

COMMERCE ACT 1986: BUSINESS ACQUISITION
SECTION 66: NOTICE SEEKING CLEARANCE

Date: 19 February 2003

The Registrar
Business Acquisitions and Authorisations
Commerce Commission
PO Box 2351
WELLINGTON

Pursuant to s66(1) of the Commerce Act 1986 notice is hereby given seeking **clearance** of a proposed business acquisition.

PART I: TRANSACTION DETAILS

The Proposed Business Acquisition

1 *What is the business acquisition for which clearance is sought?*

1.1 The business acquisition for which clearance is sought is the acquisition by Southern Capital Limited (“Southern Capital”) of 100% of the shares in Hirepool Limited (“Hirepool”) from Owens Group Limited (“Owens Group”).

1.2 Southern Capital intends to submit a bid to Owens Group, currently the owner of 100% of the shares of Hirepool, on Wednesday 19 February 2003. That bid will be conditional on the Commission granting a clearance under section 66(3)(a) of the Commerce Act 1986.

The Person Giving Notice (“the Applicant”)

2 *Who is the person giving this notice?*

2.1 This notice is given by:

Southern Capital Limited
Level 4, 31 Waring Taylor Street
PO Box 1522
WELLINGTON
Telephone: (04) 499 2033
Facsimile: (04) 499 2032
Attention: Michael O’Connor
Email: m.oconnor@southerncaptial.co.nz

2.2 All correspondence and notices in respect of this application should be directed in the first instance to:

KPMG Legal
89 The Terrace
PO Box 10246
WELLINGTON
Telephone: (04) 472 7877
Facsimile: (04) 472 2291
Attention: Tim Clarke/Mark Simpson
Email: tdclarke@kpmg.co.nz/markjsimpson@kpmg.co.nz

Confidentiality

3 *Do you wish to request a confidentiality order for:*

3.1 *The fact of the proposed acquisition?*

No.

3.2 *Specific information contained in or attached to the notice?*

Yes. The applicant has provided three versions of the notice to the Commission:

- One copy marked “Confidential Version”, which is unaltered;
- One copy marked “Confidential Highlighted Version”, in which the confidential information the applicant wishes the Commission to withhold is highlighted in square brackets; and
- One copy marked “Public Version”, in which the confidential information has been deleted.

The foregoing request for confidentiality is made not only in relation to this application, but for all additional information of a similar nature that the parties provide in respect of this matter to the Commission.

3.2.1 *If so, for how long?*

The applicant requests that the confidential information identified in the Confidential Highlighted Version be subject to a confidentiality order for a period of two years, or until Southern Capital advises the Commission that it may disclose the information concerned.

3.2.2 *Why?*

Confidentiality is sought in relation to the information highlighted in the Confidential Highlighted Version under section 100 of the Commerce Act and, after the expiry of such an order, under sections 9(2)b(ii) and 9(2)(ba)(i) of the Official Information Act 1982 on the grounds that:

- the information is commercially sensitive and valuable and its disclosure is likely to unreasonably prejudice the commercial position of the parties; and
- some of the information concerning is subject to an obligation of confidentiality signed by the applicant for the purposes of making a bid, and the disclosure of that information would prejudice the supply of similar information, or information from the same source.

There are no other considerations which render it desirable in the public interest to make the information available under the Official Information Act 1982.

Details of the Participants

4 *Who are the participants (ie the parties involved)?*

4.1 The participants are Southern Capital Limited (“the acquirer”) and the Owens Group Limited (“the seller”), who wishes to sell 100% of the shares of Hirepool Limited (“the target company”).

4.2 The contact details of the participants:

- Southern Capital’s details are set out in paragraph 2.1.
- In entering the sales process as a prospective buyer of Hirepool, Southern Capital has signed a Confidentiality Deed and has agreed to channel communications, requests for information and all other enquiries concerning the sale of Hirepool to the seller’s agent. The seller’s agent is:

Antipodes Consult Limited
Ground Floor
26 Heather Street
PO Box 37 217
Parnell
AUCKLAND
Telephone: (09) 307 7025
Facsimile: (09) 307 7022
Attention: David Hay
Email: david@antipodes99.com

5 *Who is interconnected to or associated with each participant?*

5.1 Southern Capital (acquirer group and associates):

5.1.1 *If the acquirer is a member of a group of interconnected bodies corporate, identify all members of the group.*

The companies in which Southern Capital holds shares are summarised in the corporate structure diagram attached as Appendix 1. Holdings are, unless otherwise indicated, 100% of shares issued.

5.1.2 Identify all companies in which the acquirer or its interconnected bodies corporate own 10% or more of the shares.

Southern Capital holds 100% ownership of the shares of CBD No.1 Limited, which in turn owns 50% of the shares in Hire Equipment Group Limited. The remaining 50% of the shares in Hire Equipment Group Limited are owned by the SD McKinlay Family Trust. Hire Equipment Group Limited holds 100% of the shares of Hirequip Holdings Limited. Hirequip Holdings Limited holds:

- 100% of the shares in Hirequip Limited (“Hirequip”);
- 100% of the shares in Projex Plant Services Limited; and
- 100% of the shares in Hirequip Property Limited.

Hirequip owns 50.1% of the shares in Hirequip (West Coast) Limited.

5.1.3 Identify any company which owns over 10% of the shares in the acquirer or any company of which the acquirer is a subsidiary.

Southern Capital is a publicly listed company. The parties that currently own more than 10% of the shares in Southern Capital are:

- Alliance Capital Management New Zealand Limited (“Alliance Capital”) (12.79%)
- The Wong Family (10.56%)

5.1.4 Identify all interconnected bodies corporate of any company identified under 5.1.3 and all companies in which it, or its interconnected bodies corporate, own over 10% of the shares.

Alliance Capital is a subsidiary of AXA Asia Pacific Holdings Limited. As a fund manager, Alliance Capital is a passive owner. The Wong Family holds its interests through two family trusts.

5.2 Owens Group/Hirepool (seller and target company):

5.2.1 Identify all subsidiaries of the target company and all companies in which the target company or any subsidiary owns 10% or more of the shares.

Not applicable. Hirepool does not have any subsidiaries or hold shares in any other company.

5.2.2 If any company owns over 10% of the shares in the “target company”, and will continue to do so after the proposed acquisition, then identify all of the interconnected bodies corporate of that

company and all companies in which it or its interconnected bodies corporate own over 10% of the shares.

Not applicable. Southern Capital will hold 100% of the shares in Hirepool after the proposed acquisition.

6 *Does any participant, or any interconnected body corporate thereof, already have a beneficial interest in, or is it beneficially entitled to, any shares or other pecuniary interest in another participant?*

6.1 No.

7 *Identify any links, formal or informal, between any participant/s including interconnected bodies corporate and other persons identified at paragraph 5 and its/their existing competitors in each market.*

7.1 No links exist.

8 *Do any directors of the ‘acquirer’ also hold directorships in any other companies which are involved in the markets in which the target company/business operates?*

8.1 No.

9 *What are the business activities of each participant?*

9.1 Summary of the business activities of Southern Capital:

- Southern Capital is a publicly listed investment holding company. The companies in which Southern Capital owns and holds shares and the Southern Capital group structure are summarised in the diagram attached as Appendix 1.
- The majority of Southern Capital’s holdings are in property investment and development. Southern Capital also holds interests in diagnostics, viticulture, aquaculture, equity trading and, most relevant to this application, equipment hire. Southern Capital’s holding in the equipment hire industry is limited to ownership and directorship, through its subsidiary CBD No.1 Limited, of 50.1% of the shares in Hire Equipment Group Limited (see below).

9.2 Summary of the business activities of the companies in the Hirequip group:

- **Hire Equipment Group Limited** is the holding company for 100% of the shares in Hirequip Holdings Limited.
- **Hirequip Holdings Limited** is the holding company for 100% of the shares in Hirequip Limited (“Hirequip”), Hirequip Property Limited and Projex Plant Services Limited, and 50.1% of the shares in Hirequip (West Coast) Limited.

- **Hirequip Limited** (trading as “Hirequip”) is a general construction and building equipment hire services company. It also has a Party Hire and Events division. Hirequip has 38 branches nationwide, more than 350 employees and an annual turnover of more than \$50 million. See the response to question 11.2 for a description of the markets in which Hirequip operates. Hirequip’s website can be accessed at: <http://www.hirequip.co.nz>.
- **Hirequip Property Limited** is a non-trading company.
- **Projex Plant Services Limited** is an importer and retailer of heavy construction and earth works equipment. It currently holds agencies for Daewoo Heavy Construction Equipment (A South Korean company that manufactures excavators and wheeled loaders) and HAMM (A Germany company that manufactures construction and roading rollers).
- **Hirequip (West Coast) Limited** is a general construction and building equipment hire services company based in Greymouth. The other 49.9% of the shares in Hirequip (West Coast) Limited are owned by Norman Anthony Kelly.

9.3 Summary of the business activities of Owens Group/Hirepool:

- Owens Group is a publicly listed company whose core activity is transportation logistics. Ownership of Hirepool is through the subsidiary Owens Industrial Services Limited. A copy of the Owens Group annual report can be accessed at: <http://www.owensglobal.com>.
- Hirepool has 22 branches at 14 sites¹ over four regions (Auckland, Waikato, Wellington and Canterbury), more than 100 employees and an annual turnover of more than \$22 million for 2001/2002 (year end of March). See the response to question 11.2 for a description of the markets in which Hirepool operates. Hirepool’s website can be accessed at: <http://www.hirepool.co.nz>.

10 *What are the reasons for the proposal and the intentions in respect of the merged business?*

The Owens Group has decided to sell its shares in Hirepool and has sought bids from pre-qualified bidder to acquire Hirepool by sealed tender.

Southern Capital intends to merge the management and operation of Hirepool with Hirequip. The proposed acquisition has the following purposes:

- **More efficient utilisation of plant:** The principle purpose is to obtain better fleet utilisation and increase hireage. The acquisition will allow better utilisation of existing sites and plant hireage, thereby increasing economic efficiency. It will also provide an opportunity to release any misallocated capital and achieve growth

¹ Hirepool has three specialist divisions or branches: Access, Scaffolding and Heavy Construction. A number of sites contain more than one division or branch.

going forward on an efficient basis. Some consolidation and rationalisation of premises, depots and administrative costs is anticipated.

- **Meeting increased demand:** The proposed acquisition will provide the merged entity with increased exposure in regions, and Auckland in particular, where demand for hire equipment services is expected to grow due to significant planned infrastructure spending and building construction in response to increased immigration. Both trends are expected to continue.
- **More comprehensive national coverage:** The proposed acquisition will provide better opportunities to relocate plant nationally between regions to meet fluctuations in demand.
- **A stronger brand presence:** The merging of the two hire companies will allow for the development of a stronger national brand, particularly in relation to services provided to small business and domestic ('home handyperson') customers.
- **Securing valuable human resources:** The proposed acquisition will allow for the combining of substantial industry knowledge through the pooling of experienced employees, particularly in relation to heavy construction and specialised building construction equipment.

PART II: IDENTIFICATION OF MARKETS AFFECTED

Horizontal Aggregation

11 *Are there any markets in which there would be an aggregation of business activities as a result of the proposed acquisition?*

There will be aggregation of business activities in some markets as a result of the proposed acquisition.

11.1 *Are there any markets in which the acquirer (and/or any interconnected or associated company as identified in question 5.1.1 - 5.1.4), and*

- *the business to which the assets relate, or*
- *the 'target company' (and/or any interconnected or associated company identified in question 5.2.1 and 5.2.2 above)*

are both engaged?

The acquisition of Hirepool by Southern Capital will result in an aggregation in the markets in which Hirepool and Hirequip both operate. Those markets are:

- the national market for heavy construction and earth works equipment hire services ("the heavy construction equipment hire market");

- the Auckland, Waikato, Wellington and Christchurch regional markets for the supply of building construction and maintenance equipment hire services to commercial customers (“the building equipment hire markets”); and
- the Auckland, Waikato, Wellington and Christchurch regional markets for the supply of building construction and maintenance equipment hire services to domestic (‘do it yourself’ or ‘home handyperson’) customers (“the DIY equipment hire markets”).

11.2 Please identify for each market:

- ***the product(s), functional level, geographical area and (where relevant) timeframe;***
- ***the specific parties involved;***
- ***the relationship of those parties to the acquirer or the target company as the case may be.***

The following paragraphs provide a general description of the markets identified above, including their product, functional and geographic dimensions.

Product dimension

- A range of businesses provide “hire” or “rental” services to businesses and consumers and the industry sector, which can be divided into a number of categories according to the equipment concerned.² Hirepool and Hirequip provide general construction and building equipment hire services. Both companies offer a wide range of general construction and building equipment for hire, aiming at three distinct groups of consumers: large infrastructure construction companies and other users of heavy machinery, building construction and maintenance companies and home owners undertaking home improvements.³ The range of equipment held by Hirequip for hire within each of these three categories is listed in Appendix 2.
- In addition to general or ‘one stop shop’ construction and building hire companies, there are a number of companies that specialise in providing hire services only in relation to particular equipment types, for example scaffolding, trucks, forklifts and earthworks machinery. While these companies do not usually offer services to homeowners, they directly compete with general equipment hire companies in the services offered to heavy construction and earthworks companies and building construction and maintenance companies.

² Other categories of equipment hire services include rental cars, party and function equipment hire, recreation equipment hire, medical equipment hire and computer and information technology hire.

³ Hirequip also has a specialist Party Hire and Events division.

Functional dimension

- The functional level of all three markets is the provision of hire services, as opposed to the manufacture, retail sale or use of the equipment concerned. The acquirer also operates at the retail sale functional level in relation to the heavy construction and earth works equipment through Projex Plant Services Limited, a sister company to Hirequip, which is also owned by Hirequip Holdings Limited.

Geographic dimension

- The geographic dimension of the heavy construction equipment hire market is national. Equipment within this market is often hired for an extended periods of time (6 months or more) to assist with large construction projects. The equipment grouped in this category is used in roading projects, major earth excavation for building sites, mining, quarrying, forestry and rural earthworks. It is cost effective to transport equipment around the country (even between the North and South Islands). Equipment for the projects concerned is therefore often transported large distances by hire companies, both between hire company depots and from those depots to customers. In most cases, transportation is arranged or provided by the hire companies themselves and the associated costs are either absorbed or built into quoted prices for individual contracts.
- The geographic dimensions of the other two market categories are limited to specific regions. Hirequip has branches in Northland, Auckland, Waikato, Bay of Plenty, Manawatu, Taranaki, Wellington, Nelson, Marlborough, Canterbury, Westland, Otago and Southland. Hirepool has branches in Auckland, Waikato, Wellington and Canterbury. The regions in which aggregation will occur are therefore those in which Hirepool operates.
- In relation to the building equipment hire market, the geographic dimensions of the markets are regional. This is confirmed by the fact that equipment supplied to companies in this market category is usually transported to a work site by, or arranged by, the hire company in question within the relevant region. Most hire companies that operate in this market have trucks specifically designed to transport equipment to sites within each region.
- In relation to the DIY hire equipment markets, most of the regional divisions include a metropolitan area and a surrounding rural region, including the small towns within the region. Domestic consumers can be expected to consider hiring equipment from within the wider region and seek the best price between competitors within that region. There might, however, be some reluctance to travel significant distances for price savings on low cost hire items.
- The applicant contends that a regional geographic dimension is also appropriate for consideration of the Auckland DIY hire equipment market, even though travelling times might be considered to be longer than in other regions. However, should the Commission consider that the identification of

smaller sub-regional markets is within the wider Auckland region is appropriate, the applicant suggests that any division be made on the basis of proximity of branches within the following areas: North Shore, West Auckland, Central Auckland (City and Mt Wellington) and South/East Auckland (Manukau and Tamaki). Maps of Auckland that include the boundaries of such sub-regional geographic areas, and the location of the Hirequip and Hirepool branches within those areas, can be supplied.

Differentiated Product Markets

12 *Please indicate whether the products in each market identified in question 11 are standardised (buyers make their purchases largely on the basis of price) or differentiated (buyers make their purchases largely on the basis of product characteristics as well as price).*

The degree of differentiation in each of the market categories identified in question 11 is discussed below:

- Construction and building equipment hire companies offer hire services to meet customer demand for the use of equipment for limited periods of time. In most cases, hire is preferred to purchase on the basis of the cost and the limited anticipated future use for the equipment in question. In the heavy construction equipment hire market and building equipment markets hire is a means of augmenting equipment owned by construction and maintenance companies where additional equipment is required for specific projects. As the projects involved in this market category (for example, roading, forestry and quarrying) can be scheduled to take many months, and even years, the hire periods can be considerable, making long term lease arrangements and sometimes purchase direct substitutes. In the DIY equipment hire markets, homeowners usually only require an item of equipment for one-off jobs, and usually only for a day or weekend.
- Generally, there is little differentiation between the comparable items of equipment held in the inventories of hire companies. There is, however, some differentiation between the services offered by competitors in all three market categories. This is expanded upon in the response to question 13.1.

13 *For differentiated product markets:*

13.1 *Please indicate the principle characteristics of the products that cause them to be differentiated one from another.*

Characteristics of services that result in differentiation:

- One key area of differentiation in the services offered by competing firms in both the heavy construction equipment hire market and the regional building equipment hire markets is the range and quantity of equipment offered. General equipment hire companies (such as McEntee Hire, Hirepool, Hirequip and other regional ‘one stop shops’) offer a wide range of equipment for hire. Broadly speaking, they carry in their inventories similar ranges of equipment in anticipation of demand from customers in relation to each one of the three

product markets identified above that they offers services in. (Appendix 2 provides a list of the major fleet and hire asset items owned by Hirequip, divided between the three market categories identified in response to question 11).

- General equipment hire companies are able to offer hire services to companies in relation to the range of equipment that might be required for a construction or building contract. This includes the possibility of entering into supply arrangements with infrastructure construction companies as preferred hire equipment suppliers.⁴
- Some general equipment hire companies (such as McEntee Hire, Hirepool and Hirequip) offer services across all three categories of markets. Other companies, including some specialist equipment hire companies (depending on the equipment involved), offer services in two categories, usually either the heavy construction equipment hire market and the building equipment hire market, or the building equipment hire market and the DIY equipment hire market. In addition, many companies will offer services only in relation to one market or market category. Appendix 3 provides a comprehensive list, organised by the regional location of branches and depots, of the hire companies in the regions affected by the proposed transaction and the markets categories in which they operate.
- General equipment hire companies compete with specialist equipment hire companies in offering particular types of equipment to construction and building maintenance companies. For example, there are a number of hire companies that specialise in hiring trucks, cranes, building access equipment and scaffolding, generators, portable toilets, forklifts and trailers. Specialist equipment hire companies usually hold a significantly greater number of items of equipment in their inventories (often more than general equipment hire companies), aiming at supplying hire services in relation to large construction and building projects. Depending on the nature of the equipment category, some specialist companies can also offer greater choice over specifications than general equipment companies to meet the needs of niche customers. Specialist companies can also be expected to have employees with deeper industry and technical knowledge. There is therefore some differentiation of services based on specialisation and specialised equipment within the heavy construction equipment hire market and the regional building equipment hire markets. Differentiation as a result of specialised equipment does not, however, generally apply to DIY equipment hire markets.
- Within the DIY equipment hire markets, there is little differentiation between the services offered by competing hire companies. Most companies that target

⁴ Supply agreements allow hire companies to smooth cashflows and therefore offer discounts to large customers. This is becoming more common on the request of large customers and most general equipment hire companies enter into such agreements. [

the DIY equipment hire markets attempt to provide a ‘one-stop shop’ of equipment. The specialist equipment hire companies referred to above in relation to the heavy construction market and the building construction markets do not generally target DIY customers. As noted above, their services are tailored to construction and building companies. Accordingly, their inventories usually consist of equipment designed for commercial application, rather than ‘home handyperson’ use. However, customers in the DIY equipment hire markets are able to hire equipment from specialist companies that primarily target commercial building equipment markets, where commercial equipment might suit their needs. There are, in addition, some examples of specialist equipment hire companies primarily targeting DIY markets, for example trailer hire companies, garages and service stations (which often offer for hire trailers), garden centres and hardware centres (both of which sometimes offer some items of equipment for hire, but might not offer wider hire services). In many cases the provision of hire services by such companies is ancillary to their primary business undertakings. There is therefore likely to be some competition in DIY equipment hire markets in relation to particular equipment items from related retail companies and specialised hire companies.

- There is some differentiation in the DIY equipment hire markets through brand image and the goodwill associated with individual hire companies that can arise from a reputation for providing expert advice and service. For some customers, reputation can result from the holding of a higher quality of equipment (in terms of the age and brand perceptions) in a hire company’s fleet or stock of hire plant. Other customers might prefer personal service from smaller locally owned and operated businesses.
- A further differentiating factor between general hire equipment companies in the DIY equipment hire market is likely to be location and the geographic proximity of branches. While DIY customers are likely to travel greater distances than supermarket shoppers to hire equipment, consumers would not travel out of a regional area and hire companies generally do not deliver to domestic customers.

13.2 *To what extent does product differentiation lead firms to tailor and market their products to particular buyer groups or market niches?*

See the answer to question 13.1.

13.3 *Of the various products in the market, which are close substitutes for the products or the proposed combined entity? – which are more distant substitutes?*

Substitutability:

- In relation to the heavy construction market and the building construction markets, outright purchase of equipment will in some cases be a substitute for long term hire. Construction companies will usually have a certain core of capital equipment, which they would expect to utilise most of the time in their

operations. However, high cost equipment that is used only infrequently will often be hired when needed rather than purchased. Thus the capital risk on the hire equipment is borne by the hire company. In addition, construction companies will often hire equipment for specific projects, particularly in periods of high activity and in relation to very large projects. Where construction companies anticipate that equipment will be required for a substantial period of time (which can, for example, be required in relation to large earthworks projects, mining, quarrying and forestry projects) outright purchase or long term leasing is a viable alternative and therefore a substitute for hiring.

- Purchasing equipment or entering into a more permanent leasing arrangement with an equipment retailer is therefore a viable substitute for businesses operating in the heavy construction industry and, to a lesser extent, the building construction industry. The range of options available to construction companies to secure the use of capital equipment is illustrated by the fact that a number of retailers are, in addition to offering lease arrangements and financing options, now also offering hire services comparable to the activities of hire-only companies as alternatives to purchasing outright or leases more directly. A list of the heavy equipment retailers and their New Zealand agents is attached as Appendix 4.
- In the DIY equipment hire markets, the purchase of equipment (particularly from a discount store such as The Warehouse) is likely to be a viable substitute for hiring many lower cost items. The increasing viability of outright purchase of many items of DIY equipment traditionally hired from hire companies is reflected in the lower stock of basic building equipment held by general equipment hire companies. Purchase is therefore increasingly a close substitute in relation to many items of DIY equipment. The purchase of larger, higher cost items of equipment is, however, likely to be a more distant substitute for hire.
- Customers in the DIY equipment hire markets are able to hire many of the items held by general equipment hire companies from other sources, such as specialist hire companies and other businesses that offer hire services in addition to other core retail or service activities, such as garages and service stations, garden centres and hardware stores with trailers, chain saws and building and gardening equipment; and supermarkets for carpet shampoo machines; plumbing supply companies with cobblestone cutters and concrete mixers and trailers (See also response to question 13.1 for other examples).

13.4 *Given the level of product differentiation, to what extent do you consider that the merged entity would be constrained in its actions by the presence of other suppliers in the markets affected.*

Given the level of differentiation in the services provided in the markets identified in question 11 above, the merged entity will be constrained in its actions by the presence of other suppliers. See the responses to questions 12 and 13.

Vertical Integration

14 Will the proposal result in vertical integration between firms involved at different functional levels?

No. The proposal will not result in vertical integration between firms involved at different functional levels.

14.1 Are the “acquirer” (or any interconnected or associated company as identified in questions 5.1.1 – 5.1.4) and the business to which the assets relate, or the ‘target company’ (or any interconnected company or associated company as identified in question 5.2.1 and 5.2.2) engaged at different functional levels of the same product market(s)?

No. There is a small amount of vertical integration within the Hirequip group of companies by virtue of Hirequip Holdings Limited’s ownership of Projex Plant Services Limited, a capital equipment retail company that specialises in earthworks equipment. Projex Plant Services Limited operates at a different functional level to Hirequip, supplying limited lines of new heavy construction equipment for sale. Hirepool has no agencies for the sale of new equipment. Thus, the proposed acquisition will not result in additional vertical links within the merged entities and the Southern Capital group of companies.

Vertical markets are not therefore directly relevant to the proposed acquisition, and are only discussed further in this application in relation to the constraints provided by vertically integrated competitors on the potential behaviour of the proposed merged entity and the possibility of entry and expansion from vertical markets.

Previous Acquisitions

15.1 In respect of each market identified in questions 11 identify briefly all propose acquisitions of assets of a business or shares involving either participant (or any interconnected body corporate thereof) notified to the Commission in the last three years.

No proposed acquisitions of assets of a business or shares involving either participant (or any interconnected body corporate thereof) have been notified to the Commission in the last three years.

15.2 In respect of each market identified in questions 11 identify briefly any other acquisition of assets of a business or shares which either participant (or any interconnected body corporate) has undertaken in the last three years.

The following acquisitions have been undertaken by the acquirer (and interconnected bodies corporate) in the last three years:

- In July 2002 Southern Capital acquired 50% of the shares in Hire Equipment Group Limited, a newly constituted company that purchased

100% of the shares in Hirequip Holdings Limited from Australian company GS Private Equity Pty Ltd and the SD McKinlay Family Trust. The SD McKinlay Family Trust subsequently acquired the remaining 50% stake in Hire Equipment Group Limited.

- In December 2001 Hirequip Ltd acquired the equipment rental assets of Abell Hire Limited based in Christchurch.
- In September 2000 a new company (subsequently renamed Hirequip Holdings Limited) was registered and capitalised through the acquisition of 100% of the shares in Hirequip Limited and 100% of the shares in Projex Plant Limited from interests associated with Mr SD McKinlay and Viking Pacific Limited respectively. The subscribers to the shares in the new company registered were SD McKinlay Family Trust (50%) and interests associated with GS Private Equity Pty Ltd (50%). Prior to this transaction, Hirequip operated only in the South Island and Projex operated only in the North Island.

PART III: CONSTRAINTS ON MARKET POWER BY EXISTING COMPETITION

Existing Competitors

16 *In the market or markets, who are the suppliers of competing products, including imports?*

The tables below provide information concerning existing competition in each market, identified in the answer to question 11, that would be affected by the proposed acquisition.

16.1 *Please identify the owners of those suppliers (including ultimate owner/s)*

See answer to 16.2. To the best of our knowledge, the owners of competing suppliers in each of the relevant markets are listed in the tables below and detailed in Appendix 5.

16.2 *What are their estimated market shares, both in terms of productive capacity and of sales?*

Estimates of market shares based on revenue, including those of the participants to the proposed acquisition and at least four leading competitors, are provided in the tables below.

The sources of these estimates are identified in response to question 16.3. Estimates of productive capacity, in terms of plant held by each competitor, have not been determined as reliable sources of information exist.

The Commission should also note that imports are not a viable form of competition for local supply in any of the markets affected. Trans-Tasman shipping costs mean

that sourcing even heavy construction equipment for long term hire from Australia is not a viable substitute to hire from domestic suppliers.

Table 1: The National Market for Heavy Construction and Earth Works Equipment Hire				
Rank	Hire Only Companies	Owner(s) of Supplier	Estimated % of Market Sales for Hire Only Companies	Estimated % of Market Sales for the Hire Only Companies and Retailers combined (Retail Leases)
1	Porter Hire	Porter Hire Family Trust		
2	Cat Rental	Gough Group		
3	Hirequip	Southern Capital and SD McKinlay		
4	Hirepool	Owens Group		
5	Ray Stewart			
6	Others/Excavators			
7	Others/10 ton Trucks			
Rank	Retailers – assumed rentals from operating leases		Estimated % of Market Sales for Retail Leases	
1	Gough Cat			
2	Cable Price	Hitachi Construction Machinery Co. Limited and Kanematsu Corporation		
3	AB Rental Equipment	Hellaby Holdings Limited		
4	Komatsu New Zealand	Komatsu Japan		
5	Loadlift	Stevens Kms Investments Limited		
6	Titan Plant	Titan Holdings Limited		
7	Liebherr	Liebherr NZ Limited – Australian Pty Limited		

Table 2: The Auckland Regional Market for Building Construction and Maintenance Equipment Hire Services to Business Customers			
Rank	Supplier	Owner(s) of Supplier	Estimated % of Market Sales [Excluding Specialist Hire Companies]
1	Hirepool	Owens Group	
2	Hirequip	Southern Capital and SD McKinlay Trust	
3	McEntee	Bill McEntee	
4	Cat Rental	Gough Group	
5	Pukekohe Hire Centre		
6	Davies Hire		
7	Lincoln Hire (2 stores)		
8	Cascade		
9	Others/General Hire Companies (Total)		
10	Other/Specialist Hire Companies (Total)		

Table 3: The Waikato Regional Market for Building Construction and Maintenance Equipment Hire Services to Business Customers			
Rank	Supplier	Owner(s) of Supplier	Estimated % of Market Sales including Specialist Hire Companies [Excluding Specialist Hire Companies]
1	Ready Hire	Kevin Galichen	
2	Hirequip	Southern Capital and SD McKinlay Trust	
3	The Hire Co		
4	Hirepool	Owens Group	
5	Cambridge HC		
6	Network Hire		
7	Others/General Hire Companies (Total)		
8	Others/Specialist Hire Companies (Total)		

Table 4: The Wellington Regional Market for Building Construction and Maintenance Equipment Hire Services to Business Customers			
Rank	Supplier	Owner(s) of Supplier	Estimated % of Market Sales including Specialist Hire Companies [Excluding Specialist Hire Companies]
1	Hirequip	Southern Capital and SD McKinlay Trust	
2	Thettire Co		
3	Hirepool	Owens Group	
4	Kapiti Hire		
5	Wainuiomata Hire		
6	Other/Specialist Hire Companies (Total)		

Table 5: The Christchurch Regional Market for Building Construction and Maintenance Equipment Hire Services to Business Customers			
Rank	Supplier	Owner(s) of Supplier	Estimated % of Market Sales including Specialist Hire Companies [Excluding Specialist Hire Companies]
1	Hirequip	Southern Capital and SD McKinlay Trust	
2	Cityhire		
3	Smiths Hire		
4	Rangiora Hire		
5	Timaru Hire		
6	The Hire Co		
7	Ashburton Hire		
8	Hirepool	Owens Group	
9	Other/General Hire Companies (Total)		
10	Other Specialised Hire Companies		

Table 6: The Waikato Regional Market for the Supply of Building Construction and Maintenance Equipment Hire Services to Domestic DIY Customers			
Rank	Supplier	Owner(s) of Supplier	Estimated % of Market Sales
1	Ready Hire		
2	Hirequip	Southern Capital and SD McKinlay Trust	
3	Hirepool	Owens Group	
4	Cambridge HC		
5	Te Awamutu		
6	Huntly Hire		
7	Other/Independents (Total)		

Table 7: The Wellington Regional Market for the Supply of Building Construction and Maintenance Equipment Hire Services to Domestic DIY Customers			
Rank	Supplier	Owner(s) of Supplier	Estimated % of Market Sales
1	Hirequip	Southern Capital and SD McKinlay Trust	
2	Hirepool	Owens Group	
3	Kapiti Hire		
4	Wainuiomata Hire		
5	Moore Hire		
6	Other/Independents (Total)		

Table 8: The Christchurch Regional Market for the Supply of Building Construction and Maintenance Equipment Hire Services to Domestic DIY Customers			
Rank	Supplier	Owner(s) of Supplier	Estimated % of Market Sales
1	Hirequip	Southern Capital and SD McKinlay Trust	
2	Smiths Hire		
3	Ashburton Hire		
4	City Hire		
5	Johnson Hire		
6	Hamil Hire		
7	Linden Hire		
8	Rangiora Hire		
9	Timaru Hire		
10	Hirepool	Owens Group	
11	Other/Independents (Total)		

Table 9: The Auckland Regional Markets for the Supply of Building Construction and Maintenance Equipment Hire Services to Domestic DIY Customers			
Rank	Supplier	Owner(s) of Supplier	Estimated % of Market Sales
1	Hirepool	Owens Group	
2	McEntee	Bill McEntee	
3	Hirequip	Southern Capital and SD McKinlay Trust	
4	Bunnings Warehouse	Wesfarmers	
5	Lincoln Hire (2 stores)		
6	Others/Independents (Total)		

If, notwithstanding the applicant's understanding of the regional dimension of the Auckland DIY equipment hire market, the Commission takes the view that the identification of sub regional markets is appropriate, the following tables will apply.

Table 10: The North Shore Market for the Supply of Building Construction and Maintenance Equipment Hire Services to Domestic DIY Customers			
Rank	Supplier	Owner(s) of Supplier	Estimated % of Market Sales
1	Hirepool	Owens Group	
2	McEntee	Bill McEntee	
3	Hirequip	Southern Capital and SD McKinlay Trust	
4	Hibiscus Hire		
5	North Harbour Hire		
6	Others/Independents (Total)		

Table 11: The West Auckland Market for the Supply of Building Construction and Maintenance Equipment Hire Services to Domestic DIY Customers			
Rank	Supplier	Owner(s) of Supplier	Estimated % of Market Sales
1	Lincoln Hire (2 stores)		
2	Hirepool	Owens Group	
3	Hirequip	Southern Capital and SD McKinlay Trust	
4	Helensville Hire		
5	Blockhouse Bay Hire Services		
6	Caweway Hire Centre		
7	Others/Independents (Total)		

Table 12: The Central Auckland Market for the Supply of Building Construction and Maintenance Equipment Hire Services to Domestic DIY Customers			
Rank	Supplier	Owner(s) of Supplier	Estimated % of Market Sales
1	Hirepool	Owens Group	
2	Hirequip	Southern Capital and SD McKinlay Trust	
3	Davies Hire		
4	Cascade Mt Wellington		
5	Panmure Hire Centre		
6	Others/Independents (Total)		

Rank	Supplier	Owner(s) of Supplier	Estimated % of Market Sales
1	McEntee	Bill McEntee	
2	Bunnings Warehouse	Wesfarmers	
3	Hirequip	Southern Capital and SD McKinlay Trust	
4	Hirepool	Owens Group	
5	Pukekohe Hire Centre		
6	Cascade – East Tamaki		
7	Takanini Hire King		
8	Others/Independents (Total)		

Sources of Estimates:

16.3 Please indicate the source of the data provided, and where they estimates, the likely degree of accuracy.

There is no independent market survey data for the markets affected by the proposed acquisition. Figures for Hirequip are taken directly from the company's reforecast budget projections for 2002/2003, which take into account revenue from July to December 2002. The original 2002/2003 budget projections were based on 2001/2002 revenues. The balance of the information provided in the tables above is based on estimates calculated by Hirequip, using Hirequips own revenue performance as proxy.

Some of Hirequips branches service all three markets relevant to the region in question (including the national heavy construction equipment hire market, while the others only service two of the three markets. For each region, Hirequip's revenues are split between each of the three relevant market categories on the basis of the following percentage attributions on the revenue derived from each branch:

- Heavy construction equipment hire/Building equipment hire/DIY equipment hire: []
- Heavy construction equipment Hire/Building equipment hire: []
- Building equipment hire/DIY equipment hire: []

Most of the hire and rental businesses identified within the markets affected by the proposed transaction also service a combination of markets within the three market categories. In the absence of access to information that breaks down other companies' revenue between the markets serviced, the applicant has applied the same ratios used in relation to Hirequip revenues to determine the appropriate split for the estimated revenues of competitors. Where divergent revenue splits are thought to exist some adjustment has been made to the above ratios. The applicant submits that this approach provides the nearest approximation on the information available.

The sources of the revenue data provided, and an assessment of the likely relative degree of accuracy for each source, are provided in the table below:

Table 14: Sources of Data		
Company	Source of Data	Expected Degree of Accuracy
Hirequip	2002/2003 reforecast budget projections	High
Hirepool	Aggregated revenue figures for the financial years ending 31 March 2001/2002 and the 9 months to 31 December 2002 were supplied by Hirepool to Southern Capital in due diligence and this information is subject to an obligation of confidentiality.	High
Cat Rental	Figures estimated by Hirequip Senior Management on the basis of knowledge concerning branch and depot numbers, employees at specific branches, asset types deployed and strength of the relevant regional economy	Medium
Porter Hire	Figures estimated by Hirequip Senior Management on the basis of knowledge concerning branch and depot numbers, employees at specific branches, asset types deployed and strength of the relevant regional economy	Medium to high
McEntee Hire	Figures estimated by Hirequip Senior Management on the basis of knowledge concerning branch and depot numbers, employees at specific branches, asset types deployed and strength of the relevant regional economy	Medium
Atlas Copco	Figures estimated by Hirequip Senior Management on the basis of knowledge concerning branch and depot numbers, employees at specific branches, asset types deployed and strength of the relevant regional economy	Medium
Bunnings Warehouse	Figures estimated by Hirequip Senior Management on the basis of turnover required for a profitable business of a comparable size.	Low to medium
Ready Hire	Figures estimated by Hirequip Senior Management on the basis of knowledge concerning branch and depot numbers, employees at specific branches, asset types deployed and strength of the relevant regional economy	Medium to high

The Hire Company	Figures estimated by Hirequip Senior Management on the basis of knowledge concerning branch and depot numbers, employees at specific branches, asset types deployed and strength of the relevant regional economy	Medium
Heavy construction equipment retailers ⁵	Revenues from New Zealand Equipment Suppliers Association sales figures for machines sold in 2002 and on the basis of comparisons with revenue and performance of Projex Plant Services	Medium
All other companies	Figures estimated by Hirequip Senior Management and Regional Branch Managers on the basis of general research and industry knowledge. Competitors were identified in each market from the Hire and Rental Association membership list and the Telecom White Pages and Telecom Yellow Pages. Revenue estimates were made on the basis of knowledge concerning equipment and services listed, taking into account assets, branch or depot size, employee numbers, and the strength of the regional economy.	Low to medium

16.4 *Where available, please provide data in the form of the table above for any or each of the past five years, as well as the most recent year.*

See the response to question 16.3. Figures for previous years have not been determined, and would be subject to a lower degree of accuracy.

⁵ Cough Cat, Cable Price, AB Equipment, Komatsu NZ, Loadlift, Titan Plant, and Liebherr.

Other Considerations

16.5 *Please identify any firms that are not currently producing the product in the market, but could enter the market quickly (using essentially their existing productive capacity) in response to an attempt by suppliers to raise prices or reduce output or quality ('near entrants').*

- In the heavy construction hire market and the building equipment hire markets, examples of potential near entrants, who could enter the hire services market without needing to make substantial additional investment, are provided in the following table:

Table 15: Examples of Near Entrants	
Potential Near Entrant	Description of Possible Entry or Expansion
Fulton Hogan Limited	A large construction company that currently has 5 in-house hire branches within their major depots within the metropolitan areas of all five building equipment hire market regions and could offer those services to other construction companies
Bunnings Warehouse	Currently active in the DIY Hire Market in the Auckland region. Bunnings are believed by the applicant to have plans to expand into other regional areas and could also, with minimal effort, also provide services in relation to the building equipment hire markets in those regions.
Titan Plant	Currently the new distributor for Volvo International equipment, but whose parent company owns Volvo Rent, a global heavy construction and building equipment rental company – Titan Plant could offer equipment sourced through its sales agency for hire relatively easily, particularly in relation to the heavy construction hire services market.
Works Infrastructure	New Zealand's largest construction company, which could offer hire services in relation to its large heavy construction and building equipment asset base over all of the regions that would be affected by the proposed acquisition.

- In relation to the DIY equipment hire market, general equipment retail stores, such as hardware, 'home handyman' and domestic building supply stores, should be considered near entrants. Retailers either have in stock or are able to easily obtain equipment that can be offered for hire. An example of the ease with which domestic building supply stores can enter the DIY hire equipment market is by the recent entry of Bunnings Warehouse through the purchase of the Benchmark Hardware chain of stores. Bunnings Warehouse

(which has 103 branches in Australia) now offers hire services in the Auckland region from three of the Benchmark Building Supplies branches acquired, and is expected to expand its hire services into other regions in a similar manner.

16.6 *Estimate the productive capacity that such near entrants potentially could bring to the market.*

Estimates of productive capacity, in terms of plant held by or potentially available to near entrants, would be difficult to determine.

16.7 *Please indicate the extent to which imports provide a constraint on domestic suppliers.*

Not applicable. As noted above, the import of hire services, even in the heavy construction equipment hire services market, is not a viable option in any of the markets affected by the proposed transaction. However, refer to the response to question 28 on the possibility of expansion by Australian hire companies expanding into the New Zealand market.

16.8 *To what extent is the product exported?*

Not applicable. With the exception of heavy construction equipment, hire services are not generally exported from New Zealand in the markets affected by the proposed transaction. Hirequip has in the past exported hire services to Samoa, Fiji and Tonga for large projects, but those projects were undertaken by New Zealand based companies, so are effectively not themselves service exports.

16.9 *Please indicate whether the ‘targeted company’ could be described as a vigorous and effective competitor, taking into account its pricing behaviour, its record of innovation, its growth rate relative to the market, and its history of independent behaviour.*

Hirepool could not be described in this manner. The operations of Hirequip and Hirepool, including the services they offer, are broadly comparable, and collectively comparable with other competitors in each of the markets affected by the proposed acquisition.

Conditions of Expansion

17 *The following listing gives different types of market conditions that may affect the ability of existing firms to expand:*

- ***Frontier entry conditions***
eg tariffs, quarantine requirements, international freight costs.
- ***Legislative/regulatory conditions***
eg meat licensing, Resource Management Act requirements, health and safety standards.

- ***Industrial/business***

eg access to raw materials, critical inputs, economies of scale, access to technical knowledge requirements, capital requirements (and capital market's perception of the risk and return), sunk costs (ie irrecoverable or exit costs), influence of branding and sales promotion, technical specifications.

- ***Other***

eg responses to expansion by major firms; lack of additional productive capacity; additional productive capacity has a relatively high cost. Which, if any, of the conditions identified above do you consider would be likely to act as a barrier to the expansion of existing competitors, where they have the incentive to do so in response to a sustained effort by the combined entity to raise price, or to lower service or product quality?

Please provide evidence, where available, of expansion by existing competitors in the relevant markets during the past five years.

Few, if any, of the market conditions identified below would be likely to act as a barrier to expansion for existing competitors in any of the relevant markets, where they have the incentive to do so in response to a sustained effort by the combined entity to raise price, or to lower service or product quality:

Frontier entry conditions

- No frontier entry conditions apply to any of the markets affected by the proposed transaction.

Legislative/regulatory conditions

- There are no substantial regulatory requirements to expansion or new entry. The equipment hire industry is not subject to licensing or specific regulation.
- Where an existing competitor or near entrant might require additional buildings or premises for equipment storage, regional plans and zoning restrictions would need to be considered. New wash-down bays are required to comply with regional council requirements under the Resource Management Act. Compliance is not onerous. Also, if the construction of new buildings on an existing site were required, the relevant building code would also need to be considered.
- Consideration of health and safety regulations could also be required.
- Compliance with any regulatory requirement would, however, overall be relatively straightforward and regulatory conditions would not therefore act as a barrier to expansion.

Industrial/business

- There are no particular economies of scale that require a critical mass of hire plant to enter any of the relevant markets. Entrants can enter the market on a scale and scope of their choice.

- Access to equipment for fleet and hire assets is also not a concern. Additional equipment for expansion will be readily available from equipment retailers and/or directly from the Japanese second-hand equipment market. Existing competitors and potential vertical new entrants will already have access to equipment from retailers and/or have direct contacts with importers and wholesalers. Near entrants would also not have problems accessing or obtaining technical knowledge.
- In many cases, near entrants would already have the requisite technical knowledge of the equipment concerned through experience as retailers or through involvement in the construction and building industry.
- The only significant business condition of expansion is therefore access to capital. However, the hire industry is not one where there is a high perception of high risk and return. In addition, there are few sunk costs involved in entry as there is a ready second hand retail market for surplus hire equipment to allow exit. The cost of exit is, therefore, comparatively low in relation to other industries.
- Marketing requirements for a near entrant to enter the relevant markets are also low owing to the likely existence of relationships with major construction companies and the low level of marketing and promotion undertaken in the industry generally.⁶ In relation to the DIY equipment hire market, entry by domestic hardware retail suppliers (as near entrants) would leverage off existing brand recognition and promotion activities.

Other

- As illustrated below, the hire equipment industry has been subject to extensive entry and expansion over recent years.

Table 16: Examples of Recent Expansion by Existing Competitors in DIY Equipment Hire Markets	
Company	Description
Bunnings Warehouse	Bunnings has acquired the Benchmark Building Supplies hardware Chain and it is expected for each of its Benchmark stores to open up a hire shop in the same manner as recently opened in three Auckland branches
Hirepool	Expanded into Hamilton in 2000 and Christchurch in 2002
McEntee Hire	Branch opened in Silverdale in 2001
Cat Rental	3 branches opened in Auckland: 1 North Auckland (2000), 1 Central (2002), 1 South Auckland (2000)

⁶ [

] The average spend on advertising across the industry is likely to only be around 3% of revenue, again primarily targeting DIY consumers.

18 Please name any business which already supplies the market – including overseas firms – which you consider could increase supply of the product concerned in the geographic market by any of the following means:

- ***Diverting production into the market (eg from exports)***
- ***Increasing utilisation of existing capacity***
- ***Expansion of existing capacity***

The following table provides examples of businesses, which already supply hire services in the markets affected by the proposed acquisition, that could increase supply of the services concerned in the geographic market by increasing utilisation of existing capacity (including fleet and assets currently employed for the owner's exclusive use and from ready access to equipment as a retailer or wholesale) and/or the expansion of existing capacity. In both cases, capacity is taken to refer to equipment held in plant or fleet, or otherwise readily accessible, and the necessary premises and depots to support and maintain equipment. The markets in which each company operates and the manner in which supply of hire services could be increased are also indicated.

Table 17: Examples of Companies that Could Increase Supply			
Company	Relevant Market/s (Operating in or Capable of Expanding into)	Utilisation of Existing Capacity	Expansion of Existing Capacity
Atlas Copco	Building Equipment (Auckland)	✓	✓
Cable Price	Heavy Construction, Building Equipment (All Regions)	✓	✓
Eagle Equipment Ltd	Heavy Construction, Building Equipment (All Regions)		✓
Clark Equipment NZ Ltd	Heavy Construction, Building Equipment (Auckland)		✓
Loadlift	Heavy Construction, Building Equipment		✓
Gough, Gough & Hamer Ltd	Heavy Construction, Building Equipment (All Regions)	✓	✓
Priceright Parts & Machinery Ltd	Heavy Construction, Building Equipment (Auckland and Waikato)		✓
Southern International Ltd	Heavy Construction		✓

AB Equipment	Heavy Construction, Building Equipment (All Regions)	✓	✓
Komatsu NZ Ltd	Heavy Construction		✓
Liebherr	Heavy Construction		✓
Titan Plant Services Ltd	Heavy Construction, Building Equipment (Auckland and Canterbury)		✓
The Hire Company	Heavy Construction, Building Equipment (Waikato, Wellington and Canterbury)	✓	✓
McEntee Hire	All Markets (Auckland)	✓	✓
Ready Hire	All Markets (Waikato)	✓	✓
Porter Hire	All Markets (All Regions)	✓	✓

19 *Of the conditions of expansion listed above, which do you consider would influence the business decision in each to increase supply?*

There are few market conditions in any of the relevant markets that might affect the ability of existing firms to expand their hire services where they have the incentive to do so in response to a sustained effort by the combined entity to raise price, or to lower service or product quality. None of the conditions for expansion listed in the response to question 17 would act as a barrier and negatively influence the business decision in each market to increase supply. The only substantial consideration that suppliers would need to address is the requirement for capital, particularly in relation to the heavy construction equipment market, where the cost of certain items can be relatively high.

20 *How long would you expect it to take for supply to increase in each case?*

Competitors or near entrants can enter the market quickly and increase supply through the acquisition of equipment. DIY equipment could be sourced in days or weeks, as could much of the equipment required for the building equipment hire markets. Retailers of heavy construction equipment usually carry some equipment in stock. However, some of the more specialised equipment required for heavy construction and building construction and maintenance might not be held in inventory in new Zealand and so would need to be specifically imported and delivery would usually take at least three months from the time of order.

21 *In your opinion, to what extent would the possible competitive response of existing suppliers constrain the merged entity?*

The possible competitive response of existing suppliers would constrain the merged entity in all markets affected by the proposed acquisition. Specifically:

- Expansion by existing competitors in the heavy construction equipment hire market, including from expansion by retailers currently offering hire and rental services, would provide a real and effective constraint on the activities of Hirequip and Hirepool. There is also potential for vertical expansion by construction companies hiring out their capital equipment to other companies.
- The potential for expansion by existing competitors in each of the regional building equipment hire service markets would provide a real and effective constraint. There are a number of smaller competitors in each of the regional markets affected that would be able to expand in response to any exercise of market power by the merged entity. Larger general hire companies, and specialist hire companies, would be able to expand into regional markets in which they are not currently operating. In addition, there is substantial potential for vertical expansion into the building equipment hire market by existing retailers and construction companies.
- In relation to the regional DIY equipment hire markets, expansion of existing competition would also provide an effective constraint. There are a significant number of general equipment hire companies in each of the markets affected by the proposed acquisition. There are no barriers to expansion, by smaller or larger companies, both where they are already present and in regional markets where they are currently not located. There is, in addition, significant scope for vertical expansion by domestic hardware retailers who can easily expand their services into hire services markets, as has recently been illustrated by the Bunnings Warehouse through the acquisition of the Benchmark Building Supplies chain.

22 *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?*

The absence of barriers to expansion, and the potential for vertical expansion, means that the merged entity would be constrained in its actions by the conduct of existing competitors in the markets. In terms of increased market concentration as a result of the acquisition, the only markets that do not (on the applicant's calculations) satisfy the Commission's safe harbours are the Wellington and Auckland DIY equipment hire markets. Despite the fact that the safe harbours are exceeded in those markets, the applicant believes that the state of existing competition and the conditions for expansion are such that the threat of both existing competition and expansion would provide an effective constraint to prevent the merged entity exercising any acquired market power in an anti-competitive manner.

Coordinated Market Power

23 *Identify the various characteristics of the market that, post-acquisition, you consider would either facilitate or impede coordination effects.*

The proposed acquisition will not result in a change in market circumstances that will facilitate or enhance coordination between competitors in any of the markets affected. The common characteristics of the relevant markets that would impede coordinated effects are:

- The variation between firms in the services that they offer, particularly in relation to the range of equipment carried (between general equipment hire companies themselves, and between general equipment hire companies and specialist hire companies);
- The speed in which expansion and new entry into all the relevant markets can be effected, particularly by equipment retailers in the heavy construction equipment hire market and by equipment retailers and hardware shops in the building equipment and DIY equipment hire markets;
- The presence of small and fringe competitors, including specialist hire companies and the ability of those firms to readily expand their services and open new branches;
- The lack (at least as far as the applicant is aware) of any history of price fixing or other collusion between competitors in the hire equipment industry generally, which indicates that conditions are not favourable to coordination; and
- The absence of industry forums.⁷

24 *Identify the various characteristics of the market that, post-acquisition, you consider would facilitate or impede the monitoring and enforcement of coordinated behaviour by market participants.*

A number of characteristics of the relevant markets would, post-acquisition facilitate the monitoring of and enforcement against coordinated behaviour by market participants:

- Seller concentration is high in some of the markets affected, reducing the number of competitors that would have to be monitored to ensure compliance;
- In relation to the building equipment hire and DIY equipment hire markets, sales are frequent, providing a greater risk of detection;
- There is generally little vertical integration which would prevent price cuts being concealed in upstream (retail) markets;
- Growth in many of the relevant markets is generally low, meaning that a deviating firm would usually need to take market share from a competitor to achieve revenue growth;

⁷ The Hire and Rental Association (of which Hirequip and Hirepool are members) does not provide for the sharing of pricing information or the entry into coordinated arrangements. Its function is to promote and represent the collective interests of the industry as an advocacy association and to provide training for employees and managers.

- Competitors in all the relevant markets are subject to similar cost structures, increasing the chances of detection of price cuts that might be claimed as a result from cost reductions; and
- Price information is freely available, both from price lists and the ease with which pricing enquiries can be made by competitors.

25 *Indicate whether the markets identified in paragraph 9 above show any evidence of price coordination, price matching or price following by market participants.*

The applicant is not aware of evidence in relation to any of the relevant markets of price coordination, price matching or price following by market participants. In the heavy construction and building equipment hire markets, prices are generally based on common costs of equipment and finance and the countervailing power of construction companies, particularly in relation to the negotiation of discounts. In the DIY equipment hire markets, pricing is also generally based on common costs of capital and common overheads.

26 *Please state the reasons why, in your opinion, the transaction will not increase the risk of coordinated behaviour in the relevant market(s).*

See the responses to questions 24 and 25.

The transaction will not increase the risk of coordinated behaviour in the relevant markets as conditions for collusion are not present and, even if they were, deviation from collusive behaviour would be detected and punished by competing firms.

The applicant believes that the constraint imposed by the conduct of existing competitors would be sufficient to ensure that competition would not be substantially lessened in any of the markets affected by the proposed acquisition. However, on the basis that the proposed acquisition would result in concentration levels in the Wellington and Auckland regional DIY equipment hire markets above those outlined in the Commission's safe harbours, the applicant elects to nonetheless answer questions 27 to 41 in relation to those markets. Many of the same considerations discussed below will apply to new entry and constraints from buyers in relation to the other markets affected by proposed acquisition, in particular the other regional DIY equipment hire markets and the regional building equipment hire markets.

The applicant would, however, be prepared to provide the Commission with written answers to questions 27 – 41 in relation to any of the heavy construction equipment and/or building equipment hire services markets affected by the proposed acquisition, should the Commission consider that existing competition would not provide a sufficient restraint on the merged entity.

PART IV: CONSTRAINTS ON MARKET POWER BY POTENTIAL COMPETITION

Conditions of Entry

27 *The following listing gives different types of market conditions that may affect the ability of new firms to enter the market:*

• *Frontier entry conditions*

eg tariffs, quarantine requirements, international freight costs.

• *Legislative/regulatory conditions*

eg entry licensing, Resource Management Act requirements, health and safety standards.

• *Industrial/business conditions*

eg access to raw materials, critical inputs, economies of scale, access to technical knowledge requirements, capital requirements (and capital market's perception of the risk and return), sunk costs (ie irrecoverable or exit costs), influence of branding and sales promotion, technical specifications.

• *Other conditions*

eg responses to expansion by major firms. Which, if any, of the conditions identified above do you consider would be likely to act as a barrier to the entry of new competitors, where they otherwise would have the incentive to do so in response to a sustained effort by the combined entity to raise price, or to lower service or product quality?

See the answer to question 17. The conditions of entry to the relevant DIY equipment hire markets are the same conditions faced by existing competitors and near entrants contemplating expansion. None of the conditions of entry to the relevant markets identified and discussed in response to question 17 would be likely to act as a barrier to the entry of new competitors, where they otherwise would have the incentive to do so in response to a sustained effort by the combined entity to raise price, or to lower service or product quality. In addition, significant investment in sunk costs is not required to acquire, fit out and prepare a DIY hire branch or depot for operation. Minimal fit out, signage and specialised shop equipment is required. The most significant sunk cost of any kind is likely to be the installation of wash-down bays (which are only required in relation to earthworks and digging equipment) and equipment servicing facilities. These costs are not, however, significant nor completely sunk.

28 *Please name any businesses (including overseas businesses) which do not currently supply the market but which you consider could supply the relevant market(s) by:*

- *investing in new production facilities to produce the product;*
- *overseas companies diverting production to New Zealand;*

- *domestic companies expanding, or changing the utilisation of, existing capacity to produce the relevant products (where this would involve substantial new investment)*

Specify for each named business which any of the above three might apply.

There are a number of domestic hardware and building supplies companies that have the ability to quickly and relatively easily enter DIY equipment hire markets, including the Wellington and Auckland markets. Examples include Placemakers, the Building Depot and Mitre 10, either as standalone subsidiaries or through the establishment of hire centre divisions within existing retail branches (as illustrated by Bunnings Warehouse and its acquisition of Benchmark Building Supplies). New entry is also possible in the form of large Australian general equipment hire companies, for example Coates Australia Pty Limited and Kennards Australia Pty Limited. In each case, entry would only require the securing of equipment for hire plant and a suitable location for a storage depot and service office. In this sense, the conditions for entry are little more onerous than the conditions for expansion identified in response to question 18 above.

29 *What conditions of entry do you consider would most influence the business decisions to enter in each case?*

There are few market conditions that might affect the ability of new firms to enter any of the DIY equipment hire markets, where they have the incentive to do so in response to a sustained effort by the combined entity to raise price, or to lower service or product quality. None of the conditions for entry listed in the form and addressed the responses to questions 17 and 27 would act as a barrier to entry and negatively influence the business decision to enter the markets in question. In particular, (as discussed in the response to question 17), there are no significant regulatory requirements and the land and buildings required to establish a depot or branch is likely to be readily available in general industrial areas.

The only substantial considerations that new entrants would need to address is the requirement for capital, as is the case with any new business. Entry could, depending on access to capital, be either on a small or large scale (for example, through the opening of more than one store). However, the capital required to enter into DIY equipment hire markets need not be substantial, as entry could be effected on a small scale, either through the initial establishment of one or two branches or through specialisation in particular equipment, with the intention of rapid expansion.

A key consideration in contemplating entry, and the size of entry, into a new regional market would be the population of the area and the demand projections. In large metropolitan areas, such as Auckland and Wellington, a strong case would exist for entry on the same scale as larger incumbents.

Likelihood, Sufficiency and Timeliness of Entry

30 *How long would you expect it to take for entry to occur, and for market supply to increase, in respect of each of the potential business entrants named above?*

New entry into any of the DIY markets could be effected within a period as short as one month. A suitable site and the necessary hire plant could easily be secured in this time frame. Entry through expansion into either of the regional markets could be undertaken in such a time period by established hire companies operating in other regional markets.

31 *Given the assessed entry conditions, and the costs that these might impose upon an entrant, is it likely that a potential entrant would consider entry profitable at pre-acquisition prices?*

Yes, given the permissive entry conditions, and the level of costs that these might impose upon an entrant, is it likely that a potential entrant would consider entry to be profitable at pre-acquisition prices. This is illustrated by the entry in recent years of a number of new hire companies, for example the Hire Company (particularly in Wellington and Tauranga) and the recent vertical entry of hardware stores through the acquisition of the Benchmark Building Supplies stores nationwide by Bunnings Warehouse. The applicant estimates that entry into a DIY equipment hire services market could be effected with as little as \$100,000 capital and the securing of a lease over a 25m x 15m shed in an accessible industrial zoned area. The addition of a hire division to a hardware retail branch would involve less capital and could utilise existing excess space.

32 *Would the threat of entry be at a level and spread of sales that it is likely to cause market participants to react in a significant manner?*

Yes, the threat of entry into the Wellington and Auckland DIY equipment hire markets would be likely to be at a level and spread of sales that would cause the merged entity to react in a significant manner. It is possible that entry could be on a scale that could, within a year, be comparable to the merged entity, particularly if entry was in the form of vertical expansion from an existing participant in a related market (for example, retail hardware or building supplies).

33 *What conditions of entry do you consider would influence the business decision to enter the market by setting up from scratch, ie de novo entry?*

See the response to question 29.

34 *How long would you expect it to take for de novo entry to occur?*

See the response to question 30.

35 *In your opinion, to what extent would the possibility of de novo entry constrain the merged entity?*

The possibility of *de novo* entry would provide a real and effective constraint on the merged entity. The history of the hire equipment services industry generally is one of new entry and growth of individual companies, both within markets and through expansion into new regional markets. New entry in the past has been in response to perceptions of consumer demand for better or innovative services, and growth in demand generally, particularly in the 1980s and 1990s.

The applicant also refers the Commission to the clearance granted in February 2002 by the Australian Competition and Consumer Commission (“the ACCC”) under the Trade Practices Act 1974 (Cth) for the general equipment hire company Coates Limited to acquire the assets of its main competitor (Wreckair) in the Western Australian and Northern Territory markets. In determining that the acquisition would not substantially lessen competition, the ACCC noted that barriers to entry (particularly for the relevant DIY markets), including through expansion from hire companies from other Australian Commonwealth States, were low. The ACCC also noted that barriers to entry on the scale of the companies involved in the acquisition were not sunk and “largely in the form of capital investment”.

PART V: OTHER POTENTIAL CONSTRAINTS

Questions 36-40:

Consideration of the potential for constraints on market power by either the conduct of either suppliers of equipment and/or acquirers of DIY equipment hire services is not applicable to the relevant markets. The applicant would, however, be prepared to provide written answers to any questions the Commission has in relation to consideration of countervailing power issues, should the Commission identify this as relevant to this application.

If, however, the Commission were to take the view that existing competitors (including near entrants) do not provide an adequate constraint on the behaviour of the merged entity in relation to the heavy construction equipment hire market or building equipment hire markets, the applicant requests that the Commission provide an opportunity to provide information concerning the real and effective level of countervailing power possessed, in particular, by large construction companies as acquirers in those markets.

SUMMARY OF APPLICANTS SUBMISSION

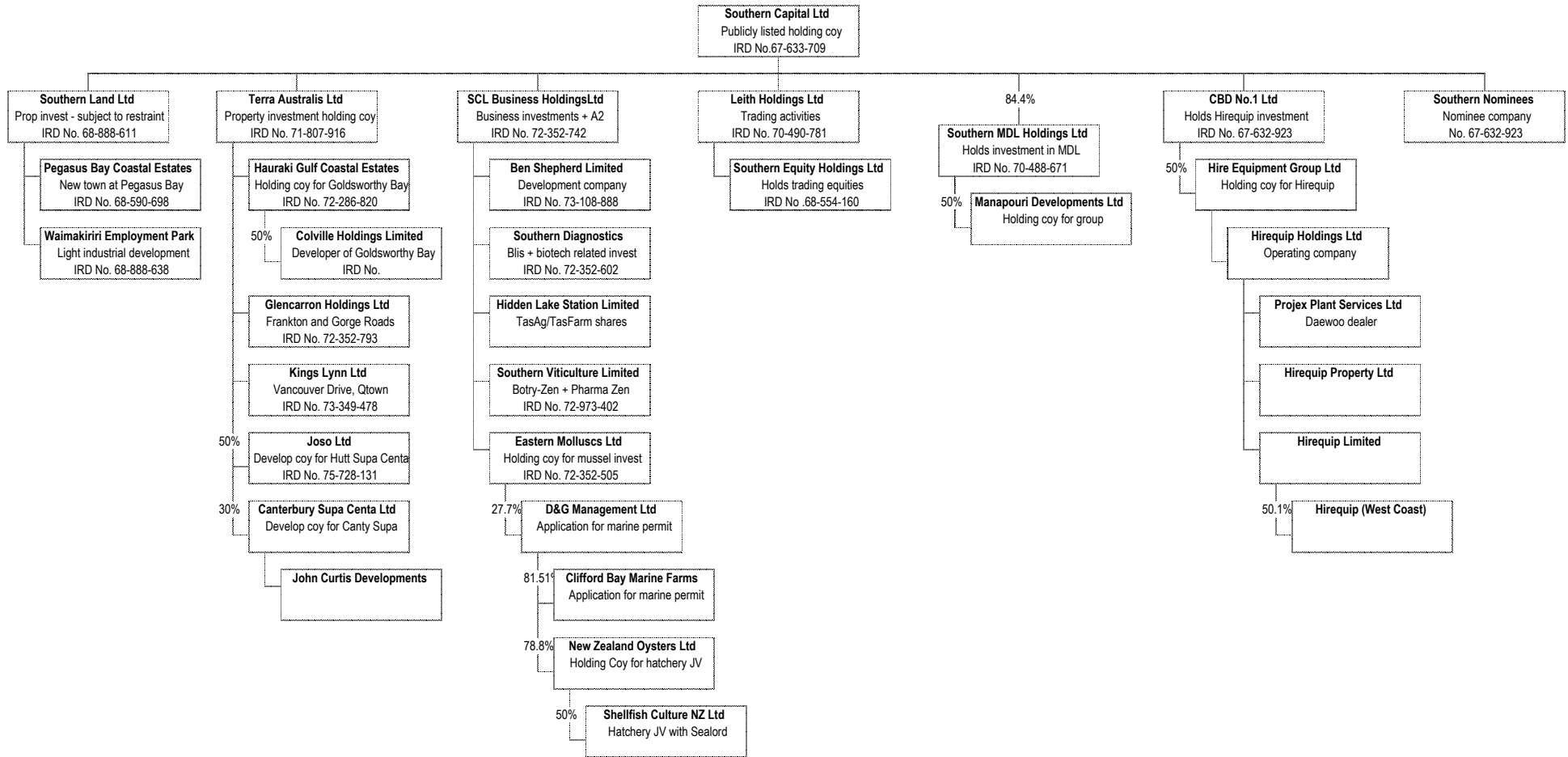
The applicant submits that the proposed acquisition will not have, or would not be likely to have, the effect of substantially lessening competition in a relevant market. In relation to the heavy construction equipment hire market and the regional building equipment hire markets, the market share of the merged entity would be within the Commission’s safe harbour guidelines. In those DIY equipment hire markets where an aggregation of market share beyond the Commission’s safe harbour guidelines would

result, existing competition and low barriers to entry would constrain the merged entity's ability to exercise any market power that would result.

The applicant is willing to provide the Commission with any further information that it requires in assessing this application, including information relating to questions that have not been answered at this time. In particular, the applicant requests that an opportunity be provided to provide additional information, should the Commission incline towards a view that existing competition might not provide an adequate restraint on the behaviour of the merged entity in those markets for which answers to questions 27 – 35 were not provided.

Executive officers within Southern Capital and Hirequip can be made available to provide any particular information or assistance that the Commission might require in considering this application. All inquiries should, however, in the first instance be directed through Mark Simpson at KPMG Legal.

Appendix 1
Southern Capital Group structure as at 17 February 2003



Appendix 2: Major Hire Equipment by Market Categories Used in Market Definitions in Question 11

Heavy Construction Equipment Hire Market

Dumpers Tracked
Excavators 6 t to 30 t
Rollers 5 t to 20 t
Tip Trucks from 5 t
Bulldozers
Graders
Loaders 0.5m to 5m

Building Equipment Hire Markets

Access Platforms - Scissor Decks to 15m, Cherry Pickers
Booms from 40ft to 80ft
Compaction Rollers 1.5 t to 5 t
Compressors 15cfm to 1200cfm
Concrete Breakers – Petrol
Excavators 1.5 t to 6 t
Forklifts
Generators 5 kva up to 650kva
Lighting Towers
Loaders to .35m bucket
Pumps up to 8 inch
Road Barriers
Toilets
Portable Buildings
Traffic Management equipment
Tractors and implements
Trenchers (ride on)
Utes and Trucks up to 2.5 t
Welders Portable up to 450amp


DIY Equipment Hire Markets


Compressors up to 15CFM
Air Tools
Automotive
Cleaning Equipment
Chainsaws
Concrete Equipment
Concrete Breaker Electric
Concrete Breaker Demolition Electric
Compaction Plates / Rammers
Cutters and Benders
Drills
Electrical Equipment
Fasteners
Generators up to 5kva

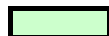
Hand Grinders
Hoists & Jacks
Lawn & Garden equipment
Measuring / Survey
Painting Scaffolding
Heaters / Fans / Dehumidifiers
Plumbing Equipment
Pumps up to 3 inch
Sanders & Strippers
Saws
Sheetmetal Tools
Tarpaulins
Trenchers – walk behind
Trailers
Welders – Caddy and Gas
Wood Working Gear
Sundry Hire Gear

Appendix 3: Breakdown of Hire Companies Across All Three Market Definition Categories - Number of Branches and Applicable Markets

KEY: MARKET DEFINITIONS

 Heavy Construction Equipment Hire Market (roading, earth works, minning, quarrying, forestry etc)

 Building Construction and Maintenance Equipment Hire Markets (building, industrial maintenance, general construction)

 DIY Equipment Hire Markets (house maintenance, landscaping, home renovations etc)

AUCKLAND				
Company	Branches	Markets		
		DIY	BC & M	HC
Hirepool	9	x	x	x
Porter Hire	3			x
Cat Rental	3	x		x
Hirequip	6	x	x	x
McEntee Hire	7	x	x	x
Atlas Copco	1		x	
Bunnings Warehouse	2	x		
Gough Cat	1			x
Cable Price	1			x
Gough Forklifts	1		x	
AB Equipment	1			x
Nissan Forklift	1		x	
Carlton Hire Group	1			
Komatsu Forklifts	1		x	
Power Hire	1		x	
Komatsu NZ	1			x
Cresco Forklift Hire	1		x	
AB Rental	1			x
Centra Forklifts Ltd	1		x	
Fleetcare Forklifts Ltd	1		x	
Sykes Pumps NZ Ltd - Auckland	1		x	
Loadlift	1			x
Cross Country Rentals	1			x
Titan Plant	1			x
Auckland Fork Truck Hire	1		x	
North Harbour Rentals Ltd	1			x

Eurolift NZ Ltd	1		x	x
Yale Forklifts NZ	1		x	
TPL Access Hire Auckland	1		x	
Hire Towers Ltd	1		x	
NZ Access Ltd	1		x	
NZ Generator Hire	1		x	
Pukekohe Hire Centre	1	x	x	x
Liebherr	1			x
New Zealand Crane Hire	1			x
Henderson Rental Cars Ltd	1			x
Amtrak Forklifts Ltd	1		x	
Power Forklifts Ltd	1		x	
Toyota Forklifts	1		x	
NZ Generator Hire	1		x	
Aluminium Scaffolds Penrose	1		x	
Central Hire	1		x	
Instant Access NZ Ltd	1		x	
Oldfields Access	1		x	
Projex Plant Srevicees	1			x
Eagle Spares	1			x
Access Equipment Hire Ltd	1		x	
Auckland Grader Hire	1			x
Auckland Marquee Hire	1			
Heavy Hire & NZ Sales Ltd	1			x
Access Rentals	1		x	
Forklift Rental & Leasing 2000 Ltd	1		x	
Jungheinrich Forklifts	1		x	
RSEA	1		x	
Barrier Systems	1		x	
Industrial Truck Sales (NZ)	1			
ORIX New Zealand Ltd	1			x
Davies Hire Ltd	1	x	x	x
Affordable Forklift Hire	1			
Auckland Truck Hire Ltd	1			x
A Pacific International Rentals (NZ) Ltd	1			x
Port-a-loo (Portable Sanitation Ltd)	1			x
Ace Hire Ltd	1	x		
Glen Innes Hire Services	1	x	x	x
Aggreco	1		x	
Axxa One Way Furniture Trailer Hire	1	x		
Cascade Hire Centre	1	x		
Cascade Hire Centre	1	x		
Go Hire Access Platforms Ltd	1		x	
Hibiscus Hire Ltd	1	x	x	x
Hire King (Takanini) Ltd	1	x		
Hiretown Ltd	1	x		
Access Scaffolding	1		x	
Aluminium Scaffolds Ltd	1		x	
Super Loo Sanitation Ltd	1		x	
Forest Loaders	1			x

Helensville Hire Centre Ltd	1	x		
HTH Specialised Tool Hire Ltd	1	x		
North Harbour Hire Ltd	1	x		
Henderson Hire Services 1983 Ltd	1	x		
Kiwi Space Portable Buildings	1		x	
Helensville Hire Centre	1	x		
Hiretown Ltd	1			
Trailer Ace	1	x		
Kumeu Hire Ltd	1	x		
Advance Hire	1			
Blockhouse Bay Hire Service	1	x		
Causeway Hire Centre	1	x		
Hammerlift Hire Ltd	1			
Manned Cherry Pickers Ltd	1		x	
A1 Rental Services Ltd	1			x
Raymond Forklifts	1		x	
APL Hire	1	x		
Scissor Platforms 1997 Ltd	1		x	
Total Hire	1			
Rentacom Portable Buildings	1		x	
Howick Trestle & Ladder Hire	1		x	
Cairnwood Hire Services	1	x		
Superior Portable Toilets	1		x	
Dry Hire Diggers	1			x
Hire Right Rodney Ltd	1	x		
New Zealand Plank Hire	1		x	
Direct Car & Truck Rental	1			x
Takapuna Rentals	1			x
Airport Auto Hire	1			x
Able Rental Cars & Trucks	1			x
Auckland Vehicle Rentals Ltd	1			x
U-Haul Trailer Hire	1	x		
Other (51)	51	x	x	x
Total	183			

WAIKATO				
Company	Branches	Markets		
		DIY	BC & M	HC
Porter Hire	2			X
Ready Hire	3	X	X	X
The Hire Company	1	X		X
Hirequip	1	X	X	X
Hirepool	1	X	X	X
AB Equipment Ltd	1		X	X
Cambridge Hire Centre Ltd	1	X	X	X
Henderson Rental Trucks	1			X
Network Hire Te Awamutu Ltd	1	X	X	X
Aliquip Scaffolding	1		X	
Dunny Company	1		X	
Huntly Hire Centre	1	X	X	X
Traffic Management NZ Ltd	1			
Bells Rentals Ltd Rental Trucks & Vans	1			X
Bobcat Hire Services	1			X
Waihi Hire	1			X
JG Hire Ltd	1	X	X	X
McKenzie Excavator Hire	1			X
Forklift Hire Services	1		X	
Kelly's Matarangi Hire & Hardware	1	X		
Otorohanga Hire Ltd	1	X	X	X
Taumarunui Hire Centre	1	X	X	X
Te Aroha Hire Centre	1	X	X	X
Tokoroa Hire Centre	1	X		
Tairua Hire Centre	1	X		
Other (26)	26	X	X	X
Total	54	X	X	X

WELLINGTON				
Company	Branches	Markets		
		DIY	BC & M	HC
Hirequip	5	x	x	x
Hirepool	3	x	x	x
Porter Hire	1			x
The Hire Company	1	x		x
Cesco Hire Ltd	1		x	
Modcom Portable Buildings			x	
Instant Access	1		x	
Kapiti Hire Ltd	1	x	x	x
Central Forklifts	1		x	
Festival Hire	3		x	
Capital Scaffolding 2000 Ltd	1		x	
NZ Scaffolding Supplies	1		x	
Wellington Scaffolding Services	1		x	
Wainuiomata Hire Centre	1	x		
Affordable Scaffold Hire			x	
Harbour City Scaffolding Services			x	
Northwest Pumps & Equipment	1		x	
Other (13)		x	x	x
Total		x	x	x

CANTERBURY		Location		Markets	
Company		DIY	BC & M	HC	
Amberly Hire & Landscape Hirequip	Amberly	x			
	Blenheim R	x	x	x	
	Johns Road				
	Papanui				
	Moorhouse Ave				
	Richmond				
	Sockburn				
	Timaru				
City Hire	Moorhouse	x	x	x	
	Papanui				
Cranford Mowers & Hire		x			
Hirepool	Christchurch	x	x	x	
Ace Hire	Lynwood	x	x		
A G Webster	Christchurch		x		
Porter Hire	Christchurch			x	
Power Hire	Sockburn		x		
The Hire Company	Christchurch		x	x	
Smiths Hire	Belfast	x	x		
Ashburton U-Hire Ltd	Ashburton	x	x		
Accessman (Central Rentals)	Christchurch		x		
Drury Access Hire	Christchurch		x		
Hamill Hire Co	Christchurch	x	x	x	
Johnston Hire Centre Ltd	Ashburton	x	x		
Laings Hire Ltd	Christchurch	x	x		
Leeston Hire Ltd	Leeston	x	x		
Lyndon Hire	Christchurch	x	x		
Sykes Pumps Ltd - South Island	Christchurch		x		
Timaru Hire	Timaru	x	x	x	
Paddon Direct	Geraldine	x	x		
Rangiora Hire Ltd	Rangiora	x	x	x	
Johnson & Couzins Hire Ltd	Christchurch	x	x		
Canterbury Scaffolding	Christchurch		x		
Ceritified Scaffolding Services	Christchurch		x		
Daveron Scaffolding Ltd	Christchurch		x		
Elliott Scaffolding			x		
NZ Scaffolding Supplies	Christchurch		x		
Scaffolding Upright Scaffolding	Christchurch		x		
Southern Scaffolding Ltd	Christchurch		x		
Canterbury Pump Services	Christchurch		x		
Errodan Pump Services Ltd	Christchurch		x		
Pump Systems Ltd	Christchurch		x		
Wallace Pumps	Christchurch		x		
J K Excavator Hire	Christchurch		x		
Ardent Excavators	Christchurch		x		
Quickspace Portable Buildings	Christchurch		x		
Generators Sales & Services Ltd	Christchurch		x		
TR Group Ltd Truck Rentals	Christchurch		x		
Canterbury Roller Hire	Christchurch		x		

City Forklift Hire	Christchurch		x	
Cold Hire Ltd	Christchurch			
Dakins Group Portable Toilets	Christchurch		x	
Dyers Road Hire	Christchurch			
Garden City Trailer Hire	Christchurch	x		
Hire Cool	Christchurch			
Hyde Park Hire	Christchurch			
JK Excavator Hire Ltd	Christchurch			
Kaikoura Hire Centre	Kaikoura	x	x	x
Kiwi Hire	Rolleston			
Lyttelton Forklift Hire	Christchurch		x	
Mikes Digger & Truck Hire	Christchurch			x
Murrays Hire Service	Christchurch			
Porta Build & Hire Ltd	Christchurch	x	x	
Quicktip Trailer Hire	Christchurch	x		
Rent A Loo (NZ) Ltd	Christchurch		x	
R & S Trade Centre & Trade Hire	Christchurch	x	x	
Sockburn Forklift Hire	Christchurch		x	
Southbrook Hire	Christchurch	x		
Tai Tapu Mower & Hire Centre	Christchurch	x		
Commercial Vehicle Rentals	Christchurch			x
Total - Canterbury				

Appendix 5: Available Information Concerning Owners and Substantial Shareholders of Competing Suppliers

Porter Hire Limited

Owner: Porter Hire Family Trust

Cat Rental Limited

Owner: Gough Group (Major Shareholder: Gough Family)

McEntee Hire Limited

Owner: Bill McEntee

Atlas Copco Limited

Owner: Atlas Copco Australia Pty Ltd

Bunnings Warehouse Limited

Owner: Wesfarmers (Publicly Listed Company Australia)

Cable Price Limited

Owner: Hitachi Construction Machinery Co, Ltd (Kanematsu Corporation)

Komatsu New Zealand Limited

Owner: Komatsu Japan

Ready Hire Limited

Major Shareholder: Kevin Gallichen

The Hire Company Limited

Owner: Weelans Family Trust

Power Hire Limited

Owner: Mike Jacob

Eagle Equipment Limited

Owners: Porter, Arthur Forsman
Mexted, Selwyn Robert
Porter, Murray Forsman
Porter, Neil George
Haultain, Thomas Gordon
Porter, Robin Arthur
Rowe, Kenneth John

Clark Equipment New Zealand Limited

Owner: Clark Equipment Australia Pty Limited

Loadlift Equipment (Chch) Limited

Owners: Jansen, Paul David
Jansen, Carol Ann

Loadlift Equipment Limited

Owner: Stevens Kms Investments Limited

Loadlift Holdings Limited

Owner: Allison, Edward Brian

Gough Gough & Hamer Limited

Owner: Gough Gough & Hamer Investments Limited

Priceright Parts & Machinery Limited

Owners: Barns, Kelvin Christopher
Farquhar, Ian Murray
Barns, Kelvin Christopher

Southern International Limited

Owners: Cooper, Kevin John
Cooper, Grant David

AB Equipment Limited

Owner: Hellaby Holdings Limited

Liebherr NZ Ltd- Australia Pty Limited

Owner: Liebherr NZ Ltd- Australia Pty Limited

Titan Plant Services Limited

Owner: Titan Holdings Limited

THIS NOTICE is given by **Michael O'Connor, Investment Director, Southern Capital Limited.**

I hereby confirm that:

- all information specified by the Commission has been supplied;
- all information known to the applicant which is relevant to the consideration of this application/notice has been supplied;
- 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 18th day of February 2003

Signed by **Southern Capital Limited:**



Michael O'Connor
Investment Director

I am an officer of the company and am duly authorised to make this application/notice.