Public Version

21.12.10

Notice seeking clearance for the acquisition by Fletcher Building (Australia) Pty Limited of Crane Group Limited

Contents

Glossary of terms used

Crane Distribution	Crane Distribution New Zealand Limited, including MasterTrade, Mico and Cory's Electrical
Crane	Crane Group Limited
Decision 639	Decision of Commerce Commission dated 3 April 2008 in relation to the acquisition by New Zealand investment Holdings Limited of 100% of the shares, or assets and business, of RX Plastics Limited
Decision 645	Decision of Commerce Commission dated 12 June 2008 in relation to the acquisition by Redeal Limited of the business of Egley Electrical Co Limited and Egley Electrical Petone Limited
diameter (mm)	References to diameters of pipes are to external diameters unless stated otherwise
Fletcher Building	Fletcher Building Limited
Fletcher Building Australia	Fletcher Building (Australia) Pty Limited (ACN 093 539 452), a wholly owned subsidiary of New Zealand incorporated Fletcher Building Limited.
Humes	Humes Pipelines Systems, a division of Fletcher Concrete and Infrastructure
Iplex	Iplex NZ and Iplex Australia
Iplex NZ	Iplex Pipelines New Zealand Pty Limited
Marley	Marley New Zealand Limited, a wholly owned subsidiary of New Zealand Investment Holdings Limited
Marley/RX	Marley New Zealand Limited and RX Plastics Limited, both wholly owned subsidiaries of NZIHL
NZIHL	New Zealand Investment Holdings Limited (parent company of Marley and RX Plastics)
PE	Polyethylene
Pipe system	Pipes and related pipe fittings
PP	Polypropylene
Proposed Acquisition	The proposed acquisition of up to 100% of the ordinary shares of Crane Group Limited by Fletcher Building Australia.
PVC	Polyvinylchloride
Tyco	Tyco Flow Control New Zealand Limited
Waters & Farr or W & F	Trading division of Interpipe Holdings Limited, a joint venture between Fletcher Concrete and Infrastructure Limited and Hynds Limited

Executive Summary

1 This application relates to the proposed acquisition by a wholly owned subsidiary of Fletcher Building Limited of up to 100% of the ordinary shares in Crane Group Limited.

2 Crane Group Limited (ACN 008 410 302) is a company listed on ASX.

3 Fletcher Building (Australia) Pty Limited (ACN 093 539 452), a wholly owned subsidiary of New Zealand incorporated Fletcher Building Limited (ARBN 096 046 936), has made an off-market takeover offer under Part 6.5 of the Corporations Act (Australia) to acquire all of the ordinary shares in Crane Group Limited.

The parties

4 Fletcher Building Australia is a wholly owned subsidiary of Fletcher Building. Fletcher Building manufactures, markets and distributes a broad portfolio of building materials into diverse geographies, customers and markets and is listed on both the ASX and NZX.

5 As at the date of this Notice, the activities of Fletcher Building that are relevant to this Notice are:

- *Humes*: Humes is a manufacturer and distributor of pipeline systems to the infrastructure market;
- *Waters & Farr:* Fletcher Building's Infrastructure division has a 50% interest in Interpipe Holdings Limited which, under the name Waters & Farr, manufactures solid wall PE pipe and the *Bosspipe* range of PP pipes; and
- *PlaceMakers:* Fletcher Building's Distribution division, PlaceMakers, distributes building materials, including some plumbing, bathroom/laundry and electrical products.

6 Crane is a building products manufacturing and distribution company which predominantly carries on business in Australia and New Zealand.

7 As at the date of this Notice, the principal activities of Crane that are relevant to this Notice consist of:

(a) *Pipelines:* The Pipelines business unit consists of the Iplex business, a manufacturer and distributor of plastic pipeline systems in Australia and New Zealand.

Iplex manages a number of units across the plastic pipelines market, namely, water infrastructure and civil, building, telecommunications, rural and mining and gas. Iplex products are primarily supplied to the infrastructure, civil engineering, building and construction industries.

Pipelines manufactures and supplies pipeline systems from 15mm to 3000mm in diameter for a diverse range of applications including plumbing, water supply, gas, sewerage, storm water, irrigation, telecommunications, electrical, mining and industrial.

(b) *Trade Distribution*: In New Zealand, Crane operates over 100 trade distribution outlets which it runs under multiple brands:

- *MasterTrade:* trade supply of electrical and plumbing products, including Home Centre branches which supply bathroomware, gas, home heating, tapware and laundry products.

- *Mico:* supplier of pipes and fittings, plumbing products and bathroom products to plumbers, builders and homeowners.

- *Corys Electrical:* distributor of electrical products and services to electrical contractors, industrial users and government.

- *Equipsafety:* supplies safety equipment to industry.

8 Crane operates in New Zealand via its subsidiaries Iplex Pipelines New Zealand Pty Limited and Crane Distribution New Zealand Limited.

9 Fletcher Building has not had the opportunity to conduct non-public due diligence on Crane's operations. Consequently, in compiling this Notice, Fletcher Building has used publicly available information and Fletcher Building's own assessment of Crane's operations.

Areas of overlap

10 The main area of overlap between Fletcher Building and Crane is, broadly, the manufacture/import and distribution of pipes and pipe fittings. Within this broad category, the actual degree of overlap between the Fletcher Building and Crane businesses is quite small.

11 While both Fletcher Building and Iplex NZ have interests in the manufacture of PE pipes:

- Iplex also manufactures PVC pipes - but Fletcher Building does not; and

- Fletcher Building manufactures corrugated steel and aluminium pipes and imports earthenware and ductile iron pipes and, through its interest in Waters & Farr, manufactures PP pipes - but Crane in New Zealand does not.

12 There is also minor overlap in the distribution of electrical products, the distribution of plumbing and bathroom/laundry products and the distribution of safety equipment. Since the overlaps in these areas are de minimis[1], this Notice is largely focussed on the pipe systems markets.

Pipe systems and market definition

13 Pipe systems have a wide range of uses across four key customer groups:

- building/plumbing customers;

- civil/infrastructure customers;

- rural irrigation; and

- telecommunications/utilities customers.

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[1] See Confidential Schedule 9 for information on PlaceMakers' sales in these product categories.

Manufacturing/import

14 In 2008, when considering the application for clearance for New Zealand Investment Holdings Limited to acquire RX Plastics (*Decision 639*), the Commission noted that plastic pipes are most commonly used in New Zealand in diameters under 250mm. In this diameter range, PVC and PE pipes are the most common manufacturing materials. In diameters over 250mm, a much wider range of products are used including PVC and PE, PP, concrete, steel, ductile iron and fibreglass.

15 The Commission adopted a conservative market definition and assessed that transaction against separate markets for PVC under 250mm, PE pipes under 250mm and a separate market for large bore pipes over 250mm.

16 In New Zealand, the smallest diameter PP and concrete pipes are 225mm in diameter (internal measurement).[2]

17 Adopting the approach to market definition taken by the Commission in Decision 639 and for the reasons outlined in section 12 of this Notice, at the manufacturing/import level, the markets affected by the Proposed Acquisition would be the national markets for the manufacture/import of:

- PE pipe systems under 250mm (*PE pipe systems market*); and
- large bore pipes over 250mm (*large bore pipe market*).

18 In practice however, within the "large bore pipe" market, the area of overlap is narrower than the market definition might suggest because:

- PE and PVC pipes are neither substitutable nor substituted for each other or for concrete or PP pipes in many applications; and
- Humes produces concrete pipes to much wider diameters than the PE and PVC pipes produced by Iplex NZ.

19 Consequently, the Fletcher Building and Iplex NZ pipe businesses do not compete for all customer business within the broad customer groups.

20 In addition, using the Commission's SSNIP approach to market definition, concrete, PVC, PE and PP pipe systems are likely to constitute separate markets. A price comparison between the different types of pipe suggests that substitution between pipe types (providing the use to which the pipe is being put and customer requirements permit it) is unlikely to occur on the application of a five to ten percent increase in price with any degree of consistency. As the Commission acknowledged in Decision 639, plastic pipes are typically less economic in diameters over 250mm.

21 However, for the purposes of this Notice the market definitions noted at paragraph 17 have been used.

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2 The generally accepted practice in New Zealand is for PE pipes to be described by reference to external diameter and for concrete and other pipes to be described by reference to internal diameter. For market definition purposes, a pipe with an internal diameter of 225mm has been given a nominal external diameter of 250mm.

Distribution

22 There is some overlap between Fletcher Building and Crane in relation to the distribution of pipe systems. However, Fletcher Building sees their distribution businesses as complementary rather than competing:

- Humes supplies pipes as part of a wider business involving precast concrete and other products geared toward the civil/infrastructure sector;
- Fletcher Building understands that the Mico and MasterTrade outlets predominantly supply pipe systems under 250mm – and predominantly as part of their wider plumbing supplies distribution businesses that service the building/plumbing customer group.

23 If the distribution market were defined as separate markets for the distribution of pipe systems to the civil/infrastructure customer group and the distribution of pipe systems to the building/plumbing customer group, Fletcher Building believes that the Proposed Acquisition would give rise to a limited degree of aggregation.

24 The level of aggregation would appear greater, however, if the market were defined as a single market for the distribution of pipe systems generally.

25 Accepting that there is some (albeit minimal) overlap between the distribution businesses, Fletcher Building has assessed the Proposed Acquisition against regional/local markets for the distribution of pipe systems.

The Counterfactual

26 If the Proposed Acquisition does not take place, the counterfactual is likely to be the status quo, with Fletcher Building Limited and Crane remaining independent providers. Alternatively, a rival bidder for Crane may emerge.

Competition assessment

27 The areas of aggregation arising from the Proposed Acquisition are identified in Diagram 1 at the end of this summary.

28 In the PE pipe systems market[3] and the distribution markets, the estimated market shares are within the Commission's safe-harbour guidelines. In the large bore pipe market, the market shares are outside the safe-harbours.

29 Market shares aside, consistent with the Commission's conclusions in Decision 639, the following features of the markets indicate that the Proposed Acquisition will not have the effect of substantially lessening competition.

PE pipe systems

- There will continue to be three large independent competitors (Marley/RX, Tyco and the merged entity) as well as a number of smaller competitors.
- Barriers to entry and expansion are low.
- Customers are predominantly large, sophisticated buyers and, as such, have countervailing power.

[3] If the market were defined to include PVC and PE (under 250mm) the market shares would be outside the safe-harbours. However, Fletcher Building does not consider this market definition to be appropriate in this instance.

- There is increasing competition from imports or the threat of imports.

Large bore pipes

- The actual area of overlap is small. The market shares are overstated because the "large bore" market definition does not recognise that the products are not substitutable in many applications.
- There is a range of large and small competitors offering a range of different product options.
- Barriers to entry and expansion are low.
- A significant portion of the customer base is large civil/infrastructure customers whose work is typically conducted through competitive tender processes and, as such, have countervailing power.
- There is increasing competition from imports or the threat of imports.

Distribution of pipe systems

- Again, the actual area of overlap is small. The Humes and Crane Distribution outlets are geared toward different market sectors: Humes primarily services the civil/infrastructure customer group and Mico Pipelines and Plumbing and MasterTrade primarily service the plumbing/building customer group.
- There is competition from a variety of sources, for example:
  - For building/plumbing customers: specialist plumbing merchant chains (such as Plumbing World and Plumbing Plus) as well as local outlets.
  - For rural irrigation: rural supplies outlets (such as RD1 and PGG Wrightson), irrigation specialists, Hynds Pipelines, Rural Direct stores, as well as local suppliers and direct supply from manufacturers.
  - For civil/infrastructure customers: Hynds, Tyco and other direct supply from manufacturers and importers.
  - For telecommunications/utilities customers: direct supply from manufacturers (e.g. Marley/RX) and importers and the presence of specialist procurement firms.
- Barriers to entry and expansion are low.

Distribution of electrical, plumbing & bathroom/laundry and safety products.

- The area of overlap is minimal as Fletcher Building's only presence in these markets is through the PlaceMakers outlets.
- There are several specialist chains throughout the country (such as Plumbing World, Plumbing Plus, Ideal Electrical, Powerbase, NZ Safety) as well as the other general building supplies merchants (such as ITM, Bunnings, Mitre 10 and Carters).

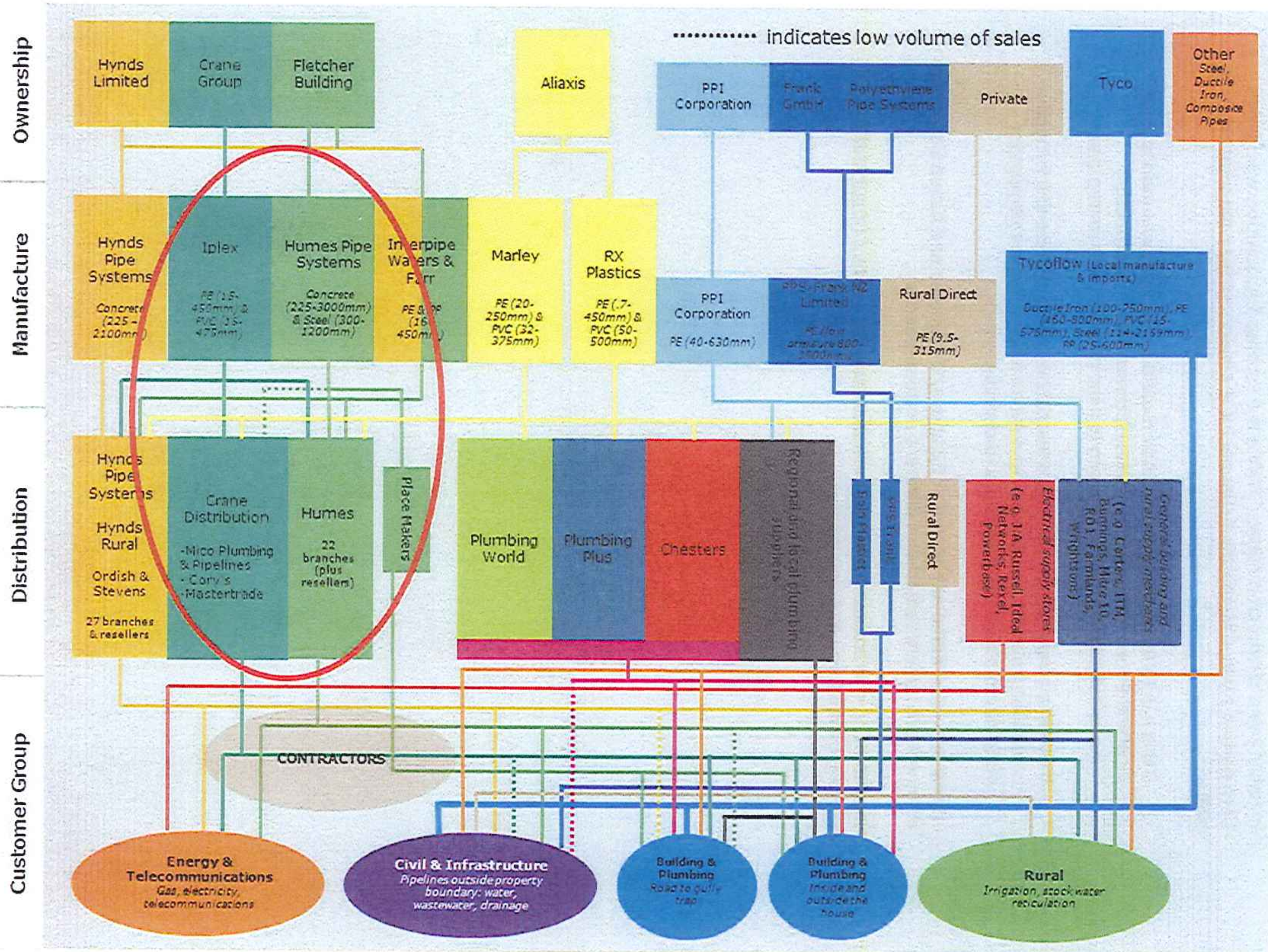
30 There will be some increase in the level of vertical integration as a result of the Proposed Acquisition in that both Fletcher Building and Crane have manufacturing capability and distribution outlets. While the Proposed Acquisition would give both parties a wider distribution channel for the products they manufacture or import:

- there is a range of other distribution outlets in all regional markets (and potential for entry by new suppliers) through which competing manufacturers and importers can get their products to market; and
- there is a range of competing products (and potential for entry by new suppliers) such that there would not be an issue around competitor distributors accessing products to distribute.

31 In any event, as noted at paragraph 22 above, the Humes and Crane Distribution channels are largely targeted at different customer sectors.

32 In summary, the Proposed Acquisition will not have the effect of substantially lessening competition in any market.

Diagram 1: Areas of Aggregation



Note: Diagram does not include distribution of safety products

Part 1: Transaction Details

1 Acquirer

1.1 This notice is given by **Fletcher Building Limited.**

1.2 Details for **Fletcher Building Limited.**

Name and position of person responsible for giving this Notice:	Martin Farrell Fletcher Building Limited
Registered Office:	810 Great South Road Penrose Auckland
Postal Address:	Private Bag 92114 Victoria Street West Auckland 1142
Physical Address:	810 Great South Road Penrose Auckland
Telephone:	(09) 525 9000
Fax:	(09) 525 9030
Website:	http://www.fletcherbuilding.com/
Contact Person:	Martin Farrell General Counsel & Company Secretary (09) 525 9000
E-mail Address:	martin.farrell@fb.co.nz

1.3 In the first instance, please direct all inquiries to:

Lindsey Jones, Partner, Chapman Tripp
lindsey.jones@chapmantripp.com

Telephone: (09) 357 9020

2 Details of other merger parties

	Crane Group Limited (ABN 91 008 410 301)	Iplex NZ	Crane Distribution NZ
Registered Office	Level 14 Philips House 15 Blue Street North Sydney New South Wales Australia	67 Malden Street Palmerston North	50 Hazeldean Road Christchurch
Postal Address	As above	Private Bag 11019 Manawatu Mail Centre Palmerston North 4442	P.O. Box 4641 Christchurch 8140
Physical Address	As above	67 Malden Street Palmerston North 4414	50 Hazeldean Road Christchurch
Telephone	+61 2 8923 3000	(06) 358 2004	(03) 338 1009
Fax	+61 02 8923 3060	(06) 356 2906	(03) 338 7313
Website	www.crane.com.au	www.iplex.co.nz	www.cranenz.co.nz
Contact Person (As identified through publicly available information)	**Greg Sedgwick** Managing Director Phone: 0612 8923 3000	**Craig Mangos** General Manager NZ Phone: 0274 393 913 Kevin Kellow General Manager Water & Infrastructure International Phone 0061417776 155	**Ivor Timmins** Executive General Manager

3 Ownership and control of the merger parties

3.1 Fletcher Building is listed on NZX and ASX. As at 31 July 2010, Fletcher Building's top 20 shareholders accounted for approximately 79% of its shares. The top 20 shareholders (as at 31 July 2010) are listed on page 77 of Fletcher Building's 2010 Annual Report, a copy of which is attached as Appendix 1.

3.2 A structure diagram of Fletcher Building in New Zealand is attached as Schedule 1.

3.3 Crane is listed on ASX. As at 11 August 2010, Crane's top 20 shareholders accounted for approximately 61% of its shares. The top 20 shareholders (as at 11 August 2010) are listed on page 98 of Crane's 2010 Annual Report, a copy of which is attached as Appendix 2.

3.4 A structure diagram of the Crane Group in New Zealand (based on information obtained from the Companies Office) is attached as Schedule 2.

Links, formal or informal, between the merger parties, including interconnected bodies corporate and other persons identified in question 3 above and its/their existing competitors in each market.

Fletcher Building

3.5 Fletcher Building has the following formal or informal links with its competitors that are relevant to the Proposed Acquisition:

Interpipe Holdings Limited

- Fletcher Building's subsidiary, Fletcher Concrete & Infrastructure Limited, is party to a joint venture with Hynds Limited that operates under the company name Interpipe Holdings Limited and the trading name Waters & Farr. Waters & Farr is a manufacturer of solid wall PE pipe and the *Bosspipe* range of polypropylene pipes.

  Fletcher Concrete & Infrastructure's trading division *Humes* is a competitor of Hynds Limited in (a) the manufacture of concrete pipes and other items for drainage, watermain, environmental and rural applications; and (b) the distribution of these, and third party, products through their sales centres.

Supply of products to competitors

- Humes supplies concrete pipes, precast concrete products (such as manholes and sumps) and the AVK range of iron/ductile iron valves and fittings to other pipe system distributors (including Crane Distribution).

Purchase of competitor products

- Humes imports some pipe products manufactured by its competitors, including Iplex in Australia. Waters & Farr purchases imported rubber rings for its *Bosspipe* PP products from Hygrade Products Limited, a subsidiary of Hynds Limited.

- Humes distributes the Friatec range of electro fusion fittings for PE pipe systems for Aliaxis Group (Marley's parent company).

- Humes' sales centres sell products manufactured or imported by Humes and Waters & Farr as well as products manufactured or imported by their competitors, such as Marley and Iplex NZ.

- The PlaceMakers' outlets sell pipe systems manufactured by Humes and Waters & Farr's competitors, such as Marley.

Other divisions of Fletcher Building

- In Australia, Crane's Tradelink trade distribution outlets distribute products for various manufacturing divisions of Fletcher Building, in particular a range of roofing products for Stramit Building Products and relatively small volumes of pipe and precast concrete products for Rocla, laminate and componentry products for Laminex and insulation products for Fletcher Insulation.

- Through its various divisions, Fletcher Building has supplier or customer relationships with competitors in other product markets but none of these is relevant to the markets affected by the Proposed Acquisition.

Crane

3.6 Based on publicly available information, Fletcher Building has identified that Crane has the following formal or informal links with its competitors that are relevant to the Proposed Acquisition:

- Iplex NZ supplies pipes and fittings to pipe system distributors that compete with Crane Distribution.
- Crane Distribution purchases some product from unrelated third party pipe system manufacturers (including Humes, Marley/RX Plastics and Austin Pipe Concepts in Canterbury).

4 What will be acquired

4.1 Fletcher Building, through its wholly owned subsidiary Fletcher Building (Australia) Pty Limited (ACN 093 539 452) is seeking to acquire up to 100% of the ordinary shares in Crane Group Limited by way of an off-market offer under Part 6.5 of the Corporations Act (Australia).

4.2 The offer is subject to a number of conditions, including obtaining clearance for the Proposed Acquisition from the Commerce Commission. The other conditions attaching to the offer are set out in section 12.8 of the Bidder's Statement, a copy of which is attached as Appendix 3.

5 Rationale for the transaction.

5.1 Fletcher Building believes that a combination of the Crane and Fletcher Building businesses represents an attractive opportunity for both companies. Fletcher Building and Crane are largely complementary businesses, operating in Australia and New Zealand.

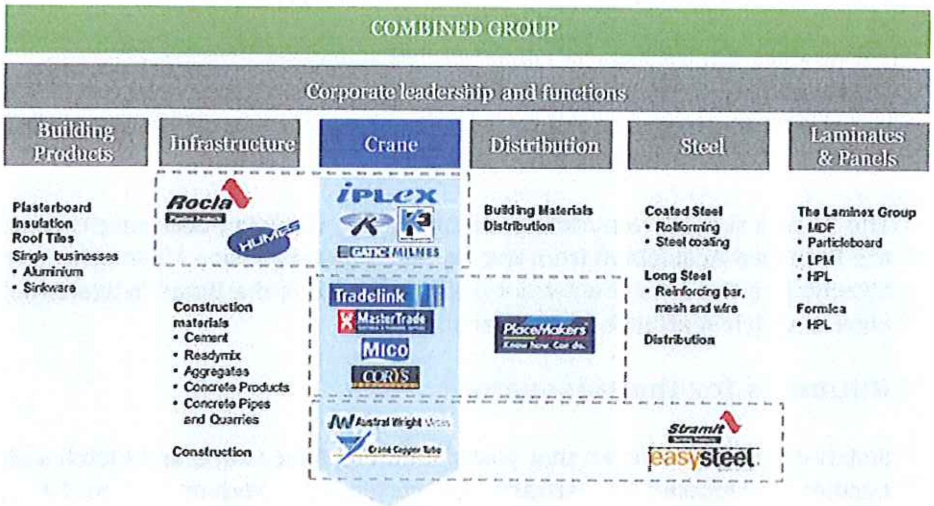
5.2 Fletcher Building is attracted to the strategic rationale of combining the two companies, with Crane's businesses representing an extension of some significant Fletcher Building lines of business.

5.3 Crane's pipelines business extends Fletcher Building's existing concrete pipe and infrastructure products focus across Australia and New Zealand further into the plastic pipes market. Humes has been a core part of the Fletcher Building Group since it was formed in 2001. In 2005, the purchase of Amatek enabled Fletcher Building to expand its pipelines and infrastructure products focus into Australia through the Rocla concrete pipes business. Since the acquisition, Rocla has continued to grow in the Australian market, benefiting from Fletcher Building governance and utilisation of the Fletcher Building operating model.

5.4 In addition to the strategic fit of the Pipelines business, Crane and Fletcher Building both operate extensive trade distribution businesses. Crane also distributes specialty metals, in Australia and New Zealand, which is complementary to Fletcher Building's position as a significant steel distributor in New Zealand.

5.5 Fletcher Building operates a decentralised business model to allow decision making to be made as close to the customer as possible. The role of the corporate office is strategy, capital management and allocation, and talent and performance management. Currently Fletcher Building is organised into five divisions that each consist of a number of related businesses: Infrastructure, Building Products, Steel, Distribution and Laminates & Panels. Within the Fletcher Building structure, each division is led by a chief executive who reports directly to the group Chief Executive Officer, with each divisional chief executive maintaining a high degree of accountability and autonomy in decision making. It is Fletcher Building's intention that Crane will be operated as a new division with a similar structure with a Fletcher Building appointed divisional chief executive.

Diagram 2: Divisional structure of the Combined Group



Note: Dashed lines indicates primary areas of complementary Fletcher Building and Crane businesses

5.6 That Fletcher Building sees Crane as complementary to, as opposed to competing with, its existing businesses, is evidenced by the fact that Fletcher Building intends to operate the Crane businesses as a separate division.

5.7 The Proposed Acquisition involves both the Australian and New Zealand operations of Crane.

6 Transaction documents

Please see Appendix 3 for a copy of the Bidder's Statement. This is the only transaction document.

7 Other competition agencies notified

7.1 The Proposed Acquisition has been notified to the Australian Competition & Consumer Commission (ACCC).

7.2 Fletcher Building will, on request, provide the Commission with a waiver allowing it to exchange confidential information with the ACCC in respect of the Proposed Acquisition.

Part 2: The Industry

8 Goods and services supplied by the merger parties

Fletcher Building

8.1 Fletcher Building Australia is a wholly owned subsidiary of Fletcher Building. Fletcher Building manufactures, markets and distributes a broad portfolio of building materials into diverse geographies, customers and markets and is listed on both the ASX and NZX. Beyond Australia and New Zealand, Fletcher Building has operations in Asia, South Pacific, North America, and Europe. The principal activities of Fletcher Building as at the date of this Notice are set out in paragraph 1.1 of the Bidder's Statement (a copy of which is attached as Appendix 3). In summary:

(a) *Building Products*: The Building Products division manufactures a broad range of building products for the residential and commercial construction markets.

(b) *Distribution*: The Distribution division consists of the PlaceMakers building materials distribution business in New Zealand.

(c) *Infrastructure*: The Infrastructure division consists of a vertically integrated concrete business in New Zealand and concrete products businesses in Australia. The Infrastructure division also includes Fletcher Construction, one of New Zealand's largest and most recognised general construction contractors, and Fletcher Residential, its residential home building business in New Zealand.

(d) *Laminates & Panels*: The Laminates & Panels division comprises the Australasian based panels manufacturer and distributor Laminex, and global high pressure laminates manufacturer, Formica.

(e) *Steel*: The Steel division manages a diversified portfolio of products and services including vertically integrated long steel businesses in New Zealand and the Stramit rollforming business in Australia.

8.2 Further information about Fletcher Building is available at http://www.fletcherbuilding.com/divisions. Please also see the copy of the 2010 Annual Report in Appendix 1.

8.3 As at the date of this Notice, the principal activities of Fletcher Building that are relevant to this Notice are:

- *Humes*: Humes is a manufacturer and distributor of pipeline systems to the infrastructure market.
- *Waters & Farr:* The Infrastructure division has a 50% interest in Interpipe Holdings Limited which, under the name Waters & Farr, manufactures solid wall PE pipe and the *Bosspipe* range of PP pipes.

Humes

8.4 Humes distributes and manufactures products and systems for managing water and other utilities, primarily in urban environments and roading.

8.5 From ten manufacturing facilities around New Zealand, Humes manufactures concrete and pre-cast concrete products including pipes, manholes, sumps, troughs, water tanks, septic tanks and culverts. Humes also manufactures corrugated steel pipes, concrete power poles and railway sleepers.

8.6 Humes' major market segments include:

- *Roading*: the development and construction of roading systems.
- *Municipal*: both new and retrospective water and drainage (stormwater and sewer) applications.
- *Subdivisions*: installation into projects, including connections from the main supply to the household and systems for the establishment of in ground services.
- *Water Quality*: harvesting rain water for domestic consumption alongside the treatment of storm and waste water.
- *Rural/forestry*: land drainage.
- *Infrastructure*: power poles for power distribution, railway sleepers and chambers and conduit products for telecommunications networks.

8.7 Humes manufactures concrete pipes up to 3.0m in diameter for a diverse range of applications including stormwater, sewerage, irrigation, rural culvert pipe, service tunnels, low pressure hydro conduits and pressure pipes. Humes has the ability to manufacture pipes up to 3.6m in diameter, purchasing the moulds to do so on a project specific basis. Humes also imports some sizes of ductile iron pipes and occasionally imports pipes for specific projects.

8.8 Humes is the exclusive distributor for the AVK range of iron/ductile iron valves and fittings in New Zealand and distributes the Friatec range of electro fusion fittings used in PE pipe systems for Aliaxis Group (Marley's parent company).

8.9 Humes has 22 sales centres nationwide and eight independent resellers.

8.10 Further details on Humes can be obtained from its website at http://www.humes.co.nz/. See also Appendix 4.

Waters & Farr

8.11 Waters & Farr manufactures high performance solid wall polyethylene pipe, suitable for infrastructure pressure pipelines conveying various substances, including potable water, gas, sewerage and stormwater. Waters & Farr also manufactures non-pressure cable, communication ducting, low-pressure rural pipe systems, electrofusion couplers, spigot fittings and the *Bosspipe* range of polypropylene pipes. Waters & Farr imports a small volume of electrofusion fittings.

8.12 The Waters & Farr product range is sold to contractors primarily through the Hynds and Humes sales outlets, with some sales to other merchants or direct to customers.

8.13 Further details on Waters & Farr can be obtained from its website at http://www.watersandfarr.co.nz/. See also Appendix 5.

Crane Group Limited

8.14 Crane is a building products manufacturing and distribution company which predominantly carries on business in Australia and New Zealand.

8.15 Crane's principal activities are conducted through its three business units: Pipelines, Trade Distribution and Industrial Products.

8.16 Crane was founded in Sydney in 1867 and first listed on the Sydney Stock Exchange in 1949. Crane is listed on ASX.

8.17 As at the date of this Notice, the principal activities of Crane consist of:

(a) *Pipelines*: The Pipelines business unit consists of the Iplex business, a manufacturer and distributor of plastic pipeline systems in Australia and New Zealand.

Iplex manages a number of units across the plastic pipelines market, namely, water infrastructure and civil, building, telecommunications, rural and mining and gas. Iplex products are primarily supplied to the infrastructure, civil engineering, building and construction industries.

Pipelines manufactures and supplies pipeline systems from 15mm to 3000mm[4] in diameter for a diverse range of applications including plumbing, water supply, gas, sewerage, storm water, irrigation, telecommunications, electrical, mining and industrial.

(b) *Trade Distribution*: In Australia, Crane operates over 220 plumbing supplies outlets across Australia under its Tradelink and Northern's brands. Its major market segments include the supply of plumbing solutions to plumbers, builders, retail, network and project based customers.

Crane also recently announced its acquisition of Hudson Building Supplies, which operates 15 timber and hardware stores in NSW and South East Queensland.

In New Zealand, Crane operates over 100 trade distribution outlets which it runs under multiple brands:

- *MasterTrade*: trade supply of electrical and plumbing products, including Home Centre branches which supply bathroomware, gas, home heating, tapware and laundry products.
- *Mico*: supplier of pipes and fittings, plumbing products and bathroom products to plumbers, builders and homeowners.
- *Corys Electrical*: distributor of electrical products and services to electrical contractors, industrial users and government.
- *Equipsafety*: supplies safety equipment to industry.

[4] Fletcher Building understands that the largest diameter pipe made by Iplex NZ is 475mm.

(c) *Industrial Products*: Industrial Products imports and distributes a range of non-ferrous metals and manufactures copper tube for domestic markets and export. Its products are primarily supplied to a range of manufacturing industries across Australia and New Zealand.

Industrial Products was previously divided into two units, but from 1 July 2009, Copper Tube and Metals Distribution merged into one business, with combined back office functions and common warehouses.

- *Metals Distribution*: Consists of Austral Wright Metals (Australia) and Mico Metals (New Zealand).

- *Copper Tube*: Manufactures copper tube in its plant at Penrith (NSW) for supply to Australia, New Zealand and overseas markets.

8.18 Further details on Crane can be obtained from its website at www.crane.com.au. Please also see the copy of the 2010 Annual Report at Appendix 2 and the website information in Appendices 6 and 7.

9 Describe the industries affected by the proposed acquisition

9.1 The industry primarily affected by the Proposed Acquisition is pipe systems. The Proposed Acquisition also touches on the distribution of electrical, plumbing and bathroom/laundry and safety products but only to a minimal degree.

Pipes and pipe systems

9.2 Pipes require complementary fittings for the majority of their applications. The pipes and fittings together are known as a 'pipe system'.

9.3 In Decision 639[5], the Commission examined the competition implications of a transaction involving two manufacturers of plastic pipes and fittings, Marley and RX Plastics.

9.4 As in Decision 639, the Proposed Acquisition affects parties involved in the manufacture of plastic pipes and either the manufacture or import of plastic pipe fittings. Additionally, divisions of Fletcher Building and Crane manufacture or import pipes and fittings of other materials - as illustrated below.

Table 1
Fletcher Building and Crane involvement in manufacture/import of pipe systems in New Zealand

Pipe	Fletcher Building division	Crane
Plastic		
▪ PE	Waters & Farr (M)	Iplex (M)
▪ PVC	X	Iplex (M)
▪ PP	Waters & Farr (pipe only) (M)	X[6]
Concrete	Humes (M)	X
Ductile iron	Humes (I)	X
Corrugated steel	Humes (pipe only) (M)	X
Aluminium	Humes (M)	X
Earthenware	Humes (I)	X

Note:
M = manufactures
I = imports

9.5 A brief description of the more common of these types of pipe follows:

PVC pipe[7]

- PVC pipe is supplied in diameters from 32mm to over 250mm. It is typically manufactured in rigid six metre lengths. One end of each length is formed into a larger diameter socket which allows the preceding length to be joined. Solvent glue or O-rings are then used to secure the joint.

- PVC pipe is supplied in various different types: MPVC — a standard PVC that may break down with prolonged exposure to sunlight; uPVC — a standard PVC with titanium dioxide added in the premixing process to improve the end product's resistance to ultra-violet light; and OPVC — a higher strength PVC

[5] Decision 639, *New Zealand Investment Holdings Limited/RX Plastics Limited*, 3 April 2008.

[6] Iplex manufactures and distributes PP pipe in Australia under the BlackMAX and SewerMAX brands.

[7] Decision 639, at paragraphs 20 and 21.

that uses less raw material. Its manufacture requires costlier equipment and the production technology is restricted by patent and licensed to end users.

PE pipe[8]

- PE pipe can be supplied in 50 metre or 100 metre coils up to a diameter of 125mm. In diameters over 125mm, straight lengths of the product are supplied as, at this diameter (and above), the pipe is no longer flexible enough to allow coiling. In diameters below 125mm, PE pipe is tough and flexible making it more suitable than PVC pipe for applications such as use in unstable or rocky ground; when piping must be moveable, for example, in mobile irrigation systems; or when the pipe system has many bends.

- PE is manufactured through a less complex extrusion process than PVC. PE can be manufactured in low, medium and high densities (LDPE, MDPE and HDPE). HDPE is thicker and is typically used where external pressures are brought to bear on the pipe (for example, where telecommunications cables are laid under a railway line).

- PE pipes are more time consuming to join than PVC pipes. Electro-fusion or butt-welding are the preferred techniques. Similar to PVC, PE pipes require complementary fittings for the vast majority of their applications, although because of the longer lengths of PE available (e.g., 50m — 100m in diameters under 125mm) fewer joins are required.

Concrete

- Concrete pipe can be supplied in diameters from 250mm to 3.6m. It is heavier than plastic but is relatively simple to install (although specialised equipment can be required for larger diameters). It is extremely rigid and there is minimal reliance on the surrounding envelope for support. Unlike PVC or PE, concrete can only be pressurised to a low level.

Ductile iron

- Ductile iron is a rigid pipe with high structural strength and is more resistant to ground movement than other rigid pipe products. Depending on its coating, it can be susceptible to corrosion. Unlike concrete, it can be pressurised to a high level. All ductile iron pipes sold in New Zealand are imported.

Polypropylene

- Polypropylene pipe is inherently resistant to a wide range of chemicals such as acids, alkalis, salts, wetting agents and alcohols and can be suitable for drainage applications where they might occasionally be exposed to spillages or illegal dumping of chemicals and solvents. Polypropylene is highly resistant to abrasion and is therefore also used for industrial and mining applications such as handling slurries with high solids content.

9.6 The diverse range of pipe systems available, their end uses, features and customers are detailed in Schedule 3. The decision as to which type of pipe system will be used in any particular application or project will depend on a number of factors, including the suitability of the pipe system for the application, the physical features of the installation location, the ease and cost of installation and purchase price.

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[8] Decision 639, at paragraphs 24 - 28.

9.7 In summary, Table 2 below identifies the uses of pipes of various materials in the following three diameter ranges: under 250mm; between 225 and 600; and above 600.

Table 2: Pipe uses

	Potable Water (cold)	Potable Water (hot)	Drainage		Irrigation	Stock Water	Rural/Forestry Culverts	Energy/Telco	Gas Reticulation	Compressed Air	Services Tunnels
			Storm Water	Sewer							
Under 250mm											
PE	√ (1)	-	√	√ (2)	√ (1)	√ (1)	-	√ (2)	√ (1)	√ (1)	-
PVC	√ (2)	-	√ (1)	√ (1)	√	-	√ (2)	√ (1)	-	-	-
PP	-	-	-	-	-	-	-	-	-	-	-
Polybutylene	√	√ (1)	-	-	-	-	-	-	-	-	-
DI	√ (3)	-	-	√	√ (2)	-	-	-	-	-	-
Clay	-	-	-	√ (3)	-	-	-	-	-	-	-
Concrete	-	-	-	-	-	-	-	-	-	-	-
Corrugated Metal	-	-	-	-	-	-	√ (1)	-	-	-	-
Concrete Lined Steel	√	-	-	-	√ (3)	-	-	-	-	-	-
Steel	-	-	-	-	-	-	-	-	-	-	-
250mm – 599mm											
PE	√ (1)	-	√	√ (2)	√ (1)	-	√ (3)	√	-	-	-
PVC	√ (3)	-	√ (3)	√ (1)	√	-	√	√	-	-	-
PP	-	-	√ (2)	√	-	-	√ (1)	-	-	-	-
Polybutylene	-	-	-	-	-	-	-	-	-	-	-
DI	√ (2)	-	-	√	√ (2)	-	-	-	-	-	-
Clay	-	-	-	√	-	-	-	-	-	-	-
Concrete	-	-	√ (1)	√ (3)	√	-	√	-	-	-	-
Corrugated Metal	-	-	√	√	√	-	√ (2)	-	-	-	-
Concrete Lined Steel	√	-	-	-	√	-	-	-	-	-	-
Steel	√	-	-	-	√ (3)	-	-	-	-	-	-
Over 600mm											
PE	√ (1)	-	-	√ (1)	√ (1)	-	-	-	-	-	-
PVC	-	-	-	-	-	-	-	-	-	-	-
PP	-	-	-	-	-	-	-	-	-	-	-
Polybutylene	-	-	-	-	-	-	-	-	-	-	-
DI	√	-	-	√ (3)	√ (3)	-	-	-	-	-	-
Clay	-	-	-	-	-	-	-	-	-	-	-
Concrete	-	-	√ (1)	√ (2)	√	-	√ (2)	-	-	-	√ (1)
Corrugated Metal	-	-	√ (2)	-	√	-	√ (1)	-	-	-	√
Concrete Lined Steel	√ (3)	-	-	-	√	-	-	-	-	-	-
Steel	√ (2)	-	-	-	√ (2)	-	-	-	-	-	√

√ means product can be used for the particular application.

(1) Primary product used in this application (2) Second choice for use in this application (3) Third choice for use in this application

Customer groups

9.8 As the Commission noted in Decision 639, there are four key customer groups for pipe systems: building/plumbing customers; civil/infrastructure customers; rural irrigation and telecommunications/utilities customers. [9]

Diagram 3: Customer Groups

9.9 These customer groups are described further below

Building / plumbing customers

- This customer group includes pipe used within the boundary of buildings for the reticulation of both potable water and drainage.

  Building and plumbing customers (including drainlayers) typically purchase pipe products from plumbing merchants or importers.

Civil / infrastructure customers

- This customer group includes pipe used to carry water to and from residential dwellings, commercial buildings and farms. For example, local authority water mains, storm water and sewerage piping. This customer group also includes pipes used for drainage in the forestry sector.

- The civil / infrastructure group is notable for its use of large bore pipes, particularly in urban areas with higher population densities. Plastic pipes are typically less economic in diameters over 250mm. As a result, there is

9 See Decision 639, at paragraphs 31 to 40.

increased use of non-plastic pipe in this group. Substitutes include concrete, steel, ductile iron and fibreglass.

- Contractors in this customer group typically tender for contracts based on their ability to supply all of the piping materials for the particular contract. In this respect, such tenders often include the supply of both plastic and non-plastic pipes.

Rural irrigation

- This customer group includes pipe used to irrigate farms and for stockwater reticulation. Although other products can be used (see Table 2), with limited exceptions PE or PVC pipes are used almost exclusively due to the relatively small pipe diameters required, the long pipe runs and the ease of transport and installation afforded by plastic pipe.

- Until early 2008, this customer group had seen considerable growth as a result of a large number of dairy farm conversions and the increase in the number of vineyards installing fixed irrigation systems. Although it has seen something of a decline over the last couple of years as the dairy price has declined and drought has impacted farm incomes, it is expected to pick up again in the coming years as irrigation is a critical element in increasing dairy and horticultural production.

- Contractors in this customer group (including specialist irrigation companies) typically purchase product directly from the manufacturer or importer or through rural supply outlets.

Telecommunications / utilities customers

- This customer group includes pipe for the reticulation of gas and the housing of telecommunication and electrical cabling. Typically, telecommunications network operators design their networks to exact specifications, including their piping requirements, and then contract third party utilities firms to construct and maintain their networks to the set specifications.

Distribution channels

9.10 Diagram 4 illustrates the primary distribution channels for manufacturers and importers of pipe systems. Product is either supplied through distributors (including plumbing and electrical stores, civil/infrastructure supplies outlets, general building merchants and rural supply stores), specialist procurement companies (such as the specialist technology distributor Rocpac International[10]) or directly to customers or contractors.

9.11 A large proportion of the distributors' revenue is from contract specific quotes. A number of distributors will have quoted for the particular job and behind those quotes are contract specific quotes from manufacturers for some or all of the job's pipe system requirements.

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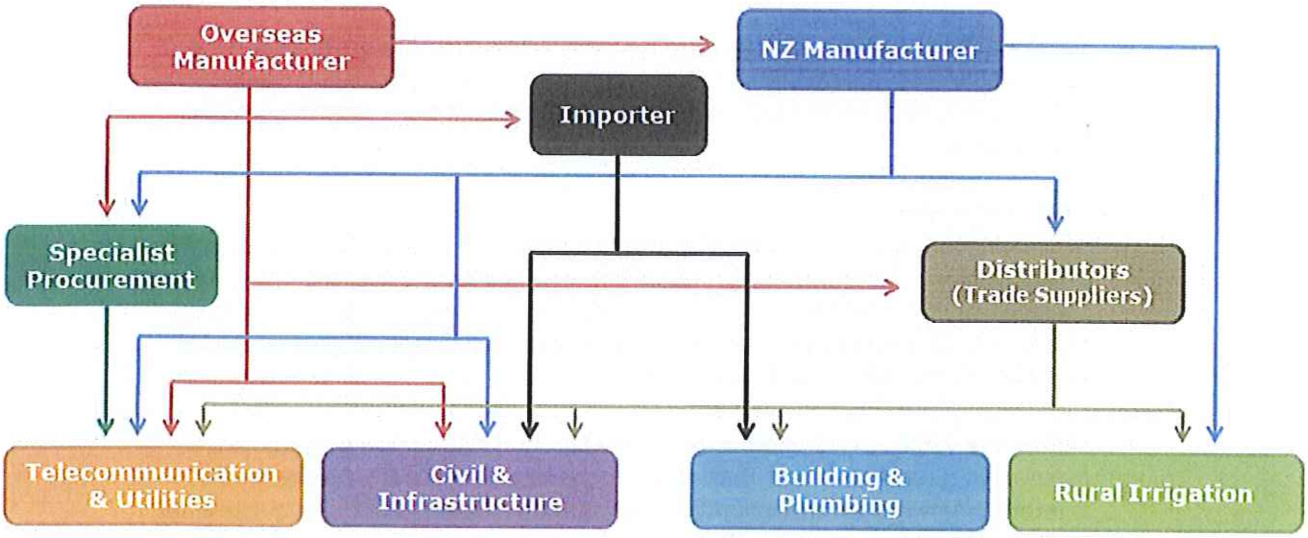
10 See http://www.rocpac.co.nz/.

Diagram 4: Distribution Channels



Electrical, plumbing and bathroom/laundry and safety products

9.12 The Proposed Acquisition also involves, to a limited degree, the supply of electrical products, plumbing and bathroom/laundry products and safety products.

9.13 As noted above, Crane Distribution operates trade related distribution outlets under the MasterTrade, Mico and Corys Electrical brands.

9.14 Fletcher Building's only involvement in the distribution of these products is through the PlaceMakers general building supplies merchant outlets.

9.15 As the Commission noted in Decision 645[11], generally speaking, manufacturers and importers of electrical products supply to electrical wholesalers, retailers (including the merchant chains e.g. PlaceMakers) and specialist retailers, and in some circumstances, directly to large electrical contractors.

9.16 Similarly, manufacturers and importers of plumbing and bathroom/laundry products and safety products supply to plumbing or safety product wholesalers, retailers (including the merchant chains and specialist retailers), and in the case of plumbing, in some circumstances, directly to large plumbing contractors.

[11] Decision 645, *Redeal Limited/Egley Electrical*, 12 June 2008.

10 Industry trends

10.1 The use of PE pipe systems is increasing worldwide. Although PVC is the most commonly used resin internationally, there is a trend towards increased use of PE for pressure applications such as water reticulation and sewer rising mains. This is due to its greater ability to be installed using horizontal directional drilling and because the fused butt joints provide a better joint performance. There are also sensitivities around the environmental impacts of the PVC manufacturing process.

10.2 In New Zealand, OPVC, with its reduced environmental impacts, resistance to ultra violet light and increased strength, has continued to displace traditional PVC products in high pressure applications. The use of concrete pipe with plastic and other lining systems is growing.

10.3 The industry is seeing an increase in the amount of imported pipes, particularly from Asian countries. Increasingly, local suppliers to the civil/infrastructure and telecommunications/utilities customer groups are either losing contracts to Asian suppliers or having their prices benchmarked against Asian suppliers' prices.

10.4 There is expected to be an increase in the amount of imported PE pipe as a result of the Government's broadband initiatives.

11 Other mergers in the industry in the past 3 years

Fletcher Building is aware of the following mergers in the markets affected by the Proposed Acquisition in the past three years:

- *Decision 639:* New Zealand Investment Holdings Limited and RX Plastics Limited (3 April 2008); and
- *Decision 645:* Redeal Limited and Egley Electrical Co Limited and Egley Electrical Petone Limited (12 June 2008).

Part 3: Market Definition

12 Market definition

12.1 For the reasons outlined in this section, the competition effects of the Proposed Acquisition are assessed against the following market definitions:

- the national market for the manufacture/import of PE pipe systems under 250mm;
- the national market for the manufacture/import of large bore pipes, over 250mm;
- regional/local markets for the distribution of pipe systems;
- regional/local markets for the distribution of:
  - electrical products;
  - plumbing and bathroom/laundry products; and
  - safety products.

Pipe systems

Product markets

12.2 In 2008 in Decision 639, when assessing the implications of a transaction where the parties were involved only in the plastic pipe industry, the Commission concluded that PVC and PE pipe systems comprised separate markets. The Commission noted:[12]

> "that whilst a small amount of substitution between PVC and PE pipes does occur, it is generally rare, even in the face of price changes, to see customers switch between the two products. The pertinent factors include relative product cost, differences in installation costs, and the end use of the product.
>
> Information provided to the Commission leads to the view that whilst many pipe systems exist, and whilst different materials may often be used in conjunction with one another in a wider piping system, each material is particular for its end use.
>
> Therefore, in the Commission's view, substitution of PVC pipes by PE pipes (or vice versa) following a SSNIP does not seem likely. Further, following a SSNIP in both PVC and PE pipe systems, substitution of PVC or PE by pipe systems derived from other materials does also not seem likely.
>
> However, the Commission found an exception in the case of large bore PVC and PE pipes with a diameter above 250mm, where concrete and other pipes are a regular substitute due to the high cost of PVC and PE products at larger diameters.
>
> The Commission concludes that for the purpose of assessing the competitive effect of the proposed acquisition, the relevant product markets are
>
> - PVC pipe systems, under 250mm;

[12] At paragraphs 58 – 63.

- PE pipe systems, under 250mm; and

- large diameter bore pipe systems, over 250mm.

Nevertheless, the Commission recognises that this is a narrow market definition, and so represents a conservative approach to assessing the competitive impact of the proposed acquisition."

12.3 The Proposed Acquisition differs from the position in Decision 639 in that while both Fletcher Building (through its interest in Waters & Farr) and Iplex NZ manufacture PE pipes:

- Iplex NZ also manufactures PVC pipes (but Fletcher Building does not);

- Fletcher Building manufactures corrugated steel and aluminium pipes and imports earthenware and ductile iron pipes and, through its interest in Waters & Farr, manufactures PP pipes (but Crane in New Zealand does not).

12.4 However, in the under 250mm range:

- As with PVC and PE, there is little substitution between PVC, PE and earthenware pipes or between PVC and ductile iron pipes. (There is some substitution between PE and ductile iron at this diameter.) Here also the pertinent factors include relative product cost, differences in installation costs, and the end use of the product. However, Humes' sales of earthenware and ductile iron pipes make up a small percentage of Humes' overall sales.[13]

- Substitution between PVC and PP or concrete does not need to be considered, since the smallest diameter PP and concrete pipes are 225mm in diameter (internal measurement).[14]

12.5 In the over 250mm range, although the Commission found concrete and other pipes to be a regular substitute for PVC and PE pipes due to the high cost of PVC and PE products at larger diameters, Fletcher Building does not consider that a single "large bore" pipe market is appropriate in this instance, for the following reasons.

- PE and PVC pipes are neither substitutable nor substituted for each other or for concrete or PP pipes in all applications.

- Humes Pipelines produces concrete pipes to much wider diameters than the PE and PVC pipes produced by Iplex NZ.

- In addition, using the Commission's SSNIP approach to market definition, concrete, PVC, PE and PP pipe systems are likely to constitute separate markets. A price comparison between the different types of pipe suggests that substitution between pipe types (providing the use to which the pipe is being put and customer requirements permit it) is unlikely to occur on the application of a five to ten percent increase in price with any degree of

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[13] See Confidential Schedule 9.

[14] The generally accepted practice is for plastic pipes to be described by reference to external diameter and concrete and other pipes to be described by reference to internal diameter. Waters & Farr, however, tends to describe its PP product by reference to internal diameter. For market definition purposes, a pipe with an internal diameter of 225mm has been given a nominal external diameter of 250mm.

consistency. As the Commission acknowledged in Decision 639, plastic pipes are typically less economic in diameters over 250mm.

12.6 A price comparison is set out in Confidential Schedule 8.

12.7 However, for present purposes, the competition analysis has been undertaken on the basis of a "large bore pipe" market comprising pipes over 250mm and made from a variety of product, including concrete, steel, ductile iron, PVC, PE and PP. It should be remembered, though, that within that market, the area of overlap between Fletcher Building and Crane is narrower than the market definition might suggest.

Functional markets

12.8 In Decision 639, the Commission considered that, as both Marley and RX Plastics were manufacturers, the appropriate functional dimension was the manufacture and wholesale supply of the relevant products.

12.9 In this case Fletcher Building and Crane:

- both have manufacturing interests (and import some products) and supply their products to owned and independent distributors; and
- both own distribution outlets that sell their own and third party manufacturers and importers' pipe systems.

12.10 Accordingly, there are two relevant functional levels: manufacture/import and distribution.

Geographic markets

12.11 As all manufacturers and importers of pipe systems sell their products nationally, the geographic dimension of the manufacturing markets is national.

12.12 In relation to the market for the distribution of pipe systems, given the large number of distributors around the country (and the inferences about competition that can be drawn from that), no analysis has been undertaken to ascertain the precise boundaries of the markets. However, the following observations from earlier Commission decisions are relevant:

(a) Markets do not have clear cut boundaries.[15]

(b) In *PGG/Wrightson*[16] the Commission found separate *regional* markets for rural supplies of farm consumables. The following aspects are pertinent here:

- Although farmers travel considerable distances to purchase rural merchandise they generally purchase within their own regions.
- The Commission encountered various views on the distance farmers would travel to purchase particular products though all considered that the higher the cost of the item the further they would be willing to travel in order to obtain it.

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[15] Decisions 505, 606 and 607: *Foodstuffs/The Warehouse and Woolworths Limited/The Warehouse Limited.*

[16] Decision 556, *PGG/Wrightson,* August 2005.

- A number of rural towns were serviced by a single merchandise store, and these stores are constrained by stores in neighbouring towns such that they are unable to extract excessive rents from their customers.

(c) In *Wesfarmers Industrial Safety Limited/Paykel Limited*[17] the Commission found the geographic market to be based on 12 New Zealand regional areas where the aggregation occurred (Northland, Auckland, Waikato, etc.) This was because the products (engineering/industrial supplies) were delivered, via courier, to customers in the same region. Market investigations found that national customers were serviced by regional branches in order to provide a "just in time" service, including technical advice.

(d) In *Mico Wakefield Limited/MasterTrade Limited*[18] (both now part of Crane Distribution), the Commission found that whilst larger contractors were willing to travel greater distances to obtain supplies, the smaller operators were less willing to travel such distances. To this extent, the Commission analysed the potential aggregation by town/city, and found that the market shares in those towns/cities were in fact consistent with the regional figures - and therefore agreed that the geographic markets were regional.

(e) In Decision 645[19] the Commission noted that it had been advised that electrical contractors often preferred to deal with branches in their immediate locality for convenience and other service reasons. For this reason, and because the aggregation of market shares in that transaction occurred primarily in the Greater Wellington area, the Commission considered that the Greater Wellington region was the appropriate geographic market for the purpose of considering that transaction (rather than the wider Wellington/Wairarapa region adopted in the earlier decision 444).

(f) In *Holcim (New Zealand) Limited/Atlas Resources Limited*[20] the Commission found the relevant geographic market for ready-mixed concrete to be the greater Auckland region, which extended approximately from Silverdale in the north to Pukekohe in the south.

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[17] Decision 502, *Wesfarmers Industrial Safety Limited/Paykel Limited,* June 2003.

[18] Decision 444, *Wakefield Limited/MasterTrade Limited,* December 2001.

[19] *Redeal Limited/Egley Electrical.*

[20] Decision 513, *Holcim (New Zealand) Limited/Atlas Resources Limited,* 20 November 2003.

12.13 In the case of the Proposed Acquisition, the geographic boundaries of the distribution markets will be regional or local. The boundaries may be slightly different for the different customer groups, with the telecommunication and utilities and large civil/infrastructure customers purchasing within national boundaries; smaller civil/infrastructure and rural irrigation purchasing on a regional level; and building/plumbing customers purchasing on a regional/local level.

Customer dimension

12.14 As all manufacturers/importers supply products that are used by all the four major customer groups (building/plumbing; civil/infrastructure; rural irrigation and telecommunications/utilities), there is no need to adopt separate customer markets from the manufacturing perspective.

12.15 At the distribution level, Fletcher Building sees the Humes and Crane Distribution businesses as complementary rather than competing:

- Humes' distribution outlets supply pipes as part of a wider business involving precast concrete and other products geared toward the civil/infrastructure sector.

- Although the Mico website refers to Mico Pipelines as being "a specialist supplier of pipes and fittings used for major building and civil contracts", Fletcher Building understands that the Mico and MasterTrade outlets predominantly supply plastic pipe systems under 250mm and predominantly as part of their wider plumbing supplies distribution businesses that service the building/plumbing customer group.[21]

12.16 If the distribution market were defined as separate markets for the distribution of pipe systems to the civil/infrastructure customer group and the distribution of pipe systems to the building/plumbing customer group, Fletcher Building believes that the Proposed Acquisition would give rise to a limited degree of aggregation.

12.17 The level of aggregation would appear greater, however, if the market were defined as a single market for the distribution of pipe systems generally.

12.18 Accepting that there is some (albeit minimal) overlap between the distribution businesses, for the purposes of this Notice, Fletcher Building has assessed the Proposed Transaction against regional/local markets for the distribution of pipe systems.

12.19 As noted above, the geographic boundaries of the distribution markets may differ by customer group.

Market definition: electrical products

Product market

12.20 Electrical products cover a diverse range of products, including cables, cable protection, data and communications, TV and repair, switchgear, lighting, distribution (fuses, timers, meter boxes, transformers etc), industrial and motor control (sensing and detection, motors, capacitors, starters, indicators/lamps etc), hot water systems and appliances, and hardware (tools, safety and fire-

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21 http://www.micobathrooms.co.nz/index.html?p=45. Fletcher Building understands that of the around 40 Mico branded distribution outlets, 15 have "pipeline" divisions.

fighting products, fasteners, consumables, heaters, connectors, leads/power boards) etc.

12.21 From a demand-side perspective, many of the products are not substitutable, as their form and function are specific for the purpose to which they are put. However, in Decision 645, for the purpose of simplifying the analysis of the proposed acquisition of wholesalers of electrical products in the Wellington region, the Commission adopted a generic 'electrical products' market.

12.22 The Commission also noted that there is a high level of substitution on the supply side with wholesalers being able to readily switch or expand into different electrical product lines, if demand warrants it.[22]

Functional level

12.23 In Decision 645, on the basis that electrical wholesalers had advised that most of their sales were made to trade customers, with only a small percentage of business to end user customers, the Commission adopted a functional level of "wholesale supply" for the purpose of analysing that transaction.

12.24 While the same approach seems appropriate in relation to the Proposed Acquisition, the term "distribution" has been used rather than "wholesale supply" as "distribution" is the term that both Fletcher Building and Crane use to describe this aspect of their businesses.

Geographic dimension

12.25 Please see discussion above at paragraph 12.12.

Market definition: plumbing and bathroom/laundry and safety products

12.26 Based on the Commission's approach in relation to the supply of electrical products, as outlined above, it is appropriate to consider the implications of the Proposed Acquisition by reference to local/regional markets for the distribution of:

- plumbing and bathroom/laundry products; and
- safety products.

13 Product differentiation

Pipe systems made from different types of products are clearly differentiated in terms of product characteristics, suitability for specified purposes, ease of handling and transportation and convenience – as can been seen from the table in Schedule 3. However, within each product type, as most manufacturers produce variants of that product, further segmentation of the market is not necessary.

14 Vertical integration

The Proposed Acquisition does not give rise to any new vertical integration. It does, however, increase the level of vertical integration in that both Fletcher Building and Crane are involved at both the manufacturing and distribution levels of the pipe markets. For an illustration, please refer to Diagram 1 on page 8.

[22] Decision 645, at paragraphs 27 & 28.

Part 4: The Counterfactual

15 Counterfactual

If the Proposed Acquisition does not take place, the counterfactual is likely to be the status quo: Fletcher Building and Crane remaining independent providers. Crane is not being offered for sale. Alternatively, a rival bidder for Crane may emerge.

Part 5: Competition Analysis

16 Competition Analysis

16.1 In each of the affected markets, there is a range of competitors. This is illustrated in Diagram 1 on page 8.

Competitors – Manufacture/import of pipe systems

16.2 Competitors in the market for PE pipe systems under 250mm include: Marley/RX Plastics, Tyco, Rural Direct and PPI Corporation.

16.3 Competitors in the large bore pipe market include: Marley/RX, Tyco, Rural Direct, PPI Corporation, Frank PKS, Hynds, Steelpipe and other steel pipe manufacturers and importers, and manufacturers and importers of ductile iron and fibreglass pipe systems.

16.4 Further detail on some of these competitors follows:

New Zealand Investment Holdings Limited

- New Zealand Investment Holdings Limited, owned by Aliaxis S.A. (a private company registered in Belgium), is the holding company for Marley New Zealand Limited (*Marley*) and RX Plastics Limited.

  Marley manufactures PVC pipes and fittings, manufactures PE pipes, and imports PE fittings and sells them throughout New Zealand from its plants in Auckland and Christchurch. It also manufactures rainwater systems (spouting, downpipes and associated fittings).

- RX Plastics manufactures and supplies plastic pipe systems (PE and PVC) water storage tanks and effluent disposal systems. RX Plastics has manufacturing facilities in Ashburton and Hamilton and supplies product throughout New Zealand and exports product to Australia, the Pacific Islands, USA and South Africa.

- New Zealand Investment Holdings Limited is also the holding company for (a) Dynex Extrusion Limited, which manufactures custom plastic extrusions and plastic cladding; (b) Chemvin Plastics Limited which manufactures plastic compound from imported resin for Marley and external customers; and (c) Dux Industries which manufactures polybutylene (PB) pipe and fittings for the hot and cold plumbing market.

  See further details at http://www.marley.co.nz/ and copy at Appendix 8.

Tyco Flow Control New Zealand Limited (Tyco)

- Tyco is part of the Tyco International Group and is a manufacturer and supplier of watermain and irrigation solutions. Tyco manufactures PE pipe and sources and distributes PVC pipe direct to the civil contracting sector and into the irrigation and rural sector through its Water Dynamics outlets. See further details at http://www.tycoflow.co.nz/contactus/new_zealand and copy at Appendix 9.

PPI Corporation (NZ) Limited (PPI)

- PPI is a wholly owned subsidiary of PPI Corporation Pty Limited, an Australian manufacturer and distributor of PE pipe systems for the irrigation, water supply and drainage markets. PPI operates a PE pipe manufacturing plant in Rangiora to supply the New Zealand rural sector. See further details at http://www.ppi.co.nz/ and copy at Appendix 10.

Rural Direct

- Rural Direct is a manufacturer of PE pipe. The product range is aimed at the farming, agricultural and construction sectors. Products include land drainage coil, culverts and low and medium density water pipe. See further details at http://www.ruraldirectltd.co.nz/ and copy at Appendix 11.

Frank PKS NZ Limited (Frank PKS)

- Frank PKS (previously Profile Pipe Systems NZ Limited) manufactures a range of large bore plastic pipes and components for the gas, water and waste water sectors. Frank is the sole distributor of FRANK PKS products and services. See further details at http://www.frankpksnz.com/ and copy at Appendix 12.

Hynds group of companies

- The Hynds group manufactures concrete pipes and sells concrete, PVC and PE pipes and fittings through a network of specialist pipe distribution outlets around New Zealand. It sources these pipes from a variety of New Zealand manufacturers including its shared interest in manufacturer Interpipe/Waters & Farr.

  Hynds also owns Gillies Metaltech, the only New Zealand manufacturer of ductile iron water fittings and valves. Gillies designs and manufactures cast metal products to suit the special needs of the New Zealand watermain and rural markets.

  See further details at http://www.hynds.co.nz/ and copy at Appendix 13.

Steelpipe Limited

- Steelpipe, comprising Steelpipe NZ and Steelpipe Australia, is part of the McConnell Group of companies, one of New Zealand's largest privately owned construction, property and infrastructure groups. Steelpipe is New Zealand's only supplier of large diameter steel pipe, a cornerstone supplier in both the water and structural markets. See further details at http://www.mcconnellgroup.co.nz/group and http://www.steelpipe.co.nz/?sid=2 and copy at Appendix 14.

Other competitors in the large bore pipe market

- Other competitors in this market include concrete pipe manufacturers Hutt Concrete, Absolute Concrete and Austin Pipe Systems, and companies that import large bore pipes, particularly from Asia, for specific projects. Please refer to Schedule 5 and Appendix 15 for information on these and other companies.

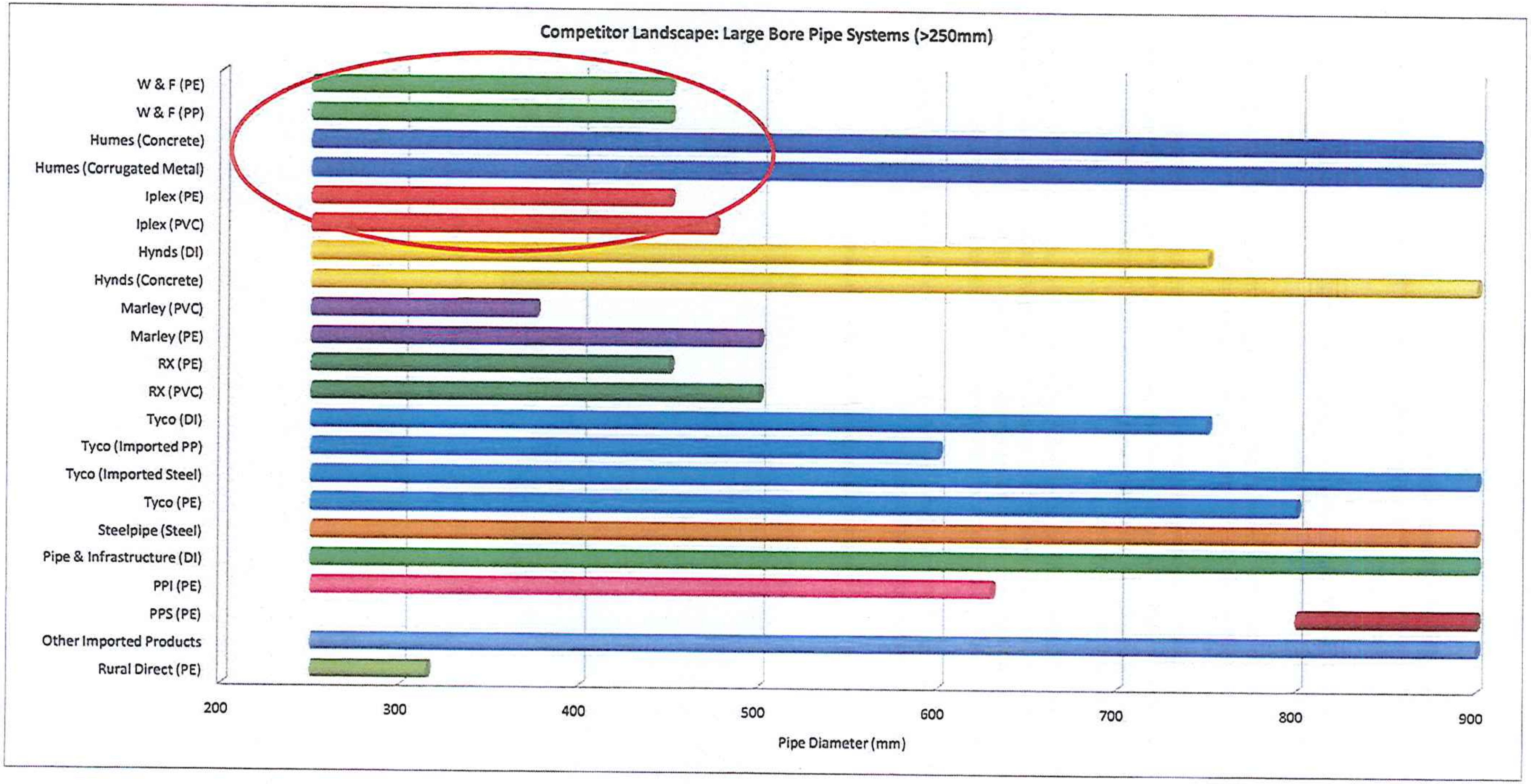
16.5 The area within the "large bore pipe market" in which Crane and Fletcher Building compete is relatively narrow, since:

- Humes concrete pipes have low pressure ratings and accordingly cannot be used in many of the same applications as PVC and PE pipes which have higher pressure ratings; and

- Iplex NZ's large bore pipes that are made in New Zealand range from 250mm to 450mm – 475mm in diameter, compared with Humes' concrete pipe of 250mm to 3 metres.[23] (Humes' new plant at Papakura manufactures concrete pipe up to 3.6m but Humes only purchase moulds on a specific project basis.) Please see Diagram 5 on the following page.

[23] It is understood that Iplex in Australia manufactures PVC pipes up to 3m in diameter.

Diagram 5: Competitor Landscape – Large Bore Pipe Systems (>250mm)



Competitors – distribution of pipe systems

16.6 As noted in the industry background section, there are different channels to the different pipe system customer groups:

- Building and plumbing customers typically purchase plastic pipe products from plumbing merchants or importers.

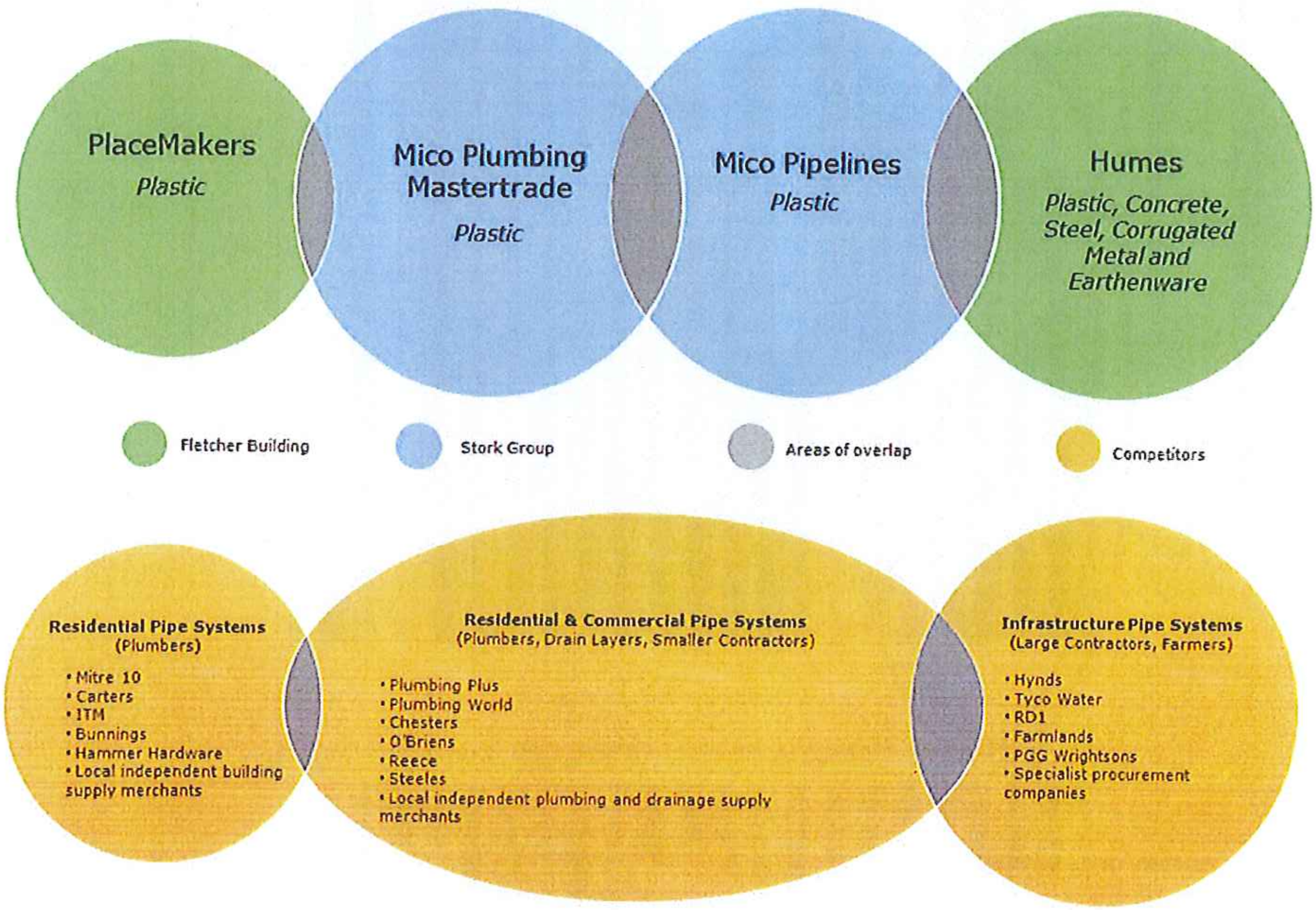
- Contractors in the rural irrigation sector typically purchase product directly from the manufacturer or importer, or through rural supply outlets.

- Contractors in the civil/infrastructure customer group typically tender for contracts based on their ability to supply all of the piping materials (plastic and non-plastic) for the particular contract. These requirements can be sourced directly from manufacturers or importers.

- Telecommunications/utilities customers contract third party utilities firms to construct and maintain their networks to set specifications. The utilities firms requirements can be sourced directly from manufacturers or importers. Specialist procurement companies, such as Rocpac International also serve this customer group.

16.7 The limited overlap between Fletcher Building and Crane in relation to the distribution of pipe systems is illustrated in Diagram 6.

Diagram 6: Overlap in Pipe System Distribution



16.8 Competitors in the distribution of pipe systems include:

Plumbing World

- Plumbing World is the major trading division of the NZPM Group and is owned by plumbers, drainlayers, gasfitters, roofers and allied tradesmen nationwide. Plumbing World is the largest 100% New Zealand owned national plumbing merchant, with 42 branches nationwide from Kerikeri to Invercargill, supplying basic trade products to top fashion bathroom fittings. Plumbing World promotes itself as having "true bulk purchasing capabilities".[24]

  Plumbing World has a specialist Piplines Support Team based on the North Shore in Auckland.

Plumbing Plus

- Plumbing Plus is a group of independently owned plumbing, bathroom and kitchen outlets operating throughout New Zealand and Australia. Together they make up one of the largest suppliers of plumbing and bathroom products in Australasia, catering for both trade and retail customers. There are 27 Plumbing Plus outlets in New Zealand. Plumbing Plus promotes itself has having one of the most comprehensive listings of plumbing products available.[25]

Reece

- Reece is Australia's leading supplier of bathroom and plumbing products turning over more than AUS $1 billion in the 2010 financial year. There are more than 400 stores across Australia employing more than 3500 staff. Reece has developed the specialty bathroom businesses reeceONSITE, reeceprojects and Reece Bathroom Life over the past ten years and now claim to have the largest selection of bathroom products in Australia.[26] Reece also caters for more specialised industries through their Irrigation, HVAC-R and Civil businesses. Reece entered the New Zealand market in April 2006 and currently has five branches located in Auckland City and the North Shore.

  Fletcher Building understands that Reece has grown organically in Australia, rather than through acquisition of existing business and expects it to continue that trend in New Zealand.

Other plumbing specialists

- Other multi-outlet plumbing supply specialists include Chesters, Hydroflow Distributors and an online supplier, NZ Plumbing Supplies.[27]

Hynds Limited

- Hynds Limited is a large privately owned New Zealand manufacturer and distributor of products for drainage, watermain, environmental and rural applications.

- Established by John Hynds in 1973, the Group has become a leading supplier of pipe systems and related products to civil contractors by focusing on customer relationships and on the development of innovative solutions. The Company now employs more than 650 people.

- Hynds Pipe Systems distribution comprises a network of 27 sales branches and resellers throughout New Zealand, supported by regional offices and a national team

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24 http://www.plumbingworld.co.nz/Corporate/Pages/profile.aspx.

25 http://www.plumbingplus.co.nz/about.html.

26 http://www.reece.com.au/bathrooms/products.

27 http://www.reece.co.nz/plumbing/products, http://www.chesters.co.nz/, http://www.hydroflow.co.nz/contact.asp, http://nzplumbingsupplies.co.nz/.

based in Auckland. As well as selling the company's concrete products to civil and rural customers, the sales network stocks and sells a full selection of concrete, PVC, PP and PE pipes, valves, fittings and other products required for drainage, watermain, environmental and rural applications.

Rural supply merchants

Rural supply merchants stock a range of pipes and fittings for applications including stock water reticulation, irrigation and drainage. Rural supply merchants include:

- Farmlands, a farmer co-operative specialising in farm related inputs. Farmlands operates a number of rural supplies stores throughout the North Island.[28]

- RD1, a wholly-owned subsidiary of Fonterra Co-operative Group Limited, is New Zealand's largest retailer of agricultural supplies to dairy farmers. RD1 operates a network of over 40 stores in the North Island, and seven in the South Island.

- PGG Wrightson, New Zealand's largest rural servicing provider, with approximately 124 rural supply stores located throughout the country.

- Combined Rural Traders Co-operative (CRT), a co-operative owned by more than 24,000 South Island farmers. CRT is the largest buying group of its type in New Zealand and now has 30 CRT Farm Centres throughout the South Island stocking a full range of farm inputs.

- ATS, a rural supplies co-operative based in mid Canterbury. Formed by local farmers in 1963, ATS has a growing membership of more than 3,000 shareholders, operates three retail outlets in Ashburton, Methven and Rakaia and has a team of around 50 full-time staff.

16.9 Table 4 on the following page illustrates the numbers of competing pipe system distribution outlets in the regions where Humes and Crane Distribution have distribution outlets.

16.10 In addition, many manufacturers and importers supply direct to customers.

[28] http://www.farmlands.co.nz/userfiles/file/WaterHandbook/WaterHandbook2010.pdf.

Table 4: Pipe system distributors[29]

Region		Electrical		Building Merchants		Plumbing/building				Civil/Infrastructure	
		Rexel, Ideal, Powerbase	Cory's Electrical	ITM, Bunnings, Mitre 10, Carters	PlaceMakers	Plumbing World, Plumbing Plus, Chester's	Mastertrade Plumbing and Electrical	Mico outlets without pipelines divisions	Mico outlets with pipelines divisions	Humes	Hynds
Northland	Kaitaia	1		2	1	0					
	Kerikeri	1		2	1	1	1				
	Whangarei	4	1	4	1	1			1	1	1
	Warkworth	1	1	2	1	1		1			1
Greater Auckland	Whangaparaoa/Silverdale	7		7	2	2	1				
	North Shore	2	1	4	2	2	1	1	1	1	1
	Auckland City	2	1	2	3	2	1				
	West Auckland	4	1	6	4	2		2		1	1
	South East Auckland	7	1	5	1	2	1	1		1	1
	South Auckland	7	1	13	1	2	1	2		1	2
Coromandel	Whitianga	1		3	1	1	1				
	Thames	2		3	1	1					
	Whangamata	1		2		0		1			
Waikato	Hamilton, Te Rapa, Huntly	6	1	5	4	4	1	1	1	1	1
	Morrinsville	1		1	1	0					
	Te Kuiti	0		1	1	0					1
	Cambridge	1		4		0	1				
Bay of Plenty	Mount Maunganui	3	1	3	1	2			1		1
	Tauranga	3	1	3	1	2		1		1	
	Rotorua	4	1	3	1	2	1	1		1	1
	Whakatane	2		3	1	1					
Central Plateau	Taupo	2	1	4	1	2		1			1
	Ohakune	0		1	1	0					
	Tokoroa	2		3		0	1				
	Kawerau						1				
Hawkes Bay	Napier	3	1	4	1	3			1		
	Hastings	3	1	4		3	1			1	1

29 (1)Information in this table has been obtained from company websites. (2) The table does not identify independent distributors/wholesale suppliers.

Region		Electrical		Building Merchants		Plumbing/building				Civil/Infrastructure	
		Rexel, Ideal, Powerbase	Cory's Electrical	ITM, Bunnings, Mitre 10, Carters	PlaceMakers	Plumbing World, Plumbing Plus, Chester's	Mastertrade Plumbing and Electrical	Mico outlets without pipelines divisions	Mico outlets with pipelines divisions	Humes	Hynds
Gisborne		3	1	3		1		1			
Wairoa				3							
Wanganui Manawatu/ Ruapehu	Wanganui	2		3	1	1	1				
	Palmerston North/[Feilding[	3	1	5	1	3	1		1	1	1
	Levin	1		2	1	2	1				
Taranaki	New Plymouth	3		4	2	2	1		1	1	1
	Hawera	1		2	1	0	1				
	Stratford	0		2	1	0				1	
Kapiti								1		1	1
Wairarapa	Masterton	2		3		2		1			1
Wellington	Wellington City	6	1	5	2	4	1	1		2	1
	Lower & Upper Hutt	4	1	4	1	2	1	1	1		1
	Paraparaumu	1		2	1	2	1				
	Porirua	2		2	1	2	1				
		2		2		2					
Tasman	Nelson	5		4	3	2	1		1	1	1
	Blenheim	2	1	2	1	2			1		
West Coast		2		2		1			1	1	
	Greymouth										
Canterbury	Christchurch & North	4	1	6	3	3	1	3	1	1	2
	Ashburton	3	1	3	1	1		1			
	Timaru	5		1	1	1	1	1		1	
	Twizel	0		0	1	0					
Otago	Queenstown	3	1	2	1	2		1	1	1	
	Alexandra/Cromwell	3		2	2	0	1			1	1
	Wanaka	2		1	1	2	1				
	Oamaru	2		1	1	1	1				1
	Dunedin	5	1	3	1	2	1	2	1	1	
Southland	Invercargill/[Gore]	5	1	4	2	2	1	1	1	1	1
	Te Anau	0		1	1	0					

Distributors of plumbing and bathroom/laundry products

16.11 The major competing distributors of plumbing and bathroom/laundry products are the plumbing supplies outlets identified above.

Distributors of electrical products

16.12 The major competing distributors of electrical products are:

Ideal Electrical Suppliers

- Ideal Electrical Suppliers, part of the Rexel International Group, has a network of 46 branches across New Zealand. Its primary business is the supply of high and low voltage products and services to the support the provisioning, construction and maintenance of power utility infrastructure.[30]

Powerbase

- Powerbase is New Zealand's largest electrical wholesale group with 106 branches nationwide. Powerbase is made up of nine independent and specialist electrical wholesalers which have joined together under the Powerbase brand. In Decision 645[31] the Commission noted that industry participants considered the individual members to compete strongly with each other where two or more Powerbase members operated.[32]

16.13 In addition, there are a number of independent local suppliers who stock cable ducting products in their product lines.

Distributors of safety products

16.14 Given PlaceMakers' sales of these products, no further comment is made.

17 Market share estimates

Confidential Schedule 6 shows the market share estimates, as estimated by Humes' management, for:

- the PE pipe systems market under 250mm (as well as for combined PE and PVC plastic pipe systems under 250mm);
- large bore pipes; and
- distribution of plastic pipe systems.

18 Constraint from existing competitors

18.1 In each of the manufacturing and distribution markets:

- Exclusive supply contracts are rare. Customers at each level are readily able to switch suppliers.
- There are no productive capacity constraints. Fletcher Building understands that there is considerable existing spare capacity in the manufacturing markets, both locally and internationally. There are no technical barriers to expanding production.

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30 http://www.ideal.co.nz/.

31 Decision 645, at paragraph 16.

32 http://www.powerbase.co.nz/.

PE pipe systems

18.2 In the PE pipe systems market, the estimated market shares are inside the Commission's safe-harbour guidelines. As the market share tables illustrate, the actual degree of aggregation is modest. Waters & Farr is not a large supplier in this market.

18.3 In Decision 639, the Commission reported that, although the market shares in the PE pipe systems market, as estimated by Marley and Crane, varied and were difficult to reconcile, all estimates indicated that Crane, Marley and RX Plastics were the three main players with the presence of a number of other manufacturers. [33]

18.4 Post transaction, the combined Marley/RX entity, along with Tyco, PPI and Rural Direct will continue to offer strong competition to Iplex/Interpipe.

18.5 It is noted that in Decision 639, the Commission reported that industry participants advised the Commission that competition in the PE pipe systems market was very competitive or that the market was "cutthroat" or "fierce". This remains the case today and there is no reason this would change as a consequence of the Proposed Acquisition.

Large bore pipes

18.6 In the large bore pipe market, the estimated market shares are outside the market safe-harbours. However, these market shares are overstated because the "large bore" market definition does not recognise that the products are not substitutable in many applications. (Please also note the comments with regard to market definition in section 12 above.)

18.7 Post transaction, the combined Marley/RX entity, Tyco, PPI, Frank PKS, Hynds and Steelpipe along with a range of other smaller regional/local firms will continue to offer strong competition to the merged entity.

18.8 In addition, the merged entity is faced with continued and increasing competition from imports. By way of example:

- In 2007, McConnell Dowell imported polyethylene lined concrete pipe from Concrete Products & Pipes Co., Limited in Thailand[34] for the Dunedin City Council Tahuna waste water treatment plant outfall and the Christchurch City Council Ocean Outfall projects.

- In 2010, Humes won the Western Interceptor and Fendalton Duplication projects but were aware they were bidding against polyethylene lined Thai product.

- Humes itself imports ductile iron pipes (on a non-exclusive basis from ShanDong Ductile Iron Pipes Co., Ltd[35] in China). Humes understands that Hynds imports ductile iron pipes[36] from XinXing Ductile Iron Pipes Company Limited[37] and that Pipe & Infrastructure[38] imports ductile iron pipes from St Gobain[39].

- Emtelle, a UK company, described as the market leader for telecommunication duct systems for both uPVC main duct and PE duct and sub duct systems now has representation in New Zealand (through a single sales representative). Emtelle has manufacturing capability of 35,000 tonnes of uPVC Duct and 16,000 tonnes of PE duct

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33 Decision 639 at paragraph 122.
34 See http://concreteproductsandpipes.com/ and copy at Appendix 15.
35 See http://en.jg-sdip.cn/newEbiz1/EbizPortalFG/portal/html/index.html.
36 Please see Confidential Schedule 9.
37 http://www.xinxing-pipes.com/.
38 http://www.pandi.co.nz/about.
39 http://www.saint-gobain-pipelines.co.za/.

per year.[40] (Emtelle also promotes its product as being suitable for drainage applications – so entry though supply to the telecommunications sector could also facilitate supply to the building/plumbing and rural irrigation customer groups.)

Distribution markets

18.9 To the extent there is overlap in the distribution of pipe systems, there are a number of large, well-resourced competitors with national representation, along with local merchants that will continue to constrain the merged entity post acquisition.

18.10 In the electrical products and plumbing and bathroom/laundry products markets, there is minimal aggregation and there are a number of large, well-resourced competitors with national representation, along with local merchants, that will continue to constrain the merged entity post acquisition.

19 Potential competition

Manufacture/import of pipe systems

19.1 With regard to the PE pipe systems market, the Commission reviewed the requirements for new entry and expansion in Decision 639 and commented that the number of players appeared to reflect low barriers to entering the market. In this regard, the Commission noted that: [41]

- PE production plant is comparatively low cost.
- The technical ability required to operate manufacturing equipment is not high.
- In comparison with PVC, there is a quicker pre-manufacturing process as no dry blending is required.
- The availability and low cost of imported PE fittings to complement PE pipe produced in New Zealand allows manufacturers to readily offer a full pipe system without incurring the increased costs of manufacturing fittings.
- Industry participants advised the Commission that increasing current supply is simply a matter of either increasing output from extruders, or, where extruders are running at full capacity, purchasing further extruders.

19.2 These features of the market have not changed in the 2 -3 years since Decision 639.

19.3 Potential competitors in large bore pipe manufacture include (in addition to imports) those producers manufacturing at the smaller end of the plastic pipes markets who could fairly readily expand production into larger diameter pipes.

Distribution markets

19.4 New entry into pipe distribution could readily be achieved by expansion by distributors in other related areas such as building supplies merchants (e.g. ITM, Bunnings, Mitre 10, Carters), specialist timber merchants (e.g. Goldpine) or landscape supplies companies.

19.5 Existing plumbing supplies merchants such as Plumbing World, Plumbing Plus, Reece and Chesters could readily expand their product range into larger diameter pipes.

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40 http://www.emtelle.com/?id=111.

41 Decision 639, at paragraphs 124 – 127.

19.6 Existing local suppliers of concrete pipes (such as Absolute Concrete and Austin Pipe Concepts) could expand their range to include plastic pipes.

20 Factors which might impede new entry

20.1 The current economic climate is probably not encouraging for new entry through new locally based manufacturing.

20.2 However, were the merged entity to seek to increase prices or reduce its service offerings, existing manufacturers or distributors of other related products could readily seize the opportunity to extend their product offerings by introducing locally manufactured or imported pipe systems into their product range.

20.3 Potential new entrants who might initially be shy of establishing manufacturing operations in New Zealand in the current economic climate could readily establish a foothold through imports.

21 Likelihood, extent and timeliness of entry

21.1 Fletcher Building has considered the submissions with regard to new entry made by New Zealand Investment Holdings Limited (parent company of Marley) in its application for clearance to acquire RX Plastics.[42] NZIHL submitted that there are a number of well-established off-shore companies not currently producing PVC or PE pipes in New Zealand that could enter the market quickly in response to an attempt by existing manufacturers/wholesalers attempting to raise prices or reduce output or quality. NZIHL referred to Vinidex Pty, Australian Plastic Profiles (APP), Snow Plastic Pipe (Splendour Corporation PTE Ltd) and Tubemakers and Roofmart (South Pacific) Limited.[43]

21.2 Similarly, there are significant Australian plumbing and electrical suppliers that could also potentially enter the New Zealand market.[44]

21.3 None of these companies has in fact entered the market but the potential for them to do so remains. Of course, the relevance of new entry is not whether they will enter the market but whether they would enter were a transaction to give rise to an increase in prices or a reduction in output or quality.[45]

21.4 New or expanded entry through imports could occur well within the Commission's two year time-frame for new entry. Further, were any companies such as those identified above to consider entering the New Zealand market, new entry could also be achieved within that time-frame. For example, as NZIHL noted in its clearance application:[46]

- Vinidex Pty could enter through visits by its Australian sales team complemented by product imported in containers within a 4 week period. Local manufacturing would take between 6-9 months to develop if new equipment was used. However if they

[42] Application by New Zealand Investment Holdings Limited (NZIH) for clearance to acquire RX Plastics Limited, 7 February 2008 at paragraphs 16.5.2 to 16.5.9 http://www.comcom.govt.nz/assets/Imported-from-old-site/PublicRegisters/ContentFiles/Documents/Public-version-NZIH-clearance-application.pdf.

[43] Further information on these companies is available at http://www.vinidex.com.au/; http://www.app.net.au/; http://www.splendour.sg/aboutus.htm, http://www.tubemakersfiji.com/default.htm and Appendix 15.

[44] For example, Plastic Plumbing & Industrial Supplies and L & H Group (Lawrence & Hanson and Auslec). See http://www.plasticplumbing.com.au/about_the_company.htm and http://www.landhgroup.com.au/wps/wcm/connect/LandHGroup/landhgroup/home/home.

[45] Please see Confidential Schedule 9.

[46] Refer Footnote 27.

shifted existing extrusion equipment directly from one of their plants in Australia then they could be manufacturing within 4-5 months.

- Like Vinidex, APP could shift extrusion equipment from Australia to New Zealand and be manufacturing pipe within 4-5 months.

- Tubemakers and Roofmart Fiji could export to New Zealand until such time as a local manufacturing operation could be set up.

22 Countervailing power of buyers

22.1 Each of the four identified pipe system customer groups is characterised by large, well informed buyers that are readily able to switch suppliers and able to foster new entry (either by sponsoring entry by new suppliers or importing on their own account):

- *Building/plumbing customer group:* In this group, there are large plumbing suppliers merchants such as Plumbing World and Plumbing Plus. Plumbing World promotes itself as having "true bulk purchasing capabilities".[47]

- *Civil/infrastructure customer group:* This group includes large civil contractors such as Hick Bros Civil Construction, Ching Contracting Limited, HEB Construction, Delta Utility Services Limited, Leightons, Fulton Hogan, Downers and Fletcher Construction.

- *Rural irrigation*: Customers in this group include irrigation and stock water specialists such as Water Dynamics (a part of the Tyco International Group), Bay Irrigation, WaterForce, and Allied Water Systems.

- *Telecommunications/utilities customers:* Major customers in this group are Telecom, electricity network companies and gas companies such as Vector and Nova Gas, and imminently the companies involved in the roll out of the Government's broadband initiative. This customer group also features the use of specialist procurement companies (such as Rocpac International) that negotiate with suppliers on behalf of contractors or end use customers.

22.2 Customers are, in general, price conscious. In Decision 639, the Commission acknowledged that large customers are likely to have a degree of countervailing power in the PE pipe systems and large bore pipe systems markets.

22.3 The supply options available to the four key customer groups following the Proposed Transaction are illustrated in the following Diagram 7.

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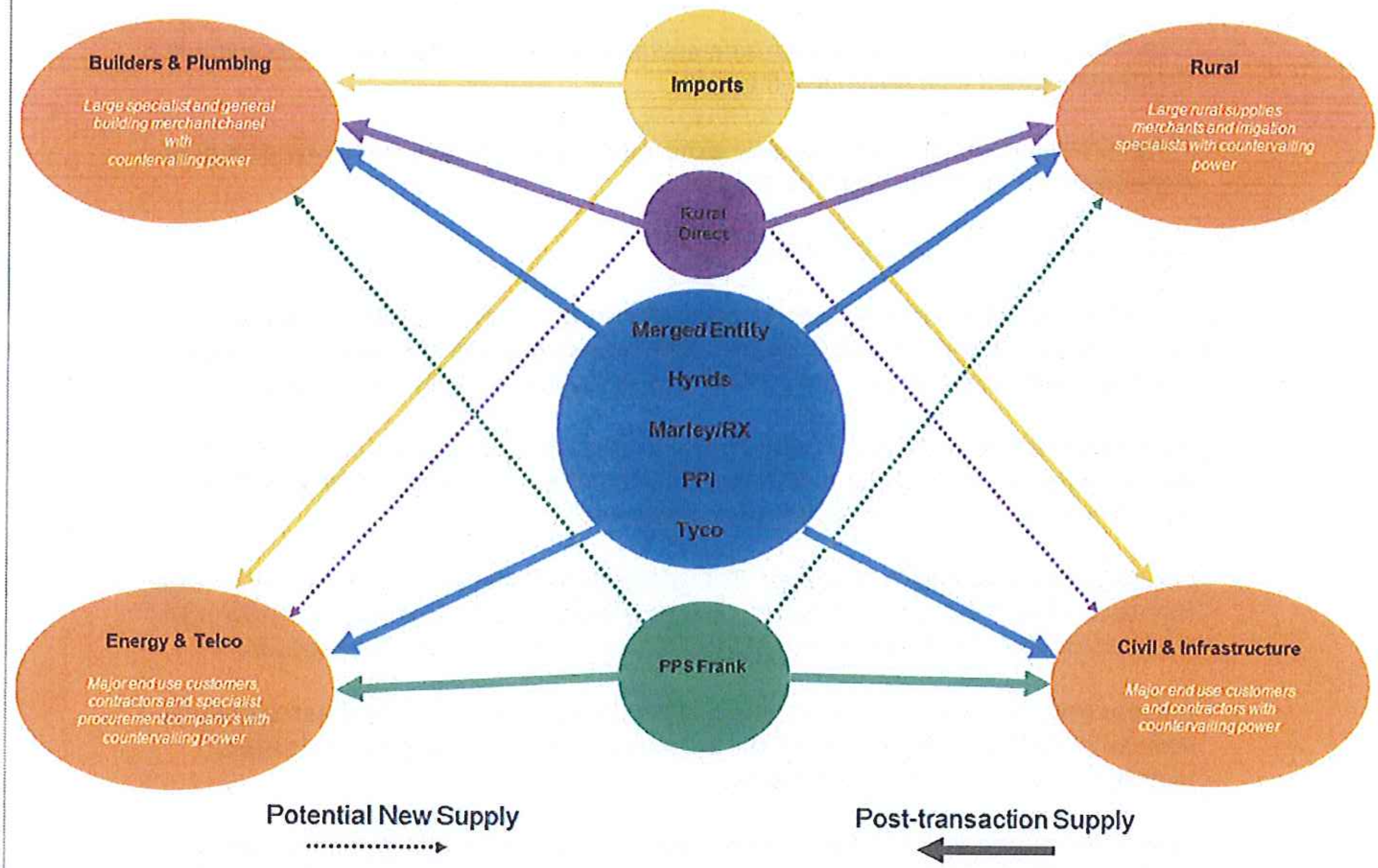
47 http://www.plumbingworld.co.nz/Corporate/Pages/profile.aspx.

Diagram 7: Customer Group choices



22.4 Major customers of Humes' concrete pipe manufacturing business and pipe system distribution business, and of Waters & Farr, are identified in Confidential Schedule 7.

23 Co-ordinated market power

23.1 None of the markets affected by the Proposed Acquisition display signs of co-ordinated market power. Key factors currently precluding the exercise of coordinated market power are:

- the number of existing competitors;
- the low barriers to entry and expansion either through local manufacture or imports; and
- the countervailing power of purchasers, particularly in relation to manufacturers and importers.

23.2 Table 5 contains an assessment, in relation to the PE and large bore pipe markets, of the various factors that the Commission considers indicate the scope for coordinated conduct and the ability to detect it, and the impact of the Proposed Acquisition on those factors.

Table 5:
Scope for co-ordination: manufacture/import of PE pipe systems and large bore pipes

Factor	PE	Large bore
High concentration of sellers	Moderate. The market is fairly highly concentrated. Acquisition would reduce **major** manufacturers from four to three: W&F/Iplex; Marley & Tyco Some smaller suppliers: PPI, Rural Direct.	No. W&F/Iplex/Humes; Marley, Tyco, Hynds, PPS Frank, PPI, Rural Direct, Steel & Tube.
Undifferentiated product	Yes.	No (but undifferentiated within each material)
Price inelastic market demand	Yes – but demand is volatile depending on building cycles and rural economy	
Entry by new firms is slow	No. In Decision 639, the Commission acknowledged that potential competition is likely to be constraining factor.	No. In Decision 639, the Commission recognised the ability of others to expand production to introduce large bore and the potential for imports.
Few fringe competitors	Several fringe competitors (PPI, Rural Direct) and high availability of imports.	No
Loss of an aggressive competitor	No. W&F is not particularly an aggressive player.	No. Iplex is not strong in this market.
Static production technology	Some developing technologies.	Some developing technologies, particularly in plastics.
History of anti-competitive behaviour	No	No
Purchasers have countervailing power	Yes – merchants and energy/telco customers have some countervailing power.	Yes – large tendered contracts, sophisticated purchasers
Frequent sales	Yes	No
Stable, slow growth in demand	No	No
Price transparency	Yes	No
Cost similarities between businesses	No. While production costs may be similar, the different types of firms in this market have different structures and costs.	No (different costs between product types – concrete, steel, PVC)
Multi-market contact	No	No
Lack of vertical integration	Combination of vertically integrated and not vertically integrated	

24 Efficiencies

24.1 Fletcher Building intends to streamline the corporate functions of Crane to align the functions with those required by a business division rather than an independent publicly listed company. It is envisaged that this process will simplify Crane's head office functions and reduce costs by removing duplicative corporate functions and activities, for example, the maintenance of Crane's listing on ASX, annual report production, annual general meeting arrangements and registry services and improve decision making and accountability.

24.2 Fletcher Building has not had the opportunity to conduct non-public due diligence on Crane's operations. Consequently, at this time, Fletcher Building has not had access to the information it would require in order to confirm the availability of and quantify potential synergy benefits.

Part 6: Further Information & Supporting Documentation

25 Contact details of relevant competitors, buyers and suppliers and other relevant market participants are set out at in Schedule 4.

26 Supporting documentation:

- A copy Fletcher Building's 2010 Annual Report is contained in Appendix 1. See also http://2008annualreport.amp.com.au/pdfs/AMP_AR_08_complete.pdf

- A copy of Crane's 2010 Annual Report is contained in Appendix 2. See also http://cpuaustd.mobular.net/cpuaustd/131/18/142/document_2/AXA_APH_Annual_Report.pd

Part 7: Confidentiality

27 Confidentiality is sought for the information contained in Confidential Schedules 6, 7, 8 and 9 which have been removed from the Public Version of this Notice.

27.1 Confidentiality is sought indefinitely or until Fletcher Building advises the Commission that it can make public disclosure of particular details. Confidentiality is sought under section 9(2)(b) of the Official Information Act on the grounds that:

- the information is commercially sensitive and valuable information which is confidential to the parties; and

- disclosure of the information is likely to give unfair advantage to competitors of the parties and unreasonably prejudice the commercial position of the parties.

27.2 Fletcher Building also requests that it is notified of any request made under the Official Information Act for the confidential information, and that the Commission seeks Fletcher Building's views as to whether the information remains confidential and commercially sensitive at the time those requests are being considered.

27.3 The above applies equally in respect of any additional information provided to the Commission that is expressed to be confidential.

Declaration

This Notice is given by Fletcher Building Limited.

Martin Farrell, General Counsel and Company Secretary, Fletcher Building Limited hereby confirms that:

- all information specified by the Commission has been supplied;
- if information has not been supplied, reasons have been included as to why the information has not been supplied;
- all information known to Fletcher Building which is relevant to the consideration of this Notice has been supplied; and
- all information supplied is correct as at the date of this Notice.

Martin Farrell undertakes to advise the Commission immediately of any material change in circumstances relating to the Notice.

Dated 21 December 2010

I am a director/officer of Fletcher Building Limited and am duly authorised by Fletcher Building Limited to make this application/notice.

Schedules

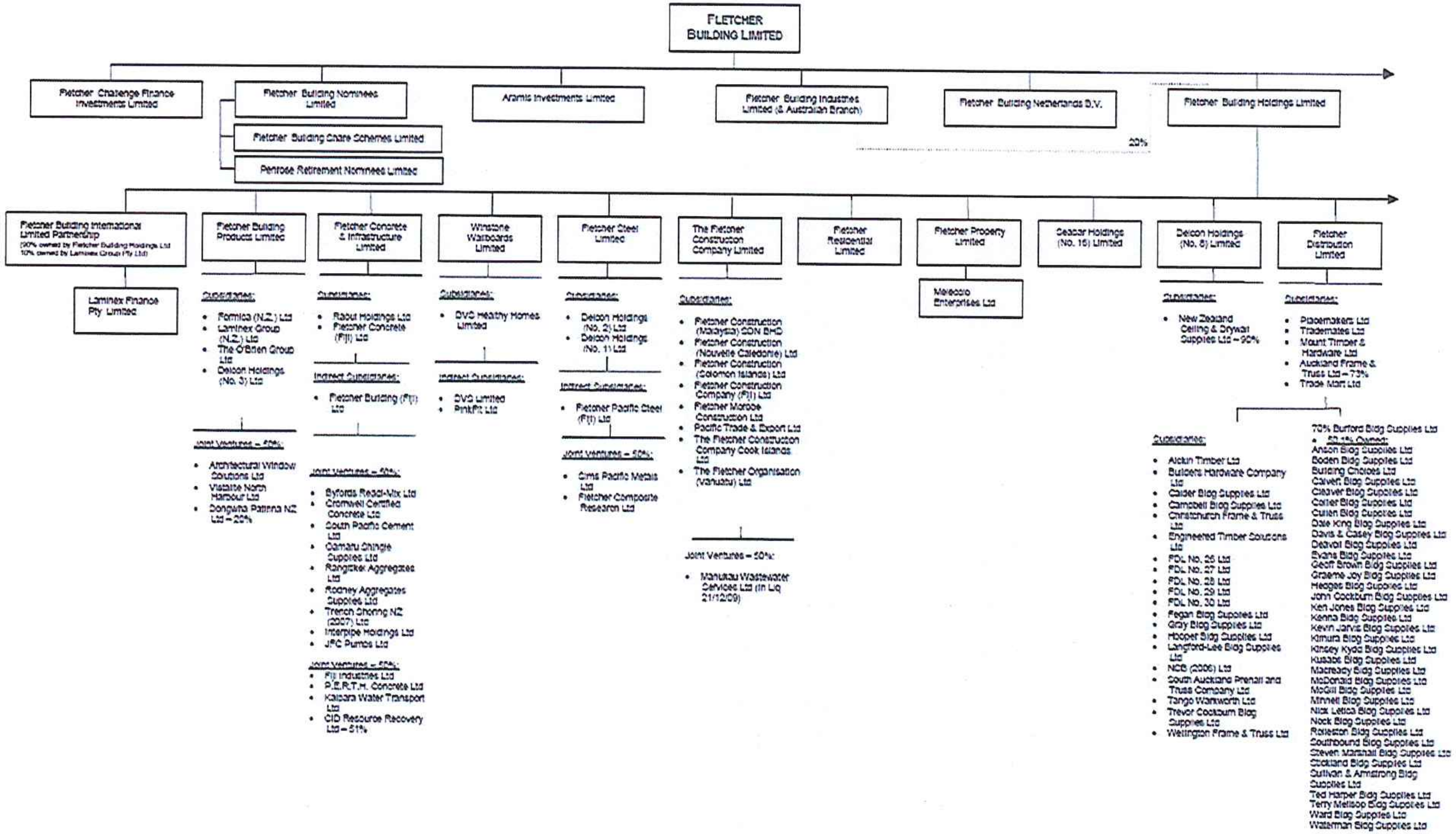
Schedule 1

Structure Diagram of Fletcher Building in New Zealand

Public Version

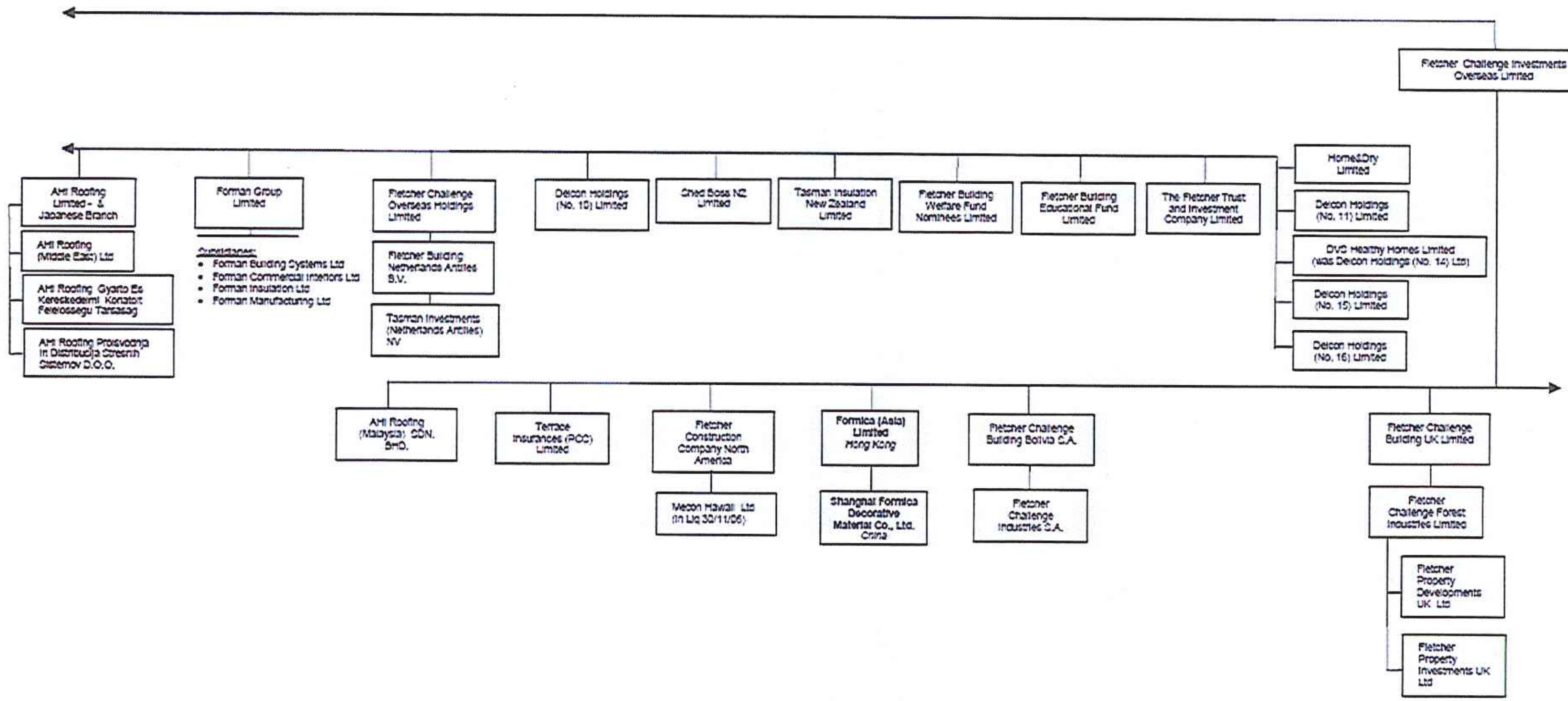
Building Group Structure

As At October 2010



BUILDING GROUP STRUCTURE

AS AT OCTOBER 2010



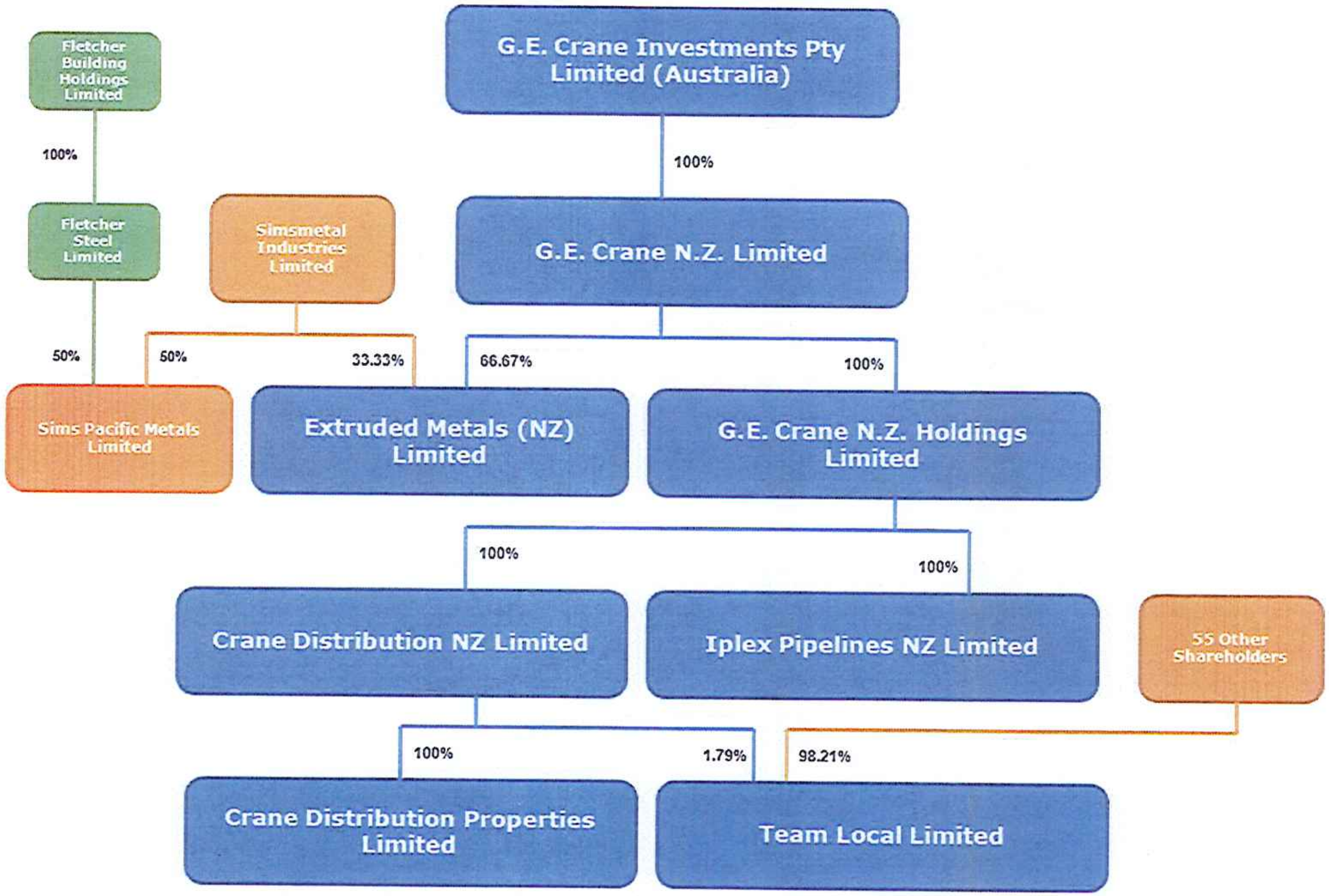
Schedule 2

Structure Diagram of Crane Group in New Zealand

Public Version

Structure Diagram of Crane Group in New Zealand

(developed from information at the New Zealand Companies Office)



Schedule 3

Pipe Systems: Characteristics

Pipe Systems: Characteristics

	PVC	PE	Concrete (*not including PVC lined*)	Ductile Iron Pipe	Corrugated Metal	Polybutylene	Polypropylene	Copper	Earthenware	Composite (GRP, FRP)	Steel
Diameter	20mm-500mm	4mm-3500mm	300mm-1200mm+	100mm-3000mm	300mm – 2000mm+	16mm – 63mm	25mm – 600mm	12mm – 300mm	100mm – 600mm	100mm – 3000mm	6mm – 2500mm+
Features	Light Less time consuming to join than PE.	Light Relatively complex to join to both PE pipes and pipes made from other materials	Heavy Simple installation but specialised equipment required for larger diameters	Light Fracture resistant Ability to easily achieve tight jointing.	Light Easy and quick installation Low cost relative to alternatives	Light Simple installation	Light Simple installation	Light Specialised tools required for bending and jointing	Heavy Simple installation	Light Specialised joining tools required	Heavy Specialised joining tools required
Lengths Supplied	Typically supplied in six metre lengths.	Can be supplied in 50 metre or 100 metre coils up to a diameter of 125mm. In diameters over 125mm, product is supplied in straight lengths.	Supplied in standardised lengths, although these can be extended or reduced depending on application.	Supplied in straight lengths. Available lengths differ depending on supplier.	Supplied in four and six meter lengths as standard. Up to 12 meter lengths are available on request.	Generally supplied in 5.8 meter lengths.	Supplied in various lengths depending on diameter of pipe.	Supplied in various lengths depending on diameter of pipe.	Supplied in lengths from 1.5m – 2.0m depending on diameter of pipe.	Can be supplied in lengths of up to 18m.	Vary depending on application.
Life Expectancy	Typical service life expectancy of approx. 100 years	Typical service life expectancy of approx. 50 years	Typical service life expectancy approx. 100 years	Typical service life expectancy approx. 100 years	Typical service life expectancy of approx. 50 - 75 years	Typical service life expectancy approx. 50 years	Typical service life expectancy approx. 50 - 100 years	Typical service life expectancy approx. 25 - 40 years	Typical service life expectancy approx. 100 years	Typical service life expectancy approx. 70+ years	Typical service life expectancy approx 50 – 75 years
Structural Characteristics	Rigid High tensile strength and impact resistance. Not suitable for applications involving heat or extreme cold	Flexible under 150mm High shear strength and flexibility. Preferred in unstable or rocky ground, or for systems with have many bends and where piping must be moveable	Extremely rigid Extremely rigid – minimal reliance on surrounding envelope for support	Extremely rigid High structural strength. Increased resistance to ground movement and beam stresses	Extremely rigid High strength to weight ratio	Rigid High tensile strength and impact resistance. Temperature resistant with low linear thermal expansion	Rigid High strength to weight ratio	Malleable material. Able to withstand a wide temperature range although pipe may crack at extreme low temperatures	Extremely rigid Minimal reliance on surrounding envelope for support	Rigid High structural strength	Extremely rigid High structural strength

	PVC	PE	Concrete (*not including PVC lined*)	Ductile Iron Pipe	Corrugated Metal	Polybutylene	Polypropylene	Copper	Earthenware	Composite (GRP, FRP)	Steel
Resistance to Corrosion	Resistant to corrosion. Low reactivity	Resistant to corrosion. Generally inert but may react to chemicals in surrounding environment, particularly organic solvents	Resistant to corrosion. May react to certain chemicals unless lined	Susceptible to corrosion depending on coating	Susceptible to corrosion depending on coating	Resistant to corrosion. Low reactivity but chlorine in water supply can cause brittleness Resistant to calcification	Resistant to corrosion. Low reactivity to chemical damage but is adversely affected by exposure to UV radiation.	Generally resistant to corrosion (other than acidic) and ultraviolet radiation. Biostatic – reduces bacteria growth	High resistance to corrosion and abrasion. High resistance to chemical damage	High resistance to corrosion and abrasion. Low reactivity to chemical damage	Susceptible to corrosion depending on coating. Corrosion protection coating can be added
Pressure	Can be pressurised	Can be pressurised	Can be pressurised to low levels only	Can be pressurised	Not capable of pressurisation	Can be pressurised	Can be pressurised	Can be pressurised	Not capable of pressurisation	Can be pressurised	Can be pressurised.
Shipping	Largely resistant to damage caused by rough shipping, handling and installation.	Largely resistant to damage caused by rough shipping, handling and installation.	Susceptible to damage caused by rough shipping, handling and installation.	Largely resistant to damage caused by rough shipping, handling and installation.	Susceptible to damage caused by rough shipping, handling and installation.	Largely resistant to damage caused by rough shipping, handling and installation.	Largely resistant to damage caused by rough shipping, handling and installation.	Susceptible to damage caused by rough shipping, handling and installation.	Susceptible to damage caused by rough shipping, handling and installation.	Largely resistant to damage caused by rough shipping, handling and installation.	Largely resistant to damage caused by rough shipping, handling and installation.
Inputs for Manufacture	Made from a resin that is widely available internationally. No producers of the raw material in New Zealand	Made from a resin that is widely available internationally. No producers of the raw material in New Zealand	Simple combination of cement, aggregates and water, although additives available to promote desirable characteristics	Predominant wall material is ductile iron, a spherodized graphite cast iron, although an internal cement mortar lining usually serves to inhibit corrosion from fluid being distributed.	Manufactured from steel. Various types of external coating are used to inhibit corrosion from surrounding environment	Made from a resin that is widely available internationally No producers of the raw material in New Zealand	Made from a resin that is widely available internationally. No producers of the raw material in New Zealand	Made from glazed or unglazed clay	Manufactured from copper both overseas and in New Zealand	Combination of glass, resin, sand and plastic	Manufactured from steel. Various types of external coating are used to inhibit corrosion from surrounding environment

	PVC	PE	Concrete (*not including PVC lined*)	Ductile Iron Pipe	Corrugated Metal	Polybutylene	Polypropylene	Copper	Earthenware	Composite (GRP, FRP)	Steel
Types	MPVC: standard PVC that may break down with prolonged exposure to sunlight. uPVC: standard PVC with titanium dioxide added in the premixing process to improve the end product's resistance to ultra-violet light PVC-O: higher strength PVC that uses less raw material. Its manufacture requires costlier equipment and the production technology is restricted by patent and licensed to end users	LDPE (low density PE) MDPE (medium density PE) HDPE (high density PE) PEX (cross-linked PE) is replacing copper and traditional plastic piping for hot and cold water reticulation	Jacking/Thrustin g PE Lined Pipe Sacrificial Cover Pipe Concrete additives available to enhance product characteristics	A number of variations are available – primarily differentiated by the internal and external coating of the pipe	Can be manufactured in different shapes – ellipse, arches or flumes – and can be coated in a variety of different products depending on application	Limited to standard polybutylene pipe.	P-H - excellent chemical resistance for use as industrial and sewerage waste pipes systems. PP-R - good resistance to high internal pressure. Suitable for domestic pressure water supply systems and both hot and cold water services. PP-B - suitable for buried sewerage and wastewater drainage. Good impact strength, particularly at low temperatures, and high chemical resistance	Little product innovation	Hathernware range of pipes suitable to particularly harsh environments	Combination of materials can be altered to suit application	Can be manufactured in different shapes
Imports Available	Yes	Due to the bulk of coiled PE pipes, there are no imports of PE pipes into New Zealand	Almost exclusively manufactured in New Zealand due to weight and bulk	Yes. Ductile Iron pipes are generally imported from Australia or China	Typically manufactured in New Zealand given bulk of product and simple manufacturing process	Yes	Yes	Some imports	Yes	Yes	Yes – particularly large diameters for large, one off, civil contracting projects
Fittings	Require complementary fittings for most applications	Require complementary fittings for most applications. currently only a limited amount of PE fittings are manufactured in New Zealand	Complementary fittings available	Require complementary fittings for most applications. Ductile Iron fittings are also used to join pressure PE pipe systems	Complementary fittings available	Require complementary fittings for most applications	Require complementary fittings for all applications	Require complementary fittings for most applications	Require complementary fittings for all applications	Require complementary fittings for all applications	Complementary fittings available

Schedule 4

Contact details of relevant competitors, buyers and suppliers and other relevant market participants

Name of company (legal and trading names)	Contact details (Postal & physical address, telephone and fax, website)	Relevant contact person (Name, position and contact details including telephone, fax, email)
	INDUSTRY ASSOCIATIONS	
Plastics Industry Pipe Association (PIPA NZ)	Building 2, 4-8 Pavilion Drive Airport Oaks P O Box 76 378 Manukau City Phone: 09 255 5662 Fax: 09 255 5663 Website: www.plastics.org.nz	
Cement and Concrete Association of New Zealand	Level 6, 142 Featherston Street Wellington 6011 Phone: 04 499 8820 Fax: 04 499 7760 Website: www.cca.org.nz	
New Zealand Plumbers, Gasfitters and Drainlayers Board	9th Floor 70 The Terrace, Wellington Phone: 04 494 2970 Fax: 0 4 494 2975 Website: www.pgdb.co.nz	
New Zealand Contractors' Federation	21 Fitzherbert Terrace Thorndon Wellington Website: www.nzcontractors.co.nz/contact_us.php	Northern Regional Manager Brian Bradbury 027 560 9222 brian@nzcontractors.co.nz
Roading New Zealand	Collina Terrace Thorndon Wellington Phone: 04 471 1184 Fax: 04 471 1185 Website: www.roading.org.nz	Chris Olsen Chief Executive 04 471 1186 chris@roadingnz.org.nz
	MANUFACTURERS/IMPORTERS	
Hynds Pipe Systems	7 - 11 Arwen Place East Tamaki Phone: 09 274 0316 Fax.: 09 272 7485 Website: www.hynds.co.nz	Adrian Hynds Managing Director Phone: +64 9 274 0316 Fax.:+64 9 272 7485
Marley New Zealand Limited	32 Mahia Road Manurewa Auckland Phone: 09 279 2977 Fax: 09 279 2798 Website: www. marley.co.nz	
RX Plastics	445-453 West St Ashburton Phone: 03 307 9081 Website: www.rxplastics.co.nz	Phil Gatehouse National Sales and Marketing Manager Mobile: 027 432 2132

Name of company (legal and trading names)	Contact details (Postal & physical address, telephone and fax, website)	Relevant contact person (Name, position and contact details including telephone, fax, email)
PPS Frank NZ Limited **Frank PKS**	18 Senior Pl Bromley Christchurch Phone: 03 381 5400 Website: www.frankpks.com	
Rural Direct	105 Settlement Road Papakura Auckland Phone: 09 297 2045 Fax: 09 297 2046 Website: www.ruraldirectltd.co.nz	
PPI Corporation	16 Edward Street Rangiora Phone: 03 313 7956 Fax: 03 313 5551 Website: www.ppi.co.nz	Brisbane Corporate, Sales and Factory General Enquiries 40 Prosperity Place (PO Box 55) Geebung QLD 4034 Phone: 3865 3699 Fax: 3857 0058 Email: bris@ppi.com.au
Tyco	8 Fisher Crescent Mt Wellington Auckland Telephone : 09 921 7230 Facsimile : 09 921 7231 Website: www.tycowater.com	
Solo Plastics Limited	29-31 Honan Place, Avondale Auckland, New Zealand P.O. Box 71037, Rosebank Auckland Phone: 09 828 9594 Fax: 09 828 1314 Website: www.solo.co.nz	
PPS Frank N.Z. Limited	P K F Goldsmith Fox Level 1, 250 Oxford Terrace, Christchurch 8141 Phone: 03 381 5400 Website: www.frankpksnz.com	
Please also see Schedule 5 for more manufacturers, importers and distributors.		
CUSTOMER GROUP (CIVIL & INFRASTRUCTURE)		
Hick Bros Civil Construction	PO Box 146 Silverdale Phone: 09 426 3470 Fax: 09 426 9309 Website: www.hickbros.co.nz/	
Ching Contracting	12 Echodale Place Stoke Nelson 7041 Phone: 03 5474516 Fax: 03 5474526 Website: www.chings.co.nz	

Name of company (legal and trading names)	**Contact details** (Postal & physical address, telephone and fax, website)	**Relevant contact person** (Name, position and contact details including telephone, fax, email)
Downer EDI Works	14 Amelia Earhart Avenue Airport Oaks PO Box 20 12 20, Auckland Airport MANUKAU 2150 Phone: 09 256 9810 Fax: 09 256 9811 Website: www.works.co.nz/Content.aspx?ContentID=1	
Fulton Hogan	29 Sir William Pickering Drive PO Box 39185, Harewood Christchurch Phone: 03 357 1400 Fax: 03 357 1450 Website: www.fultonhogan.com	
Leightons	Level 3, Building 2, Candida Office Park 61 Constellation Dr Mairangi Bay, Auckland Phone: 09 362 1800 Fax: 09 362 1899 Website: www.leightoncontractors.com.au	Robert Jones Operations Manager, NZ Phone: +64 9 362 1803 Email: Robert.jones@leicon.co.nz
CUSTOMER GROUP (TELECOMMUNICATIONS & UTILITIES)		
Telecom	Level 2, Telecom Place 167 Victoria Street West Auckland Phone: 04 801 9000 Fax: 04 498 9176 Website: www.telecom.co.nz	
Nova Gas	Level 15, The Todd Building 95 Customhouse Quay PO Box 10 141 Wellington 6143 New Zealand Phone: 0800 668 236 Website: www.novaenergy.co.nz	Mike Mitchell - Gas Commercial & Residential Manager PO Box 8044 Symonds St Auckland 1150 Phone: 0800 668 242 Fax: 0800 200 427
CUSTOMER GROUP (BUILDING & PLUMBING) (also DISTRIBUTION COMPETITORS)		
Plumbing World	38 Fitzherbert Ave Palmerston North Phone: 06 353 0283 Website:www.plumbingworld.co.nz	
Plumbing Plus	8a Ellerslie Park Road Ellerslie Auckland Phone: 09 407-9157 Fax: 09 407-9581 Website: www.plumbingplus.co.nz	

Name of company (legal and trading names)	Contact details (Postal & physical address, telephone and fax, website)	Relevant contact person (Name, position and contact details including telephone, fax, email)
Chesters	61-63 Main Highway Ellerslie Auckland Phone: 09 525 6666 Fax: 09 525 6600 Website: www.chesters.co.nz	
CUSTOMER GROUP (RURAL) (also DISTRIBUTION COMPETITORS)		
Farmlands	1010 Southampton Street Private Bag 9004 Hastings, 4156 Phone: 06 873 1090 Fax: 06 873 8190 Website: www.farmlands.co.nz	
RD1	Level 4 430 Victoria St Hamilton Phone: 07 858 0600 Website: www.rd1.com	
PGG Wrightson	57 Waterloo Road Christchurch P O Box 292 Christchurch Phone 03 372 0800 Website: www.pggwrightson.co.nz	
Water Dynamics	2-4 Sultan Street Ellerslie Auckland PO Box 880 Auckland 1140 Phone: 09 582 0570 Fax: 09 582 0580 Website: www.waterdynamics.co.nz	Doug Whimp Manager Phone: +64 9 921 7372 Email: dwhimp@tycoflow.co.nz
Bay Irrigation	1420 Omahu Road Hastings Phone: 06 879 5577 Fax:06 879 4932 Website: www.bayirrigation.co.nz	
Waterforce	116b Marleme Street Greerton Tauranga City Phone: 07 928 0095 Fax: 07 928 0096 Website: www.waterforce.co.nz	Mark Hill Phone: 021 760 026 Email:mhill@waterforce.co.nz
Allied Water Systems	22 Station Street Leeston 7632 Canterbury Phone: 03 324 3880 Fax: 03 324 3889 Website: www.alliedwatersystems.co.nz	Owen Broomhall Managing Director lynowen@alliedwatersystems.co.nz

Name of company (legal and trading names)	Contact details (Postal & physical address, telephone and fax, website)	Relevant contact person (Name, position and contact details including telephone, fax, email)
	DISTRIBUTORS OF ELECTRICAL PRODUCTS	
Ideal Electrical	33 Nugent Street, Mt Eden Auckland Phone: 09 358 4072 Fax: 09 358 4066 Website: www.ideal.co.nz	
Rexel Electrical	525 Great South Road Penrose, Auckland Phone: 09 579 5557 Fax: 09 579 7377 Website: www.rexel.co.nz	
Powerbase	Powerbase Incorporated 1st Floor 5/10 Acheron Drive Riccarton, Christchurch Phone: 03 348 1830 Fax : 03 348 1832 Website: www.powerbase.co.nz	
	CUSTOMERS (BUILDING SUPPLIES MERCHANTS)	
ITM	38 Tarndale Grove Rosedale North Shore City Phone: 09 415 2787 Fax: 09 415 2788 Website: www.itm.co.nz	Gordon Buswell
Bunnings Limited	78 Carbine Road, Mt Wellington Auckland Phone: 09 978 2200 Website: www.bunnings.co.nz	
Mitre 10 (New Zealand) Limited	46 View Road North Shore City Auckland Phone: 09 4439900 Fax: 09 4439957 Website: www.mitre10.co.nz	
Carters	64-68 Harris Rd East Tamaki Private Bag 94027 Manukau 2241 Auckland Phone: 09 272 7200 Fax: 09 272 7201 Website: www.carters.co.nz	

Schedule 5

Other manufacturers & importer of pipe systems

Other manufacturers, importers and distributors of pipe systems

Name of company	Locations	Type of Pipe	Contact Details
Absolute Concrete Limited	Kaiwaka	o Concrete	Main Road North Kaiwaka Phone: 09 431 2211 Fax: 09 431 2242
Alpha Pipelines	Whakatane	o PE o MDPE o PVC o Stainless Steel o Light and Small Bore Culvert o ABS, CDVC o Wefatherm o Vulcathene o SCH 80 UUPVC	42 Valley Road Whakatane Phone: 07 308 2188 Fax: 07 308 6288 Website: www.alphapipelines.co.nz
Armatec Environmental	New Plymouth	o Moulded fibreglass pipe	Egmont Road Bell Block New Plymouth Phone: 06 755 0410 Fax: 06 755 234 Website: www.armatec.co.nz
Asmuss Plastic Pipe Systems Limited	Auckland Bay of Plenty	o PE o PVC o PP	34 Arrenway Drive North Harbour Auckland Phone: 09 477 2320 Fax: 09 477 2328 Website: www.plasticsystems.co.nz
Austin Pipe Concepts	Christchurch	o Concrete	20 Illinois Drive Izone Business Park Rolleston Christchurch Phone: 03 347 4097 Fax: 03 347 4090 Website: www.austinpipe.co.nz
Cromford Pipe	New South Wales	o PE – 100 o PE – Gas o PE – Electrical and Communications o Flexi Pipe o WaveFlow	120-122 Ballandella Road Pendle Hill New South Wales 2145 Australia Phone: +61 2 9631 6644 Fax: +61 2 9896 3915 Website: www.cromford.com.au
Hutt Concrete Products Limited	Upper Hutt Lower Hutt	o Concrete	Benmore Cres Manor Park Lower Hutt Phone: 04563 6746
Hydroflow Distributors Limited	Auckland Christchurch	o Medium Density Polyethylene Pipe	**Auckland** 221A Bush Road Albany Phone: 09 415 6151 Fax: 09 415 6150 **Christchurch** 58 Hammersmith Drive Wigram Park Phone: 03 341 1048 Website: www.hydroflow.co.nz

Name of company	Locations	Type of Pipe	Contact Details
Maser Communications NZ Limited Described as the leading cable distributor to the Oceania region; is an industry specialist in data, fibre optic, industrial, broadcast, audio/video and electrical/electronic cables and equipment. Maser is a New Zealand & Australian stocking distributor for many of the world's leading wire & cable manufacturers.	Auckland Christchurch	o Telecommunications cables	6A Piermark Drive North Harbour Industrial Estate Albany Auckland Phone: 09 414 0330 Fax: 09 414 0331 Website: http://www.maser.co.nz/
Orrcon	Western Australia Queensland Victoria South Australia New South Wales	o Steel	121 Evans Rd Salisbury Queensland Australia Phone: +61 7 3274 0500 Fax:+61 7 3274 0517 Website: www.orrcon.com.au
Permacrete	Gisborne	o Concrete o Boss	66 Main Rd, Gisborne 4010. Phone: 06 868 8082 Fax: 06 867 4960 Website: www.permacrete.co.nz/
Pipe and Steel Solutions	Auckland	o Steel	62 Allens Road, East Tamaki Auckland Westfield Place Mt Wellington Auckland Phone: 09 573-5313 Fax: 09 573-5314 Website: www.pipewholesalers.co.nz
Pipes New Zealand Limited	New Plymouth	o Seamless Carbon Steel Pipe o Welded Pipes o Stainless Steel Pipes o Pipefitting	207 Connett Rd East Bell Block New Plymouth Phone: 06 755 4152 Fax: 06 755 4153 Website: www.pipesnz.co.nz

Name of company	Locations	Type of Pipe	Contact Details
PipeZone	Wellington	o PE100 pipe and electrofusion fittings o PVC Pressure Pipe o Telecommunication ducting, o Ductile iron fittings o Sumps o PE80 blue watermain pipe, hydrants and associated fittings o PVC sewer pipe and fittings o PVC stormwater pipe and fittings o PVC waste pipe and fittings o PVC electrical conduit, PVC culvert piping o Farm culvert pipe, o Bosspipe, drainage coils o Irrigation products o High/Medium or Low Density PE pipe	441A Hutt Rd Petone Lower Hutt Wellington Phone: 04 589 3000 Fax: 04 589 3002 Website: www.pipezone.co.nz
Promains Former employee of Humes, Tyco and Hydroflow who has established his own business (unrelated to the large Australian company of the same name). www.promains.com.au/homepage		o PVC pipe o Ductile iron pipe	Russell Skinner Unit 3/15a Stanley Point Road, Auckland, 0624
RCPA	Queensland Victoria Western Australia	o Concrete	69 – 99 Ferris road Melton South Victoria PO Box 931 Phone: +61 9743 9880 Fax:+61 0746 9952 Website: www.rcpa.com.au
RPG Australia	Wacol Richlands Adelaide Dalby Melbourne	o Steel	36 Industrial Avenue Wacol, Queensland Australia Phone: +61 7 3723 9000 Fax: +61 7 3723 9001 Website: www.rpgaustralia.com.au
Steel and Tube	Auckland New Plymouth Wellington Christchurch	o Steel	15 - 17 Kings Crescent Lower Hutt. Phone: 04 570 5000 Fax: 04 569 4218 Website: www.steelandtube.co.nz
Strata Precision Plastics Limited	Hamilton Palmerston North Christchurch	o PE o PE Wingwall o PVC	12 Wickham Street Hamilton Phone: 07 846 7239 Fax: 07 846 7240 Website: www.strataplastics.co.nz

Name of company	Locations	Type of Pipe	Contact Details
UPG Pipe Systems	Auckland Waikato Wellington Canterbury	o Standard PP-R, PP-RCT, Faser and Stabi Polypropylene pipe systems o PE100 Compressed Air Pipe System o Ultibend stainless steel tube and tube fittings o Non-pressure HDPE pipe and fittings o Streampe100 pressure range offers a complete piping system manufactured from PE100	7 Te Puni Street Petone Wellington 5012 Phone: 04 587 1916 Fax: 0800 767 190 Website: www.upgpipesystems.co.nz
Vinidex Systems and Solutions	New South Wales Victoria South Australia Tasmania Queensland Northern Territory Western Australia	o PVC pipe o PE Pipe o Ductile Iron Pipe	19-21 Loyalty Road PO Box 4990 North Rocks New South Wales 2151 Australia Phone: +61 2 8839 9006 Fax: +61 2 8839 9099 Website: www.vinidex.com.au

Confidential Schedules 6 - 9