includes items such as drills and other hand tools and transformers when using electrical tools outside.	<ul style="list-style-type: none"> • On any given day there are numerous new and used items of electrical equipment listed on TradeMe and such equipment is common inventory for large and small players. • Such equipment is readily available new from numerous hardware stores at competitive prices. • Electrical equipment is routine inventory for any small player.
Fasteners	Fasteners include straps and mechanisms for securing objects.	<ul style="list-style-type: none"> • On any given day there are numerous new and used items of fasteners listed on TradeMe and such equipment is common inventory for large and small players. • Fasteners are supplied by hardware stores at competitive prices. • Fasteners are routine inventory for any small player.
Generators (lighter)	Generators (lighter) are smaller generators designed for small construction sites including private residences.	<ul style="list-style-type: none"> • Many businesses such as service stations often supply small ranges of equipment which may contain generators. • There are a number of specialist hire companies offering generators including: <ul style="list-style-type: none"> • Generator Rental Services Ltd (est.1997) in Auckland • New Zealand Generator Hire compressors, welders and lighting towers on a nationwide basis; • NES Hire Ltd with locations in Hamilton, Auckland and Waihi; • MRL Genhire in Auckland; • Event Lighting & Power - Event Equipment Hire in Cambridge; • PowerGen Group Limited servicing Tauranga, Rotorua, Taupo, Whakatane, Mt Maunganui, Papamoa Beach, and Ngapuni Mangakakahi, Porirua, Upper Hutt, Lower Hutt, Karori Paraparumu, Seaview, and Wellington Central. • Ash Air Ltd (locations noted above); and • Webster Group Ltd (est. 1938) with locations in Auckland, Christchurch, Tauranga & Napier; • On any given day there are a number of new and used generators listed on TradeMe at competitive prices and such equipment is common inventory for large and small players. • There are many suppliers of generators with prices starting from around \$234 (accessed 11 April 2011) see, http://search.mitre10mega.co.nz/search?p=Q&w=generator while the applicant’s rate start from \$53 for 4 hours hire (accessed 11 April 2011) see, http://www.hirepool.co.nz/Generators.-Pumps---Air/Power---Lighting/Portable-Generator. • Generators are routine inventory for any small player.
Hand grinders	Hand grinders include items such as angle grinders that are designed to create rounded edges on a range of materials and to remove excess material from an object.	<ul style="list-style-type: none"> • On any given day there is a number of new and used hand grinders listed on TradeMe at competitive prices. • Hand grinders are standard inventory for large and small players. • Hand grinders can be purchased new for less than \$40, (accessed 11 April 2011) see, http://search.mitre10mega.co.nz/search?p=Q&asug=angl&w=angle+grinder&x=16&y=14. • Hand grinders are common tools owned by many DIY home handy people.
Hoists and	Hoists and jacks	<ul style="list-style-type: none"> • On any given day there is a number of new and used hoists and jacks listed on TradeMe at

jacks	are designed to elevate objects.	<p>competitive prices.</p> <ul style="list-style-type: none"> • Hoists and jacks are standard inventory for large and small players. • Hoists and jacks are common tools owned by many DIY home handy people. • Hoists and jacks can be purchased new from around than \$31, (accessed 11 April 2011) see, http://search.mitre10mega.co.nz/search?p=Q&asug=&w=jack. • Hoists and jacks are common tools owned by many DIY home handy people.
Lawn and Gardening equipment	Lawn and gardening equipment includes lawn mowers, wheel barrows and garden sprayers.	<ul style="list-style-type: none"> • Many specialist hire companies including garden centres hire lawn mowers and gardening equipment. • The price of lawn and gardening equipment is constrained by the cost of the “full” service delivered by garden maintenance companies. • Gardening equipment is commonly borrowed and loaned among friends and family.
Measuring / surveying	Measuring / surveying equipment includes tripods, magnification levels and measurement wheels designed to survey land.	<ul style="list-style-type: none"> • Measuring / surveying equipment is unlikely to be hired by a DIY customer. Such equipment is predominantly hired by contractors where the buy/hire decision is more acute. • There are specialist companies supplying measuring / surveying equipment including Synergy Positioning Systems Ltd in Auckland, (accessed 11 April 2011) see, http://www.synergypositioning.co.nz/Synergy+Hire.html; Global Survey Ltd in Auckland and Christchurch (accessed 11 April 2011) see, http://www.globalsurvey.co.nz/hire.html; • There are a number of suppliers of measuring / surveying equipment including Accurate Instruments NZ Ltd with locations in Auckland, Wellington and Christchurch (accessed 11 April 2011) see, http://www.accurate.net.nz/; • Measuring / surveying equipment can be found on TradeMe at competitive prices. • Measuring / surveying equipment is routine inventory for any small player.
Painting scaffolding	Painting scaffolding equipment includes paint sprayers and scaffolding designed to access multi-storey buildings.	<ul style="list-style-type: none"> • There are numerous specialist companies supplying scaffolding including: <ul style="list-style-type: none"> • Midland Scaffolding & Rigging Ltd which services Hamilton, Huntly, Thames, Taumarunui, Te Kuiti, Tokoroa, Te Awamutu, Morrinsville, Matamata, Bay of Plenty and Hawkes Bay regions see, http://yellow.co.nz/companies/Scaffolding/Midland-Scaffolding-&-Rigging-Ltd/102341754_1443.html; • Industrial Site Services Co Limited (ISS) which services the North Island, Cambridge, Te Awamutu, Coromandel, Morrinsville, Huntly, Te Kuiti, and Hamilton; • B-Line Rigging & Scaffolding HB which claims to have serviced the Hawkes bay region for 27 years (accessed 11 April 2011) see, http://www.blinc.co.nz/; • Scafit Ltd which services greater Wellington, Manawatu, Wairarapa, Wanganui, Hawkes Bay & Taranaki regions, see http://www.scafit.co.nz/home; • Capital Scaffolding 2000 Ltd servicing Miramar, Kapiti, Kilbirnie, Karori, Johnsonville, Island Bay, Newtown, Upper Hutt, Lower Hutt, Petone, Porirua and Wellington Central; • Scaffold Marlborough Ltd servicing Blenheim, Picton, Havelock, Ward, Marlborough, Lochmara, and Wairau Valley; • Atlas Scaffolding Timaru Limited servicing Timaru, Tekapo, Oamaru, and Twizel; • Bramwell Scaffolding Ltd serving Dunedin City; • Southern Lakes Scaffolding servicing Southern Lakes, Wanaka, Cromwell, Arrowtown and Queenstown; • Southland Scaffolding Ltd servicing greater Invercargill.
Heaters/fans dehumidifier /air conditioners	Heaters / fans / dehumidifiers/ air conditioners includes standard equipment designed to heat, cool, create air movement and reduce moisture content in the air.	<ul style="list-style-type: none"> • There are numerous specialist companies supplying heaters, fans, air conditioning and dehumidifiers including: <ul style="list-style-type: none"> • Ambience Hire in Auckland see, http://www.ambiencehire.co.nz/; • Donco Services Ltd, in Christchurch see, http://www.donco.co.nz/Donco-Services/Industrial-Heaters.php; • Most specialist event/party hire companies include heaters and fans in their inventory and each party contain at least one such company, see for example Party Warehouse -Marquee & Party Hire, Party Supplies - http://partywarehouse.co.nz/zen/index.php?main_page=heater_recommendations_p_w; Hamilton Party Hire http://www.hamiltonpartyhire.co.nz/equipment/; • Budget Appliance Hire in Hamilton supplies dehumidifiers see, http://www.hamiltonpartyhire.co.nz/equipment/; • Driair Dehumidifier Rental & Air Mover Hire, see http://www.driair.co.nz/index.php?pr=Home_Page; • Office Furniture Hire supplies coolers, fans, air conditioners and dehumidifiers in greater Auckland, see http://www.ofh.co.nz/air-cooling-heating/air-cooler-fans. • Heaters / fans / dehumidifiers and air conditioning equipment are all widely available at competitive prices through a variety of stores. • Heaters / fans / dehumidifiers and air conditioning are routine inventory for any small player.
Plumbing equipment	Plumbing equipment includes copper bending equipment, pipe threaders, and pipe cutters.	<ul style="list-style-type: none"> • The majority of plumbing equipment is supplied to contractors (where the buy/hire decision is more acute) rather than DIY customers. • Plumbing equipment is routine inventory for any small player. • Plumbing equipment is widely available at competitive prices from speciality plumbing stores. • Many smaller and specialist players supply plumbing equipment including:

		<ul style="list-style-type: none"> The Hire Shop in Masterton, see http://www.hireshop.net.nz/PLUMBING-EQUIPMENT/View-all-products.html; Maxwell Plumbing Limited in Christchurch, see http://www.maxwellplumbing.co.nz/html/trench-dewatering-hire.html; and Whitianga Hire Ltd, see http://www.whitiangahire.co.nz/.
Sanders and strippers	Sanders and strippers include equipment designed to sand surfaces and strip surfaces using abrasion or heat.	<ul style="list-style-type: none"> Sanders and strippers are widely available at very competitive prices from numerous hardware stores. For example, a sander can be purchased for less than \$40 (accessed 11 April 2011) see, http://search.mitre10mega.co.nz/search?p=Q&w=sander compared to the applicant's prices which start from around \$18 for 4 hours, (accessed 11 April 2011) see, http://www.hirepool.co.nz/Hirepool-Equipment/Equipment/Hand-Tools/Sanders---Polishers. On any given day there is a number of new and used hand sanders and strippers listed on TradeMe at competitive prices. Sanders and strippers are commonly borrowed and loaned among friends and family. Sanders and strippers are routine inventory for any small player.
Saws	Saws include an assortment of saws designed to cut through a variety of materials.	<ul style="list-style-type: none"> Saws are widely available at very competitive prices from numerous hardware stores. For example, a circular saw can be purchased for less than \$70 (accessed 11 April 2011) see, http://search.mitre10mega.co.nz/search?p=Q&w=saw, compared to the applicant's prices which start from around \$30 for 4 hours, (accessed 11 April 2011) see, http://www.hirepool.co.nz/Hirepool-Equipment/Equipment/Saws---Cutters/Circular-Saw. On any given day there is a number of new and used hand saws listed on TradeMe at competitive prices. Saws are commonly borrowed and loaned among friends and family. Saws are routine inventory for any small player.
Sheetmetal tools	Sheetmetal tools include tools designed to cut through sheets of metal.	<ul style="list-style-type: none"> Sheetmetal tools are widely available at competitive prices from numerous hardware stores. For example, a Sheetmetal cutter nibbler attachment can be purchased for less than \$72 (accessed 11 April 2011) see, http://search.mitre10mega.co.nz/search?p=Q&w=sheet+metal, compared to the applicant's prices for a sheet metal nibbler – corrugated iron which start from around \$35 for 4 hours, (accessed 11 April 2011) see, http://www.hirepool.co.nz/Hirepool-Equipment/Equipment/Hand-Tools/Nibbler. Sheet metal tools are routine inventory for any small player.
Tarpaulins	Tarpaulins are large pieces of fabric (usually water proof) designed to cover objects and protect from the elements.	<ul style="list-style-type: none"> Tarpaulins are widely available at competitive prices from numerous hardware stores. For example, a 6m x 6m tarpaulin can be purchased for around \$97 (accessed 11 April 2011) see, http://search.mitre10mega.co.nz/search?p=Q&asug=&w=%E2%80%A2%09Tarpaulins&x=15&y=11, compared to the applicant's prices for the same sized tarpaulin which start from around \$48 for a week, (accessed 11 April 2011) see, http://www.hirepool.co.nz/Hirepool-Equipment/Equipment/Trailers---Tarpaulins/Tarpaulins. On any given day there is a number of new and used tarpaulins listed on TradeMe at competitive prices. Tarpaulins are routine inventory for any small player. Tarpaulins are commonly borrowed and loaned among friends and family.
Trenchers (walk behind)	Trenchers (walk behind) are pieces of construction equipment used to dig trenches, typically for laying pipes or cable, or for drainage.	<ul style="list-style-type: none"> For trench hire See, http://www.jacksmaintenance.co.nz/welder-hamilton-waikato servicing Hamilton, Waikato, Cambridge, Morrinsville, Te Awamutu, Ngaruawahia, Raglan, Ruakura, Karakariki, Frankton Dinsdale, Melville, Fitzroy, Deanwell, Glenview, Enderly, Fairfield, Chartwell, Fairview Downs, Flagstaff, Pukete, and Rototuna Trenchers are routine inventory for any small player.
Trailers	Trailers include a variety of trailer sizes and designs for the purpose of transporting materials.	<ul style="list-style-type: none"> Trailers are widely available nationwide from a variety of sources including local service stations. There is anecdotal evidence suggesting New Zealand has the highest trailer ownership rate in the world which would lend support to New Zealanders' prevalence of borrowing trailers from family and friends in New Zealand. Trailers are routine inventory for any small player.
Welders (caddy and gas)	Welders (caddy and gas) are designed to weld metal surfaces together.	<ul style="list-style-type: none"> Welding equipment is unlikely to be hired by a DIY customer. Such equipment is predominantly hired by contractors where the buy/hire decision is more acute. On any given day there is a number of new and used hand welders listed on TradeMe at competitive prices. Welders are routine inventory for any small player. There are numerous specialist companies supplying welding equipment including: <ul style="list-style-type: none"> NZ Welder Repair Services Ltd in Auckland, see, http://www.nzwr.com/hire; New Zealand Generator (which was acquired by Aggreko) hires compressors, welders and lighting towers on a nationwide basis; Goods Direct Limited in Auckland see, http://www.goodsdirect.net/welding.htm; and Dennis Cunningham Limited in Christchurch, see http://dcwelding.co.nz/.
Wood Working gear	Wood working gear includes a variety of tools designed to work	<ul style="list-style-type: none"> Refer to saws and air tools above for alternative sources.

	exclusively with wood such as planers, routers and clamps.	
Sundry hire gear	Miscellaneous items of equipment.	Numerous alternative sources.

DIY equipment revenues

18.43 In the tables below the applicant provides information relating to the revenue generated by cash sales of an extensive list of DIY equipment items that generate particularly low volumes of revenue. The applicant notes that these figures include all sales for home handyperson customers and commercial customers which were the result of cash sales.

(a) **The applicant's annual (cash) revenue nationally for the following DIY items is between []:**

• Pumping accessories	• Cable pulling equipment	• Vacuum cleaner accessories	• Air break accessories
• Drain cleaners	• Tripod personal lifts	• Pulllifts	• Pipe cutters
• Pipe benders	• Jigsaw	• Mechanical jacks	• Pipe wrenches
• Air nailer & stapler	• Bolt cutters	• Snatch block	• Pipe vice
• Air wrench	• Waste master cutters	• Slings & chains	• Drain plugs
• Magnetic drills	• Band saw	• Clamps and cramps	• Refueller
• Cordless nailers and staplers	• Air sanders & scrubblers	• Hand tools – plumbing	• Hand tools – shut down
• Air drills	• Hydraulic breaker	• Air pump	• Animal control
• Air grinder	• Electric heaters	• Ladders	• Airless spray units
• Diesel welders	• Paint burner	• Hand tools – fencing	• Air tool accessories
• Welding accessories	• Spray guns	• Electric screwdrivers	• Air nailer & stapler
• Riveters	• Pressure pots	• Internal audit	• Sweepers/markers
• Trench shoring	• Concrete saws	• Riveters	• Safety harnesses
• Safety equipment	• Concrete accessories	• Panel shears	• Welding accessories
• Petrol wood augers	• General cleaning	• Splitters	• Chairs/tables
• Stump grinders	• Trifors	• Router electric wrench	• Levels
• Chimney cleaning	• Strapping equipment		

(b) **The applicant's annual (cash) revenue nationally for the following DIY items is between []:**

• Lighting & lighting towers	• Hydraulic machine mount breaker	• Pipe dyes	• Hand tools – building
• Planers	• Petrol vibrator	• Paint burners	• Magnetic drills
• Brick saw	• Sprayers	• Gardening tools	• Dumpers
• Metal detectors	• Air breakers		

(c) **The applicant's annual (cash) revenue nationally for the following DIY items is between []:**

• Mobile centrifugal pump	• Automotive tools and accessories	• Battery and standard drills	• Tractor accessories
• Leaf blower/vacuum	• Circular saw	• Reciprocating saw	• Suctional hoses
• Concrete mixer	• Nibbler	• Diaphragm pumps	• Fence traffic control

Potential Competition

Conditions of Entry

19. Please explain the requirements for new entry and/or importers in the relevant market(s)

19.1 The applicant agrees with the Commission's conclusions regarding de novo entry, barriers to entry and the LET test in the *Southern Capital* decision and does not consider that the basis for those conclusions has materially changed in the intervening time period.

19.2 For ease of reference the applicant reproduces the Commission's reasoning and conclusions below:

“ ...

131. As discussed in the competition analysis, industry participants are not concerned by the proposed acquisition. The Commission considers that this may in large part be due to the industry's views on the lack of barriers to entry or expansion by potential competitors.

132. Industry participants considered that in all of the markets discussed above the only obstacle to entry or expansion was access to capital. However, there is a strong second hand market for used equipment and the cost is therefore not sunk.

133. In addition, equipment is easily sourced, easily domestically or internationally, and may be of new or used quality.

134. A new entrant is not prohibited from competing on similar terms with existing players because of potential economies of scale in sourcing equipment, i.e. existing players cannot necessarily purchase new equipment at a lower price than a new entrant. Industry participants indicated that discounts based on economies of scale are small or non-existent. A new entrant is therefore capable of sourcing equipment from distributors at similar rates to existing competitors. Thus, there is no barrier to entry arising from existing economies of scale in purchasing equipment.

...

136. The most significant barrier to entry is the requirement for a new entrant to establish wash-down bays, which are required for earthworks and digging equipment. Resource consent is required for these bays, as debris from equipment is not permitted to flow directly into the sewer system and must be managed through an alternate system. Industry participants indicated the cost of a new bay to be around [], and did not consider resource consent to be a particularly onerous requirement. The Commission considers that the costs in relation to these bays are sunk, but are not significant enough to constitute a material barrier to entry.

...

140. Industry participants considered that green fields entry in all of the relevant markets was likely, and estimated start up costs to be between [] for small scale entry, with capital costs increasing in correlation with the size of equipment required. The Commission has found evidence of a history of entry into the markets being considered as discussed below.

The Heavy Construction Market

141. Cat Rental is a recent entrant into the heavy construction and building markets, having established a hire division three years ago. []. Hirepool itself expanded its

operations into Hamilton in 2000 and Christchurch in 2002, where its new operations provide all three product types.

...

The DIY Markets

143. A number of parties spoken to indicated that they would consider entering new DIY markets if the acquisition went ahead. []

144. []. Pronto is a new entrant into the Wellington Central DIY market, having commenced business in January of 2003. []

145. Bunnings Warehouse, an Australian company which has recently purchased the Benchmark chain of stores, is currently establishing a hire division within its Auckland stores. Bunnings currently has hire divisions operating within three of its Auckland stores.

Conclusion – Likelihood of Entry

146. The Commission is therefore satisfied that entry or expansion into the [sic] all the markets considered above is likely if the merged entity attempted to exercise market power.

...

149. The experience of Cat Rentals indicates that it is possible to enter the building and heavy construction markets to an extent significant enough to provide a constraint to the merged entity. Similarly, Bunnings Warehouse has recently entered the DIY markets in Auckland and has quickly established itself on a competitive footing.

150. Industry participants considered that new entrants or existing competitors are not limited in their capacity to enter or expand. Participants face no binding capacity constraints and additional capacity is not significantly more expensive to acquire or operate.

151. The Commission therefore considers that entry or expansion into all the markets considered above would be sufficient in extent to constrain the merged entity should it attempt to exercise market power.

...

154. The applicant contends that entry could occur relatively quickly. Industry participants agreed with this contention. **The experience of Pronto is evidence that greenfields entry is possible within a reasonable timeframe. []**

155. The Commission therefore considers that, if the event of the merged entity attempting to exercise market power, entry is likely within the necessary timeframe considered for entry to constrain any exercise of market power.

Conclusion on Barriers to Entry

156. Given the conclusions reached under the competition analysis with regard to the lack of competition in the Wellington DIY market post acquisition, the Commission has specifically focused on identifying potential entrants into this market. **The Commission is satisfied that potential entry will provide a constraint on the merged entity should it attempt to exercise unilateral market power.**

157. In all other markets the Commission concludes that there are no significant barriers to entry or expansion. Potential competition, in addition to the strength of existing competition, is likely to provide a competitive constraint to the merged entity in all markets, and the industry as a whole.

...

178. In addition, **the Commission considers that barriers to entry are low and that potential entry satisfies the LET test in all of the markets discussed...**¹¹³ (emphasis added)

- 19.3 The applicant also notes the High Court’s comments in respect to low barriers to entry and lack of market power, namely:

“68. [...] *What level of market power a firm has, as a result of its market share, will depend substantially on the level of barriers to entry and expansion which apply to the market. **If the barriers are low, a high market share is unlikely to result in an insufficiently constrained level of market power.** Conversely, if the barriers are high, a high market share is likely to lead to such a result. The level of market share and the level of market power have no direct relationship in themselves. The levels of barriers to entry and expansion provide the linkage and must be brought to account when considering the level of a firm’s market power. The lower the barriers to entry or expansion, the more an incumbent firm with a high market share is constrained from using its position in a supra-competitive way. The level and quality of market power a firm enjoys is therefore the product of its level of market share viewed against the level of barriers to entry or expansion. In practical terms, if market power is insufficiently constrained the firm possessing such power has the ability to increase its prices above marginal costs both sustainably and profitably.*”¹¹⁴ (emphasis added)

- 19.4 The applicant has provided its estimates of costs, timing and other entry requirements for opening a new (Greenfields) mid-sized full service branch.

19.5 **Table 43: Requirements for de novo entry**

Action / requirement	Comment / what is needed / time / cost
Cost of equipment range	Approximately \$200,000 for a full range of DIY equipment. Approximately \$1.3 million for a full range of DIY and building equipment.
Time to establish	Approximately 1-3 months
Regulatory requirements	No significant regulatory requirements (other than to abide by existing laws such as the Health and Safety in Employment Act 1992).
Land Requirements	Approximately 200m ² building and 2000m ² land for a “full service” branch, but less for a full range DIY operation.
Labour requirements	Approximately 6 full time staff with 1-2 part time staff (less if only operating a DIY operation). No specific skill set required of employees.
Technology requirements	As per any other retail store (ie not sophisticated – computer systems, printer, fax, EFTPOS).

- 19.6 While it is acknowledged that true Greenfields entry on a national scale may be more challenging, the applicant believes that the likely path for national entry would involve a proliferation of small competitors which are then acquired by a significant purchaser.

- 19.7 The applicant is happy to provide a list detailing the likely cost for acquiring a range of new equipment for a mid-sized branch, if this would be helpful to the Commission.

¹¹³ *Southern Capital*, paras 131 – 134, 136, 140 – 146, 149 – 157, 178.

¹¹⁴ *Commerce Commission v Southern Cross Medical Care Society* (2001) 10 TCLR 269.

20. **Factors that could impede entry, and what might prompt new entry post-merger**

All markets

- 20.1 The Applicant submits there are no factors that would impede entry into the relevant markets if market conditions are conducive.
- 20.2 New entry would be prompted if there were perceived opportunities to generate profit and this would depend on the individual characteristics of the new entrant. The applicant is not aware of any exclusive arrangements in the industry so all customers remain free to immediately do business with any new entrant.
- 20.3 For barriers to entry in the relevant markets refer to paragraph 19.2.

Likelihood, Extent and Timeliness of Entry (the LET test)

21. **Please name any likely businesses you are aware of that do not currently supply the market but which you consider could supply each of the relevant markets**

- 21.1 In addition to the players noted below there are a number of large, well-resourced, Australian players who could enter the market if market conditions were conducive.

Heavy Construction & Building Markets

- 21.2 The applicant considers that if market conditions were conducive (which it cannot see in the foreseeable future) firms such as [] could contemplate entering the Heavy Construction and/or Building Markets. As noted in paragraph 9(d) of the Executive Summary, the applicant's market intelligence has also indicated that []

DIY Markets

- 21.3 Given that barriers to entry are so low, the applicant considers virtually any business or individual with access to adequate capital could enter the DIY Markets including contractors, service stations, hardware retailers, builders, repair/maintenance shops, garden centres, and motor vehicle hirers.

22. **To what extent do you consider that potential entry would be sufficient to constrain the merged entity in the markets affected?**

- 22.1 Refer to paragraph 19.2.

23. **How long would you expect it to take for entry to occur, and for market supply to increase, in respect of the potential entrants named in question 21 above?**

- 23.1 Refer to paragraph 19.2.

Countervailing power of buyers

24. To what extent do you consider that the merged entity would be constrained in its action by the conduct of buyers in the markets affected?

24.1 The applicant agrees with the Commission’s conclusion in the *Southern Capital* decision, “... that users of hire companies have a high degree of countervailing power in the current competitive market, and this would constrain the merged entity”.¹¹⁵

24.2 The Commission based that conclusion on its findings that:¹¹⁶

- (a) “there are few written contracts”;
- (b) “there are no switching costs in changing suppliers”;
- (c) “customers... hold multiple accounts with several competitors”; and
- (d) customers “hire on the basis of convenience and price.”

24.3 As noted, the applicant considers that the level of competitiveness has increased in all markets since the *Southern Capital* decision due to decreased demand which in turn has maintained, if not increased, the relevant level of countervailing buyer power.

24.4 Many customers in the Heavy Construction and Building Markets are large sophisticated firms that are undertaking projects that have been awarded as a result of competitive tenders. Having won a relevant tender on the basis of a fixed price, those firms are incentivised to shop around for the most competitive hire rates given that any savings go directly to their bottom line.

24.5 Regarding the DIY Markets, if the merged entity attempted to increase pricing above competitive levels, customers would likely either put off home projects, purchase equipment, commission a contractor or go to great lengths to borrow equipment from friends, family or associates even if that caused inconvenience.

25. If you consider that there is a constraint from buyers, identify the top five buyers by sales and/or volume in the relevant markets

25.1 The table below identifies the top five customers of the applicant in the relevant regions of New Zealand across all markets.

25.2 Table 44: Top 5 customers by region

[

¹¹⁵ *Southern Capital*, para 172.

¹¹⁶ *Southern Capital*, paras 171-172.

I

Coordinated market power

26. Identify and discuss the various characteristics of the market that, post-merger, you consider would either facilitate or impede co-ordination

26.1 In *Southern Capital* the Commission concluded that the relevant markets were:¹¹⁷

“not particularly likely to be susceptible to collusion, even after the acquisition. Low barriers to entry and the presence of fringe players without restraints on expansion suggest that any attempt to coordinate behaviour would be rapidly undermined.”

26.2 The Commission produced the following table on page 30 of *Southern Capital*. The applicant considers that, with the exception of the conclusion regarding excess capacity, the Commission’s conclusions in this table are still appropriate.

**“Table 19:
Testing the Potential for ‘Collusion’ in the Heavy Construction, Building and DIY Markets**

<i>Factors conducive to collusion</i>	<i>Presence of factors in the market</i>
<i>High seller concentration</i>	<i>Yes</i>
<i>Undifferentiated product</i>	<i>Yes – the range of products supplied are largely undifferentiated</i>
<i>New entry slow</i>	<i>No – entry can be effected relatively quickly</i>
<i>Lack of fringe competitors</i>	<i>No – there are number of fringe competitors who could readily expand</i>
<i>Price inelastic demand curve</i>	<i>No – customers make consumption decisions based on price</i>
<i>Industry’s poor competition record</i>	<i>No</i>
<i>Presence of excess capacity</i>	<i>No</i>
<i>Presence of industry associations/fora</i>	 <i>Yes – but with limited influence”</i>

26.3 The applicant considers there is minimal scope for collusion in any of the relevant markets for the following reasons:

- (a) there is a high degree of competition between existing suppliers;
- (b) neither of the parties could be described as “mavericks”;
- (c) there are a number of large market participants and potential participants;
- (d) customers are often large, sophisticated firms which exercise considerable countervailing power;
- (e) costs vary between participants due to different characteristics including structure;
- (f) due to the limited life time of equipment, old equipment will be regularly replaced with new technologically advanced equipment due to innovation;
- (g) there is excess capacity ensuring market allocation is unlikely; and

¹¹⁷ *Southern Capital*, para 164.

- (h) there are no barriers preventing customers from switching between participants.

Efficiencies

27. **If applicable, provide a description of any efficiencies that you believe the acquisition could bring. Would such efficiencies enhance rivalry, or offset the impact of a lessening of competition?**

27.1 The applicant expects the Proposal to achieve a number of efficiencies including:

- (a) The rationalisation of a number of duplicate branches which will provide significant savings in both fixed and variable costs that will be passed on to customers through competitive rates.
- (b) The realisation of efficiencies and synergies including the removal of duplicate:
- (i) [];
 - (ii) site locations;
 - (iii) rent costs;
 - (iv) back and front of shop costs;
 - (v) advertising costs;
 - (vi) maintenance departments;
 - (vii) insurance policies; and
 - (viii) training programmes.
- (c) Installing its own management team and model which the applicant considers is superior to, and would produce results more efficiently than, the target.
- (d) Improved quality of equipment base through rationalisation of assets.

27.2 The applicant considers that the synergies outlined above would be realised within [] and it would not be possible to achieve the same magnitude of efficiencies without the Proposal in the foreseeable future.

27.3 The applicant expects that a portion of such efficiencies would be passed on to customers as the synergies would allow the merged entity to continue to vigorously compete sustainably.

Other Factors

28. **Where relevant, provide a description of any other features of the market(s) that should be taken into account in considering the effect of the proposed merger**

28.1 Currently, the applicant does not consider that there are other relevant factors but reserves the right to provide supplementary material should such relevant material be identified.

Part 6: Further Information & Supporting Documentation

29. Provide the contact details of relevant competitors, buyers and suppliers and any other relevant market participants

	Name of Company <i>Both legal and trading names</i>	Contact Details <i>Postal & physical address, telephone & fax, website</i>	Relevant Contact Person <i>Name, position and contact details including telephone phone, fax email</i>
Competitors	AB Rental Limited	Cnr Cavendish & Lambie Drives Manukau City P O Box 23151 Hunters Corner Manukau 2155 T: 09 262 2732 F: 09 262 2725 www.abequipment.co.nz/rental.html	Peter Dudson – CEO T: 09 262 7802 M: 027 488 9696 E: peterd@abequipment.co.nz
	Accessmac	PO Box 2417 Tauranga T: 07 552 5270 F: 07 552 5138	
	Accessman	PO Box 11-281 Sockburn T: 03 341 6333 or 0800 243 844 www.accessman.co.nz	Ross Pickersgill – Managing Director
	Access Solutions	100 Leonards Road Penrose Auckland PO Box 12329 Penrose Auckland 1642 T: 09 579 4221 F: 09 579 4224 www.accesssolutions.co.nz/	Neil Radley – General Manager M: 0274 525 787 E: neil@accesssolutions.co.nz
	Ace Construction Equipment	185 Waipapa Road Kerikeri Northland 0295 P O Box 72 Waipapa 0246 T: 09 407 5005 F: 09 407 5003 M: 021 228 3614	
	Affordable Access	345 Church St Penrose Auckland 1061 PO Box 12955 Penrose Auckland 1642 T: 09 579 1600	

		F: 09 579 1601 www.affordableaccess.co.nz	
	Bunnings Limited (Bunnings Hire Shop)	78 Carbine Road Mount Wellington Auckland 1060 PO Box 14436 Panmure Auckland 1741 T: 09 978 2200 F: 09 978 2201 www.bunnings.co.nz	
	Cascade Mr Hire (Cascade Hire Centre Limited)	255 Ti Rakau Drive Pakuranga T: 09 274 5134 F: 09 274 7864 www.mrhire.co.nz	David Kirk Jones - Director M: 027 494 4847 E: david@mrhire.co.nz
	CHB Hire Centre Limited	2 Marlborough Street Waipukurau 4200 T: 06 858 8215 or after hours 06 858 7277	
	Christchurch City Hire Limited	City Hire: 472 Moorhouse Ave Christchurch T: 03 366 3751 City Hire North 154 Langdons Road Papanui T: 03 352 6272 City Hire South 198 Springs Rd Hornby T: 03 344 3337 www.cityhire.co.nz	
	Cowley's Hire Centre Limited	54 Commerce Street Whangarei Northland T: 0800 426 953 or 09 438 3613 F: 09 438 2150 http://www.cowleyshire.co.nz/	
	Crafar Crouch Construction Limited	14 Trevor Crescent Blenheim T: 03 578 3475 E: crafar.crouch@xtra.co.nz www.crafarcrouch.ohnz.co.nz	
	Equipment and Transport Leasing Limited	Tasman Road Pukete Hamilton City Waikato PO Box 10055 Te Rapa Hamilton	Michael Ratcliffe – Leasing Manager T: 07 849 4609 M: 027 494 7077

		<p>T: 07 849 3007 F: 07 849 1633 M: 027 494 7077</p> <p>http://www.modtrans.co.nz/Main/Leasing.htm</p>	
	FD Hire (Ontrack Equipment Limited)	<p>38-42 Winger Crescent Kamo Whangarei T: (09) 435 0060 F: (09) 435 1451</p> <p>www.fdhire.co.nz/hire.php</p>	Anthony Davies - Director
	Green Hire Limited	<p>1056 State Highway 29 Tauranga</p> <p>T: 027 497 4606</p>	Douglas Murdoch – Shareholder/Director
	Hawera Hire Limited	<p>27 Scott Street Hawera</p> <p>T: 0800 441 044</p>	
	HB Platform Hire	<p>207 Hastings St North Hastings 4122</p> <p>T: 06 878 6336</p>	
	Heavy Trax Hire (R.J Stewart Limited)	<p>45 McGlashen St Mosgiel</p> <p>T: 03 489 8201 F: 03 489 8134</p> <p>www.rjstewart.co.nz/hire.html</p>	Ray Stewart M: 0274 343 466 E: rstew@es.co.nz
	Hire Smart Limited	<p>207 Glover Road Hawera Taranaki</p> <p>T: 06 278 6918 F: 06 278 6815</p> <p>www.hiresmart.co.nz</p>	Gareth Boyd - Director
	Hire World Limited	<p>7 Russell Street Masterton</p> <p>T: 06 377 0151</p>	Jeffrey Clark – Shareholder/Director
	Hiretown Limited	<p>118 Vincent Street Howick Auckland 2014</p> <p>118 Vincent Street East Howick Manukau City 2146</p> <p>T: 09 534 6369 F: 09 537 2594 M: 027 727 7574</p> <p>http://www.hiretown.co.nz/</p>	Christopher Byers – Shareholder/Director
	Hireways Limited	<p>433 Rangitikei Street Palmerston North Manawatu</p> <p>PO Box 523 Palmerston North Manawatu</p> <p>T: 06 354 4651 or 0800 447 392</p> <p>www.hireways.co.nz</p>	John Hart – Chairman of Directors Tim Hart – Managing Director
	Hi-Way Hire &	423 Thames Highway	

	Rentals Limited	Oamaru T: 03 437 1710 or 0800 274 266 www.hiwayhire.co.nz	
	Huntly Hire Centre	11 George Drive Huntly Waikato T: 07 828 9743 F: 07 828 9743	
	Instant Access	104A Carbine Road Mt Wellington Auckland T: 09 573 1009 F: 09 573 1022 http://www.instantaccess.co.nz/	
	Johnstons Hire Centre Limited 2005	460 West Street Allenton Ashburton 7700 T: 03 308 1335 F: 03 308 1336	
	Kaitaia Hire Centre Limited	9 Puckey Avenue Kaitaia Far North 0410 F: 09 408 2774 M: 021 186 1524	
	Kapiti Hire Limited	10 Ihakara St Paraparaumu T: 04 298 5716 or 0800 447 387 F: 04 298 5710 www.kapitihire.co.nz	Tim Mikkelsen – Managing Director
	Kerikeri Hire Limited	2006 State Highway 10 Waipapa Kerikeri 5 Waipapa Road Kerikeri 0230 T: 09 407 3020 M: 021 077 1174	Wayne Cowley – Shareholder/Director
	Kumeu Hire Limited	108 Main Road Kumeu Auckland 0810 T: 09 412 9905 F: 09 412 9965 http://www.kumeuhire.co.nz/	
	Leeston Hire (2006) Limited	1552 Leeston Road Leeston Christchurch 7683 T: 03 324 3669 F: 03 324 3669 http://www.leestonhire.co.nz/	
	Lowes Hire & Engineering	Lowes Hire & Engineering 86 Bridge Street Opotiki Bay Of Plenty 3122 PO Box 243 Opotiki	

		Bay Of Plenty 3162 T: 07 315 6515 F: 07 315 6520 M: 027 486 8897	
	Magnum Hire Limited	Unit 8 32 The Concourse Henderson Auckland PO Box 104024 Lincoln North Auckland T: 0800 624 686 or 09 838 0061 F: 09 838 0062	Liam Field – Director
	Matamata Hire Limited	33 Tainui Street Matamata 3400 T: 07 888 6026 M: 021 141 7689	
	McEntee Hire Limited	P.O. Box 72196 Papakura 2244 T: 09 298 9216 or 0800 479 370 www.mcenteehire.co.nz	Bill McEntee – Managing Director
	Moor Hire Limited	9 Park Avenue Lower Hutt T: 04 567 6847	
	North Harbour Hire Limited	646 East Coast Road Browns Bay T: 09 478 9480 F: 09 478 9481 www.nhhire.co.nz	Kerry Blank - Director E: kerry@nhhire.co.nz
	Northern Hire Wairoa	31 Gladstone Street Dargaville Kaipara Northland 0310 T: 09 439 6166 F: 09 439 6166	
	Omokoroa Hire Centre Limited	148 Prole Road Omokoroa Tauranga 3172 T: 07 548 0096 http://ohc2010.com/ohc2010/Welcome.html	
	Otorohanga Hire Limited	55 Turongo Street Otorohanga T: 07 873 7956	
	Porter Hire Limited	Head Office 980 Te Rapa Road Te Rapa PO Box 10164 Hamilton, 3241 North Island T: 07 849 3956 or 0800 650 600 F: 07 849 5570 South Island	John Porter - Director

		<p>T: 03 359 9368 F: 03 359 6240</p> <p>www.portergroup.co.nz</p>	
	Putaruru Hire Centre Limited	<p>19 Taupo Street Putaruru 3411</p> <p>T: 07 883 7642</p>	
	Rangiora Hire Limited	<p>19 Southbrook Road Rangiora 7400</p> <p>PO Box 122 Rangiora</p> <p>T: 03 313 7080</p> <p>http://www.rangiorahire.co.nz/</p>	
	Richmond Hire Limited	<p>56 Gladstone Road Richmond Nelson 7020</p> <p>T: 03 543 9044</p>	
	Smiths Hire	<p>1190 Main North Road Belfast Christchurch</p> <p>T: 03 323 8029 F: 03 323 6397</p> <p>www.smithshire.co.nz</p>	
	Southland Machine Hire Services Limited	<p>44 Preston Street Waikiwi Invercargill 9810</p> <p>PO Box 5041 Invercargill</p> <p>T: 03 215 7125</p>	
	Storage & Equipment Hire	<p>348 South Road Hawera 4610</p> <p>T: 06 278 7974 F: 06 278 7974 M: 027 442 6485</p>	
	The CAT Rental Store (a Gough & Hamer Investments Limited business)	<p>PO Box 16168 Hornby Christchurch</p> <p>T: 03 943 4343 F: 03 983 4344</p> <p>www.catrental.co.nz</p>	<p>Karl Smith – Group CEO E: karl.smith@goughgroup.co.nz</p>
	TK Hire Limited	<p>80 Humber Street Oamaru 9400</p> <p>T: 03 434 9043 M: 021 0265 5810</p>	
	Whangamata Hire Centre Limited	<p>300 Casement Road Whangamata</p> <p>PO Box 116 Whangamata</p> <p>T: 07 865 9639 F: 07 865 9639 M: 025 811 168</p>	
Buyers	See above at 25.		
Suppliers	As there is a wide range of suppliers, and it is not of such a great relevance for the purposes of this application, the applicant has not listed any suppliers, but is happy to do so at the Commission's request.		

Trade associations	Hire Industry Association of New Zealand (HIANZ)	PO Box 90744 Auckland Mail Centre Auckland 1142 T: 07 873 8957 F: 07 873 8762 www.hianz.net.nz	Phil Tindle – General Manager M: 021 967 604 E: phil.tindle@hianz.net.nz
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30. Please provide a copy of the most recent annual report (or audited financial statements if no annual report available) for each of the merger parties

30.1 Attached as Confidential Appendix 5.

Part 7: Confidentiality

31. **If you wish to request confidentiality for specific information contained in or attached to the notice, please state why you consider the information to be confidential and state the reasons for your request in terms of the criteria set out in the Official Information Act 1982**
- 31.1 Confidentiality is not claimed for the fact of the proposed acquisition.
- 31.2 Confidentiality is sought for:
- (a) the information contained in **Confidential Appendices 3 and 5** to the confidential version of this application. **Confidential Appendices 3 and 5** are not attached to the public version of this application;
 - (b) the information contained in bold square brackets in the confidential version of this application (i.e. []).
- 31.3 Confidentiality is sought until the relevant applicant confirms in writing to the Commission that the particular information is no longer confidential.
- 31.4 This request is made because the information is commercially sensitive and valuable information which is confidential to the participants, and disclosure of it would be likely to unreasonably prejudice the commercial position of the participants. Confidentiality is requested for the purpose of section 9(2)(b) of the Official Information Act 1982.
- 31.5 The applicant requests that it be notified of any request made to the Commission under the Official Information Act 1982 for release of confidential information, and that the Commission seeks its views as to whether the information remains confidential and commercially sensitive, at the time a response to such a request is being considered.
- 31.6 Paragraphs 31.1 – 31.5 of this application also apply in respect of any additional information provided, whether orally or in written form, to the Commission where it has been expressed to be confidential or it is implicit by the nature of that information.

THIS NOTICE is given by John William White of Bligh Finance Limited.

I hereby confirm that:

- all information specified by the Commission has been supplied;
- if information has not been supplied, reasons have been included as to why the information has not been supplied;
- all information known to the applicant(s) which is relevant to the consideration of this application/notice has been supplied; and
- all information supplied is correct as at the date of this application/notice.

I undertake to advise the Commission immediately of any material change in circumstances relating to the application/notice.

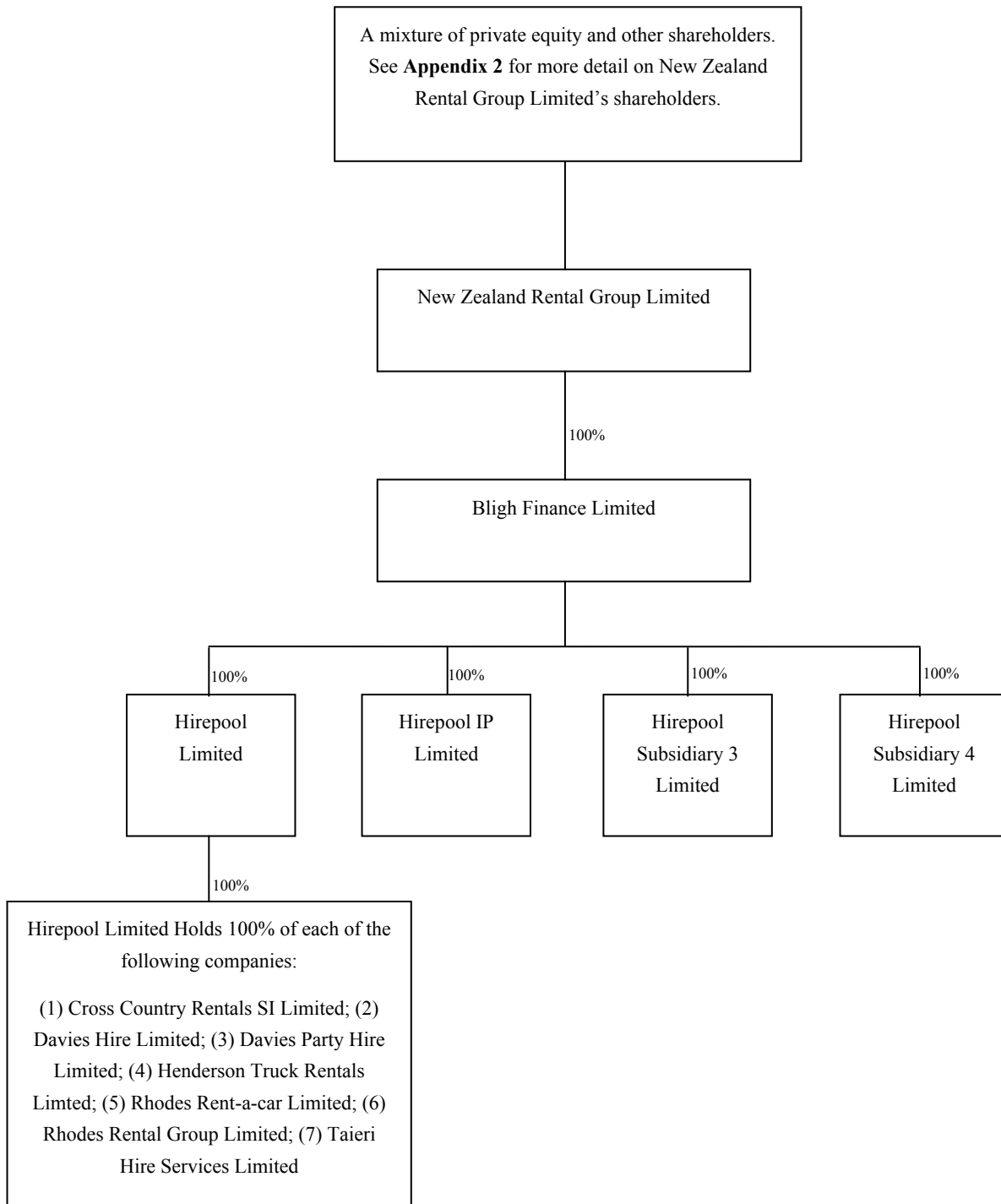
Dated this day of 2012

Director, Bligh Finance Limited

I am a director of the company and am duly authorised to make this application/notice.

Appendix 1

Diagram showing Hirepool's group shareholder structure.



Appendix 2

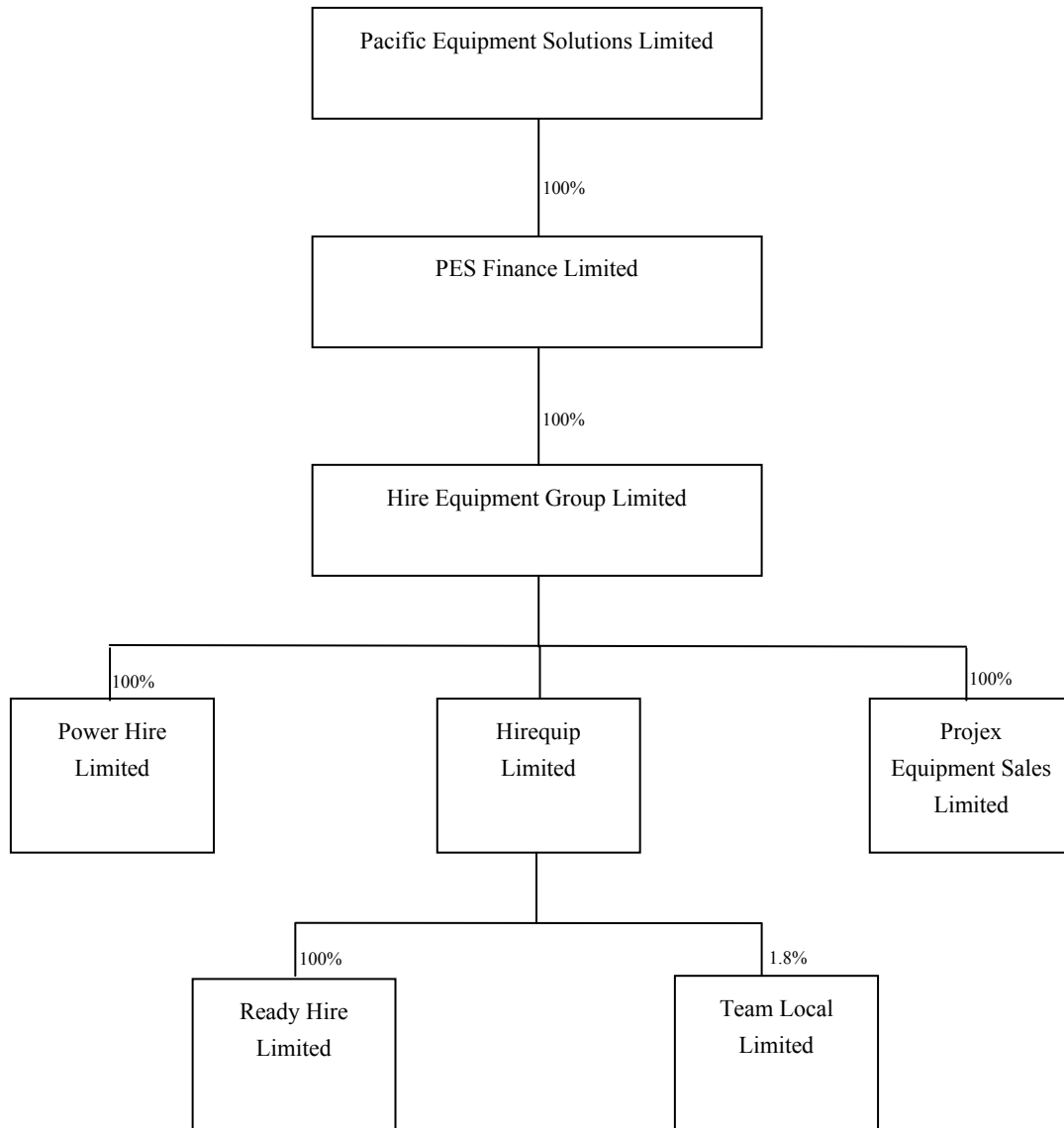
New Zealand Rental Group shareholder structure.

Shareholder	Shares
Next Capital (Services A) Pty Limited as trustee of Next Capital Fund 1A*	187,194
Next Capital (Services B) Pty Limited as trustee of Next Capital Fund 1B*	187,194
Hunter Powell Investments Limited	10,342,075
Goldman Sachs JB Were Managed Funds Limited (in its capacity as responsible entity of the Collateral Mezzanine Fund 05)	3,783
Trustees Executors Limited (in its capacity as trustee of the Collateral Mezzanine (NZ) Fund 05)	1,200,000
Emmet John Hobbs	2,307
Colin Leslie Sinton, Donna Marie Jury and CLM Trustees Ltd as trustees of the C Sinton and D Jury Family Trust	500,000
Mark Andrew Powell and Michelle Powell	434,295
Gordon David Peel	400,000
Macquarie Investment Management Limited as trustee for Macquarie Alternative Investment Trust IV	28,367
Macquarie Investment Management Limited as trustee for Macquarie Wholesale Co-Investment Fund	28,367
Mark Rich	6,616
Mark Rich and Susan Patricia Rich	5,513
TOTAL	267,845

Confidential Appendix 3

Appendix 4

Diagram showing Hirequip's group shareholder structure.



Confidential Appendix 5

Appendix 6

Comparison of hire rates and purchase price

Comparison Hire rates vs. purchase Price		(All prices are cash sale and include GST. Consumable are extra)			
Description	Day rate	2 day rate	Buy \$\$	Supplier	
Angle grinder 100mm	\$ 39.85	\$ 79.70	\$ 59.99	Super cheap Auto's	
Extension leads	\$ 10.75	\$ 21.50	\$ 29.99	Super cheap Auto's	
wheel barrow	\$ 21.51	\$ 43.02	\$ 99.99	Super cheap Auto's	
13mm electric drill	\$ 39.85	\$ 79.70	\$ 74.99	Mitre 10 mega	
Water blaster 1200psi electric	\$ 73.37	\$ 146.74	\$ 119.00	Super cheap Auto's	
Water blaster 1400psi electric	\$ 73.37	\$ 146.74	\$ 188.00	Mitre 10 mega	
Vacuum cleaner wet & dry	\$ 80.33	\$ 160.66	\$ 199.00	Super cheap Auto's	
Petrol chainsaw 34cc 400mm	\$ 80.96	\$ 161.92	\$ 179.00	Mitre 10 mega	
leaf blower	\$ 56.93	\$ 113.86	\$ 219.00	Mitre 10 mega	
140 amp weldewr /tig	\$ 120.81	\$ 241.62	\$ 399.00	Mitre 10 mega	
mitre saw slide / compound 255mm	\$ 82.23	\$ 164.46	\$ 270.00	Save barn	
3/4 air impact gun	\$ 73.37	\$ 146.74	\$ 105.00	Save barn	
Stappler /Brad small air	\$ 54.40	\$ 108.80	\$ 87.00	Save barn	
Sander orbital air	\$ 34.16	\$ 68.32	\$ 42.00	Save barn	

Saleables fuel 2 stoke mix p/litre	\$	4.85
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All web pages were accessed on 4 October 2012

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Search Keywords

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Home > Specials > Specials > Catalogue Specials

FREE STANDARD FREIGHT
26-09.2012 – 10.10.2012
Products - Catalogue Specials

Result 1 - 12 of 33 Show 12 Sort By: Name - Ascending

1 | 2 | 3 Next > Last >>

 Black & Decker 18V Cordless Drill - Bonus Buy Price: \$119.00 each Save: \$10.99 each ★ ★ ★ ★ ★ 1 QTY ADD TO CART MORE DETAILS	 Black & Decker 900W Angle Grinder - Bonus Buy Price: \$59.99 each Save: \$10.00 each ★ ★ ★ ★ ★ 1 QTY ADD TO CART MORE DETAILS	 Black & Decker Polisher - 1300W - Bonus Buy Price: \$129.00 each Save: \$30.99 each ★ ★ ★ ★ ★ 1 QTY ADD TO CART MORE DETAILS	 Black & Decker Powerfile Sander Kit Price: \$129.00 each Save: \$30.99 each ★ ★ ★ ★ ★ 1 QTY ADD TO CART MORE DETAILS
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Brands: Black & Decker (4), Blackridge (2), Gerni (1), JVC (1), Karcher (1), Penrite (1), Prorack (1), Ridge Ryder (1), SCA (14), Sidchrome (1), View more (14)

Types: 12V Air Compressors (1), 4 Stroke Motorcycle Oil (1), 4wd Recovery (1), Compressor (1), Disc Horn (1), Front Fair & Rear (1), Garage Equipment (1)

www.supercheapauto.co.nz/online-store/workshop/electrical/electrical.aspx?id=80504

My Account Login | Join Club Plus Subtotal \$0.00 (0 items) checkout

Size: 10 Amp (8), 11W Fluoro (1), 11W Incandescent (1), 12 LED (1), 24 + 6 LED (1), 24 LED (1), 30 + 6 LED (1), 30 LED (1), 48 LED (1), 60 LED (2), View more (13)

Pack Qty: 12V DC (4), 240V AC (3), Battery (2), Extension Lead Reel (1), Heavy Duty (2), Rechargeable Battery (4), Standard (4), Starter Kit (1), other (5)

 Best Buy 6 Outlet Powerboard Price: \$6.99 each ★ ★ ★ ★ ★ 1 QTY ADD TO CART MORE DETAILS	 Best Buy Household 240V Starter Kit Price: \$12.25 each ★ ★ ★ ★ ★ 1 QTY ADD TO CART MORE DETAILS	 Best Buy Twin Fluoro Work Light - 12V Price: \$19.98 each ★ ★ ★ ★ ★ 1 QTY ADD TO CART MORE DETAILS	 SCA 15m Heavy Duty Extension Lead - 10 Amp Price: \$24.99 each ★ ★ ★ ★ ★ 1 QTY ADD TO CART MORE DETAILS
 SCA 15m Reel Extension Lead With Reel Plug - 10 Amp Price: \$89.99 each ★ ★ ★ ★ ★ 1 QTY ADD TO CART MORE DETAILS	 SCA 20m Heavy Duty Extension Lead - 10 Amp Price: \$29.99 each ★ ★ ★ ★ ★ 1 QTY ADD TO CART MORE DETAILS	 SCA 25m Heavy Duty Extension Lead - 10 Amp Price: \$37.95 each ★ ★ ★ ★ ★ 1 QTY ADD TO CART MORE DETAILS	 SCA 4 Outlet Powerboard Price: \$19.99 each ★ ★ ★ ★ ★ 1 QTY ADD TO CART MORE DETAILS

Home Catalogue How-To Workshop FAQ Contact View Cart Checkout Store Locator

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Search Keywords

Specials Inside The Car Outside the Car Car Detailing, Paint & Panel Parts & Maintenance Oils & Lubes Batteries & Electrical Tools and Workshop House, Garden & Hardware Boating, Camping & Travel Audio Contact

Home > House, Garden & Hardware > Garden > Wheel Barrows & Digging

FREE STANDARD FREIGHT
26-09.2012 – 10.10.2012
Products - Wheel Barrows & Digging

Result 1 - 2 of 2 Show 12 Sort By: Name - Ascending

\$ to \$ [GO](#)

 SCA Shovel - Concreters Price: \$14.99 each ★ ★ ★ ★ ★ 1 QTY ADD TO CART MORE DETAILS	 SCA Wheelbarrow - Poly Tray, 86 Litre Price: \$99.95 each ★ ★ ★ ★ ★ 1 QTY ADD TO CART MORE DETAILS
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Prices displayed are online only. Please check with local store for pricing and availability.

Brands

- Gerni (5)
- Hoover (6)
- Karcher (4)
- QUICK FIT (2)
- Rockwell (1)
- SCA (2)

Types

- Car Cleaning Kit (1)
- Power Cleaning (16)
- VACUUM (1)
- Vacuum Bags (2)

Price Range

\$ to \$ **GO**

FREE STANDARD FREIGHT
26-09.2012 – 10.10.2012
Products - Power Cleaning

Result 1 - 12 of 20

Sort By:

1 | 2 Next > Last >>



Compact Patio Cleaner
Price: \$99.99 each

★ ★ ★ ★ ★

Compare

QTY

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MORE DETAILS



Gerni 120.2 Pressure Washer
Price: \$379.00 each
Save: \$20.99 each

★ ★ ★ ★ ★

Compare

QTY

ADD TO CART

MORE DETAILS



Gerni Classic 100.2S
Price: \$149.00 each
Save: \$10.99 each

★ ★ ★ ★ ★

Compare

QTY

ADD TO CART

MORE DETAILS



Gerni Classic 110.2
Price: \$259.00 each
Save: \$26.20 each

★ ★ ★ ★ ★

Compare

QTY

ADD TO CART

MORE DETAILS



Gerni Classic 130.2S
Price: \$549.00 each
Save: \$30.99 each



Hoover 16L Wet & Dry Vacuum Cleaner
Price: \$129.99 each



1250W
Price: \$199.99 each



Hoover Car Care Cleaning Kit
Price: \$16.39 each

YOU MIGHT ALSO LIKE



Gerni Classic 110.2
Price: \$259.00 each
Save: \$26.20 each

QTY

ADD TO CART

MORE DETAILS



SCA Pressure Washer
- 1900 PSI, 2.6Hp, 4 Stroke Petrol
Price: \$349.00 each
Save: \$161.09 each

QTY

ADD TO CART

MORE DETAILS

FREE STANDARD FREIGHT
26-09.2012 – 10.10.2012



Hoover 25L Wet & Dry Vacuum Cleaner

Price: **\$199.99** each

★ ★ ★ ★ ★ (no reviews yet)

QTY

ADD TO CART

- 25L
- 1250 Watt
- Stainless steel canister
- 2m hose

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221042

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Description **Product Reviews (0)** **Related Article**

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- 25L
- 1250 Watt
- Stainless steel canister
- 2m hose
- Power tool outlet
- Universal floor tool
- Telescopic rod - shatterproof
- Cord wrap

People who bought this also viewed



Gerni Classic 110.2
Price: \$259.00 each
Save: \$26.20 each



Gerni Classic 130.2S
Price: \$549.00 each
Save: \$30.99 each








Hoover Vacuum - Portable, 12V
Price: \$49.99 each













Hoover Vacuum - Portable, Rechargeable
Price: \$40.00 each
Save: \$28.99 each






Karcher 2.000 Pressure Cleaner
Price: \$119.00 each
Save: \$26.99 each

 <p>Brush Scrub Cutter Line T... BRU200 \$285.00</p> <p>Buy Now</p>	 <p>Pipe Bender 12Ton 1/2&quo... PIP050A \$275.00</p> <p>Buy Now</p>	 <p>Chainsaw 45cc OREGON USA ... CHA201 \$275.00</p> <p>Buy Now</p>	 <p>Transmission Jack 500kg JAC013 \$275.00</p> <p>Buy Now</p>	 <p>Mitre Saw Compound Slide ... SAW012A \$270.00</p> <p>Buy Now</p>
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 <p>Creeper Low Profile 6 Wheel CRE003A \$47.00</p> <p>Buy Now</p>	 <p>Air Nail Gun C1 Brad Nailer NAI007 B \$47.00</p> <p>Buy Now</p>	 <p>Grinder Bench Grinders 5&... GRI006 \$45.00</p> <p>Buy Now</p>	 <p>Fishing Crimper Plier Big... FG-PLIER01 \$45.00</p> <p>Buy Now</p>	 <p>Hand Truck Cart Trolley 130KG HAN008 \$45.00</p> <p>Buy Now</p>
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 <p>Air Angle Grinder 4" ... AIR115 \$45.00</p> <p>Buy Now</p>	 <p>Air Spray Gun Tyre Gauge ... AIR001 \$45.00</p> <p>Buy Now</p>	 <p>Tie Downs Load Binders Ra... TIE003x3 \$45.00</p> <p>Buy Now</p>	 <p>3Pce Plier Set Heavy Duty... PLI021 \$45.00</p> <p>Buy Now</p>	 <p>Air Spraygun Spray Paint ... SPR001B \$44.00</p> <p>Buy Now</p>
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 <p>2x 3" Swivel & 3... WHE026 x2 + WHE028 x2 \$42.50</p> <p>Buy Now</p>	 <p>Air Sander 5" Orbital AIR120 \$42.00</p> <p>Buy Now</p>	 <p>Air Hose Line 15mtr &... AIR004&AIR010 \$42.00</p> <p>Buy Now</p>	 <p>Camping Lantern Solar LED... TOR20 \$42.00</p> <p>Buy Now</p>	 <p>Pipe Wrench 18" Heav... PIP151 x2 \$41.95</p> <p>Buy Now</p>
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MITRE 10 MEGA VIEW CART ITEMS: 0 TOTAL: \$0.00

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You are here: > Home > Power tools > Drills & Screwdrivers > **BLACK AND DECKER HAMMER DRILL**


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- NAIL & STAPLE GUNS
- PLANERS
- POWERTOOL ACCESSORIES

<< PREVIOUS



SKU# 266755 MODEL NUMBER# KR55CREK XE

BLACK AND DECKER HAMMER DRILL 550W
side handle with depth rod. 13mm keyless chuck, drilling and hammer drilling modes, variable speed, 550Watt motor.

24 Month Guarantee.

\$74.99
* inc GST
KIT

QUANTITY:

ADD TO CART VIEW CART ADD TO WISHLIST

MITRE 10 MEGA VIEW CART ITEMS: 0 TOTAL: \$0.00

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- DRILLS & SCREWDRIVERS
- GRINDERS
- HEAT GUNS
- HOBBY POWER TOOLS
- NAIL & STAPLE GUNS
- PLANERS
- POWERTOOL ACCESSORIES
- ROUTERS
- SANDERS
- SAWS

<< PREVIOUS



SKU# 256918 MODEL NUMBER# KG915-XE

BLACK & DECKER ANGLE GRINDER 115MM
900 Watt motor. Spindle lock.

24 Month Guarantee.

\$69.99
* inc GST

QUANTITY:

ADD TO CART VIEW CART ADD TO WISHLIST

FEATURES & BENEFITS

- 900 watt motor
- Spindle lock

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- CHAINSAWS & SHREDDERS
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Blower Vacs

>> ELECTRIC BLOWER VACS >> PETROL BLOWER VACS

Sort by:

1 - 6 OF 6 ITEMS DISPLAYED | 1

 <p>BLACK & DECKER ELECTRIC BLOWER VAC 2200 WATT MOTOR</p> <p>\$129.95</p> <p>ADD TO CART ADD TO WISHLIST</p>	 <p>FORESTER BLOWER VAC 2400W</p> <p>\$79.99</p> <p>ADD TO CART ADD TO WISHLIST</p>	 <p>FORESTER PETROL BLOWER VAC</p> <p>\$219.99</p> <p>STORE ONLY ADD TO WISHLIST</p>	 <p>MAKITA BLOWER VAC PETROL</p> <p>\$571.00</p> <p>ADD TO CART ADD TO WISHLIST</p>	 <p>MORRISON BLOWER VAC 2500W</p> <p>\$99.98</p> <p>ADD TO CART ADD TO WISHLIST</p>
 <p>MORRISON PETROL BLOWER VAC</p> <p>\$279.00</p> <p>ADD TO CART ADD TO WISHLIST</p>				

[VIEW CART](#) **ITEMS: 0** **TOTAL: \$0.00**

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POWER GARDEN TOOLS

- L BLOWER VACS
- L CHAINSAWS & SHREDDERS
- L HEDGE TRIMMERS
- L LAWNMOWERS
- L LINE TRIMMERS
- L WATERBLASTERS

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SKU# 128253 MODEL NUMBER# K2.180

KARCHER ELECTRIC WATERBLASTER
1595 Max psi. 5.5 Litres per minute.

2 Year Warranty

\$188.00
* inc GST

QUANTITY:

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- L CHAINSAWS & SHREDDERS
- L HEDGE TRIMMERS
- L LAWNMOWERS
- L LINE TRIMMERS
- L WATERBLASTERS

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Chainsaws & Shredders

>> ELECTRIC CHAINSAWS
>> PETROL CHAINSAWS

>> SHREDDERS

Sort by: Item Description

1 - 11 OF 11 ITEMS DISPLAYED | 1

<p>FORESTER ELECTRIC SHREDDER 2200W</p> <p>\$199.00</p> <div style="display: flex; justify-content: center; gap: 5px;"> ADD TO CART ADD TO WISHLIST </div>	<p>MAKITA ELECTRIC CHAINSAW 1800 WATT</p> <p>\$268.00</p> <div style="display: flex; justify-content: center; gap: 5px;"> ADD TO CART ADD TO WISHLIST </div>	<p>MCCULLOCH PETROL CHAINSAW 34CC</p> <p>\$248.00</p> <div style="display: flex; justify-content: center; gap: 5px;"> ADD TO CART ADD TO WISHLIST </div>	<p>MCCULLOCH ELECTRIC SHREDDER 2200W</p> <p>\$489.00</p> <div style="display: flex; justify-content: center; gap: 5px;"> ADD TO CART ADD TO WISHLIST </div>	<p>MCCULLOCH PETROL CHAINSAW</p> <p>\$399.00</p> <div style="display: flex; justify-content: center; gap: 5px;"> STORE ONLY ADD TO WISHLIST </div>
<p>MCCULLOCH PETROL SHREDDER</p> <p>\$799.00</p> <div style="display: flex; justify-content: center; gap: 5px;"> STORE ONLY </div>	<p>MCCULLOCH PETROL CHAINSAW</p> <p>\$339.00</p> <div style="display: flex; justify-content: center; gap: 5px;"> STORE ONLY </div>	<p>MORRISON ELECTRIC CHAINSAW 1800W 16 INCH BAR</p> <p>\$174.98</p> <div style="display: flex; justify-content: center; gap: 5px;"> ADD TO CART </div>	<p>MORRISON GARDEN SHREDDER 2400 WATT</p> <p>\$315.00</p> <div style="display: flex; justify-content: center; gap: 5px;"> ADD TO CART </div>	<p>QUAL CUT PETROL CHAINSAW 42CC</p> <p>\$179.00</p> <div style="display: flex; justify-content: center; gap: 5px;"> ADD TO CART </div>

[VIEW CART](#) **ITEMS: 0** **TOTAL: \$0.00**

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- L DRILLS & SCREWDRIVERS
- L GRINDERS
- L HEAT GUNS
- L HOBBY POWER TOOLS
- L NAIL & STAPLE GUNS
- L PLANERS
- L POWERTOOL ACCESSORIES
- L ROUTERS
- L SANDERS
- L SAWS
- L VACUUMS
- L WELDING

SHOW ALL DEPARTMENTS

Welding

Sort by: Item Description

1 - 5 OF 5 ITEMS DISPLAYED | 1

<p>MEDALIST 2.5MM WELDING RODS 2.5KG</p> <p>\$38.30</p> <div style="display: flex; justify-content: center; gap: 5px;"> ADD TO CART ADD TO WISHLIST </div>	<p>STARWELD 140 AMP INVERTER ARC TIG WELDER</p> <p>\$399.00</p> <div style="display: flex; justify-content: center; gap: 5px;"> ADD TO CART ADD TO WISHLIST </div>	<p>STARWELD ARC WELDER 130 AMP</p> <p>\$139.00</p> <div style="display: flex; justify-content: center; gap: 5px;"> ADD TO CART ADD TO WISHLIST </div>	<p>TELWIN FLIP FRONT WELDING HELMET</p> <p>\$30.64</p> <div style="display: flex; justify-content: center; gap: 5px;"> ADD TO CART ADD TO WISHLIST </div>	<p>TELWIN MIG WIRES 0.6MM</p> <p>\$20.42</p> <div style="display: flex; justify-content: center; gap: 5px;"> ADD TO CART ADD TO WISHLIST </div>
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1 - 5 OF 5 ITEMS DISPLAYED | 1

Some of the products shown on the website may not be available from your local Mitre 10 Store. In-store pricing may vary in rural areas.
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AIR RATTLE GUN IMPACT WRENCH 3/4"



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Price: **\$105.00**
 Availability: In Stock
 Model: AIR103

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Qty: 1 **Add to Cart**

Description Additional Images (0) Related Products(0)

3/4 inch Drive Rattle Guns
 EURO Air Tools

FEATURES:
 500 pound max torque
 4800RPM free speed
 6CFM @ 90PSI
 1/4" Air Inlet

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AIR NAIL GUN BRAD 16G 15-50MM



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Price: **\$87.00**
 Availability: In Stock
 Model: NAI003 Orange

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Qty: 1 **Add to Cart**

Description Additional Images (0) Related Products(0)

16 Gauge 15-50mm Compressor Bradder Guns
 EURO Air Tools

FEATURES:
 Rubber Hand Grip
 Oil Refill Bottle
 Hardened Steel Driver
 Quick Release Nose piece
 Single/Sequential Firing
 Miss-Fire Safety Feature
 Large Power Drive Piston
 100x Nail Magazine with Site Counter
 Fires 15mm - 50mm 16gauge Finish Brad Nails
 Operates between 60-100psi (max 120psi or 8.3bar)
 Lightweight & Made from Very Durable Die Cast Alloy Frame